

This document (the “**Prospectus**”) comprises a prospectus for the purposes of Article 6 of Regulation (EU) 2017/1129, as amended, (the “**Prospectus Regulation**”) relating to Jupiter Fund Management plc (the “**Company**”) and has been approved by the Financial Conduct Authority (the “**FCA**”), as competent authority under the Prospectus Regulation, in accordance with section 87A of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”), and prepared and made available to the public in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of the FSMA (the “**Prospectus Regulation Rules**”). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or the quality of the Consideration Shares that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Consideration Shares. The Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

The Company, the Directors of the Company and the Proposed Director of the Company, whose names appear in the Part entitled “Directors, Proposed Director, Company Secretary, Registered Office and Advisers” of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company, the Directors and the Proposed Director, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

**YOU SHOULD READ THE WHOLE OF THIS PROSPECTUS AND ALL DOCUMENTS INCORPORATED INTO IT BY REFERENCE IN THEIR ENTIRETY. IN PARTICULAR, YOU SHOULD TAKE ACCOUNT OF THE PART ENTITLED “RISK FACTORS” OF THIS PROSPECTUS FOR A DISCUSSION OF THE RISKS THAT MIGHT AFFECT THE VALUE OF YOUR SHAREHOLDING IN THE COMPANY. YOU SHOULD NOT RELY SOLELY ON INFORMATION SUMMARISED IN THE SUMMARY.**

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## **JUPITER FUND MANAGEMENT PLC**

*(a public limited company incorporated and registered in England and Wales under number 6150195)*

### **PROPOSED ISSUE AND APPLICATION FOR ADMISSION TO THE PREMIUM LISTING SEGMENT OF THE OFFICIAL LIST AND TO TRADING ON THE MAIN MARKET FOR LISTED SECURITIES OF THE LONDON STOCK EXCHANGE OF 95,360,825 NEW ORDINARY SHARES IN CONNECTION WITH THE PROPOSED ACQUISITION OF MERIAN GLOBAL INVESTORS LIMITED**

*Lead Financial Adviser*  
**Fenchurch Advisory Partners LLP**

*Joint Financial Adviser, Sponsor and  
Corporate Broker*  
**J.P. Morgan Securities plc**

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The existing ordinary shares in the capital of the Company with a nominal value of two pence each (the “**Ordinary Shares**”) are listed on the premium listing segment of the Official List of the FCA and traded on the main market for listed securities of London Stock Exchange plc (the “**London Stock Exchange**”). Application will be made to the FCA for the Consideration Shares to be admitted to the premium listing segment of the Official List of the FCA and will be made to the London Stock Exchange for the Consideration Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange (together “**Admission**”). It is expected that Admission will become effective, and that dealings in the Consideration Shares will commence, on 2 July 2020, being the Business Day immediately following the date of Completion which is expected to occur on 1 July 2020.

No Ordinary Shares or any other securities in the Company have been marketed to, nor are available for purchase, in whole or in part, by the public in the United Kingdom or elsewhere in connection with the admission of the Consideration Shares to the Official List and the London Stock Exchange. **This Prospectus does not constitute or form part of any invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue Ordinary Shares.**

Investors should only rely on the information contained in this Prospectus and contained in any documents incorporated into this Prospectus by reference. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and any document incorporated by

reference and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, the Proposed Director, Fenchurch Advisory Partners LLP (“**Fenchurch**”), J.P. Morgan Securities plc (“**J.P. Morgan**”), Numis Securities Limited (“**Numis**”) or any other person involved in the Acquisition or Admission. In particular, the contents of the Company’s and Merian’s websites, the contents of any website accessible from hyperlinks on such websites or any other website referred to in this Prospectus do not form part of this Prospectus and prospective investors should not rely on them. Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation, neither the delivery of this Prospectus nor Admission shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company, the Group, Merian, the Merian Group and/or the Enlarged Group, each taken as a whole since the date of this Prospectus or that the information in it is correct as at any time after the date of this Prospectus. The Company will comply with its obligation to publish supplementary prospectuses and other information containing further updated information as required by law or by a regulatory authority and, in particular, its obligations under the Prospectus Regulation Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules (as appropriate) but assumes no further obligation to publish additional information.

Fenchurch, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively as financial adviser for the Company and no one else in connection with the Acquisition and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in connection with the Acquisition and will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Acquisition, the contents of this Prospectus or any matter or arrangement referred to in this Prospectus.

J.P. Morgan, which is authorised by the Prudential Regulation Authority (the “**PRA**”) and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively as financial adviser, sponsor and corporate broker for the Company and no one else in connection with the Acquisition and/or Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in connection with the Acquisition and/or Admission and will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Acquisition and/or Admission, the contents of this Prospectus or any matter or arrangement referred to in this Prospectus.

Numis, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively as corporate broker for the Company and no one else in connection with the Acquisition and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in connection with the Acquisition and will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Acquisition, the contents of this Prospectus or any matter or arrangement referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on Fenchurch, J.P. Morgan and/or Numis by the FSMA or the regulatory regime established thereunder, neither Fenchurch, J.P. Morgan and/or Numis nor any of their respective affiliates accept any responsibility or liability whatsoever and make no representations or warranties, express or implied, in relation to the contents of this Prospectus, including its accuracy, completeness or verification, or for any other statement made or purported to be made by the Company, or on the Company’s behalf, in connection with the Group, the Enlarged Group, the Acquisition, Admission or the Consideration Shares, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether or not as to the past or the future. Fenchurch, J.P. Morgan and/or Numis and their respective affiliates accordingly disclaim to the fullest extent permitted by applicable law all and any duty, liability or responsibility whatsoever (whether direct or indirect and whether arising in tort, contract, under statute or otherwise (save as referred to above)) which they might otherwise be found to have in respect of this Prospectus or any such statement.

**THE CONTENTS OF THIS PROSPECTUS OR ANY SUBSEQUENT COMMUNICATION FROM THE COMPANY, FENCHURCH, J.P. MORGAN, NUMIS OR ANY OF THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN SOLICITOR, INDEPENDENT FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.**

**THIS PROSPECTUS DOES NOT CONSTITUTE OR FORM PART OF AN OFFER OF AND MAY NOT BE USED FOR THE PURPOSES OF, AN OFFER TO SELL OR AN INVITATION, OR THE SOLICITATION OF AN OFFER TO SUBSCRIBE FOR OR BUY, ANY SECURITIES. NONE OF**

**THE SECURITIES REFERRED TO IN THIS PROSPECTUS SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.**

### **NOTICE TO OVERSEAS INVESTORS**

The release, publication or distribution of this Prospectus and the issue of the Consideration Shares in jurisdictions other than the United Kingdom may be restricted by law. No action has been taken by the Company, Fenchurch, J.P. Morgan or Numis to permit the release, publication or distribution of this Prospectus (or any other offering or publicity materials relating to the Consideration Shares) in any jurisdiction (other than the United Kingdom) where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus nor any advertisement may be released, published or distributed in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

### **NOTICE TO UNITED STATES INVESTORS**

The Consideration Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, pledged, or otherwise transferred, directly or indirectly, in the United States absent registration under the US Securities Act or an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The Consideration Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other governmental or regulatory authority in the United States, nor have any of the foregoing authorities confirmed, passed upon, determined or endorsed the merits of the Acquisition or the accuracy or adequacy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Consideration Shares generally should not be treated as “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and persons who receive securities under the Acquisition (other than “affiliates” as described below) may resell them without restriction under the US Securities Act. Under US securities laws, persons who are or will be deemed to be affiliates (as defined under the US Securities Act) of the Company or Merian prior to, or of the Company after, the date of Admission may not resell the Consideration Shares received in connection with the Acquisition without registration under the US Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers and directors and significant shareholders. Sellers who believe they may be affiliates for the purposes of the US Securities Act should consult their own legal advisers prior to any resale of Consideration Shares received in connection with the Acquisition.

This Prospectus is dated 29 June 2020.

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## SUMMARY INFORMATION

### 1. INTRODUCTION AND WARNINGS

#### 1.1 Name and ISIN of the securities

Name: Ordinary shares of Jupiter Fund Management plc (the “**Ordinary Shares**”). ISIN: GB00B53P2009.

#### 1.2 Identity and contact details of the issuer

Jupiter Fund Management plc (the “**Company**” and together with its subsidiaries and subsidiary undertakings, the “**Group**”). Address: The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ, United Kingdom. Telephone: 020 3817 1000. LEI: 5493003DJ1G01IMQ7S28.

#### 1.3 Identity and contact details of the competent authority

Name: Financial Conduct Authority. Address: 12 Endeavour Square, London E20 1JN, United Kingdom. Telephone: +44 (0) 20 7066 1000.

#### 1.4 Date of approval of the Prospectus

29 June 2020.

#### 1.5 Warnings

This summary should be read as an introduction to this Prospectus. Any decision to invest in the Consideration Shares (as defined below) should be based on consideration of this Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Consideration Shares.

### 2. KEY INFORMATION ON THE ISSUER

#### 2.1 Who is the issuer of the securities?

##### *Domicile and legal form, LEI, applicable legislation and country of incorporation*

The Company is incorporated under the laws of England and Wales with its registered office in England and its LEI is 5493003DJ1G01IMQ7S28. The Company was incorporated on 9 March 2007 with registered number 6150195 as a private company limited by shares under the Companies Act 1985 with the name Jupiter Investment Management Holdings Limited. The Company re-registered as a public company limited by shares in England and Wales on 1 June 2010 and changed its name to Jupiter Fund Management plc. The principal legislation under which the Company operates is the Companies Act 2006 (“**Companies Act**”).

##### *Principal activities*

The Group is an independent, high-conviction, active asset management business, managing mutual funds, segregated mandates and investment trusts on behalf of individuals and institutions across the UK and internationally. The Group’s primary purpose is to help clients achieve their long-term investment objectives through delivering superior returns after all fees on client assets. Asset classes covered by the Group’s funds include equities, fixed income, multi-asset, multi-manager and alternatives (including absolute return funds).

The Group is a market leading fund manager in the UK mutual fund market based on the size of its AUM and gross sales, its strong investment performance track record, the strength of its brand and presence in multiple distribution channels. As at 31 December 2019, approximately 88 per cent. of the Group’s AUM was in mutual funds, the majority of which are open-ended funds directed towards investors through intermediated distribution channels in the UK, EMEA (excluding the UK), Asia and Latin America. In addition, the Group provides investment management services to institutional clients and investment trusts. The Group has offices in London, Hong Kong, Singapore, Austria, Germany, Italy, Luxembourg, Spain, Sweden and Switzerland.

As at 31 December 2019, the Group had approximately £42.8 billion of AUM, as compared to approximately £24.1 billion as at 31 December 2010. It was the seventh largest fund manager of UK mutual funds by AUM as at January 2020 (Source: The Investment Association). In common with other asset management businesses (including the Merian Group), the Group's AUM and financial performance for the year to date has been adversely affected principally by the coronavirus (Covid-19) outbreak which has resulted in a fall in its AUM to £35.0 billion as at 31 March 2020.

On 17 February 2020, the Company announced that it had entered into a conditional agreement (the “SPA”) to acquire Merian Global Investors Limited (“Merian”) from Mintaka LP (“Mintaka”) (a fund advised by TA Associates Management LP (“TA Associates”)) and certain members of Merian's management (amongst others) for upfront equity consideration to be satisfied through the issue of 95,360,825 new Ordinary Shares (the “Consideration Shares”) (valued at £370 million based on the Company's Ordinary Share price as at such date and approximately £248.3 million based on the Company's share price as at the Latest Practicable Date), with an additional deferred earn-out of up to £20 million for five key management shareholders of Merian and their respective teams plus an additional £10 million which Mintaka will bear the cost of by way of an indemnity to the Company (the “Acquisition”). The Group, taken together with Merian, its subsidiaries and subsidiary undertakings following completion of the Acquisition (“Completion”) is referred to in this summary as the “Enlarged Group”.

### **Major shareholders**

As at the Latest Practicable Date, the Company had been notified in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules that the following persons are directly or indirectly interested (within the meaning of the Companies Act) in the Ordinary Shares:

<b>Name</b>	<b>Number of Ordinary Shares as at the Latest Practicable Date</b>	<b>Percentage of issued share capital as at the Latest Practicable Date</b>	<b>Number of Ordinary Shares as at Admission<sup>(1)</sup></b>	<b>Percentage of issued share capital as at Admission<sup>(1)</sup></b>
Silchester International Investors LLP.....	89,432,507	19.6%	89,432,507	16.2%
TA Associates (held through Mintaka).....	—	—	84,115,278	15.2%

Notes

(1) This assumes that no further issues of Ordinary Shares occur between the Latest Practicable Date and Admission.

### **Key managing directors**

Andrew Formica is the Chief Executive Officer and Wayne Mephram is Chief Financial Officer.

### **Statutory auditors and reporting accountants**

PricewaterhouseCoopers LLP, whose registered address is at 7 More London Riverside London SE1 2RT, United Kingdom.

## **2.2 What is the key financial information regarding the issuer?**

### **The Group**

<b>Income Statement Information</b>	<b>For the year ended 31 December 2019</b>
	<i>(£ millions)</i>
Net revenue.....	379.1
Operating profit/loss .....	152.9
Net profit or loss .....	122.8
Year on year revenue growth.....	(8.1)
Operating profit margin.....	40.3%
Net profit margin .....	32.4%
Earnings per Ordinary Share – basic.....	27.5p
Earnings per Ordinary Share – diluted.....	26.8p



**Balance Sheet Information****As at 31 December 2019**

	(£ millions)
Total assets.....	928.7
Total equity.....	611.7

**Cash Flow Statement Information****For the year ended  
31 December 2019**

	(£ millions)
Relevant net cash flows from operating activities and cash flows from investing activities and from financial activities	22.3

There are no qualifications to PricewaterhouseCoopers LLP's audit report on the consolidated financial information of the Group for the year ended 31 December 2019.

**The Merian Group****For the year ended 31 December****Income Statement Information .....**

	<b>2017</b>	<b>2018</b>	<b>2019</b>
	(£ millions)		
Total revenue .....	392.2	292.0	232.4
Operating profit.....	146.9	16.5	29.4
Net profit or loss.....	123.7	(12.3)	(16.5)
Year on year revenue growth .....	60.2%	25.6%	20.4%
Operating profit margin .....	37.4%	5.6%	12.6%
Net profit margin .....	31.5%	(4.2)%	(7.1)%
Earnings per share (£) .....	—	(1.2)	(0.82)

As the Merian Group did not constitute a legal group until 30 June 2018, there are no ordinary shares entitled to a share of income.

**As at 31 December****Balance Sheet Information .....**

	<b>2017</b>	<b>2018</b>	<b>2019</b>
	(£ millions)		
Total assets.....	394.5	634.7	599.3
Total equity.....	156.1	(4.3)	(21.4)
Net financial debt.....	90.9	500.8	499.3

**For the year ended 31 December****Cash Flow Statement Information.....**

	<b>2017</b>	<b>2018</b>	<b>2019</b>
	(£ millions)		
Relevant net cash flows from operating activities and/or cash flows from investing activities and/or from financial activities .....	70.6	(9.3)	(16.9)

There are no qualifications to PricewaterhouseCoopers LLP's accountants' report on the combined and consolidated historical financial information of the Merian Group for the three years ended 31 December 2019.

**Pro forma financial information**

The unaudited *pro forma* financial information has been prepared to illustrate the effect of the Acquisition on: (i) the consolidated income statement of the Group for the year ended 31 December 2019 as if the Acquisition had taken place on 1 January 2019 and (ii) the consolidated balance sheet of the Group as at 31 December 2019 as if the Acquisition had occurred on 31 December 2019. The unaudited *pro forma*

financial information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's or the Enlarged Group's actual financial position or results.

The unaudited *pro forma* financial information has been compiled on a basis consistent with the accounting policies of the Group used to prepare its audited consolidated financial statements for the year ended 31 December 2019 on the basis of the notes set out below and in accordance with section 3 of Annex 20 to the Prospectus Regulation.

The unaudited consolidated *pro forma* profit before tax for the year ended 31 December 2019 is £157.2 million. The unaudited consolidated *pro forma* net assets as at 31 December 2019 is £848.6 million.

## 2.3 What are the key risks that are specific to the issuer?

### ***Risks relating to the asset management industry***

The asset management industry as a whole is sensitive to adverse economic, political and market factors that are beyond the Group's and, following Completion, the Enlarged Group's control. The Group is and, following Completion, the Enlarged Group will be particularly exposed to volatility (and particularly declines) in equity markets and bond markets. Any of these factors could result in a decline in AUM and accordingly result in a decline in the level of fee income and therefore have a material adverse effect on the Group and the Enlarged Group.

The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses. There can be no certainty how long it will be until the outbreak is brought fully under control and restrictions put in place by governments completely removed or relaxed or whether a "second wave" of infections will arise. In any case, the adverse impact of the outbreak on the economy and financial markets is likely to continue for a period after the outbreak is brought under control and restrictions are lifted. Accordingly, in common with other asset management businesses, the outbreak is expected to have a adverse impact on the Group's and the Merian Group's fee income for at least the current financial year.

On 31 January 2020, the UK formally withdrew from the EU and entered into a transition period which will last until at least 31 December 2020 (but which may be extended). There is uncertainty as to the future relationship between the EU and the UK and such uncertainty, which may be exacerbated by the coronavirus (Covid-19) outbreak, which has become the primary focus of the UK government, the European Union and national governments of EU member states, as well as resulting legal and regulatory changes, could have a material adverse effect on the Group and the Enlarged Group.

### ***Risks relating to the business of the Group and, following Completion, the Enlarged Group***

Were the Group or the Enlarged Group, to fail to provide satisfactory investment returns across a range of its Products or in respect of one or more larger Products, clients of affected Products (or clients generally) may decide to postpone or reduce their investments or withdraw them altogether and intermediaries, who are the Group's primary distributors of products, may cease to recommend some or all Products to their clients. Any such investment underperformance could, therefore, have a material adverse effect on the Group and the Enlarged Group.

In the event that the asset classes on which the Group or the Enlarged Group focuses, or the investment opportunities offered by the Group and the Enlarged Group, were to become less attractive to investors or investors were to invest more through passive or index-based investment products, there may be reduced sales and/or increased redemptions from the Group's or the Enlarged Group's Products and this could have a material adverse effect on the Group and the Enlarged Group. During periods of increased market volatility, such as that which is being experienced currently as a result of the coronavirus (Covid-19) outbreak, investors may be more likely to invest in asset classes which are considered to be safer, which may lead to decreased sales of the Products and/or increased outflows of AUM.

The Group aims and the Enlarged Group will aim to grow its clients and AUM through its strategy of high-conviction active asset management, alongside increased diversification of its business by geography, client type and product. Successful execution of its strategy is not assured, and depends upon internal and external factors. If the strategy is not implemented successfully or does not yield the anticipated benefits or costs are not controlled, the Group and the Enlarged Group may be unable to achieve its targets, which could have a material adverse effect on the Group and the Enlarged Group. The coronavirus (Covid-19) outbreak and restrictions put in place by governments to contain the outbreak may also make the execution of strategic initiatives more difficult, costly or time-consuming.



The Group's and the Enlarged Group's continued success depends on its ability to attract and retain talented fund managers, as well as experienced directors, senior management and other key employees and a failure to attract and retain such experienced and talented fund managers and other key personnel, could lead to the withdrawal of client assets or the failure to secure investment mandates and may have a material adverse effect on the Group and the Enlarged Group.

The management of client assets involves a number of risks, including: a failure to administer portfolios properly; incorrect assets being purchased or erroneous trades being placed or the failure to place trades on a timely basis or at all; the incorrect processing of corporate actions; and a failure of the systems and controls utilised internally or by outsourced service providers to detect and prevent errors. If any of these risks are realised, the Group and the Enlarged Group may become subject to regulatory investigations or claims for negligence and damages.

The Group relies and the Enlarged Group will rely on third party providers of administration, IT services and other operations functions, custodian and sub-custodian services and fund administration functions. Any interruption or deterioration in performance of their services could impair the timing and quality of the Group's and the Enlarged Group's services to its clients. Furthermore, a significant proportion of sales are through third party distribution partners and platform providers. Therefore, the Group is and the Enlarged Group will be dependent upon the continuation of these relationships and such third parties operating in compliance with regulatory standards and client expectations.

The Group is and the Enlarged Group will be highly dependent on its IT systems and a security breach, cyber-attack or general IT system failure could significantly disrupt its ability to manage its systems and platforms, or otherwise operate its business. Any failure of the controls or other general IT system failure could result in significant financial losses and could therefore have a material adverse effect on the Group and the Enlarged Group.

#### ***Risks relating to regulation and legislation***

The Group, the Enlarged Group, each of its subsidiaries, affiliates and Products are subject to extensive regulation, legislation, accounting standards and changing interpretations thereof in a number of jurisdictions and there is a risk that changes to laws, regulations, policies and interpretations or regulatory action following any breach of such regulation or legislation or standards may have a material adverse effect on the Group and the Enlarged Group.

#### ***Risks relating to the Enlarged Group in connection with the Acquisition***

Although the Directors believe the combination of the businesses of the Group and the Merian Group will achieve significant cost savings, there is a risk that the cost savings will fail to materialise, take longer to realise than anticipated or that they may be materially lower than have been estimated. In particular the Group and the Merian Group have been directly adversely affected as a result of the coronavirus (Covid-19) outbreak and the restrictions put in place by governments in the UK and elsewhere, which has caused operational disruption, with employees being required to work from home and generally not able to travel. The outbreak may also potentially directly adversely impact the Group and the Merian Group through increased employee sick-leave, serious illness or fatalities amongst employees (including key personnel). This may mean it is more complex or time-consuming to integrate the Merian Group into the Group, which may have a material adverse effect on the Enlarged Group.

The continued success of the Enlarged Group will be dependent on the successful integration of the cultures and philosophies of the Group and the Merian Group and any failure to reconcile any differences in those cultures and philosophies and/or to mitigate the impact of disruption to the business and operations of the Enlarged Group could have a material adverse impact on the Enlarged Group. Integration may be made more difficult as a result of the current operational disruption resulting from the coronavirus (Covid-19) outbreak and the restrictions put in place by governments in the UK and elsewhere, including employees being required to work from home.

### **3. KEY INFORMATION ON THE SECURITIES**

#### **3.1 What are the main features of the securities?**

##### ***Type, class and ISIN of the securities***

The Company is proposing to issue 95,360,825 Consideration Shares in connection with the Acquisition by the Company of Merian to the current shareholders of Merian, including, among others, Mintaka and members of Merian's management (the "**Sellers**"). Application will be made to the FCA for the Consideration Shares to be admitted to the premium listing segment of the Official List of the FCA, and to the London Stock Exchange for the Consideration Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange ("**Admission**"). The Consideration Shares will constitute approximately 17.2 per cent. of the enlarged issued share capital of the Company following Admission. The Consideration Shares will be registered with ISIN GB00B53P2009.

***Currency, denomination, par value, number of securities issued and term of the securities***

Currency: Pounds sterling; Par value: two pence each; Number of securities: 95,360,825 Consideration Shares; Term: Indefinite

***Rights attached to the securities***

The Consideration Shares will, when issued and fully paid, rank equally in all respects with the Ordinary Shares in issue and have the following rights attaching to them: (i) on a show of hands at a general meeting every member present in person has one vote and every proxy or representative present who has been duly appointed by a member entitled to vote has one vote; and on a poll every member (whether present in person or by proxy or representative) has one vote per Ordinary Share; (ii) the right to receive dividends on a *pari passu* basis; and (iii) if the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in the proportion to the capital which at the start of the winding up is paid up on the Ordinary Shares held by them, respectively.

***Restrictions on free transferability of the securities***

The Ordinary Shares are free from any restriction on transfer, subject to compliance with applicable securities laws.

***Dividends and Dividend policy***

The Board operates a progressive dividend policy which targets an ordinary dividend pay-out of 50 per cent. of the Group's Underlying EPS and, except in exceptional circumstances, an ordinary dividend that is no less than the previous year. The Board's ordinary dividend policy remains unchanged as a result of the Acquisition. No special dividend will be declared for the year ended 31 December 2019 as the Company balances investment for long-term growth with distribution to Shareholders. The Board's priority continues to be to maintain its capital strength, including a robust surplus over regulatory capital requirements and it remains committed to returning surplus regulatory capital in excess of needs to Shareholders, aligned to its capital allocation framework. The Board will consider the trading performance and financial position of the Group, as well as prevailing market conditions and outlook, in determining the level of ordinary dividend to be declared at the time of the Company's interim results in July 2020. Total dividends for the year ended 31 December 2019 were 17.1 pence per Ordinary Share (2018: 28.5 pence).

**3.2 Where will the securities be traded?**

Application will be made to the FCA for the Consideration Shares to be admitted to the premium listing segment of the Official List of the FCA, and to the London Stock Exchange for the Consideration Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. It is expected that Admission will become effective, and that dealings in the Consideration Shares will commence on 2 July 2020, being the Business Day immediately following the date of Completion which is expected to occur on 1 July 2020.

**3.3 What are the key risks that are specific to the securities?**

Following Admission, the price of the Ordinary Shares could be subject to significant fluctuations and may not always accurately reflect the underlying value of the Enlarged Group's business.

Future sales of substantial amounts of Ordinary Shares by one or more investors, including by Mintaka or future sales by particular persons or the perception that such sales were imminent, could adversely affect the prevailing trading price of the Ordinary Shares.

#### 4. KEY INFORMATION ON THE OFFER AND ADMISSION

##### 4.1 Under which conditions and timetable can I invest in this security?

###### *General terms and conditions*

Not applicable. This Prospectus does not constitute an offer or an invitation to any person to subscribe for or purchase any Ordinary Shares in the Company. The Consideration Shares are being issued to the Sellers in consideration for the Acquisition. The Consideration Shares are not being offered to the public.

###### *Expected Timetable<sup>(1)</sup>*

Announcement of the Acquisition.....	17 February 2020
Publication of the Circular .....	27 April 2020
General Meeting.....	21 May 2020
Publication of this Prospectus .....	29 June 2020
Completion of the Acquisition.....	1 July 2020
Admission and commencement of dealings in the Consideration Shares on the London Stock Exchange.....	By 8.00 a.m. on 2 July 2020

###### Notes

<sup>(1)</sup> The above dates and times may be brought forward or extended and any changes will be notified via a RIS announcement. References to times are to London time unless otherwise stated.

###### *Details of admission to trading on a regulated market*

Application will be made to the FCA for the Consideration Shares to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for the Consideration Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. It is expected that Admission will become effective, and that dealings in the Consideration Shares will commence on 2 July 2020, being the Business Day immediately following the date of Completion which is expected to occur 1 July 2020.

###### *Amount and percentage of immediate dilution resulting from the issue*

If Completion occurs, it will result in the issue of 95,360,825 Consideration Shares to the Sellers, which will result in the Sellers holding in aggregate approximately 17.2 per cent. of the enlarged issued share capital of the Company and existing Shareholders of the Company suffering an immediate dilution following which they will hold approximately 82.8 per cent. of the enlarged issued share capital of the Company (in each case, assuming no other Ordinary Shares are issued by the Company prior to Admission).

###### *Estimate of the total expenses of the issue*

The aggregate costs and expenses of the Acquisition, issuance of the Tier 2 Notes and Admission (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents), issuance payable by the Company are estimated to be £13 million to £14 million (inclusive of VAT). Investors will not be charged any expenses by the Company.

##### 4.2 Why is this Prospectus being produced?

This Prospectus has been prepared in connection with the proposed Admission of the Consideration Shares which are proposed to be issued to the Sellers in connection with the Acquisition. There are no conflicting interests that are material to the Admission.

## RISK FACTORS

*Any investment in the Ordinary Shares is subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should carefully consider risk factors associated with any investment in the Ordinary Shares, the business of the Group and, following Completion, the Enlarged Group and the asset management industry as a whole, together with all other information contained in this Prospectus, including in particular the risk factors described below, and consult with their professional advisers.*

*Prospective investors should note that the risks summarised in the section of this Prospectus entitled “Summary Information” are the risks that the Company has assessed to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks that the Group faces and, following Completion, the Enlarged Group will face, relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus entitled “Summary Information” but also, among other things, the risks and uncertainties described below.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group and, following Completion, the Enlarged Group that are not currently known to the Company, or that the Company currently assesses to be immaterial, may individually or cumulatively, also have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group and, if any such risk should materialise, the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Investors should carefully consider whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their specific circumstances.*

### 1. RISKS RELATING TO THE ASSET MANAGEMENT INDUSTRY

#### 1.1 ***The asset management industry as a whole is sensitive to adverse economic, political and market factors that are beyond the Group’s and, following Completion, the Enlarged Group’s control***

The financial markets in which the Group operates and, following Completion the Enlarged Group will operate are directly affected by many national and international factors that are beyond the Group’s and the Enlarged Group’s control.

In addition to the ongoing coronavirus (Covid-19) outbreak (in respect of which see paragraph 1.2 of this section entitled “Risk Factors”—“*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*”), any one of the following factors, among others, may cause a substantial decline in financial markets: economic and political conditions; the level and volatility of interest rates and foreign currency exchange rates; concerns about inflation; changes in investor sentiment and consumer confidence levels; legislative and regulatory changes, including in connection with the United Kingdom’s withdrawal from the European Union (see paragraph 1.3 of this section entitled “Risk Factors”—“*Uncertainty as to the UK’s future relationship with the EU following the UK’s withdrawal from the EU, which may be exacerbated by the coronavirus (Covid-19) outbreak, as well as resulting legal and regulatory changes following the end of the transition period, could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group*”); concerns about trade wars and disputes, in particular the ongoing trade war between the United States and China; public health threats (including, without limitation, the ongoing coronavirus (Covid-19) outbreak); social unrest and uprisings; and terrorism, wars and conflicts.

The Group is and, following Completion, the Enlarged Group will be particularly exposed to declines and volatility in equity markets and bond markets. Approximately 60 per cent. of the Group’s AUM and approximately 73 per cent. of the Merian Group’s AUM, in each case as at 31 December 2019, was invested in equities, whilst approximately 31 per cent. of the Group’s AUM and approximately 8 per cent. of the Merian Group’s AUM, in each case as at 31 December 2019, was invested in bonds. A fall in equity and/or bond markets would have a direct impact on the Group’s and, following Completion, the Enlarged Group’s AUM and, as a result, its fee income, noting approximately 99.7 per cent. of the Group’s net revenue for 2019 was based on the value of AUM. In addition, increased volatility in the value of equities or bonds, either absolutely or relative to other asset classes, could also adversely affect investor sentiment, resulting in equity or bond funds becoming less attractive investments and making it harder for the Group and, following Completion, the Enlarged Group, to maintain sales of its Products, retain existing clients or attract new clients. As such any

decline or increased volatility in equity and/or bond markets could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

In addition, whilst global economic, political and market factors may adversely affect the Group and, following Completion, the Enlarged Group, the Group is and, following Completion, the Enlarged Group will be particularly exposed to changes in the UK economy and financial markets, since approximately 63 per cent. of the Group's business and approximately 52 per cent. of the Merian Group's business, in each case as at 31 December 2019, was in UK-domiciled mutual funds where the investors are predominantly UK retail investors. A decline in the disposable income of UK retail investors or a shift in savings or investment patterns in the UK generally could result in lower sales of the Group's and, following Completion, the Enlarged Group's Products and/or higher levels of redemptions by existing investors in such Products.

Any of these factors could result in a decline in the Group's, or following Completion, the Enlarged Group's AUM and accordingly result in a decline in the level of the Group's, or following Completion, the Enlarged Group's fee income and therefore have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**1.2 *The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses***

The ongoing coronavirus (Covid-19) outbreak has materially adversely affected, and is likely to continue to materially adversely affect, the asset management industry as a whole, including the Group and the Merian Group and may continue to materially adversely affect the Enlarged Group following Completion, both directly and indirectly for an uncertain period of time.

The outbreak was first reported in China in December 2019 and has subsequently spread globally, with significant and increasing numbers of cases and fatalities being reported in many countries around the world (including significant numbers in Europe). On 11 March 2020, the World Health Organisation declared that the coronavirus (Covid-19) outbreak had become a pandemic. To address the outbreak, governments in many countries (including the UK Government) have sought to contain the virus through imposing stringent travel and other restrictions (including imposing restrictions on leaving home without reasonable cause and on public gatherings and requiring closures of certain businesses, such as non-essential shops and restaurants). Whilst the rates of new infections and deaths have reduced significantly in many countries as at June 2020 and some restrictions are now being removed or relaxed to some degree by governments, it is unclear how long it will take to fully contain the outbreak or how long some restrictions will remain in place for. There is also a risk that a "second wave" of infections will arise which may lead to stringent restrictions being re-imposed, or new restrictions being introduced, by governments.

Asset management businesses, including the Group and the Merian Group, and other businesses (including third party providers to the Group and the Merian Group) have been directly adversely affected as a result of the coronavirus (Covid-19) outbreak and the aforementioned restrictions that were put in place. The restrictions have led to business and operational disruption, with employees being required to work from home and generally not able to travel, which may make interactions with clients more difficult. The outbreak may also result in increased employee sick-leave, serious illness or fatalities amongst employees (including key personnel). Accordingly, the outbreak and the related restrictions may cause significant business and operational disruption to the Group and potentially, following Completion, the Enlarged Group for an uncertain period and at least in the short term until the coronavirus (Covid-19) outbreak has been brought fully under control and relevant restrictions completely removed or relaxed.

The outbreak and restrictions put in place by governments to contain it have also had an indirect (but more significant) adverse impact on asset management businesses, including the Group and the Merian Group, through the impact on the UK and global economy generally and financial markets in particular. The outbreak has had a significant adverse impact across many sectors in the UK and elsewhere, with businesses experiencing significant operational disruption (including in some cases temporary closure), severely depressed financial performance and increased risk of insolvency. The outbreak is generally forecast by analysts to result in a global recession (with GDP growth forecasts heavily downgraded in light of the outbreak) and significant increases in unemployment in the UK,



Europe, the United States and elsewhere anticipated. The outbreak has also led to market interventions by financial regulators, such as the Prudential Regulation Authority in the UK advising banks to suspend outstanding dividends.

The outbreak also materially adversely impacted investor sentiment and led to sharp declines in securities prices and higher volatility in the global financial markets, with all major indices suffering significant losses, including largest single day percentage falls since the “Black Monday” stock market crash in October 1987 and worst quarter performance since 1987. Whilst financial markets have subsequently rallied to a certain extent from the lows witnessed at the outset of the outbreak, this materially impacted investment performance across the asset management sector. In particular given the focus of the Group and, following Completion, the Enlarged Group on investments in equity and bond markets, falling stock prices have had and are expected to continue to have an adverse impact on the Group’s, the Merian Group’s and potentially, following Completion, the Enlarged Group’s AUM. The Group’s AUM had fallen to £35.0 billion as at 31 March 2020 from £42.8 billion as at 31 December 2019 and Merian Group’s AUM had fallen to £15.7 billion as at 31 March 2020 from £22.4 billion as at 31 December 2019, due to both a reduction in asset values and client outflows.

There can be no certainty how long it will be until the coronavirus (Covid-19) outbreak is brought fully under control and restrictions put in place by governments completely removed or relaxed or whether a “second wave” of infections will arise. In any case, the adverse impact of the outbreak on the economy and financial markets is likely to continue for a period after the outbreak is brought under control and restrictions lifted. Accordingly, in common with other asset management businesses, the outbreak is expected to have a adverse impact on the Group’s and the Merian Group’s fee income for at least the current financial year.

Therefore, as a result of one or more of the above factors, the coronavirus (Covid-19) outbreak may further directly and indirectly have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

The coronavirus (Covid-19) outbreak and related restrictions may also impact on various other risk factors relevant to the Group and, following Completion, the Enlarged Group (particularly if there is a “second wave” of infections and a reintroduction of restrictions that have been removed or relaxed or new restrictions imposed), as detailed elsewhere in this section entitled “*Risk Factors*”.

**1.3 *Uncertainty as to the UK’s future relationship with the EU following the UK’s withdrawal from the EU, which may be exacerbated by the coronavirus (Covid-19) outbreak, as well as resulting legal and regulatory changes following the end of the transition period, could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group***

On 31 January 2020, the UK formally withdrew from the EU and entered into a transition period which will last until at least 31 December 2020 (but which may be extended), during which period the trading relationship between the UK and the EU will remain the same and the UK will continue to follow the EU’s rules and regulations. Negotiations are now taking place to determine the future terms of the UK’s relationship with the EU, including the details of any UK-EU trade deal.

If no UK-EU trade deal is reached and the transition period is not extended, the UK will become a third country vis-à-vis the EU following the end of the transition period. As a third country, the UK will cease to have access to the single market and will no longer be a member of the EU Customs Union. The cross-border trade in goods between the UK and EU member states will, in such circumstances, depend on World Trade Organisation terms, and the provision of services will generally be restricted to those that could be provided by firms established in any third country. Tariff or non-tariff barriers, customs checks, the inability to provide cross-border services, changes in withholding tax, restrictions on movements of employees, restrictions on the transfer of personal data, restrictions on sharing intelligence, interfering with ‘just-in-time’ supply chains, and other potential consequences all have the potential to disrupt the systems and organisations required for the orderly functioning of many aspects of the UK economy.

Even if a UK-EU trade deal is agreed, there is also uncertainty as to the extent of any such trade deal, including which EU laws and regulations may continue to apply in the UK following the end of the transition, and what changes there may be to the application of these laws and regulations. Accordingly, the full effect of the UK’s withdrawal from the EU on the UK and EU economy generally remains unknown. Such ongoing uncertainty could impact market confidence and may result



in outflows of assets from funds with exposure to the UK, including those of the Group and following Completion, the Enlarged Group. Due to the size and importance of the UK economy in the global economy, particularly with respect to the UK financial services market, as well as the uncertainty and unpredictability concerning the UK's future legal, political, financial and economic relationship with the EU, there may continue to be instability in the UK and international financial markets, significant currency fluctuations and otherwise adverse effects on consumer confidence for the foreseeable future.

Uncertainty around the timing for the end of the transition period and the terms of the UK's future relationship with the EU has been further increased by the coronavirus (Covid-19) outbreak, which has become the primary focus of the UK government, the European Union and national governments of EU member states (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*").

Furthermore, the Group includes and, following Completion, the Enlarged Group will include financial institutions authorised and regulated in the UK. The regulatory environment that applies to such entities is in large part derived from EU financial services legislation. While the UK is currently required to implement and apply such legislation, this may no longer be the case following its departure from the EU. This may have a significant impact on UK financial services legislation and the regulatory environment in which the Group operates and, following Completion, the Enlarged Group will operate, which may in turn have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

The Directors believe that the Group, and following Completion, the Enlarged Group will be operationally ready to comply with legal and regulatory requirements following the end of the transition period and the UK's withdrawal from the EU. In particular, the Group had previously taken steps in 2018 to prepare for the risk of a "no-deal" exit from the EU by establishing an entity in Luxembourg (which will be authorised and regulated in Luxembourg as a UCITS management company and an alternative investment fund manager and which will benefit from current EU passporting arrangements). Amongst other things, this entity will act as the European distribution hub for the Group's and, following Completion, the Enlarged Group's offshore SICAV product range. Nonetheless, given the current uncertainties as to the legal and regulatory framework that will apply from the end of the transition period, the Group and, following Completion, the Enlarged Group may still face challenges in complying with any new regulatory framework in a timely manner, which may inadvertently also lead to regulatory breaches, and could result in fines imposed by regulators, reduced inflows and increased outflows from its Products and damage to the Group's, and following Completion, the Enlarged Group's reputation. For example, the Group's Products which are based in Luxembourg, and the Merian Group's Products which are based in the Republic of Ireland typically delegate investment management responsibilities to relevant teams in London. The impact of the UK's withdrawal from the EU on such delegation arrangements is uncertain.

As a result of any of the foregoing, the UK's departure from the EU may have material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**1.4 *Exposure to domestic and global political developments and their impact on financial markets could have a material adverse effect on the Group's and following Completion, the Enlarged Group's business, financial condition, results of operations and prospects.***

Political change has the potential to directly impact the businesses of the Group, and following Completion, the Enlarged Group, through the introduction of new laws (including tax laws) or regulations, the repeal of existing laws or regulations, revised regulatory interpretations of existing laws or indirectly by altering the sentiments of clients and distribution partners through government policy or communications.

In the United Kingdom, following the UK General Election in December 2019, the Conservative Party has a sizeable majority in Parliament, which gives it greater flexibility than has been the case in recent years to introduce legal and regulatory changes. Legal and regulatory changes may also result from any second independence referendum in Scotland. Any changes in UK government policy, legislation or regulatory interpretation may ultimately influence investor decisions in particular markets in which the Group and, following Completion, the Enlarged Group operates, change the structure of those markets and the products offered or increase the costs of doing business in those markets. For

example, changes in taxation legislation and policy could affect investor sentiment, making investment generally, and specific types of investment products and solutions in particular, either more or less appealing.

In addition, the Group's and, following Completion, the Enlarged Group's Products have investors from a range of jurisdictions and such Products invest in a range of markets. Accordingly, the Group and, following Completion, the Enlarged Group also may be affected by wider geopolitical events, including any instability within the Eurozone, uncertainty as to the global impact of the current US administration, the forthcoming 2020 US presidential election, strained relations with North Korea and Russia, trade disputes including in particular the ongoing trade war between the United States and China, tensions in the South China Sea, tensions and conflict in Turkey, Iran and the Middle East generally, as well as widespread increases in global tariffs. There may also be political consequences and upheaval in some countries following the coronavirus (Covid-19) outbreak and the imposition by governments of strict restrictions on individuals in order to contain the outbreak (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*").

Additional developments may also occur that the Directors and the Proposed Director cannot currently know or anticipate, or which may be impossible to plan for or protect against. It is possible that the effects of such geopolitical events will include further financial instability and slower economic growth, significant regulatory changes, currency fluctuations and higher unemployment and inflation in the UK, EMEA (excluding the UK) and the global economy, at least in the short- to medium-term. It could also create constraints on the ability of the Group and, following Completion, the Enlarged Group, to operate efficiently in the future political environment. Any of the foregoing could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**1.5 *The asset management market in the United Kingdom and elsewhere is highly competitive and there are challenges associated with continued overseas expansion***

The principal market of the Group is and, following Completion, of the Enlarged Group will be the UK where the asset management industry is highly competitive. The Group competes and, following Completion, the Enlarged Group will compete on the basis of investment performance, brand recognition, business reputation, the range of products offered, quality of service and the level of fees for services. The Group's, or following Completion, the Enlarged Group's competitors include global, national and local specialist asset management companies as well as banks and financial services companies, some of which will continue to be substantially larger than the Enlarged Group following Completion, have greater financial resources, greater market share, offer a broader range of products and/or offer greater technology enabled solutions. The Group's, and following Completion, the Enlarged Group's competitors could also offer similar products or services to the Group or the Enlarged Group with lower fees and thereby undercut its offerings.

The Group is also increasingly subject to competition from passive funds, such as index tracking funds, as opposed to actively managed funds that the Group offers, and following Completion, the Enlarged Group will offer. The Directors believe that the asset management industry is increasingly polarised between actively managed (including systematic) funds and passive funds, noting that traditional funds, such as long-only, single-geography equity and fixed income funds, have seen sizeable outflows, particularly those which track benchmarks closely and therefore compete more directly with passive funds. Passive funds typically charge lower fees than actively managed funds and as such in order to attract and retain clients, active asset managers must be able to clearly differentiate their products and demonstrate that they deliver positive returns after all fees. This may increase pressure on the fees that the Group and, following Completion, the Enlarged Group is able to charge investors in its funds.

As at 31 December 2019, the UK business represented approximately 74 per cent. of the Group's AUM. As such, any failure by the Group or, following Completion, the Enlarged Group to compete effectively in the UK market, could lead to a loss of business and/or a failure to win new business, as well as increasing pressure on the Group, and following Completion, the Enlarged Group to reduce the fees it charges in order to compete more effectively or require the Group, and following Completion, the Enlarged Group to increase its expenditures in order to match or surpass service levels provided by its competitors, each of which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

Although the Group has continued to successfully expand beyond the UK, particularly in EMEA (excluding the UK) and Asia, with approximately 26 per cent. of the Group's AUM coming from clients outside of the UK as at 31 December 2019 (compared to 17 per cent. as at 31 December 2014) and the geographic diversification of the Enlarged Group will be further increased as a result of the Acquisition, a failure to continue the successful expansion of the Group and, following Completion, the Enlarged Group beyond the UK could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**1.7 *An increase in interest rates may make investing in the Group's and, following Completion, the Enlarged Group's Products less attractive***

Since around 2010, a combination of stable growth and loose monetary policy relative to historical norms had generally resulted in low volatility across financial markets. Quantitative easing measures, implemented by central banks to support recovery since the global financial crisis in 2007 and 2008, helped loosen financial conditions and reduce borrowing costs. Prior to the coronavirus (Covid-19) outbreak there had been some market expectation that certain central banks, including the US Federal Reserve, the Bank of England and the European Central Bank, would tighten their monetary policy to increase interest rates back to levels closer to historical norms and reduce or eliminate quantitative easing. The Bank of England, for example, increased its base rate from 0.5 per cent. to 0.75 per cent. on 2 August 2018, which marked only the second time the Bank of England had increased the base rate in more than ten years. The US Federal Reserve had also continued to normalise interest rates in recent periods.

However, in light of the coronavirus (Covid-19) outbreak, on 3 March 2020, the US Federal Reserve announced an emergency cut in interest rates by 0.5 per cent. to a target range of 1.00 – 1.25 per cent and subsequently on 15 March 2020 to a target range of 0.00 – 0.25 per cent. In addition on 11 March 2020, the Bank of England announced an emergency cut in interest rates by 0.5 per cent to 0.25 per cent. and subsequently on 19 March 2020 announced a further cut to 0.1 per cent. (which is its lowest rate ever). It is expected that such low interest rates are likely to continue at least in the short term until the coronavirus (Covid-19) outbreak has been brought fully under control, relevant restrictions relaxed and economic and financial conditions recovered (at least in part) and it therefore remains unclear if or when central banks will return to monetary policies that are more aligned to historical patterns (see also see paragraph 1.2 of this section entitled "*Risk Factors*"—"The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses").

However, if interest rates were to increase materially in the longer term this may cause losses to investors and raise the risk of default on fixed income securities, including those held by Products managed by the Group and, following Completion, the Enlarged Group. Higher interest rates may make investing in the Group's and, following Completion, the Enlarged Group's Products less attractive, and may affect the Group's and, following Completion, the Enlarged Group's ability to create viable and attractive Products, all of which would result in lower investor subscriptions and AUM and accordingly result in a decline in the level of the Group's, or following Completion, the Enlarged Group's fee income. As such, this could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2. RISKS RELATING TO THE BUSINESS OF THE GROUP AND, FOLLOWING COMPLETION, THE ENLARGED GROUP**

**2.1 *Sustained underperformance across a range of Products or by one or more of the Group's or, following Completion, the Enlarged Group's larger Products could adversely affect profitability and growth***

When buying investment products or selecting a fund manager, one of the most important considerations for clients and intermediaries is the historical investment performance of the product or fund manager. As the business focus and key selling point of the Group is and, following Completion, of the Enlarged Group will continue to be, to generate long-term investment out-performance after all fees against relevant benchmarks and peer groups, any sustained period of underperformance across a range of the Group's or, following Completion, the Enlarged Group's Products or by one or more of its larger Products, for example resulting from a failure of investment strategies employed in managing such Products, could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. As at 31 December 2019, the Group's ten largest Products accounted for

approximately 65 per cent. of AUM and its largest Product (being the Dynamic Bond Fund) accounted for approximately 16 per cent. Were the Group or, following Completion, the Enlarged Group, to fail to provide satisfactory investment returns across a range of its Products or in respect of one or more of its larger Products, clients of the affected Products (or clients generally) may decide to postpone or reduce their investments or withdraw them altogether and intermediaries, who are the Group's primary distributors of products, may cease to recommend some or all of the Group's or, following Completion, the Enlarged Group's products to their clients. Investment underperformance relative to competitors (including both active and passive funds) or relevant benchmarks would also make it more difficult for the Group or, following Completion, the Enlarged Group, to attract new clients and could damage the Group's or, following Completion, the Enlarged Group's reputation and brand. Any such investment underperformance could, therefore, have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.2 *The asset classes and investments offered by the Group or, following Completion, the Enlarged Group, may become less attractive to investors, including during periods of market volatility such as that caused by the coronavirus (Covid-19) outbreak***

The Group manages and, following Completion, the Enlarged Group will manage investments in a range of asset classes including equities, fixed income, multi asset, multi manager and alternatives, although the Group's focus is in equities. The Group's and, following Completion, the Enlarged Group's Products also offer exposure to a range of geographies and regions, industry sectors and types of company (for example large cap versus small cap companies). The Group's investment style and philosophy is and, following Completion, the Enlarged Group's will be, to be a high-conviction, active manager of its Products.

Sales into the Group's Products are, in part, determined by the relative attractiveness to investors of the asset classes on which the Group focusses, and following Completion, the Enlarged Group will focus, particularly equities (which represented approximately 60 per cent. of the Group's AUM and approximately 73 per cent. of the Merian Group's AUM, in each case as at 31 December 2019) and bonds (which represented approximately 31 per cent. of the Group's AUM and approximately 8 per cent. of the Merian Group's AUM, in each case as at 31 December 2019). During periods of increased market volatility, such as that which has been experienced in recent months as a result of the coronavirus (Covid-19) outbreak (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*"), investors may be more likely to invest in asset classes which are considered to be safer, such as government gilts, gold or cash, which may lead to decreased sales of the Group's and, following Completion, the Enlarged Group's Products and/or increased outflows of AUM (see also paragraph 2.15 of this section entitled "*Risk Factors*" – "*The Group's and, following Completion, the Enlarged Group's clients may withdraw AUM at short notice particularly during periods of market volatility such as that caused by the coronavirus (Covid-19) outbreak and this could result in liquidity issues*").

Sales are also in part driven by the relative attractiveness of the range of investment opportunities that the Group's and, following Completion, the Enlarged Group's Products offer exposure to, such as investments in particular geographies and regions, industry sectors or types of company.

The Group's investment philosophy, which will be continued by the Enlarged Group following Completion, is high-conviction active asset management, with fund managers actively seeking out what they believe to be the best investment opportunities through careful security selection. This strategy differentiates the Group from passive funds, such as index tracking funds, although such funds typically charge lower fees to investors. There is a risk that investors will increasingly favour passive funds over active funds, which may lead to a decrease in sales of the Group's and, following Completion, the Enlarged Group's Products (see also paragraph 1.5 of this section entitled "*Risk Factors*" – "*The asset management market in the United Kingdom and elsewhere is highly competitive and there are challenges associated with continued overseas expansion*").

In the event that the asset classes on which the Group or, following Completion, the Enlarged Group focuses, or the investment opportunities offered by the Group and, following Completion, the Enlarged Group, were to become less attractive to investors or investors were to invest more through passive or index-based investment products, there may be reduced sales and/or increased redemptions from the



Group's or, following Completion, the Enlarged Group's Products. Such developments could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.3 *The Group and, following Completion, the Enlarged Group, may not be able to successfully execute its strategic initiatives and the coronavirus (Covid-19) outbreak may make execution of strategic initiatives more challenging***

The Group aims and, following Completion, the Enlarged Group will aim to grow its clients and AUM through its strategy of high-conviction active asset management, alongside increased diversification of its business by geography, client type and product. Successful execution of its strategy is not assured, and depends upon internal and external factors, including the Group's and, following Completion, the Enlarged Group's ability to accurately predict the type of Products attractive to its target client base, to manage such Products to produce investment outperformance, and to price such Products competitively, as well as its ability to effectively continue to grow its business outside of the UK. If one or more of the assumptions that the Group has made in setting its targets or objectives are inaccurate, or if one or more of the risks described in this section occur, the Group and, following Completion, the Enlarged Group, may be unable to achieve one or more of its targets or objectives.

The coronavirus (Covid-19) outbreak and restrictions put in place by governments to contain the outbreak may also make the execution of strategic initiatives more difficult, costly or time-consuming. Whilst many restrictions are now being removed or relaxed to some degree by governments, it is unclear how long it will take to fully contain the outbreak or how long some restrictions will remain in place for. There is also a risk that a "second wave" of infections will arise which may lead to stringent restrictions being re-imposed, or new restrictions being introduced, by governments (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*").

If the Group's and, following Completion, the Enlarged Group's strategy is not implemented successfully, if such strategy does not yield the anticipated benefits or if the Group and, following Completion, the Enlarged Group is unable to control costs in delivering its strategy, the Group and, following Completion, the Enlarged Group may be unable to achieve its targets, which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.4 *The Group is and, following Completion, the Enlarged Group will be reliant on its ability to attract and retain talented fund managers, as well as directors, senior management and other key employees, and the loss of a number of such fund managers or one or more key fund managers, or other important individuals, could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's business***

The Group's and, following Completion, the Enlarged Group's continued success depends on its ability to attract and retain talented fund managers, as well as experienced directors, senior management and other key employees, including, for example, highly skilled research analysts.

The Group's fund managers, as well as other employees, have made a significant contribution to the growth and success of the business and are expected to continue to do so. The Group identifies certain Products with particular fund managers and its business strategy is to give its fund managers considerable freedom to manage the Products for which they are responsible. A number of the Group's largest and most successful Products have been launched and/or designed with a focus on the particular attributes and track record of the named fund manager. In addition, certain investment management agreements for the Group's mandates also contain "key man" provisions providing for a right of termination by the client in the case that certain specified key personnel, including fund managers, are no longer employed by the Group.

Approximately 73 per cent. of the Group's AUM as at 31 December 2019 was managed by six fund managers and, of this, approximately 42 per cent. of the Group's AUM as at 31 December 2019 was managed by two fund managers. Following Completion, approximately 68 per cent. of the Enlarged Group's AUM is expected to be managed by ten fund managers (based on the Group's and the Merian Group's respective AUM as at 31 March 2020). As such, whilst the Enlarged Group will be more diversified than the Group currently is, the loss of one or more of these key fund managers

could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's future profitability and/or the growth of the business. More specifically, the loss of one or more of these fund managers could result in:

- (a) the outflow of assets from, or reduced sales into, the Products managed by the relevant fund manager(s) and hence a decline in AUM and revenues, which may be material to the particular Products and possibly the Group or, following Completion, the Enlarged Group as a whole;
- (b) a decline in the performance of the Products managed by the relevant fund manager(s), which may reduce AUM and revenues; and
- (c) negative market perception across distribution channels, particularly if the departure of the relevant fund manager(s) is considered to be part of a trend, which may lead to neutral or unfavourable recommendations from distribution partners or such distribution partners putting products 'on hold'. This perception could in turn lead to the loss of future investment management mandates, significant fund outflows and a failure to attract new investors to the Group's and, following Completion, the Enlarged Group's Products.

As the Group is and, following Completion, the Enlarged Group will be particularly reliant on the performance of its fund managers, it is important that it retains such managers, and, where necessary, replaces them, either internally or from external sources. The ability of the Group and, following Completion, the Enlarged Group to effectively replace fund managers that do leave will in part depend on it having in place effective succession arrangements. Although the Group's fund managers have been with the Group for approximately 10 years on average, there can be no guarantee that the Group, or following Completion, the Enlarged Group will be able to retain them or, should they leave, replace them (either internally or from external sources) with an equally experienced or well-known fund manager.

The risk of fund managers, directors, senior management and other employees of the Enlarged Group leaving may also be increased as a result of the Acquisition (see also paragraph 5.4 of this section entitled "*Risk Factors*" — "*The Acquisition may impact the ability of the Group to attract and retain key fund managers, directors, senior management and other employees*").

In order to retain its fund managers and other employees, when necessary, attract new fund managers and other employees, the Group, and following Completion, the Enlarged Group must offer competitive compensation arrangements, the costs of which are significant. The rates of compensation vary depending on the particular role of individual managers, but successful fund managers often earn substantial amounts. A significant proportion of the compensation costs of the Group is in the form of discretionary annual bonuses and deferred compensation. In less successful years, the bonus pool available may be insufficient for the Group, or following Completion, the Enlarged Group to meet the expectations of these fund managers and other employees, potentially constraining the Group's and, following Completion, the Enlarged Group's ability to retain or recruit fund managers and other key employees.

If the Group, or following Completion, the Enlarged Group needed to replace one of its key fund managers externally, the market for experienced and talented fund managers with strong track records is extremely competitive and such individuals are difficult to attract. Even if the Group, or following Completion, the Enlarged Group were successful in attracting a replacement fund manager from external sources, the costs of such recruitment may be significant.

It is also currently unclear how the UK's withdrawal from the EU, and possible restrictions on the movement of people depending on the nature of any UK-EU trade deal which may be agreed, may impact the ease with which UK nationals can work in the Group's and, following Completion, the Enlarged Group's European Union locations and vice versa. See also paragraph 1.3 of this section entitled "*Risk Factors*" — "*Uncertainty as to the UK's future relationship with the EU following the UK's withdrawal from the EU, which may be exacerbated by the coronavirus (Covid-19) outbreak as well as resulting legal and regulatory changes following the end of the transition period, could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group*".

The loss of directors or senior management could also affect the ability of the Group and, following Completion, the Enlarged Group to execute its strategy effectively or at all, or could result in a decline in the standards of management or operation of the Group's, and, following Completion, the Enlarged Group's business.



If the Group, or following Completion, the Enlarged Group were unable to attract and retain experienced and talented fund managers and other key personnel (including directors, senior management and other employees), whether as a result of cost constraints or otherwise, it could lead to the withdrawal of client assets or the failure to secure investment mandates and may have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.5 *Changes in distribution trends may have a material adverse effect on the Group's and, following Completion, the Enlarged Group's margins***

The Group markets and, following Completion, the Enlarged Group will market its Products through a range of distribution channels but, in line with market trends, a significant proportion of its intermediated sales are and will continue to be channelled through fund platforms. For example, approximately 51 per cent. of the Group's UK intermediated sales in 2019 were through such channels.

Platform operators levy their own administrative charge, which is not passed on to the client but reduces the proportion of the management fee paid by the client which the Group, and following Completion, the Enlarged Group can retain. As a result, margins on new sales made through platform operators have declined. In the future, platform operators may seek to increase these administrative charges with respect to new sales of the Group's and, following Completion, the Enlarged Group's Products and/or its existing AUM, and thereby further reduce margins on new and existing products.

Additionally, platform operators in the UK and EEA are subject to MiFID II costs and charges requirements, which increase the transparency and visibility to clients of certain costs and charges. This may lead to competition between asset management businesses and market pressure to lower fees, which would further erode the margins on sales made through platforms.

There is also a risk of regulatory intervention in the future of commercial arrangements with platforms which affect how Products are priced on different platforms (similar to so-called 'wide most-favoured nation' clauses). The FCA's final report on the Investment Platform Market Study (March 2019) notes that the FCA has not determined the ultimate effect of such arrangements, although these have been found in other contexts to have the potential to restrict competition. The FCA reminded firms of their obligations to self-assess their commercial arrangements for compliance with competition law. If the Group, and following Completion, the Enlarged Group have entered into such commercial arrangements with platforms, and there is regulatory intervention which prohibits such arrangements in the future, platforms may seek to negotiate bespoke rebates, which would further reduce margin on sales through platforms.

In addition, the Group, or following Completion, the Enlarged Group may also choose to terminate its relationship with particular intermediaries or platforms as a result of pressure on margins. A loss of margin or termination of the relationship with particular intermediaries or platforms could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.6 *Operational errors or a failure of systems and controls could have a material adverse effect on the Group and, following Completion, the Enlarged Group and the risk of operational errors may increase as a result of the coronavirus (Covid-19) outbreak***

The management of client assets involves a number of risks, including:

- (a) a failure to administer portfolios properly, for example by making incorrect valuations or pricing decisions with regard to the underlying investments;
- (b) a failure to make investment decisions in a timely manner;
- (c) incorrect assets being purchased or erroneous trades being placed or the failure to place trades on a timely basis or at all;
- (d) corporate actions (such as rights issues, and takeovers etc.) not being executed as intended; and
- (e) a failure of the systems and controls utilised by the Group and, following Completion, the Enlarged Group or its outsourced service providers to detect and prevent errors.

In addition, while the Group outsources and, following Completion, the Enlarged Group will outsource its fund valuation and pricing functions to third party providers, it remains, and following Completion, will remain, primarily liable in relation to certain Products managed by it for any failure to provide

these services properly. Any such failures or errors in valuation or pricing by a relevant third party provider may require the Group or, following Completion, the Enlarged Group to reimburse the affected parties in respect of losses suffered, which may be significant. The Group or, following Completion, the Enlarged Group may be unable to recover any such losses fully or at all from the third party or under its insurance policies (see paragraph 2.22 of this section entitled “*Risk Factors*”—“*The Group’s and, following Completion, the Enlarged Group’s insurance may not be adequate to protect it against losses it may suffer*”).

The risk of operational errors, either by employees of the Group and, following Completion, the Enlarged Group or its third party providers, may be increased by the coronavirus (Covid-19) outbreak, in particular with employees being required to work from home (see paragraph 1.2 of this section entitled “*Risk Factors*” – “*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*”).

If any of the foregoing or any similar risks were to materialise, the Group or, following Completion, the Enlarged Group might also be required to conduct thorough investigations of the circumstances surrounding the breach and regulatory investigations might also follow. The costs involved in such investigations, including management time and professional fees, could be material to the Group or, following Completion, the Enlarged Group and may not be recoverable fully or at all under the Group’s and, following Completion, the Enlarged Group’s insurance policies.

The risks of error and mismanagement cannot be eliminated entirely. The Group’s or, following Completion, the Enlarged Group’s ability to maintain financial controls and provide high quality service to its clients depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems, which are programmed to detect and prevent errors. There can be no assurance that these systems will function as designed. Any damage to, or failure of, its management information systems could result in interruptions to the Group’s or, following Completion, the Enlarged Group’s financial controls and client service. Such interruptions and any other operational errors or negligence by third party providers or the Group’s or, following Completion, the Enlarged Group’s employees could lead to reputational damage and financial costs, such as the Group or, following Completion, the Enlarged Group being required, by contract or otherwise, to put clients back into the position in which they would have been had the error or negligence not occurred. The consequences of such operational errors or negligence could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

## **2.7 *The Group is and, following Completion, the Enlarged Group will be reliant on third parties to which it has outsourced certain functions***

The Group relies and, following Completion, the Enlarged Group will rely on third party providers of administration, IT services and other operations functions (including for certain fund and institutional mandate valuations), custodian and sub-custodian services and fund administration functions. Any interruption in the services of these third parties or deterioration in their performance of the outsourced service could impair the timing and quality of the Group’s and, following Completion, the Enlarged Group’s services to its clients. The risk of interruption or deterioration of services provided by such third parties may be increased by the coronavirus (Covid-19) outbreak which may cause ongoing operational disruption, particularly if there is a “second wave” of infections which may lead to stringent restrictions being re-imposed, or new restrictions being introduced, by governments (see paragraph 1.2 of this section entitled “*Risk Factors*” – “*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*”).

If the contracts with any of these third party providers were terminated, the Group and, following Completion, the Enlarged Group may not find alternative service providers on a timely basis or on as favourable terms or may suffer disruption as a result of the transition of functions to the new service provider. The occurrence of any of these events could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

Furthermore, a significant proportion of the Group’s and, following Completion, the Enlarged Group’s sales are through third party distribution partners and platform providers. Therefore, the Group is and, following Completion, the Enlarged Group will be dependent upon the continuation of these relationships and such third party distribution partners and platform partners operating in compliance

with regulatory standards and client operations. A temporary or permanent disruption to these distribution arrangements, such as through significant deterioration in the reputation, financial position or other circumstances of the distribution partner or material failure in the third party's controls (such as those pertaining to third-party system failure, regulatory compliance or the prevention of financial crime) could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

See also paragraph 2.8 of this section entitled "*Risk Factors*"— "*The Group is and, following Completion, the Enlarged Group will be highly dependent on its IT systems and a security breach, cyber-attack or general IT system failure (the risk of which may be increased by the coronavirus (Covid-19) outbreak) could significantly disrupt the ability of the Group, and following Completion, the Enlarged Group, to manage its systems and platforms, or otherwise operate its business*", paragraph 2.14 of this section entitled "*Risk Factors*"— "*The Group's and, following Completion, the Enlarged Group's operations could be adversely affected by external events*" and paragraph 3.4 of this section entitled "*Risk Factors*"—"The Group and, following Completion, the Enlarged Group must comply with data protection regulations, including the GDPR".

**2.8 *The Group is and, following Completion, the Enlarged Group will be highly dependent on its IT systems and a security breach, cyber-attack or general IT system failure (the risk of which may be increased by the coronavirus (Covid-19) outbreak) could significantly disrupt the ability of the Group, and following Completion, the Enlarged Group, to manage its systems and platforms, or otherwise operate its business***

The Group is and, following Completion, the Enlarged Group will be, highly dependent on its IT systems to operate effectively and the maintenance, integrity and resilience of the Group's IT infrastructure and applications is paramount to meeting the Group's and, following Completion, the Enlarged Group's business and client needs, including with respect to the investment management activities and processes.

In particular, the Group is and, following Completion the Enlarged Group will be, increasingly exposed to the risk that third parties or malicious insiders may attempt to use cyber-crime techniques, including distributed denial of service attacks to disrupt the availability, confidentiality and integrity of its IT systems and/or demand ransom payments to return stolen data or reverse lock machines, which could result in disruption to key operations, make it difficult to recover critical services, and damage assets. Moreover, if the Group, and following Completion, the Enlarged Group, is subject to a cyber-attack, its systems may be subject to down-time in an effort to prevent a security breach. Such an outage may lead to reputational damage, which could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's business.

The Group and, following Completion, the Enlarged Group continues to maintain its security posture in line with risk appetite, invest in security architecture and solutions, and is highly diligent across all IT layers (perimeter, network, endpoint, applications and data) and its information security controls in response to ongoing and emerging threats, such as cyber-crime and fraud, and seeks to ensure that controls for known threats remain robust. This includes implementing advanced solutions to detect vulnerabilities and insider threats monitoring. The Group has and, following Completion, the Enlarged Group will have a cyber-risk training programme and has commissioned independent threat and security assessments, including simulated staged attacks on the Group's and, following Completion, will commission such assessments on the Enlarged Group's network to test the Group's and, following Completion, the Enlarged Group's detection and response capability. The risks associated with cyber-attacks, where an individual or group seeks to exploit vulnerabilities in IT systems for financial gain or to disrupt services, are a material risk to the Group and, following Completion, the Enlarged Group and the global financial system, which has a high degree of interconnectedness between market participants, centralised market infrastructure and in some cases complex legacy IT systems.

In addition, the Group's and, following Completion, the Enlarged Group's business, by its nature, requires it to store, retrieve, evaluate and utilise client data and information, which is highly sensitive. If attempts by malicious third parties or insiders compromise its sensitive data, such a breach could result in loss of trust from the Group's and, following Completion, the Enlarged Group's clients, causing reputational damage and financial loss. In addition, the GDPR imposes significant penalties for misuse of client data (see paragraph 3.4 of this section entitled "*Risk Factors*"—"The Group and, following Completion, the Enlarged Group must comply with data protection regulations, including the GDPR"). While the Group maintains and, following Completion, the Enlarged Group will maintain insurance for claims against it by clients, losses (and, in particular, penalties levied on the Group or,

following Completion, the Enlarged Group by regulators) may not be recoverable fully or at all under its insurance policies (see paragraph 2.22 of this section entitled “*Risk Factors*”—“*The Group’s and, following Completion, the Enlarged Group’s insurance may not be adequate to protect it against losses it may suffer*”).

The risk of IT failures or cyber-attacks may also be increased by the coronavirus (Covid-19) outbreak as a result of changed working patterns, with employees still being required to work from home (see paragraph 1.2 of this section entitled “*Risk Factors*” – “*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*”).

There is no certainty that the Group’s and, following Completion, the Enlarged Group’s infrastructure and controls will prove effective in all circumstances and any failure of the controls or other general IT system failure (whether resulting from actions by third parties or malicious insiders or otherwise) could result in significant financial losses and could therefore have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

See also paragraph 5.5 of this section entitled “*Risk Factors*”—“*The integration of the Merian Group may cause disruption or failure of the Enlarged Group’s IT systems*”.

**2.9 *The Group is and, following Completion, the Enlarged Group will be dependent on recommendations or ratings from distribution partners***

A significant proportion of the sales of the Group are and, following Completion, of the Enlarged Group will be through distribution partners such as global banks, fund selectors, platforms, independent financial advisers and wealth managers. This is because many clients also need financial advice, which the Group does not and following Completion, the Enlarged Group will not provide, so such clients are generally accessed through distribution partners rather than directly. Such intermediated sales represented approximately 91 per cent. of the Group’s annual gross flows for the year ended 31 December 2019. Platforms in particular are increasingly important in the current distribution chain. In the UK, approximately 51 per cent. of the Group’s gross flows for the year ended 31 December 2019 were through online platforms. The Group builds relationships with major platforms and makes its funds available through them. There are also other important influencers in the market, such as research consultants and rating agencies, whose recommendations affect demand for the Group’s and, following Completion, the Enlarged Group’s Products. Given the importance of such distribution partners and other influencers to the Group’s and, following Completion, the Enlarged Group’s gross flows and by extension income, the Group is and, following Completion, the Enlarged Group will be heavily dependent on such distribution partners. If such distribution partners terminated their relationship with the Group and, following Completion, the Enlarged Group or ceased to recommend the Group’s and, following Completion, the Enlarged Group’s Products, or recommended such Products less highly than funds offered by competitors, for example following a period of sustained underperformance by such Products, this could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.10 *The implementation of complex change initiatives gives rise to significant execution risks, which may affect the operational capacity of the Group, and following Completion, the Enlarged Group***

The markets in which the Group operates and, following Completion, the Enlarged Group will operate are characterised by continued improvements in operational infrastructure, including changes to reflect intermediary, adviser or client requirements and preferences, the introduction of new technologies and developments in industry and regulatory standards. These changes could render the Group’s existing technology, systems and control environment obsolete.

In response to such challenges, and as part of the implementation of its business strategies, the Group has completed or is in the process of completing a number of significant change initiatives, such as the implementation of BlackRock’s Aladdin operating system, the introduction of a new distribution platform centred around Salesforce and the establishment of an EU management company in Luxembourg, including the re-structuring of the Group’s EU branch network to ensure continuity for future European distribution following the UK’s withdrawal from the EU. These change initiatives, many of which involve complex interdependencies and/or are of large scale and cost, are also necessary to reduce conduct risk and improve the experience and outcomes for clients, while strengthening the Group’s resilience and control environment, and provide the Group with an efficient



and scalable platform for future growth. Such change initiatives may need to be further developed or reopened in light of the integration of the Merian Group into the Enlarged Group, following Completion and further change initiatives may become necessary in the future.

There may be financial, operational, regulatory, client and reputational implications if such initiatives fail (either wholly or in part) to meet their objectives and could place strain on the operational capacity, or weaken the control environment, of the Group and, following Completion, the Enlarged Group. The cost, scale and nature of the change programmes may cause disruption to resourcing through heightened uncertainty, increased workloads and short-term resource stretch, and/or reallocation of financial resources from other areas of Group and, following Completion, the Enlarged Group which, in turn, result in the initiatives being delayed or not delivered at all and/or the disruption of business as usual activities. Implementing further strategic initiatives and undertaking such initiatives concurrently with Completion of the Acquisition and integration of the Merian Group, may amplify these risks.

The coronavirus (Covid-19) outbreak and restrictions put in place by governments to contain the outbreak (in particular employees being required to work from home) may also make the execution of change initiatives more difficult, costly or time-consuming (see paragraph 1.2 of this section entitled “Risk Factors” – “*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*”).

Significant operational execution risks arise from these initiatives, including in relation to business functions and processes (data, systems and people) and third party arrangements. It is also possible that there may be insufficient organisational capacity to absorb the anticipated changes. Any disruption caused by, or failure to successfully implement any of, the change initiatives could have an adverse impact on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

#### **2.11 *The Group and, following Completion, the Enlarged Group and the Jupiter brand is vulnerable to adverse market perception or negative publicity***

Asset management companies operate in an industry where integrity and client trust and confidence are paramount. They are therefore vulnerable to adverse market perception. The Group and, following Completion, the Enlarged Group is especially vulnerable to adverse market perception because the Jupiter brand is a key element in the marketing strategy of the Group and, following Completion, the Enlarged Group. Any mismanagement or failure to satisfy fiduciary responsibilities, or the adverse publicity resulting from such activities or any allegation of such activities, could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

The Group and, following Completion, the Enlarged Group, like others in the financial services industry, are also susceptible to various forms of crime, including theft, money laundering and fraud (see also paragraph 2.8 of this section entitled “Risk Factors” — “*The Group is and, following Completion, the Enlarged Group will be highly dependent on its IT systems and a security breach, cyber-attack or general IT system failure (the risk of which may be increased by the coronavirus (Covid-19) outbreak) could significantly disrupt the ability of the Group, and following Completion, the Enlarged Group, to manage its systems and platforms, or otherwise operate its business*”). Were the Group or, following Completion, the Enlarged Group to be a target of such criminal activity, it could suffer losses, incur fines, attract adverse publicity and/or suffer reputational damage, any of which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

In addition, any negative publicity (whether or not well-founded) associated with the Group’s and, following Completion, the Enlarged Group’s, business, for example, through the loss of key fund managers, poor investment performance or regulatory issues, or any negative publicity affecting the industry as a whole, could result in a loss of clients or AUM, a failure to attract new clients and/or a deterioration in the value or attractiveness of the Jupiter brand or impair the Group’s and, following Completion, the Enlarged Group’s relationship with its distribution partners and institutional clients. Any of these could also have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

See also paragraph 5.7 of this section entitled “*Risk Factors*” — “*The transition of Merian Group Products to the Jupiter brand may cause client confusion*”.

**2.12 Breaches (which may occur inadvertently) by the Group and, following Completion, the Enlarged Group of investment mandates could lead to significant losses**

Products of the Group and, following Completion, the Enlarged Group will generally be required to invest in accordance with specific investment mandates established for the particular Products (which in the case of segregated mandates are set by the client). If investments are made or managed in breach of an investment mandate, the Group and, following Completion, the Enlarged Group could be required to unwind the relevant transactions and would be likely to be liable for any losses suffered by an affected party in doing so. Breaches of investment mandates may occur passively or inadvertently, in particular in the context of volatile markets. Accordingly, the ongoing coronavirus (Covid-19) outbreak may mean such breaches are more likely to occur (see paragraph 1.2 of this section entitled “*Risk Factors*” — “*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*”). A breach of an investment mandate could also contribute to a regulatory breach, which may lead to regulatory investigations and financial penalties. Accordingly, the Group’s and, following Completion, the Enlarged Group’s losses or costs in relation to any such breach could be significant and may not be recoverable fully or at all under the Group’s and, following Completion, the Enlarged Group’s insurance policies (see paragraph 2.22 of this section entitled “*Risk Factors*”—“*The Group’s and, following Completion, the Enlarged Group’s insurance may not be adequate to protect it against losses it may suffer*”). The obligation to compensate for such losses could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.13 The Group and, following Completion, the Enlarged Group may fail to manage conflicts of interest between Products it manages**

Potential conflicts of interest may arise between Products managed by the Group and, following Completion, the Enlarged Group. For example, certain Products have overlapping investment objectives, including Products which have different fee structures, and potential conflicts may arise with respect to the decisions regarding how to allocate investment opportunities among such Products. The Group manages, and following Completion, the Enlarged Group will manage certain Products, which may also allocate to, or invest in, other Products which are managed directly by the Group and, following Completion, the Enlarged Group. In addition, the Group and, following Completion, the Enlarged Group may have investments in certain of its own Products, including investments resulting from the provision of seed capital. Furthermore, in order to leverage the fund management expertise, the same fund manager will sometimes manage several Products with similar investment strategies. Any of these circumstances may create potential conflicts of interest.

Although the Group has and following Completion, the Enlarged Group will have procedures in place to monitor and manage any potential conflicts of interest in line with regulatory requirements, such procedures may not always succeed and it is possible that potential or perceived conflicts of interest could give rise to investor dissatisfaction or litigation or regulatory enforcement actions. In such actions the Group and, following Completion, the Enlarged Group could be required to bear legal, settlement and other costs. Such costs could be significant and may not be recoverable fully or at all under the Group’s and, following Completion, the Enlarged Group’s insurance policies (see paragraph 2.22 of this section entitled “*Risk Factors*”—“*The Group’s and, following Completion, the Enlarged Group’s insurance may not be adequate to protect it against losses it may suffer*”).

Addressing conflicts of interest is complex and difficult and the Group’s and, following Completion, the Enlarged Group’s reputation could be damaged if it fails, or appears to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on the reputation of the Group and following Completion, the Enlarged Group, which could materially adversely affect the Group and following Completion, the Enlarged Group in a number of ways, including as a result of redemptions by investors from its Products, an inability to raise additional funds and a reluctance of counterparties to do business with the Group and following Completion, the Enlarged Group. Each of the foregoing could, in turn, have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.



**2.14 *The Group's and, following Completion, the Enlarged Group's operations could be adversely affected by external events***

The Group's and, following Completion, the Enlarged Group's business operations, information systems and processes are vulnerable to damage or interruption from fire, extreme weather conditions, power loss, systems or telecommunication failures, bomb threats, explosions or other forms of terrorist activity, other natural and man-made disasters and public health threats (including the coronavirus (Covid-19) outbreak (see paragraph 1.2 of this section entitled "*Risk Factors*"—"The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses")). These operations, information systems and processes may also be subject to sabotage, computer hacking, vandalism, theft and similar misconduct. The same is true of third party service providers on which the Group depends and, following Completion, the Enlarged Group will depend. The Group's and, following Completion, the Enlarged Group's businesses have disaster recovery and business continuity arrangements in place that are considered appropriate to cover current business requirements. The Directors believe that the Group's and, following Completion, the Enlarged Group's critical suppliers of administration, custodian and IT services and other operations functions have appropriate disaster recovery and business continuity arrangements. However, the business continuity arrangements of the Group and, following Completion, the Enlarged Group and/or of its service providers may not work as intended. Although the Group maintains and, following Completion, the Enlarged Group will maintain insurance cover that includes property damage, business interruption and cyber security cover, any related losses may not be recoverable fully or at all under the Group's and, following Completion, the Enlarged Group's insurance policies (see paragraph 2.22 of this section entitled "*Risk Factors*"—"The Group's and, following Completion, the Enlarged Group's insurance may not be adequate to protect it against losses it may suffer"). For the reasons set out above, a loss of business continuity could have a material adverse impact on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.15 *The Group's and, following Completion, the Enlarged Group's clients may withdraw AUM at short notice particularly during periods of market volatility such as that caused by the coronavirus (Covid-19) outbreak and this could result in liquidity issues***

The Group's revenues are and, following Completion, the Enlarged Group's revenues will be predominantly derived from management fees, the quantum of which is based on the value of Products managed. A substantial majority of the Group's Products (accounting for approximately 89 per cent. of AUM as at 31 December 2019) permit investors to reduce the aggregate amount of their investment in the Group's Products with no, or only short periods of, notice, or to withdraw altogether from such Products. If interest rates are rising and/or stock markets are declining and/or the Group's or, following Completion, the Enlarged Group's investment performance is poor, the pace of fund redemptions could accelerate.

In 2018, the Group's Dynamic Bond fund, which is its largest fund and which, in the five years to 2017, had contributed net inflows of £8.7 billion, experienced net outflows of £4.1 billion. This reversal in flows resulted from a number of factors, but was principally a result of short-term relative performance in the fund, in particular driven by its cautious view on the US economy and credit quality which affected its performance relative to peers' products, allied to an industry-wide withdrawal from global fixed income products. In 2019, the Group's European Growth strategy, which, in the five years to 2018, had contributed net inflows of £2.2 billion, experienced net outflows of £4.3 billion (including the loss of an investment trust mandate) due in part to the departure from the Group of a key fund manager.

In addition, as the investor base of the Group, and following Completion, the Enlarged Group, could have a significant investor concentration from time to time, this impact could be exacerbated were the Group, and following Completion, the Enlarged Group, to suffer redemptions from one or more large investors which account for a material proportion of AUM and associated fee income.

Current investors in the Group's Products could also choose to redeem some or all of their holdings as a result of a view they have formed on the Acquisition and its impact on the Group or, in their view, excessive exposure to the Enlarged Group following Completion (see paragraph 5.3 of this section entitled "*Risk Factors*"—"Third parties, including clients and distribution partners, may not be supportive of the Acquisition and the strategic and business priorities of the Enlarged Group, which risk may be exacerbated by the coronavirus (Covid-19) outbreak").

Redemptions may increase during periods of sustained market volatility, such as that which has been experienced in recent months as a result of the coronavirus (Covid-19) outbreak (even when relevant Products are performing strongly). During such periods, investors may be more likely to invest in asset classes which are considered to be safer, such as government gilts, gold or cash. During the three months ended 31 March 2020, the Group experienced client outflows of £2.3 billion, whilst the Merian Group experienced client outflows of £2.6 billion, principally as a result of the global coronavirus (Covid-19) crisis (see paragraph 1.2 of this section entitled “*Risk Factors*”—“*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*”).

Redemptions of investments in Products may also be requested more quickly than assets can be sold to meet such redemptions, which in some cases may cause liquidity issues. Whilst the majority of the Group’s AUM are invested in listed equities, which generally are relatively liquid compared to other asset classes, this depends on the specific nature of the investments. For example, investments in shares of emerging market or smaller companies may be less liquid than investments in established companies listed on large international exchanges and larger holdings of shares in certain companies are typically more difficult to sell quickly than smaller holdings and/or may only be sold at greater discounts to the prevailing market price of such shares. In addition, certain of the Group’s and, following Completion, the Enlarged Group’s Products invest in less liquid asset classes such as unlisted equities, fixed income securities, emerging market debt and alternative investments, which may be difficult to sell in a timely manner and/or at valuations that the Group or following Completion, the Enlarged Group, may otherwise have been able to realise. Investments held by multi-manager funds (so called funds of funds) offered by the Group and, following Completion, the Enlarged Group may also be difficult to liquidate quickly, if for example the markets for units or shares in the underlying funds are illiquid or one or more of the underlying funds have themselves suspended redemptions.

Whilst in normal market conditions, the Directors expect the Group’s and, based on information made available to the Group as part of its due diligence exercise in relation to the Merian Group’s Products, following Completion, the Enlarged Group’s Products to have sufficient liquidity and cash to meet typical levels of redemptions, liquidity mismatches may become more prevalent in periods of severe market stress. This could result in redemptions being suspended for certain Products, which would in turn adversely affect the reputation and brand of the Group and, following Completion, the Enlarged Group.

Material withdrawals of AUM would have an immediate impact on management fees and therefore revenues and, depending on the extent of such withdrawals, could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.16 *The value of the Group’s or, following Completion, the Enlarged Group’s seed capital investments or other investments held on its balance sheet may fall***

When establishing or launching a new fund, the Group often uses its own resources to provide seed capital to allow such Products to build a track record. The Group and, following Completion, the Enlarged Group may also provide additional seed money during the marketing phase and/or to provide scale for existing Products. The seed capital investments vary in duration depending on the nature of the investment.

Although the Group hedges and, following Completion, the Enlarged Group, will hedge the majority of its market fluctuations (“beta”) and non-sterling currency exposure in respect of seed investments, it is not always possible to hedge market exposures in a cost-effective manner because of the nature of some of the underlying instruments held by the Products, or the Group and, following Completion, the Enlarged Group may choose not to hedge if a Product has an absolute return objective. Where the Group and, following Completion, the Enlarged Group does not hedge its exposure or such hedges are ineffective, the Group and, following Completion, the Enlarged Group may lose some or all of the value of this seed capital, depending on the performance of the underlying investments.

To the extent that the Group and, following Completion, the Enlarged Group does enter into agreements to hedge its risk in relation to seed capital, it may also be exposed to the risk of default by the relevant counterparty. As at 31 December 2019, the value of seed capital investments made by the Group was £128.7 million, of which £99.7 million was market hedged. In addition, as at 31 December 2019, 99.9 per cent. of the Group’s non-sterling exposure was foreign exchange hedged. Losses incurred by Products in which seed capital has been invested or a default by a hedging

counterparty could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.17 *The Group is and following Completion, the Enlarged Group will be exposed to the risk that its employees, distributors and representatives may treat its clients unfairly, which may result in claims of mis-selling, among other penalties***

The Group is and following Completion, the Enlarged Group will be subject to the risk that decisions and behaviours of its employees, its distributors or its appointed representatives may lead to its clients being treated, or alleging that they are being treated, unfairly or otherwise resulting in detrimental client outcomes. Such risk may arise where the Group and, following Completion, the Enlarged Group fails to design, implement or adhere to appropriate policies and procedures, offer products, services or other propositions that do not meet the needs of clients or fails to perform in accordance with its intended design, fails to communicate appropriately with clients, fails to deal with complaints effectively, sells or recommends unsuitable products or solutions to clients, fails to provide them with adequate information to make informed decisions or fails to do any of the foregoing on an on-going basis after initial sales, among other things. Conduct risk may also arise as a result of employee (mis)conduct (see paragraph 2.18 of this section entitled “*Risk Factors*”—“*Misconduct by employees (or others acting on the Group’s or the Enlarged Group’s behalf) could harm the Group and, following Completion, the Enlarged Group by impairing its ability to attract and retain investors and by subjecting it to potential significant legal liability, regulatory scrutiny and reputational harm*”).

A number of the Group’s and, following Completion, the Enlarged Group’s Products are and will be bought directly by institutional investors and by private investors through intermediaries or distributors. If these investors suffer losses on such products, they or their advisers may seek compensation from the Group, and following Completion, the Enlarged Group’s on the basis of allegations that such products were mis-sold or that the relevant marketing materials contained material errors or omitted to include material information or that misleading marketing materials were provided to or supplied by intermediaries. Mis-selling in general has recently been the subject of greater regulatory scrutiny. For example, there have been several industry-wide financial product mis-selling issues in the past in which the FCA has intervened directly, including the sale of personal pensions, the sale of mortgage-related endowments and investments in split capital investment trusts. Certain designated consumer bodies are also empowered under the FSMA to make “super-complaints” to the FCA in relation to issues causing detriment to large numbers of consumers.

Conduct risk remains the subject of close regulatory scrutiny. Failing to protect the interests of clients in this way and failing to demonstrate sufficient suitability processes and monitoring could lead to legal proceedings or regulatory enforcement action. Given that regulation includes principles-based rules and regulations in many jurisdictions, the rules and regulations may be subject to differing applications and interpretations by regulators or market participants over time. This could in turn lead to financial penalties (which may not be recoverable fully or at all under the Group’s and, following Completion, the Enlarged Group’s insurance policies see paragraph 2.22 of this section entitled “*Risk Factors*”—“*The Group’s and, following Completion, the Enlarged Group’s insurance may not be adequate to protect it against losses it may suffer*”), reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals. Despite the Group’s internal controls relating to disclosure in marketing materials and the suitability of intermediaries, it is possible that such action may be successful, which in turn may lead to claims of mis-selling, which may also result in further regulatory investigation and censure. Any such claims or regulatory investigation or censure could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.18 *Misconduct by employees (or others acting on the Group’s or the Enlarged Group’s behalf) could harm the Group and, following Completion, the Enlarged Group by impairing its ability to attract and retain investors and by subjecting it to potential significant legal liability, regulatory scrutiny and reputational harm***

The Group’s and, following Completion, the Enlarged Group’s reputation is critical to maintaining and developing relationships with the investors in its Products, potential investors and third parties with whom it does business. In recent years, there have been a number of highly publicised cases involving fraud, conflicts of interest, insider dealing, market abuse or other misconduct by individuals in the financial services industry in general. There is a risk that the Group’s and, following Completion, the

Enlarged Group's employees (or others acting on behalf of the Group or the Enlarged Group or with whom the Group or the Enlarged Group has a relationship) could engage in misconduct that adversely affects its business. For example, if an employee were to engage, or be accused of engaging, in illegal or suspicious activities, the Group and, following Completion, the Enlarged Group could be subject to regulatory sanctions and suffer serious harm to its reputation, financial position, investor relationships and ability to attract future investors. In recent years, for example, a number of financial institutions have suffered material losses due to the actions of "rogue traders" or other employees. Such illegal or suspicious activities could take the form of improper trading (such as execution of unauthorised transactions for investors, for themselves or for any of the Group's and, following Completion, the Enlarged Group's Products); disclosure or improper use of confidential information; disregard for, breaches of or any failure in information management processes or systems (including information barriers); breach of fiduciary duties (such as improper or unauthorised use of investor assets); misallocation of trades (where preferential prices are given to one fund over another); or engaging in, mis-recording or concealment of improper activities on behalf of investors or themselves.

Misconduct by employees or third party service providers, intermediaries, distributors or trustees or depositaries of any funds could also expose the Group and, following Completion, the Enlarged Group to claims for financial losses or regulatory proceedings when it is alleged that the Group and, following Completion, the Enlarged Group or its employees (or others acting on behalf of the Group or the Enlarged Group or with whom the Group or the Enlarged Group has a relationship) knew or should have known that such person was not authorised to undertake certain transactions or, particularly in the case of others acting on behalf of the Group or the Enlarged Group or with whom the Group or the Enlarged Group has a relationship, was otherwise inconsistent with or outside the scope of the arrangements entered into with the Group or the Enlarged Group. Dissatisfied investors could make claims against the Group and, following Completion, the Enlarged Group, including but not limited to claims for negligence, fraud, unauthorised trading, failure to supervise, inadequate disclosure of risks, breach of fiduciary duty, conflicts of interest, intentional misconduct or unauthorised transactions.

Although the Group does not and, following Completion, the Enlarged Group will not control the activities of third party intermediaries or distributors (or others acting on behalf of the Group or the Enlarged Group or with whom the Group or the Enlarged Group has a relationship), it could be held responsible for their improper conduct. If an intermediary engages in improper or unauthorised conduct, the courts or regulators could hold the Group and, following Completion, the Enlarged Group responsible if they were to conclude that it knew, had suspicion of or should have known that such conduct was unlawful. In addition, investors could make claims against the Group and, following Completion, the Enlarged Group arising out of, or in connection with, the activities of its third party intermediaries (or others acting on behalf of the Group or the Enlarged Group or with whom the Group or the Enlarged Group has a relationship). While the Group maintains and, following Completion, the Enlarged Group will maintain insurance for such claims, losses may not be recoverable fully or at all under its insurance policies (see paragraph 2.22 of this section entitled "*Risk Factors*"—"The Group's and, following Completion, the Enlarged Group's insurance may not be adequate to protect it against losses it may suffer").

It is not always possible to deter such misconduct, and although the Group takes and, following Completion, the Enlarged Group will take a zero tolerance approach to any such misconduct, the precautions that the Group takes and, following Completion, the Enlarged Group will take to detect and prevent this activity may not be effective in all cases. It may be more difficult for the Group and, following Completion, the Enlarged Group to detect misconduct whilst employees are working from home as a result of the ongoing coronavirus (Covid-19) outbreak (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*"). Moreover, if the Group and, following Completion, the Enlarged Group fails to detect misconduct on a timely basis, or at all, the Group or the Enlarged Group may face further reputational or financial damage.

Accordingly, misconduct by employees or others acting on the Group's or the Enlarged Group's behalf, or even unsubstantiated allegations, could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.



**2.19 *The due diligence processes that are undertaken in connection with investments by the Group's, and following Completion, the Enlarged Group's Products may not reveal all facts that may be relevant in connection with such investments and the Products may suffer losses as a result of any such due diligence failure***

Before the Group's, and following Completion, the Enlarged Group's Products make certain investments, due diligence is conducted that is considered to be reasonable and appropriate based on the facts and circumstances applicable to each investment or allocation. However, the due diligence investigation that is carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity, including, among other things, the existence of fraud or other illegal or improper behaviour. Moreover, such a due diligence investigation will not necessarily result in the investment being profitable.

Failure by the Group and, following Completion, the Enlarged Group to carry out effective due diligence processes could lead to certain Products suffering losses as a result of poor investment strategy, operational or compliance failures, which would reduce AUM and the Group's and, following Completion, the Enlarged Group's fee income, result in damage to its reputation and result in increased investor redemptions and reduced subscriptions. Such due diligence failures could also expose the Group and, following Completion, the Enlarged Group to the risk of litigation from investors who have suffered losses. As such failures in due diligence processes could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.20 *Valuation methodologies for certain assets invested in by the Group's, and following Completion, the Enlarged Group's Products can be subject to significant subjectivity and the values of assets established pursuant to such methodologies may never be realised, which could result in significant losses for the Products***

The Group's, and following Completion, the Enlarged Group's Products are valued by independent valuation service providers. Despite controls and checks in the valuation processes, the valuation of certain illiquid and/or derivative instruments may be subject to significant subjectivity and the price ultimately realised for such investments may differ from the valuation. Realisations at values significantly lower than the values at which investments have been reflected in relevant Products' NAV would result in losses for the applicable fund, a decline in AUM and revenue. Furthermore, if asset values turn out to be materially different from values reflected in Products' NAVs, this could cause investors to lose confidence in the Group and, following Completion, the Enlarged Group which would, in turn, result in redemptions from its Products.

There may also be errors in valuation processes or errors in assessing or calculating liabilities of Products. If Products are valued inappropriately, the Group, and following Completion, the Enlarged Group could be subject to claims from either redeeming or subscribing investors relating to alleged losses as a result of mis-valuations, the management fees of the Group, and following Completion, the Enlarged Group could be overstated or understated, and/or the investments of the Group, and following Completion, the Enlarged Group in various Products could be overvalued or undervalued.

Each of these events, in turn, could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.21 *The Group and, following Completion, the Enlarged Group may be subject to litigation which could result in significant liabilities and/or reputational harm***

The Group and, following Completion, the Enlarged Group may be subject to litigation from investors, employees and other persons for a number of reasons, which could result in significant liabilities and/or reputational harm.

The Group is and, following Completion, the Enlarged Group will be exposed to the risk of litigation by investors in the Group's and, following Completion, the Enlarged Group's Products if the management of such Products or conduct of the trustee or depository of any Product is alleged to amount to negligence, wilful misconduct or fraud. Investors may in such circumstances decide to take legal action against the Group and, following Completion, the Enlarged Group to recover amounts lost.

Furthermore, the Group and, following Completion, the Enlarged Group may be subject to litigation arising from investor dissatisfaction with the performance of its Products or from allegations that it improperly exercised control or influence over companies in which the Products have large

investments, including as a result of conflicts of interest (see paragraph 2.13 of this section entitled “*Risk Factors*”—“*The Group and, following Completion, the Enlarged Group may fail to manage conflicts of interest between Products it manages*”). The Group and, following Completion, the Enlarged Group also faces the risk of litigation from investors in the Products and/or third party service providers, if it does not comply with, or if an investor claims that it has not complied with, restrictions in such Products’ organisational documents (for example, restrictions on entering into related party transactions).

The Group and, following Completion, the Enlarged Group may also be exposed to the risk of litigation if its Products suffer losses which may occur, for example, through the failure of a particular investment strategy or risk management or due diligence processes or due to the trading activity of an employee who has violated the policies of the Group and, following Completion, the Enlarged Group, the organisational documents of the relevant Product or market rules and regulations.

Any litigation arising in such circumstances is likely to be protracted, expensive and potentially involve negative publicity which will be damaging to the Group’s and, following Completion, the Enlarged Group’s reputation and brand. It is also likely that the Group and, following Completion, the Enlarged Group would be brought into any claim that is filed against any of its specific Products.

In addition, with a diverse workforce that includes a large number of highly-paid fund managers, the Group and following Completion, the Enlarged Group faces the risk of claims relating to employment compensation, which may individually or in the aggregate be significant in amount. Such claims are more likely to occur in the current environment where individual employees may experience significant volatility in their year-to-year compensation due to trading performance or other issues and in situations where previously highly compensated employees were terminated for performance or efficiency reasons. The Group and, following Completion, the Enlarged Group may also potentially face claims from competitors in relation to breaches and alleged breaches by the Group and, following Completion, the Enlarged Group of restrictive covenants in connection with the hiring of new employees, particularly fund managers.

Also, as the Company is a listed and regulated company, the Group and, following Completion, the Enlarged Group is subject to the risk of investigation or litigation by certain parties including, without limitation, its regulators, including the FCA, and public shareholders arising from an array of possible claims, including investor dissatisfaction with the performance of its businesses or its share price, allegations of misconduct by its officers and directors or claims that it has inappropriately dealt with conflicts of interest or investment allocations.

While the Group maintains and, following Completion, the Enlarged Group will maintain insurance for such claims, losses may not be recoverable fully or at all under the Group’s and, following Completion, the Enlarged Group’s insurance policies (see paragraph 2.22 of this section entitled “*Risk Factors*”—“*The Group’s and, following Completion, the Enlarged Group’s insurance may not be adequate to protect it against losses it may suffer*”). As such, the Group and, following Completion, the Enlarged Group may be required to incur all or a portion of the costs arising out of litigation or investigations (whether or not successful or settled outside of court) and any such litigation or investigation could be protracted, expensive and highly damaging to the Group’s and, following Completion the Enlarged Group’s reputation, even if the underlying claims are without merit. In addition, the Group and, following Completion, the Enlarged Group, may participate in or initiate litigation proceedings (including the enforcement of contractual rights) from time to time, and participation in such proceedings may expose the Group and, following Completion, the Enlarged Group, to significant reputational risk, as well as a risk of liability arising from counter-claims. Any of such factors could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.22 *The Group’s and, following Completion, the Enlarged Group’s insurance may not be adequate to protect it against losses it may suffer***

As detailed in these Risk Factors, the Group and, following Completion, the Enlarged Group may from time to time suffer losses, including in relation to litigation and regulatory proceedings (including, without limitation, as a result of breaches of investment mandates, actual or perceived conflicts of interest and/or operational errors and failures of systems and controls) or as a result of external events. Whilst the Directors believe that the Group’s insurance is and, following Completion and alignment of the Group’s and the Merian Group’s insurance arrangements, the Enlarged Group’s



insurance will be adequate and covers the matters that it would reasonably be expected to cover, there can be no assurance that any such losses will be covered fully or at all by insurance, in all instances (for example, insurance policies are unlikely to cover fines levied on the Group and, following Completion, the Enlarged Group by regulators) or, if covered, that any such losses will not exceed the limits of available insurance coverage or be deemed too remote to be recoverable, or that any insurer will meet its obligations to insure. As such, the Group and, following Completion, the Enlarged Group may be required to incur some or all of any related losses (which may be significant) and accordingly, this could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

There can also be no assurance that insurance coverage with sufficient limits will continue to be available at a reasonable cost. Renewals of insurance policies or claims under existing policies may expose the Group and, following Completion, the Enlarged Group to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability. A significant increase in the costs of maintaining insurance cover or the costs of meeting liabilities not covered by insurance could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.23 *The failure to understand and respond effectively to the risks associated with environmental, social or governance (“ESG”) factors could adversely affect the Group’s and, following Completion, the Enlarged Group’s achievement of its long-term strategy***

The business environment in which the Group operates and, following Completion, the Enlarged Group will operate is continually changing. ESG-related issues may directly or indirectly impact key stakeholders, ranging from clients, Shareholders, employees, rating agencies, suppliers and regulators, all of whom have expectations in this area. A failure to manage those material risks which have ESG implications may adversely impact on the reputation of the Group and, following Completion, the Enlarged Group, the results of its operations, its clients, and its ability to deliver on its long-term strategy and therefore its long-term success.

Climate change is one ESG theme that poses potentially significant long-term risks to the Group and, following Completion, the Enlarged Group and its clients, not only from the physical impacts of climate change, driven by both specific short-term climate-related events such as natural disasters and longer-term impacts, but also from transition risks associated with the shift to a low carbon economy. There is an increasing expectation from stakeholders for the Group and, following Completion, the Enlarged Group to understand, manage and provide increased transparency of its exposure to climate-related risks. For example, the recommendations of the Financial Stability Board’s (the “FSB”) Task Force on Climate-related Financial Disclosures were published in 2017 to provide a voluntary framework on corporate climate-related financial disclosures following the FSB’s concern that there may be systemic risk in the financial system related to climate change.

As governments and policymakers take action to reduce greenhouse gas emissions and limit global warming, the transition to a low carbon economy could have an adverse impact on global investment asset valuations whilst at the same time presenting investment opportunities which the Group and, following Completion, the Enlarged Group will need to monitor. In particular, there is a risk that this transition could result in some asset sectors facing significantly higher costs and a disorderly adjustment to their asset values. This could lead to an adverse impact on the value and the future performance of the investment assets of the Group’s Products and, following Completion, the Enlarged Group’s Products. The potential broader economic impact from this may impact upon client demand for the Group’s and, following Completion, the Enlarged Group’s Products. Given that the investment horizons of many of the Group’s and, following Completion, the Enlarged Group’s Products are long-term, it is potentially more exposed to the long-term impact of climate change risks. Additionally, stakeholders increasingly expect responsible investment principles to be adopted to demonstrate that ESG considerations (including climate change) are effectively integrated into investment decisions, fiduciary and stewardship duties and corporate values. Failure by the Group and, following Completion, the Enlarged Group to have proper regard to ESG considerations in relation to its investment portfolios could lead to a loss of existing or potential clients and have an adverse effect on client perceptions and, consequently, the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.24 *The Products that the Group and, following Completion, the Enlarged Group manages may be subject to counterparty risk***

On limited occasions, the Group and, following Completion, the Enlarged Group may not settle trades on a “delivery versus payment” basis and, in such instances, the Group and, following Completion, the Enlarged Group will be subject to counterparty risk between the trade date and settlement date. The Group and, following Completion, the Enlarged Group will be also subject to counterparty risk on an ongoing basis for derivative trades. In addition, counterparties may hold margin cash balances from certain of the Group’s and, following Completion, the Enlarged Group’s Products, which may not be held on a segregated basis from the counterparties’ own assets or those of other clients. Monies held with prime brokers or depositories do not always have client money protection on excess cash balances. Losses may arise in these Products if the counterparties default on their obligations or become insolvent, and in such cases the Products may only rank as unsecured creditors. Consequently, a default by the counterparties to the relevant Products may impact on the Group’s and, following Completion, the Enlarged Group’s AUM and therefore the management fees, if any, payable to the Group and, following Completion, the Enlarged Group, which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.25 *The Group is and, following Completion, the Enlarged Group will be subject to the risk of exchange rate fluctuations as Products managed by the Group and, following Completion, the Enlarged Group include a range of investments that are denominated in foreign currencies***

Certain Products offered by the Group and, following Completion, the Enlarged Group include a range of investments that are denominated in foreign currencies, including foreign equities and bonds. The effect of exchange rate fluctuations on these investments could lead to significant fluctuations in the amount of fee income generated or a decrease in inflows or an increase in outflows from such Products. Exposure to foreign exchange risk is of particular concern in light of the uncertainty over the UK’s future relationship with the EU. In the short to medium term, volatility of financial markets may have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.26 *Price and earnings inflation may adversely impact the Group’s and, following Completion, the Enlarged Group’s cost base***

A significant proportion of the Group’s cost base is fixed (including the large portion of operational costs associated with employee remuneration) and, as such, the Group’s and, following Completion, the Enlarged Group’s profitability is geared to market performance, which may be adversely impacted by an inflationary environment. If such costs are not controlled, the profitability of the Group and, following Completion, the Enlarged Group may be impacted. In addition, significant increases in inflation could impact the Group’s and, following Completion, the Enlarged Group’s costs in other ways and potentially impact its profitability and capital position, which could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.27 *The Group and, following Completion, the Enlarged Group may have difficulty in obtaining further capital and liquidity***

The capital and liquidity requirements of the Group and, following Completion, the Enlarged Group depend on numerous factors, including working capital and regulatory requirements. As at the Latest Practicable Date, the Group’s Revolving Credit Facility was undrawn and is not intended to be drawn, although there are scenarios where it may be drawn upon following Completion. The Company has additionally borrowed £50 million under the Tier 2 Notes. The Enlarged Group will be required to repay all amounts outstanding under the Revolving Credit Facility by the third anniversary of 9 April 2020 and all amounts outstanding under the Tier 2 Notes by 27 July 2030. In order to be able to make the necessary repayments, the Enlarged Group may, depending on the extent of any prepayments made prior to such dates, need to obtain new borrowing facilities or seek to raise additional funds in the capital markets, failing which it would have to raise additional capital from Shareholders.

In addition, if the capital and liquidity requirements of the Group and, following Completion, the Enlarged Group were to vary materially from those which the Directors currently anticipate, the Group and, following Completion, the Enlarged Group might require further financing in the longer term (see also paragraph 5.10 of this section entitled “Risk Factors”—“*The Group’s and, following Completion, the Enlarged Group’s regulatory capital requirements will increase following the Acquisition and may*”).

*further increase in the future*”). Without prejudice to the working capital statement in paragraph 12 of Part IX (*Additional Information*) of this Prospectus, there can be no assurance that the Group and, following Completion, the Enlarged Group will be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms favourable to the Group and, following Completion, the Enlarged Group.

A number of factors (including conditions in the credit, debt and equity markets and general economic conditions) may make it difficult for the Group and, following Completion, the Enlarged Group to obtain additional financing or raise capital on favourable terms or at all. In particular, the Tier 2 Notes have been rated BBB- by Fitch on issuance and therefore are considered investment grade. However, any downgrade in the credit rating of the Company or the Group, or a downgrade in the sovereign rating of the UK, may increase the Group’s and, following Completion, the Enlarged Group’s borrowing costs or limit their access to the capital markets, which may increase the re-financing risk.

If the Group’s and, following Completion, the Enlarged Group’s borrowings were to become more expensive, then its profits would be adversely affected. If, in the longer term, the Group and, following Completion, the Enlarged Group were unable to raise additional funds when needed or to obtain such funds on favourable terms, it could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**2.28 *The Group and, following Completion, the Enlarged Group, may be unable to fully capture the expected value from acquisitions and disposals (including the Acquisition) or may be subject to liabilities from historical corporate transactions***

Whilst the Group’s strategy has historically been pursued through an organic growth, in addition to the Acquisition of Merian, the Group and, following Completion, the Enlarged Group may from time to time undertake other acquisitions and disposals as part of its strategy, which could subject the Group and, following Completion, the Enlarged Group to a number of risks. Some of these risks may affect the expected future value of an acquisition. For example, the rationale and assumptions underlying the business plans supporting the valuation of a target business may prove inaccurate, in particular with respect to synergies and expected commercial demand. Moreover, the Group and, following Completion, the Enlarged Group may fail to successfully integrate any acquired business, including its technologies, products and personnel (including in relation to embedding an acquired business into the culture and operating structure of the Group and, following Completion, the Enlarged Group). The Group and, following Completion, the Enlarged Group may also fail to retain key employees, advisers, clients and suppliers of any acquired business, which could reduce its value to the Group or, following Completion, the value of the Enlarged Group. Additionally, the Group and, following Completion, the Enlarged Group may fail to capture the fair or expected value of disposals it undertakes.

Acquisitions and disposals may also pose risks to the Group’s and, following Completion, the Enlarged Group’s existing businesses. For example, the acquisitions and disposals may divert management’s attention and resources from existing operations. Furthermore, the Group and, following Completion, the Enlarged Group may be required to obtain regulatory and other approvals in connection with certain acquisitions and there can be no assurance that such approvals will be obtained and, even if granted, that there will be no burdensome conditions attached to such approvals. The Group and, following Completion, the Enlarged Group may also be required or wish to terminate pre-existing contractual relationships, which could prove costly or be executed at unfavourable terms and conditions. Additionally, the Acquisition and the complexities involved in the integration of the Group’s and the Merian Group’s respective businesses as well as the commitment of senior management and key staff’s time to the integration may either prevent the Enlarged Group pursuing further strategic opportunities for a period of time or disrupt existing strategic projects currently being pursued by the Group.

Finally, acquisitions and disposals (including the Acquisition) may expose the Group and, following Completion, the Enlarged Group to the risk of liabilities from historical corporate transactions. For example, the Group and, following Completion, the Enlarged Group may fail to discover certain contingent or undisclosed liabilities in businesses that it acquires, in particular if its due diligence to discover any such liabilities is inadequate. The Group and, following Completion, the Enlarged Group may also be subject to legacy conduct and other exposures with respect to the businesses acquired. Moreover, the Group and, following Completion, the Enlarged Group may be exposed to claims of breach of representations and warranties under the sale agreements of disposed businesses. If any of

the aforementioned occur, the Group could suffer reputational damage and may be liable for losses suffered by an affected party, each of which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

### 3. RISKS RELATING TO REGULATION AND LEGISLATION

#### 3.1 *The Group and, following Completion, the Enlarged Group's business is subject to extensive regulation in the UK, the EU and elsewhere around the world, and the Group and, following Completion, the Enlarged Group faces risks associated with compliance with these regulations*

The Group and, following Completion, the Enlarged Group, each of its subsidiaries, affiliates and Products are subject to extensive regulation, legislation, accounting standards and changing interpretations thereof in a number of jurisdictions (including periodic examinations, inquiries and both announced and unannounced investigations by governmental and self-regulatory organisations) and there is a risk that changes to laws, regulations, policies and interpretations may adversely affect the Group and, following Completion, the Enlarged Group, including through its Products. Regulatory agencies have broad regulatory and administrative powers over many aspects of financial services businesses such as the Group and, following Completion, the Enlarged Group, which may include governance, systems and controls requirements, conduct of business requirements (including marketing and selling practices, advertising, client documentation and service standards), market conduct, product authorisation and governance, capital, liquidity, intra-group transactions, risk concentration and permitted investments. Regulators are concerned primarily with financial stability, market integrity and the protection of clients rather than with the interests of shareholders or creditors of financial services firms.

In the UK, the Group's business is and, following Completion, the Enlarged Group's business will be subject to regulation by the FCA, which has broad powers, including the authority to grant, vary the terms of or cancel a regulated firm's authorisation, registration or exemption, to investigate marketing and sales or advice practices and to require the maintenance of adequate financial resources. The FCA has the power to take a range of investigative, disciplinary or enforcement actions, including public censure, client restitution, fines or sanctions and (in practice) to require compensation. The FCA may make enquiries of the companies that it regulates regarding compliance matters and, like all UK regulated financial services firms, the Group faces and, following Completion, the Enlarged Group will face the risk that the FCA could find that a Group or, following Completion, an Enlarged Group entity has failed to comply with applicable regulations or has not undertaken corrective action as required.

Outside the UK, the Group's businesses are and, following Completion, the Enlarged Group's businesses will be regulated by local regulators that often have similar powers to the FCA, including, but not limited to, regulators in Hong Kong, Luxembourg, and the Republic of Ireland.

In addition, the FCA's Senior Managers & Certification Regime (the "SMCR") was extended to all UK authorised firms in December 2019, and therefore enforcement or other action could also be taken against key individuals at the Group and, following Completion, the Enlarged Group, including senior management (see paragraph 3.3 in this section entitled "*Risk Factors*"—"A number of complex regulatory change initiatives have recently been delivered or are expected to be delivered in the short or medium term, and the ongoing effect of these regulatory initiatives is uncertain"). Any such actions may last a number of years and could divert management's attention from the day-to-day running of the Group's and, following Completion, the Enlarged Group's business, result in increased turnover if senior staff elect to leave the Group or, following Completion, the Enlarged Group due to exposure, and involve considerable cost and expense.

Under Sections 1471 to 1474 of the US Internal Revenue Code of 1986 ("FATCA"), the Group and, following Completion, the Enlarged Group will be subject to the FATCA reporting regime, which may lead to a compliance risk for the Group and, following Completion, the Enlarged Group. Some countries (including the UK) have entered into, and other countries are expected to enter into, intergovernmental agreements with the United States to facilitate the reporting of information required under FATCA. Intergovernmental agreements often require financial institutions in those countries to report information on their US accountholders to the taxing authorities of those countries, which will then pass the information on to the US Internal Revenue Service (the "IRS"). Various entities in the Group and, following Completion, the Enlarged Group will be financial institutions for purposes of FATCA and the intergovernmental agreement between the United States and the UK. While the Group



believes it has taken all necessary steps to comply with FATCA and any legislation implementing the intergovernmental agreement between the United States and the UK, if the Group and, following Completion, the Enlarged Group is deemed not to be FATCA compliant, the Group and, following Completion, the Enlarged Group could face certain withholding penalties, which may have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

A determination that the Group and, following Completion, the Enlarged Group has failed to comply with applicable regulation could have an adverse impact on the Group's and, following Completion, the Enlarged Group's reported results or on relations with the Group's and, following Completion, the Enlarged Group's regulators and current and potential clients. Regulatory action against a member of the Group or, following Completion, the Enlarged Group could result in the suspension or revocation of regulatory authorisations, permissions or approvals, financial penalties, client restitution, and adverse publicity for, or negative perceptions regarding, the Group and, following Completion, the Enlarged Group. Many of these regulators, including the FCA, are also empowered to impose fines or other sanctions, including censure, the issue of cease-and-desist orders or the suspension or expulsion of applicable authorisations, exemptions, licences and memberships. Any of the foregoing may damage the Group's and, following Completion, the Enlarged Group's relationships with existing clients, impair its ability to raise capital for successor Products, impair its ability to carry out certain investment strategies, or contravene provisions concerning compliance with law in agreements to which any Group or, following Completion, the Enlarged Group entities is a party. This may result in regulators subjecting the Group and, following Completion, the Enlarged Group to closer scrutiny than would otherwise be the case, which in turn may result in higher compliance costs, fines or other sanctions for the Group and, following Completion, the Enlarged Group. The Group and, following Completion, the Enlarged Group may also be subject to regulatory action and restitution payments to clients with respect to historical business and legacy products, whether or not still managed or administered, including where the Group and, following Completion, the Enlarged Group no longer sells into a jurisdiction. Any of these matters may have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

See also paragraph 5.9 of this section entitled “*Risk Factors*”—“*The Enlarged Group will have increased exposure to regulators and regulatory regimes*”.

**3.2 *The Group's business is and, following Completion, the Enlarged Group's business will be subject to the risk of adverse changes in the laws, regulations and regulatory requirements in the markets in which it operates***

Financial services laws, regulations and regulatory requirements currently affecting the Group and, following Completion, the Enlarged Group (and the Products they manage) may change at any time in ways that could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. It is difficult to accurately predict the timing, scope or form of future regulatory initiatives, although it is widely expected that there will continue to be a substantial amount of regulatory change and a high degree of supervisory oversight of regulated financial services firms. In addition, under certain principles-based rules and regulations, there may be different industry views about how to achieve particular outcomes. Regulators may from time to time have different views about how market participants should meet regulatory outcomes and interpretations may differ from generally accepted market practice.

The Group and, following Completion, the Enlarged Group will not always be able to predict accurately the impact of future legislation or regulation or changes in the interpretation or operation of existing legislation or regulation on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. Changes in government policy, legislation or regulatory interpretation applying to companies in financial services industries in any of the markets in which the Group and, following Completion, the Enlarged Group operates, which may be applied retrospectively, may adversely affect the Group's and, following Completion, the Enlarged Group's product range, distribution channels, capital requirements, operating results and financing requirements. For example, the Group and, following Completion, the Enlarged Group may be unable to market or sell, or may decide not to market or sell, Products in



certain jurisdictions if regulations or interpretations change. In addition, the Group and, following Completion, the Enlarged Group may face regulatory action on Products, which were designed to meet legislation in force at the time of design or sale that has subsequently been amended or repealed.

The following are some of the changes which might have an adverse impact on the Group and, following Completion, the Enlarged Group, including through Products:

- potential changes to the legal and regulatory framework surrounding the distribution of Products;
- potential restrictions on, and changes to the tax treatments relating to, the remuneration arrangements and remuneration disclosures for employees in certain jurisdictions, including but not limited to restrictions on the payment of bonuses (such as those under UCITS and the Alternative Investment Fund Managers Directive), which may result in a greater impact on active investment management business (particularly those that are publicly listed and/or operate in more highly regulated jurisdictions) and may adversely impact the ability of the Group and, following Completion, the Enlarged Group to hire and retain key personnel in these jurisdictions, impair its ability to compete with asset management businesses based in other jurisdictions or smaller asset management businesses which are not subject to the same restrictions and/or increase its operating costs;
- potential changes to regulations of intermediaries and distributors in certain jurisdictions which may adversely affect the Group's and, following Completion, the Enlarged Group's ability to sell active investment management products or increase their operating costs;
- potential changes to accounting standards which might adversely affect the valuation of certain Products, reduce reported AUM and, as a result, revenues of the Group and, following Completion, the Enlarged Group; and
- potential changes to the regulatory approach taken by key regulators towards the Group and, following Completion, the Enlarged Group.

The Group and, following Completion, the Enlarged Group may face increased compliance costs due to the need to establish additional compliance controls or the direct cost of such compliance because of changes to financial services legislation or regulation. The Group faces and, following Completion, the Enlarged Group will face significant compliance challenges because the regulatory environment is evolving rapidly and supervisory authorities around the world are assuming an increasingly active and assertive role in introducing, interpreting and enforcing regulations in the jurisdictions in which the Group and, following Completion, the Enlarged Group operates. Furthermore, the cost arising out of the failure to implement adequate internal procedures to supervise compliance with the evolving legislations and regulations, could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

### 3.3 ***A number of complex regulatory change initiatives have recently been delivered or are expected to be delivered in the short or medium term, and the ongoing effect of these regulatory initiatives is uncertain***

Regulatory reform initiatives could lead to increased compliance costs or other adverse consequences for firms within the financial services industry, including the Group and, following Completion, the Enlarged Group. Recent and on-going regulatory reform initiatives which could impact the Group and, following Completion, the Enlarged Group include, in particular, changes to prudential requirements, and changes to the regulation of the asset management sector.

#### *New EU prudential regime*

The EU has adopted a new harmonised prudential regime that will apply to all investment firms authorised in the EU from June 2021 in the form of the new Investment Firm Regulation and Directive, which were published in the Official Journal on 5 December 2019. See paragraph 3.7 of this section entitled "*Risk Factors*" — "*The Group is and, following Completion, the Enlarged Group will be subject to regulatory capital requirements*" below.

The continuing introduction of new regulation, if applicable to the Group and, following Completion, the Enlarged Group, could significantly impact the manner in which it operates and could materially and adversely impact the profitability of one or more of the Group's and, following Completion, the Enlarged Group's business lines or the level of capital required to support its activities. Although the full impact of the regulations described above cannot be determined, many of their requirements could have material and adverse consequences on the Group and, following Completion, the Enlarged Group.

and the industry in which the Group and, following Completion, the Enlarged Group operates. These regulations could make it more expensive for the Group and, following Completion, the Enlarged Group, to conduct its business, require that the Group and, following Completion, the Enlarged Group makes changes to its business model, require that the Group and, following Completion, the Enlarged Group satisfies increased capital requirements, necessitate time-consuming and costly implementation measures, or subject the Group and, following Completion, the Enlarged Group to greater regulatory scrutiny. Individually or in aggregate, these regulations could therefore have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

#### SMCR

SMCR entered into force in the UK on 7 March 2016 and provided a new statutory framework to increase individual accountability at banks, large investment firms and Solvency II firms. On 9 December 2019, the SMCR was extended to other sectors of the financial services industry, and captured all FCA solo-regulated firms, including certain entities in the Group and the Merian Group.

The SMCR applies on a legal entity basis, and firms are required to assess whether they fall within the “limited scope”, “core” or “enhanced” version of the regime (as different requirements will apply to them depending on how they are classified). The majority of firms are considered “core”, including currently the relevant entities within the Group and the Merian Group. However, meeting certain criteria will result in a firm being considered “enhanced” such as having AUM of £50 billion or more as a three year rolling average.

Following Completion, regulated entities within the Enlarged Group may be subject to a change of status from being subject to the “core” regime to being subject to the “enhanced” regime (for example, following an increase in AUM due to consolidation of FCA-regulated entities). Within one year from meeting any of the criteria, the Enlarged Group would need to make the relevant changes in order to be compliant if there is a change in scope. Failure to comply could result in enforcement action by the FCA. See also paragraph 3.1 of this section entitled “*Risk Factors*” — “*The Group and, following Completion, the Enlarged Group’s business is subject to extensive regulation in the UK, Europe and elsewhere around the world, and the Group and, following Completion, the Enlarged Group faces risks associated with compliance with these regulations*” and paragraph 5.9 of this section entitled “*Risk Factors*” — “*The Enlarged Group will have increased exposure to regulators and regulatory regimes*”.

The SMCR sets out a number of senior management functions to be held by a population of individuals within each in-scope FCA regulated legal entity. These individuals will be designated specific prescribed responsibilities, as well as their inherent responsibilities essential to their role, and these must be combined in an outward-facing “statement of responsibilities” document. Under the enhanced regime, firms need to, amongst other things, allocate additional senior manager functions, allocate “overall responsibilities” for each activity, business area and management function to relevant senior managers, prepare and maintain a responsibilities map and implement handover procedures.

Firms are now additionally required to certify employees who could pose a significant harm to the firm or its customers as “fit and proper” annually. The Group and, following Completion, the Enlarged Group will need to take reasonable care to ensure that no employee performs any of the specified functions without having been certified as “fit and proper” to do so.

The vast majority of employees at firms are now also subject to conduct rules, which are intended to improve standards of individual behaviour. The Group and, following Completion, the Enlarged Group will need to ensure that all employees (other than ancillary staff) have been trained on the conduct rules and how they relate to their roles (see also paragraph 2.18 of this section entitled “*Risk Factors*” — “*Misconduct by employees (or others acting on the Group’s or the Enlarged Group’s behalf) could harm the Group and, following Completion, the Enlarged Group by impairing its ability to attract and retain investors and by subjecting it to potential significant legal liability, regulatory scrutiny and reputational harm*”).

#### FCA Asset Management Market Study

The FCA conducted a market study into the asset management sector. The FCA published policy statements in February 2019 (*Asset Management Market Study — further remedies (PS19/4)*), and April 2018 (*Asset Management Market Study remedies and changes to the handbook — PS18/8*) which introduced various rules aimed at increasing competition within the asset management industry

and providing increased protection for investors. Many of these rules came into force in 2019. Any further changes introduced by the FCA may increase compliance costs or otherwise negatively impact upon the profitability of the Group and, following Completion, the Enlarged Group and the way in which the Group operates and, following Completion, the Enlarged Group will operate its business.

#### *Benchmark Reform*

Certain of the Group's financial investments are linked to "benchmarks". The London Interbank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR") and other rates and indices which are deemed to be "benchmarks" are the subject of recent international, national and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently from the past or disappear entirely, or have other consequences that cannot be predicted.

The Benchmarks Regulation (EU) No. 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds was published in the Official Journal of the EU on 29 June 2016 and became applicable from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any of the Group's and, following Completion, the Enlarged Group's instruments linked to a rate or index deemed to be a benchmark, in particular, if the methodology or other terms of a benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such laws, regulations or requirements.

Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to such benchmark; (ii) trigger changes in the rules or methodologies used in the benchmarks or (iii) lead to the disappearance of the benchmark.

Furthermore, LIBOR is the subject of ongoing regulatory reforms. Following the implementation of any of these reforms, the manner of administration of LIBOR may change, with the result that it may perform differently than in the past or be eliminated entirely, or there could be other consequences that cannot be predicted. For example, on 27 July 2017, the FCA, which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and on 12 July 2018 the FCA announced that LIBOR may cease to be a regulated benchmark under the Benchmarks Regulation. As such, the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. At this time, it is not possible to predict the effect of any establishment of alternative reference rates or any other reforms to LIBOR that may be enacted in the UK or elsewhere. Uncertainty as to the nature of such alternative reference rates or other reforms may adversely affect the trading market for LIBOR-linked instruments. The potential elimination of benchmarks, such as LIBOR, the establishment of alternative reference rates or changes in the manner of administration of a benchmark could also require adjustments to the terms of benchmark-linked instruments and may result in other consequences, such as interest payments that are lower than, or that do not otherwise correlate over time with, the payments that would have been made on those securities if the relevant benchmark was available in its current form.

#### *MiFID II and the GDPR*

Additionally, regulatory changes were brought into effect by MiFID II and the GDPR.

MiFID II came into force on 3 January 2018 and introduced extensive new rules, including in relation to costs and charges disclosure, a ban on soft commission and a new product governance regime. The framework has increased the role and supervisory powers of regulators and establishes powers to

prohibit or restrict the marketing and distribution of certain financial products. While the Group continues and, following Completion, the Enlarged Group will continue to adapt to MiFID II, a degree of uncertainty persists within the financial services industry and the investment services sector (including the asset management sector) around changes to market practice and how certain requirements should be interpreted. The chair of the European Securities and Markets Authority (“ESMA”) stated during a keynote address on 19 November 2019 that there could be amendments and revisions to certain provisions of MiFID II, and ESMA has already started working on follow-up review reports of key aspects of the MiFID II regime. On 1 April 2020, ESMA published technical advice to the Commission on the impact of the inducements and costs and charges disclosures under MiFID II, which proposed some changes to the regime (such changes are not expected to be introduced in 2020). As a result of this increased oversight, and the continued development of market practice and interpretation of certain requirements, there is a risk that activities under MiFID II could give rise to unforeseen compliance costs for the Group and, following Completion, the Enlarged Group. Such changes have led to an increase in administrative and compliance costs and a reduction in income. Failure to comply with MiFID II requirements could lead to enforcement action by the FCA and other relevant EU regulators, which could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

The GDPR came into force in May 2018 and has resulted in material change to UK data protection laws. See paragraph 3.4 of this section entitled “*Risk Factors*”—“*The Group and, following Completion, the Enlarged Group must comply with data protection regulations, including the GDPR*” below.

### 3.4 ***The Group and, following Completion, the Enlarged Group must comply with data protection regulations, including the GDPR***

The Group is and, following Completion, the Enlarged Group will be subject to regulations in the jurisdictions in which the Group operates and, following Completion, the Enlarged Group will operate regarding the use of personal data. The Group collects and, following Completion, the Enlarged Group will collect and process personal data (including name, address, age and bank details and other personal data) from its clients, business contacts and employees as part of the operation of its business, and therefore it must comply with data protection and privacy laws. Those laws generally impose certain requirements on the Group and, following Completion, the Enlarged Group in respect of the collection, retention, use and processing of such personal information. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs as well as result in potentially inaccurate rating of policies or overpayment of claims. The Group seeks and, following Completion, the Enlarged Group will seek to ensure that procedures are in place to comply with the relevant data protection regulations by its employees and third party service providers, and also implement security measures to help prevent cyber-theft. Notwithstanding such efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection laws. In addition, the Group and, following Completion, the Enlarged Group may not have the appropriate controls in place and may be unable to invest on an on-going basis to ensure such controls are current and keep pace with the growing threat.

The GDPR, which was introduced in May 2018, has increased the regulatory burden on the Group and, following Completion, will increase the regulatory burden on the Enlarged Group in processing personal client, employee and other data in the conduct of its business and has also increased the potential sanctions for breaches as the GDPR includes significant financial penalties of up to four per cent. of the annual worldwide turnover of company groups. The Group has undertaken a detailed programme to develop and implement further data protection policies and procedures designed to comply with the GDPR, although there can be no assurance that the regulators will conclude that the Group is and, following Completion, the Enlarged Group will be fully compliant with its obligations under the GDPR, and therefore the Group and, following Completion, the Enlarged Group may be subject to regulatory action or financial penalties, which could also result in adverse publicity and reputational damage.

If the Group and, following Completion, the Enlarged Group or any of the third party service providers on which it relies (including non-subsidiary affiliates of the Group and, following Completion, the Enlarged Group) fails to comply with data protection laws, including the GDPR, or fails to adapt to new or amended data protection laws, due to any failure to store or transmit client information in a secure manner or any loss or wrongful processing of personal client data, the Group



and, following Completion, the Enlarged Group could be subject to investigative and enforcement action by relevant regulatory authorities, claims or complaints from the individuals to whom the data relates or could face liability under data protection laws. Although the Group carries and, following Completion, the Enlarged Group will carry out due diligence checks on third party service providers, the Group and, following Completion, the Enlarged Group may still be held accountable under GDPR for any data breach or other failure to comply with data protection laws by any of its third party service providers. Any of these events could also result in the Group and, following Completion, the Enlarged Group suffering reputational damage as well as redemptions from Products and reduced sales of Products, any of which could have material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**3.5 *Differing regulatory requirements in the jurisdictions where the Group operates and, following Completion, the Enlarged Group will operate may increase the costs and risks of doing business in such locations, may impede further international growth and may present barriers to growing the client base of the business***

The laws and regulations to which the Group is and, following Completion, the Enlarged Group will be subject are becoming increasingly extensive and complex and regulators are placing increased scrutiny on the sectors in which the Group and, following Completion, the Enlarged Group operates, and on the Group and the Enlarged Group itself, leading to an increasing burden on the Group's and the Enlarged Group's resources and expertise, including through costly implementation and monitoring measures. In some cases, the laws and regulations to which the Group and, following Completion, the Enlarged Group may be subject have increased because governments are increasingly enacting laws with extra-territorial jurisdiction, such as GDPR, FATCA, the Common Reporting Standard, the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 and the UK Criminal Finances Act 2017.

As compliance with applicable laws and regulations across multiple jurisdictions is time-consuming and personnel-intensive, and changes in laws and regulations have increased, and may further increase, the cost of compliance has risen and is expected to continue to rise. Such increased costs may impede further international growth and may present barriers to growing the international client base of the business.

Financial regulation in the EU member states in which the Group operates and, following Completion, the Enlarged Group will operate is primarily based on EU directives, which are required to be implemented into national law. Due to differences in the way EU member states may implement EU directives, and their discretion to impose more stringent requirements in certain areas, financial regulation is not fully harmonised across the EU. Different approaches to implementing EU directives in the EU member states in which the Group operates and, following Completion, the Enlarged Group will operate may increase compliance costs and place the Group's and, following Completion, the Enlarged Group's business at a competitive disadvantage to financial services groups operating in fewer or certain other EU jurisdictions (or which do not operate in any EU jurisdiction but provide similar services). Such regulatory divergence also increases the risk of the Group and, following Completion, the Enlarged Group failing to comply with certain regulations.

Further, the Directors expect that, following the end of the transition period in relation to the UK's withdrawal from the EU, the UK regulatory regime will diverge with the EU regulatory regime, which will further contribute towards this trend of diverges of regulatory requirements between different jurisdictions.

In addition, changes in the local regulatory regimes and conduct of business requirements of non-European jurisdictions in which the Group or the Enlarged Group operates could affect the calculation of the Group's and, following Completion, the Enlarged Group's regulatory capital position.

**3.6 *A failure of the Group and, following Completion, the Enlarged Group to detect and prevent financial crime or comply with applicable anti-money laundering laws and trade sanctions could result in fines and damage its reputation***

The Group is and, following Completion, the Enlarged Group will be required to comply with applicable anti-money laundering, anti-terrorism, sanctions, anti-tax evasion, anti-fraud, anti-bribery and corruption, insider dealing and other laws and regulations in the jurisdictions in which it operates. These laws and regulations require the Group and, following Completion, the Enlarged Group, among other things, to conduct client due diligence ("know your customer") regarding tax evasion, unlawful



tax avoidance, anti-money laundering, sanctions and politically exposed persons screening, keep client and supplier account and transaction information up to date and implement effective financial crime policies and procedures. These laws and regulations require the Group and, following Completion, the Enlarged Group, among other things, to report suspicious transactions to the applicable regulatory authorities. Where applicable, these laws restrict or prohibit transactions with certain countries and with certain companies and individuals identified on lists maintained by the US government, the EU, various EU member states, the UK and other governments.

In addition, the Group is required and, following Completion, the Enlarged Group will be required to comply with applicable laws and regulations governing trade with certain sanctioned countries and specially designated nationals, such as US sanctions administered by the Office of Foreign Assets Control, the US Departments of State or Commerce and other US government authorities, and sanctions and measures imposed by the United Nations, the European Union and Her Majesty's Treasury. While the Group has and, following Completion, the Enlarged Group will have adopted policies and procedures aimed at detecting and preventing the use of its business and operations for money laundering activities and to comply with trade sanctions, such policies and procedures may not eliminate instances where the Group and, following Completion, the Enlarged Group may be used by other parties to engage in money laundering and other illegal or improper activities or where trade sanctions might be inadvertently breached.

Financial crime has become the subject of enhanced scrutiny and supervision by regulators globally. Anti-money laundering, anti-bribery and anti-corruption, insider dealing and economic sanctions laws and regulations are increasingly complex and detailed and have become the subject of enhanced regulatory supervision, requiring businesses to invest in improved systems, sophisticated monitoring and skilled compliance personnel. The FCA and other regulatory authorities (for example, the SEC and the CFTC) may from time to time make enquiries of companies within their respective jurisdictions regarding compliance with regulations governing the conduct of business or the operation of a regulated business (including the degree and sufficiency of supervision of the business) and the handling and treatment of clients or conduct investigations when it is alleged that regulations have been breached. Responding to such enquiries may be time-consuming and expensive.

To the extent the Group and, following Completion, the Enlarged Group does not comply fully (or is perceived not to comply fully) with any such applicable laws and regulations, fines and other penalties may be imposed on the Group and, following Completion, the Enlarged Group. In addition, any investigation of potential or alleged violations of the relevant anti-money laundering laws or trade sanctions could result in damage to the reputation of the Group and, following Completion, the Enlarged Group, which could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. Furthermore, any remediation measures taken in response to any such potential or alleged violations of the relevant anti-money laundering laws or trade sanctions, including any necessary changes or enhancements to the Group's and, following Completion, the Enlarged Group's procedures, policies and controls and potential personnel changes and/or disciplinary actions, may have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

### ***3.7 The Group is and, following Completion, the Enlarged Group will be subject to regulatory capital requirements***

The EU has adopted a new harmonised prudential regime in the form of the new Investment Firm Regulation and Directive ("IFR" and "IFD"). On 5 December 2019, the final texts of IFR and IFD were published in the Official Journal. IFR entered into force on the twentieth day after publication and applies from 26 June 2021 (18 months after entry into force), although it also makes some changes to the Markets in Financial Instruments Regulation ("MiFIR") which apply sooner. EU member states are required to adopt and apply their national rules implementing IFD by the same date.

Once implemented, the rules may impact upon the way in which the Group holds and, following Completion, the Enlarged Group will hold capital, including the minimum amount of capital it must hold. The Group and, following Completion, the Enlarged Group, will need to continue to assess the direct and indirect impacts on prudential requirements that apply to it, including the impacts on capital, consolidation, reporting, governance and remuneration requirements.

A perceived or actual shortage of capital in relation to any of the Group's and, following Completion, the Enlarged Group's regulated entities or sub-groups could result in actions or sanctions, which may have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. This, in turn, may affect the Group's and, following Completion, the Enlarged Group's capacity to continue its business operations, pay future dividends or pursue acquisitions or other strategic opportunities, impacting future growth potential. If, in response to any such shortage, the Group and, following Completion, the Enlarged Group raises additional capital through debt financing or the issue of share capital or capital instruments, existing shareholders may experience dilution of their holdings or reduced profitability and returns. There can be no guarantee that the Group and, following Completion, the Enlarged Group would be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms favourable to the Group and, following Completion, the Enlarged Group. See also paragraph 2.27 of this section entitled "*Risk Factors*"—"*The Group and, following Completion, the Enlarged Group may have difficulty in obtaining further capital and liquidity*".

The Group's and, following Completion, the Enlarged Group's regulatory prudential positions under various regulatory regimes applicable to it require management to make judgements, estimates and assumptions. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, there can be no assurance that one or more of these judgements, estimates and assumptions will not be subsequently revised as a result of new factors or circumstances emerging, which could result in an actual or perceived shortage of capital and could, in turn, have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. While management's assumptions are subject to the Directors' approval, regulators can challenge this approval and may come to a different view on what capital requirement consequences that may have. In certain circumstances, management actions may require regulatory approval, which, if not granted, may have an impact on the Group's and, following Completion, the Enlarged Group's capital position.

Without prejudice to the working capital statement in paragraph 12 of Part IX (*Additional Information*) of this Prospectus, in the longer term, the Group and, following Completion, the Enlarged Group may be unable to meet one or more of its regulatory capital requirements for a number of reasons. For example, the Group's and, following Completion, the Enlarged Group's capital bases could be eroded over time due to poor trading and losses over an extended period therefrom or other impacts outside of the Group's and, following Completion, the Enlarged Group's control, such as regulatory fines or increased compliance costs. If the Group's and, following Completion, the Enlarged Group's capital bases are eroded significantly, the Group and, following Completion, the Enlarged Group may be required to increase its capital in order to meet its required capital ratios. If it is unable to do so, this could lead to reputational damage as a result of decreased investor confidence or regulatory action, which could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

### **3.8 *Changes in tax laws or in the policy of tax administrations, including changes in the interpretation or application of existing tax laws, may adversely affect the Group's and, following Completion, the Enlarged Group's profitability***

The Group operates and, following Completion, the Enlarged Group will operate in many different jurisdictions and is subject to a range of international tax regimes. Tax laws, and the interpretation of tax laws by tax authorities, frequently change, sometimes with retrospective effect. It is possible that tax laws and the interpretation and/or application of such laws may change in such a way that the Group's and, following Completion, the Enlarged Group's effective corporate tax rates are increased, that the Group's and, following Completion, the Enlarged Group's recoverability of value added tax (or tax of a similar nature) is decreased, that social security costs and other taxes directly borne by the Group and, following Completion, the Enlarged Group are increased or that taxes are levied on the Products themselves. It is also possible that tax laws and their interpretation and/or application may change in such a way that the taxes payable by the employees of the Group and, following Completion, the Enlarged Group in certain countries may increase and such increases either result in the loss of key staff or in an increase in costs to prevent the departure of key staff. For the foregoing

reasons, changes in tax law policy or administration, could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

#### **4. RISKS RELATING TO THE ACQUISITION**

##### **4.1 *The Group may incur higher than expected costs related to the Acquisition and integration costs***

The Group has incurred and will incur legal, accounting, financing and transaction fees and other costs related to the Acquisition, the issuance by the Company of the Tier 2 Notes and Admission. The aggregate costs and expenses of the Acquisition, the issuance of the Tier 2 Notes and Admission payable by the Company are estimated to be £13 million to £14 million (inclusive of VAT).

In addition, following Completion, the Company expects to incur one-off expenses associated with combining the operations of the two groups. These integration costs are anticipated to be approximately £27 million to £31 million (inclusive of VAT), substantially all of which are expected to be incurred in the first 12 months following Completion. However the actual costs incurred could be higher than anticipated, if the integration of the Merian Group into the Group is more complex and/or time-consuming than expected (see also paragraph 5.1 of this section entitled “*Risk Factors*” — “*Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak*”).

Although the Directors believe that the elimination of duplicative costs, as well as the realisation of other efficiencies related to the integration of the businesses, will more than offset these integration costs (as well as the costs related to the Acquisition, the issuance of the Tier 2 Notes and Admission) at the time of completion of the integration of the businesses, this net benefit may not be achieved within the expected timetable. In addition, some of these costs could be higher than anticipated, which could reduce the net benefits of the Acquisition and therefore have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

##### **4.2 *Existing Shareholders will own a smaller percentage of the Company, following Completion, than they currently own***

Following the Acquisition, the existing Shareholders will own a smaller percentage of the Company than they currently own. Existing Shareholders will, following Completion, own approximately 82.8 per cent. of the Ordinary Shares. As a consequence, existing Shareholders will be able to exercise a lower percentage of voting rights and therefore the influence that may be exerted by them in respect of the Enlarged Group will be reduced.

#### **5. RISKS RELATING TO THE ENLARGED GROUP IN CONNECTION WITH THE ACQUISITION**

##### **5.1 *Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak***

The Directors believe the combination of the businesses of the Group and the Merian Group will achieve significant cost savings for the Enlarged Group. While the Directors believe that the synergies of the Acquisition have been reasonably estimated, unanticipated events, integration challenges, liabilities, tax impacts or unknown pre-existing issues may arise or become apparent which could result in the integration of the Merian Group into the Group being more complex, time-consuming and/or costly than anticipated, the costs of integration being higher than the realisable benefits and/or the synergies being lower than expected (see also paragraph 4.1 of this section entitled “*Risk Factors*” — “*The Group may incur higher than expected costs related to the Acquisition and integration costs*”).

In particular the Group and the Merian Group have been directly adversely affected as a result of the coronavirus (Covid-19) outbreak and the restrictions put in place by governments in the UK and elsewhere, which has caused operational disruption, with employees still being required to work from home and generally not able to travel. The outbreak may also potentially directly adversely impact the Group and the Merian Group through increased employee sick-leave, serious illness or fatalities amongst employees (including key personnel). This may mean it is more complex or time-consuming to integrate the Merian Group into the Group. See also paragraph 1.2 of this section entitled “*Risk Factors*”—“*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*”.

Therefore, there is a risk that the cost savings will fail to materialise, take longer to realise than anticipated or that they may be materially lower than have been estimated, which may have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Enlarged Group.

**5.2 *The Group may fail to successfully integrate the cultures and philosophies of the Group and the Merian Group and integration may be made more difficult by the coronavirus (Covid-19) outbreak***

The Directors believe that the Group's distinctive investment culture and philosophy has been critical to its success. The continued success of the Enlarged Group will be dependent on the successful integration of the cultures and philosophies (including the corporate culture, internal work culture and remuneration structures) of the Group and the Merian Group. Further the Acquisition will likely lead to a disruption to the business and operations of the Enlarged Group in terms of office moves and staff role changes.

Integration of the cultures and philosophies of the Group and the Merian Group is likely to be made more challenging as a result of the current operational disruption resulting from the coronavirus (Covid-19) outbreak and the restrictions put in place by governments in the UK and elsewhere, including employees still being required to work from home (see also see paragraph 1.2 of this section entitled "*Risk Factors*"—"The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses" and paragraph 5.1 entitled "*Risk Factors*" – "*Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak*").

A failure to reconcile any differences in those cultures and philosophies, including the approach to remuneration, and/or to mitigate the impact of the disruption could have a material adverse impact on the reputation and brand of the Enlarged Group, the service standards and operations of the Enlarged Group, the motivation and work output of employees and the ability of the Enlarged Group to attract or retain key fund managers, directors, senior management and other key employees, or the Enlarged Group's ability to retain clients or attract new clients, which may in turn have a material adverse effect on the business, reputation and brand, results of operations, financial condition and/or prospects of the Enlarged Group.

**5.3 *Third parties, including clients and distribution partners, may not be supportive of the Acquisition and the strategic and business priorities of the Enlarged Group, which risk may be exacerbated by the coronavirus (Covid-19) outbreak***

The ability of the Group and the Merian Group to retain and grow the combined business and realise the other anticipated benefits and synergies is dependent on third parties such as clients, distribution partners and other third parties being supportive of both the Acquisition and the strategic and business priorities of the Enlarged Group. Clients and distribution partners may elect to reduce or terminate their exposure to Products managed by the Enlarged Group in response to the Acquisition, particularly in light of the aggregation of holdings and clients across the Group and the Merian Group, or to defer investment or maintain rather than grow their current exposure pending further clarity on the effects of the Acquisition. Similarly, investment may be deferred if distribution partners make neutral or unfavourable recommendations regarding Products of the Enlarged Group, or put Products "on hold", as a consequence of the Acquisition. Further the Acquisition could result in certain fund closures or mergers due to overlaps in the Group's and the Merian Group's respective Product ranges which might also be viewed unfavourably by clients and/or distribution partners and therefore lead to asset withdrawals.

The risk of third parties not being supportive of the Acquisition may be exacerbated by the coronavirus (Covid-19) outbreak which has had and may continue to have a material adverse impact on the AUM and financial performance of the Group and the Merian Group, particularly if there is a "second wave" of infections which may lead to stringent restrictions being re-imposed, or new restrictions being introduced, by governments in the UK and elsewhere (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*" and paragraph 5.14 entitled "*The coronavirus (Covid-19) outbreak has had a material adverse effect on the Group and the Merian Group and there may be further pre-closing changes to the Group and the Merian Group*").



As such, any of the foregoing may have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Enlarged Group.

**5.4 *The Acquisition may impact the ability of the Group to attract and retain key fund managers, directors, senior management and other employees***

The Group's and, following Completion, the Enlarged Group's continued success depends on its ability to attract and retain talented fund managers, as well as experienced directors, senior management and other key employees, including, for example, highly skilled research analysts. The risk of the Group's key fund managers and other individuals leaving may be increased as a result of the Acquisition.

There will be a period of uncertainty for individuals until the "end state" business and operating model and synergies are achieved, noting that the integration of the employee groups of the Group and the Merian Group may include, amongst other things, restructuring of staff arrangements and structures, harmonisation of employment terms and/or redundancies of current employees of the Group or the Merian Group, which could impact employee morale and retention. In addition, whilst in connection with the Acquisition the Key Merian Management Shareholders have agreed to the Merian Management Shareholders' Lock-up Agreements in relation to the Consideration Shares they will receive on Admission pursuant to which they will be restricted from disposing of (i) any of their respective Consideration Shares for a period of 12 months from Completion; and (ii) more than 25 per cent. of their respective Consideration Shares (including when aggregated with any previous disposals they have made) for a period of three years following Completion, subject to certain exceptions, and certain incentivisation arrangements have also been put in place to encourage such individuals to remain with the Enlarged Group, these arrangements will not prevent such individuals from leaving the Enlarged Group or cover all fund managers or other employees of the Merian Group.

A failure to successfully integrate the culture and philosophies of the Group and the Merian Group may also adversely affect the ability of the Enlarged Group to attract and retain key fund managers, directors, senior management and other key employees (see paragraph 5.2 of this section entitled "*Risk Factors*" — "*The Group may fail to successfully integrate the cultures and philosophies of the Group and the Merian Group and integration may be made more difficult by the coronavirus (Covid-19) outbreak*"). Any inability of the Enlarged Group to attract and retain key fund managers, directors, senior management and other employees could also impair the ability of the Enlarged Group to properly execute the integration of the Merian Group with the Group or achieve the expected synergies from the Acquisition which may have a material adverse effect on the business, reputation and brand, results of operations, financial condition and/or prospects of the Enlarged Group.

**5.5 *The integration of the Merian Group may cause disruption or failure of the Enlarged Group's IT systems***

The Group is and, following Completion, the Enlarged Group will be highly dependent on its IT systems to operate effectively, including with respect to certain trading activities. The integration of the Merian Group into the Group, including their respective IT systems may cause disruptions or failures in the IT systems of the Enlarged Group. Disruption to IT systems may be more likely to occur as a result of the current operational disruption resulting from the coronavirus (Covid-19) outbreak and the restrictions put in place by governments in the UK and elsewhere (see also paragraph 1.2 of this section entitled "*Risk Factors*" — "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*" and paragraph 5.1 entitled "*Risk Factors*" — "*Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak*").

Such disruptions or failures could damage the reputation of the Enlarged Group, indirectly result in loss of clients and revenues and may adversely affect the integration process. In addition, integration of the IT systems of the Merian Group into the Group could negatively impact the integrity of such systems and accordingly increase the risk of the Enlarged Group being subject to cyber-crime, fraud or misappropriation, misuse, leakage or accidental release or loss of information maintained in the IT systems, which may be in breach of personal data legislation such as GDPR, and which may result in loss of clients, client dissatisfaction or financial claims. As such, any such disruption or failure to the Enlarged Group's IT systems may have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Enlarged Group.



**5.6 *The Acquisition and the integration of the Merian Group could cause disruption to management and operational processes***

The Acquisition and the integration of the Merian Group into the Group could divert management's and other key staff's time, focus and resources from operating the business of the Group and the Merian Group and, following Completion, the Enlarged Group, particularly if integration is more difficult or time-consuming as a result of the coronavirus (Covid-19) outbreak (see also paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*" and paragraph 5.1 of this section entitled "*Risk Factors*" – "*Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak*"). The integration process may lead to an increase in the level of operational risk events such as administrative errors. Further, the Acquisition will lead to an increased complexity of business and operations for the Enlarged Group following Completion, including exposure to additional jurisdictions (such as the Republic of Ireland and the Cayman Islands) and to new fund structures (such as Irish Collective Asset-management Vehicles).

The increased complexity may lead to a decline in the service standards of the Enlarged Group which in turn may result in an increase in client complaints and client and/or regulatory actions, which may lead to reputational damage and the loss of clients and/or distribution partners by the Enlarged Group. As such any negative impact on management's ability to focus on running the respective businesses, or an increase in the level of operational risk events could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

**5.7 *The transition of Merian Group Products to the Jupiter brand may cause client confusion***

The Directors expect to transition the majority of the Merian Group's Products to the Jupiter brand over the 12 months following Completion. As a result, there is a risk of client confusion and/or decreased market recognition of the "Jupiter" and "Merian" brands, during the transition period and beyond, which may have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

**5.8 *Following Completion, the Enlarged Group will be exposed to new investment strategies and instrument types***

Products managed by the Merian Group employ a number of investment strategies, focussing on investments in certain instrument types, which that are not currently utilised by the Group, including for example investment strategies focussed on illiquid investments and systematic strategies. It may be more challenging or time-consuming to integrate those new strategies as a result of the current operational disruption resulting from the coronavirus (Covid-19) outbreak and the restrictions put in place by governments in the UK and elsewhere, including employees still being required to work from home (see also paragraph 5.1 of this section entitled "*Risk Factors*" – "*Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak*"). Any failure of the Enlarged Group to properly integrate those strategies and instruments which will be new to the Group may have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

**5.9 *The Enlarged Group will have increased exposure to regulators and regulatory regimes***

The Group and, following Completion, the Enlarged Group's business is subject to extensive regulation in the UK and elsewhere around the world. The Enlarged Group will have exposure to an increased range of regulators and regulatory regimes. In particular, the Merian Group (unlike the Group) has a group company which is regulated by the Central Bank of Ireland. In addition, since December 2019, the Group has been subject to SMCR. Certain entities within the Group are currently subject to the "core" regime. Following Completion, entities within the Enlarged Group may potentially be subject to more elements of the SMCR, including a change in status for such entities within the Enlarged Group should they be re-classified under the "enhanced" version of the regime (for example if their AUM increases to £50 billion or more as a three-year rolling average as a result of the consolidation of FCA-regulated entities). Under the "enhanced" regime, firms need to, amongst other things, allocate additional senior manager functions, allocate "overall responsibilities" for each activity, business area and management function to relevant senior managers, prepare and maintain a

responsibilities map and implement handover procedures. The heavier regulatory burden on the Enlarged Group, as well as the need to deal with additional regulators in different jurisdictions, may increase the complexities of running the Enlarged Group's business and the costs incurred with respect to regulatory compliance and therefore may have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

**5.10 *The Group's and, following Completion, the Enlarged Group's regulatory capital requirements will increase following the Acquisition and may further increase in the future***

The Group is and, following Completion, the Enlarged Group will be subject to regulatory capital requirements, which will increase as a result of the Acquisition. Whilst the Directors believe that, based on discussions between the Group and the FCA in connection with the Acquisition, taking into account the Tier 2 Notes, the Enlarged Group's regulatory capital position will be sufficient for present requirements, relevant regulators, including the FCA, typically have broad discretion to impose increased regulatory capital requirements on regulated entities and their consolidating parents (for example, through Pillar 2 capital charges) and as such (in common with all prudentially regulated firms and groups) it is possible that the Group's and, following Completion, the Enlarged Group's regulatory capital requirements may be more onerous than the Directors currently anticipate. Moreover, subsequent changes in law may increase such requirements. Without prejudice to the working capital statement in paragraph 12 of Part IX (*Additional Information*) of this Prospectus, it is possible that the imposition of increased regulatory capital requirements in the future could negatively impact the Enlarged Group's ability to return capital or pay dividends to Shareholders or restrict its ability to make future acquisitions or deploy other capital expenditure, which in each case could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

**5.11 *Some existing Group and Merian Group contracts may be terminated as a result of the Acquisition***

The Group and the Merian Group are parties to a number of contracts that are important to their respective businesses, including distribution agreements, partnership agreements, investment management agreements and outsourcing agreements. Counterparties who may not be supportive of the Acquisition may choose to exercise certain rights in these contracts or which otherwise arise by operation of law (for example, rights to terminate in the event of a change of control or to enforce obligations for the Enlarged Group relating to exclusivity undertakings in particular businesses or markets). Whilst such contracts are not considered to be material to the Enlarged Group on an individual basis, the termination of a number of such contracts may have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

In addition, employment agreements or other employee benefit arrangements with the Merian Group's employees may contain change of control provisions providing for additional payments following a change of control. Such payments may have a material adverse effect on the business, results of operations and/or financial condition of the Enlarged Group.

**5.12 *The Acquisition could cause the market price of the Ordinary Shares to decline or become more volatile***

The market price of the Ordinary Shares may decline or become more volatile as a result of the proposed Acquisition, if, among other reasons, (i) the Company does not achieve the expected benefits of the Acquisition as rapidly or to the extent anticipated by the Company's financial analysts or Shareholders or at all; (ii) the integration of the Merian Group's business is delayed or unsuccessful; or (iii) the impact of the Acquisition on the Group's or the Merian Group's financial results is not consistent with Shareholders' expectations or Shareholders sell a significant number of Ordinary Shares in the open market following Completion.

**5.13 *The due diligence conducted in connection with the Acquisition may not have revealed all relevant considerations, liabilities or regulatory and conduct issues***

The due diligence conducted by the Group on the Merian Group in connection with the Acquisition may not have revealed all relevant considerations, liabilities or regulatory and conduct issues in relation to the Acquisition, including the existence of facts that may otherwise have impacted the decision to proceed with the Acquisition, the determination of the consideration payable to the Sellers or the formulation of a business strategy for the Group, the Merian Group or the Enlarged Group subsequent to Completion. In addition, information provided during the due diligence process may have been incomplete, inadequate or inaccurate. The Group and, following Completion, the Enlarged Group may also be subject to legacy conduct and other exposures with respect to the Merian Group

which were not identified through due diligence. If any of the aforementioned occur, the Group could suffer reputational damage and may be liable for losses suffered by an affected party, each of which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**5.14 *The coronavirus (Covid-19) outbreak has had a material adverse effect on the Group and the Merian Group and there may be further pre-closing changes to the Group and the Merian Group***

Since the SPA was entered into by the Company and the Sellers on 17 February 2020 in connection with the Acquisition, the coronavirus (Covid-19) outbreak has had a significant adverse impact on the UK and global economy and financial markets generally and therefore the AUM of both the Group and the Merian Group (in common with other asset management businesses) and there has been a substantial fall in the Company's share price. On the date the SPA was signed, the value of 95,360,825 Consideration Shares based on the Company's share price as at such date equated to £370 million, whereas based on the Company's share price as at the Latest Practicable Date, the value of the Consideration Shares equated to approximately £248.3 million.

In addition, whilst the period between the date of this Prospectus and Completion is expected to be short, further events or developments may nevertheless occur, such as sudden significant macroeconomic or political events or developments, which could directly or indirectly make the terms of the Acquisition less attractive for the Group and/or result in a situation where the value of the Merian Group is less than the consideration to be paid. The Group is likely to be obliged to complete the Acquisition notwithstanding such events or developments. This may have an adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

**6. RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES**

**6.1 *The trading price of the Ordinary Shares may fluctuate in response to various factors, many of which are outside the Company's control***

Following Admission, the price of the Ordinary Shares could be subject to significant fluctuations and may not always accurately reflect the underlying value of the Enlarged Group's business. The value of the Ordinary Shares may decrease as well as increase, and investors may realise less than the original sum invested. The price that investors may realise for their holdings of Ordinary Shares, and when they are able to do so, may be influenced by a large number of factors, including the possibility that the market for the Ordinary Shares is less liquid than for other equity securities or more volatile or any of the other factors referred to in these Risk Factors, as well as stock market fluctuations and general economic conditions that may adversely affect the trading price of the Ordinary Shares, regardless of the Enlarged Group's actual performance or conditions in its key markets.

**6.2 *Substantial future sales of Ordinary Shares or future sales by particular persons could impact the trading price of the Ordinary Shares***

Following Admission, Mintaka is expected to own approximately 15.2 per cent. of the Ordinary Shares in issue at that time and the Key Merian Management Shareholders are collectively expected to own approximately 0.8 per cent. of the Ordinary Shares. A number of Directors and Senior Managers of the Group will also own Ordinary Shares following Admission.

Mintaka has entered into the TA Associates Lock-up Agreement pursuant to which it will be restricted from disposing of any of its Consideration Shares for a period of 24 months following Completion, subject to certain exceptions, including any disposal as may be required solely to realise funds sufficient to satisfy: (a) any payment obligation of Mintaka in respect of the Purchase Price Adjustment, the net debt indemnity under the SPA, and certain indemnification obligations in connection with the Acquisition (including the deferred earn-out plan); and/or (b) any reasonable and documented transaction costs incurred by Mintaka in connection with the Acquisition (to the extent that any entitlement Mintaka has to interim cash dividends declared by the Company in respect of the year ending 31 December 2020 and with a record date falling after the date of Admission is not sufficient to pay such costs in full). Following the end of the lock-up period and except with the Company's prior written consent, or in certain other limited circumstances, Mintaka is restricted from disposing of, in any rolling three-month period, such number of Consideration Shares as is equal to or more than 5 per cent. of the total number of Ordinary Shares in issue at such time and from disposing of, in any rolling six-month period, such number of Consideration Shares as is equal to more than 7.5 per cent. of the total number of Ordinary Shares in issue at such time.

The Key Merian Management Shareholders have entered into the Merian Management Shareholders Lock-up Agreements pursuant to which they will be restricted from disposing of (i) any of their respective Consideration Shares for a period of 12 months from Completion; and (ii) more than 25 per cent. of their respective Consideration Shares (including when aggregated with any previous disposals they have made) for a period of three years following Completion, in each case subject to certain exceptions.

However, future sales of substantial amounts of Ordinary Shares by one or more investors, including by Mintaka or future sales by particular persons such as Directors, Senior Managers or the Key Merian Management Shareholders whose investment decisions may influence other investors (in the case of Mintaka and the Key Merian Management shareholders following the expiration of the applicable lock-up periods or in accordance with the exceptions to such lock-up arrangements), or the perception that such sales were imminent, could adversely affect the prevailing trading price of the Ordinary Shares.

**6.3 *Following Admission, TA Associates may be able to exert influence over the Company***

Following Admission, Mintaka is expected to own approximately 15.2 per cent. of the Ordinary Shares in issue at that time. Mintaka and TA Associates will also be entitled under the terms of the Relationship Agreement to nominate one non-executive director to the Board for as long as Mintaka, together with any member of TA Associates' Group, holds 10 per cent. or more of the issued share capital of the Enlarged Group. As a result, TA Associates may have the ability to exercise influence over the business of the Enlarged Group and determine the outcome of certain matters submitted to the vote of Shareholders, including the election of directors and approval of significant corporate transactions. TA Associates' Group may hold investments in other companies or businesses which compete, directly or indirectly, with the Enlarged Group. As such, the interests of TA Associates may not always be aligned with those of other Shareholders.

**6.4 *The issue of additional Ordinary Shares in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings***

The Company may seek to raise financing to fund future acquisitions and other growth opportunities and may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities. As a result, Shareholders may suffer dilution in their percentage ownership if they did not participate or were not eligible to participate in any such issues, and the price of the Ordinary Shares may be adversely affected.

**6.5 *There are no guarantees that the Company will pay dividends or the level of any such dividends***

Whilst the Company aims to pay a progressive ordinary dividend to Shareholders and return any capital not required through a special dividend, there are no guarantees that the Company will pay dividends or the level of any such dividends. The Company's results of operations could fluctuate and the Company's ability to pay dividends will depend on, amongst other things, it and certain of its subsidiaries achieving sufficient distributable profits.

In addition, the Company might not pay dividends if the Directors and Proposed Director believe this would cause any Group member to be inadequately capitalised (including taking into account any regulatory restrictions that may be applicable) or if for any other reason the Directors and the Proposed Director conclude it would not be in the best interests of the Company. Dividends will depend on, amongst other things, the Group's profits, financial position and regulatory capital requirements, accounting changes, general economic conditions and other factors that the Directors and the Proposed Director deem significant from time to time. In particular, in order to fund the costs of the Acquisition and the integration of Merian, a special dividend will not be paid by the Company in respect of the year ended 31 December 2019.

There can be no assurance that the Company will pay dividends or, if it does pay dividends, regarding the amount of such dividends, and consequently Shareholders may not receive their anticipated income stream.

**6.6 *Exchange rate fluctuations may impact the value of the Ordinary Shares for those Shareholders whose principal currency is not pounds sterling***

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency rate risk. Any depreciation of sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

**6.7 *Pre-emption rights for US and other non-UK holders of Ordinary Shares may be unavailable***

In the case of certain increases in the Company's issued share capital, existing holders of Ordinary Shares are generally entitled to pre-emption rights to subscribe for such shares, unless Shareholders waive such rights by a resolution at a shareholders' meeting. US holders of ordinary shares in UK companies are customarily excluded from exercising any such pre-emption rights they may have, unless a registration statement under the Securities Act is effective with respect to those rights, or an exemption from the registration requirements thereunder is available. The Company does not intend to file any such registration statement, and the Company cannot assure prospective US investors that any exemption from the registration requirements of the Securities Act or applicable non-US securities law would be available to enable US or other non-UK holders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption.

**6.8 *Shareholders may be unable to enforce judgments obtained in US courts***

The majority of the Directors, the Proposed Director and the majority of the officers of the Company reside outside the United States. In addition, a substantial portion of the assets of the Group, the Enlarged Group, the Directors, the Proposed Director and the officers of the Company are or may be located outside the United States. It may not be possible, therefore, for investors to effect service of process within the United States on the Company or the Directors, the Proposed Director or and the officers of the Company, or to enforce judgments in the courts of a foreign jurisdiction obtained in US courts, including judgments based on the civil liability provisions of the federal securities laws of the United States. Furthermore, there is doubt as to the direct enforceability in England and Wales against any of those persons, whether by original actions or by seeking to enforce a judgment of a US court, of civil claims based on the federal securities laws of the United States.

**6.9 *The Company may be treated as a passive foreign investment company, which could result in adverse US federal income tax consequences for US investors***

The Directors believe that the Company was not in 2019, and the Directors do not currently expect the Company to become, a passive foreign investment company ("PFIC") for US federal income tax purposes. However, because this determination is made annually at the end of each taxable year and is dependent on a number of factors, some of which are beyond the Company's control, including the value of its assets (including goodwill) and the amount and type of its income, there can be no assurance that it will not become a PFIC or that the US Internal Revenue Service will agree with the Directors' conclusion regarding its PFIC status. If the Company is a PFIC in any year, US investors could suffer certain adverse US federal income tax consequences.



## IMPORTANT INFORMATION

### FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus constitute “forward-looking statements”. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company’s control and all of which are based on the Directors’ current beliefs and expectations about future events. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “targets”, “believes”, “estimates”, “plans”, “prepares”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology.

Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Group, the Merian Group and/or the Enlarged Group will operate in the future. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances which may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Actual results, performance or achievements of the Group, the Merian Group and/or the Enlarged Group, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In addition, even if actual performance, results of operations, internal rate of return, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Key risks, uncertainties and other factors that could cause actual results to differ from those expected are set out more fully in the Part of this Prospectus headed “*Risk Factors*”. Investors should specifically and carefully consider these factors, which could cause actual results to differ, before making an investment decision.

Each forward-looking statement speaks only as at the date of the particular statement and is not intended to provide any representations, assurances or guarantees as to future events or results. To the extent required by the Prospectus Regulation, the Listing Rules, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and other applicable regulation, the Company will update or revise the information in this Prospectus. Otherwise, the Company undertakes no obligation to update or revise any forward-looking statements or other information, and will not publicly release any revisions it may make to any forward-looking statements or other information that may result from events or circumstances arising after the date of this Prospectus.

For the avoidance of doubt, nothing in this Prospectus constitutes a qualification to the working capital statement set out in paragraph 12 of Part IX (*Additional Information*) of this Prospectus.

### NO PROFIT FORECASTS, ESTIMATES OR QUANTIFIED FINANCIAL BENEFITS STATEMENTS

No statement in this Prospectus is intended as a profit forecast, profit estimate or quantified financial benefits statement for any period and no statement in this Prospectus should be interpreted to mean that earnings or earnings per share for the Enlarged Group, the Company and/or Merian for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share of the Company or Merian.

### FINANCIAL INFORMATION RELATING TO THE GROUP

All financial information relating to the Group contained in this Prospectus, unless otherwise stated, has been extracted from the audited financial statements as at and for the year ended 31 December 2019 as set out in the Annual Report 2019 or from the Group’s accounting records used to prepare such financial statements.

Unless otherwise stated, all financial information relating to the Group contained in or incorporated by reference into and forming part of this Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the EU (“**IFRS**”) and should be read in conjunction with the independent auditor’s report thereon.

The financial information relating to the Group contained in this Prospectus does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act.

## **FINANCIAL INFORMATION RELATING TO THE MERIAN GROUP**

All financial information relating to the Merian Group contained in this Prospectus, unless otherwise stated, has been prepared to reflect the combined and consolidated historical financial performance of the Merian Group, applying accounting policies (as described in the notes to the combined and consolidated historical financial information set out in Section B of Part V (*Historical Financial Information relating to the Merian Group*) of this Prospectus) which are consistent with those used by the Group in its audited financial statements as at and for the year ended 31 December 2019.

Unless otherwise stated, all financial information relating to the Merian Group in this Prospectus has been prepared in accordance with the basis of preparation set out in note 2.1 to the historical financial information set out in Section B of Part V (*Historical Financial Information relating to the Merian Group*) of this Prospectus and should be read in conjunction with PricewaterhouseCoopers LLP's report thereon set out in Section A of Part V (*Historical Financial Information relating to the Merian Group*) of this Prospectus.

## **PRO FORMA FINANCIAL INFORMATION**

Certain unaudited *pro forma* financial information in relation to the Enlarged Group is set out in Part VI (*Unaudited Pro Forma Financial Information*) of this Prospectus.

## **ALTERNATIVE PERFORMANCE MEASURES**

The Group utilises a range of alternative performance measures to assess the Group's performance. These are defined in the section of the Annual Report 2019 entitled "The Use of Alternative Performance Measures (APMs)", which together with the relevant paragraphs and sections of the Annual Report 2019 providing reconciliations of such alternative performance measures to IFRS, are incorporated by reference into and form part of this Prospectus.

## **MARKET, ECONOMIC AND INDUSTRY DATA**

Market, economic and industry data used throughout this Prospectus is derived from various industry and other independent sources. Where third party information has been used in this Prospectus, the source of such information has been identified. The Company confirms that all third party information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **CREDIT RATING AGENCIES**

This prospectus contains references to Fitch. Fitch is established in the European Union and is registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

## **CURRENCY PRESENTATION**

Unless otherwise indicated, all references in this Prospectus to "pounds", "pounds sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom.

## **ROUNDING**

Certain figures contained in this Prospectus or incorporated into this Prospectus by reference, including financial and numerical information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this Prospectus or incorporated into this Prospectus by reference may not conform exactly to the total figure given for that column or row.

## **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

The Company is a public limited company incorporated under English law. Service of process upon the Directors, the Proposed Director and the officers of the Company, all of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, since all of the directly owned assets of the Company are outside the United States, any judgment obtained in the United States against it

may not be collectible within the United States. There is doubt as to the enforceability of certain civil liabilities under the US federal securities laws in original actions in English courts, and, subject to certain exceptions and time limitations, English courts will treat a final and conclusive judgment of a US court for a liquidated amount as a debt enforceable by fresh proceedings in the English courts.

#### **REFERENCES TO DEFINED TERMS**

Certain terms used in this Prospectus, including certain capitalised terms and certain technical and other terms, are defined, and certain selected industry and technical terms used in this Prospectus are defined and explained in Part X (*Definitions*) of this Prospectus.

#### **NO INCORPORATION OF WEBSITE INFORMATION**

The contents of the Group's and the Merian Group's websites do not form part of this Prospectus.

## INFORMATION INCORPORATED BY REFERENCE

The table below sets out the documents of which certain parts are incorporated by reference into this Prospectus and which are available for inspection as set out in paragraph 20 of Part IX (*Additional Information*) of this Prospectus. This Prospectus should be read and construed in conjunction with the following documents which have been previously published and filed with the FCA.

Documents containing information incorporated by reference	Part and paragraph in this Prospectus in which the document is referred to	Information incorporated by reference into this Prospectus
Annual Report 2019 .....	Important Information, paragraph entitled “Alternative Performance Measures” Part IV ( <i>Historical Financial Information relating to the Group</i> )	All text and tables under the heading “The Use of Alternative Performance Measures (APMs)” on page 38 Consolidated Income Statement on page 108 Consolidated Statement of Comprehensive Income on page 108 Notes to the Group Financial Statements – Income Statement on pages 109 – 116 Consolidated Statement of Cash Flows on page 117 Notes to the Group Financial Statements – Consolidated Statement of Cash Flows on page 118 Consolidated Balance Sheet on page 119 Notes to the Group Financial Statements – Assets and Liabilities on pages 120 – 126 Consolidated Statement of Changes in Equity on page 127 Notes to the Group Financial Statements – Equity on page 128 Notes to the Group Financial Statements – Other on pages 129 – 139 Company Balance Sheet on page 140 Company Statement of Cash Flows on page 141 Company Statement of Changes in Equity on page 142 Notes to the Company Financial Statements on pages 143 – 145 Independent auditors’ report on pages 146 – 152
Q1 2020 Trading Update .....	Part II ( <i>Information on the Group</i> ), paragraph 12	All text and tables under the headings “Current Trading”, “Jupiter Assets Under Management and Flows”, “Merian Assets under Management and Flows” and “Outlook”
Circular .....	Part IX ( <i>Additional Information</i> ), paragraph 4.3	The resolutions, authorisations and approvals by virtue of which the Consideration Shares will be issued set out in the Notice of General Meeting, set out at the end of the Circular

To the extent that any document or information incorporated by reference or attached to this Prospectus itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Prospectus for the purposes of the Prospectus Regulation Rules, except where such information or documents are stated within this Prospectus as specifically being incorporated by reference or where this Prospectus is specifically defined as including such information.

Except as set out above, no other portion of these documents is incorporated by reference into this Prospectus and those portions which are not specifically incorporated by reference in this Prospectus are either not relevant for the prospective investors and/or Shareholders or the relevant information is included elsewhere in this Prospectus.



Any statement contained in a document which is deemed to be incorporated by reference into this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus (or in a later document which is incorporated by reference into this Prospectus) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The times and dates set out in the expected timetable of principal events below and mentioned throughout this Prospectus are based on the Directors' current expectations. The times and dates set out below may be adjusted by the Company in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Shareholders through a Regulatory Information Service. Notwithstanding the foregoing, Shareholders may not receive any further written communication. All references to times in this Prospectus are to London times unless otherwise stated.

Event	Time and/or Date
Announcement of the Acquisition .....	17 February 2020
Publication of the Circular .....	27 April 2020
General Meeting .....	21 May 2020
Publication of this Prospectus.....	29 June 2020
Completion of the Acquisition.....	1 July 2020
Admission and commencement of dealings in the Consideration Shares on the London Stock Exchange .....	By 8.00 a.m. on 2 July 2020

## INDICATIVE STATISTICS

Number of Ordinary Shares in issue as at the Latest Practicable Date (with no Ordinary Shares held in treasury).....	457,699,916 <sup>(1)</sup>
Number of Consideration Shares to be issued to the Sellers in connection with the Acquisition.....	95,360,825
Number of Ordinary Shares in issue immediately following Admission.....	553,060,741 <sup>(1)</sup>
Consideration Shares as a percentage of the issued share capital of the Company immediately following Admission .....	approximately 17.2 per cent. <sup>(1)</sup>

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Note:

- (1) These figures are calculated assuming that the number of Ordinary Shares in issue and to be issued as at close of business on the Latest Practicable Date do not change and that no issues of Ordinary Shares, other than the Consideration Shares, occur between the Latest Practicable Date and Admission.

**DIRECTORS, PROPOSED DIRECTOR, COMPANY SECRETARY,  
REGISTERED OFFICE AND ADVISERS**

Directors	Nichola Pease, Chairman Jonathon Bond, Senior Independent Director Edward Bonham Carter, Executive Vice Chairman Andrew Formica, Chief Executive Officer Wayne Mepham, Chief Financial Officer Karl Sternberg, Independent Non-Executive Director Polly Williams, Independent Non-Executive Director Roger Yates, Independent Non-Executive Director
Proposed Director	Christopher Parkin, Non-Executive Director (nominated by Mintaka and TA Associates pursuant to the Relationship Agreement)
Company Secretary	Lisa Daniels
Registered Office	The Zig Zag Building 70 Victoria Street London SW1E 6SQ United Kingdom
Joint Financial Adviser	Fenchurch Advisory Partners LLP 110 Bishopsgate London EC2N 4AY United Kingdom
Joint Financial Adviser, Sponsor and Joint Corporate Broker	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP United Kingdom
Joint Corporate Broker	Numis Securities Limited 10 Paternoster Square London EC4M 7LT United Kingdom
Legal Adviser to the Company	Clifford Chance LLP 10 Upper Bank Street London E14 5JJ United Kingdom
Legal Adviser to the Sponsor	Linklaters LLP One Silk Street London EC2Y 8HQ United Kingdom
Auditor and Reporting Accountants	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT United Kingdom
Registrar	Link Asset Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom



## PART I

### INFORMATION ABOUT THE ACQUISITION

#### 1. INTRODUCTION

On 17 February 2020, Jupiter Fund Management plc (the “**Company**”) announced that it had entered into a conditional agreement to acquire Merian Global Investors Limited (“**Merian**”) from Mintaka LP (“**Mintaka**”) (a fund advised by TA Associates Management LP) and certain members of Merian’s management (amongst others) for upfront equity consideration to be satisfied through the issue to the Sellers of 95,360,825 new ordinary shares (the “**Consideration Shares**”) (which, based on the Company’s prevailing share price as at such date represented a valuation of £370 million and based on the Company’s prevailing share price as at the Latest Practicable Date represent a valuation of approximately £248.3 million) representing approximately 17.2 per cent. of the enlarged issued ordinary share capital of the Company to the Sellers, with an additional deferred earn-out of up to £20 million for the five Key Merian Management Shareholders and their respective teams plus an additional £10 million which Mintaka will bear the cost of by way of an indemnity to the Company. Following Admission, Mintaka is expected to own approximately 15.2 per cent. of the enlarged issued share capital of the Company and the Key Merian Management Shareholders are expected collectively to own approximately 0.8 per cent. of the enlarged issued share capital of the Company.

Merian will be acquired with target net debt of £29 million (assuming Completion occurs on 1 July 2020 (as is expected) or otherwise on or before the record date for the Company’s 2020 interim dividend), and with target net debt of £35 million if Completion occurs after the record date for the Company’s 2020 interim dividend payment subject, in each case, to an adjustment if net debt at Completion exceeds the relevant amount.

The Company will also benefit from downside protection through a purchase price adjustment mechanism (the “**Purchase Price Adjustment**”), to be settled in cash, up to a maximum value of £100 million. The Purchase Price Adjustment will be primarily determined with reference to the Merian Group’s AUM as at 31 December 2021 (taking account of the net impact of subscriptions and redemptions on funds managed by the Key Merian Desks between the date of the General Meeting and 31 December 2021 and excluding market movements, in accordance with the terms of the SPA).

The Board believes that the Acquisition enhances the Group’s position as one of the UK’s leading active-only asset managers with the Enlarged Group expected to have approximately £50.7 billion of AUM on a combined basis (based on the Group’s and the Merian Group’s respective AUM as at 31 March 2020), and provides significant benefits to its clients and compelling strategic and financial benefits for its Shareholders.

Despite the volatility in the UK and in the global economy and financial markets generally and of share prices in the asset management sector, including the Company’s share price, principally as a result of the impact of the global outbreak of coronavirus (Covid-19), the Board remains convinced of the compelling strategic and financial benefits of the Acquisition as set out herein. The combination of the two businesses will create an Enlarged Group which is, in the Board’s view, more resilient and better able to address the challenges and opportunities arising from the current volatility, as well as future challenges and opportunities.

#### 2. BACKGROUND TO AND REASONS FOR THE ACQUISITION

The Board believes there is a compelling strategic and financial rationale for the Acquisition and that the Acquisition will provide attractive strategic, commercial and financial benefits to the Group, its clients and its Shareholders as outlined below:

##### Client Benefits

- Significantly enhances the Group’s UK investment capability by adding scale across investment style and market capitalisation range.
- Widens the Group’s range of investment capabilities available to clients beyond the UK.
- Adds scale to strategic investments in the Group’s capabilities, for example, the build-out of Fixed Income and Global Emerging Markets.
- Enhances the ability of the Enlarged Group to develop new strategies over the longer term.

- Provides greater opportunity to invest in the Enlarged Group: for example, the capacity to invest in technology to support alpha generation and improve client servicing.

### **Strategic Benefits**

#### **Enhances the Group's position as one of the UK's leading high-conviction active asset managers**

- The Enlarged Group, operating primarily under the Jupiter brand, will be a leading UK active specialty manager which is expected to have approximately £50.7 billion of AUM, including approximately £27.3 billion of AUM invested in equities, £11.8 billion of AUM invested in fixed income, £8.0 billion of AUM invested in multi-asset products and £3.5 billion of AUM invested in alternatives, in each case on a combined basis (based on the Group's and the Merian Group's respective AUM as at 31 March 2020).

#### **Complementary and additive acquisition – involving two businesses with aligned cultures and investment philosophy – which will not alter the Group's purpose and focus**

- The Group and the Merian Group share a commitment to high-conviction, active asset management with no imposed house view, providing fund managers with the freedom to make investment decisions, reinforcing the Group's position as an attractive home for leading investment talent.
- In the announcement of the Acquisition it was stated that the Merian Group had approximately 53 per cent. of its mutual fund AUM above median over three years to 31 December 2019, and approximately £8 billion of mutual fund AUM in the top decile over ten years to 31 December 2019. It was also stated, that both firms have a long track record of delivering attractive returns for clients, with the Enlarged Group having approximately 66 per cent. of AUM above median over three years on a combined basis to 31 December 2019.
- As a result of challenged investment performance due to recent volatility in market conditions, and as a result of strong historic performance falling outside of the relevant updated measurement period to 31 March 2020, these figures have decreased from those previously stated. The Merian Group had approximately 21 per cent. of its mutual fund AUM above median over three years to 31 March 2020, and approximately £3.7 billion of mutual fund AUM in the top decile on a combined basis over ten years to 31 March 2020. The Enlarged Group has approximately 63 per cent. of AUM above median over three years on a combined basis to 31 March 2020.

#### **Reinforces the Group's core UK franchise by broadening UK capabilities and strengthening its UK retail distribution presence**

- Adds to the Group's capabilities in UK equities, bringing additional expertise in UK all-cap growth and small and mid-cap strategies and complementing the Group's strong value franchise.
- Expected to create the second largest manager of retail funds in the UK, with the Enlarged Group expected to have approximately £30.0 billion AUM on a combined basis (based on the Group's and the Merian Group's respective UK mutual fund AUM as at 31 March 2020).

#### **Strengthens and diversifies the Group's client base with distinct client sets in international markets, particularly the Middle East, APAC and Latin America / US Offshore**

- Limited institutional client overlap, adds new relationships with leading global institutions and sovereign wealth funds.
- Provides meaningful AUM in geographies including the Middle East, APAC and Latin America / US Offshore.
- The Acquisition will also add scale and capability to the Group's investment trust business through the addition of Merian Chrysalis.

#### **Extends the Group's capabilities into product gaps with growth potential and adds scale to other existing capabilities**

- Extends the Group's investment capabilities into new areas such as global systematic equity and contingent capital and increases scale in growth areas such as emerging market debt, multi-sector bonds, liquid alternatives and corporate bonds and equity.

**Delivers improvement in fund diversification**

- The Acquisition will meaningfully improve the Group's fund diversity, with the proportion of AUM managed by its largest five funds falling from approximately 50 per cent. to approximately 36 per cent. of the Enlarged Group's AUM following Completion (based on the Group's and the Merian Group's respective AUM as at 31 March 2020).
- The number of funds with AUM above £1 billion is expected to increase from nine to thirteen (based on the AUM of the Group's and the Merian Group's respective funds as at 31 March 2020).
- Top four capabilities move from 79 per cent. of the Group's AUM to 58 per cent. of the Enlarged Group's AUM following Completion (based on the Group's and the Merian Group's respective AUM as at 31 March 2020).

**Increases the Group's resilience and ability to navigate wider market and economic volatility**

- The Enlarged Group is expected to be better positioned to successfully navigate periods of instability with enhanced scale, greater diversification of its Products and a more efficiently utilised operating platform delivering enhanced margins, compared to the Group on a standalone basis.
- The Enlarged Group is also expected to have greater capacity to absorb short term impact from market volatility.

**Increases the Group's capacity to invest, positioning the business better to execute its growth agenda**

- Provides greater scale and the financial resources with increased capacity to invest in future growth, particularly through recruitment of investment talent, expansion of the Group's distribution footprint and the development of new products for the benefit of clients.
- Better positions the Group over the longer term to invest in the growth of its international, institutional and investment trust capabilities and execute its strategic priorities to diversify the business by channel, geography and product.

**Financial Rationale****Compelling financial benefits for Shareholders**

- Attractive value creation opportunity for Shareholders, underpinned by significant cost saving from removal of operational overlap and duplication within the Enlarged Group.
- Expected to deliver attractive accretion in Underlying EPS from Completion, and increasing in 2022 onwards relative to the Group's expected standalone financial performance for the same periods, with returns to the Group in excess of its cost of capital.
- Following completion of the integration of the Merian Group's business and extraction of the anticipated cost synergies from across the Enlarged Group, on a fully-phased basis, the Board expects the acquired business to have the potential to contribute at an Operating Margin not below 40 per cent. on prudent asset level assumptions as at the date of this Prospectus.

**Clear integration plan**

- The Merian Group's business will be largely integrated and migrated to the Group's scalable operating platforms, which have benefited from substantial recent investment.
- Clear and well-designed integration plan to deliver cost savings whilst ensuring stability, overseen by the Group's experienced management team.
- The Enlarged Group will operate primarily under the Jupiter brand.
- One-off transaction and integration costs are estimated to be £40 million to £45 million, and of this amount £27 million to £31 million relate to integration and the delivery of the anticipated cost synergies, substantially all of which are expected to be incurred in the first 12 months post-Completion.

### 3. SUMMARY OF THE TERMS OF THE ACQUISITION

#### **Sale and Purchase Agreement**

On 17 February 2020, the SPA was entered into by the Company and the Sellers to give effect to the Acquisition. Pursuant to the terms of the SPA and subject to the satisfaction, or, where permitted, waiver of the conditions set out therein, the Sellers have agreed to sell the entire issued and to be issued share capital of Merian to the Company. The principal terms of the SPA are briefly summarised below and further detail is set out in Part IX (*Additional Information*) of this Prospectus.

#### *Consideration*

In consideration for the sale of the entire issued and to be issued share capital of Merian to the Company, the Sellers will receive in aggregate 95,360,825 Consideration Shares with Mintaka expected to own approximately 15.2 per cent. of the Ordinary Shares in issue at that time and the Key Merian Management Shareholders collectively expected to own approximately 0.8 per cent. of the Ordinary Shares.

The number of Consideration Shares to be issued has been calculated based on a price of 388 pence per Consideration Share on the basis of the volume weighted average price of an Ordinary Share over the period of 20 trading days ending on and including 14 February 2020.

If there is a reduction in Merian AUM over the period from close of business on the date on which the Resolution is passed at the General Meeting (being 21 May 2020) to close of business on 31 December 2021, including certain net flows over the period, but excluding market movements, the Purchase Price Adjustment will be triggered. The Purchase Price Adjustment will be determined by reference to the following thresholds such that the value of the Purchase Price Adjustment will be:

- zero, if the Merian AUM at the end of the measurement period is 85 per cent. (or more) of the Merian AUM at the beginning of the measurement period;
- the value represented by 5,154,639 Consideration Shares (being £20 million divided by £3.88), if the Merian AUM at the end of the measurement period is 84.99 per cent. of the Merian AUM at the beginning of the measurement period;
- the value represented by 10,309,278 Consideration Shares (being £40 million divided by £3.88), if the Merian AUM at the end of the measurement period is 74.99 per cent. of the Merian AUM at the beginning of the measurement period; and
- the value represented by 25,773,196 Consideration Shares (being £100 million divided by £3.88), if the Merian AUM at the end of the measurement period is 59.99 per cent. or lower of the Merian AUM at the beginning of the measurement period.

A linear interpolation will apply if the Merian AUM at the end of the measurement period is an amount that falls between the thresholds set out above.

Any pre-tax profit retained by the Company in respect of performance fees generated by Merian between Completion and 31 December 2021 will be applied to reduce Mintaka's liability, if any, to make a payment in respect of the Purchase Price Adjustment.

The Purchase Price Adjustment is payable as an amount in cash by Mintaka. The cash payment is expected to be funded through a sale by Mintaka of the relevant number of Consideration Shares as determined on the basis summarised above, with the proceeds arising from such sale of that number of shares at the then prevailing market price (net of dealing costs) being paid to the Company.

Certain of Mintaka's payment obligations pursuant to the SPA and other transaction documents, including any payment in respect of the net debt adjustment, the Purchase Price Adjustment and certain indemnification obligations in connection with the Acquisition (including the deferred earn-out plan) are subject to a guarantee provided by certain funds managed by members of TA Associates' Group.

#### *Conditions*

Completion is subject to the satisfaction (or, where permitted, waiver) of certain customary conditions by 31 December 2020 (or any later date as the Company and Mintaka may agree or as is determined in accordance with the terms of the SPA), all of which have now been satisfied. Such conditions include approval of the Acquisition by the Shareholders at the General Meeting, the Consideration Shares having been allotted to the Sellers (unconditionally subject only to Completion and Admission);



and the FCA and the London Stock Exchange having confirmed to the Company that the respective applications for Admission have been approved and that Admission will become effective. In addition, Completion is also conditional upon necessary regulatory approvals having been obtained. In particular, approvals from the FCA (in the United Kingdom) and regulators in Hong Kong, the Republic of Ireland, Luxembourg and Taiwan are required.

#### *Warranties and indemnification*

The SPA contains warranties and limitations customary for a transaction of this type. In addition, the SPA contains a post-Completion net debt adjustment whereby there would be a pound-for-pound indemnification by Mintaka to the Company to the extent that the Merian Group's actual net debt at Completion exceeds an agreed target net debt figure of £29 million (assuming Completion occurs on 1 July 2020 (as is expected) or otherwise on or before the record date for the Company's 2020 interim dividend), such target increasing to £35 million if Completion occurs after the record date for the Company's 2020 interim dividend. Warranty and indemnity insurance has been obtained to provide recourse for the Company in the event that certain warranties are breached and/or payment becomes due pursuant to the deed of tax indemnity.

#### *Conduct before Completion and termination rights*

The Sellers (other than Zedra Trust Company) have agreed to comply with customary provisions relating to the conduct of the Merian Group's business during the period between the date of the SPA and Completion. The SPA may be terminated by the Company in certain circumstances including a material breach of certain provisions of the SPA and may also be terminated by the mutual agreement of the Sellers and the Company.

#### **Restrictive covenants**

The Key Merian Management Shareholders and other Merian Group employees will be subject to customary restrictive covenants in their employment agreements, including non-solicit and non-compete obligations for the duration of their employment by the Enlarged Group and for a period following termination of employment. The SPA also contains customary restrictions to prevent the Merian Management Shareholders from competing with the business of the Group, or soliciting Enlarged Group employees, customers or clients, in each case, for a period of two years following Completion.

#### **Relationship Agreement**

The Company has entered into a relationship agreement with Mintaka, as the direct shareholder of the Company, and TA Associates, as the indirect shareholder of the Company (the "**Relationship Agreement**") which will, conditional upon Admission and for such time as Mintaka, together with any member of TA Associates' Group holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time, regulate the on-going relationship between the Company, Mintaka and TA Associates following Admission.

The Relationship Agreement contains customary provisions to ensure that the Company is independent for the purposes of the Listing Rules and includes undertakings from Mintaka and TA Associates that: (i) transactions and arrangements between them (and/or any of their respective associates) and the Group will be conducted at arm's length and on normal commercial terms; (ii) neither of them nor any of their respective associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and (iii) neither of them nor any of their respective associates shall propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Pursuant to the Relationship Agreement, for so long as Mintaka, together with any member of TA Associates' Group, holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time, Mintaka and TA Associates shall be entitled to jointly nominate one non-executive director for appointment to the Board (a "**Shareholder Director**"), who shall be appointed as a non-executive director of the Company subject to certain conditions.

Christopher Parkin has been nominated as the initial Shareholder Director by Mintaka and TA Associates for appointment to the Board and will be appointed as a director with effect from, and conditional upon, Admission.

Any Shareholder Director will be subject to certain non-solicit and non-compete restrictions whilst he or she is a member of the Board and for a period of time after he or she has ceased to be a director of the Company.

#### **TA Associates Lock-Up Agreement**

Mintaka has entered into a share lock-up agreement with the Company (the “**TA Associates Lock-Up Agreement**”) in respect of the Consideration Shares to be received by Mintaka on Admission. The TA Associates Lock-Up Agreement is conditional upon Admission and restricts Mintaka from disposing of any of its Consideration Shares for a period of 24 months following Completion. During that period, Mintaka will be permitted to dispose of Consideration Shares with the Company’s consent or in accordance with certain customary exceptions which are set out in paragraph 10.2 of Part IX (*Additional Information*) of this Prospectus. Mintaka is also permitted to dispose of Consideration Shares to the extent required to fund any payment in relation to the Purchase Price Adjustment and/or payments under indemnities provided by Mintaka in favour of the Company under other transaction documents and/or any payment in relation to the net debt arrangements under the SPA as referred to above.

Mintaka will also be restricted from taking any action that would increase TA Associates’ Group’s aggregate shareholding in the Company beyond that received on Admission.

Following the end of the lock-up period and except with the Company’s prior written consent, or in certain other limited circumstances, Mintaka is restricted from disposing of, in any rolling three-month period, such number of Consideration Shares equal to or more than 5 per cent. of the total number of Ordinary Shares in issue at such time and from disposing of, in any rolling six-month period, such number of Consideration Shares equal to more than 7.5 per cent. of the total number of Ordinary Shares in issue at such time.

#### **Merian Management Shareholders Lock-Up Agreements**

The Key Merian Management Shareholders have each entered into a share lock-up agreement with the Company (the “**Merian Management Shareholders Lock-Up Agreements**”) in respect of the Consideration Shares to be received by each such Key Merian Management Shareholder. The Merian Management Shareholders Lock-Up Agreements are conditional upon Completion and restrict the relevant Key Merian Management Shareholders from disposing of: (i) any of their respective Consideration Shares for a period of 12 months following Completion; and (ii) more than 25 per cent. of their respective Consideration Shares (including when aggregated with any previous disposals they have made) for three years following Completion, in each case subject to certain exceptions which are set out in paragraph 10.3 of Part IX (*Additional Information*) of this Prospectus.

#### **Deferred Earn-Out Plan**

The five Key Merian Management Shareholders and their respective teams will be able to benefit from a deferred earn-out plan of up to £20 million, vesting in existing Ordinary Shares on the fourth and fifth anniversaries of Completion based on a number of Ordinary Shares determined on the third anniversary of Completion, for growing and retaining revenues in their investment strategies, subject to such individuals’ continued employment by the Enlarged Group. No newly issued Ordinary Shares will be used for the plan.

In addition, Mintaka will bear the cost of an additional deferred earn-out amount of up to £10 million payable in cash on the third anniversary of Completion (subject to the satisfaction of certain performance conditions), in respect of which the Company has the benefit of an indemnity from Mintaka for such amount (with the amount of any performance fees earned and accrued by Merian funds existing at the date of signing the SPA (and any successor of such funds) for the period from Completion to 31 December 2021 being offset against that indemnity obligation to the extent not utilised in relation to the Purchase Price Adjustment).

The plan will be operated by the Company’s remuneration committee and structured to meet the Group’s regulatory requirements.

#### 4. SUMMARY FINANCIAL INFORMATION ON THE MERIAN GROUP AND BENEFITS AND FINANCIAL EFFECTS OF THE ACQUISITION

The combined and consolidated historical financial information of the Merian Group for the three years ended 31 December 2019 as reported on by PricewaterhouseCoopers LLP to the Company is set out in Part V “*Historical Financial Information relating to the Merian Group*” of this Prospectus.

On a *pro forma* basis and (i) assuming the Acquisition had occurred on 1 January 2019, the Enlarged Group would have had net revenues of £559.1 million and profit before taxation of £157.2 million for the year ended 31 December 2019 and (ii) assuming that the Acquisition had occurred on 31 December 2019, the Enlarged Group would have had net assets of approximately £848.6 million as at 31 December 2019 as more fully described in Part VI (*Unaudited Pro Forma Financial Information*) of this Prospectus.

At the time of announcement on 17 February 2020, the Acquisition was expected to deliver low to mid-teen accretion in Underlying EPS from 2021, and increasing in 2022 onwards relative to the Group’s expected standalone financial performance for the same periods, with returns to the Group in excess of its cost of capital. Based on AUM for the Group and the Merian Group as at 31 March 2020, and assuming no further changes in AUM from these levels, the Underlying EPS accretion resulting from the Acquisition would be improved relative to expectations as at the time of announcement. This reflects reduced expectations for the Group and Merian Group’s future financial performance in light of the coronavirus (Covid-19) outbreak, while the expected quantum of cost synergies (as described in paragraph 5 this Part I (*Information about the Acquisition*) below) has not changed. The actual accretion achieved will be sensitive to current and future market conditions and resulting asset values, the relative financial performance of the Group and the Merian Group, and the delivery of such cost synergies.

#### 5. POTENTIAL SYNERGIES AND INTEGRATION PLANNING

Following completion of the integration of the Merian Group’s business and extraction of the anticipated cost synergies from across the Enlarged Group, on a fully-phased basis at the time of the announcement of the Acquisition on 17 February 2020 the Board expected the Merian Group’s business to have the potential to contribute at an Operating Margin for the Enlarged Group not below 50 per cent. on prudent asset level assumptions and up to 60 per cent., which compares with the Group’s 2019 Operating Margin of 43 per cent.

Subsequently, the Merian Group’s AUM has fallen from £22.4 billion as at 31 December 2019 to £15.7 billion as at 31 March 2020 principally through the reduction in asset values, but also as a result of client outflows, which have occurred since the announcement of the Acquisition primarily as a result of the coronavirus (Covid-19) outbreak. The associated estimated run-rate net management fees for the Merian Group as at 31 March 2020 are approximately £98 million per annum, down from approximately £140 million as at 31 December 2019.

Taking into account the reduction in estimated run-rate net management fees, while assuming no recovery or further decline in asset values and prudent assumptions for future client flows, the Board now expects the acquired business to have the potential to contribute at an Operating Margin not below 40 per cent. following the completion of the integration of the Merian Group’s business and realisation of the anticipated cost synergies from across the Enlarged Group, on a fully-phased basis. The Board currently expects the improvement in the Operating Margin of the acquired business can be delivered while maintaining a compensation ratio broadly in line with current Group levels and is contingent on the timely execution of management’s integration plans and in particular there being no material delay in completion of the integration as a result of any operational disruption caused by the coronavirus (Covid-19) outbreak. Whilst at present there is no change to the expected timeline for integration and the realisation of cost synergies, both could be delayed by further or prolonged disruption as a result of the outbreak.

At the time of the announcement of the Acquisition on 17 February 2020, and based on December 2019 run-rate net management fees, the Board anticipated that shortly following Completion, the Operating Margin of the Merian Group would be close to 50 per cent. In light of the fall in run-rate management fees in the three months to 31 March 2020, whilst the expected quantum and phasing of cost savings has not changed, the Board now expects the Operating Margin of the Merian Group shortly following Completion to be lower than originally anticipated, but still attractive.

The efficiency benefits are expected to be realised from a combination of the migration of the Merian Group's business to the Group's operating model, elimination of duplicative overheads and through operational economies of scale (including a reduction in the combined headcount of the Enlarged Group). One-off costs of approximately £27 million to £31 million are currently expected to be incurred with respect to the proposed integration into the Group of the Merian Group's business. The financial benefits and cost synergies are expected to be fully realised within 24 months following Completion, after full integration of the Merian Group, and are expected to be a recurring benefit.

The potential efficiency savings have been calculated using the latest available management information. In arriving at the estimate of the potential efficiency savings and associated non-recurring costs to achieve such savings, the Company has made a number of key assumptions, including that:

- Completion will occur in the second half of 2020;
- by the time of Completion, there will be no material operational impediments resulting from the coronavirus (Covid-19) outbreak and measures to contain the outbreak that prevent the timely execution of management's integration plans; and
- there will be no further material change to macro-economic or political conditions (subsequent to the material changes which have been experienced since the time of the announcement of the Acquisition on 17 February 2020 as a result of the coronavirus (Covid-19) outbreak) and (ii) no material change to regulatory, tax or legal conditions, in each case in the markets or regions in which the Enlarged Group will operate that will materially impact the implementation of the revised operating model.

The anticipated financial benefits and cost synergies referred to above reflect both the beneficial elements and relevant costs. Such anticipated financial benefits and cost synergies are contingent on Completion of the Acquisition and could not be fully achieved independently.

The Group has a detailed and well-designed plan to integrate the Merian Group's business, with a focus on the limitation of disruption and maintaining a positive client experience throughout for clients of both the Group and the Merian Group. The Group aims to run both the Group's and the Merian Group's platforms from a single location on the first Business Day following Completion, before fully migrating fund operations, middle and back office operations to the Group's scalable operating platforms, which have benefited from substantial recent investment.

The governance and leadership of the integration of the Merian Group into the Group's business has already been established, and will be overseen by a highly experienced integration project office, led by the Group's Head of Change with executive oversight by Paula Moore, the Group's Chief Operating Officer, supported by external resources, where necessary.

## **6. INFORMATION ON TA ASSOCIATES**

TA Associates is a private equity firm with a 50 year track record and investments in hundreds of companies in multiple industries around the world. TA Associates was previously a major shareholder in the Company following its initial public offering in 2010, with two non-executive directors. Following Admission, TA Associates, through Mintaka, will once again become a significant long-term shareholder and is expected to own approximately 15.2 per cent. of the enlarged issued share capital of the Company. As mentioned above, Mintaka and TA Associates, for as long as Mintaka, together with any member of TA Associates' Group directly or indirectly holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time, shall be entitled to jointly nominate one non-executive director for appointment to the Board.

## **7. FINANCING OF THE ACQUISITION**

The consideration to be paid by the Company to the Sellers in connection with the Acquisition will comprise 95,360,825 Consideration Shares. The fees and expenses of the Acquisition and Admission will be financed from the Group's existing cash resources.

## **8. MANAGEMENT, EMPLOYEES AND LOCATIONS**

The Company attaches great importance to the skills and experience of the management, fund managers and staff of the Merian Group, who are expected to contribute to the growth of the Enlarged Group.



The five Key Merian Management Shareholders (who together manage funds representing approximately 87 per cent. of the Merian Group's total AUM as at 31 December 2019) have entered into new employment contracts with the Group, which take effect from Completion and which include customary non-compete and non-solicit provisions and have also agreed to lock-up arrangements as described under paragraph 3 of this Part I (*Information about the Acquisition*) and paragraph 10.3 of Part IX (*Additional Information*) of this Prospectus.

As described under paragraph 3 of this Part I (*Information about the Acquisition*) above, the five Key Merian Management Shareholders and their respective teams will be able to benefit from a deferred earn-out plan which will deliver up to £20 million in existing Ordinary Shares and £10 million in cash (in respect of which the Company has the benefit of an indemnity from Mintaka) over three to five years following Completion, dependent on the individuals remaining in employment with the Enlarged Group and certain performance conditions being met.

There will be no change to the senior executive leadership team of the Group as a result of the Acquisition. Mark Gregory, currently Chief Executive Officer of Merian, will remain with the business for a transition period before stepping down and leaving the Enlarged Group. However, as mentioned in paragraph 3 of this Part I (*Information about the Acquisition*) above and explained further in paragraph 2.1 of Part VIII (*Directors, Proposed Director, Senior Managers and Corporate Governance*) of this Prospectus, following Completion, Christopher Parkin will be appointed to the Board of the Company with effect from, and conditional upon, Admission, following his nomination by Mintaka and TA Associates pursuant to the terms of the Relationship Agreement.

Christopher is co-head of TA Associates' EMEA Services Group. Christopher joined TA Associates in 2006 and has more than 15 years of experience in the private equity industry. During this time, Chris has closed 16 investments for TA with a primary focus on financial services, business services and consumer facing companies.

It is intended that the Merian Group's operations will be largely transferred to the Group's operating platform, which will necessitate the restructuring of the Merian Group's operational and administration functions. The Board confirms that the existing statutory and contractual employment rights, including accrued pension rights of all Merian Group employees, will be fully safeguarded upon and following Completion.

Following Completion, it is expected that all employees of the Enlarged Group based in London will come together to work from a single office location and offices will also be combined in other jurisdictions where both the Group and the Merian Group currently have operations, such as in Hong Kong and Singapore.

## **9. REGULATORY CAPITAL**

The Group is lead-regulated by the FCA in the UK and subject to the FCA's prudential and capital regulation. The Group's regulatory capital requirements are calculated in accordance with a limited licence full scope investment group under the EU Capital Requirements Directive. The Group's capital methodology forms part of its ICAAP.

Furthermore, each entity within the Group's corporate structure also satisfies, and will continue to satisfy, its local regulators' respective capital requirements. The Group's capital and liquidity framework is designed to be suitably conservative, allowing it to invest in the growth of its business whilst protecting the Group against downside risks. The Group utilises capital to support the operation of the investment management process and the launch of new investment products.

As at 31 December 2019, the Group had a regulatory capital surplus of £147 million.

Whilst the Acquisition will result in an increase in the Enlarged Group's regulatory capital requirements, the Directors believe the Enlarged Group will continue to maintain a strong balance sheet with an appropriate regulatory capital surplus. Following the issue of the Tier 2 Notes, it is estimated that the Enlarged Group will have a regulatory capital surplus of approximately £60 million to £90 million as at Completion.

## **10. SETTLEMENT, LISTING AND DEALINGS IN CONSIDERATION SHARES**

Applications will be made to: (i) the FCA for the Consideration Shares to be admitted to the premium listing segment of the Official List and (ii) the London Stock Exchange for the Consideration Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange.

It is expected that, subject to the necessary approvals, Admission will become effective, and that dealings in the Consideration Shares will commence on the London Stock Exchange, by no later than 8.00 a.m. on 2 July 2020, being the Business Day immediately following the date of Completion, which is expected to occur on 1 July 2020.

No application has been made or is currently intended to be made by the Company for the Consideration Shares to be admitted to listing or trading on any other exchange.

## PART II

### INFORMATION ON THE GROUP

*The following information should be read in conjunction with the information appearing elsewhere in, or incorporated by reference in, this Prospectus, including the financial and other information in, or incorporated by reference in, Part IV (Historical Financial Information relating to the Group).*

#### 1. BUSINESS OVERVIEW

The Group is an independent, high-conviction, active asset management business, managing mutual funds, segregated mandates and investment trusts on behalf of individuals and institutions across the UK and internationally. The Group's primary purpose is to help clients achieve their long-term investment objectives through delivering superior returns after all fees on client assets. Asset classes covered by the Group's funds include equities, fixed income, multi-asset, multi-manager and alternatives (including absolute return funds).

The Group is a market leading fund manager in the UK mutual fund market based on the size of its AUM and gross sales, its strong investment performance track record, the strength of its brand and presence in multiple distribution channels. As at 31 December 2019, approximately 88 per cent. of the Group's AUM was in mutual funds, the majority of which are open-ended funds directed towards investors through intermediated distribution channels in the UK, EMEA (excluding the UK), Asia and Latin America. In addition, the Group provides investment management services to institutional clients and investment trusts. The Group has offices in London, Hong Kong, Singapore, Austria, Germany, Italy, Luxembourg, Spain, Sweden and Switzerland.

As at 31 December 2019, the Group had approximately £42.8 billion of AUM, as compared to approximately £24.1 billion as at 31 December 2010. It was the seventh largest fund manager of UK mutual funds by AUM as at January 2020 (Source: The Investment Association). In common with other asset management businesses (including the Merian Group), the Group's AUM and financial performance for the year to date has been adversely affected principally by the coronavirus (Covid-19) outbreak which has resulted in a fall in its AUM to £35.0 billion as at 31 March 2020.

#### 2. HISTORY AND DEVELOPMENT

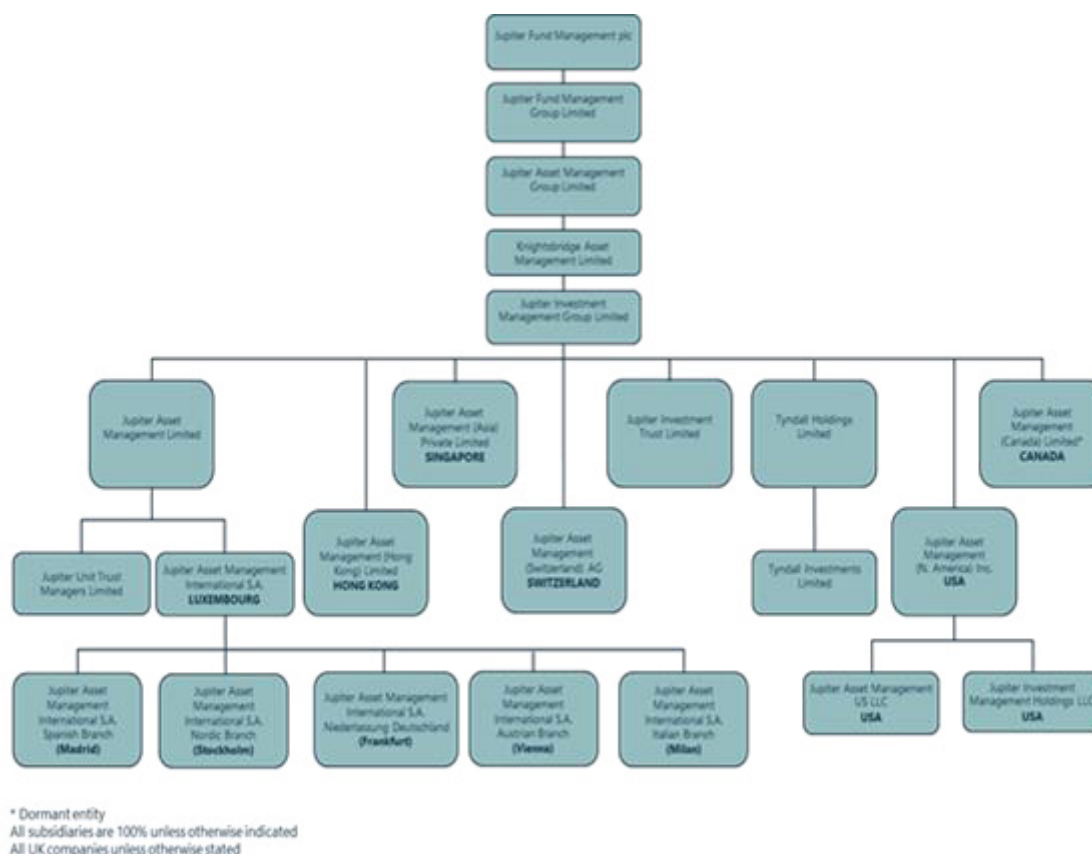
Some of the key milestones in the Group's history are as follows:

- The founding corporate member of the Group was incorporated in 1985, mainly focused on the management of investment trusts and private client funds with an initially small mutual fund business. Subsequently the mutual fund business became the key area of its growth and the Group also expanded into institutional fund management.
- In 1991, the holding company of the Group was listed on the London Stock Exchange.
- In 1995, Commerzbank AG acquired a 75 per cent. controlling interest in the Group and acquired the remaining 25 per cent. from management and employees in 2000.
- In 2007, Commerzbank AG sold the Group to its employees through a management buyout supported by private equity firm, TA Associates, and other minority investors.
- In 2010, the Company was listed on the London Stock Exchange.
- Between 2012 and 2018, the Group increased its international footprint and opened offices in locations such as Milan, Madrid, Frankfurt and Hong Kong.
- In 2014, the Group sold its private client business to Rathbone Brothers.
- In 2018, in response to the UK's anticipated withdrawal from the EU, the Group set up and staffed an office in Luxembourg to act as the management company and European distribution hub for its offshore SICAV product range.
- In March 2019, Andrew Formica joined the Group as Chief Executive Officer and in September 2019, Wayne Mephram was appointed as Chief Financial Officer.
- In December 2019, the Group announced a strategic partnership with US investment company NZS Capital, which will allow the Group to access the US institutional market for the first time
- In February 2020, the Group announced the proposed Acquisition of Merian.

- In March 2020, Nichola Pease joined the Board as non-executive Chairman.

### 3. GROUP STRUCTURE

The Company is the holding company of the Group and, following Completion, will be the holding company of the Enlarged Group. The structure chart below sets out the organisational structure of the Group as at the Latest Practicable Date:



The Group also owns a minority stake in US-based investment firm NZS Capital.

### 4. KEY STRENGTHS

The Directors believe the Group benefits from the following key strengths:

#### 4.1 *Clear Purposes and Principles*

The Group's single purpose is to manage its clients' assets to achieve outperformance after all fees. The Group's ethos underpins this purpose and it recognises that the Group's value is in its people and encourages independence of thought and individual accountability which fosters open debate, innovative approaches and continuous improvement.

The Group benefits from a strong leadership structure which defines, develops and delivers on the Group's strategic objectives. As a listed FTSE 250 company, the Company holds itself to the highest standards of corporate conduct and behaviour.

#### 4.2 *Investment Capability and Culture*

The Group has had a clear, differentiated investment culture throughout its 35 year history. The Group's core belief is that well-managed investment portfolios based on a truly active approach can deliver superior returns for clients over the long-term. The Group's focus is on independent thinking and there is no house view, asset allocation committees or stock buy lists.

The Group's fund managers have the freedom to invest based on their strongest convictions. Herding is a powerful phenomenon and while benchmarks are used to measure performance over time, the Group's managers are not constrained by them in the short term. The Group believes in the power of smaller, flexible teams, across different strategies which provide an environment of internal challenge and investment debate.

This distinct investment approach combines the best aspects of a boutique fund manager with the appropriate systems, processes and risk management framework that the Group's size provides.

The Group has a team of 78 investment professionals managed by the office of the Group's Chief Investment Officer (the "CIO"), as well as a dealing team, a portfolio analytics function and a risk control team.

The Group has well-regarded franchises in a number of investment strategies including traditional UK and International Equities, Global Value, European Growth, Fixed Income and a rapidly growing Multi-Asset business. The Group's performance track record illustrates that through different market conditions and over the long-term, it has been able to deliver above-median returns for the majority of its clients based on weighted AUM.

For further details of the Group's investment capability, processes and performance, please refer to paragraph 7 of this Part II (*Information on the Group*) entitled "Investment Capability, Process and Performance".

#### **4.3 *Strong distribution network and clearly defined product development strategy***

Since inception 35 years ago, clients have been at the heart of everything the Group does. While retaining its strong UK retail client base, the Group has successfully expanded its distribution reach and established its brand credentials internationally. It now has a presence across EMEA (excluding the UK) and Asia, with a strategic partnership in the US recently completed. The Group's experienced and integrated global sales team works with a diverse range of distribution partners which include global financial institutions, financial advisers and large fund platforms.

The Group's successful distribution strategy involves the development of products that appeal in multiple jurisdictions and deliver superior returns. The Group listens to its clients, and its broad range of strategies mean that clients can choose those that best fit their requirements and the market conditions. The Group continually strives to deliver the best standards of client service and challenges itself to be better tomorrow than it is today.

For further details of the Group's Products and distribution strategy, please refer to paragraphs 6 and 9 of this Part II (*Information on the Group*) entitled "Business Lines and Products" and "Sales and Marketing".

#### **4.4 *Established and respected brand and simple business model***

From its origins in 1985 as a specialist investment boutique, the Group has steadily expanded its investment offering, whilst retaining its distinct culture and straightforward business model. The Group's trusted brand has a long and respected heritage in the UK retail investment market, and as it further expands its business by geography, product and client type, it is the strength of this brand that continues to open doors for fruitful client relationships.

#### **4.5 *Leading stewardship approach***

Allocating capital to well-governed companies with sustainable business models enhances the potential for positive, long-term client outcomes. The Group has a differentiated fund manager led approach to stewardship: the investment teams and specialist governance and sustainability analysts work together to integrate effective stewardship into their investment approach, enabling them to make decisions based on an in-depth knowledge and understanding of each company's circumstances. As active fund managers, the Group engages regularly and extensively with investee companies and investors to gain insight and, where relevant, challenges companies on issues affecting long-term value, which could ultimately influence client outcomes.

The Group's authenticity is reflected through its longstanding signatory credentials. It is a Tier 1 signatory to the UK Stewardship Code, and also works with external parties such as the Investment Forum and the Institutional Investors Group for climate change around collective engagement.



#### 4.6 *Scalable operating platform and robust infrastructure*

The Group's operating model is based on a single global operating platform. This is underpinned by scalable, market-leading technology and a clearly defined and robust governance, risk and control framework which delivers high levels of operational resilience and compliance with the evolving regulatory environment. The Group continually invests to ensure that this model is as efficient as possible so that it can support its ambitious growth objectives.

Driving cost discipline and efficiency in turn releases resources which can be reinvested for growth.

#### 4.7 *Effective change management processes*

Active management faces a number of headwinds: changes in client behaviour, a shifting regulatory landscape, political uncertainty and disruption from new technologies. The Group is well-prepared to navigate and respond to these challenges through a well-developed and experienced approach to change management and regulatory developments impacting the Group's business. The Group has in recent years continued to develop and adapt its change management programme for the coordination of regulatory projects.

### 5. **STRATEGY**

As an independent, high-conviction, active asset manager, whose purpose is to help its clients achieve their long-term investment objectives, the Group has followed a consistent strategy for diversifying and growing the business by client type, investment strategy and geography.

The Group has defined the following strategic priorities which are critical to the success of delivering on its strategy:

- *Investment Performance* – consistently deliver strong investment performance and outcomes for clients;
- *Diversification* – continue diversifying the business by client type, investment strategy and geography, in order to build the Group's resilience;
- *High-Quality Talent* – attract, develop and retain high-quality talent aligned with the Group's culture;
- *Investment Strategies Expansion* – expand the range of active investment strategies, by recruiting investment talent and successfully launching products;
- *Core UK Retail Market* – reinvest in the Group's core UK retail market in order to secure its strong position in that market;
- *Client/Geography Expansion* – build further on the Group's overseas foundations and broaden its institutional client offering;
- *Technology* – use technology to enhance the Group's investment capabilities and improve client outcomes; and
- *Returns for Shareholders* – deliver consistent total returns for the Company's Shareholders.

### 6. **BUSINESS LINES AND PRODUCTS**

The Group has 78 investment professionals, all of whom are currently based in London, focused on delivering superior returns after all fees on client assets across the Group's range of investment capabilities. These capabilities are offered to the Group's clients through a range of Products and into a variety of markets.

The Group's principal market is the UK mutual fund market, which accounted for approximately 62.3 per cent. of AUM at 31 March 2020. The Group also offers funds and services into other markets, including international mutual funds markets and manages other vehicles including segregates mandates and investment trusts.

The table below sets out the breakdown of AUM by business line as at the dates indicated:

Business line	As at 31 March	As at 31 December		
	2020	2019	2018	2017
		<i>£ million</i>		
Mutual funds .....	30,671	37,692	36,940	43,745
Segregated mandates .....	4,084	4,811	4,557	5,208
Investment trusts .....	230	329	1,156	1,227
<b>Total .....</b>	<b>34,985</b>	<b>42,831</b>	<b>42,673</b>	<b>50,180</b>

The table below sets out the breakdown of net sales by business line over the three years ended 31 December 2019 and the three months ended 31 March 2020:

Business line	As at 31 March	As at 31 December		
	2020	2019	2018	2017
		<i>£ million</i>		
Mutual funds .....	(2,891)	(3,072)	(4,436)	5,100
Segregated mandates .....	575	(477)	(167)	364
Investment trusts .....	(2)	(979)	(22)	13
<b>Total .....</b>	<b>(2,318)</b>	<b>(4,528)</b>	<b>(4,625)</b>	<b>5,477</b>

The table below sets out the geographical breakdown of AUM at the dates indicated, based on the location of the client or distribution partners through which the business is received:

Region	As of 31 March		As at 31 December					
	2020		2019		2018		2017	
	<i>£ million</i>	%	<i>£ million</i>	%	<i>£ million</i>	%	<i>£ million</i>	%
UK.....	25,454	72.8	31,752	74.1	32,110	75.2	35,008	69.8
Europe (excluding the UK)...	6,481	18.5	7,169	16.7	7,661	18.0	10,617	21.2
Asia .....	1,544	4.4	2,181	5.1	1,593	3.7	2,966	5.9
Rest of world .....	1,506	4.2	1,730	4.01	1,309	3.1	1,588	3.1
<b>Total.....</b>	<b>34,985</b>	<b>100</b>	<b>42,831</b>	<b>100</b>	<b>42,673</b>	<b>100</b>	<b>50,180</b>	<b>100</b>

## 6.1 *Mutual funds*

The Group's mutual fund offering comprises UK-domiciled unit trusts and Luxembourg-domiciled SICAV funds. These structures are primarily designed for intermediated investors, although institutional investors may also choose to invest through them.

The UK mutual fund market, which represented approximately £21.8 billion of the Group's AUM as at 31 March 2020, is the Group's largest market. The Group has built a leading position, being ranked the seventh largest fund manager of UK mutual funds by AUM as at January 2020 (Source: The Investment Association). In addition, the Group has significant AUM, through its SICAV range, in Europe (excluding the UK) and Asia of approximately £5.8 billion and £1.5 billion respectively as at 31 March 2020.

Rather than relying exclusively on a limited number of funds, the Group manages a broad range of mutual funds within both the UK unit trusts and the SICAV range that encompass a variety of investment strategies in a diverse range of investment sectors such as UK equities, European equities, emerging markets equities, specialist equities (such as financial sector equities), fixed income, multi-asset strategies and multi-manager (fund of funds) products.

## 6.2 *Segregated mandates*

The Group has established relationships with local government institutional clients, investment consultants, banks, insurance companies, sovereign wealth funds, pensions funds (both corporate and public sector), family offices, charities and foundations.

The Group's segregated mandate accounts are primarily institutional and sub-advisory clients. As at 31 March 2020, the Group managed a total of £4.1 billion of AUM for segregated mandates, of which approximately 71 per cent. was invested in UK equities.

The table below sets out the Group's segregated AUM as at the dates indicated:

	<b>As at 31 March</b>	<b>As at 31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
		<i>£ million</i>		
Segregated mandates .....	4,084	4,811	4,577	5,208

## 6.3 *Investment trusts*

The Group currently manages four investment trusts with an aggregate AUM of £0.2 billion as at 31 March 2020.

The table below sets out the Group's investment trust AUM as at the dates indicated:

	<b>As at 31 March</b>	<b>As at 31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
		<i>£ million</i>		
Investment Trusts .....	230	329	1,156	1,227

# 7. INVESTMENT CAPABILITY, PROCESS AND PERFORMANCE

## 7.1 *Philosophy and culture*

The Group's primary purpose is to help clients achieve their long-term investment objectives through delivering superior returns after all fees on client assets. The Directors believe that talented fund managers perform best if they are given the freedom to invest as they see fit, subject to the constraints set by each fund's or segregated mandate's investment objectives. While the Group's fund managers work as a closely-knit team across all investment themes and geographies, sharing stock ideas and debating market prospects, each fund manager has individual responsibility for his or her own portfolios and is held accountable for the investment performance of the portfolios which he or she manages. The fund management department is headed and overseen by the CIO.

The investment process is not run by committees and there is no house view on markets, asset allocation or core lists of stocks. For all investment strategies, the Group's fund managers take an active approach in managing their investments and the Group allows its fund managers considerable scope to adopt investment positions against prevailing consensus in the market and the portfolio's benchmark in order to achieve investment outperformance for the Group's clients. The Group's fund managers tend to emphasise security selection, rather than specifically targeting relative sector or geographic weightings.

### *Investment capability*

The Group's investment capabilities span a broad range of investment themes and geographies. The Group has expertise in managing UK equities, European and emerging markets equities and specialist equities, such as financial sector equities, fixed income and multi-asset strategies. The Group also has a well-established multi-manager fund of funds capability. The Group has seen strong growth and broadening of its fixed income capability in recent years and has launched a number of sector specific products (such as its Emerging Market Debt and High Yield funds) to complement its strong fixed income unconstrained strategy. The Group has recently invested in a new multi-asset team and has developed a capability in multi-asset income and total return products.

The following table sets out the AUM managed within each investment theme as at 31 March 2020:

Investment theme	AUM
	<i>£ billion</i>
Alternatives Strategy .....	0.5
Developed Market Equities Strategy .....	4.3
Emerging Market Equities Strategy .....	1.7
European Growth Strategy .....	5.5
Fixed Income Strategy .....	10.2
Multi-Asset Strategy .....	1.8
Multi-Manager Strategy .....	6.2
Value Equities Strategy .....	4.8

The breakdown of AUM as at 31 March 2020 based on the geographic areas in which the underlying assets are invested is: UK: 37 per cent.; EMEA (excluding the UK): 26 per cent.; North America: 19 per cent.; and 18 per cent. in other regions.

Management's focus has consistently been on building depth to the Group's investment capabilities by ensuring that each fund manager is supported by at least one other manager in the team capable of assuming the main managerial role if the current fund manager is unavailable for any reason or leaves. The Group places great emphasis on nurturing the development of its fund managers at all levels. Less-experienced managers are given responsibility for managing smaller funds, which allows them to build valuable experience and track records. As a result, the Group has a layer of talented fund managers running smaller Products, which have the potential to grow in size, whilst at the same time providing those fund managers with the experience and skills necessary to manage other Products in the future.

## 7.2 *Investment risk management and performance review*

The Directors believe that investment risk management is primarily the responsibility of the fund managers supported by a supervisory structure and risk management policy that is consistent with the regulatory requirements and the investment policy and risk profile of the Group's products. Oversight of the risk management process and responsibility for the monitoring of the Group's funds lies with a series of committees that analyse and review the various categories of risk to which the funds are exposed. Further, the management companies of the Group's mutual funds conduct or exercise oversight of investment management and risk management activities with respect to the relevant mutual funds in line with the applicable regulatory requirements.

In the first instance, oversight of fund management is the responsibility of the CIO, supported by a small CIO office team and working in close conjunction with the Compliance and the Risk teams.

The Group uses a single, integrated investment and risk system which aids compliance through the system's comprehensive pre-trade checks, which are reviewed in real-time, and through retaining a full transaction history of all executed trades. Any errors or breaches are captured through further daily post-trade checks and, once identified, are corrected by the fund manager. All errors and breaches are automatically reported to the Compliance team.

The Group has a team of experienced risk analysts, including a Portfolio Analytics Team, which operates independently of the investment management function, utilising the single, integrated investment and risk system supplemented by several other systems that allow the Group to capture, measure and analyse portfolio risk within a particular strategy. On a quarterly basis (or, as required, on an ad hoc basis) the Investment Risk Team and Portfolio Analytics Team carry out a "Portfolio Challenge Process" with all fund managers to discuss risk and performance related issues. The fund manager's fund style, liquidity, concentration and positions are queried to ensure they are in line with investment objectives.

In addition, a derivative risk management process provides daily measurement and analysis for those products that use derivative instruments as part of their investment strategy, such as absolute return funds. Reports prepared by the Portfolio Analytics Team are then circulated to the relevant fund manager. Any significant risks identified in the reports are reviewed by the Risk and Finance Committee, which meets at least five times each year.

### 7.3 *Investment performance*

The Group's investment performance track record is strong for the majority of its Products. As at 31 December 2019, 18 mutual funds, representing approximately 38 per cent. of mutual fund AUM, had delivered first quartile investment performance over a three-year period and approximately 64 per cent. of mutual fund AUM, had delivered first quartile investment performance over a five-year period.

The table below sets out a detailed analysis of the investment performance of the Group's mutual funds by quartile ranking weighted by AUM for the one, three and five-year periods ended 31 December 2019:

	Quartile ranking		
	1 year	3 years	5 years
<b>Fund performance</b> .....			
1st quartile.....	8.3%	38.1%	64.2%
2nd quartile .....	46.8%	34.2%	21.8%
3rd quartile .....	17.3%	17.1%	5.6%
4th quartile .....	27.6%	10.5%	8.5%
Number of funds included in analysis.....	63	55	50
AUM included in analysis (£ billion) .....	37.65	37.10	36.26

Source: Morningstar

The table below sets out a detailed analysis of the investment performance of the Group's mutual funds by quartile ranking by number of funds for the one, three and five-year periods ended 31 December 2019:

	Quartile ranking		
	1 year	3 years	5 years
<b>Fund performance</b> .....			
1st quartile.....	12	18	16
2nd quartile .....	19	8	11
3rd quartile .....	10	14	9
4th quartile .....	22	15	14
<b>Total</b> .....	63	55	50

Source: Morningstar

Whilst investment performance can be more variable over short periods of time, the Group's track record of long-term investment performance has been maintained over a number of years. The table below sets out the percentage of mutual fund AUM ranked in the first and second quartiles over the three-year periods ended on the dates indicated:

	Three years ended 31 December		
	2019	2018	2017
<b>Fund performance</b> .....			
1st quartile.....	38.1%	43.7%	46.1%
2nd quartile .....	34.2%	33.4%	34.9%

Source: Morningstar



The table below sets out a detailed analysis of the investment performance of those ten funds within the Group that were in excess of £1 billion as at 31 December 2019 and quartile ranking:

Funds	Quartile ranking				
	AUM	Since launch	1 year	3 years	5 years
	<i>£ million</i>				
Dynamic Bond.....	7,019	1	2	2	1
European .....	4,887	1	2	1	1
Strategic Bond .....	4,158	1	3	2	1
Merlin Income .....	2,249	N/A	2	1	2
UK Special Sits .....	2,220	1	4	3	1
Merlin Balanced.....	1,881	1	4	1	1
Income Trust.....	1,871	1	4	3	2
Merlin Growth.....	1,751	N/A	3	2	2
European Growth.....	1,670	1	2	1	1
Absolute Return.....	1,157	4	4	4	3

Source: Morningstar

## 8. APPROACH TO STEWARDSHIP

The Group regards the combination of constructive dialogue with companies in which its funds and portfolios invest and the considered use of voting rights to be the cornerstones of its stewardship responsibilities.

The Group has a formal Stewardship Committee. This supports its commitment to the UK Stewardship Code, which outlines best practice on how institutional shareholders should fulfil their stewardship responsibilities. The Stewardship Committee, which meets quarterly, is chaired by the CIO and comprises fund managers, corporate governance and sustainability analysts.

The aim of the Stewardship Committee is to develop and deliver a co-ordinated approach to engagement with investee companies for the Group's fund management department. Fund managers and governance/sustainability analysts work in partnership with companies and consider strategic governance and sustainability matters. Through this process, fund managers are able to gain investment insight, make informed decisions and influence investee companies, on behalf of clients.

## 9. SALES AND MARKETING

### 9.1 Marketing

The Group supports its global distribution through a central Group marketing function, which covers all distribution channels and comprises channel marketing, digital marketing, brand management, media and campaign management as well as the production of marketing material. The Group's marketing team is proactively partnering with the business to drive the Group's brand awareness and deliver timely, relevant and engaging content to prospective and existing clients and distribution partners across the most impactful mediums.

### 9.2 Sales channels

The Group divides its global distribution focus broadly between institutional and wholesale channels, retail being differentiated further into 'discretionary', 'advisory' and 'direct' sectors.

Institutional clients are primarily investment consultants, banks, insurance companies, sovereign wealth funds, pensions funds (both corporate and public sector), family offices, charities and foundations.

Wholesale clients, through which the retail market is accessed, are principally: in the UK, independent financial advisers, fund platforms and discretionary wealth managers; and in Europe, Asia and Latin America, global banks, fund of funds and fund selectors. In certain markets, such as UK retail, the Group still services direct investors, but it seeks predominantly to work with institutional clients and wholesale clients as intermediaries (as outlined above).

Recognising the importance of local client needs in different regions, the Group has established distribution offices in London, Hong Kong, Singapore, Austria, Germany, Italy, Spain, Sweden and Switzerland.

Further, in March 2019, the Group established a management company in Luxembourg which is regulated by the Commission de Surveillance du Secteur Financier (CSSF). The Luxembourg office acts as the Group's European distribution hub and is also the authorised management company of the Group's Luxembourg SICAVs.

## 10. TRENDS

A number of powerful long-term trends are driving demand for differentiated investment products that can deliver outperformance to clients, after all fees. The following market trends are reasonably likely to have a material effect on the Group's business for at least the current financial year.

### 10.1 *Changes in client behaviour*

Significant demographic and social changes are altering demand for investment products. Many countries have ageing populations, coupled with declining pension provision by companies and governments, forcing people to fund longer retirements themselves. Other significant trends such as rising education levels and more women in the workforce mean a growing number of people who can build long-term savings.

With interest rates low, traditional savings accounts offer negative real returns. Savers therefore want investment products which can offer positive returns, particularly post-retirement when the ability to grow the value of savings while generating income is important.

This is contributing to the ongoing shift in demand away from funds which follow their benchmark and compete with passive alternatives. The mutual fund market is polarising, with flows going to low-cost exchange-traded and index funds at one end, and to high-performance, active strategies – such as the Group's – at the other. Indeed, client demand for active specialties is expected to grow by 31 per cent. from 2018 to 2023 (source: BCG Global Asset Management 2019).

Demand for active funds is also driven by the clients' desire to invest responsibly. Active managers are best placed to engage with companies on ESG and other issues. For further details regarding the Group's ESG approach, please see paragraph 8 of this Part II (*Information on the Group*) entitled "Approach to Stewardship" above.

### 10.2 *A shifting regulatory landscape*

Regulatory change is an ongoing feature of the asset management industry. It can put pressure on fees for asset managers and increase the costs of ensuring compliance. Much of this regulatory change is focused on ensuring better outcomes for clients. The Group's primary regulator, the FCA, published its Asset Management Market Study in 2017. This outlined reforms to make competition work better, including greater fee transparency and a focus on creating value for clients. This reflects the fact that fees can have a significant impact on returns to clients over time. New rules arising from the study require the UK's asset managers to report to clients on the value for money of their investment services.

Other recent examples of regulatory change include MiFID II, which came into force in 2018 and emphasised the need for firms to sell and distribute products appropriate for their clients. SMCR, which applied to the Group from 9 December 2019, is part of a regulatory drive to improve culture, governance and accountability in financial services firms.

The UK's withdrawal from the EU has the potential to result in unforeseen changes in government policy and the regulatory and legal framework in which the Group operates.

### 10.3 *Market place disruption*

A range of factors have the potential to disrupt the Group's market, both now and over the coming years. In the near term, the Group's investment teams must navigate the volatility and uncertainty arising from issues such as the US-China trade tensions, political uncertainty, low interest rates, health epidemics and the UK's withdrawal from the EU. In particular, as described in more detail in paragraph 12 "*Current Trading and Prospects*" of this Part II (*Information on the Group*) below and in the section entitled "*Risk Factors*", the ongoing coronavirus (Covid-19) outbreak has and is likely to continue to have a direct and indirect adverse impact on asset management businesses. All of these factors can affect securities markets, client wealth and their attitudes to savings and investment.

Over the next few years, technological advances could fundamentally change the way in which the industry operates. New digital entrants to the Group's markets may be increasingly attractive to younger savers, who expect to be able to use technology to manage many aspects of their lives.

Technology will also affect distribution in other ways, for example by enabling precisely targeted marketing and allowing advisers to self-serve. On the investment management side, artificial intelligence, machine learning, data science and analytics are likely to be an increasingly important part of the investment toolkit.

## 11. RISK MANAGEMENT AND CAPITAL

### 11.1 *Risk Management*

The Board is responsible for the Group's strategy and for determining an appropriate risk appetite, as well as the tolerance levels within which the Group must operate. By defining these, the Board demonstrates that it is aware of, and, where appropriate, has taken steps to mitigate the risks that may have a material impact on the Group.

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

The Group's enterprise risk management framework clearly defines the roles and responsibilities for risk management. It details essential information about the Group's risks and provides a process for escalation through its governance structure, which enables continuous and robust oversight by the Risk & Finance Committee, Audit and Risk Committee and the Board.

The Group is exposed to various risk types, such as investment and operational, in pursuing its business objectives. These can be driven by internal and external factors. Understanding and managing these risks is both a business imperative and a regulatory requirement. The type and severity of these risks can change quickly in a complex and competitive environment. The framework is dynamic and forward-looking to ensure it considers both current and emerging risks which could potentially impact the Group.

An important part of the Board's remit is to determine the Group's risk appetite and the tolerances within which it must operate. This is defined as the amount and type of risk the Group is willing to accept in order to achieve its strategic and business objectives. This takes into account the interests of clients and shareholders, as well as the Group's financial strategy and other regulatory requirements.

The Board formally considers the Group's risk appetite, taking into account the strategic plans, the business environment and the current and likely future condition of its business and operations. The Board sets out the appetite for seven categories of risk. These are:

#### *Strategic risk*

The risk that the Group is unable to meet its strategic objectives, as a result of adverse business decisions, poor implementation of strategic decisions, inadequate resourcing, or failure to respond adequately to changes in the business environment. The Board approves the strategic plan and reviews progress against it on a regular basis.

#### *Operational risk*

The risk of financial, regulatory, contractual and/or reputational impacts incurred due to inadequate or failed governance, processes, people, systems or due to external events. This definition includes legal risk. The Group is necessarily exposed to operational risk in the execution of its business and seeks to manage this exposure in a cost-effective manner within the risk appetite limits set by the Board. The Board and senior management take the lead in establishing and maintaining a strong culture which supports and mandates effective management of operational risk.

#### *Investment risk*

The risk that the Group's funds underperform against benchmarks, objectives or competition. It also includes the management of a fund's liquidity risk. These risks directly impact funds rather than the Group but could potentially impact Group revenues in exceptional circumstances.

#### *Liquidity risk*

The risk that the Group does not have sufficient financial resources to meet its obligations as they fall due or can only secure such resources at excessive cost. The Group plans to have sufficient liquidity to be able to cover foreseeable liquidity shortfalls arising from payment failures or settlement timing differences. In addition, the Group requires sufficient liquidity to pay an ordinary dividend at least at the same rate as the previous year.

### *Capital adequacy risk*

The risk that the Group has insufficient capital in relation to its risk profile to comply with regulatory requirements. The Group ensures that it has sufficient capital to meet prudential and regulatory requirements under normal and stressed conditions. Capital adequacy under stressed conditions is monitored through the Internal Capital Adequacy Assessment Process (ICAAP) and ICAAP methodology and results are approved by the Board at least annually. The Group's finance department forecast the capital position and requirement of each regulated entity to ensure capital adequacy over the planning horizon. Further, on a monthly basis, the Pillar 1 requirement is recalculated in line with the Group's monthly results and financial position for review by the Chief Financial Officer, Chief Risk Officer and an ICAAP working group.

### *Credit/Counterparty risk*

The risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss in the Group's operating activities. The Group is exposed to credit risk as a result of cash deposits held with banks and payments due from clients and distribution partners. Historically default levels have been insignificant. However, the regulatory capital requirement for bank deposits is determined by the bank's credit rating and therefore these are kept under review. Counterparty credit risk limits are set by the counterparty risk committee and monitored by the Group's finance team within the finance department on a daily basis.

### *Market risk*

The risk of losses arising from changes in the price of financial assets, interest rates or FX rates. This includes the risk that any market risk mitigation techniques used by the Group prove less effective than expected. The Group is directly exposed to pricing and foreign exchange risks through its seed investment in funds, and to foreign exchange and interest rate risks on bank deposits. Pricing and foreign exchange risks arising on the Group's seed investments are hedged through the purchase of equity contracts and forward foreign exchange contracts respectively. The Group's policy is to hedge the equity and currency exposure of its seed investments, depending on the fund mandate and whether available transactions are cost effective. Exposures are monitored regularly. The Group has limited exposure to interest risk in the current low interest rate environment.

## **11.2 Capital**

The Group is lead-regulated by the FCA in the UK and subject to the FCA's prudential and capital regulation. The Group's regulatory capital requirements are calculated in accordance with a limited licence full scope investment group under the EU Capital Requirements Directive. In addition, it calculates its economic capital using scenario modelling. The Group's capital methodology forms part of its ICAAP.

Furthermore, each entity within the Group's corporate structure also satisfies, and will continue to satisfy, its local regulators' respective capital requirements.

The Group's capital and liquidity framework is designed to be suitably conservative, allowing it to invest in the growth of its business whilst protecting the Group against downside risks. The Group utilises capital to support the operation of the investment management process and the launch of new investment products.

As at 31 December 2019, the Group had a regulatory capital surplus of £147 million.

For details of the expected regulatory capital position of the Enlarged Group, see paragraph 9 of Part I (*Information about the Acquisition*) of this Prospectus.

## **12. CURRENT TRADING AND PROSPECTS**

Since 31 December 2019, in common with the asset management industry as a whole, the Group and the Merian Group have faced challenging market conditions, largely brought about by the global coronavirus (Covid-19) outbreak, which has had a significant adverse impact on global financial markets and asset values and, consequently, on the Group's and the Merian Group's respective AUM. During this volatile period, which has seen most asset classes experience significant falls in value, the Group's relative investment performance has strengthened, with 80 per cent. of AUM above median over three years, 75 per cent. in the top quartile. This level of performance on behalf of the Group's

clients is testimony to the expertise of the Group's investment teams and reaffirms the Board's belief that active management delivers long term returns to clients and supports the Group's commitment to high-conviction active management.

The health and wellbeing of the Group's employees and their families is of the utmost importance to the Company. Since early March 2020, the Group has adopted remote working arrangements for all employees. From a business and operational perspective, these have been implemented without any material disruption to the Group's business or its ability to deliver for clients. The Group continues to monitor closely all developments relating to the coronavirus outbreak and its impact on working patterns, employees and key service providers, with the principal aim of ensuring the welfare of the Group's employees and on the continuity of the Group's business and maintenance of high standards of service for the Group's clients.

In this uncertain environment, the Group's commitment to maintaining an appropriate cost base remains as important as ever, and the Group continues to review and challenge costs within the business, making reductions to costs where it is able to without affecting its ability to deliver the investment returns and high standards of service the Group's clients expect. The Group notes the swift and decisive measures taken by the UK government to support businesses during this difficult time but confirms that it has no current intention to furlough any staff or to take advantage of any such government scheme during this period. As announced in the Group's year end results, the Group made its scheduled ordinary dividend payment to shareholders on 9 April 2020.

The Company's Q1 2020 Trading Update is incorporated by reference into, and forms part of, this Prospectus.

#### ***Group Assets Under Management and Flows***

The Group's AUM reduced from £42.8 billion as at 31 December 2019 to £35.0 billion as at 31 March 2020, with the majority of the decline due to market movements, but also as a result of client net outflows, which for the three months to 31 March 2020 totaled £2.3 billion.

The table below sets out details of changes in the Group's AUM and flows for the three months ended 31 March 2020:

	<b>31 December 2019</b>	<b>Q1 net flows</b>	<b>Market/FX movement</b>	<b>31 March 2020</b>
		<i>(£ million)</i>		
Mutual funds .....	37,692	(2,891)	(4,130)	30,671
Segregated mandates .....	4,811	575	(1,302)	4,084
Investment trusts.....	328	(2)	(96)	230
<b>Total .....</b>	<b>42,831</b>	<b>(2,318)</b>	<b>(5,528)</b>	<b>34,985</b>

Net mutual fund outflows for the Group were £2.9 billion during the quarter, of which £1.0 billion in net outflows were from the Group's Fixed Income strategy, £0.7 billion from the European Growth strategy (£0.4 billion of which was a transfer into a segregated mandate) and £0.6 billion from the Alternatives strategy. Segregated mandates saw £0.6 billion net inflows during the quarter, predominantly driven by the opening of one new mandate and a transfer of funds from a mutual fund into a mandate.

Flows for the Group in April 2020, May 2020 and June 2020 (month to date) have stabilised and started improving. The Group has seen an improvement in AUM since 31 March 2020.

#### ***Merian Group Assets Under Management and Flows***

The Merian Group's AUM reduced from £22.4 billion as at 31 December 2019 to £15.7 billion as at 31 March 2020, with the majority of the decline due to market movements, but also as a result of client net outflows, which for the three months to 31 March 2020 totaled £2.6 billion.



The table below sets out details of changes in the Merian Group's AUM and flows for the three months ended 31 March 2020:

	<b>31 December 2019</b>	<b>Q1 net flows</b>	<b>Market/FX movement</b>	<b>31 March 2020</b>
		<i>(£ million)</i>		
<b>Total .....</b>	<b>22,405</b>	<b>(2,598)</b>	<b>(4,152)</b>	<b>15,655</b>

Merian Group net outflows for the three months to 31 March 2020 were £2.6 billion and mainly comprised £1.4 billion from GEAR and £1.0 billion from other systematic strategies.

Flows for the Merian Group in April 2020, May 2020 and June 2020 (month to date) have stabilised, with reduced outflows as compared to the three months ended 31 March 2020. The Merian Group has seen an improvement in AUM since 31 March 2020.

### ***Prospects***

Recent challenging market conditions are expected to continue for an uncertain period and at least in the short term until the coronavirus pandemic is brought under control and the preventative measures to restrict its spread are relaxed. Accordingly the Group's and the Merian Group's respective AUM may remain at current or lower levels or be subject to potentially greater volatility during this period from market movements, as well as further client outflows. To the extent such market forces continue following Completion, this may also impact the Enlarged Group's AUM.

At present, and in light of the on-going developments regarding the coronavirus (Covid-19) outbreak, the future outlook for market conditions, investor sentiment and therefore, client flows, remains highly uncertain. However, the Group remains as committed as ever to its strategy of delivering active returns for clients and engaging with them to meet their investment needs in the current environment.

### **13. DIVIDENDS AND DIVIDEND POLICY**

The Board operates a progressive dividend policy which targets an ordinary dividend pay-out of 50 per cent. of the Group's Underlying EPS and, except in exceptional circumstances, an ordinary dividend that is no less than the previous year. The Board's ordinary dividend policy remains unchanged as a result of the Acquisition. No special dividend will be declared for the year ended 31 December 2019 as the Company balances investment for long-term growth with distribution to Shareholders. The Board's priority continues to be to maintain its capital strength, including a robust surplus over regulatory capital requirements and it remains committed to returning surplus regulatory capital in excess of needs to Shareholders, aligned to its capital allocation framework. The Board will consider the trading performance and financial position of the Group, as well as prevailing market conditions and outlook, in determining the level of ordinary dividend to be declared at the time of the Company's interim results in July 2020.

Total dividends for the year ended 31 December 2019 were 17.1 pence per Ordinary Share (2018: 28.5 pence).

## PART III

### INFORMATION ON THE MERIAN GROUP

*The following information should be read in conjunction with the information appearing elsewhere in this Prospectus, including the financial and other information in Part V (Historical Financial Information relating to the Merian Group).*

#### 1. BUSINESS OVERVIEW

The Merian Group is a leading independent, global asset management firm which utilises an active high-conviction investment strategy. The Merian Group distributes its products to wholesale, retail and institutional investors in the UK, EMEA (excluding the UK), the Americas and Asia. The Merian Group provides world-class investment expertise across virtually all major asset classes, in addition to highly-regarded capabilities in a number of specialist areas, offering a broad range of fundamental and systematic active fund strategies, with the largest strategies being global equities and UK equities. In addition, the Merian Group has strong capabilities in fixed income, European equities, Asian equities, alternatives and global asset allocation.

The Merian Group's purpose and objective is to help its clients meet their long-term financial objectives and aspirations by investing their assets in a responsible way and delivering sustainable value to them. In order to meet the high expectations of its clients and their advisers, the Merian Group focuses on identifying and maintaining intelligent and repeatable ways in which to generate positive investment outcomes. It approaches this work in a way that enables it to have a positive impact on its clients, employees and society through the implementation of its "responsible business principles".

As at 31 December 2019, the Merian Group had AUM of £22.4 billion, including £16.4 billion in equities, £1.8 billion in fixed income and £4.9 billion in alternatives and asset allocation. In common with other asset management businesses (including the Group), the Merian Group's AUM and financial performance for the year to date has been adversely affected principally by the coronavirus (Covid-19) outbreak which has resulted in a fall in its AUM to £15.7 billion as at 31 March 2020.

#### 2. HISTORY AND DEVELOPMENT

Set out below are some of the key milestones in the Merian Group's development.

- In the late 1990's and early 2000's, the origins of parts of the Merian business (including the Global Systematic Equities and the UK Small and Mid-Cap Equities desks) were formed from the acquisitions and mergers of a number of UK stockbroking businesses by the South African financial services firm, Old Mutual plc. The business now known as Merian traded as Old Mutual Asset Managers ("OMAM") as part of Old Mutual plc. A number of the Merian Group's current senior investment professionals joined the business during this time.
- In 2012, OMAM merged with another asset management subsidiary of Old Mutual plc, Skandia Investment Group, to form Old Mutual Global Investors ("OMGI").
- In 2014, OMGI won the Investment Week Global Group of the Year award. Its distribution representation in the Americas was significantly enhanced, and it launched its European (ex-UK) small and mid-cap equity capability.
- In 2015, OMGI opened offices in Edinburgh and Zurich broadening its international distribution footprint.
- In 2016, OMGI further expanded its investment capability with the launching of its gold and silver, UK mid-and small-cap liquid alternative and style premia funds. Its international reach was further expanded through the opening of an office in Singapore, in addition to key distribution hires covering Italy, Singapore and China.
- In 2017, OMGI opened an office in Milan, further deepening its Italian distribution. It made further expansions in its investment capabilities through the launches of systematic positive skew managed futures, financials contingent capital, strategic absolute return bonds and US equity income capabilities. The global emerging market equity team joined OMGI leading to the launch of its emerging markets capability. Old Mutual plc announced of the sale of OMGI's single-strategy business to OMGI senior management and funds operated by TA Associates, which created the Merian business.

- In 2018, the sale of the OMGI single-strategy business to OMGI senior management and funds operated by TA Associates was completed to form Merian. A memorandum of understanding was signed with Ping An of China Asset Management (HK) Co. Ltd and management of the China equity fund was delegated to Ping An. Sarah Bates was appointed chairwoman. Merian also listed its first private investment vehicle, Merian Chrysalis Investment Company Limited, on the London Stock Exchange.
- In 2019, Mark Gregory was appointed chief executive and the range of investment capabilities was broadened to nine with the addition of the Global Asset Allocation team.

### 3. KEY STRENGTHS

#### 3.1 *Strong investment performance driven by established fund managers*

The Merian Group had approximately £15.7 billion in AUM as at 31 March 2020 and exhibited a track record of strong investment performance. Its performance has been driven by experienced, well-established fund managers that bring world-class investment expertise across virtually all major asset classes. The Merian Group's fund managers have a combined 730 years of investment experience, and their performance has been recognised by independent rating agencies and the receipt of multiple industry awards.

#### 3.2 *Broad distribution globally*

A key strength of the Merian Group's business is its ability to distribute its products globally to a wide investor base. Merian distributes its products to wholesale, retail and institutional investors in the UK, EMEA (excluding the UK), the Americas and Asia. Its capabilities and products are distributed to its clients globally with specialised distribution teams operating out of five offices in London, Zurich, Milan, Hong Kong and Singapore. In addition, partnership arrangements with key third parties also provides access to the Taiwanese and North American (offshore) markets.

#### 3.3 *Attracts and retains highly talented investment professionals*

The Merian Group's people are its most important asset and providing them with a working environment that enables them to perform their jobs to the best of their abilities in turn provides the best outcomes for its clients. The Merian Group employs highly talented investment professionals who are independent thinkers, giving them freedom to perform within a strong governance framework to meet its clients' needs. By not restricting its staff with a 'house view', the Merian Group enables its investment teams to employ their own proven approach in their particular investment universe backed up by a high quality operational and distribution capability and within a robust risk management framework.

The Merian Group's culture of empowerment and accountability, along with a strong programme of professional development and support has contributed to stability and continuity within its investment teams. This stability has been the case for both 'home-grown' teams that have developed within one of the Merian Group's predecessor organisations, as well as those teams that have joined the business following its formation, attracted by the environment the Merian Group has created.

The Merian Group places considerable emphasis on maintaining a diverse workforce. Many of the people who have joined the business have spent decades working in large, established firms, while others have joined much earlier in their careers, and from a wide variety of backgrounds.

#### 3.4 *Open and motivating culture*

The Merian Group's culture is a key strength of the business as it has sought to foster a passion for excellence in both investment and service by creating a culture that is open, collaborative, motivated, ambitious and friendly, which avoids silos amongst its teams. It utilises an open-plan office set up that facilitates the free exchange of ideas and creates a sense of energy and excitement amongst its staff. It fosters an ambitious culture that strives to be the leading firm in the markets in which it operates, without taking its clients' support for granted.

#### 3.5 *Efficient operating model*

A key strength of the Merian Group's business has been its efficient operating model, which distinguishes it from other asset managers of a similar size. As a relatively recent business, the Merian Group benefits from having a focused line of products and focused distribution. As it has not historically relied on a significant amount of inorganic acquisition-led growth, it has been able to successfully operate all of its systems on a single platform.

#### 4. BUSINESS LINES AND PRODUCTS

The Merian Group has a single investment platform, comprising 55 investment professionals as at 31 December 2019, all of whom are based in London, focused on generating investment outperformance across the Merian Group's range of investment capabilities. Management of the Merian Group's China Equity fund is currently outsourced to Ping An. These capabilities are offered to the Merian Group's clients through a range of funds and products and into a variety of markets.

The Merian Group's principal market is the UK mutual fund market, which accounted for approximately 52 per cent. of AUM at 31 March 2020. The Merian Group also offers funds and services into other markets, including the international mutual funds markets and manages other vehicles including segregated mandates and investment trusts.

The table below sets out the breakdown of AUM by business line as at the dates indicated:

Business line	As at 31 March	As at 31 December		
	2020	2019	2018	2017
		<i>£ million</i>		
Mutual funds .....	13,304	19,386	26,439	28,126
Segregated mandates .....	2,124	2,705	2,345	1,759
Investment trusts .....	226	314	80	—
<b>Total .....</b>	<b>15,655</b>	<b>22,405</b>	<b>28,863</b>	<b>29,886</b>

The table below sets out the breakdown of net sales by business line over the three years ended 31 December 2019 and the three months ended 31 March 2020:

Business line	As at 31 March	As at 31 December		
	2020	2019	2018	2017
		<i>£ million</i>		
Mutual funds .....	(2,590)	(9,112)	891	5,617
Segregated mandates .....	(8)	(15)	672	(40)
Investment trusts .....	—	207	77	—
<b>Total .....</b>	<b>(2,598)</b>	<b>(8,920)</b>	<b>1,640</b>	<b>5,577</b>

The table below sets out the breakdown of AUM by distribution channel as at the dates indicated, based on the location of the client or intermediary through which the business is received:

Channel	As at 31 March		As at 31 December					
	2020		2019		2018		2017	
	<i>£ million</i>	%	<i>£ million</i>	%	<i>£ million</i>	%	<i>£ million</i>	%
UK .....	9,553	61	13,638	61	15,055	52	15,687	52
Europe & Middle East .....	1,800	12	3,050	14	6,628	23	6,986	23
Americas .....	387	2	529	2	1,267	4	862	3
Asia .....	384	2	559	2	785	3	708	2
International .....	915	6	1,123	5	1,157	4	1,034	3
Institutional .....	201	1	237	1	427	1	550	2
Quilter .....	2,416	15	3,271	15	3,544	12	4,058	14
<b>Total .....</b>	<b>15,655</b>	<b>100</b>	<b>22,408</b>	<b>100</b>	<b>28,863</b>	<b>100</b>	<b>29,886</b>	<b>100</b>

### ***Mutual funds***

The Merian Group's mutual fund offering comprises UK-domiciled OEICs as well as Republic of Ireland and Cayman Islands domiciled funds. The Merian Group also offers a single Guernsey-domiciled investment trust. These structures are primarily designed for intermediated investors, although institutional investors may also choose to invest through them.

The UK mutual fund market, which represented approximately £8.1 billion of the Merian Group's AUM as at 31 March 2020, is the Merian Group's largest market. The Merian Group has built a strong position, being ranked the twentieth largest fund manager of UK mutual funds by AUM as at December 2019 in the wholesale market (Source: The Investment Association).

Rather than relying exclusively on a limited number of funds, the Merian Group manages a broad range of mutual funds that encompass a variety of investment categories in a diverse range of investment sectors such as UK All Companies, £ Strategic Bond, Asia Pacific (ex-Japan), Global Emerging Markets and Targeted Absolute Return Bond.

### ***Segregated mandates***

The Merian Group has established relationships with local government institutional clients, investment consultants, banks, insurance companies, sovereign wealth funds, pension funds (both corporate and public sector), family offices, charities and foundations.

The Merian Group's segregated mandate accounts are primarily institutional and sub-advisory clients. As at 31 March 2020, the Merian Group managed a total of £2.1 billion of AUM for segregated mandates, of which approximately 49 per cent. was invested in UK equities.

The table below sets out the Merian Group's segregated AUM as at the dates indicated:

	<b>As at 31 March</b>	<b>As at 31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
		<i>£ million</i>		
Segregated mandates .....	2,124	2,705	2,345	1,759

### ***Investment trusts***

The Merian Group currently manages one investment trust with an AUM of £226 million as at 31 March 2020.

The table below sets out the Merian Group's investment trust AUM as at the dates indicated:

	<b>As at 31 March</b>	<b>As at 31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
		<i>£ million</i>		
Investment Trust .....	226	314	80	n/a

## **5. INVESTMENT CAPABILITY, PROCESS AND PERFORMANCE**

### **5.1 *Philosophy and culture***

The Merian Group is a diversified global asset management firm with world-class investment expertise across virtually all major asset classes, in addition to highly-regarded capabilities in a number of specialist strategies. As an investment-led business, it strives to deliver investment strategies that are truly differentiated from those available elsewhere. As such, it is resolutely committed to active investment management; it targets a high "active share" among its long-only strategies, and its absolute return strategies are expected to deliver on their commitments, while offering return profiles with a low correlation with other absolute return strategies. The Merian Group's investment approach is distinct from most other asset managers, in that it does not impose a 'house view' on its fund managers. Instead, the Merian Group encourages its fund managers to make high-conviction investments and pursue strategies that add risk-adjusted value to investors.



## 5.2 *Investment capabilities and process*

The Merian Group has nine investment desks: UK Large Cap Equities; UK Small and Mid-Cap Equities; Global Systematic Equities; European (ex-UK) Small and Mid-Cap Equities; Global Emerging Markets Equity; Fixed Income; Gold and Silver; Systematic Positive Skew; and Global Asset Allocation.

### *UK Large Cap Equities*

The Merian Group's UK Large-Cap Equities team employs a twofold investment approach, which is based on fundamental research into the companies in which it invests, focussing on their prospects over the long-term and seeking to identify both winning business models and significant turnaround situations, and a patient, long-term time horizon. This approach contrasts with the approach taken by many investors which is to focus on the immediate outlook for companies and their share prices, which tend to be driven by quarterly result statements and current trading, together with concerns about the immediate direction of macroeconomic indicators.

### *UK Small and Mid-Cap Equities*

The Merian Group's multi-award winning Small and Mid-Cap UK Equities team's investment approach is based on the belief that its universe of companies is less well researched than large companies, which results in share price inefficiencies. The team therefore employs a flexible style encompassing, for example, a willingness to hold value and/or growth stocks, depending on market conditions and outlook, with the aim of generating sustained outperformance. The team makes extensive use of external (top-down and bottom-up) input and overlays this with its own detailed analytical work to identify potential investment opportunities.

### *Global Systematic Equities*

The Merian Group's Global Systematic Equities team offers capabilities in long-only global, North American, European and Asian (ex-Japan) equities, in addition to a long/short, market-neutral global equity absolute return strategy. The team runs systematically driven, highly diversified, equity strategies which employ a flexible approach with no style bias. The strategies benefit from a five-factor proprietary stock selection model, with the intention of creating portfolios that have the potential to be genuinely uncorrelated with peers. The approach offers access to a large opportunity set, underscored by a demonstrably repeatable, dispassionate process, with an active human overlay.

The team focusses on investments in markets which are considered to not be fully efficient and where stock prices often diverge from their fundamental value due to investors' behavioural biases. The investment process seeks to exploit these biases in a dynamic and efficient way, pursuing outperformance driven principally by bottom-up stock selection. The team also employs a strategy which is flexible, so that the prevailing conditions and outlook can be incorporated, thus ensuring the greatest scope for sustained outperformance.

### *European (ex-UK) Small and Mid-Cap Equities*

The Merian Group's European (ex-UK) Small and Mid-Cap Equities team eschews a predetermined style bias, preferring instead to run concentrated portfolios with a high degree of conviction. In the case of smaller companies, the team exploits what are considered to be the most inefficient and under researched parts of the European equities market.

### *Global Emerging Markets Equities*

The Merian Group's Global Emerging Markets Equities team covers a broad investment universe across the emerging markets and narrows down stock selection using rigorous screening techniques that combine a fundamental research-based approach with a broader macro view. The result is a highly active concentrated portfolio of approximately 40 holdings.

### *Fixed Income*

The Merian Group's fixed income team offers capabilities in global multi-sector bonds (including both absolute-return and market-relative strategies), corporate bonds (including financials contingent capital bonds) and both local and hard-currency emerging market bonds. The portfolio managers and analysts who specialise in these areas collaborate to share ideas on strategy, positioning and research, as well as developing a holistic view of the fixed income market. This collaborative structure is pivotal to the team's investment philosophy that having specialists in each of the major areas of fixed income, who work closely with one another, is crucial to finding value in increasingly interconnected markets.

### *Gold and Silver*

The Merian Group's Gold and Silver team's strategy blends exposure to gold and silver bullion with gold and silver mining shares, which are typically found in the mid-cap area. The actual blend of gold to silver is dependent on the portfolio manager's outlook for precious metals. Under a bullish scenario, the portfolio manager will typically overweight silver and underweight gold bullion. The reverse is generally true under a bearish scenario.

### *Systematic Positive Skew*

The Merian Group's Systematic Positive Skew team employs a strategy of using options-market data to analyse futures contracts, is wholly systematic and aims to benefit from skewed market reactions.

### *Global Asset Allocation*

The Merian Group's Global Asset Allocation team offers investors a flexible systematic approach with built-in diversification, particularly through the Merian Global Dynamic Allocation Fund which invests directly (rather than through other funds) across four diverse asset classes: equities, bonds, currencies, and commodities. Unlike traditional global asset allocation funds, which are often constrained, the Merian Global Dynamic Allocation Fund is flexible. It can adjust its allocation to equities, typically between 80 per cent. and 20 per cent., and it is not constrained by narrow asset allocation bands. The team's process combines deep quantitative macro fundamental analysis, with the resulting data interpreted by its experienced managers.

The Merian Global Dynamic Allocation Fund seeks to avoid exposure to harmful business practices and products, and unlike funds which invest in exchange-traded funds, the fund buys equities directly. This means it is able to exclude companies based on business practices and products determined to be harmful to the environment and society. Exclusions include industries such as tobacco and controversial weapons, as well as companies causing severe environmental damage or involved in serious violations of ethical norms and human rights.

## **5.3 *Investment risk management and performance review***

Risk management is integral to the investment process. The Merian Group's independent Investment Risk team of five professionals monitor the investment risk landscape across all of the Merian Group's portfolios and report directly to the Head of Investment Risk. In addition to the risk limits embedded in the investment process, the Investment Risk team uses a market-leading risk management system (MSCI Risk Metrics) to support the Merian Group's risk management processes. The Investment Risk team can add new metrics to this system as markets change and the portfolio managers' strategies evolve. In addition, they regularly review the validity of their risk model using daily data and make adjustments as appropriate.

## **5.4 *Investment performance***

The Merian Group's investment performance track record is strong for the majority of its funds and products. As at 31 December 2019, nine mutual funds, representing approximately 28 per cent. of mutual fund AUM, had delivered first quartile investment performance over a three-year period and approximately 40 per cent. of mutual fund AUM, had delivered first quartile investment performance over a five-year period.

The table below sets out a detailed analysis of the investment performance of the Merian Group's mutual funds by quartile ranking weighted by AUM for the one, three and five-year periods ended 31 December 2019:

	Quartile ranking		
	1 year	3 years	5 years
<b>Fund performance</b>			
1st quartile.....	5,387m	5,480m	7,754m
2nd quartile .....	4,054m	4,165m	7,038m
3rd quartile .....	1,620m	4,979m	2,419m
4th quartile .....	7,094m	3,531m	835m
Number of funds included in analysis.....	31	31	30
AUM included in analysis (£ billion) .....	18.2	18.2	18
Percentage of total Group AUM included in analysis.....	80%	80%	80%

Source: Performance (CEO Report 1-Pager Support); Finance (Dec-19 AUM & Sales Report)

The table below sets out a detailed analysis of the investment performance of the Merian Group's mutual funds by quartile ranking by number of funds for the one, three and five-year periods ended 31 December 2019:

	Quartile ranking		
	1 year	3 years	5 years
<b>Fund performance</b>			
1st quartile.....	10	9	10
2nd quartile .....	7	7	7
3rd quartile .....	7	7	4
4th quartile .....	7	8	9
<b>Total</b> .....	31	31	30

Source: Performance (CEO Report 1-Pager Support)

The table below sets out the percentage of mutual fund AUM ranked in the first and second quartiles over the three-year periods ended on the dates indicated:

	Three years ended 31 December		
	2019	2018	2017
<b>Fund performance</b>			
1st quartile.....	28%	31%	73%
2nd quartile .....	21%	37%	2%

Source: Performance; Morningstar

The table below sets out a detailed analysis of the investment performance of those six funds within the Merian Group that are in excess of £1 billion as at 31 December 2019 and quartile ranking:

Funds	Quartile ranking				
	AUM	Since launch	1 year	3 years	5 years
	<i>£ million</i>				
UK Mid Cap.....	3,424	1	1	1	1
Global Equity Absolute Return (GEAR).....	2,888	1	4	4	2
North American Equity .....	2,606	1	4	3	2
UK Alpha.....	1,803	2	2	2	3
UK Smaller Companies.....	1,352	1	2	2	1
Global Equity.....	1,152	1	4	3	1

Source: Finance (AUM); Offshore and Onshore Funds Snapshot Report 31.12.2019 (Quartile)

The table below sets out a detailed analysis of the investment performance of the Merian Group's mutual funds relative to benchmark weighted by AUM for the one, three and five-year periods ended 31 December 2019:

	Relative to benchmark		
	1 year	3 years	5 years
<b>Fund performance</b>			
Above (£ millions).....	6,970	5,939	7,299
Below (£ millions).....	12,476	13,194	10,853
Number of funds included in analysis.....	36	34	31
AUM included in analysis (£ billions).....	19.4	19.1	18.2
Percentage of total Group AUM included in analysis.....	86%	85%	80%

Source: Performance (CEO Report 1-Pager Support); Finance (Dec-19 AUM & Sales Report)

The table below sets out a detailed analysis of the investment performance of the Merian Group's mutual funds relative to benchmark by number of funds for the one, three and five-year periods ended 31 December 2019:

	Relative to benchmark		
	1 year	3 years	5 years
<b>Fund performance</b>			
Above .....	19	13	7
Below .....	17	21	24
<b>Total.....</b>	<b>36</b>	<b>34</b>	<b>31</b>

Source: Performance (CEO Report 1-Pager Support)

## 6. APPROACH TO STEWARDSHIP

The Merian Group places significant emphasis on responsible investment. The Merian Group seeks to invest and behave in a responsible way, building and maintaining positive relationships with its key stakeholders. To implement its responsible investment strategy, each investment desk has its own responsible investment policy aligned with its investment style, guided by Merian's experienced in-house responsible investment team. The Merian Group also seeks to exemplify the behaviours it expects of the companies it invests in, wherever practicable. This means acting transparently and with integrity, looking after its colleagues, treating its customers and suppliers fairly, managing its environmental impact and contributing to the communities in which it operates.

7. **SALES AND MARKETING**

The Merian Group's clients include many of the world's largest and most sophisticated financial institutions, including global banks, insurers, multi-asset fund managers, sovereign wealth funds, pension funds, and retail financial advisers.

Its specialised distribution teams support its clients globally from offices in London, Zurich, Milan, Hong Kong and Singapore. The Merian Group has dedicated teams to support the following regions: the Americas; Asia-Pacific; France and Benelux; Germany, Switzerland and Austria; Iberia; Italy; Middle East; Nordics; South Africa; and the United Kingdom.

The Merian Group's distribution coverage in the Americas is exclusively managed through the AMCS Group, a separate, independently owned company, whose directors and senior staff have a long history of marketing the Merian Group's funds. The AMCS Group has offices in Miami and Montevideo.

The Merian Group's distribution coverage in Taiwan is through its partnership with locally-based Capital Gateway, one of the leading master agents operating in the Taiwanese market, and with which Merian has enjoyed a long-standing relationship.

The Merian Group has won over 90 industry awards since 2014 and has established a real presence in the markets in which it operates. The quality of its fund managers, their teams and its performance is recognised by independent rating agencies and endorsed by the investment awards the Merian Group has won.

8. **CURRENT TRADING, TRENDS AND PROSPECTS**

For a description of the Merian Group's current trading and prospects, please see paragraph 12 of Part II (*Information on the Group*) of this Prospectus.



## PART IV

### HISTORICAL FINANCIAL INFORMATION RELATING TO THE GROUP

The audited consolidated financial for the year ended 31 December 2019, information of the Group for the year ended 31 December 2019, together with the audit report thereon, is set out in the Annual Report 2019, of which the sections set out below are incorporated by reference into and form part of, this Prospectus.

<b>Information incorporated by reference into this Prospectus</b>	<b>Page number in Annual Report 2019</b>
Consolidated Income Statement .....	108
Consolidated Statement of Comprehensive Income .....	108
Notes to the Group Financial Statements – Income Statement.....	109 – 116
Consolidated Statement of Cash Flows.....	117
Notes to the Group Financial Statements – Consolidated Statement of Cash Flows.....	118
Consolidated Balance Sheet .....	119
Notes to the Group Financial Statements – Assets and Liabilities	120 – 126
Consolidated Statement of Changes in Equity.....	127
Notes to the Group Financial Statements – Equity .....	128
Notes to the Group Financial Statements – Other .....	129 – 139
Company Balance Sheet.....	140
Company Statement of Cash Flows .....	141
Company Statement of Changes in Equity .....	142
Notes to the Company Financial Statements .....	143 – 145
Independent auditors’ report.....	146 – 152

The consolidated financial statements for the year ended 31 December 2019 were prepared in accordance with IFRS as adopted by the European Union and in accordance with the Companies Act, were audited and the audit report was unqualified.

## PART V

### HISTORICAL FINANCIAL INFORMATION RELATING TO THE MERIAN GROUP

#### SECTION A:

#### ACCOUNTANT'S REPORT IN RESPECT OF THE HISTORICAL FINANCIAL INFORMATION RELATING TO THE MERIAN GROUP



The Directors  
Jupiter Fund Management plc  
The Zig Zag Building  
70 Victoria Street  
London SW1E 6SQ  
United Kingdom

J.P. Morgan Securities plc (the “Sponsor”)  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

29 June 2020

Dear Ladies and Gentlemen

#### **Merian Global Investors Limited (“Merian”)**

We report on the financial information of Merian for the three years ended 31 December 2019 set out in Section B of this Part V entitled “*Historical Financial Information relating to the Merian Group*” below (the “**Merian Financial Information Table**”). The Merian Financial Information Table has been prepared for inclusion in the prospectus dated 29 June 2020 (the “**Prospectus**”) of Jupiter Fund Management plc (the “**Company**”) on the basis of the accounting policies set out in note 2 to the Merian Financial Information Table. This report is required by item 11.2.1 of Annex 3 to the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

#### **Responsibilities**

The Directors of the Company are responsible for preparing the Merian Financial Information Table in accordance with the basis of preparation set out in note 2.1 to the Merian Financial Information Table.

It is our responsibility to form an opinion as to whether the Merian Financial Information Table gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 3 to the PR Regulation, consenting to its inclusion in the Prospectus.

#### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the

amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to Merian's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion**

In our opinion, the Merian Financial Information Table gives, for the purposes of the Prospectus dated 29 June 2020, a true and fair view of the state of affairs of Merian as at the dates stated and of its income/ losses, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2.1 to the Merian Financial Information Table.

### **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 3 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

## SECTION B:

### HISTORICAL FINANCIAL INFORMATION RELATING TO THE MERIAN GROUP

#### Combined and Consolidated Statement of Comprehensive (Loss) / Income

For the year ended 31 December

	Notes	2019	2018	2017
		£'000	£'000	£'000
Revenue.....	7	232,770	291,959	398,561
Fees and commission expenses.....	9	(52,765)	(67,829)	(61,641)
Net revenue.....		180,005	224,130	336,920
Administrative expenses.....	10	(114,483)	(172,765)	(181,272)
Transaction costs.....	14	—	(16,796)	—
Amortisation of intangible assets.....	20	(36,546)	(18,292)	(2,388)
Operating profit.....		28,976	16,277	153,260
Finance income.....	16	363	510	165
Finance expense.....	17	(43,065)	(23,879)	—
<b>(Loss)/profit before tax.....</b>		<b>(13,726)</b>	<b>(7,092)</b>	<b>153,425</b>
Income tax expense.....	18	(3,071)	(6,881)	(29,725)
<b>(Loss)/profit for the year.....</b>		<b>(16,797)</b>	<b>(13,973)</b>	<b>123,700</b>
Other comprehensive loss, net tax.....		(550)	(150)	—
<b>Total comprehensive (loss)/income for the year.....</b>		<b>(17,347)</b>	<b>(14,123)</b>	<b>123,700</b>
<b>(Loss)/income attributable to equity holders.....</b>		<b>(17,347)</b>	<b>(14,123)</b>	<b>123,700</b>

The notes on pages 97 to 126 are an integral part of the combined and consolidated historical financial information.

## Combined and Consolidated Balance Sheet

As at 31 December

	Notes	2019	2018	2017
		£'000	£'000	£'000
<b>Non-Current Assets</b>				
Goodwill .....	19	263,429	262,964	—
Intangible assets .....	20	127,875	164,421	39
Property, plant and equipment .....	21	17,169	60	176
Deferred acquisition costs .....		2,509	3,694	4,395
Deferred tax assets .....	22	6,044	6,639	9,441
Other receivables .....	24	103	—	—
		<b>417,129</b>	<b>437,778</b>	<b>14,051</b>
<b>Current Assets</b>				
Other receivables .....	24	27,841	27,916	232,510
Financial assets through profit or loss .....	23	36,621	31,016	499
Cash and cash equivalents .....	25	121,277	138,117	147,393
		<b>185,739</b>	<b>197,049</b>	<b>380,402</b>
<b>TOTAL ASSETS .....</b>		<b>602, 868</b>	<b>634,827</b>	<b>394,453</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital .....	31	5,155	5,152	—
Share premium .....		15,205	15,196	—
Foreign currency translation reserve .....	33	(700)	(150)	—
Retained earnings .....	33	(42,966)	(26,169)	—
Invested capital .....	31	—	—	156,121
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS .....</b>		<b>(23,306)</b>	<b>(5,971)</b>	<b>156,121</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans and borrowings .....	26	156,808	196,404	—
Preference shares .....	32	334,649	304,227	—
Deferred tax liability .....	28	21,739	27,950	—
Other payables .....	27	16,368	—	—
		<b>529,564</b>	<b>528,581</b>	<b>—</b>
<b>CURRENT LIABILITIES</b>				
Current tax liability .....		5,617	5,870	33,345
Other payables .....	27	90,993	106,347	204,987
		<b>96,610</b>	<b>112,217</b>	<b>238,332</b>
<b>TOTAL LIABILITIES .....</b>		<b>626,174</b>	<b>640,798</b>	<b>238,332</b>
<b>TOTAL EQUITY AND LIABILITIES .....</b>		<b>602,868</b>	<b>634,827</b>	<b>394,453</b>

The notes on pages 97 to 126 are an integral part of the combined and consolidated historical financial information.



## Combined and Consolidated Statement of Changes in Equity

	Share capital	Share Premium	Invested Capital	Foreign currency translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>As at 1 January 2019</b> .....	5,152	15,196	—	(150)	(26,169)	(5,971)
Issue of share capital .....	3	9	—	—	—	12
Loss for the year .....	—	—	—	—	(16,797)	(16,797)
Translation loss .....	—	—	—	(550)	—	(550)
<b>As at 31 December 2019</b> .....	<b>5,155</b>	<b>15,205</b>	<b>—</b>	<b>(700)</b>	<b>(42,966)</b>	<b>(23,306)</b>

	Share capital	Share Premium	Invested Capital	Foreign currency translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>As at 1 January 2018</b> .....	—	—	156,121	—	—	156,121
Profit for the six-month period .....	—	—	12,196	—	—	12,196
Dividends paid .....	—	—	(35,696)	—	—	(35,696)
In specie dividend paid .....	—	—	(9,100)	—	—	(9,100)
Eliminate reserves of Merian Global Investors Holdings Limited as at 29 June 2018 .....	—	—	(123,521)	—	—	(123,521)
Issue of share capital .....	-5,152	-15,196	—	—	—	-20,348
<b>As at acquisition 29 June 2018</b> .....	<b>5,152</b>	<b>15,196</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>20,348</b>
Loss for the period .....	—	—	—	—	(26,169)	(26,169)
Translation loss .....	—	—	—	(150)	—	(150)
<b>As at 31 December 2018</b> .....	<b>5,152</b>	<b>15,196</b>	<b>—</b>	<b>(150)</b>	<b>(26,169)</b>	<b>(5,971)</b>

	Share capital	Share Premium	Invested Capital	Foreign currency translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>As at 1 January 2017</b> .....	—	—	76,940	—	—	76,940
Profit for the year .....	—	—	123,700	—	—	123,700
Share-based payments .....	—	—	252	—	—	252
Dividends paid .....	—	—	(44,771)	—	—	(44,771)
<b>As at 31 December 2017</b> .....	<b>—</b>	<b>—</b>	<b>156,121</b>	<b>—</b>	<b>—</b>	<b>156,121</b>

The notes on pages 97 to 126 are an integral part of the combined and consolidated historical financial information.

## Combined and Consolidated Statement of Cash flows

For the year ended 31 December

	2019	2018	2017
	£'000	£'000	£'000
(Loss) / profit before tax .....	(13,726)	(7,092)	153,425
Depreciation and amortisation .....	38,522	21,641	804
Impairment .....	—	—	1,783
Decrease / (increase) in receivables .....	10,787	204,592	(119,710)
(Decrease) / increase in payables .....	(27,982)	(98,638)	88,925
Finance costs .....	43,065	23,879	—
Finance income .....	(363)	(512)	(165)
Other losses / (gains) .....	110	(755)	(3,570)
Tax and group relief paid .....	(8,897)	(34,643)	(5,879)
<b>Net cash from operating activities .....</b>	<b>41,516</b>	<b>108,472</b>	<b>115,613</b>
<b>INVESTING ACTIVITIES</b>			
Interest received .....	363	512	143
Net (purchase) / sale of investments .....	(5,684)	(30,932)	39
Business combinations in the year .....	(465)	(540,000)	—
<b>Net cash (used in) / from investing activities .....</b>	<b>(5,786)</b>	<b>(570,420)</b>	<b>182</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid .....	—	(35,696)	(44,771)
Repayment of lease liabilities and borrowings .....	(1,961)	—	—
Interest and bank charges paid .....	(11,272)	(7,597)	—
Issue of share capital .....	—	20,348	—
Issue of preference share capital .....	—	289,551	—
Debt issue .....	—	235,000	—
Debt repaid .....	(38,790)	(40,000)	—
Finance arrangement costs .....	—	(9,282)	—
<b>Net cash used in / from financing activities .....</b>	<b>(52,023)</b>	<b>452,324</b>	<b>(44,771)</b>
<b>Net (decrease) / increase in cash and cash equivalents .....</b>	<b>(16,293)</b>	<b>(9,624)</b>	<b>71,024</b>
Foreign exchange movement on cash .....	(547)	348	(454)
<b>Cash and cash equivalents at beginning of the year .....</b>	<b>138,117</b>	<b>147,393</b>	<b>76,823</b>
<b>Cash and cash equivalents at end of the year .....</b>	<b>121,277</b>	<b>138,117</b>	<b>147,393</b>

The notes on pages 97 to 126 are an integral part of the combined and consolidated historical financial information.

## Notes to the Combined and Consolidated Historical Financial Information relating to the Merian Group

### 1. GENERAL INFORMATION

Merian Global Investors Limited (“**Merian**”) is a private limited company incorporated in Jersey with registered number 125325. Merian is the holding company for the Merian Group as defined below. Merian was incorporated on 7 December 2017 and began operations on 29 June 2018. The address of its registered office is 47 Esplanade, St Helier, JE1 08D, Jersey.

The primary business of the Merian Group is to deliver strong investment performance through active investment management.

On 19 December 2017, Quilter Group Plc (“**Quilter Group**”) announced it had agreed to sell the single strategy business of Old Mutual Global Investors Group (the “**OMGI Group**”). On 29 June 2018, Merian, through its subsidiary Merian Global Investors (Finance) Limited acquired Old Mutual Global Investors Holding Limited and its subsidiaries. In October 2018, Old Mutual Global Investors Holdings Limited changed its name to Merian Global Investors Holdings Limited. Merian Global Investors Holding Limited was previously the holding company of the Merian Group described below, and is a company incorporated and domiciled in England and Wales.

On 17 February 2020, Jupiter Fund Management plc (the “**Company**”) announced the proposed acquisition of the Merian Group (the “**Acquisition**”). The Acquisition, which is subject to regulatory and shareholder approval, is expected to complete on 1 July 2020.

### 2. SUMMARY OF ACCOUNTING POLICIES

This historical financial information has been prepared to reflect the historical financial performance of the Merian Group, applying accounting policies consistent with those used by the Company in the Company’s annual report for the year ended 31 December 2019.

The principal accounting policies applied in the preparation of this combined and consolidated historical financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The constituent parts of the Merian Group’s results for the periods presented are also explained below.

#### 2.1 Basis of preparation

The historical financial information has been prepared on the basis of the Acquisition which was announced on 17 February 2020. In respect of certain matters, such as the going concern basis of preparation and the accounting policies of the Company, it takes into account the appropriate considerations of the Enlarged Group. The Acquisition, which is subject to regulatory and shareholder approval, is expected to complete on 1 July 2020.

For the purposes of this historical financial information, the term “**Merian Group**” refers to the carve-out combined and consolidated historical financial information of Merian Global Investors Holdings Limited and its subsidiaries prior to 29 June 2018 (the date of the acquisition of Merian and its subsidiaries) and subsequent to 30 June 2018 to 31 December 2019 of Merian and its consolidated subsidiaries.

This combined and consolidated historical financial information therefore presents the financial results for those businesses that were part of the Merian Group as at and for the years ended 31 December 2017, 31 December 2018 and 31 December 2019.

This combined and consolidated historical financial information has been prepared in accordance with the requirements of the Prospectus Regulation, the Listing Rules, those parts of the Companies Act applicable to companies reporting under IFRS and in accordance with the basis of preparation set out below.

The basis of preparation describes how the historical financial information has been prepared in accordance with IFRS except as described below.

IFRS does not provide for the preparation of combined and consolidated financial information and, accordingly, in preparing the combined and consolidated historical financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars, as described in the Annexure to SIR 2000 (Investment Reporting Standards applicable to public reporting engagements on historical financial information) issued by the Auditing Practices Board, have been applied.

Due to its nature, and specific basis of preparation, the combined and consolidated historical financial information as at and for the years ended 31 December 2017 and 31 December 2018 is not in full compliance with IFRS presentation and disclosure requirements.

Earnings per share, as required by IAS 33 “Earnings per share” has only been disclosed for the 6 months ended 31 December 2018 and the year end 31 December 2019, given that the historical financial information has not been prepared on a consolidated basis throughout the periods presented (as further explained in note 15).

This combined historical financial information is presented in pounds thousands of sterling (“£000”) and has been prepared under the historical cost convention on the basis of accounting policies disclosed below.

The combined and consolidated historical financial information reflects the following:

(i) For the year ended 31 December 2017

The Merian Group was not a standalone legal group or business of entities for the year ended 31 December 2017. As such, consolidated historical financial information for the year ended 31 December 2017 is derived from the legal entity financial information of the entities in the Merian Group.

The carve-out combined and consolidated historical financial information for the year ended 31 December 2017 has been prepared to present the historical financial results of the single strategy business of the OMGI Group (now the Merian Group).

During 2017, the OMGI Group also managed a range of multi-asset funds. These funds are outside of the scope of the carve-out historical financial information, hence their financial results are excluded from the carve-out historical financial information. Consolidation adjustments have been made to carve-out the results, assets and liabilities attributable to the multi-asset funds business.

The operations, assets and liabilities attributable to the remaining business are derived from the following entities which sat within the OMGI Group and amounts are sourced from the statutory financial statements of each of the following entities:

- Merian Global Investors Holdings Limited (“**MGI Holdings**”) (formerly Old Mutual Global Investors Holdings Limited);
- Merian Global Investors (UK) Limited (“**MGI UK**”) (formerly Old Mutual Global Investors (UK) Limited);
- Merian Global Investors (Switzerland) LLC (“**MGI CH**”) (formerly Old Mutual Global Investors (Switzerland) LLC);
- Merian Global Investors (Singapore) Pte. Ltd (“**MGI SG**”) (formerly Old Mutual Global Investors (Singapore) Pte. Ltd);
- Merian Global Investors (Asia Pacific) Limited (“**MGI AP**”) (formerly Old Mutual Global Investors (Asia Pacific) Limited);
- Quilter Investors Limited (“**QI**”) (formerly Old Mutual Investment Management Limited); and
- Merian Investment Management Limited (“**MIML**”) (formerly OMIFM Limited).

The historical results of the companies have been apportioned to either of the multi-asset funds business and the remaining business in accordance with each separate company’s allocation below:

- As MGI Holdings, MGI AP, MGI CH and MGI SG were allocated 100 per cent. to the remaining business no adjustments were required to the historical results, assets and liabilities of these entities as set out in the individual statutory financial statements. Those individual statutory financial statements prepared under HKFRSs (MGI AP); Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations) (MGI CH) and Singapore Financial Reporting Standards (MGI SG), although not prepared in accordance with IFRS, did not have any material GAAP differences between those accounting frameworks and IFRS. The statutory financial statements for MGI Holdings were already prepared under IFRS.
- MIML was incorporated in 2017 and was dormant for the year.
- In 2017 MGI UK and QI had both multi-asset fund business and remaining business and therefore amounts have been allocated between the relevant businesses to determine the amounts to be included as follows:

**Revenue and Working capital (assets and liabilities):** Allocation of revenue and working capital, between the multi-asset fund business and remaining business was attributed on a fund by fund basis excluding cash positions. All cash held by the entities except QI has been allocated to the remaining business.

**Expenses:** The expenses for the remaining business were derived using two methods. Direct expenses attributable to remaining business were allocated to the relevant fund, desk or cost centre within the remaining business. The remaining expenses that could not be directly allocated to a fund, desk or cost centre were allocated based on apportionment of AUM on a fund by fund basis.

**Other receivables/payables:** Adjustments have been made to recognise separately amounts receivable or payable to/from the excluded multi-asset fund business. Balances between the remaining business entities have been eliminated and those with multi-asset fund entities have been treated as if with third parties.

**Taxes:** Tax charges and liabilities arising on each legal entity that is wholly within the carve-out perimeter have been accounted for and adjustments have been made for the tax effect of items of income or expense carved out of the results of the remaining business (i.e. from the excluded business).

Deferred taxes have been allocated to the legal entities within the carve-out perimeter again with adjustments to carve-out the deferred tax-effect of items of income or expense attributable to the multi-asset business.

**Share capital and reserves:** Share capital and reserves are not presented in this carve-out financial information as there is no sensible basis on which to determine allocation of capital and reserves between these businesses. A single line balance “invested capital” has been included in the balance sheet.

The remaining business benefits from synergies that result from being part of the OMGI Group and, accordingly, this non-statutory combined financial information does not represent the financial performance of the single strategy business as if it had been a standalone entity in the periods presented.

(ii) For the year ended 31 December 2018

The management team of the Merian Group undertook a management buyout in June 2018, establishing the Merian Group as an independent group. Therefore, during the period from 1 January 2018 to 29 June 2018, the entities combined did not constitute a separate legal group. The historical financial information for the year ended 31 December 2018 has therefore been prepared on a basis that combines the results of the Merian Group. The combined and consolidated historical financial information is derived from the following:

- 1) the carve-out combined and consolidated financial information derived from the legal entity financial information of the OMGI Group for the period from 1 January 2018 to 29 June 2018; and
- 2) the consolidated financial information of the Merian Group for the period from 30 June 2018 to 31 December 2018.

The assets and liabilities of the Merian Group were adjusted to fair value as part of the management buyout on 29 June 2018, which impacts the Merian Group’s earnings after this date. Subsequently from 30 June 2018 to 31 December 2018, the consolidated historical financial information reflects Merian and its subsidiaries as at and for the period 30 June 2018 to 31 December 2018.

(iii) For the year ended 31 December 2019

The historical financial information for the year ended 31 December 2019 has been derived from the standalone consolidated historical financial information of the Merian Group.

## 2.2 Basis of control

The Merian Group accounts for business combinations using the acquisition method when control is transferred to the Merian Group. Any goodwill that arises on combination is initially recognised at fair value, and subsequently tested annually for impairment. Transaction costs, except for those incurred in respect of the issue of debt or equity, are expensed as incurred.

Control is achieved when the Merian Group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Specifically, the Merian Group controls an investee if, and only if, the Merian Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and



- the ability to use its power over the investee to affect its returns.

Generally, there is presumption that a majority of voting rights results in control. To support this presumption and when the Merian Group has less than a majority of the voting or similar rights of an investee, the Merian Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Merian Group's voting rights and potential voting rights.

The Merian Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Merian Group obtains control over the subsidiary and ceases when the Merian Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Merian Group gains control until the date the Merian Group ceases to control the subsidiary.

Transactions eliminated on consolidation intra-group balances and transactions, and unrealised income or expenses arising from intra-group transactions are eliminated.

### 2.3 Going concern

This combined and consolidated historical financial information of the Merian Group has been prepared on a going concern basis in the context of its proposed acquisition by the Company, which was announced on 17 February 2020.

The Acquisition, is expected to complete on 1 July 2020.

The Directors have prepared forecasts and budgets which demonstrate the Merian Group's continuing viability and expected profitability on an enlarged basis in the context of the Acquisition. Therefore, no adjustments or disclosures are deemed appropriate or required in this combined and consolidated historical financial information, not is there deemed a requirement to change the basis of preparation given that the going concern assumption remains appropriate in the context of the Acquisition.

The Merian Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the combined and consolidated historical financial information and under a reasonable worst case scenario the is able to meet its financial obligations as they fall due in the context of the Acquisition. As a consequence, the Directors believe that the Merian Group is well placed to manage its business risks successfully.

The uncertainty as to the future impact on the Merian Group of the coronavirus (Covid-19) outbreak has been considered as part of the Merian Group's adoption of the going concern basis.

The Merian Group has experienced a significant reduction in assets under management, including material client outflows, in the first quarter of 2020 (see note 37) and the Directors have considered the potential impact of the coronavirus (Covid-19) outbreak on the Merian Group's results, allowing for the impact of lower revenues arising from lower levels of assets under management.

Management has action plans in place in the event of further reductions in asset values and net client outflows from funds. The implementation of these plans would enable the Merian Group to continue as a going concern in a reasonable worst case scenario, such that the Directors have a reasonable expectation that the Merian Group will continue as a going concern in the context of the Acquisition.

Therefore, this combined and consolidated historical financial information does not include the adjustments that would result if the Merian Group was unable to continue as a going concern.

### 2.4 Functional and presentation currency

Items included in the historical financial information of each of the Merian Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). This combined and consolidated historical financial information is presented in pounds sterling, which is the Merian Group's presentation currency.

### 3. CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

During the year ended 31 December 2019, the following standards, amendments to standards, and interpretations were adopted in the historical financial information.

#### IFRS 16 Leases

The Merian Group has adopted IFRS 16 retrospectively from 1 January 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Merian Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.5 per cent.

#### (i) Practical expedients applied

In applying IFRS 16 for the first time, the Merian Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The Merian Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Merian Group relied on its assessment made applying IAS 17 and IFRIC 4 determining whether an arrangement contains a lease.

#### (ii) Measurement of lease liabilities

	<b>£'000</b>
Capital commitments disclosed as at 31 December 2018	5,109
(Less): discount using the lessee's incremental borrowing rate	(126)
(Less): capital commitments not meeting the criteria of a lease liability	(1,677)
<b>Lease liability recognised as at 1 January 2019</b>	<b>3,306</b>
<b>Of which:</b>	
Current lease liabilities	1,920
Non-current lease liabilities	1,386

#### (iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured using the incremental borrowing rate as on the date of transition. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

Prior to the adoption of IFRS 16, leases were accounted for under IAS 17. Leasing and rental contracts were recognised based on legal ownership. Therefore, any leasing or rental expenses were recognised as expenses in the period they were incurred; however, the leased or rented objects themselves were not recognised in the balance sheet. For the period ended 31 December 2017 there were lease agreements for the Merian Group's premises in Zurich and Edinburgh on this basis. The operating lease commitments were not material for the year ended 31 December 2017 or 2018.

### ***New standards and interpretations not applied***

The International Accounting Standards Board and IFRS Interpretations Committee (“IC”) have issued a number of new accounting standards and interpretations, amendments to existing standards and interpretations. There are no IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Merian Group.

## **4. ACCOUNTING POLICIES**

### **4.1 Revenue from Contracts with Customers**

Revenue recognised reflects the consideration to which the Merian Group expects to be entitled in exchange for the transfer of promised goods or services to the client. IFRS 15 was adopted by the Merian Group for the financial year commencing 1 January 2018 using the modified retrospective approach. All Merian Group companies that were acquired on 29 June 2018 had already adopted IFRS 15 and as part of this adoption considered the five-step analysis prescribed by the standard.

The Merian Group considered the five-step analysis prescribed by IFRS 15. Group companies also took into account the different types of contracts they have with their customers, the corresponding types of services provided to customers and when these service obligations are satisfied. In addition, the Merian Group considered the types of fee income generated across all products from contracts with its customers and when fee income is recognised.

The Merian 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 Merian Group’s revenue and cash flows are affected by economic factors.

The Merian 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 Merian 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.

Management fees, performance fees and distribution fees are all forms of variable consideration, however there is no significant judgement or estimation. The transaction price is determined at the end of each measurement period and is normally equal to the relevant measure of AUM adjusted by a factor set out in the investment management agreement. In the case of performance fees, there will be an adjustment for a hurdle rate of return before the performance fee is due. The amount is billed to the customer as per contractual arrangements for each of the separate components of revenue.

All components of the Merian Group’s revenue are performance obligations satisfied over time, and are generally not subject to returns or refunds. The Merian Group uses the output method to recognise revenue, applying the practical expedient that allows an entity to recognise revenue in the amount to which the entity has a right to invoice if that consideration corresponds directly with the value to the customer of the entity’s performance completed to date. This is appropriate because investment management services are generally satisfied over time with either the customer simultaneously receiving and consuming the benefits provided by the fund manager as the fund manager performs the service, or with the fund manager’s performance enhancing the assets that the fund controls.

Revenue comprises the fair value for services, net of value-added tax. Revenue is recognised as follows:

- fees charged for managing investment contracts are recognised as revenue in line with the provision of the investment management services. These services are deemed to be provided equally over the lifetime of a contract; and
- performance fees are calculated as a percentage of the appreciation in the net asset value of a fund above a defined hurdle and are recognised when the fee amount can be estimated reliably and it is highly probable that it will not be subject to significant reversal. Such fees are normally recognised at the end of the relevant reporting period of the fund and payment is collected shortly after.

### ***Finance Income***

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that financial asset’s carrying amount.

## **4.2 Expenses**

All expenses are recognised in the income statement on the accrual basis.

## **4.3 Share-based compensation**

Prior to 29 June 2018, the Merian Group participated in share-based payment transaction in respect of services receivable from certain employees by granting the right to either shares or options over shares, subject to certain vesting conditions and exercise prices.

The fair value of the awards granted in the form of shares or share options is recognised as an administrative expense over the appropriate performance and vesting period.

These have been accounted for as equity-settled or cash-settled, as appropriate.

## **4.4 Goodwill**

Goodwill arising on acquisitions, being the excess of the costs of a business combination over the fair value of identifiable assets, liabilities and contingent liabilities acquired, is recognised in the combined and consolidated balance sheet. The carrying value of goodwill is not amortised but is tested annually for impairment or more frequently if any indicators of impairment arise.

This impairment test requires assumptions to be made, principally concerning the future levels of profitability. Given the size of the potential impact of impairment losses on the Merian Group's financial position, this has been included as an area where the use of estimation is important. However, given the headroom resulting from the impairment test for the years ended 31 December 2018 and 2019, the risk of material adjustment is not deemed significant. The Merian Group also reviews the accuracy of historical estimates of future profitability to assess whether impairment tests from prior years would have given a different result had actual profits been equal to past estimates. No instances have been identified where this would have triggered an impairment.

See note 37 for further information of post balance sheet events relating to goodwill impairment.

## **4.5 Intangible assets**

Purchased software and internally developed software are reported at cost less accumulated amortisation and impairment losses.

Internally developed software is amortised over its estimated useful life. Such assets are stated at cost less accumulated amortisation and impairment losses. Software is recognised in the statement of financial position if, and only if, it is probable that the relevant future economic benefits attributable to the software will flow to the Merian Group and its cost can be measured reliably.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the product, which range between three and five years.

Management contracts acquired in business combinations are initially recognised at fair value and are amortised over their estimated useful life. The fair value of the contracts has been estimated using a discounted cash flow model. The useful life has been estimated as being five years.

The carrying amounts of the Merian Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

See note 37 for further information of post balance sheet events relating to intangible assets.

## **4.6 Property, plant and equipment**

Items of equipment are reported at cost less accumulated depreciation and impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

<b>Fixed Asset</b>	<b>Years</b>
Computer equipment .....	3
Leases.....	11

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset. This gain or loss is recognised in the combined and consolidated statement of comprehensive (loss) / income.

#### **4.7 Leases**

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and
- payments to be made under reasonably certain extension options

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Merian Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk; and
- makes adjustments specific to the lease, for example, term, country, currency and security.

The Merian Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### **4.8 Financial assets through profit or loss**

Financial assets through profit or loss mainly represent investments in funds for the purpose of fulfilling employee deferred compensation plans. They are measured at fair value through the combined and consolidated statement of comprehensive (loss) / income at initial recognition and are stated at fair value, with any resultant gain or loss recognised in the combined and consolidated statement of comprehensive (loss) / income.

#### **4.9 Financial Instruments**

IFRS 9 (Financial Instruments) was issued in July 2014 and has replaced IAS 39 (Financial Instruments: Recognition and Measurement). The final version of this standard incorporates amendments to the classification and measurement, hedge accounting guidance, as well as the accounting requirements for the impairment of financial assets measured at amortised cost and fair value through other comprehensive income ("FVOCI").

The standard was effective for the Merian Group for the financial year commencing 1 January 2018.

All Merian Group companies that were acquired on 29 June 2018 had already adopted IFRS 9. More information on changes in classification is shown later in this section.

#### **Classification and measurement of financial assets and liabilities**

All financial assets are initially recognised at fair value, including directly attributable transactions costs (for financial assets not measured at fair value through profit or loss).



Financial assets are classified based on (i) the business model within which the financial assets are managed and (ii) the contractual cash flow characteristics of the financial assets (whether the cash flows represent 'solely payment of principal and interest'). Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold those assets for the purpose of collecting contractual cash flows and those cash flows comprise solely payments of principal and interest ('hold to collect').

Other financial assets are measured at fair value through profit or loss ("FVTPL").

For equity investments that are neither held for trading nor contingent consideration, Merian may irrevocably elect to present subsequent changes in fair value of these equity investments in either (i) profit or loss (FVTPL); or (ii) other comprehensive income (FVOCI). Where the equity investment is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss. However, it may be reclassified within equity.

The classification of the Merian Group's financial instruments according to IFRS 9 is shown below. On transition, there has been no change in the carrying value of any financial assets or financial liabilities.

### IFRS 9 Reclassification Table

Financial Assets	Classification
Cash.....	Amortised cost
Investments.....	Fair value through profit and loss
Deferred acquisition costs.....	Amortised cost
Other receivables.....	Amortised cost
<b>Financial Liabilities</b>	
Other payables.....	Amortised cost
Loans and borrowings.....	Amortised cost
Preference share capital .....	Amortised cost

### Impairment

Impairment is determined based on an expected credit loss ("ECL") model. The Merian Group is required to recognise an allowance for either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

The measurement of ECLs reflects a probability-weighted outcome, the time value of money and the entity's best available forward-looking information. The aforementioned probability-weighted outcome must consider the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is low.

The ECL model applies to financial assets measured at amortised cost and FVOCI, lease receivables and certain loan commitments as well as financial guarantee contracts.

Key assumptions and judgements applied in relation to the impairment model:

- cash at bank – no ECL allowance is recognised, as deposits are held with banks with medium to high quality credit ratings and credit risk is considered to be minimal;
- inter-company loans – no ECL allowance is recognised as the credit risk is considered to be low due to the availability of funds for repayment; and
- other receivables – the Merian Group applies the IFRS 9 simplified approach to measuring ECLs for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years and is adjusted for forward-looking estimates. ECLs are applied to the total balance of non-credit impaired trade receivables. The Merian Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becomes probable that the client will enter bankruptcy or other financial reorganisation. When a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the

income statement. In line with the Merian Group's historical experience, and after consideration of current credit exposures, the Merian Group does not expect to incur any credit losses and has not recognised any ECLs in the current year (2018: £nil, 2017: £nil).

#### **4.10 Other receivables**

Other receivables are not interest-bearing and are stated at their cost, less appropriate allowances for estimated irrecoverable amounts. The carrying value of the assets approximates to their fair value. These are held at amortised cost.

#### **4.11 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with banks. The carrying amount of these assets approximates to their fair value. All cash and cash equivalent balances are repayable on demand. Under IFRS 9 these are held at amortised cost.

#### **4.12 Other payables**

Other payables are not interest-bearing and are stated at their amortised cost which is not materially different to cost and approximates to fair value. Under IFRS 9 these are held at amortised cost.

#### **4.13 Amounts due to employees**

The Merian Group, as part of its employee compensation, defers certain awards which are invested in funds. These are accrued over the vesting period through the combined and consolidated statement of comprehensive (loss) / income and settled at the end of the vesting period.

#### **4.13 Pensions and other post-retirement benefits**

Merian has contributed to defined contribution schemes in respect of the majority of its employees. The pension costs for these funds are charged directly to the combined and consolidated statement of comprehensive (loss) / income in the accounting period in which they are incurred. The defined contribution schemes have assets which are held separately from those of the companies involved, and are independently administered.

#### **4.14 Taxation**

##### **(a) Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. The taxable income for the year is determined in accordance with enacted legislation and taxation authority practice for calculating the amount of tax payable.

Current tax is charged or credited to the (loss) / profit for the year, except when it relates to items recognised directly in equity or in other comprehensive income.

##### **(b) Deferred tax**

Deferred taxes are calculated according to the statement of financial position method, based on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax is charged or credited to the (loss) / profit for the year, except when it relates to items recognised directly in equity or in other comprehensive income.

#### **4.15 Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign currency monetary assets and liabilities are translated to sterling at the year-end closing rate. Non-monetary assets denominated in a foreign currency that are measured in terms of historical cost are translated using the exchange rate in effect at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate in effect at the date when the fair value was determined. Foreign exchange rate differences that arise are reported net in the income statement as foreign exchange gains/losses.

#### 4.16 Assessment of fund investments as structured entities

IFRS 12 defines a structured entity as ‘an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual arrangements’.

Merian has assessed whether the funds it manages are structured entities. Merian has considered the voting rights and other similar rights afforded to other parties in these funds (investors and independent boards or directors), including the rights to remove Merian as fund manager, liquidate the funds, or redeem holdings in the funds (if such rights are equivalent to liquidating the funds) and has concluded as to whether these rights are the dominant factor in deciding who controls the funds.

Merian has judged that its managed funds are structured entities and that it has an interest in these funds (see note 34).

#### 4.17 Consolidation

Under IFRS 10 (*Consolidated Financial Statements*), the Merian Group is required to consolidate any entities under the control of the Merian Group’s parent company. Such consolidated entities include operating and holding company subsidiaries of the Merian Group, but can also include other vehicles, such as employee benefit trusts (EBTs), which have been set up to fulfil a special purpose. In the case of the Merian Group’s EBT, the trustees are required to act in compliance with the trust deed and in accordance with the beneficiaries’ interests. However, judgement is required to establish whether the EBT has been designed effectively (i) to minimise the risk of conflict between the trustees’ duties and the interests of the Merian Group, and (ii) to serve the Merian Group’s purposes.

Merian’s judgement, which is in line with the vast majority of other groups with similar mechanisms for rewarding employees, is that the EBT has been designed, and functions, as a subsidiary of the Merian Group. This conclusion is based on the following, which indicate the Merian Group’s exposure to risk from the EBT and help determine whether the Merian Group has power over its relevant activities:

- the EBT’s activities are conducted on behalf of the Merian Group and for the benefit of the Merian Group’s employees because its primary function is to facilitate the remuneration of the Merian Group’s employees. The Merian Group made the decisions as to how the EBT was designed and operated at the EBT’s inception;
- the Merian Group retains the benefits and risks associated with holding fund investments until awards have vested unconditionally because such holdings via the trust mitigate the Merian Group’s exposure to changes in the value of fund investments between award and exercise date;
- the Merian Group funds the EBT through a loan facility, which means that financing decisions are controlled by the Merian Group; and
- if an employee’s award lapses, the Merian Group benefits from being able to cover other awards without committing other resources (i.e. without additional funding).

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and judgements are those which involve the most complex or subjective judgements or assessments. The areas of Merian’s business that typically require such judgements and/or estimates are set out below, although none are considered a critical estimate or significant judgement as at the balance sheet date, but are provided as useful additional information. More detail is outlined below:

#### 5.1 Share-based compensation

Given the significance of share-based payments as a form of employee remuneration for the Merian Group, share-based payments have been included as an area where the use of estimation is important. The principal estimations are in relation to:

- forfeitures (where the awardees leave the Merian Group as ‘bad’ leavers and therefore forfeit unvested awards) and accelerations (where awardees are ‘good’ leavers and their awards continue to vest but there is no longer an extended service period condition); and
- the satisfaction of performance conditions attached to certain awards.

The estimates are reviewed regularly and the charge to the income statement is adjusted appropriately (at the end of the relevant scheme as a minimum). The share-based awards were cancelled on 29 June 2018 as a result of the acquisition of Merian Global Investors Holdings Limited. The expense has been reflected in retained earnings for the period ended 29 June 2018.

## 5.2 Goodwill and intangible asset impairment

Goodwill and intangible asset impairment were not critical estimates for the years ended 31 December 2018 and 2019 as there was sufficient headroom over the carrying values when compared to the recoverable amounts for the CGU. Due to coronavirus (Covid-19) outbreak, goodwill and intangible asset impairment may be considered critical estimates and further information is given as a result of post-balance sheet events (see note 37 for further detail).

## 6. FINANCIAL INSTRUMENTS RISK AND RISK MANAGEMENT

### 6.1 Risk management framework

The Merian Group's enterprise risk management ("ERM") framework comprises core components including:

- corporate governance arrangements which set out the way that the organisation is structured and managed;
- end-to-end processes involved in the identification, assessment, measurement, monitoring and management of risk, including assignment of risk owners and risk reporting; and
- culture and behaviours that are exhibited and the associated reward mechanisms.

The ERM framework aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities, uncertainties and threats in a structured, disciplined manner. In this way, the Merian Group seeks to ensure that risk and capital implications are considered when making strategic and operational decisions, and to ensure that the Merian Group's risk profile is understood and managed within the agreed risk appetite.

Merian Group's risk appetite framework ("RAF") is based upon and supported by policies, processes and skills that set out the way that Merian Group staff across all areas and control functions manage risk in relation to the Merian Group's risk appetite. The RAF builds upon the existing business planning, capital and risk management processes.

The RAF has three distinctive components:

- strategy and business planning process: quantitative and qualitative strategic risk appetite principles linked to risk limits, which is revised and set annually as part of the business planning process;
- the stress and scenario framework: quantitative risk appetite statements linked to the business' strategic objectives, and contractual and regulatory requirements; and
- the risk policy framework: quantitative and qualitative risk appetite statements for individual risks embedded into the policy framework. These set out the approach taken within the Merian Group to mitigate and manage risks, informed by the policy appetite statements and control standards.

The risks faced by the Merian Group are described below:

### **Credit risk**

Credit risk is the risk that the Merian Group is exposed to a loss if another party fails to meet its financial obligations to the Merian Group, including failing to meet them in a timely manner.

The Merian Group has established a credit risk policy which sets out restrictions on the permitted financial transactions with counterparties to control and monitor the level of credit risk to which the Merian Group is exposed to. The value of credit risk exposures and the credit rating of counterparties are monitored monthly.

The Merian Group's principal assets are cash and investment management fees due from the funds it manages.

Cash is held across a diversified list of counterparties, primarily banks, with high credit-ratings assigned by international credit rating agencies. Management fees due from managed funds are settled monthly and underpinned by assets held within those funds.

The Merian Group's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the combined and consolidated historical financial information.

### **Market risk**

Market risk is defined as the current or prospective risk to earnings or value arising from adverse movements in equity and commodity prices, interest and/or foreign exchange rates resulting in loss of earnings or reduced solvency.

The Merian Group has established a market risk policy which sets out the market risk management governance framework, maximum limits on market risk exposures, management information and stress testing requirements.

The financial impact of more extensive movements in market risk other than those that could reasonably be expected is examined through stress tests carried out within the Internal Capital Adequacy Assessment Process (“ICAAP”).

A decrease in value of assets under management by 10 per cent. from the start of the year would have decreased profit by £17.5 million after tax. An equal change in the opposite direction would have increased profit by £17.5 million after tax.

### Interest rate risk

Interest rate risk is the risk of a deviation of the actual interest rates from the expected interest rates, resulting in the potential for, a negative impact on earnings or capital and / or reduced solvency.

The most significant interest rate risk facing the Merian Group relates to the outstanding interest bearing loan liability (see note 26), which attracts a fixed rate plus a floating LIBOR / EURIBOR margin. The Merian Group manages this risk through the use of interest rate caps and cash flow forecasting.

Other interest rate risk arises primarily from bank balances held which are exposed to fluctuations in interest rates. The effective interest rate applicable to interest bearing financial instruments is as follows:

	2019	2018	2017
<b>Assets</b>	Variable	Variable	Variable
Deposits with credit institutions.....	0.76%	0.74%	0.35%
<b>Liabilities</b>	Variable	Variable	Variable
Euro denominated loan.....	5.5% + EURIBOR	5.75% + EURIBOR	N/A
Sterling denominated loan.....	5.5% + LIBOR	5.75% + LIBOR	N/A

The Merian Group’s maximum exposure to loss of income caused by interest rate changes is limited to the interest revenue it earns on bank deposits, which was £0.4 million in 2019 (2018: £0.5 million). An increase in interbank lending rates of 1 per cent. could have increased the interest payable by £1.8 million (2018: £1.2 million). The Merian Group did not have any loans in 2017.

### Foreign exchange rate risk

The Merian Group has exposure to foreign exchange risk on cash balances held as well as investment management fees due from the funds it manages, however these are settled monthly. There were nominal foreign currency cash balances held at 31 December 2017 and 2018. The balances in 2019 were as follows:

Currency	Sterling equivalent £m
US Dollars .....	3.9
Euros .....	5.3
Hong Kong Dollars .....	3.6

In 2019 €69.4 million (2018: €90 million, 2017: €nil) of euro denominated loan principal was outstanding. As the capital is not due to be repaid for a number of years the Merian Group’s exposure to this risk is not currently considered to present a challenge to the business. In addition, the Merian Group receives management fees in euros and so the conversion represents a natural hedge against the foreign exchange risk on these future fees.

### Liquidity risk

Liquidity risk is defined as the risk that the Merian Group does not have sufficient liquid resources to meet its obligations as they fall due, or can secure them only at excessive cost.



The Merian Group has established a liquidity risk policy that sets out the practices to manage exposure to liquidity risk. Liquidity risk is managed on a daily basis, with detailed cash flow reporting to the executive committee and quarterly reporting to the risk and governance committee and board of the Merian Group.

An analysis of the maturity profile of the Merian Group's liabilities is presented in note 29.

### Capital adequacy risk

Capital risk is the risk of insufficient capital to meet regulatory and stakeholder requirements resulting in the potential, to place constraints on the business plan/strategy, inability to absorb losses, damage to reputation and or regulatory fines and / or censure.

The Merian Group retains sufficient capital resources to meet regulatory capital requirements and maintain working capital to provide for fluctuations in experience. The regulatory capital requirements have been met throughout the year. The ICAAP is used to assess the level of capital which should be retained by the Merian Group. The ICAAP considers all of the risks faced by the Merian Group and the degree to which risks have similar causes and so could occur together.

### Capital and regulatory position

The Merian Group assesses its capital position and requirements on a regular basis throughout the year. The capital requirement is normally set annually through the ICAAP and adjusted intra-year if risk exposures change significantly. The ICAAP document, which is approved by the Merian board of directors, makes estimations and judgements to establish whether the Merian Group holds an appropriate level of regulatory capital to mitigate the impact of its key risks in the event of these crystallising. The Merian Group are focused on ensuring that there is an appropriate surplus over the regulatory capital requirement. This is monitored regularly by the Merian board of directors.

## 7. REVENUE

	2019	2018	2017
	£'000	£'000	£'000
Performance fee income .....	3,540	9,887	157,246
Investment management income .....	220,454	272,632	231,409
Distribution fee income .....	5,212	6,152	3,531
Profits from dealing in investments in managed funds .....	—	—	6,375
<b>Total fee income .....</b>	<b>229,206</b>	<b>288,671</b>	<b>398,561</b>
Service fee income .....	3,564	3,288	—
<b>Total service fee income .....</b>	<b>3,564</b>	<b>3,288</b>	<b>—</b>
<b>Total revenue .....</b>	<b>232,770</b>	<b>291,959</b>	<b>398,561</b>

## 8. SEGMENTAL REPORTING

In making decisions about the Merian Group, the chief operating decision makers, being senior management and the directors of the Merian Group, consider the allocation of resources and assess performance of the business as a whole, rather than by product type. The Merian Group considers it is a single segment asset management business.

The location of clients is based on management information received from distribution partners and generated internally by the distribution teams.

Service income has been excluded from the analysis below as it is an expense recharge resulting from the separation and ended in 2019. The Merian Group does not consider this to be part of its ongoing business.

## Geographical information

	2019	2018	2017
	£'000	£'000	£'000
UK.....	149,132	173,451	227,062
Continental Europe .....	41,874	74,075	125,523
Asia .....	14,293	16,246	20,189
Rest of the world.....	23,907	24,899	25,787
<b>Total fee income by location .....</b>	<b>229,206</b>	<b>288,671</b>	<b>398,561</b>

Non-current assets for the Merian Group (excluding financial instruments and deferred tax assets) are all domiciled in the UK.

## 9. FEES AND COMMISSION EXPENSES

	2019	2018	2017
	£'000	£'000	£'000
Rebates paid to external introducers.....	50,183	64,105	56,813
Deferred acquisition costs .....	1,537	732	(4,201)
Rebates paid to Old Mutual group undertakings.....	—	—	6,235
Investment adviser fees .....	1,045	2,992	2,794
	<b>52,765</b>	<b>67,829</b>	<b>61,641</b>

## 10. ADMINISTRATIVE EXPENSES

	2019	2018	2017
	£'000	£'000	£'000
Administrative expenses.....	114,483	172,765	181,272
<i>Administrative expenses include:</i>			
Staff costs.....	71,735	110,834	139,900
Depreciation.....	1,976	97	226
Other operating expenses .....	43,090	60,052	41,020
Foreign exchange gains/losses .....	(2,318)	1,782	126
	<b>114,483</b>	<b>172,765</b>	<b>181,272</b>

## Audit Fees

	2019	2018	2017
	£'000	£'000	£'000
Group audit fees .....	10	10	348
Subsidiary audit fees.....	202	150	193
Non audit assurance fees.....	601	114	24
	<b>813</b>	<b>274</b>	<b>565</b>

Auditor's remuneration consists of fees in respect of statutory audits, group reporting and other non-statutory assurance services.

## 11. STAFF COSTS

	2019	2018	2017
	£'000	£'000	£'000
Wages and salaries.....	62,411	92,862	115,595
Social security.....	4,394	12,650	16,984
Defined contribution plan costs.....	1,610	1,657	6,635
Other .....	3,320	3,665	686
<b>Total staff costs.....</b>	<b>71,735</b>	<b>110,834</b>	<b>139,900</b>

Included in wages and salaries in 2018 is £19.6 million of accelerated bonus charge from prior years.

## 12. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2019	2018	2017
	£'000	£'000	£'000
Aggregate directors' emoluments.....			
Aggregate emoluments excluding pension contributions .....	10,805	14,108	3,505
Merian Group pension contribution to money purchase scheme.....	78	72	15
Emoluments of the highest paid director.....			
Aggregate emoluments excluding pension contributions .....	2,320	3,911	2,135
Merian Group pension contribution to money purchase scheme.....	10	10	—
Directors having money paid to money purchase schemes during the year.....	6	6	3
Number of directors who received shares in or share options over Quilter plc / Old Mutual plc .....	—	—	4
Directors exercising options over Quilter plc / Old Mutual plc shares	—	—	3
The highest paid director exercised share options during the year....	N	Y	Y
The highest paid director received shares in or share options over Quilter plc .....	N	Y	Y

### 13. SHARE BASED COMPENSATION

During the year ended 31 December 2013, a share based payment plan was implemented for certain key employees of Old Mutual Wealth Management Limited, including employees of the Old Mutual Global Investors Group, with the stated objective of achieving certain strategic objectives and metrics. The awards are accounted for as an equity settled share-based payment scheme. During the year ended 31 December 2018, Old Mutual plc de-listed from the London Stock Exchange and then listed as Quilter plc. Participants in the legacy share based payment plans were allocated shares in Quilter plc in exchange for the options they had been previously allocated. No new share option schemes have been launched in the year, and so at 31 December 2018 and during 2019, there were no share based payment plans available to, or being participated in by employees of the Merian Group.

Type of Arrangement	Description of award	Contractual life	Vesting options
UK Sharesave Schemes	Options over Old Mutual plc shares listed on the London Stock Exchange	Exercise period ends within six months of vesting	Service over either a three or five year period and payment of monthly contributions to a savings contract.
UK Share Options and Deferred Delivery Plan	Options over Old Mutual plc shares listed on the London Stock Exchange	Six years	Service over a three year period and achievement of a target growth in earnings per share
UK Restricted Share Plan	Old Mutual plc restricted shares / restricted stock units listed on the London Stock Exchange. Employees are in some instances entitled to dividend payments throughout the vesting period	Three to five years	Service over a three year period and in certain circumstances achievement of a target growth in earnings per share.

	2019	2018	2017
	£'000	£'000	£'000
Share-based compensation expense.....	—	1,121	3,003

In 2018, the UK Share Options and Deferred Delivery Plan, which was expected to be settled in cash and accounted for such in 2017, was modified from a cash settled award to an equity settled award. As a result £6.2 million was transferred from liabilities to equity. The schemes all fully vested on the acquisition of the Merian Group on 29 June 2018, and no further charge was incurred from the date of acquisition and any remaining balances were transferred to retained earnings.

### 14. TRANSACTION COSTS

Transaction costs consists of expenses associated with the completion of the acquisition of MGI Holdings and its subsidiaries (see note 35), with the exception of those costs that related to the arrangement of the loan which were capitalised.

### 15. LOSS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profits for the year by the weighted average number of ordinary shares outstanding during the year.

	2019	2018
No of ordinary shares (number).....	20,396,762	19,829,012
Loss (£'000) .....	(16,797)	(26,169)
Basic and Diluted loss per share (pence).....	(82)	(132)

As the Merian Group was not a legal group in 2017 and the first half of 2018, there are no ordinary shares entitled to a share of (loss) / income. The preference shares have not been included in the determination of basic or diluted loss per share.

#### 16. FINANCE INCOME

	2019	2018	2017
	£'000	£'000	£'000
Interest receivable from cash deposits .....	354	512	143
Gains / (losses) on units held in managed funds.....	9	(2)	22
<b>Investment Return .....</b>	<b>363</b>	<b>510</b>	<b>165</b>

Gains on units held in managed funds relate to gains/losses arising on Merian Group companies' seed capital investments and funds held to fulfil employee remuneration liabilities. Interest receivable arose solely from short term cash deposits with banks.

#### 17. FINANCE EXPENSES

	2019	2018	2017
	£'000	£'000	£'000
Interest and amortised costs charged on borrowings.....	12,524	9,203	—
Lease finance costs .....	118	—	—
Preference share coupon.....	30,423	14,676	—
	<b>43,065</b>	<b>23,879</b>	<b>—</b>

The preference share coupon accrues at 10 per cent. per annum but is only payable in certain circumstances (see note 32).

#### 18. TAXATION

	2019	2018	2017
	£'000	£'000	£'000
Current year charge .....	9,452	9,584	34,922
Adjustment for prior years .....	(765)	(535)	(569)
	<b>8,687</b>	<b>9,049</b>	<b>34,353</b>
<b>Deferred tax expense</b>			
Deferred tax expense .....	(5,616)	(2,168)	(4,628)
	<b>(5,616)</b>	<b>(2,168)</b>	<b>(4,628)</b>
Tax charge on profit on ordinary activities.....	<b>3,071</b>	<b>6,881</b>	<b>29,725</b>
<b>Factors affecting tax charge for the period</b>			
<b>IFRS profit before tax .....</b>	<b>(13,726)</b>	<b>(7,092)</b>	<b>153,425</b>



	2019	2018	2017
	£'000	£'000	£'000
Corporation tax charge at 19.00 per cent. (2018: 19.00 per cent.; 2017: 19.25 per cent.) .....	(2,607)	(1,347)	29,534
Effect of			
Expenses not deductible for tax purposes.....	5,833	9,699	5,630
Statutory share based payment deductions .....	—	(675)	(121)
Effect on deferred tax of changes in tax rates.....	731	365	(4,628)
Utilisation of previously unrecognised deferred tax.....	(121)	(626)	(121)
Prior year adjustment.....	(765)	(535)	(569)
<b>Tax charge on profit on ordinary activities .....</b>	<b>3,071</b>	<b>6,881</b>	<b>29,725</b>

The Merian Group has recognised deferred tax assets. Merian considers that the future years' profits will be sufficient to utilise the tax asset carried forward.

## 19. GOODWILL

	2019	2018	2017
	£'000	£'000	£'000
Goodwill .....	263,429	262,964	—
<b>Total.....</b>	<b>263,429</b>	<b>262,964</b>	<b>—</b>

During 2019 £465,000 was recognised as goodwill. This relates to the acquisition of the global dynamic allocation desk of Kestrel LP.

During 2018, £263.0 million was recognised as goodwill. This relates to the acquisition of 100 per cent. of the share capital of MGI Holdings in the period.

The Merian Group carries out an annual assessment of the carrying value of goodwill. Management prepares a calculation of the recoverable amount of goodwill and compares this to the carrying value of the goodwill. For the purposes of this assessment, management treats the Merian Group as a single CGU.

The recoverable amounts of goodwill allocated to the CGU are determined from value in use calculations. The key assumptions used in respect of value in use calculations are those regarding growth rates, anticipated changes to revenue and costs during the period covered by the five year calculations and terminal values.

In carrying out value in use calculations management have assumed a compound annual growth rate ("CAGR") of 7 per cent. in net revenues and 5 per cent. in costs, with an exit multiple of 8x EBITDA. The pre-tax rate used to discount forecast cash flow is 9 per cent. based on the risk-adjusted weighted average cost of capital of the business. Management carried out sensitivity analysis on the calculations and determined that the discount rate at which impairment would be required exceeds 20 per cent.

No impairment losses have been recognised as a result of this assessment. See note 37 for further information.

## 20. INTANGIBLE ASSETS

	Internally developed software	Management contracts	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
Opening balance.....	4,527	—	4,527
Additions .....	22	—	22
<b>At 31 December 2017.....</b>	<b>4,549</b>	<b>—</b>	<b>4,549</b>
Fair value adjustment on acquisition.....	(4,313)	182,679	178,366
<b>At 31 December 2018.....</b>	<b>236</b>	<b>182,679</b>	<b>182,915</b>
Additions .....	—	—	—
<b>At 31 December 2019.....</b>	<b>236</b>	<b>182,679</b>	<b>182,915</b>
<b>Accumulated amortisation</b>			
Opening balance.....	2,122	—	2,122
Amortisation charge for the period.....	605	—	605
Impairment.....	1,783	—	1,783
<b>At 31 December 2017.....</b>	<b>4,510</b>	<b>—</b>	<b>4,510</b>
Fair value adjustment on acquisition.....	(4,308)	—	(4,308)
Amortisation charge for the period.....	24	18,268	18,292
<b>At 31 December 2018.....</b>	<b>226</b>	<b>18,268</b>	<b>18,494</b>
Amortisation charge for the period.....	10	36,536	36,546
<b>At 31 December 2019.....</b>	<b>236</b>	<b>54,804</b>	<b>55,040</b>
<b>Carrying amount</b>			
At 31 December 2017.....	39	—	39
At 31 December 2018.....	10	164,411	164,421
<b>At 31 December 2019.....</b>	<b>—</b>	<b>127,875</b>	<b>127,875</b>

In accordance with IFRS 3 the Merian Group has recognised investment management contracts acquired as part of the transaction as a separately identifiable intangible asset. Management has calculated the value of these contracts to be £183 million, with an estimated useful life of five years. This estimated life is consistent with the turnover of AUM as the management contracts are designed for investors with a typical investment horizon of five years (see note 37).

## 21. PROPERTY, PLANT AND EQUIPMENT

	Leasehold equipment	Computer equipment	Furniture	Right of Use assets (see note 27)	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
Opening balance .....	184	1,636	96	—	1,916
Foreign exchange gains / losses .....	(18)	(5)	—	—	(23)
Additions .....	—	13	—	—	13
Disposals .....	—	(8)	—	—	(8)
<b>At 31 December 2017</b> .....	<b>166</b>	<b>1,636</b>	<b>96</b>	<b>—</b>	<b>1,898</b>
Fair value on acquisition .....	(166)	(1,636)	(96)	—	(1,898)
Additions .....	—	922	—	—	922
<b>At 31 December 2018</b> .....	<b>—</b>	<b>922</b>	<b>—</b>	<b>—</b>	<b>922</b>
Additions .....	—	—	—	19,085	19,085
<b>At 31 December 2019</b> .....	<b>—</b>	<b>922</b>	<b>—</b>	<b>19,085</b>	<b>20,007</b>
<b>Accumulated depreciation</b>					
Opening balance .....	184	1,247	92	—	1,523
Foreign exchange gains / losses .....	(18)	(1)	—	—	(19)
Depreciation charge for the period .....	—	226	—	—	226
Disposals .....	—	(8)	—	—	(8)
<b>At 31 December 2017</b> .....	<b>166</b>	<b>1,464</b>	<b>92</b>	<b>—</b>	<b>1,722</b>
Fair value on acquisition .....	(166)	(699)	(92)	—	(957)
Depreciation charge for the period .....	—	97	—	—	97
<b>At 31 December 2018</b> .....	<b>—</b>	<b>862</b>	<b>—</b>	<b>—</b>	<b>862</b>
Depreciation charge for the period .....	—	60	—	1,916	1,976
<b>At 31 December 2019</b> .....	<b>—</b>	<b>922</b>	<b>—</b>	<b>1,916</b>	<b>2,838</b>
<b>Carrying amount</b>					
<b>At 31 December 2017</b> .....	<b>—</b>	<b>172</b>	<b>4</b>	<b>—</b>	<b>176</b>
<b>At 31 December 2018</b> .....	<b>—</b>	<b>60</b>	<b>—</b>	<b>—</b>	<b>60</b>
<b>At 31 December 2019</b> .....	<b>—</b>	<b>—</b>	<b>—</b>	<b>17,169</b>	<b>17,169</b>

During the period, the Merian Group adopted IFRS 16 (Leases) (see note 4 and note 27), thereby increasing the net book value of items recorded as property, plant and equipment by £17.2 million.

## 22. DEFERRED TAX ASSET

The following are the deferred tax balances recognised by the Merian Group.

	Accelerated tax depreciation	Short term timing differences	Total
	£'000	£'000	£'000
Opening balance.....	641	4,172	4,813
Movement in the year.....	514	4,114	4,628
Asset at 31 December 2017.....	1,155	8,286	9,441
Additions from business combinations.....	(84)	(1,781)	(1,865)
Movement in the year.....	61	(998)	(937)
<b>Asset at 31 December 2018</b> .....	<b>1,132</b>	<b>5,507</b>	<b>6,639</b>
Movement in the year.....	(1,132)	537	(595)
<b>Asset at 31 December 2019</b> .....	<b>—</b>	<b>6,044</b>	<b>6,044</b>

The deferred tax asset receivable within one year is £4,689,000 (2018: £300,000 2017: £nil) and greater than one year is £1,355,000 (2018: £6,339,000, 2017: £9,441,000).

## 23. FINANCIAL ASSETS THROUGH PROFIT OR LOSS

	2019	2018	2017
	£'000	£'000	£'000
<b>At fair value through the income statement</b>			
Investments held in Employee Benefit Trust.....	36,606	30,993	455
Investments in funds.....	15	23	44
<b>Total financial assets through profit or loss</b> .....	<b>36,621</b>	<b>31,016</b>	<b>499</b>

## 24. OTHER RECEIVABLES

	2019	2018	2017
	£'000	£'000	£'000
<b>Current</b>			
Trade debtors .....	927	1,366	48,141
Prepayments.....	4,741	2,779	2,485
Investment management fees receivable.....	16,197	20,570	29,489
Performance fees receivable.....	3,390	12	129,173
Distribution fees receivable.....	633	549	398
Amounts due in respect of share issue .....	1,953	2,640	—
Due from group undertakings .....	—	—	22,824
<b>Total other receivables</b> .....	<b>27,841</b>	<b>27,916</b>	<b>232,510</b>
<b>Non current</b>			
Performance fees receivable.....	103	—	—
<b>Total other receivables</b> .....	<b>103</b>	<b>—</b>	<b>—</b>

All current other receivables are short term and interest free with the carrying amount approximating to fair value. There have been no non-performing receivables or material impairments in the financial period that require disclosure. None of the receivables reflected above have been subject to the renegotiation of terms.

## 25. CASH AND CASH EQUIVALENTS

	2019	2018	2017
	£'000	£'000	£'000
Cash held at bank .....	62,279	83,910	90,986
Cash held on deposit .....	58,998	54,207	56,407
<b>Total cash and cash equivalents .....</b>	<b>121,277</b>	<b>138,117</b>	<b>147,393</b>

The cash and cash equivalents comprises balances held in multiple current and deposit bank accounts with maturities of less than three months. The carrying amount of these assets approximates to their fair value.

## 26. LOANS AND BORROWINGS

	2019	2018	2017
	£'000	£'000	£'000
Loan facility .....	149,382	188,978	—
Loan note .....	7,426	7,426	—
	<b>156,808</b>	<b>196,404</b>	—

The Merian Group entered into a £145 million and a €90 million loan facility with Intermediate Capital Group plc on 25 June 2018. 100 per cent. of the loan balances matures on 25 June 2025. The sterling loan carries an interest rate of 5.5 per cent. plus LIBOR; the euro loan carries a rate of 5.5 per cent. plus EURIBOR. During the year ended 31 December 2019, £38.8 million of loan capital was repaid (2018: £40.0 million). At 31 December 2019, finance costs of £5,130,000 (31 December 2018: £7,183,000) remained unamortised.

	2019	2018
	£'000	£'000
<b>Sterling loan</b>		
Interest costs .....	6,962	4,628
Amortised capitalised costs .....	570	1,812
<b>Euro loan</b>		
Interest costs .....	4,569	2,623
Amortised capitalised costs .....	423	140
	<b>12,524</b>	<b>9,203</b>

The principal covenant the Merian Group must comply with is that its adjusted leverage must not exceed ratios defined by the loan agreement. At 31 December 2018, the Merian Group was required to have an adjusted leverage ratio below 6.60:1. The adjusted leverage ratio at 31 December 2019 as calculated in accordance with the loan agreement was 0.4 (2018: 0.7).

The Merian Group issued a vendor loan note to Quilter Group in 2018 with face value of £7.5 million. The amount is unsecured and is due for repayment when certain conditions are met. The conditions are expected to be met on Completion of the Acquisition (see note 37).

Finance costs recorded in the income statement comprise £11.5 million of interest paid during the year ended 31 December 2019 (2018: £7.3 million) and amortisation and release of capitalised loan costs of £1.0 million (2018: £1.9 million).



## 27. OTHER PAYABLES

	2019	2018	2017
	£'000	£'000	£'000
<b>Current</b>			
Accruals .....	46,169	62,767	119,564
Rebates and commissions payable .....	10,934	20,754	12,282
Lease liabilities .....	1,774	—	—
Amounts due to employees .....	28,806	20,087	—
Other .....	3,310	2,739	69,078
Amounts due to related parties .....	—	—	4,063
<b>Total other payables .....</b>	<b>90,993</b>	<b>106,347</b>	<b>204,987</b>
<b>Non Current</b>			
Lease liabilities .....	16,368	—	—
<b>Total other payables .....</b>	<b>16,368</b>	<b>—</b>	<b>—</b>

Accruals principally comprise amounts due to clients and amounts due to staff relating to current year bonuses. The directors consider that the carrying amount of other payables approximates to their fair value. All other payables are short-term, current and interest free. Amounts due to group undertakings are unsecured, interest-free and repayable on demand.

The Merian Group entered into a new lease agreement in 2019 and a result has accounted for two property leases. The current lease term is only nine months and the new lease is eleven years.

Lease terms are negotiated on an individual basis and do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, these property leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Merian Group (see note 4).

## 28. DEFERRED TAX LIABILITY

	£'000
<b>As at 1 January and 31 December 2017.....</b>	<b>—</b>
As at 1 January 2018 .....	—
Addition on acquisition .....	31,055
Charge to income statement .....	(3,105)
<b>As at 31 December 2018 .....</b>	<b>27,950</b>
Charge to income statement .....	(6,211)
<b>As at 31 December 2019 .....</b>	<b>21,739</b>

## 29. FINANCIAL INSTRUMENTS

### Fair value hierarchy

The table below analyses financial instruments into a hierarchy based in the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
As at 31 December 2017:				
Investments .....	499	—	—	499
As at 31 December 2018:				
Investments .....	31,016	—	—	31,016
As at 31 December 2019:				
Investments .....	36,621	—	—	36,621

#### Level 1 to 2 transfers

There have been no changes in valuation techniques during the period under review. There have been no transfers between Level 1 and Level 2 during the period under review.

#### Liquidity Risk

The loan obligations give rise to liquidity risk that the Merian Group is unable to meet its obligations to make interest or capital repayments as they fall due. The Merian Group monitors its liquidity through monthly cash flow forecasting and cash management to ensure its ability to meet these obligations. The maturity analysis of the financial liabilities is shown below:

	<b>Carrying amount</b>	<b>Expected cash flows</b>	<b>&lt; 6 months</b>	<b>6 months – 2 years</b>	<b>2 – 5 years</b>	<b>&gt; 5 years</b>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>As at 31 December 2017</b>						
Other payables .....	204,987	204,987	204,987	—	—	—
<b>As at 31 December 2018</b>						
Interest-bearing loans and borrowings and interest .....	196,404	291,763	6,020	25,756	43,885	216,102
Preference shares .....	304,277	304,277	—	—	—	-304,277
Other payables .....	106,347	106,347	106,347	—	—	—
<b>As at 31 December 2019</b>						
Interest-bearing loans and borrowings and interest .....	156,808	206,283	4,655	21,502	28,032	159,555
Preference shares .....	334,649	334,649	—	—	—	334,649
Other payables .....	107,361	107,361	90,993	16,368	—	—

	<b>Carrying amount</b>	<b>Expected cash flows</b>	<b>6 months – 2 years</b>	<b>2-5 years</b>	<b>&gt; 5 years</b>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>As at 31 December 2017</b>					
Other receivables .....	232,510	232,510	232,510	—	—
Cash and cash equivalents .....	147,393	147,393	147,393	—	—
<b>As at 31 December 2018</b>					
Other receivables .....	27,916	27,916	27,916	—	—
Cash and cash equivalents .....	138,117	138,117	138,117	—	—
<b>As at 31 December 2019</b>					
Trade and other receivables .....	27,944	27,944	27,841	103	—
Cash and cash equivalents .....	121,277	121,277	121,277	—	—

### 30. FINANCIAL AND CAPITAL COMMITMENTS

Operating lease commitments are in respect of premises occupied by Merian Group entities.

	2019	2018	2017
	£'000	£'000	£'000
<b>Operating lease commitments (non-cancellable)</b>			
Due within one year .....	—	1,414	62
Due within one year to five years .....	—	3,678	216
Due later than 5 years .....	—	17	—
<b>Total operating lease commitments .....</b>	<b>—</b>	<b>5,109</b>	<b>278</b>

From 1 January 2019, the Merian Group adopted IFRS 16 and has recognised right of use assets for the leases, except share term and low value lease. (see note 4).

### 31. SHARE CAPITAL

	2019	2018
	£'000	£'000
<b>Ordinary A</b>		
10,616,379 shares – allotted and fully paid £0.25 each (2018: 10,616,379) .....	2,654	2,654
47,729 shares – allotted and nil paid £0.25 each (2018: 47,729) .....	12	12
	<b>2,666</b>	<b>2,666</b>
<b>Ordinary B</b>		
7,231,999 shares – allotted and fully paid £0.02 each (2018: 7,098,501) .....	145	142
246,092 shares – allotted and nil paid £0.02 each (2018: 246,092) .....	5	5
	<b>150</b>	<b>147</b>
<b>Ordinary C</b>		
2,217,908 shares – allotted and fully paid £1 each (2018: 2,217,908) .....	2,218	2,218
121,078 shares – allotted and nil paid £1 each (2018: 121,078) .....	121	121
	<b>2,339</b>	<b>2,339</b>
<b>Total .....</b>	<b>5,155</b>	<b>5,152</b>

The Merian Group's parent company has three classes of ordinary shares which carry no rights to fixed income.

As the Merian Group was not a legal group in 2017, there are no ordinary shares to be disclosed in relation to 2017.

Due to the nature of the Merian Group in 2017 and to 30 June 2018 (see note 2.1), the Merian Group's equity is shown as invested capital. This represents bought forward retained earnings and dividends paid of the entities which relate to the entities included in the Merian Group's results for 2017 and the first half of 2018.

## 32. PREFERENCE SHARES

	2019	2018	2017
	£'000	£'000	£'000
<b>Preference share capital</b>			
289,550,811 shares of £0.0001 each (premium £0.9999) – allotted and fully paid.....	332,779	302,263	—
289,550,811 shares of £0.0001 each (premium £0.9999) – allotted and nil paid.....	1,870	1,964	—
	<b>334,649</b>	<b>304,227</b>	<b>—</b>

During 2018 the Merian Group's parent company issued 289,550,811 cumulative preference shares. These preference shares are classified as debt on the basis that there is a fixed redemption date, a fixed interest rate and the shares do not carry any voting rights. The principal repayment is due on the earlier of 29 June 2025 and a triggering event. The three conditions that would trigger an earlier repayment of principal are firstly an exit event, secondly a default, or no prospect of avoiding a default, on debt, or thirdly a proposal by the Board, accepted by investors, of a repayment. Rights to future dividends accrue to shareholders daily at a rate of 10 per cent. per annum. The dividend is only payable to the preference shareholders in certain circumstances, which includes a requirement that there are sufficient profits available for distribution. The dividend is not payable within 24 months of issue (29 June 2018), except in certain circumstances, and may be payable on certain other predefined events. Whilst the directors of the Merian Group do not expect the dividend to be payable based on the ability to generate sufficient available profits by the relevant dates, the Merian Group has accrued these dividends.

## 33. RESERVES

### Foreign currency translation reserve

The foreign currency translation reserve of (£700,000), (2018: (£150,000)) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

### Retained earnings

Retained earnings of (£42,966,000) (2018: (£26,169,000)) are the amount of earnings that are retained within the Merian Group after dividend payments and other transactions with owners.

## 34. INTERESTS IN OTHER ENTITIES

Name	Nature of Business	Registered Address
Merian Global Investors (Jersey) Limited	Holding company	47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD
Merian Global Investors (Finance) Limited	Holding company providing group financing	47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD
Merian Global Investors Holdings Limited	Holding company	Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG
Merian Global Investors (UK) Limited	Asset Management	Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG
Merian Global Investors (Asia Pacific) Limited	Investment Fund Distribution	Unit 2, 5/F Two Chinachem Central, 26 Des Voeux Road, Central Hong Kong
Merian Global Investors (Switzerland) LLC	Investment Fund Distribution	Schützengasse 4, Zurich, 8001
Merian Global Investors (Singapore) PTE Limited	Investment Fund Distribution	4 Shenton Way #15-01 SGX Centre II Singapore 068807
Merian Investment Management Limited	Fund Management Company	Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG
Merian Global Investors (Europe) Limited	Fund Management Company	33 Sir John Rogerson Quay, Dublin 2, Ireland
Skandia Fund Management Ireland Limited (in liquidation)	n/a	Century House, Harold's Cross, Dublin 6w, Ireland

Merian Global Investors Limited acquired 100 per cent. of the share capital of Merian Global Investors (Jersey) Limited on 7 December 2017. Merian Global Investors (Jersey) Limited acquired 100 per cent. of the share capital of Merian Global Investors (Finance) Limited on 7 December 2017.

Merian Global Investors (Finance) Limited acquired 100 per cent. of the share capital of Merian Global Investors Holdings Limited on 29 June 2018. As at 31 December 2019 all entities were either directly or indirectly owned by the ultimate controlling party of Merian, at 47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD. All subsidiaries are 100 per cent. owned and have been consolidated in the Merian Group financial statements.

In addition, the Merian Group has interests in unconsolidated structured entities (see note 4.16) and information relating to those entities is set out below:

	2019	2018	2017
	£'000	£'000	£'000
Market value of funds under management .....	19,451,407	26,462,338	26,449,011
Investment management fees earned from funds in the year.....	196,376	153,332	389,164
Investment management fees owed from funds .....	15,788	13,570	151,662
Investment in collective investment schemes .....	15	84	488

### 35. BUSINESS COMBINATIONS

Merian Global Investors Limited acquired 100 per cent. of the share capital Merian Global Investors (Jersey) Limited on 7 December 2017. No goodwill or intangible assets were recognised on acquisition.

On 29 June 2018 Merian Global Investors (Finance) Limited acquired 100 per cent. of the share capital of Merian Global Investors Holdings Limited, for a total consideration of £547.5 million.

Invested capital represented the total equity of the Merian Group at the date of acquisition of Merian Global Investors Holdings Limited on 29 June 2018. On 29 June 2018, when Merian Global Investors (Finance) Limited acquired Merian Global Investors Holdings Limited, invested capital was converted into share capital.

Under IFRS 3 (Business Combinations), the Merian Group conducted a purchase price allocation and assessed the fair value of its assets and liabilities at the acquisition date. This required the Merian Group to recognise fair value adjustments to the acquired assets and liabilities rather than account for them on a historic cost basis with values that had been depreciated or amortised.

As a result, intangible assets in respect of acquired investment management contracts were recognised, and the values and useful economic lives of the Merian Group's property, plant and equipment were reviewed and revised as appropriate. Other accounting items such as depreciation, amortisation and impairment, which impact and relate to the Merian Group's assets or liabilities, were also revalued as part of the fair value exercise. As a result of the fair value adjustments implemented as at 29 June 2018, the Merian Group's assets and liabilities and the related items for subsequent periods are not directly comparable with the Merian Group's assets and liabilities and related items that were disclosed prior to this date.

These fair value adjustments lead to goodwill of £263.0 million and intangible assets of £182.7 million as at 29 June 2018. The goodwill principally related to the fair value increase in the recognition of certain intangible assets and comprised the human capital and expected efficiencies arising from the departure of MGI Holdings from the Quilter Group (see note 19). Management identified investment management contracts acquired as part of the business combination as a separately identifiable intangible asset, in accordance with IFRS 3 see note 20). Deferred tax liabilities relating the intangible assets of £31.1 million were also recognised as part of the fair valuation process (see note 28). The net assets of the acquired group were £132.9 million.

There were no other fair value adjustments as a result of the purchase price allocation.

The Merian Group earned £149.4 million of revenue and a loss of £24.3 million from the date of acquisition. In 2018 the Merian Group incurred exceptional cash costs of £16.8 million consisting of transaction costs.

On 7 December 2019, Merian Global Investors UK acquired the global asset allocation team of Kestrel Partners LP. On acquisition, £0.5 million of goodwill was recognised in respect of this acquisition. No separately identifiable intangible assets have been identified as part of this transaction.

### 36. RELATED PARTY TRANSACTIONS

The following transactions were entered into with related parties during the period:

	2019	2018	2017
	£'000	£'000	£'000
Investment management fees related to Merian Group undertakings	—	—	6,235
Annual management fees paid to Merian Group undertakings.....	—	—	2,400
Investment management fees received from Merian Group undertakings.....	—	48,638	2,782
Amounts due to related parties .....	—	—	4,063
Dividends paid to parent entity .....	—	44,796	44,771
Preference share interest due to related parties (see note 32) .....	29,234	13,858	—
Amounts owed from the Merian Group undertakings.....	—	—	22,824
Amounts paid to directors .....	10,883	7,060	—
Amounts owed to directors .....	7,530	11,804	—

Merian Global Investors is owned by TA Associates (through Mintaka LP) (44.9 per cent.) and members of the senior management team (55.1 per cent.). Within the line item 'Preference share interest due to related parties' above, £28.7 million relates to TA Associates (through Mintaka LP) in 2019 and £13.6 million in 2018.

### 37. EVENTS AFTER THE BALANCE SHEET DATE

On 17 February 2020, the Company announced the Acquisition of the Merian Group. The Acquisition is expected to complete on 1 July 2020.

The Merian Group has been monitoring the financial impact of the coronavirus (Covid-19) outbreak. Financial markets around the world have fallen significantly in February and March 2020 in reaction to the global escalation of the virus. In addition to extreme volatility in asset prices and widening spreads in credit markets, consumer and corporate appetite for, and ability to invest in, financial products has reduced and the Merian Group has seen material outflows in its funds under management, compounded by a reduction in asset prices across all regions in which it operates.

The impact of coronavirus (Covid-19) outbreak on goodwill and intangible asset impairment is assessed further below and is considered a non-adjusting post balance sheet event.

Based on current trading and modelling, the Merian Group believes that the effects of coronavirus (Covid-19) outbreak will result in a reduction in expectations for revenue across the Merian Group in 2020. In addition, in the absence of a recovery in asset prices and net flows into funds managed by the Merian Group, it is expected that impairment testing of the Merian Group's intangible assets in 2020 would show that the carrying value may not be supported by the value in use and that a write-down of the assets might be appropriate. This is dependent on some certainty over the level of AUM and outflows which, in turn, are dependent on a number of factors, including fund performance, asset values and investor appetite.

Given the inherent uncertainties, it is not practicable at this time to quantify this post balance sheet potential write down, which will be determined principally by the amount of assets the Merian Group has under management at the date of any such quantification. However, if the Merian Group assets under management were used in such a quantification as at 31 March 2020, this would lead to a material impairment to the intangible assets in the order of £21 million. In addition, an approximation of the sensitivity of the value in use of the intangible assets to further decreases in assets under management is that a one per cent. decrease in AUM would lead to an equivalent percentage reduction in the intangible.

Testing of the goodwill balance for impairment is based on the Merian Group's discounted cash flow model. Current calculations show that, although lower levels of projected profitability result in a significant reduction in the value in use of the goodwill asset, this does not currently lead to an impairment of the asset. Forecast profitability, after revisions allowing for market depreciation in the first quarter of 2020, would have to fall further by more than 28 per cent. and assets under management would have to fall more than £4.3 billion before the asset was considered to be impaired. This is set out below, where the base case uses AUM of £15.0 billion.



The table below shows the key assumptions used for post balance sheet impairment testing, which compares the carrying value of the CGU to the recoverable amount, how these measures would need to further reduce (on a non-combined basis) in order to reach a position of impairment, and their sensitivity to further adverse movements in the assumptions of one per cent. thereafter:

	<b>Base case</b>	<b>Break-even point (for impairment purposes)</b>	<b>Impairment charge in the event of additional 1% fall below break-even</b>
AUM.....	£15.0bn	£10.7bn	£5.0m
Terminal growth rate .....	2%	(1.3)%	£37.0m
EBITDA margin .....	24%	12.1%	£16.7m
Discount rate .....	8.9%	11.4%	£54.6m

It should be noted that any such impairment to either intangible assets or goodwill are non-cash adjustments.

It should also be noted that, on Completion, under IFRS 3 (Business Combinations), both the intangible asset and goodwill will effectively be reversed in their entirety and replaced by new intangible assets and goodwill, determined by the value in use of the Merian Group's current management contracts to the Company. As a result, any impairment that might be required for the Merian Group would not be reflected in the Enlarged Group. The Merian Group has seen an improvement in AUM since 31 March 2020.

Included within preference shares (see note 32) is accrued interest of 10 per cent. reflecting the preference share coupon liability owing to its current shareholders. On Completion, the preference shares and associated accrued interest will be transferred to the Company. As a result of the Acquisition of the Merian Group by the Company, the preference share dividend is not expected to be paid to the existing shareholders. On Completion of the Acquisition, the preference share dividend accrued from 29 June 2018 will become payable to the Company as the preference shareholder. The ability to make that payment remains reliant on achieving certain requirements, including that there are sufficient available profits (see note 33).

## PART VI

### UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

#### SECTION A:

#### ACCOUNTANT'S REPORT IN RESPECT OF THE UNAUDITED *PRO FORMA* INFORMATION RELATING TO THE ENLARGED GROUP



The Directors  
Jupiter Fund Management plc  
The Zig Zag Building  
70 Victoria Street  
London SW1E 6SQ  
United Kingdom

J.P. Morgan Securities plc (the “Sponsor”)  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

29 June 2020

Dear Ladies and Gentlemen

#### **Jupiter Fund Management plc (the “Company”)**

We report on the *pro forma* financial information (the “**Pro Forma Financial Information**”) set out in Section B of this Part VI entitled “*Unaudited Pro Forma Financial Information*” of the Company’s prospectus dated 29 June 2020 (the “**Prospectus**”) which has been prepared on the basis described in the notes to the *Pro Forma* Financial Information, for illustrative purposes only, to provide information about how the proposed Acquisition by the Company of Merian Global Investors Limited (“**Merian**”) might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 31 December 2019. This report is required by item 11.5 of Annex 3 to the PR Regulation and section 3 of Annex 20 to the PR Regulation and is given for the purpose of complying with that PR Regulation and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of the Company to prepare the *Pro Forma* Financial Information in accordance with item 11.5 of Annex 3 to the PR Regulation and section 3 of Annex 20 to the PR Regulation.

It is our responsibility to form an opinion, as required by item 11.5 of Annex 3 to the PR Regulation and section 3 of Annex 20 to the PR Regulation as to the proper compilation of the *Pro Forma* Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *Pro Forma* Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other

person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 3 to the PR Regulation, consenting to its inclusion in the Prospectus.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro Forma* Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro Forma* Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

### **Opinion**

In our opinion:

- a) the *Pro Forma* Financial Information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 3 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

## SECTION B:

### UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

The unaudited *pro forma* financial information set out below has been prepared to illustrate the effect of the Acquisition on: (i) the consolidated income statement of the Group for the year ended 31 December 2019 as if the Acquisition had taken place on 1 January 2019 and (ii) the consolidated balance sheet of the Group as at 31 December 2019 as if the Acquisition had occurred on 31 December 2019. The unaudited *pro forma* financial information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's or the Enlarged Group's actual financial position or results.

The unaudited *pro forma* financial information has been compiled on a basis consistent with the accounting policies of the Group used to prepare its audited consolidated financial statements for the year ended 31 December 2019 on the basis of the notes set out below and in accordance with section 3 of Annex 20 to the Prospectus Regulation.

Shareholders should read the whole of this Prospectus and not rely solely on the unaudited financial information contained in this Section B of Part VI. PricewaterhouseCoopers LLP's report on the unaudited *pro forma* financial information is set out in Section A of this Part VI.

#### Unaudited *Pro Forma* Income Statement

	Adjustments			
	Group income statement for the year ended 31 December 2019	Merian Group income statement for the year ended 31 December 2019	Acquisition accounting adjustments	<i>Pro forma</i> of the Enlarged Group for the year ended 31 December 2019
	Note (i)	Note (ii)	Note (iii)	
Revenue .....	419.3	232.8	—	652.1
Fee and commission expenses.....	(40.2)	(52.8)	—	(93.0)
<b>Net revenue .....</b>	<b>379.1</b>	<b>180.0</b>	<b>—</b>	<b>559.1</b>
Administrative expenses.....	(228.5)	(114.5)	(11.4)	(354.4)
Other gains .....	4.1	—	—	4.1
Amortisation of intangible assets .....	(1.8)	(36.5)	—	(38.3)
<b>Operating profit .....</b>	<b>152.9</b>	<b>29.0</b>	<b>(11.4)</b>	<b>170.5</b>
Finance income.....	0.1	0.3	—	0.4
Finance expense .....	(2.0)	(43.0)	31.3	(13.7)
<b>Profit/(loss) before tax .....</b>	<b>151.0</b>	<b>(13.7)</b>	<b>19.9</b>	<b>157.2</b>
Income tax expense .....	(28.2)	(3.1)	—	(31.3)
<b>Profit/(loss) for the year</b>	<b>122.8</b>	<b>(16.8)</b>	<b>19.9</b>	<b>125.9</b>

#### Notes:

- (i) The Group income statement has been extracted without material adjustment from the audited consolidated income statement of the Group for the year ended 31 December 2019, which is set out in the Annual Report 2019 and incorporated by reference into, and forms part of, this Prospectus.
- (ii) The Merian Group income statement has been extracted without material adjustment from the historical financial information relating to the Merian Group for the year ended 31 December 2019, which is set out in Part V "*Historical Financial Information relating to the Merian Group*" of this Prospectus. Operating profit of £29.0 million is after the amortisation of intangible assets relating to the acquisition of the Merian Group by Merian Global Investors Limited on 29 June 2018. This amortisation charge will be replaced in the Enlarged Group by the amortisation of the intangible asset determined on Completion.
- (iii) The *pro forma* income statement has been prepared on the basis that the Acquisition of the Merian Group will be accounted for using the acquisition method of accounting. The adjustments arising as a result of the Acquisition are set out below:
  - (a) For the purposes of the unaudited *pro forma* income statement, estimated transaction costs expected to be incurred by the Group of £11.4 million have been reflected within administrative expenses. These costs are not expected to be incurred on an ongoing basis in the Enlarged Group and no tax benefit has been assumed for these costs.

- (b) Finance expenses have been reduced by a net reduction of £31.9 million to reflect an adjustment to remove £12.5 million of finance expense in respect of interest on borrowings and £30.4 million of preference share coupon offset by additional interest of £4.5 million on the Tier 2 Notes and the write-off of the Merian Group's £7.1 million of capitalised costs.
- (c) As described in Note (iii) to the unaudited *pro forma* net assets statement, a fair valuation exercise will be undertaken on Completion, which will include fair valuation of the Merian investment management contract and other intangible assets. On Completion these will replace the Merian Group's existing intangibles. Under IFRS it is necessary to amortise these customer-related intangible assets on a systematic basis over the useful lifetime of the related contracts. On Completion, the amortisation charge relating to the new customer-related intangible assets will replace the Merian Group's existing management contracts amortisation charge. Given that the fair valuation exercise will not be performed until Completion, the actual rate of amortisation will also not be known until Completion. In preparing the adjustments no account has therefore been taken of this increased amortisation charge relating to intangible assets.
- (d) No adjustment has been made to reflect any potential synergies that may arise subsequent to the Acquisition, or related costs to achieve any potential synergies, as these are dependent upon the future actions of management.
- (e) No adjustment has been made to reflect the financial results of either the Group or the Merian Group since 31 December 2019.

### Unaudited *Pro Forma* Net Assets Statement

	Adjustments			
	Group net assets as at 31 December 2019	Merian Group net assets as at 31 December 2019	Acquisition accounting adjustments	<i>Pro forma</i> of the Enlarged Group as at 31 December 2019
	Note (iv)	Note (v)	Note (vi)	
<b>Non-current assets</b>				
Goodwill .....	341.2	263.4	43.2	647.8
Intangible assets.....	5.8	127.9	(127.9)	5.8
Property, plant and equipment	51.7	17.2	—	68.9
Deferred acquisition costs .....	—	2.5	—	2.5
Deferred tax assets .....	16.7	6.0	—	22.7
Trade and other receivables ..	0.5	0.1	—	0.6
<b>Total non-current assets.....</b>	<b>415.9</b>	<b>417.1</b>	<b>84.7</b>	<b>748.3</b>
<b>Current assets</b>				
Financial assets through profit or loss .....	224.3	36.6	—	260.9
Trade and other receivables ..	109.1	27.8	—	136.9
Cash and cash equivalents ....	179.4	121.3	(124.9)	175.8
	512.8	185.7	(124.9)	573.6
<b>Total assets .....</b>	<b>928.7</b>	<b>602.8</b>	<b>209.6</b>	<b>1,321.9</b>
<b>Non-current liabilities</b>				
Loans and borrowings.....	—	156.8	(106.0)	50.8
Preference shares .....	—	334.6	(334.6)	—
Trade and other payables .....	77.2	16.4	(7.5)	86.1
Deferred tax liabilities .....	—	21.7	(21.7)	—
<b>Total non-current liabilities</b>	<b>77.2</b>	<b>529.5</b>	<b>(469.8)</b>	<b>136.9</b>
<b>Current liabilities</b>				
Financial liabilities through profit or loss .....	74.9	—	—	74.9
Trade and other payables .....	158.4	91.0	—	249.4
Current tax liabilities.....	6.5	5.6	—	12.1
<b>Total current liabilities.....</b>	<b>239.8</b>	<b>96.6</b>	<b>—</b>	<b>336.4</b>

	Adjustments			
	Group net assets as at 31 December 2019	Merian Group net assets as at 31 December 2019	Acquisition accounting adjustments	<i>Pro forma</i> of the Enlarged Group as at 31 December 2019
	<i>Note (iv)</i>	<i>Note (v)</i>	<i>Note (vi)</i>	
<b>Total liabilities</b> .....	317.0	626.1	(469.8)	473.3
<b>Total net assets/(liabilities) ..</b>	<b>611.7</b>	<b>(23.3)</b>	<b>260.2</b>	<b>848.6</b>

Notes:

- (i) The Group net assets have been extracted without material adjustment from the audited consolidated balance sheet of the Group for the year ended 31 December 2019, which is set out in the Annual Report 2019 and incorporated by reference into, and forms part of, this Prospectus.
  - (ii) The Merian Group net assets have been extracted without material adjustment from the historical financial information relating to the Merian Group for the year ended 31 December 2019, which is set out in Part V (*Historical Financial Information relating to the Merian Group*) of this Prospectus.
  - (iii) The *pro forma* statement of net assets has been prepared on the basis that the Acquisition of the Merian Group will be accounted for using the acquisition method of accounting. The adjustments arising as a result of the Acquisition are set out below:
    - (a) Under IFRS acquisition accounting it is necessary to fair value the consideration paid and all of the assets and liabilities of the acquired business. In the *pro forma* statement of net assets no adjustments have been made to the fair values of the individual net assets of the Merian Group to reflect any remeasurement to fair value which may arise on the Acquisition as this exercise will not be undertaken until after the Completion of the Acquisition. The excess of consideration over the book value of assets acquired has been reflected as goodwill. The existing goodwill of £263.4 million in the Merian Group and the unamortised intangible asset relating to the acquisition of the Merian Group by Merian Global Investors Limited on 29 June 2018 of £127.9 million have also been removed as acquisition accounting adjustments.
    - (b) The preliminary goodwill arising has been calculated as follows:
 

Consideration <sup>(1)</sup>	£248.3 million
Add: net liabilities acquired of the Merian Group <sup>(2)</sup>	£58.3 million
<b>Goodwill and other intangibles arising on acquisition</b>	<b>£306.6 million</b>
Less Merian Group goodwill and other intangible asset <sup>(2)</sup>	£391.3 million
<b><i>Pro forma</i> adjustment required<sup>(3)</sup></b>	<b>£84.7 million</b>
- (1) The consideration is calculated as 95,360,825 Ordinary Shares of the Company at a closing price of 260.4 pence on the Latest Practicable Date. The consideration payable by the Company may be subject to certain purchase price adjustments as at, and subsequent to, Completion. The consideration stated above is exclusive of any such adjustments.
  - (2) The net liabilities acquired of £58.3 million comprise the net liabilities of the Merian Group as at 31 December 2019 net of the elimination of goodwill and intangible assets of £391.3 million and associated deferred tax liability of £21.7 million. Preference shares of £334.6 million included in the Merian Group balance sheet as at 31 December 2019 are also eliminated given that on Completion the preference shares and any associated accrued interest will be transferred to the Group.
  - (3) The Group will acquire all of Merian's assets and liabilities at Completion. The SPA dated 17 February 2020 contains customary warranties and limitations for a transaction of this type, warranty and indemnity insurance has been obtained to provide recourse in the event that a warranty is breached. In addition, the SPA contains a post-Completion net debt adjustment whereby there will be a pound-for-pound indemnification by Mintaka to the Group to the extent that the Merian Group's actual net debt at Completion exceeds an agreed net debt figure. Certain of Mintaka's payment obligations pursuant to the SPA and other transaction documents including any payment in respect of the net debt adjustment are subject to a guarantee provided by certain funds managed by TA Associates or the TA Associates Group. No adjustments have been made in the *pro forma* in respect of these SPA provisions.
  - (4) Given that the full fair valuation exercise will not be performed until Completion, this *pro forma* adjustment of £84.7 million has not been allocated between goodwill and intangible assets as the allocation will not be known until Completion.
  - (c) Cash and cash equivalents and loans and borrowings have been adjusted by £124.9 million and £106.0 million respectively to reflect the repayment of Merian Group's existing facilities of £154.9 million, £7.5 million of outstanding notes, and one-off costs of £11.4 million, offset by the issuance of £49.5 million of Tier 2 Notes, less £0.6 million of issuance costs.
  - (d) For the purposes of the unaudited *pro forma* net asset statement, estimated transaction costs expected to be incurred by the Group and the Merian Group of £11.4 million before tax have been deducted from cash and cash equivalents. These costs are not expected to be incurred on an ongoing basis in the Enlarged Group. No tax benefit has been assumed for these costs.
  - (e) No adjustment has been made to reflect any synergies that may arise subsequent to the Acquisition, or related costs to achieve any potential synergies, as these are dependent upon the future actions of management. Similarly no adjustment has been made to reflect the impact of any trading activities subsequent to the date of the information presented.



## PART VII

### CAPITALISATION AND INDEBTEDNESS STATEMENT

#### The Group

##### Indebtedness

The following table sets out the indebtedness of the Group as at 31 May 2020. The information has been extracted without material adjustment from the Group's unaudited management accounts.

	As at 31 May 2020
	(£ million)
<b>Total current debt</b>	
Guaranteed .....	—
Secured .....	—
Unguaranteed/Unsecured .....	—
<b>Total non-current debt (excluding current portion of long term debt)</b>	
Guaranteed .....	—
Secured .....	—
Unguaranteed/Unsecured .....	49.0
<b>Total indebtedness .....</b>	<b>49.0</b>

This statement of indebtedness has been prepared under IFRS using policies which are consistent with those used in the preparing the Group's financial statements for the year ended 31 December 2019.

The Group had no indirect or contingent indebtedness as at 31 May 2020.

##### Capitalisation

The following table sets out the capitalisation of the Group as at 31 December 2019. The information has been extracted without material adjustment from the Group's audited financial statements for the year ended 31 December 2019 in the Annual Report 2019 which are incorporated by reference into, and form part of, this Prospectus.

	As at 31 December 2019
	(£ million)
<b>Shareholders' equity<sup>(1)</sup></b>	
Share capital .....	9.2
Own share reserve .....	(0.3)
Other reserve .....	8.0
Foreign currency translation reserve .....	2.1
<b>Total capitalisation .....</b>	<b>19.0</b>

Note

(1) Shareholders' equity does not include the profit and loss account reserve.

There has been no material change in the capitalisation of the Group since 31 December 2019.

##### Net Indebtedness

The following table sets out the net indebtedness of the Group as at 31 May 2020. The information has been extracted without material adjustment from the Group's unaudited management accounts.

	<b>As at 31 May 2020</b>
	<i>(£ million)</i>
Cash.....	189.1
Cash equivalent.....	—
Trading securities.....	238.9
<b>Liquidity.....</b>	<b>428.0</b>
<b>Current financial receivable.....</b>	<b>—</b>
Current bank debt.....	—
Current portion of non-current debt.....	—
Other current financial debt.....	—
Current financial debt.....	—
<b>Net current financial indebtedness.....</b>	<b>—</b>
Non-current bank debt.....	—
Bonds issued.....	—
Other non-current bank debt.....	49.0
<b>Non-current financial indebtedness.....</b>	<b>49.0</b>
<b>Net financial indebtedness.....</b>	<b>379.0</b>

This statement of net indebtedness has been prepared under IFRS using policies which are consistent with those used in the preparing the Group's financial statements for the year ended 31 December 2019.

The Group had no indirect or contingent indebtedness as at 31 May 2020.

## **The Merian Group**

### **Indebtedness**

The following table sets out the indebtedness of the Merian Group as at 31 May 2020. The information has been extracted without material adjustment from the Merian Group's unaudited management accounts.

	<b>As at 31 May 2020</b>
	<i>(£ million)</i>
<b>Total current debt</b>	
Guaranteed.....	—
Secured.....	3.9
Unguaranteed/Unsecured.....	—
<b>Total non-current debt (excluding current portion of long term debt)</b>	
Guaranteed.....	—
Secured.....	113.9
Unguaranteed/Unsecured.....	7.5
<b>Total indebtedness.....</b>	<b>125.3</b>

This statement of indebtedness has been prepared under IFRS using policies which are consistent with those used in the preparing the Merian Group's financial statements for the year ended 31 December 2019.

The Merian Group had no indirect or contingent indebtedness as at 31 May 2020.

## Capitalisation

The following table sets out the capitalisation of the Merian Group as at 31 December 2019. The information has been extracted without material adjustment from the Merian Group's historical financial statements for the year ended 31 December 2019 set out in section B of Part V of this Prospectus.

	As at 31 December 2019
	(£ million)
<b>Shareholders' equity<sup>(1)</sup></b>	
Share capital.....	5.2
Share premium .....	15.2
Foreign currency translation reserve.....	(0.7)
<b>Total capitalisation .....</b>	<b>19.7</b>

Note

(1) Shareholders' equity does not include the profit and loss account reserve.

There has been no material change in the capitalisation of the Merian Group since 31 December 2019.

## Net Indebtedness

The following table sets out the net indebtedness of the Merian Group as at 31 May 2020. The information has been extracted without material adjustment from the Merian Group's unaudited management accounts.

	As at 31 May 2020
	(£ million)
Cash.....	66.6
Cash equivalent.....	—
Trading securities .....	—
<b>Liquidity .....</b>	<b>66.6</b>
<b>Current financial receivable.....</b>	<b>14.6</b>
Current bank debt .....	—
Current portion of non-current debt .....	3.9
Other current financial debt .....	—
Current financial debt.....	3.9
<b>Net current financial indebtedness.....</b>	<b>—</b>
Non-current bank debt .....	113.9
Bonds issued .....	—
Other non-current bank debt.....	7.5
<b>Non-current financial indebtedness.....</b>	<b>121.4</b>
<b>Net financial indebtedness.....</b>	<b>(44.1)</b>

This statement of net indebtedness has been prepared under IFRS using policies which are consistent with those used in the preparing the Merian Group's financial statements for the year ended 31 December 2019.

The Merian Group had no indirect or contingent indebtedness as at 31 May 2020.

## PART VIII

### DIRECTORS, PROPOSED DIRECTOR, SENIOR MANAGERS AND CORPORATE GOVERNANCE

#### 1. DIRECTORS

The Directors as at the date of this Prospectus are:

Name	Age	Position	Date appointed
Nichola Pease.....	58	Chairman	2 March 2020
Jonathon Bond .....	56	Senior Independent Non-Executive Director	July 2014
Edward Bonham Carter	59	Executive Vice Chairman	May 2000
Andrew Formica.....	49	Chief Executive Officer	March 2019
Wayne Mephram .....	47	Chief Financial Officer	September 2019
Karl Sternberg .....	50	Independent Non-Executive Director	July 2016
Polly Williams.....	54	Independent Non-Executive Director	March 2015
Roger Yates .....	62	Independent Non-Executive Director	October 2017

The business address of each of the Directors is the registered office of the Company at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ, United Kingdom.

The management expertise and experience of each of the Directors is set out below:

##### 1.1 Nichola Pease, Chairman

Nichola has over 35 years' experience in asset management, including at Chief Executive level, and the wider financial sector. With her extensive experience, Nichola brings strong leadership skills and a deep understanding of investment management to the Board. Nichola's most recent role was as an independent Non-Executive Director of Schroders PLC from September 2012 to November 2019, where she was also Chairman of the Remuneration Committee. She was previously the Chief Executive of JO Hambro Capital Management Ltd from 1998, until her appointment as Deputy Chairman in 2008. Her previous experience includes Kleinwort Benson, Rowe Price-Fleming, Citibank and Smith New Court where she built the European broking business and subsequently joined the board.

##### 1.2 Jonathon Bond, Senior Independent Director

Jonathon Bond was appointed as Senior Independent Director in August 2017 and before then was a Non-Executive Director since July 2014. Jonathon is a member of the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee. Before joining the Company, Jonathon spent 25 years in the private equity industry with a particular focus on raising standards of governance and performance. He has extensive international and general management experience, having founded and served on the board of several significant businesses. Jonathon was also a founding Partner of Actis LLP, the emerging markets specialist alternatives fund manager, where he spent over 10 years. During that time, he was a member of the Supervisory Board, Investment and Executive Committees, as well as setting up and running the in-house fund raising team. Previous appointments include being: a Non-Executive Director on the Board of Celtel, the first pan-African mobile company for a number of years; a founding Director of HSBC Private Equity in India (1994-2000), Electra Private Equity Partners in London and Paris (1988-1994) and Bain & Co in London (1985-1988). He was also Executive Chairman of the Skagen Group (2013 – 2019), a family office and family group of companies operating in the UK, Europe and the USA. Jonathon's current external appointments include being a Chairman of Grosvenor Britain & Ireland and a Non-Executive Director of Standard Life Private Equity Trust plc, Lloyds Bank Insurance and Camellia plc.

##### 1.3 Edward Bonham Carter, Executive Vice Chairman

Edward Bonham Carter was appointed as Executive Vice Chairman in March 2014 and was the Group Chief Executive from March 2007 until becoming Executive Vice Chairman. With 35 years' experience in the investment market and over 25 years working at the Company, including seven years as CEO, Edward has extensive knowledge of the fund management business. His role as Vice Chairman focuses on engaging with the Company's key stakeholders, including clients, prospective

clients and industry bodies. Before joining the Company in 1994 as a UK fund manager, Edward worked at Schroders (1982-1986) and Electra Investment Trust (1986-1994). He was appointed Chief Investment Officer in 1999 and Joint Chief Executive in May 2000. He became Group Chief Executive in 2007 and led the Company through its management buyout that year and its subsequent IPO in June 2010. Edward's current external appointments include being the Senior Independent Director of Land Securities Group plc and ITV plc. He is also a board member of The Investor Forum and Netwealth Investments, a Trustee of the Esmeé Fairbairn Foundation, and a member of the Strategic Advisory Board of Livingbridge.

**1.4 Andrew Formica, Chief Executive Officer**

Andrew Formica was appointed as Chief Executive Officer in March 2019. Andrew has over 25 years' experience in the investment management industry and is a qualified actuary, both in Australia and the UK. He brings strong leadership skills and has a proven track record of implementing successful business strategies. Before joining the Company, Andrew was CEO of Henderson Global Investors, becoming Co-Chief Executive of Janus Henderson on the merger with Janus Capital in 2017. During his time at Henderson and its predecessor businesses Andrew held various roles including equity fund manager and head of equities. Andrew previously served as Deputy Chairman of the Investment Association. Andrew's current external appointments include being a Non-Executive Director of Hammerson and of the Investment Association.

**1.5 Wayne Mephram, Chief Financial Officer**

Wayne Mephram was appointed as Chief Financial Officer in September 2019. Wayne has over 24 years' experience in the asset management financial services sector gained in senior financial roles and as a chartered accountant. Wayne began his career at PricewaterhouseCoopers where he progressed to lead audits in the Insurance and Asset Management practice. Prior to joining the Company, he worked at Schroders for nine years and was responsible for the global finance function as well as Procurement and Investor Relations.

**1.6 Karl Sternberg, Independent Non-Executive Director**

Karl Sternberg was appointed as Independent Non-Executive Director in July 2016. Karl is a member of the Audit and Risk Committee and the Nomination Committee. Karl brings some 30 years' international experience in the investment industry gained through both executive and non-executive roles. Karl was a founding Partner of institutional asset manager Oxford Investment Partners, which was bought by Towers Watson in 2013. Prior to that, Karl held a number of positions at Morgan Grenfell/Deutsche Asset Management between 1992 and 2004 including Chief Investment Officer for London, Australia, Europe and the Asia Pacific. Since 2006 he has developed his non-executive director career, with a focus on investment management and the investment trust sector in particular. From 2010 to 2015 he was a Non-Executive Director of Friends Life Group plc, where he was Chairman of the Investment Oversight Committee. Karl was Chairman of JPMorgan Income & Growth Investment Trust plc until November 2016. Karl's current external appointments include being the Senior Independent Director of Alliance Trust, and a Non-Executive Director of Herald Investment Trust plc, The Monks Investment Trust plc, Clipstone Logistics Reit plc, Lowland Investment Company plc, and JPMorgan Elect plc, all of which are investment trusts.

**1.7 Polly Williams, Independent Non-Executive Director**

Polly Williams was appointed as Independent Non-Executive Director in March 2015. Polly is Chairman of the Audit and Risk Committee and a member of the Nomination Committee. Polly has a wealth of relevant experience, including roles with particular responsibility for audit and risk oversight, and is a chartered accountant. Previously, Polly was a Partner with KPMG, with responsibility for the Group Audit of HSBC Group plc. Polly's previous non-executive directorships include Worldspreads Group plc, APS Financial Limited, Z Group plc, National Counties Building Society (as Chairman), Scotiabank Ireland Limited and Daiwa Capital Markets Europe Limited. Polly's current external appointments include being a Non-Executive Director of TSB Banking Group plc, where she is Chairman of the Audit Committee, and RBC Europe Limited, both wholly owned private companies. She is also a Non-Executive Director of XP Power Limited. Polly serves as a trustee of the Guide Dogs for the Blind.

### 1.8 Roger Yates, Independent Non-Executive Director

Roger Yates was appointed as Non-Executive Director in October 2017. Roger is Chairman of the Remuneration Committee and a member of the Nomination Committee. Roger has considerable knowledge of the asset management business with over 30 years' experience in the industry having served as a fund manager, senior executive, non-executive director and chairman. Having led two global asset managers, Roger also brings significant understanding of international business management to the Board. Roger started his career at GT Management in 1981 and subsequently held positions at Morgan Grenfell and Invesco as Chief Investment Officer. He was appointed Chief Executive Officer of Henderson Group plc in 1999 and led the company for a decade. Most recently Roger was a Non-Executive Director of IG Group Ltd, Chairman of Electra Private Equity plc and Chairman of Pioneer Global Asset Management S.p.A. He was also a Non-Executive Director of JPMorgan Elect plc from 2008 – 2018. Roger's current external appointments include being the Senior Independent Director of St James's Place plc where he chairs the Remuneration Committee and Senior Independent Director at Mitie Group plc.

## 2. PROPOSED DIRECTOR

The Proposed Director, who will be appointed as a director of the Company with effect on and from, and conditional upon, Admission, is:

Name	Age	Position
Christopher Parkin.....	47	Proposed Non-Executive Director

### 2.1 Christopher Parkin, Proposed Non-Executive Director

Christopher Parkin is co-head of TA Associates' EMEA Services Group. Christopher joined TA Associates in 2006 and has more than 15 years of experience in the private equity industry. During this time, Chris has closed 16 investments for TA with a primary focus on financial services, business services and consumer facing companies.

Christopher Parkin has been nominated as the initial Shareholder Director by Mintaka and TA Associates pursuant to their rights under Relationship Agreement.

## 3. SENIOR MANAGERS

The following table lists the Senior Managers of the Group as at the date of this Prospectus:

Name	Age	Position
Veronica Lazenby.....	47	Chief Risk Officer
Paula Moore.....	56	Chief Operating Officer
Minesh Patel.....	33	Head of Strategy and Corporate Development
Stephen Pearson.....	56	Chief Investment Officer
Andrew Robinson.....	51	HR Director
Jasveer Singh.....	47	General Counsel
Philip Wagstaff.....	56	Global Head of Distribution

### 3.1 Veronica Lazenby, Chief Risk Officer

Veronica Lazenby joined the Group in January 2020 and is the Group's Chief Risk Officer. Before joining the Group she held senior risk management roles at Schroders, Royal Bank of Scotland, Barclays and BNY Mellon. She is responsible for the management of the Group's risk profile.

### 3.2 Paula Moore, Chief Operating Officer

Paula Moore joined the Group in 1997 and has held many senior roles within the Group. She is the Chief Operating Officer and is responsible for the Group's day to day operations including the fund operations, dealing, IT and facilities teams.

### 3.3 Minesh Patel, Head of Strategy and Corporate Development

Minesh Patel joined the Group in July 2019 as the Head of Corporate Development and Strategy. Before joining the Group, he was Head of Corporate Development at Janus Henderson and previously held roles at Man Group and Merrill Lynch. Minesh oversees corporate development and strategic initiatives across the Group.



### 3.4 **Stephen Pearson, Chief Investment Officer**

Stephen Pearson joined the Group in 2001 and held a number of senior roles within Investment Management before being appointed the Chief Investment Officer in 2015. Stephen is responsible for the management of all of the Group's investment teams.

### 3.5 **Andrew Robinson, HR Director**

Andy Robinson joined the Group in September 2017 and was appointed HR Director in June 2018. Before joining the Group, he held senior HR roles at UniCredit and Janus Henderson. Andy is responsible for the global HR function at the Group.

### 3.6 **Jasveer Singh, General Counsel**

Jas Singh joined the Group in November 2016 as General Counsel. Before joining the Group, Jas was General Counsel and a member of the Executive Committee at Man Group. He is responsible for the legal, compliance and company secretariat teams.

### 3.7 **Phil Wagstaff, Global Head of Distribution**

Phil Wagstaff joined the Group in June 2019 as the Global Head of Distribution. He was previously Global Head of Distribution at Janus Henderson and has held senior distribution roles at Gartmore, New Star and M&G. Phil is responsible for the distribution of all of the Group's products, which includes management of the distribution, marketing and communication teams.

## 4. **DIRECTORS', PROPOSED DIRECTOR'S AND SENIOR MANAGERS' CONFIRMATIONS**

During the period of five years preceding the date of this Prospectus none of the Directors, the Proposed Director or the Senior Managers:

- (a) has any convictions in relation to fraudulent offences;
- (b) has been associated with any bankruptcy, receivership, liquidation or company put into administration when acting in his or her capacity as a member of the administrative, management or supervisory body or senior manager of another company; or
- (c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director or member of an administrative, management or supervisory body of a company or from acting in the management or conduct of the affairs of a company.

Save for Christopher Parkin, who will be appointed as a director of the Company pursuant to his nomination as the initial Shareholder Director by Mintaka and TA Associates under the terms of the Relationship Agreement, none of the Directors or Senior Managers has any potential conflicts of interests between their duties to the Company and their private interests or other duties.

## 5. **CORPORATE GOVERNANCE**

The Board is firmly committed to high standards of corporate governance. The Board considers that, save as disclosed below, as at the date of this Prospectus, it is in compliance with the provisions of the UK Corporate Governance Code.

Provision 36 of the UK Corporate Governance Code requires that the Remuneration Committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares. Following publication of the most recent version of the UK Corporate Governance Code, the Remuneration Committee has examined the Deferred Bonus Plan and LTIP rules to ensure that the post-employment requirements of these are in line with the new standards. The Remuneration Committee believes that the interests of the Executive Directors remain aligned with those of other Shareholders in the period immediately following the termination of employment through the following mechanisms:

- unvested deferred bonus and LTIP awards (pro-rated where relevant) are, subject to Remuneration Committee discretion, normally released on the normal vesting date with no acceleration; and
- vested LTIP awards are, subject to Remuneration Committee discretion, normally released at the end of the holding period with no acceleration.

The Remuneration Committee intends to review this approach when the next Director's Remuneration Policy is put forward for a formal shareholder vote.

The UK Corporate Governance Code currently provides that at least half of the Board of directors (excluding the Chair) of a UK listed company should be non-executive directors whom the Board considers to be independent.

Currently, the Board consists of eight members, being three executive directors, four independent non-executive directors and a non-executive Chairman who was independent upon appointment. Accordingly, no individual or group of individuals dominates the Board's decision making. It is intended that on and from Admission, Christopher Parkin, who has been nominated as a non-executive director pursuant to Mintaka's and TA Associates' rights under the Relationship Agreement, will be appointed to the Board as a non-executive director. Christopher Parkin will not be deemed independent under the UK Corporate Governance Code, as he will be a representative of TA Associates, a significant Shareholder of the Company. A search for a new independent non-executive director has been commenced, following the retirement of Bridget Macaskill at the AGM held in May 2020.

The UK Corporate Governance Code also recommends that the Board of directors should appoint one of the independent non-executive directors as Senior Independent Director and Jonathon Bond has been appointed to this role. The Senior Independent Director is available to Shareholders if they have concerns which contact through the normal channels of chairman, chief executive or chief financial officer has failed to resolve or for which such contact is inappropriate.

For the purposes of assessing compliance with the UK Corporate Governance Code, in addition to the Chairman, Nichola Pease, the Board considers that Jonathon Bond, Karl Sternberg, Polly Williams and Roger Yates are non-executive directors who are independent in character and judgement and that there are no relationships or circumstances which are likely to affect or could appear to affect, their judgement.

The Board held six formal meetings and a two-day strategy offsite during the year ended 31 December 2019.

Most Board Committee meetings are scheduled around Board meetings in such a way that Committee Chairpersons can give a full and timely report to their colleagues on Committee debate and decision making and bring to the Board's attention any issues of note or concern.

The process for the appointment of directors to the Board is led by the Chair and the Nomination Committee. The terms of the non-executive directors' appointments are set out in their letter of appointment. Non-executive directors are normally appointed for an initial term of three years after which a further period of three years may be considered by mutual agreement. Any extension of a non-executive director appointment beyond six years will be subject to rigorous review, taking into account the strengths and profile of the individual and balancing the need for continuity of knowledge and experience and the refreshing of skills and outlook. The current Articles of Association provide that all directors are subject to appointment by Shareholders at the first annual general meeting after their appointment by the Board and to reappointment by Shareholders at every annual general meeting thereafter.

At the Company's 2019 annual general meeting, all members of the Board (except Wayne Mephram and Nichola Pease, who were appointed to the Board in September 2019 and March 2020 respectively) retired and sought reappointment by Shareholders in line with the annual election provisions of the UK Corporate Governance Code.

At the Company's 2020 annual general meeting, Wayne Mephram and Nichola Pease (as directors who were appointed to the Board in the period since the last annual general meeting) were elected by Shareholders in line with the Articles of Association. Bridget Macaskill stepped down from the Board at the conclusion of the Company's 2020 annual general meeting and all other directors were reappointed by Shareholders in accordance with the annual election provision of the UK Corporate Governance Code (and the Articles of Association).

#### **Board Committees**

The Board has established Audit and Risk, Remuneration and Nomination Committees, with formally delegated duties and responsibilities set out in written terms of reference.

### ***Audit and Risk Committee***

The members of the Audit and Risk Committee are Polly Williams (Committee Chair), Jonathon Bond and Karl Sternberg. Polly Williams is considered by the Board to have recent and relevant financial experience.

The UK Corporate Governance Code recommends that the audit committee should comprise at least three members who are all independent non-executive directors, and that at least one member should have recent and relevant financial experience. The Chair of the Board should not be a member. The Committee as a whole should have competence relevant to the sector in which the company operates. Polly Williams holds a number of non-executive director roles within the financial sector and was previously a Partner at KPMG, with responsibility for the Group Audit of HSBC Group plc, and is considered by the Board to have the necessary recent and relevant financial experience for her role as Committee Chairman. The Company, therefore, considers that it complies with the UK Corporate Governance Code recommendation regarding the composition of the Audit and Risk Committee.

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting and risk. This includes reviewing the Company's financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Company's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit and Risk Committee assesses the principal risks that could impact the Group's business model, future performance, liquidity and solvency and reviews the effectiveness and adequacy of the process for identifying, assessing, mitigating and managing significant strategic, operational and liquidity risks, appetites and tolerances. The Audit and Risk Committee reviews the Group's internal controls and risk management systems on an ongoing basis including the adequacy and effectiveness of the framework used to monitor the Group's significant outsourced relationships and monitors and reviews the effectiveness of the Group's internal audit function.

The Audit and Risk Committee met five times during the year ended 31 December 2019.

### ***Remuneration Committee***

The current members of the Remuneration Committee are Roger Yates (Committee Chair), Jonathon Bond and Nichola Pease.

The UK Corporate Governance Code provides that the Remuneration Committee should comprise at least three members who are independent non-executive directors. In addition, the Chair of the Board may be a member (but not Chairman of) the Committee if they were considered independent on appointment as Chairman of the Board. Before appointment as Chair of the Committee, the appointee should have served on a remuneration committee for at least 12 months.

The Remuneration Committee assists the Board in discharging its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, determining the individual remuneration and benefits package of each of the Chairman of the Company, the executive directors, each member of the Executive Committee and such other senior executives and fund managers as the Remuneration Committee may designate.

The Remuneration Committee held five formal meetings during the year ended 31 December 2019.

### ***Nomination Committee***

The current members of the Nomination Committee are Nichola Pease (Committee Chair), Jonathon Bond, Roger Yates, Polly Williams and Karl Sternberg. The UK Corporate Governance Code provides that a majority of the members of the Nomination Committee should be independent non-executive directors which the Company complies with.

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nomination Committee is responsible for leading the process for director appointments, ensuring plans are in place for orderly succession to both the Board and senior management positions and overseeing the development of a diverse pipeline for succession.

The Nomination Committee held three formal meetings during the year ended 31 December 2019.

## **PART IX**

### **ADDITIONAL INFORMATION**

#### **1. RESPONSIBILITY STATEMENT**

The Company, the Directors and the Proposed Director, whose names appear in the Part entitled “Directors, Proposed Director, Company Secretary, Registered Office and Advisers” of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company, the Directors and the Proposed Director, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

#### **2. COMPANY DETAILS**

- 2.1 The Company was incorporated and registered in England and Wales on 9 March 2007 with registered number 6150195 as a private company limited by shares under the Companies Act 1985 with the name Jupiter Investment Management Holdings Limited. On 1 June 2010, the Company was re-registered as a public company and changed its name to Jupiter Fund Management plc.
- 2.2 The principal legislation under which the Company operates is the Companies Act and regulations made thereunder.
- 2.3 The registered and head office of the Company is at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ, United Kingdom.
- 2.4 The telephone number of the Company is +44 (0)20 3817 1000.
- 2.5 The legal entity identifier of the Company is 5493003DJ1G01IMQ7S28.
- 2.6 The website of the Company is [www.jupiteram.com](http://www.jupiteram.com).

#### **3. ISSUED SHARE CAPITAL**

- 3.1 The issued and fully paid share capital of the Company as at the close of business on the Latest Practicable Date consists of 457,699,916 Ordinary Shares of two pence each, with an aggregate nominal value of £9,153,998.32.
- 3.2 If Completion occurs, it will result in the issue of 95,360,825 Consideration Shares to the Sellers, which will result in the Sellers holding in aggregate approximately 17.2 per cent. of the enlarged issued share capital of the Company and existing Shareholders of the Company suffering an immediate dilution following which they will hold approximately 82.8 per cent. of the enlarged issued share capital of the Company (in each case, assuming no other Ordinary Shares are issued by the Company prior to Admission).
- 3.3 Immediately following the issue of the Consideration Shares on Admission, the issued and fully paid share capital of the Company will consist of 553,060,741 Ordinary Shares of two pence each, with an aggregate nominal value of £11,061,214.82.
- 3.4 There are no convertible securities, exchangeable securities or securities with warrants in the Company.
- 3.5 There are no acquisition rights or obligations in relation to the issue of Ordinary Shares in the capital of the Company or an undertaking to increase the capital of the Company.

#### **4. SHARE CAPITAL AUTHORITIES**

- 4.1 On 21 May 2020, at the annual general meeting of the Company, Shareholders resolved to authorise the Directors:
  - (a) pursuant to section 551 of the Companies Act, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £3,051,332, such authority to expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2021, whichever is the earlier, except that under such authority the Company may, at any time before such expiry, make offers or enter into agreements which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such offers or agreements as if such authority had not expired;

(b) pursuant to section 570 and section 573 of the Companies Act, to allot equity securities (as defined in section 560 of the Companies Act) for cash, either pursuant to the authority of the Directors conferred by the resolution referred to in paragraph (a) above, and/or by way of a sale of treasury shares, in each case as if section 561(1) of the Companies Act did not apply to such allotment or sale, provided that the authority conferred by such resolution shall be limited:

(i) to the allotment of equity securities and/or sale of treasury shares for cash in connection with an offer of equity securities:

(A) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings;

(B) to holders of other equity securities as required by the rights of those securities; or

(C) or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and

(ii) in the case of the authority granted under paragraph (i) above and/or in the case of any sale or transfer of treasury shares for cash (in each case otherwise than in the circumstances set out in paragraph (i)) up to an aggregate nominal value equal to £457,699,

and unless previously revoked, varied or extended, such authority to expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2021, whichever is the earlier, except that the Company may, before the expiry of such authority, make offers or enter into agreements which would or might require shares to be allotted (and/or treasury shares to be sold) after such expiry and the Directors may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority conferred hereby had not expired.

4.2 The Company remains subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash, and the provisions of section 561 of the Companies Act (which confers on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to any further issuances of share capital of the Company.

4.3 Pursuant to the Acquisition, 95,360,825 Consideration Shares will be issued. Details of the resolutions, authorisations and approvals by virtue of which the Consideration Shares will be issued and which were passed at the General Meeting are set out in the Notice of General Meeting set out at the end of the Circular, which is incorporated by reference into, and forms part of, this Prospectus.

## **5. INFORMATION ON THE NEW ORDINARY SHARES**

### **5.1 Description of the type and class of securities admitted**

The Consideration Shares will be ordinary shares with a nominal value of two pence each. The ISIN of the Consideration Shares will be GB00B53P2009. The Consideration Shares will be created under the Companies Act and the Articles of Association. Following Admission, the Company will have one class of ordinary shares.

The Consideration Shares will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests, and will rank in full for all dividends and distributions on the ordinary share capital of the Company declared, made or paid with reference to a record date falling on or after the date of Completion.

### **5.2 Listing**

Application will be made to the FCA for the Consideration Shares to be admitted to the premium segment of the Official List. Application will also be made to the London Stock Exchange for the Consideration Shares to be admitted to trading on its main market for listed securities. It is expected that Admission will become effective, and that dealings in the Consideration Shares will commence on the London Stock Exchange, by no later than 8.00 a.m. on 2 July 2020, being the Business Day



immediately following Completion, which is expected to occur on 1 July 2020. Admission to trading of the Consideration Shares is not being sought on any stock exchange other than the London Stock Exchange.

### **5.3 Form and currency of the Consideration Shares**

The Consideration Shares will be issued in registered form and will be capable of being held in certificated and uncertificated form.

Title to the certificated Consideration Shares will be evidenced by entry in the register of members of the Company and title to uncertificated Consideration Shares will be evidenced by entry in the operator register maintained by Euroclear (which forms part of the register of members of the Company). The Registrar of the Company is Link Asset Services Limited.

No share certificates will be issued in respect of the Consideration Shares in uncertificated form. If any such shares are converted to be held in certificated form, share certificates will be issued in respect of those Consideration Shares in accordance with the Articles of Association and applicable legislation.

The Consideration Shares will be denominated in pounds sterling.

### **5.4 Dates of issue and settlement**

The Consideration Shares are expected to be issued on 2 July 2020, being the Business Day immediately following the date of Completion, which is expected to occur on 1 July 2020 and those entitled to the Consideration Shares are expected to be entered on the Company's register of members on that day.

### **5.5 Description of restrictions on free transferability**

Save as set out in this Prospectus, the Consideration Shares will be freely transferable.

The Company may, under the Articles of Association and the Companies Act send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest and the extent of their interest in a particular holding of shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it, the Company can apply to the Court for an order directing, amongst other things, that any transfer of the shares which are the subject of the statutory notice is void.

The Directors may also, without giving any reason, refuse to register the transfer of any Ordinary Shares which are not fully paid.

### **5.6 Taxation**

Investors should be aware that the tax legislation of the investor's jurisdiction and/or the tax legislation of the United Kingdom may have an impact on the income received from the Ordinary Shares. Investors who are in any doubt as to their tax position should seek independent professional advice on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their jurisdiction and/or state of citizenship, domicile or residence.

## **6. ARTICLES OF ASSOCIATION**

### **6.1 Articles of Association**

The Articles of Association, which were adopted by a resolution of the Company passed at the annual general meeting held on 17 May 2017 include provisions to the following effect:

#### **(a) *Objects/Purposes***

The Articles of Association do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

The Articles of Association do not provide for any purposes for which the Company was established.

#### **(b) *Voting rights***

Subject to the provisions of the Companies Acts, to any special terms as to voting on which any shares may have been issued or may from time to time be held and any suspension or abrogation of voting rights pursuant to the Articles of Association, at a general meeting of the Company every member who is present in person shall, on a show of hands, have one vote,



every proxy who has been appointed by a member entitled to vote on the resolution shall, on a show of hands, have one vote and every member present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. Seniority shall be determined by the order in which the names of the holders stand in the register of members.

Unless the Board otherwise determines, no member is entitled to vote at a general meeting or at a separate meeting of the shareholders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a member in respect of any share held by him, unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) have been paid to the Company or if he, or any other person appearing to be or whom the Company reasonably believes or suspects on reasonable grounds to be interested in such shares, has been issued with a notice pursuant to section 793 of the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days from the service of such notice.

(c) *Dividends*

Subject to the provisions of the Companies Act and of the Articles of Association, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

Subject to the provisions of the Companies Acts, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

All dividends or other sums which are payable in respect of shares and unclaimed after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it. If 12 years have passed from the date on which a dividend or other sum became payable in respect of a share, and the distribution recipient has not claimed it, the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

The Board may, with the authority of an ordinary resolution of the Company, direct that payment of all or part of any dividend or other distribution payable in respect of a share may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.

The Board may also, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to holders of shares (excluding any member holding shares as treasury shares) the right to elect to receive shares, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.

Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable or shares that would otherwise be issued in lieu of a dividend in respect of shares (in whole or any part thereof) will be withheld (or as the case may be, not issued) if

such shares represent at least 0.25 per cent. in nominal value of their class (excluding any shares of that class held as treasury shares) and the holder, or any other person appearing to or whom the Company reasonably believes or suspects on reasonable grounds to be interested in those shares, has been duly served with a notice under section 793 of the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore, such a holder shall not be entitled to elect to receive shares instead of a dividend.

(d) *Transfer of shares*

Subject to any applicable restrictions in the Articles of Association, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the transferee's name is entered in the register of members.

The Board may, in its absolute discretion, refuse to register any transfer of a share or renunciation of a renounceable letter of allotment unless:

- (i) it is in respect of a share which is fully paid up;
- (ii) it is in respect of only one class of shares;
- (iii) it is in favour of a single transferee or not more than four joint transferees;
- (iv) it is duly stamped (if so required); and
- (v) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time to time determine, accompanied (except in the case of (a) a transfer by a recognised person (as defined in the Articles of Association) where a certificate has not been issued, (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so, provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Regulations and the relevant clearing systems.

Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person who appears to or whom the Company reasonably believes or suspects on reasonable grounds to be interested in the transferor's shares has been duly served with a notice under section 793 of the Companies Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised stock exchange or is in consequence of a *bona fide* sale to an unconnected party.

If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any share.

(e) *Variation of rights*

Subject to the provisions of the Companies Acts, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares may be varied or abrogated in such manner (if any) as may be provided in the Articles of Association by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class.

The quorum at any such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

Subject to the terms of issue of or rights attached to any shares, the rights for the time being attached to any shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares or the sale of any shares held as treasury shares in accordance with the provisions of the Companies Acts and the Articles of Association.

(f) *General meetings*

The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.

A general meeting shall be convened by such notice as may be required by law from time to time. The Company resolved by resolution passed at the annual general meeting held on 21 May 2020 that a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

The notice shall include such statements as are required by the Companies Acts and shall in any event specify whether the meeting is convened as an annual general meeting or any other general meeting, the day, time and place of the meeting (including the place of any satellite meeting arranged which shall be identified as such in the notice) and the general nature of the business to be transacted at the meeting. In the case of a meeting convened to pass a special resolution, the notice shall specify the text of the resolution and the intention to propose the resolution as a special resolution. The notice shall specify that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member. The notice must also be given to the members (other than any who, under the provisions of the Articles of Association or of any rights or restrictions imposed on any shares, are not entitled to receive notice from the Company), to the directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.

The Board may resolve to enable persons entitled to attend a general meeting to do so by simultaneous attendance and participation at a satellite meeting place or places anywhere in the world. The members present in person or by proxy at satellite meeting places shall be counted in the quorum for, and entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman is satisfied that adequate facilities are available throughout the general meeting to ensure that members attending at all the meeting places are able to participate in the business of the meeting, hear and see (and be heard and seen by) all persons who speak in the principal meeting place and any satellite meeting place. The meeting shall be deemed to take place at the principal meeting place. If it appears to the chairman that the facilities at the principal meeting place or any satellite meeting place have become inadequate for the purposes of the foregoing, then the chairman may, without the consent of the meeting, interrupt or adjourn the general meeting. All business conducted at that general meeting up to the time of that adjournment shall be valid.

The chairman of the general meeting shall be present at, and the meeting shall be deemed to take place at, the principal meeting place and the powers of the chairman shall apply equally to each satellite meeting place, including his power to adjourn the meeting. Under no circumstances will a failure of communication equipment, or any other failure in the arrangements for participation in the meeting at more than one place, affect the validity of such meeting at the principal meeting place, or any business conducted thereof, or any action taken pursuant thereto.

A person (known as a subsidiary chairman) shall preside at each of the satellite meeting places (if any). Each subsidiary chairman shall be appointed by the Board or by some person to whom the Board has delegated the task. Every subsidiary chairman shall have the powers vested in him by or under the Articles of Association. Every subsidiary chairman shall keep good order at the location where he is presiding, and he shall have all powers necessary or desirable for that purpose. Every subsidiary chairman shall also carry out all requests made of him by or on behalf of the chairman of the meeting in which he is participating, and he shall have all powers necessary or desirable for that purpose.

The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Acts or the Articles of Association to be made available at the meeting.

A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting. The chairman may, in his absolute discretion, also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.

No business (other than the appointment of the chairman of the meeting) shall be transacted at any general meeting unless a quorum is present. Subject to the Articles of Association, two persons (either members, duly authorised representatives or proxies) entitled to vote on the business to be transacted at the meeting shall be a quorum. The chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place (or, in the case of a meeting held at a principal meeting place and a satellite meeting place, such other places) as the meeting shall determine. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place (or, in the case of a meeting held at a principal meeting place and a satellite meeting place, such other places), the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

A resolution put to a vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Companies Acts, a poll may be demanded by the chairman, at least five members having the right to vote on the resolution, a member or members representing not less than 10 per cent. of the total voting rights of all the members having the right to vote on the resolution or member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right.

The Board may, for the purposes of controlling the level of attendance and ensuring the safety of those attending at any place specified for the holding of a general meeting, ensuring the security of the meeting and ensuring the future orderly conduct of the meeting, from time to time make such arrangements as the Board shall in its absolute discretion consider to be appropriate and may from time to time vary any such arrangements or make new arrangements in place thereof. Any decision made in good faith in this respect shall be final and the entitlement of any member or proxy to attend a general meeting at such place (or places, in the case of a meeting held at a principal meeting place and a satellite meeting place) shall be subject to any such arrangements as may be for the time being approved by the Board.

The Board may direct that any person wishing to attend any meeting should provide such evidence of identity and submit to such searches or other security arrangements or restrictions (including restrictions on items of personal property which may be taken into the meeting) as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to authorise one or more persons (including the directors, the secretary or the

chairman) to refuse entry to any meeting to any person who fails to provide such evidence of identity or to submit to such searches or to otherwise comply with such security arrangements or restrictions.

(g) *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the Companies Acts, to create and issue debentures and other loan stock and other securities, in each case whether secured or unsecured and whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Board shall restrict the borrowings of the Company and shall exercise all voting and other rights and powers of control exercisable by the Company in respect of its subsidiary undertakings (if any) such that no money shall be borrowed if the aggregate principal amount outstanding in respect of all moneys borrowed by the Group does not at any time, without previous sanction of an ordinary resolution of the Company, exceed, or would as a result of such borrowing exceed, three times the Adjusted Capital and Reserves (as defined in the Articles of Association).

(h) *Issue of shares*

Subject to the provisions of the Companies Acts and to any rights for the time being attached to any shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine, and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles of Association or as the directors may determine.

Subject to the provisions of the Companies Acts and to any relevant authority of the Company required by the Companies Acts, the Board may allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, to such persons (including the directors themselves), at such times and generally on such terms and conditions as the Board may decide, provided that no share shall be issued at a discount to its nominal value.

(i) *Directors' fees*

The non-executive directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors such sum as the Board or any committee authorised by the Board, may from time to time determine (not exceeding in aggregate £1,250,000 per annum or such other sum as the Company in general meeting by ordinary resolution shall from time to time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a director pursuant to any other provision of the Articles of Association or otherwise and shall accrue from day to day.

The salary or remuneration of any director appointed to hold any employment or executive office may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board or any committee authorised by the Board and may be in addition to or in lieu of any fee payable to him for his services as director.

The directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as directors.

(j) *Pensions and gratuities for directors*

The Board, or any committee authorised by the Board, may exercise all the powers of the Company to provide pensions, other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities for persons, among others, who are or were directors of the Company or any company in the Group and their relatives or dependants.

(k) *Directors' interests*

The Board may authorise any matter proposed to it in accordance with these Articles of Association which would otherwise involve a breach by a director of his duty to avoid conflicts of interest under the Companies Acts, being a matter which relates to a situation in which a



director has or can have an interest which conflicts, or possibly may conflict, with the interests of the Company or the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it (excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. A director seeking authorisation in respect of a matter which relates to a relevant situation must tell the other directors of the nature and extent of his interest in the matter as soon as possible. The director must provide sufficient details of the matter to enable the other directors to decide how to address the relevant situation together with any additional information which they may request. Any authorisation will only be effective if any quorum requirement at any meeting in which the matter was considered is met without counting the director in question or any other interested director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.

- (l) Subject to having, where required, obtained authorisation of the conflict from the Board, a director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a director of the Company and in respect of which he has a duty of confidentiality to another person and will not be in breach of the general duties he owes to the Company under the Companies Acts because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser on behalf of that director, and/or behaves in any other way authorised by any guidance which may from time to time be issued by the Board.
- (m) Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Acts, a director, notwithstanding his office:
  - (i) may be a party to or otherwise be interested in any transaction arrangement or proposal with the Company or in which the Company is otherwise interested;
  - (ii) may hold any other office or place of profit at the Company (except that of auditor of the Company or any of its subsidiaries) and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
  - (iii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has powers of appointment; and
  - (iv) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction, arrangement or proposal or from any interest in any body corporate. No such transaction, arrangement or proposal shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.
- (n) A director need not declare an interest in the case of a transaction or arrangement with the Company if the other directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Board or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.
- (o) The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a director may vote on and be counted in the quorum in relation to any of these matters.



(p) *Restrictions on directors' voting*

A director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any arrangement, transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote will not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:

- (i) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
- (ii) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
- (iii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iv) the giving of any other indemnity where all other directors are also being offered indemnities on substantially the same terms;
- (v) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (vi) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Companies Act) in one per cent. or more of the issued equity share capital of any class of such body corporate nor to his knowledge hold one per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure Guidance and Transparency Rules) in such body corporate;
- (vii) any proposal relating to an arrangement for the benefit of the employees and directors or former employees and former directors of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (viii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons who include directors;
- (ix) any proposal concerning the funding of expenditure by one or more directors on defending proceedings against him or them, or doing anything to enable such director or directors to avoid incurring such expenditure where all other directors have been given or are being offered substantially the same arrangements; or
- (x) any transaction or arrangement in respect of which his interest, or the interest of directors generally has been authorised by ordinary resolution.

A director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

(q) *Number of directors*

Unless and until otherwise determined by an ordinary resolution of the Company, the number of directors shall be not more than 20 or less than two.

(r) *Directors' appointment and retirement*

Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a director holds office only until the next annual general meeting.

At every annual general meeting of the Company all the directors shall retire from office.

(s) *Untraced shareholders*

Subject to the Articles of Association, the Company may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest. If no valid claim for the proceeds has been received by the Company during a period of two years from the date on which the relevant shares were sold by the Company, the net proceeds of sale shall be forfeited and such former member or other previously entitled person shall no longer be a creditor for such amount and the Company will not be obliged to account to such person for, or be liable to such person in relation to, the proceeds of sale.

(t) *Non-United Kingdom shareholders*

There are no limitations in the Articles of Association on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to, the ordinary shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent or, subject to and in accordance with the Companies Acts, an address to which notices may be sent in electronic form.

(u) *CREST*

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles of Association are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form. The Articles of Association contain other provisions in respect of transactions with the shares in the Company in uncertificated form and generally provide for the modifications of certain provisions of the Articles of Association so that they can be applied to transactions with shares in the Company in uncertificated form.

(v) *Indemnity of officers*

Subject to the provisions of the Companies Acts, but without prejudice to any indemnity to which he might otherwise be entitled, every past or present director (including an alternate director) or officer of the Company or a director or officer of an associated company (except the Auditors or the auditors of an associated company) may, at the discretion of the Board, be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act). In addition, the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person, indemnifying him against any liability or expenditure incurred by him for acts or omissions as a director or officer of the Company (or an associated company).

(w) *Lien and forfeiture*

The Company shall have a first and paramount lien on every share which is not fully paid for all amounts payable to the Company (whether presently or not) called or payable at a fixed time in respect of that share (including dividends) to the extent and in the circumstances permitted by the Companies Acts. The Board may sell any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that, if the notice is not complied with, the share may be sold.

The Board may from time to time make calls on members in respect of any money unpaid on their shares, subject to the terms of allotment of the shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-

payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made are liable to be forfeited.

(x) *Electronic communication*

The Company may send or supply notices, documents or information to its members by making them available on a website, where the Company requests the agreement of a person to receive specified notices, documents or information by means of a website and the Company does not receive a response within a period of 28 days (or such shorter period as may be required by statute) from the date the Company's request was sent, such person shall be deemed to have agreed to receive such notices, documents or information by the means specified in the request.

(y) *Conversion provisions*

The Articles of Association provide that the Company may exercise the powers conferred by the Companies Acts to reconvert stock into shares.

(z) *Information rights*

Pursuant to the Companies Act, a member of the Company who holds shares on behalf of another person may nominate that person to enjoy "information rights". "Information rights" means the right to receive a copy of all communications that the Company sends to its members generally or to any class of its members that includes the person making the nomination, and the rights of members to receive a single copy of the Company's last annual accounts, the last directors' report and the auditor's report on those accounts, and a hard copy version of a document or information from the Company provided to a member in another form. The Articles of Association allow the Board to prescribe the form and manner of any notification to be given to persons who enjoy information rights.

## 7. OTHER DIRECTORSHIPS

In addition to their directorships of the Company and its subsidiaries and subsidiary undertakings, the Directors, the Proposed Director and the Senior Managers hold, or have held, the following directorships and are or were members of the following partnerships, within the past five years:

Name	Current directorships / partnerships	Past directorships / partnerships
<b>Directors</b>		
Nichola Pease .....	Church Revitalisation Trust Eastbach Ltd Bywell Hall Ltd Hotham Investments Ltd I2020 Apprentice Scheme	Schroders plc
Jonathon Bond .....	Standard Life Private Equity Trust plc SJP Corporation Trust Ltd Scottish Windows Administration Services (Nominees) Ltd Scottish Windows Administration Services Ltd Scottish Widows Unit Trust Managers Ltd Scottish Widows Ltd Scottish Widows Financial Services Holdings Scottish Widows Group Ltd HBOS Investment Fund Managers Ltd One54 Holdings Ltd Grosvenor Ltd Grosvenor UK Finance plc Giles W. Pritchard-Gordon & Co Ltd St Andrew's Insurance plc Lloyds Bank General Insurance Ltd Lloyds Bank General Insurance Holdings Ltd Institute of Business Ethics Chalke Valley History Festivals Ltd CV Schools History Festival Ltd Camellia plc	Danish Yachts A/S Blu Homes Inc Water Technologies Holdings PTE Ltd Ruth's Hotel A/S Memsys BV Farncombe Estate Holdings Ltd Skagen Conscience Capital Ltd Skagen Ro Ltd Skagen Property Ltd SCCL 4 Ltd SCCL 3 Ltd SCCL 4 Services Ltd LM Holdings EF Ltd People Against Dirty Holdings Ltd The Young Musicians Symphony Orchestra Method Products Ltd Ecover (UK) Ltd People Against Dirty UK Ltd The Stockwell Partnership Ltd Skagen Finance Ltd
Edward Bonham Carter .....	ITV plc Netwealth Investments Ltd Investor Forum CIC Land Securities Group plc Orlando Ltd	Orchestra of the Age of Enlightenment Trust

Name	Current directorships / partnerships	Past directorships / partnerships
Andrew Formica.....	Hammerson plc Investment Association Investment 2020 CIC	G.I.L. Nominees Limited Oxford Acquisition III Ltd Asset Management Holdings Gartmore US Ltd Gartmore Securities Ltd Gartmore Capital Management Ltd Henderson UK Finance Limited New Star Institutional Managers Holdings Ltd Henderson Finances Henderson Global Investors International Holdings B.V. Gartmore Group Ltd Janus Henderson Group plc Henderson Global Investors Ltd Henderson Fund Management Ltd Henderson Administration Ltd HGI Group Ltd Henderson Holdings Group Ltd HGI (Investments) Ltd Henderson Holdings Ltd Henderson Equity Partners Ltd Henderson Global Investors (Holdings) Ltd Henderson Alternative Investment Advisor Ltd Henderson Asset Management Ltd New Star Asset Management Group Ltd Henderson Nominees Ltd Gartmore Investment Management Ltd Gartmore Investment Ltd Gartmore Investment Services Ltd HGI Asset Management Group Ltd Henderson Group Holdings Asset Management Ltd Henderson Global Group Ltd Henderson Global Investors Geneva Finance Ltd Nuveen Real Estate Ltd Newfinance Capital Partners Ltd Cazenove Capital Holdings Ltd Schroder Pension Management Ltd Schroder Wealth Holdings Ltd Schroder Financial Services Ltd Schroder International Holdings Ltd Schroder Investment Company Ltd Schroder Administration Ltd Leadenhall Securities Corporation Ltd Schroder Corporate Services Ltd Schroder Financial Holdings Ltd Schroder Private Assets Holdings Ltd Schroder Wealth International Holdings Ltd JPMorgan Income & Growth Investment Trust plc Railway Pension Investments Ltd Friends Life Holdings plc Friends Life Group Limited
Wayne Mephram.....	N/A	
Karl Sternberg.....	Alliance Trust plc Herald Investment Trust plc Clipstone Industrial Reit plc Monks Investment Trust plc Island House Investments LLP Lowland Investment Company plc JP Morgan Elect plc	Worldspreads Ltd Daiwa Capital Markets Europe Ltd National Counties Estate Agents Ltd National Counties Financial Services Ltd Counties Home Load Management Ltd Scotiabank Ireland Ltd
Polly Williams .....	TSB Banking Group plc TSB Bank plc A Adcock Investments RBC Europe Limited GDBA (Pension Fund Trustee) Ltd Guide Dogs for the Blind Association Rainlight Holdings Limited	
Roger Yates.....	St James's Place plc Mitie Group plc	St James's Place Unit Trust Group Ltd JPMorgan Elect plc Electra Private Equity plc Electra Private Equity Investments plc

Name	Current directorships / partnerships	Past directorships / partnerships
		Pioneer Global Asset Management S.P.A IG Group Holdings plc
<b>Proposed Director</b>		
Christopher Parkin .....	TA Associates (UK) LLP TA Universal Investments Holdings Ltd Merian Global Investors Limited Merian Global Investors Holdings Limited Inspired Education Holdings Limited Results Bidco Limited Results Holdco Limited Matrix Topco Limited	Matrix Bidco Limited Matrix Nominees Limited Matrix Midco 1 Limited Matrix Midco 2 Limited GC Group Topco Limited GC Group Midco Limited GG Group Bidco Limited Hana Group Rapid Trustees Limited Rapid Holdings Limited Cath Kidston PFSCO Limited Cath Kidston Acquisitions Limited Kiwoko PhysIOL Söderberg & Partners Zadig & Voltaire Internationella Engelska Skolan
<b>Senior Managers</b>		
Veronica Lazenby .....	N/A	N/A
Paula Moore .....	N/A	N/A
Minesh Patel .....	N/A	N/A
Stephen Pearson .....	RFU Injured Players Foundation	Vincent's Appeal Trust Company
Andrew Robinson .....	N/A	N/A
Jasveer Singh .....	N/A	Man Tanzania Ltd Man Investments (UK) Ltd Man-AHL (USA) Ltd Man Group UK Ltd Man Australia GP Ltd GLG Partners UK Group Ltd Man UK Strategies Ltd Man Group Holdings Ltd Man Investment Holdings Ltd Man Group Services Ltd GLG Partners Ltd E D & F Man Ltd Man Bluesky Ltd Man Investments Ltd Man Solutions Ltd Man Strategic Holdings Ltd Financial Risk Management Ltd Henderson Investment Funds Ltd Henderson Group Holdings Asset Management Ltd
Philip Wagstaff .....	N/A	

## 8. MAJOR SHAREHOLDERS

As at the Latest Practicable Date, the Company had been notified in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules that the following persons are directly or indirectly interested (within the meaning of the Companies Act) in the Company's Ordinary Shares:

Name	Number of Ordinary Shares as at the Latest Practicable Date	Percentage of issued share capital as at the Latest Practicable Date	Number of Ordinary Shares as at Admission <sup>(1)</sup>	Percentage of issued share capital as at Admission <sup>(1)</sup>
Silchester International Investors LLP .....	89,432,507	19.6%	89,432,507	16.2%
TA Associates (held through Mintaka) .....	—	—	84,115,278	15.2%

Note

(1) This assumes that no further issues of Ordinary Shares occur between the Latest Practicable Date and Admission.

Save as disclosed above, the Company is not aware of any person who, as at the Latest Practicable Date, directly or indirectly, has a holding of Ordinary Shares which is notifiable under English law.

Save as set out above, the Company, the Directors and the Proposed Director are not aware of any persons who, as at the Latest Practicable Date, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor are they aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

None of the Shareholders referred to in this paragraph has or will have different voting rights from any other Shareholder in respect of any Ordinary Shares (including any Consideration Shares) held by them.

## **9. RELATED PARTY TRANSACTIONS**

During the period from 31 December 2019 to the Latest Practicable Date, the Company has not entered into any related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) other than additional seed investments of £10 million in newly-established Products.

## **10. GROUP MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group either: (i) within the period of two years immediately preceding the date of this Prospectus which are or may be material to the Group; or (ii) which contain any provisions under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this Prospectus.

### **10.1 Sale and Purchase Agreement**

On 17 February 2020, the SPA was entered into by the Company and the Sellers to give effect to the Acquisition. Pursuant to the terms of the SPA and subject to the satisfaction of the conditions set out therein, the Sellers have agreed to sell the entire issued and to be issued share capital of Merian to the Company. The principal terms of the SPA are set out below.

#### ***Consideration***

In consideration for the sale of the entire issued and to be issued share capital of Merian to the Company, the Sellers will receive in aggregate 95,360,825 Consideration Shares, with Mintaka expected to own approximately 15.2 per cent. of the Ordinary Shares in issue at that time and the Key Merian Management Shareholders collectively expected to own approximately 0.8 per cent. of the Ordinary Shares.

The number of Consideration Shares to be issued has been calculated based on a price of 388 pence per Consideration Share on the basis of the volume weighted average price of an Ordinary Share over the period of 20 trading days ending on and including 14 February 2020.

If there is a reduction in Merian AUM over the period from close of business on the date on which the Resolution is passed at the General Meeting (being 21 May 2020) to close of business on 31 December 2021, including certain net flows over the period, but excluding market movements, the Purchase Price Adjustment will be triggered. The Purchase Price Adjustment will be determined by reference to the following thresholds such that the value of the Purchase Price Adjustment will be:

- zero, if the Merian AUM at the end of the measurement period is 85 per cent. (or more) of the Merian AUM at the beginning of the measurement period;
- the value represented by 5,154,639 Consideration Shares (being £20 million divided by £3.88), if the Merian AUM at the end of the measurement period is 84.99 per cent. of the Merian AUM at the beginning of the measurement period;
- the value represented by 10,309,278 Consideration Shares (being £40 million divided by £3.88), if the Merian AUM at the end of the measurement period is 74.99 per cent. of the Merian AUM at the beginning of the measurement period; and
- the value represented by 25,773,196 Consideration Shares (being £100 million divided by £3.88), if the Merian AUM at the end of the measurement period is 59.99 per cent. or lower of the Merian AUM at the beginning of the measurement period.

A linear interpolation will apply if the Merian AUM at the end of the measurement period is an amount that falls between the thresholds set out above. The reduction in Merian AUM over the period will be calculated based on the net impact of subscriptions and redemptions only (subject to certain exceptions).



Any pre-tax profit retained by the Company in respect of performance fees generated by Merian between Completion and 31 December 2021 will be applied to reduce Mintaka's liability, if any, to make a payment in respect of the Purchase Price Adjustment.

The Purchase Price Adjustment is payable as an amount in cash by Mintaka. The cash payment is expected to be funded through a sale by Mintaka of the relevant number of Consideration Shares as determined on the basis summarised above, with the proceeds arising from such sale of that number of shares at the then prevailing market price (net of dealing costs) being paid to the Company.

Certain of Mintaka's payment obligations pursuant to the SPA and other transaction documents, including any payment in respect of the net debt adjustment, the Purchase Price Adjustment and in respect of certain indemnification obligations in connection with the Acquisition (including the deferred earn-out plan) are subject to a guarantee provided by certain funds managed by members of TA Associates' Group.

### ***Conditions***

Completion is subject to the satisfaction of certain conditions, including the following key conditions, all of which have now been satisfied:

- the passing of the Resolution by Shareholders at the General Meeting;
- the Consideration Shares having been allotted to the Sellers unconditionally subject only to Completion and Admission;
- the FCA and the London Stock Exchange having confirmed to the Company (or the Sponsor) that the applications for Admission have been approved and that Admission will become effective as soon as a dealing notice has been issued;
- each member of the Group which is required to obtain approval from a financial regulator in connection with the Acquisition having received, or been deemed to have received, approval from the FCA, the Securities and Futures Commission of Hong Kong and the Central Bank of Ireland, and such other approvals from a financial regulator as may be required;
- each member of TA Associates' Group and each fund managed by a member of TA Associates' Group which is required to obtain approval from a financial regulator in connection with the Acquisition having received, or been deemed to have received, approval from the FCA and the Commission de Surveillance du Secteur Financier of Luxembourg, and such other approvals from a financial regulator as may be required; and
- each fund managed by a member of the Merian Group, where such fund is registered for marketing in Taiwan and where such approval is required, having received approval from the Taiwan Financial Supervisory Commission in connection with the Acquisition.

The Company and Mintaka committed to customary obligations in connection with the obtaining of the regulatory approvals and the satisfaction of the other Conditions.

In light of satisfaction of the Conditions, Completion is expected to occur on 1 July 2020.

### ***Warranties and indemnification***

Each of the Sellers on the one hand and the Company on the other hand has made warranties to the other. The Company's warranties include a limited number of statements relating to its capacity and authority to enter into the SPA, performance of its obligations under the SPA, insolvency and compliance with disclosure obligations. In addition to certain fundamental warranties (including in relation to title to Merian's shares, capacity and authority to enter into the SPA, performance of obligations and solvency), the Key Merian Management Shareholders have provided a customary suite of business warranties.

In addition, the SPA contains a post-Completion net debt adjustment whereby there would be a pound-for-pound indemnification by Mintaka to the Company to the extent that the Merian Group's actual net debt at Completion exceeds an agreed target net debt figure of £29 million (assuming Completion occurs on 1 July 2020 (as is expected) or otherwise on or before the record date for the Company's 2020 interim dividend), such target increasing to £35 million if Completion occurs after the record date for the Company's 2020 interim dividend.

At Completion, the Key Merian Management Shareholders will be required to enter into a customary deed of tax indemnity to provide the Company with certain protections against tax liabilities.

Warranty and indemnity insurance has been obtained to provide recourse for the Company in the event that certain warranties are breached and/or payment becomes due pursuant to the deed of tax indemnity.

#### ***Conduct before Completion and termination rights***

The Sellers (other than Zedra Trust Company) have agreed to comply with customary provisions relating to the conduct of the Merian Group's business during the period between the date of the SPA and Completion.

The SPA may be terminated by the Company in certain circumstances, including if any of the following events occur prior to Completion:

- any unremedied breach of certain customary warranties in respect of title to shares (where given by any Seller), capacity and authority (where given by Mintaka or a Key Merian Management Shareholder), and solvency (where given by Mintaka) as at signing of the SPA and as at Completion;
- any unremedied material breach by the Sellers of their obligations under the SPA in relation to the operation of the Merian Group's business in the period between the date of the SPA and Completion, subject to certain caveats and only if the relevant breach has a material adverse effect on the Group; and
- if, other than as a result of death or disability, three or more of the Key Merian Management Shareholders: (i) leave the Merian Group resulting in their ceasing to be employees of the Merian Group or (ii) have received notice of termination of their employment by the Merian Group, or (iii) have given notice to terminate their employment, in each case at or prior to Completion.

The SPA may also be terminated by mutual agreement between the Company and the Sellers.

#### ***Restrictive covenants***

The Key Merian Management Shareholders and other Merian Group employees will be subject to customary restrictive covenants in their employment agreements, including non-solicit and non-compete obligations for the duration of their employment by the Enlarged Group and for a period following termination of employment. The SPA also contains customary restrictions to prevent the Merian Management Shareholders from competing with the business of the Group, or soliciting Enlarged Group employees, customers or clients, in each case, for a period of two years following Completion.

#### ***Governing law***

The SPA is governed by English law and the parties irrevocably submit to the exclusive jurisdiction of the English courts.

### **10.2 TA Associates Lock-up Agreement**

On 17 February 2020, Mintaka (a fund advised by TA Associates) entered into a share lock-up agreement with the Company (the "**TA Associates Lock-up Agreement**") in respect of the Consideration Shares to be issued to Mintaka on Admission. The TA Associates Lock-Up Agreement is conditional upon Admission and, subject to certain exceptions set out below, restricts Mintaka from disposing of any of its Consideration Shares for a period of 24 months from Completion.

The lock-up is subject to the following exceptions: (i) any disposal made with the prior written consent of the Company; (ii) any disposal made in connection with a rights issue by the Company; (iii) any disposal pursuant to an offer by the Company to purchase Ordinary Shares which is made to all holders of Ordinary Shares; (iv) the acceptance of a takeover offer made in accordance with the Takeover Code; (v) the acceptance of a partial offer made in accordance with the Takeover Code; (vi) any disposal pursuant to a scheme or reconstruction under the Insolvency Act 1986; (vii) any disposal pursuant to the squeeze-out provisions of the Companies Act; (viii) any disposal pursuant to a compromise or arrangement between the Company and its creditors or between the Company and its members which is agreed by the creditors or members and sanctioned by the High Court of Justice in England and Wales under the Companies Act; (ix) any disposal as may be required solely to realise

funds sufficient to satisfy: (a) any payment obligation of Mintaka in respect of the Purchase Price Adjustment, the net debt indemnity under the SPA, and certain indemnification obligations in connection with the Acquisition (including the deferred earn-out plan); and/or (b) any reasonable and documented transaction costs incurred by Mintaka in connection with the Acquisition (to the extent that any entitlement Mintaka has to interim cash dividends declared by the Company in respect of the year ending 31 December 2020 and with a record date falling after the date of Admission is not sufficient to pay such costs in full); (x) any disposal to an affiliate of Mintaka (provided that the transferee enters into a deed of adherence); (xi) any disposal of the legal interest in any Consideration Shares provided that the beneficial owner shall not change (provided that the transferee enters into a deed of adherence); or (xii) any disposal otherwise required by applicable law.

Mintaka will also be restricted, at any point prior to termination of the TA Associates Lock-up Agreement, from taking any action that would increase its interest in the Company beyond that received on Admission.

Following the end of the lock-up period and except with the Company's prior written consent, or in certain other limited circumstances, Mintaka is restricted from disposing of, in any rolling three-month period, such number of Consideration Shares equal to or more than 5 per cent. of the total number of Consideration Shares allotted to Mintaka on Admission (subject always to the additional restriction on disposing of, in any rolling six-month period, such number of Consideration Shares equal to more than 7.5 per cent. of the total number of Ordinary Shares in issue at such time).

The TA Associates Lock-up Agreement will terminate in certain customary circumstances, including: (i) if the Company ceases to be admitted to listing on the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, or (ii) if any person becomes entitled to control, directly or indirectly, the exercise of 50 per cent. or more of the rights to vote at general meetings of the Company.

### 10.3 Merian Management Shareholders' Lock-up Agreements

On 17 February 2020, the Key Merian Management Shareholders each entered into a share lock-up agreement with the Company (the "**Merian Management Shareholders' Lock-up Agreements**") in respect of the Consideration Shares to be received by each of the Key Merian Management Shareholders. The Merian Management Shareholders' Lock-up Agreements are conditional upon Completion and restrict each of the Key Merian Management Shareholders from disposing of (i) any of their respective Consideration Shares during the period from Completion and ending on the first anniversary of Completion; and (ii) more than 25 per cent. of their respective Consideration Shares (including when aggregated with any previous disposals they have made) during the period commencing on the first anniversary of Completion and ending on the third anniversary of Completion.

The lock-ups are subject to the following exceptions: (i) any disposal made with the prior written consent of the Company; (ii) any disposal made in connection with a rights issue by the Company; (iii) any disposal pursuant to an offer by the Company to purchase Ordinary Shares which is made to all holders of Ordinary Shares; (iv) the acceptance of a takeover offer made in accordance with the Takeover Code; (v) the acceptance of a partial offer made in accordance with the Takeover Code; (vi) any disposal pursuant to the squeeze-out provisions of the Companies Act; (vii) any disposal pursuant to a compromise or arrangement between the Company and its creditors or between the Company and its members which is agreed by the creditors or members and sanctioned by the High Court of Justice in England and Wales under the Companies Act; (viii) any disposal to a connected person (as defined in the Companies Act), family member, family trust or by the trustees of such family trusts to the beneficiaries thereof, in each case solely for the purposes of tax planning (provided that the transferee enters into a deed of adherence); (ix) any disposal of the legal interest in any Consideration Shares provided that the beneficial owner shall not change (provided that the transferee enters into a deed of adherence); (x) any disposal to or by the personal representatives of the Key Merian Management Shareholder in the event of such shareholder's death; (xi) any disposal to the extent required to fund any tax liability of the relevant shareholder arising as a result of the sale of its shares in Merian to the Company; (xii) any disposal required to fund the repayment of any loan made to such shareholder in accordance with the SPA in connection with the paying up of nil paid shares in Merian held by such shareholder; or (xiii) any disposal otherwise required by applicable law or a court of competent jurisdiction.

The Merian Management Shareholders' Lock-up Agreements will terminate in certain customary circumstances, including: (i) if the Company ceases to be admitted to listing on the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, or (ii) if any person becomes entitled to control, directly or indirectly, the exercise of 50 per cent. or more of the rights to vote at general meetings of the Company.

#### 10.4 Relationship Agreement

On 17 February 2020, the Company entered into a relationship agreement with Mintaka and TA Associates (the “**Relationship Agreement**”), which will, conditional upon Admission, for such time as Mintaka, together with any member of TA Associates' Group holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time, regulate the on-going relationship between the Company, Mintaka and TA Associates following Admission.

The principal purpose of the Relationship Agreement is to ensure that where, following Admission, Mintaka together with any member of TA Associates' Group, holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time, the Company is able to carry on an independent business as its main activity. The Relationship Agreement contains, among others, undertakings from Mintaka and TA Associates that: (a) transactions and arrangements between them (and/or any of their respective associates) and any member of the Group will be conducted at arm's length and on normal commercial terms; (b) neither of them nor any of their respective associates shall take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and (c) neither of them nor any of their respective associates shall propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

In addition, the provisions of the Relationship Agreement imposing obligations on Mintaka and TA Associates will remain in full force and effect, in respect of Mintaka and TA Associates, for so long as Mintaka, together with any member of TA Associates' Group, holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time (save that Mintaka and TA Associates may terminate the Relationship Agreement in certain customary circumstances, including: (i) if the Company ceases to be admitted to listing on the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, or (ii) if any person becomes entitled to control, directly or indirectly, the exercise of 50 per cent. or more of the rights to vote at general meetings of the Company).

Pursuant to the Relationship Agreement, for so long as Mintaka, together with any member of TA Associates' Group, holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time, Mintaka and TA Associates shall be entitled to jointly nominate one non-executive director for appointment to the Board (a “**Shareholder Director**”), who shall be appointed as a non-executive director of the Company subject to certain conditions. Any such Shareholder Director will not have a right to be appointed to, or be an observer of, any committee of the Board or to receive any director fee.

Christopher Parkin has been nominated as the initial Shareholder Director by Mintaka and TA Associates for appointment to the Board and will be appointed as a director with effect from, and conditional upon, Admission.

Any Shareholder Director will be required to adhere to certain non-solicit undertakings in respect of senior employees with an annual salary in excess of an agreed amount whilst he or she is a director of the Company, and for a period of six months following their departure from the Board. The non-solicit undertaking includes a carve-out for any action taken by portfolio companies of a member of TA Associates' Group without the involvement of a Shareholder Director. A Shareholder Director must not sit on the Board (or equivalent body) of any competing business as long as he or she is a director of the Company, and for a period of three months following their departure from the Board.

The Relationship Agreement will also include certain customary information rights, confidentiality obligations and undertakings in relation to conflicts of interest.

The Relationship Agreement is governed by English law. Certain provisions, including the non-solicit undertakings referred to above, will survive termination.

## 10.5 Sponsor's Agreement

On 27 April 2020, the Company and J.P. Morgan entered into a sponsor's agreement, pursuant to which the Company appointed J.P. Morgan as Sponsor in connection with the publication of this Prospectus, the Circular and the application for Admission (the "**Sponsor's Agreement**"). The Company has given certain customary representations and warranties, agreed to comply with certain customary undertakings and given certain customary indemnities to the Sponsor. The liabilities under those warranties, undertakings and indemnities are unlimited as to time and amount. The Sponsor may by notice to the Company terminate the Sponsor's Agreement in certain customary limited circumstances prior to Admission.

## 10.6 Revolving Credit Facility

On 5 July 2019, the Company entered into a £50 million revolving credit facility agreement with Banco Santander, S.A., London Branch as mandated lead arranger, original lender and facility agent. Such revolving credit facility will be amended and restated with effect from Completion pursuant to an amendment and restatement agreement dated 9 April 2020 (the "**ARA Signing Date**") and made between the Company as borrower, Banco Santander, S.A., London branch as facility agent, Banco Santander, S.A., London branch and Citigroup Global Markets Limited as arrangers, Banco Santander, S.A., London branch as existing lender and Citibank N.A., London branch as new lender (as amended and restated, the "**Revolving Credit Facility**"). Pursuant to the Revolving Credit Facility, the maximum amount that can be borrowed was increased to £80 million and the term extended to three years from the ARA Signing Date. As at the Latest Practicable Date, the Revolving Credit Facility was undrawn, although it may be drawn upon on or following Completion.

The rate of interest payable on borrowings under the Revolving Credit Facility is the aggregate of LIBOR and a customary margin. The Company may select interest periods for each loan made available under the Revolving Credit Facility of one, three or six months or any other period agreed with all the lenders. Each loan must be repaid in full and the accrued interest together with such loan must be paid on the last day of each interest period (and at six monthly intervals after the first day of the interest period, if the interest period is longer than six months). Certain fees and expenses are also payable, including, a facility agent's fee, an upfront fee, a utilisation fee and a commitment fee.

Subject to certain conditions, the Company may voluntarily prepay utilisations and/or permanently cancel all or part of the available facility under the Revolving Credit Facility by giving prior notice to the facility agent. In addition, the Revolving Credit Facility requires mandatory cancellation and, if applicable, prepayment in full or in part, in certain circumstances.

Upon the occurrence of certain change of control events, the lenders will not be obliged to fund a loan and each lender under the Revolving Credit Facility will be entitled to have its commitment cancelled and any outstanding loan, interests and amounts accrued, immediately due and payable.

The Revolving Credit Facility contains customary warranties, representations, covenants, negative pledges, undertakings (including, amongst others, restrictions on certain disposals, mergers and acquisitions and delivery of financial statements) and events of default (in each case, subject to customary agreed exceptions, materiality tests, carve-outs and grace periods). The Company has received an appropriate waiver under the Revolving Credit Facility in relation to the Acquisition which would otherwise be subject to the aforementioned restrictions and accordingly the lenders under the Revolving Credit Facility will not exercise their rights to call an event of default in relation to the Acquisition.

The Revolving Credit Facility Agreement will terminate on the third anniversary of the ARA Signing Date.

## 10.7 Tier 2 Notes

On 27 April 2020 (the "**Issue Date**"), the Company issued £50 million 8.875 per cent. fixed rate reset callable subordinated notes due 2030 (the "**Tier 2 Notes**") at an issue price of 99.038 per cent.

The Tier 2 Notes bear interest on their principal amount from (and including) the Issue Date to (but excluding) 27 July 2025 (the "**Reset Date**"), at a rate of 8.875 per cent. per annum and thereafter at a reset rate of interest. Interest is payable on the Tier 2 Notes in a single annual instalment in arrears on each interest payment date, commencing on 27 April 2021.



Unless previously redeemed or purchased and cancelled, the Tier 2 Notes will mature on 27 July 2030. Holders of Tier 2 Notes (the “**Noteholders**”) have no right to require the Company to redeem or purchase the Tier 2 Notes at any time. The Company may, in its discretion but subject to the conditions, elect to: (a) redeem all (but not some only) of the Tier 2 Notes at their principal amount, together with interest accrued and unpaid up to (but excluding) the date fixed for redemption, on the Reset Date or at any time if a “tax event” has occurred or a “capital disqualification event” has occurred; or (b) repurchase the Tier 2 Notes.

The Tier 2 Notes are direct, unsecured and unguaranteed obligations of the Company, ranking *pari passu* and without preference amongst themselves, and will, in the event of the winding-up of the Company, be subordinated to the claims of all senior creditors of the Company but shall rank (i) at least *pari passu* with the claims of holders of all other subordinated obligations of the Company which constitute, or would but for any applicable limitation on the amount of such capital constitute, tier 2 capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and (ii) in priority to the claims of holders of all obligations of the Company which constitute, or would but for any applicable limitation on the amount of such capital, constitute tier 1 capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and to the claims of holders of all classes of share capital of the Company.

## **11. MERIAN GROUP MATERIAL CONTRACTS**

The following contract (not being a contract entered into in the ordinary course of business) has been entered into by Merian or another member of the Merian Group either: (i) within the period of two years immediately preceding the date of this Prospectus which is or may be material to the Merian Group; or (ii) which contains any provisions under which any member of the Merian Group has any obligation or entitlement which is, or may be, material to the Merian Group as at the date of this Prospectus.

### **11.1 Term and Multicurrency Revolving Facilities Agreement**

As part of the acquisition of the OMGI single-strategy business by OMGI senior management and funds operated by TA Associates, the Merian Group became party to an English law secured term and multicurrency revolving credit facility agreement that was originally entered into on 18 December 2017 among Mintaka Bidco Limited as borrower, ICG Alternative Investment Limited (as arranger), Barings Global Advisers Limited (as arranger) and Intermediate Capital Group plc (acting as agent and security agent) and was amended and restated on 25 June 2018.

Pursuant to the facilities agreement, the lenders agreed to make (i) a loan available to Mintaka Bidco Limited for the purpose of funding the acquisition of the Merian Group from Old Mutual plc and (ii) a multicurrency revolving credit facility available to Mintaka Bidco Limited for general corporate and working capital purposes and to fund certain costs relating to the acquisition. As at 31 December 2019, the net leverage of the Merian Group was 0.43x EBITDA. As at 31 March 2020, the Merian Group had net debt of £36.5 million, including £97.2 million and €70.3 million outstanding under the term loan. The revolving credit facility has a limit of £20 million and was undrawn as at 31 March 2020. The facilities agreement contains customary warranties, representations, covenants, undertakings and events of default. The termination date of the term loan is 29 June 2025 and the termination date of the revolving credit facility is 29 December 2024.

The Company will be required to, and intends to, repay all amounts outstanding under such facilities at Completion (unless repaid by Merian beforehand) and has sufficient liquidity to do so.

## **12. WORKING CAPITAL**

The Company is of the opinion that, taking into account the Revolving Credit Facility and the Tier 2 Notes, the Group has sufficient working capital for its present requirements, that is for the next 12 months from the date of this Prospectus.

## **13. NO SIGNIFICANT CHANGE**

- 13.1 Save as disclosed in paragraph 12 of Part II (*Information on the Group*) of this Prospectus, there has been no significant change in the financial performance or financial position of the Group since 31 December 2019, being the date to which the audited consolidated financial information set out in the Annual Report 2019 which is incorporated by reference into, and forms part of, this Prospectus was published.



- 13.2 Save as disclosed in paragraph 12 of Part II (*Information on the Group*) of this Prospectus, there has been no significant change in the financial performance or financial position of the Merian Group since 31 December 2019, being the date to which the combined and consolidated historical financial information set out in Part V (*Historical Financial Information relating to the Merian Group*) of this Prospectus was published.

#### 14. LEGAL AND ARBITRATION PROCEEDINGS

- 14.1 There are no, nor have there been any, governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the last 12 months prior to the date of this Prospectus which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability.
- 14.2 There are no, nor have there been any, governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the last 12 months prior to the date of this Prospectus which may have, or have had in the recent past, a significant effect on Merian's and/or the Merian Group's financial position or profitability.

#### 15. REGULATORY DISCLOSURES

In the 12 month period prior to the date of this Prospectus, the Company disclosed the following information under the Market Abuse Regulation which is relevant as at the date of this Prospectus:

##### **PDMR dealings**

5 September 2019	Grant of nil cost share options to Wayne Mepham under the Deferred Bonus Plan on 4 September 2019
9 September 2019	Acquisition of shares by Edward Bonham Carter and Andrew Formica under the Share Incentive Plan on 5 September 2019
30 September 2019	Grant of shares to Andrew Formica and Wayne Mepham under the Approved Sharesave Plan on 27 September 2019
2 March 2020	Purchase of shares by Andrew Formica and Wayne Mepham on 28 February 2020 and purchase of shares by Nichola Pease on 2 March 2020
6 March 2020	Grant of shares to Andrew Formica, Wayne Mepham and Edward Bonham Carter under various share plans on 5 March 2020
13 March 2020	Purchase of shares by Andrew Formica
19 March 2020	Acquisition of shares by Edward Bonham Carter under the Long-term Incentive Plan and Deferred Bonus Plan
3 April 2020	Grant of shares to Andrew Formica, Wayne Mepham and Edward Bonham Carter under various share plans on 1 April 2020
21 April 2020	Acquisition of shares by Andrew Formica and Edward Bonham Carter under the Company's share incentive plan on 20 April 2020
28 April 2020	Acquisition of Tier 2 Notes by Andrew Formica and Edward Bonham Carter
4 June 2020	Disposal of Shares by Edward Bonham Carter on 3 June 2020

##### **Director changes**

3 September 2019	Confirmation of the appointment of Wayne Mepham as Chief Financial Officer Appointment of Nichola Pease as Non-Executive Chairman of the Company with effect from 2 March 2020 and notification that Liz Airey was stepping down from the Board
6 November 2019	

##### **Trading updates**

30 July 2019	Interim report and accounts for the first half of the year of 2019 Trading update and notice of results in respect of the three months to 30 September 2019
11 October 2019	Trading update, Merian update and notice of results in respect of the three months to 31 March 2020
15 April 2020	

##### **Other**

1 July 2019	European Growth Strategy update
12 August 2019	Appointment of Liz Airey as a non-executive director of Standard Life UK Smaller Companies Trust plc with effect from 21 August 2019
12 August 2019	Notification of major holdings by MainFirst SICAV, Luxembourg registered investment fund
17 February 2020	Response to press speculation in relation to the Acquisition

17 February 2020	Announcement of the Acquisition
28 February 2020	Financial results for the year-ended 31 December 2019
3 March 2020	Notification of major holdings by Silchester International Investors LLP
4 March 2020	Notification of major holdings obligation by Baillie Gifford & Co
	Appointment of Jonathon Bond as an independent non-executive director of Camellia Plc
9 March 2020	
17 March 2020	Publication of the Annual Report 2019
25 March 2020	Notification of major holdings by Silchester International Investors LLP
26 March 2020	Notice of Annual General Meeting
22 April 2020	Pricing of Tier 2 Notes
23 April 2020	Publication of prospectus relating to the Tier 2 Notes
27 April 2020	Publication of Articles of Association
27 April 2020	Publication of Circular and Notice of General Meeting
6 May 2020	Update on arrangements for Annual General Meeting and General Meeting
21 May 2020	Results of General Meeting and Annual General Meeting

## 16. MANDATORY TAKEOVER BIDS, SQUEEZE-OUT RULES, SELL-OUT RULES AND TAKEOVER BIDS

### 16.1 Mandatory takeover bids

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of an acquirer and persons acting in concert with it to an interest in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, persons acting in concert with it, would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interest in shares by the acquirer or his concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of an interest in shares by a person holding (together with any persons acting in concert) an interest in shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

### 16.2 Squeeze-out rules

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the offer relates (the "Offer Shares") and not less than 90 per cent. of the voting rights attached to the Offer Shares, within three months of the last day on which its offer can be accepted, it could acquire compulsorily the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

### 16.3 Sell-out rules

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer relates, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

#### 16.4 Takeover bids

No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

#### 17. STATUTORY AUDITORS AND REPORTING ACCOUNTANTS

PricewaterhouseCoopers LLP is the statutory auditor and reporting accountant to the Company. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales and is registered to carry out audit work. PricewaterhouseCoopers LLP's registered address is 7 More London Riverside London SE1 2RT, United Kingdom.

#### 18. COSTS AND EXPENSES

The aggregate costs and expenses of the Acquisition, the issuance of the Tier 2 Notes and Admission (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents) payable by the Company are estimated to be £13 million to £14 million (inclusive of VAT). In addition, the Company estimates that it will incur costs of £27 million to £31 million (inclusive of VAT) relating to the integration of the Merian Group and the delivery of the anticipated cost synergies.

#### 19. CONSENTS

PricewaterhouseCoopers LLP has given, and has not withdrawn, its written consent to the inclusion in this Prospectus of its accountant's report set out in Section A of Part V (*Historical Financial Information relating to the Merian Group*) and its accountant's report set out in Section A of Part VI (*Unaudited Pro Forma Financial Information*) in the form and context in which they appear, and has authorised the contents of the parts of this Prospectus which comprise its reports for the purpose of 5.3.2R(2)(f) of the Prospectus Regulation Rules.

#### 20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection for a period of 12 months following Admission on the Company's website at [www.jupiteram.com](http://www.jupiteram.com) and during normal business hours on Monday to Friday of each week (public holidays excepted) at the Company's registered office at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ, United Kingdom:

- (a) the Articles of Association;
- (b) the report from PricewaterhouseCoopers LLP on the combined and consolidated historical financial information of the Merian Group set out in Section A of Part V (*Historical Financial Information relating to the Merian Group*) of this Prospectus;
- (c) the report from PricewaterhouseCoopers LLP on the unaudited *pro forma* financial information set out in Section A of Part VI (*Unaudited Pro Forma Financial Information*) of this Prospectus;
- (d) the consent letter referred to in paragraph 19 of this Part IX (*Additional Information*);
- (e) the Annual Report 2019 and the Q1 2020 Trading Update;
- (f) the Circular; and
- (g) this Prospectus.

## PART X

### DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

<b>“Acquisition”</b>	means the proposed acquisition by the Company of the entire issued and to be issued share capital of Merian;
<b>“Admission”</b>	means the admission of the Consideration Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities;
<b>“Annual Report 2019”</b>	means the Group’s annual report and accounts for the year ended 31 December 2019;
<b>“APAC”</b>	means Asia-Pacific;
<b>“Articles of Association”</b>	means the articles of association of the Company;
<b>“Auditing Practices Board”</b>	means the Auditing Practices Board Limited, part of the Financial Reporting Council;
<b>“AUM”</b>	means assets under management;
<b>“Board”</b>	means the board of directors of the Company from time to time;
<b>“Business Day”</b>	means a day other than a Saturday, Sunday or public holiday in England and Wales or Jersey;
<b>“CAGR”</b>	means compound annual growth rate;
<b>“CFTC”</b>	means the U.S. Commodity Futures Trading Commission;
<b>“CIO”</b>	means the Group’s Chief Investment Officer;
<b>“Circular”</b>	means the Company’s circular to Shareholders dated 27 April 2020 in connection with the Acquisition;
<b>“Companies Act”</b>	means the UK Companies Act 2006 (as amended or re-enacted);
<b>“Companies Acts”</b>	means the Companies Act and, where the context requires, every other statute from time to time in force concerning companies and affecting the Company;
<b>“Company”</b>	means Jupiter Fund Management plc, a company incorporated in England and Wales, with registered number 6150195 and registered office at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ, United Kingdom;
<b>“Completion”</b>	means completion of the Acquisition subject to and in accordance with the terms and conditions of the SPA;
<b>“Conditions”</b>	means the conditions to the Completion of the Acquisition, all of which have now been satisfied;
<b>“Consideration Shares”</b>	means the 95,360,825 Ordinary Shares, which are proposed to be issued by the Company to the Sellers pursuant to the Acquisition;
<b>“CREST”</b>	means a computerised system for the paperless settlement of sales and purchases of securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations;
<b>“CREST Regulations”</b>	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as from time to time amended;
<b>“CGU”</b>	means cash generating unit;
<b>“Directors”</b>	means the directors of the Company as at the date of this Prospectus and <b>“Director”</b> means any one of them;

<b>“Disclosure Guidance and Transparency Rules”</b>	means the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended from time to time;
<b>“ECL”</b>	means expected credit loss;
<b>“EMEA”</b>	means Europe, the Middle East and Africa;
<b>“Enlarged Group”</b>	means the enlarged group of companies which will, following Completion, comprise the Group and the Merian Group;
<b>“ERM”</b>	means enterprise risk management;
<b>“EU”</b>	means the European Union;
<b>“EURIBOR”</b>	means the Euro Interbank Offered Rate;
<b>“Euroclear”</b>	means Euroclear UK & Ireland Limited, the operator of CREST;
<b>“Exceptional Items”</b>	means items of income or expenditure that are significant in size and which are not expected to repeat over the short to medium term;
<b>“FCA” or “Financial Conduct Authority”</b>	means the Financial Conduct Authority, granted powers as a regulator under the FSMA;
<b>“FCA Handbook”</b>	means the FCA’s handbook of rules and guidance;
<b>“FCPA”</b>	means the US Foreign Corrupt Practices Act of 1977;
<b>“Fenchurch”</b>	means Fenchurch Advisory Partners LLP;
<b>“Fitch”</b>	means Fitch Ratings Limited;
<b>“FSMA”</b>	means the UK Financial Services and Markets Act 2000, as amended;
<b>“FTEs”</b>	means full time equivalent employees;
<b>“FVOCI”</b>	means fair value through other comprehensive income;
<b>“FVTPL”</b>	means fair value through profit and loss;
<b>“GDPR”</b>	means the General Data Protection Regulation;
<b>“General Meeting”</b>	means the general meeting of the Company, including any adjournments thereof, held on 21 May 2020 at which the Resolution in relation to the Acquisition was approved;
<b>“Group”</b>	means the Company and its subsidiaries and subsidiary undertakings from time to time;
<b>“ICAAP”</b>	means the Internal Capital Adequacy Assessment Process under the European Capital Requirements Directive III (Directive 2010/76/EU);
<b>“IFD”</b>	has the meaning given to it in paragraph 3.7 of the section entitled Risk Factors of this Prospectus;
<b>“IFR”</b>	has the meaning given to it in paragraph 3.7 of the section entitled Risk Factors of this Prospectus;
<b>“IFRS”</b>	means the International Financial Reporting Standards as adopted by the European Union;
<b>“Issue Date”</b>	has the meaning given to it in paragraph 10.7 of Part IX ( <i>Additional Information</i> ) of this Prospectus;
<b>“IT”</b>	means information technology;
<b>“J.P. Morgan”</b>	means J.P. Morgan Securities plc;

<b>“Key Merian Desks”</b>	means the following investment teams within the business of the Merian Group at Completion: (a) the “UK Small and Mid Cap. (SMID)” desk currently led by Daniel Nickols and Richard Watts; (b) the “Systematic” desk currently led by Ian Heslop; and (c) the “UK All Cap” desk currently led by Richard Buxton;
<b>“Key Merian Management Shareholders”</b>	means Richard Buxton, Ian Heslop, Amadeo Alentorn Farre, Daniel Nickols and Richard Watts;
<b>“Latest Practicable Date”</b>	means 26 June 2020, being the latest practicable date prior to the publication of this Prospectus;
<b>“Listing Rules”</b>	means the listing rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended from time to time;
<b>“London Stock Exchange”</b>	means London Stock Exchange plc;
<b>“Market Abuse Regulation”</b>	means Regulation (EU) No. 2014/596;
<b>“Merian”</b>	means Merian Global Investors Limited, a company incorporated in Jersey, with registered number 125325 and its registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD;
<b>“Merian AUM”</b>	means the AUM attributable to funds managed by the Key Merian Desks;
<b>“Merian Chrysalis”</b>	means Merian Chrysalis Investment Company Limited;
<b>“Merian Group”</b>	means Merian, its subsidiaries and subsidiary undertakings from time to time and where the context permits, each of them;
<b>“Merian Management Shareholders”</b>	means each of the Key Merian Management Shareholders and Robert Colthorpe, Richard I. Morris Jr. and Mike Servant;
<b>“Merian Management Shareholders Lock-Up Agreements”</b>	means the share lock-up agreements entered into between each of the Key Merian Management Shareholders and the Company on 17 February 2020;
<b>“MiFID II”</b>	means the Markets in Financial Instruments Directive II;
<b>“MIML”</b>	means Merian Investment Management Limited;
<b>“MGI CH”</b>	means Merian Global Investors (UK) Limited;
<b>“MGI Holdings”</b>	means Merian Global Investors Holdings Limited;
<b>“MGI SG”</b>	means Merian Global Investors (Singapore) Pte. Ltd;
<b>“Mintaka”</b>	means Mintaka LP, a limited partnership incorporated in the Cayman Islands whose registered office is at PO Box 309, Ugland House, Grand Cayman, George Town, KY1-1104 and advised by TA Associates;
<b>“NAV”</b>	means net asset value;
<b>“Noteholders”</b>	has the meaning given to it in paragraph 10.7 of Part IX ( <i>Additional Information</i> ) of this Prospectus;
<b>“Numis”</b>	means Numis Securities Limited;
<b>“NZS Capital”</b>	means NZS Capital, LLC;
<b>“Offer Shares”</b>	means shares subject to a takeover offer as defined in section 974 of the Companies Act;
<b>“Notice of General Meeting”</b>	means the notice convening the General Meeting set out at the end of the Circular;
<b>“Official List”</b>	means the list maintained by the FCA in accordance with section 74(1) of the FSMA for the purposes of Part VI of the FSMA;
<b>“OMGI”</b>	means Old Mutual Global Investors;



<b>“Operating Margin”</b>	means operating profit (before Exceptional Items) divided by net revenue;
<b>“Ordinary Shares”</b>	means the ordinary shares of two pence each in the capital of the Company, including, where the context requires, the Consideration Shares;
<b>“Participant Sellers”</b>	means the beneficial owners of certain shares in Merian currently registered in the name of Zedra Trust Company;
<b>“PRA”</b>	means the UK Prudential Regulation Authority;
<b>“Products”</b>	means the Group’s and following Completion, the Enlarged Group’s investment funds, segregated mandates and investment trusts and in respect of which the Group or following Completion, the Enlarged Group, directly or indirectly, provides investment management, advisory, structuring, risk management, operational or other services;
<b>“Proposed Director”</b>	means Christopher Parkin, a non-executive director nominated by Mintaka and TA Associates for appointment to the Board pursuant to their rights under the Relationship Agreement, with such appointment to take effect on and from, and conditional upon, Admission;
<b>“Prospectus”</b>	means this document;
<b>“Prospectus Regulation”</b>	means Regulation (EU) No. 2017/1129;
<b>“Prospectus Regulation Rules”</b>	means the prospectus regulation rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended from time to time;
<b>“Purchase Price Adjustment”</b>	has the meaning given in paragraph 1 of Part I ( <i>Information about the Acquisition</i> ) of this Prospectus;
<b>“QI”</b>	means Quilter Investors Limited;
<b>“Quilter Group”</b>	means Quilter Group Plc;
<b>“Registrar”</b>	means Link Asset Services Limited with its registered office at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom;
<b>“Regulatory Information Service”</b>	means one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies;
<b>“Relationship Agreement”</b>	means the relationship agreement entered into between Mintaka, TA Associates and the Company on 17 February 2020;
<b>“Reset Date”</b>	has the meaning given to it in paragraph 10.7 of Part IX ( <i>Additional Information</i> ) of this Prospectus;
<b>“Resolution”</b>	means the ordinary resolution proposed at the General Meeting (and set out in the Notice of General Meeting set out at the end of the Circular) which approved the Acquisition and certain related matters including, without limitation: (i) approved the Acquisition as a “Class 1 transaction” under the Listing Rules; and (ii) authorised the Directors to allot the Consideration Shares (and any amendment(s) thereof);
<b>“Revolving Credit Facility”</b>	means the Company’s revolving credit facility dated 5 July 2019, as amended and restated on 9 April 2020;
<b>“SEC”</b>	means the U.S. Securities and Exchange Commission;
<b>“Sellers”</b>	means Mintaka (a fund advised by TA Associates), the Merian Management Shareholders, Zedra Trust Company and the Participant Sellers;

<b>“Senior Managers”</b>	means Veronica Lazenby, Paula Moore, Minesh Patel, Stephen Pearson, Andrew Robinson, Jasveer Singh and Philip Wagstaff;
<b>“Shareholder”</b>	means holders of one or more Ordinary Shares;
<b>“SICAV”</b>	means Société d’Investissement à Capital Variable, a collective investment vehicle structured as an open-ended investment company;
<b>“Shareholder Director”</b>	has the meaning given to it in paragraph 10.4 of Part IX ( <i>Additional Information</i> ) of this Prospectus;
<b>“SMCR”</b>	means the FCA’s Senior Managers & Certification Regime;
<b>“SPA”</b>	means the sale and purchase agreement entered into by the Company and the Sellers on 17 February 2020 for the purposes of giving effect to the Acquisition;
<b>“Sponsor”</b>	means J.P. Morgan Securities plc;
<b>“Sponsor’s Agreement”</b>	means the agreement in which the Company appointed J.P. Morgan in connection with the applications for Admission and the publication of this Prospectus and the Circular;
<b>“subsidiary”</b>	has the meaning given in section 1159 of the Companies Act;
<b>“subsidiary undertaking”</b>	has the meaning given in section 1162 of the Companies Act;
<b>“TA Associates”</b>	means TA Associates Management LP, a limited partnership incorporated in Delaware (EIN 04-3205796), whose principal place of business is at 200 Clarendon Street, 56th Floor, Boston, MA 02116, United States;
<b>“TA Associates Fund”</b>	means (i) any fund which has the same general partner, trustee, nominee, operator, manager or investment adviser as TA Associates or any company which is a subsidiary or holding company of TA Associates or a subsidiary of a holding company of TA Associates, and (ii) any fund in respect of which TA Associates or any company which is a subsidiary or holding company of TA Associates or a subsidiary of a holding company of TA Associates is a general partner, manager or investment adviser;
<b>“TA Associates’ Group”</b>	means (i) TA Associates and any company which is a subsidiary or holding company of TA Associates or a subsidiary of a holding company of TA Associates, in each case from time to time, and (ii) any TA Associates Fund, but in each case excluding portfolio companies in which funds advised or managed by its holding companies or subsidiaries of its holding companies hold an investment, and <b>“member of TA Associates’ Group”</b> shall be construed accordingly;
<b>“TA Associates Lock-Up Agreement”</b>	means the share lock-up agreement entered into between Mintaka and the Company on 17 February 2020;
<b>“Takeover Code”</b>	means the Takeover Code issued by the Panel on Takeovers and Mergers, as amended from time to time;
<b>“Tier 2 Notes”</b>	has the meaning given to it in paragraph 10.7 of Part IX ( <i>Additional Information</i> ) of this Prospectus;
<b>“UCITS”</b>	means Undertakings for Collective Investment in Transferable Securities;
<b>“uncertificated” or “in uncertificated form”</b>	means in relation to shares, means recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“Underlying EPS”</b>	means profit before tax less fs excluding amortisation arising from acquisitions;
<b>“United Kingdom” or “UK”</b>	means the United Kingdom of Great Britain and Northern Ireland;

<b>“United States” or “US”</b>	means the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
<b>“US Securities Act”</b>	means the United States Securities Act of 1933, as amended from time to time;
<b>“Zedra Trust Company”</b>	means Zedra Trust Company (Guernsey) Limited, a professional trustee company appointed to hold certain shares in Merian as nominee for certain employees and former employees of the Merian Group; and
<b>“£” or “pence”</b>	means the lawful currency of the United Kingdom.

All times referred to are London time unless otherwise stated.

All references to legislation in this Prospectus are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.



