JUPITER

Annual Report and Accounts 2017

JUPITER FUND MANAGEMENT PLC

JUPITER

WHAT WE ARE HERE TO DO

Jupiter's purpose is to help investors meet their long-term investment objectives.

WHO WE ARE

Jupiter is a high conviction active fund manager; we aim to deliver value to clients through investment outperformance after all fees.

WHAT WE OFFER

We enable individuals and institutions to access this outperformance through a variety of savings products.

CONTENTS

HIGHLIGHTS

DELIVERING GROWTH THROUGH INVESTMENT EXCELLENCE

In 2017, we maintained strong investment outperformance after all fees for our clients. Healthy net inflows demonstrate the success of our diversification strategy, underpinned by a resilient balance sheet, allowing healthy returns to shareholders.

NON-FINANCIAL

At 31 December 2017, 81% of our mutual fund assets under management (AUM) were outperforming the median over three years. This helped us to achieve net inflows of £5.5bn, contributing to an increase in AUM of 24% to £50.2bn.

INVESTMENT PERFORMANCE AFTER ALL FEES

81%

(2016: 75%)

+6%

NET INFLOWS

£5.5bn

(2016: £1.0bn)

+£4.5bn

FINANCIAL

The growth in AUM was the primary driver of the 19% increase in net management fees to £392.4m. This enabled the continued investment in our business. Our efficient platform and operating model helped turn revenue growth into underlying earnings per share of 34.2p, up 16%. Other financial highlights include:

- Basic earnings per share up 14% to 34.5p
- Profit before tax up 13% to £192.9m.

NET MANAGEMENT FEES[1]

£392.4m

(2016: £330.2m)

+19%

UNDERLYING EARNINGS PER SHARE[1]

34.2p

(2016: 29.4p)

+16%

RETURNS TO SHAREHOLDERS

Our total dividends for the year were 32.6p per share, including ordinary dividends of 17.1p (up 16%) and a special dividend of 15.5p (2016: 12.5p).

TOTAL DIVIDEND

32.6p

(2016: 27.2p)

+20%

1 The Group's use of Alternative Performance Measures (APMs) is detailed on page 31.

AT A GLANCE

Jupiter manages mutual funds, segregated mandates and investment trusts on behalf of individuals and institutions. We are a leader in the UK mutual fund market and have a growing presence in our chosen European and Asian locations.

INVESTMENT OUTPERFORMANCE IS AT THE HEART OF WHAT WE DO

We aim to deliver value for money to our clients through active fund management that delivers long-term investment outperformance, after all fees. Investment outperformance helps us to grow our assets under management (AUM), by ensuring we keep existing clients and attract new ones. In turn, growing our AUM increases our revenues and profits, allowing us to invest for continued growth as well as rewarding employees and adding value for shareholders through ordinary and special dividends and capital appreciation.

OUR PEOPLE AND CULTURE ARE KEY

We believe that talented individuals who are free to pursue their own investment styles can make the most difference for clients. With no 'house view' to constrain them, our fund managers actively seek the best investment opportunities through fundamental analysis, with a focus on good stewardship.

Our fund managers are organised into strategy teams, ensuring that they can share ideas and information, while retaining accountability as individuals for their funds' performance. As we grow, this approach helps to give us a more diversified business by asset class, geography and investment style.
At 31 December 2017, we employed 74 investment professionals in London, supported by 449 other employees. This included 34 people located in Europe and Asia providing in-country support for our international business growth.

A DIVERSIFIED AND RESILIENT BUSINESS MODEL

In recent years, we have followed a successful strategy of diversifying Jupiter by geography, client type and product while maintaining and investing in our efficient operating platform. This has given us a more resilient business and provides a broader range of growth opportunities for the years ahead.

OUR VALUES

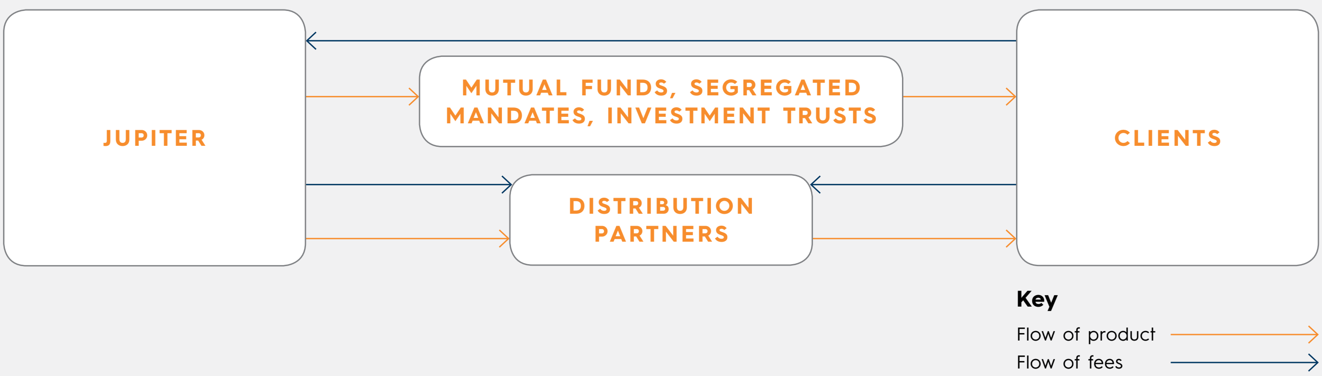
Our primary responsibility is to our clients who entrust their savings to our management. We aim to protect and grow their assets and provide an excellent service.

Every employee can make a difference to Jupiter. We value individual talent and independent thought and seek to give freedom to employees to deliver. We do this within a team framework where respect, high standards and innovation are key to our high-performance culture.

We aim to make a positive contribution to society as managers of other people's money. We seek to do so by increasing the value of our clients' savings, in the way we run money and by behaving in an ethical manner.

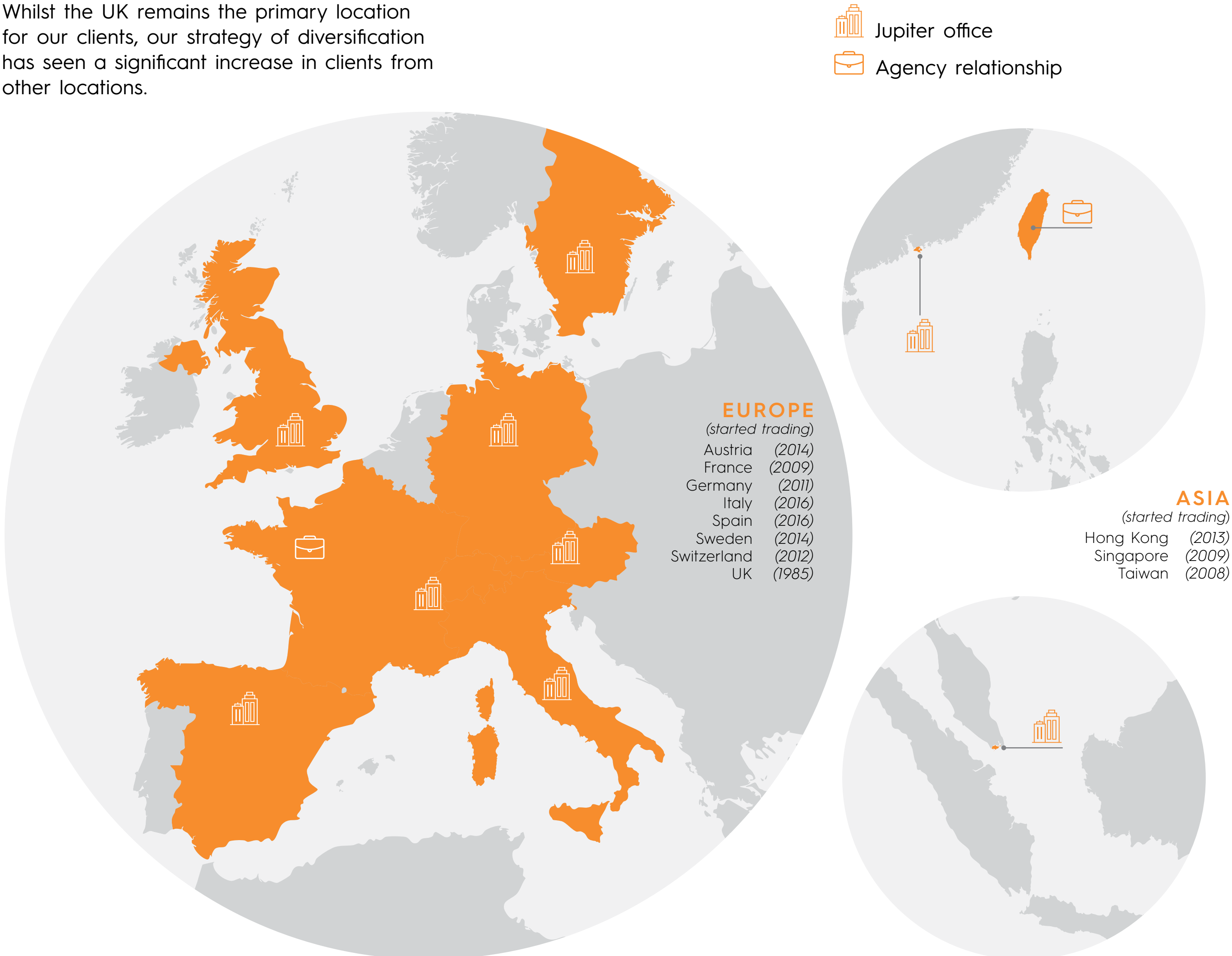
We believe that if we live by our values, Jupiter will be a profitable and sustainable company which provides fair returns to clients, employees and shareholders.

WHO WE SERVE



OUR EXPANDING INTERNATIONAL PRESENCE

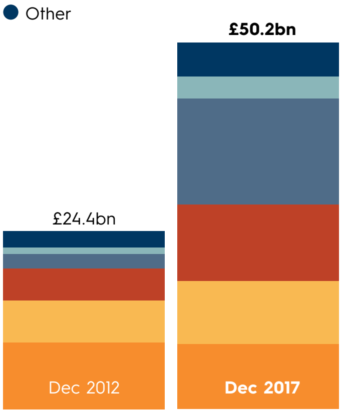
Whilst the UK remains the primary location for our clients, our strategy of diversification has seen a significant increase in clients from other locations.



OUR ASSET GROWTH AND CHANGING GEOGRAPHIC MIX OF AUM

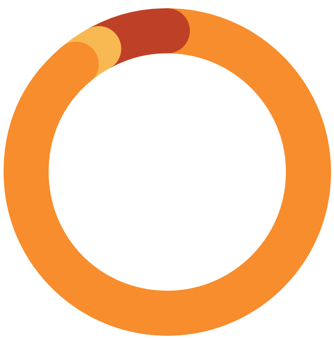
Split of AUM by asset class

- Multi-asset
- UK equities
- European equities
- Fixed income
- GEMs
- Other



31 December 2012

UK	89%
RoW	3%
Europe	8%
Asia	–



31 December 2017

UK	70%
RoW	3%
Europe	21%
Asia	6%

CHAIRMAN'S INTRODUCTION

DEAR FELLOW SHAREHOLDERS

The Board was very pleased with the Group's performance this year. We maintained strong levels of investment outperformance for our clients after all fees, which is our primary aim. This strong investment performance enabled us to retain existing clients and attract new ones. New clients came from across an increasingly broad distribution network of partners with wider geographical reach. This resulted in significant net inflows of £5.5bn into our increasingly diversified range of investment strategies and products. The increase in assets under management to £50.2bn contributed to a 13% rise in statutory profit before tax to £192.9m (on an underlying basis this was £193.8m).

Investment outperformance

During the year, a significant amount of hard work was undertaken to ensure that we can continue to deliver investment outperformance for clients and thus financial results for shareholders. This included investing in our business by recruiting and developing existing employees in the fund management strategy teams to broaden and deepen our investment capability. It also included substantial changes to our operating platform in preparation for all the requirements of MiFID II.

Earlier in the year we announced changes to pricing for our UK unit trusts and that Jupiter would meet the cost of research used in our fund management process. Both of these changes benefit clients and increase transparency, enabling them to more easily assess the investment performance after all fees.

Dividends to shareholders

Jupiter's progressive dividend policy targets an ordinary payout of 50% of our underlying earnings per share. In order to provide shareholders with a smoother flow of returns, we rebalanced the dividend this year towards the interim. We increased it to 6.8p per share from the 4.5p paid in 2016. The Board is now declaring a full-year dividend of 10.3p per share (2016: 10.2p), to give a total ordinary dividend of 17.1p, up 16%.

In addition, the Group's financial results and strong balance sheet allow us to announce a special dividend of 15.5p per share for 2017 (2016: 12.5p per share), giving a total dividend of 32.6p. This will be paid at the same time as the full-year dividend. Special dividends enable us to deliver returns to our shareholders sooner rather than later, using cash we do not need to hold for other purposes and we remain committed to this policy.

Taking the ordinary and special dividends together, shareholders will receive a total of 32.6p. This represents a 20% increase on last year, and a distribution of 95% of our underlying earnings.

A consistent strategy

Under Maarten Slendebroek's leadership, Jupiter has followed a consistent strategy, with investment outperformance for our clients at its heart, which has successfully diversified and grown the Group. During the year, the Board reviewed the strategy in detail in the context of Jupiter's evolving markets, our success to date and the environment of significant change around us. The Board reaffirmed the strategic direction of the Group. It is confident that Jupiter's position as an active fund manager focused on investment performance after all fees can support its continued growth.

Board and governance

We were delighted to welcome Roger Yates as a Non-Executive Director in October 2017. Roger led Henderson's successful global expansion and has over a decade of non-executive experience on the boards of UK financial services companies. His insights will be invaluable as we move forward.

Lorraine Trainer has decided to retire from the Jupiter Board and will not be seeking re-election at the Company's AGM on 18 May 2018. Lorraine joined the Board in May 2010 at the time of the IPO and served as Chairman of the Remuneration Committee from May 2011 to June 2017 and Senior Independent Director from September 2014 to July 2017. On behalf of the Board, I would like to express my gratitude to Lorraine for her support and significant contribution during her eight years on the Board. Lorraine has brought energy, commitment and a different perspective to the Board and this has been invaluable to Jupiter as the business has grown and developed. Her experience and insight will be missed.

During the year, we completed a full external Board evaluation, which confirmed that the Board and its committees continue to function well.

People and culture

Jupiter has good gender balance at Board level but this is not replicated in all areas of the Group. While we ensure we pay men and women the same for performing the same roles to the same performance levels, the high percentage of senior fund manager and sales positions held by men is the driver of our gender pay gap. We expect the gender pay and bonus gaps between female and male employees to gradually decline as we recruit and develop senior female talent across the business.

Jupiter has a strong culture and a set of values that are central to our business. They ensure we put clients first, collaborate effectively and remain conviction led. Our people embody these values and I want to thank everyone at Jupiter for their contribution to the Group's success this year.

Looking forward

There are undoubtedly challenges in the external environment, most specifically the uncertainties surrounding Brexit. The Board believes that Jupiter has a robust and sustainable business model and is confident that, with the delivery of value for clients, Jupiter can continue to thrive.

Liz Airey

LIZ AIREY
Chairman

CHIEF EXECUTIVE'S REVIEW

A STRONG YEAR

2017 was a good year for Jupiter across all our activities: three-year investment performance, net inflows and delivery on a number of strategic projects. This was delivered within a supportive market environment.

The key measure of our investment performance is the percentage of mutual fund AUM with above-median performance, after all fees, over three years. This increased from 75% in 2016 to 81% in 2017, as our clients continued to benefit from our culture of high performance, independent thinking and accountability.

I was very pleased with the net inflows of £5.5bn (2016: £1.0bn), which help to show the success of our diversification strategy, with positive inflows across each quarter. These inflows, coupled with our investment outperformance and market movements, resulted in a 24% increase in our AUM. This, in turn, underpinned our financial performance.

Net revenues totalled £409.5m, up 17% (2016: £351.4m), including a 19% increase in net management fees to £392.4m (2016: £330.2m). The adjusted cost income ratio was steady at 55%, which meant that the revenue growth funded continued investment in our business and platform as well as increased profitability. Statutory profit before tax rose by 13% to £192.9m; underlying profit before tax increased from £168.4m in 2016 to £193.8m in 2017, representing growth of 15%. Underlying earnings per share were 16% higher at 34.2p (2016: 29.4p). The Group converts a high proportion of earnings into cash, generating operating cash flows after tax of £194.6m in 2017 (2016: £147.3m). This supports our ability to maintain a strong balance sheet position while paying significant dividends to shareholders.

Our strategic progress was recognised in 2017 when Investment Week named Jupiter 'Global Group of the Year', based on our 'strong investment performance across the board and a developing pool of rising talent, combined with a willingness to tackle industry issues ahead of others'. This award reflects our transformation over the past five years and our adaptability in changing regulatory environments.

A successful diversification strategy

All regions contributed to our net inflows in 2017, with the offices in Italy and Spain exceeding our expectations for the year. In total, the international distribution platform we have built provided 75% of our net inflows in 2017, without requiring significant additional resources in country to deliver that growth. The UK also grew in 2017, as inflows to investment strategies launched in recent years more than offset outflows from our longstanding fund of funds strategy.

Fixed income has been a major contributor to our AUM growth for several years and it was the largest source of net inflows in 2017. Fixed income AUM now stands at £13.4bn or 27% of the total for the Group, contributing towards our strategic goal of diversifying across different product types. There was also meaningful demand for a range of other strategies, including absolute return and global emerging markets. Growth in our Absolute Return, India and Distribution unit trusts means that 13 of our funds now have assets of more than £1bn, together accounting for £36.5bn of our AUM.

We continue to develop attractive new products. In 2017, we launched two emerging market debt funds and the Emerging & Frontier Income Trust. These launches underline Jupiter's growing expertise and reputation in emerging markets, which accounts for an increasing proportion of our AUM. We also see alternatives as an exciting area of growth for Jupiter and we launched the Global Levered Absolute Return Fund to build on the success of the Absolute Return Fund. Looking further ahead, we see real opportunities to serve more institutional clients who seek active outperformance; we will continue to develop our institutional capabilities during 2018 and beyond.

Investing for growth

Towards the end of the year, we completed the implementation of a significant upgrade to our fund management, investment operations and risk platform. This will help us to support an increasingly diverse set of investment strategies and underpins our ability to grow. It was also an essential component of our programme of work to be well prepared for MiFID II compliance from January 2018. These important and complicated projects were finished on time. Continued investment to support the business is a vital element of our growth strategy and we will continue to invest in enhancing our systems and processes to prepare effectively for new regulations over the coming years.

Outlook

I am pleased that Jupiter's operating model continues to demonstrate resilience and agility against a continually challenging and evolving backdrop. The strong growth we have experienced is because we put the client at the heart of everything we do. Our creative responses to delivering what they want has driven our success.

The increase in our AUM in 2017 should translate into a good start for the business in 2018. However, the previously announced changes to our unit trust pricing and our decision to bear all the costs of research will result in a profit headwind of around £18m from 2018. Our investment performance statistics are at a high, in part due to the very strong performance of three years ago. Maintaining this level is a key challenge in 2018. We will also continue to invest in the business, embedding and optimising our new platform and starting a programme to upgrade systems supporting the sales and distribution teams.

The resilience of our current operating model and balance sheet strength mean that, despite the continued disruptions and uncertainties that exist around us, we are well placed to continue our growth trajectory and look for new areas of opportunity.

MAARTEN SLENDEBROEK
Chief Executive Officer

OUR MARKETS

As a high conviction active asset manager, Jupiter operates within the wider long-term savings markets in both the UK and internationally.

MARKET DRIVERS

In the markets where we choose to operate, a number of powerful long-term trends are driving demand for investment products that deliver attractive returns, have transparent fees and create value for clients.

Populations are growing and ageing

Populations around the world are increasing and people are living longer. According to the United Nations, 13% of the global population was aged 60 or over in 2017, equating to 962m people. Europe has the largest proportion of over 60s at 25%, while Asia is in line with the global average at 12%.

Worldwide, the population aged 60 or over is growing faster than all younger age groups, at about 3% per annum. The number of older people is projected to reach 1.4bn by 2030 and 2.1bn by 2050. All regions except Africa will have a quarter or more of their population over 60 by 2050.

Developing economies are getting richer

In addition to ageing populations, developing economies are enjoying rising wealth. As their incomes grow and demand for savings products increases, individuals in these countries are increasingly demanding foreign investments to help them diversify their holdings and to give them access to a wider range of assets. Mutual fund providers, pension funds and insurance companies are providing more opportunities for these individuals to achieve their investment goals.

Individuals are having to save for retirement

These population trends mean that many more people need to fund longer retirements than previously expected. However, governments and companies are limiting pension provision, due to the cost of funding this provision. Individuals are therefore increasingly required to provide for retirement themselves, using defined contribution pension schemes and other forms of long-term savings, to build up enough capital to provide the income they will need.

Individuals continue to look for positive returns on their investments

Alongside the need to build up capital for the long term, individuals and their advisors are also having to consider the returns on their assets. Persistently low interest rates in many countries mean that traditional savings accounts offer negative real returns. As a result, pre- and post-retirement savers are turning to investment products such as those offered by Jupiter which offer the prospect of positive returns on their savings. In particular, the ability to increase the value of savings during the post-retirement phase, as well as generating income over and above that provided by the state, is changing the characteristics of client demand.

Clients are demanding a range of different products

Flows into mutual funds continue to polarise. At one end of the spectrum, there is growing demand for low-cost exchange-traded and index funds, where returns track an underlying market index. These offerings are generically known as passive funds.

At the other end, there are significant inflows into high-performance, outcome-orientated active strategies, capable of delivering additional returns. This is the area in which Jupiter operates.

WHAT THESE TRENDS MEAN FOR JUPITER

The trends in our markets have important implications for our strategy and operations:

- There is substantial demand for investment products that offer strong outperformance after fees. Jupiter must meet this challenge in order to retain clients, attract greater inflows and grow revenues. Investment outperformance after all fees, delivered through active asset management, is therefore our number one priority.
- Demand for different product types alongside shortening product lifecycles means we will need to further innovate and diversify our active range. We will continue to develop and launch new investment products, where we have the ability to differentiate our active offering, and look to attract and retain the best investment talent.
- Attractive long-term demographics are increasing demand for mutual funds in the UK and in our international markets. This gives us the opportunity to further expand our distribution, as we continue to diversify geographically and broaden our client base.

In the middle of the spectrum are traditional funds, such as long-only, single-geography equity and fixed income funds. These have seen sizeable outflows, especially from funds which stick closely to the benchmark and which are therefore competing with low-cost passive alternatives. This is a result of investors looking for funds that consistently deliver value for money through outperformance after fees.

These dynamics mean that active asset managers must be able to clearly differentiate their products and demonstrate that they deliver positive returns after all fees, so they continue to attract and retain clients.

Clients are demanding fee transparency and value for money

Fees can have a significant impact on returns to clients over time, which is why Jupiter targets investment outperformance after all fees. The importance of fees means that clients want a clear understanding of how much they are paying, so they can assess whether they are receiving value for money from their asset managers.

Our primary regulator is the Financial Conduct Authority (FCA) in the UK. In 2017, the FCA published the final findings of its market study, which looked at competition in the UK fund management industry. We welcome the FCA's drive towards transparency in fee charges and the focus on value to clients of the investment service provided. Demonstrating that they offer value for money will be increasingly important for active managers.

Uncertainties facing our markets and investors

In addition to the trends outlined above, there are some uncertainties which could affect how our market operates or influence which market participants are successful.

There is political uncertainty in a number of the countries in which we operate, including the outcome of the Brexit process. These uncertainties could result in unforeseen changes in government policy or the regulatory and legal framework for the fund management industry. These could also impact clients' wealth and subsequent attitude towards savings and investment.

Technology could also affect the way the industry operates. Artificial intelligence, machine learning, data and analytics have the potential to fundamentally change portfolio management. Technology may also have an increasing role in distribution and client services, for example by enabling precisely targeted marketing and messages to specific intermediaries, and providing digital services that allow advisers to self-serve and find answers to their common questions.

- To take advantage of these trends, we need to focus on the agility and innovation that allow us to anticipate and meet client needs. This requires investment in our business to ensure we have systems that can sustain our growth, support different product types and allow us to operate efficiently and in compliance with regulations, as they evolve. We therefore continue to invest in our operating platform. We are also investing in new technologies, such as data analytics, to ensure we keep pace with technological change.
- To ensure we continue to deliver for clients, as well as our people and shareholders, we need a governance, risk and control framework designed to support our growth. We continue to develop and evolve our internal processes in a way that recognises the importance of controls.
- To deliver our strategic goals, we need the financial strength to continue to invest in the business, support our growth, and reward our people and increase returns to shareholders.
- With shorter product lifecycles and the changing face of distribution partners and clients, it has become more critical that funds quickly achieve scale. To accelerate this process, we are proactively deploying more of our balance sheet as seed investments. We follow a highly disciplined process in deploying, redeeming and recycling such seed investment.

OUR MARKETS CONTINUED

UNITED KINGDOM

The majority of our clients' assets in the UK are held within our unit trusts, which are a standard UK mutual fund product. The wider UK mutual fund industry has £1.2trn of assets under management. As the chart below shows, holdings of mutual funds tend to be robust across the market cycle, with consistent demand for equity products as well as a growing appetite for fixed income products.

The UK is also an important location for global financial institutions which operate in the resilient and growing high net worth market. The pool of assets managed in the UK by members of The Investment Association is estimated to be in excess of £6.9trn, with a large proportion of these funds channelled through decision-making centres in London. Given the historic importance of London as a financial centre, and the supporting infrastructure and resources that have built up there, we do not believe that Brexit will fundamentally affect London's importance, even if businesses relocate some operations to European centres.

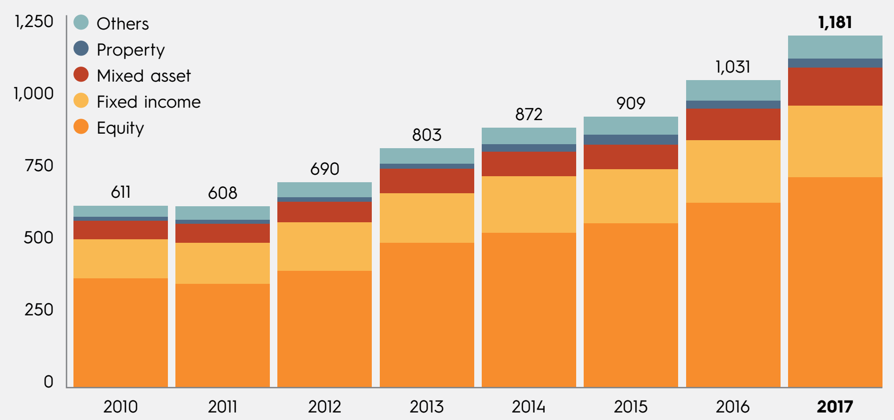
The UK government encourages individuals to invest by providing tax-efficient vehicles, in the form of pension funds and Individual Savings Accounts (ISAs). Individuals can make tax-free contributions to their pension schemes within annual and lifetime limits, although these limits have been significantly reduced in recent years. Since 2016, individuals have had more freedom over how they use their pension pots at the point of retirement. This is creating demand for products that provide income, as an alternative to annuities.

ISAs currently allow individuals to invest £20,000 a year in cash, funds, bonds or shares, with any resulting income or capital gains being tax-free. Other forms of ISA have been introduced in recent years, which allow people to save to buy their first home or for retirement. These have much lower savings limits but receive government top ups to the amounts saved.

Longer lives mean that investing for retirement is also becoming more complex. Individuals now need to accumulate assets during their working lives and shift their investments to income-producing assets at the point of retirement. Once retired they need to continue to adjust their investments, to ensure they do not outlive their savings. Many people will also find themselves working at least part-time beyond their retirement dates. Fund management groups have an opportunity to develop new products to support all these different phases of retirement.

2017 was a notable year for asset flows in the UK, with all asset categories positive, but heightened demand for fixed income products and strategic bonds in particular. Total net inflows were £47.5bn, up from £8.4bn in the previous year when political uncertainty dampened clients' investment appetite.

Domestic AUM (£bn)



JUPITER'S POSITION

The UK is our core market, as it is home to the majority of our current clients. Our strong brand and historical presence, deep distribution and track record of outperformance after fees mean that we are well-positioned to continue to succeed.

Regardless of how our clients access our products, over the last decade, the UK market has evolved away from clients purchasing directly from fund managers. Instead, they purchase via intermediaries such as investment platforms or wealth managers. Relationships with increasingly professional distribution partners are critical to our success. Direct clients now form a low proportion of our asset base.

Fee transparency and clear demonstration of value for money are critical to both distribution partners and clients. In early 2017, we proactively reviewed our unit trust pricing structure and, in anticipation, adopted an approach aligned with the objectives of the FCA's market study, which will come into effect for 2018. This means moving to a single price for buying and selling fund units, thereby eliminating 'box profits' earned by the Group. This is an important step in the evolution of our unit trust pricing structure, increasing transparency and further demonstrating the value we bring to clients. In addition, research costs previously borne by funds, and therefore clients, will now be borne by Jupiter without a consequential price change in the amounts we charge.

Unless otherwise stated, all market data has been sourced from The Investment Association.

INTERNATIONAL

Continental Europe includes a number of the world's larger economies and has a substantial mutual fund market. Retail and private banks are the main distribution channels, followed by financial advisers, insurance companies, platforms and direct sales. Appetite for different products varies between countries but, in general, an environment of negative or very low real interest rates is pushing European investors away from traditional savings products based on cash returns and towards products that offer better returns.

International fund managers have built good positions in many European markets, helped by passporting of UCITS, which are mutual funds that can be sold to any investor in the EU, under a harmonised regulatory regime. This enables fund managers to run funds on a cross-border basis, without needing a presence in each country where funds are domiciled. Assets in cross-border UCITS total €1.4trn, compared with €1.2trn at the end of 2016. Fixed income funds make up the largest proportion of these assets at 41% of the total. Equity and multi-asset funds represent 38% and 12% respectively. European cross-border net flows in 2017 were €127.4bn with positive flows into fixed income, equity and multi-asset funds.

After Europe, Asia is the second-largest cross-border mutual fund market in the world, with total cross-border mutual fund assets of £0.3trn. Hong Kong is the largest market in the region, followed by Taiwan and Singapore. While there is no common regional framework like European UCITS, there are moves towards mutual recognition of funds and regional passporting, which will further open up these markets. Since December 2016, the Asia Region Funds Passport (ARFP) has been established and the ARFP Joint Committee has had a number of face-to-face meetings, published its first Annual Report and initiated a Pilot Program.

Distribution of our product types in Hong Kong is largely achieved through retail banks, while Singapore is dominated by private banks. Global financial institutions have a significant presence in the region, enabling mutual fund providers such as Jupiter to build on relationships developed in other markets. Although product preferences in Asia vary by country, fixed income and multi-asset funds have been most in demand across those markets in 2017. In addition, holding periods in Asian markets tend to be shorter than in the UK and Europe.

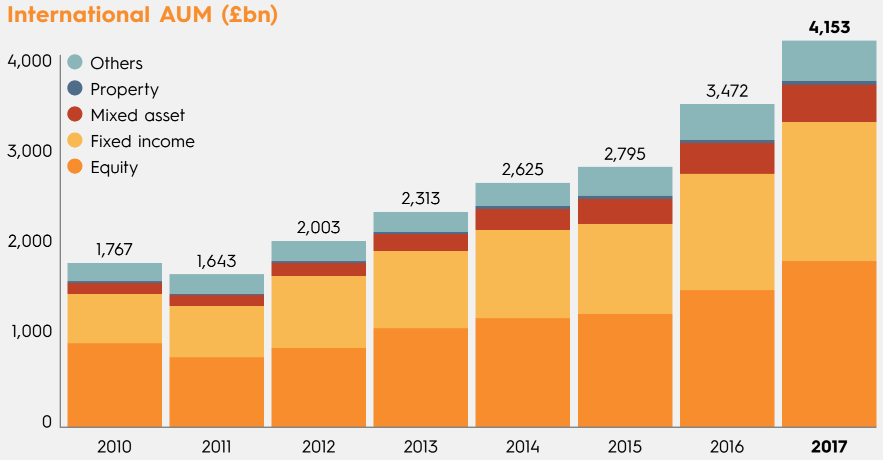
JUPITER'S POSITION

Diversifying the business, including by geography, continues to prove highly successful for Jupiter and we have a growing presence in both Europe and Asia. Our international strategy is primarily to continue to deepen our distribution in our existing markets, by building on existing relationships with distribution partners, targeting new intermediaries and continuing to expand the range of funds we offer internationally.

Jupiter has a UCITS passport, allowing us to act from our UK base as the management company for our Luxembourg-based SICAV range. In advance of the expected Brexit date in early 2019, we expect the management company activities for the SICAV will need to take place within a legal entity domiciled in Europe as we expect that, post Brexit, this will not be possible from the UK. Our project to achieve this is well advanced and will require a limited amount of restructuring of our legal entities during 2018, the identification of premises in Luxembourg and associated roles and activities that will be transferred to or created in Luxembourg.

A loss of delegation rights would require greater reorganisation; it is not currently clear whether this will be one of the outcomes of the Brexit negotiations and we consider this an unlikely outcome, but are monitoring developments very closely.

International AUM (£bn)



Unless otherwise stated, all market data has been sourced from Strategic Insight.

OUR BUSINESS MODEL

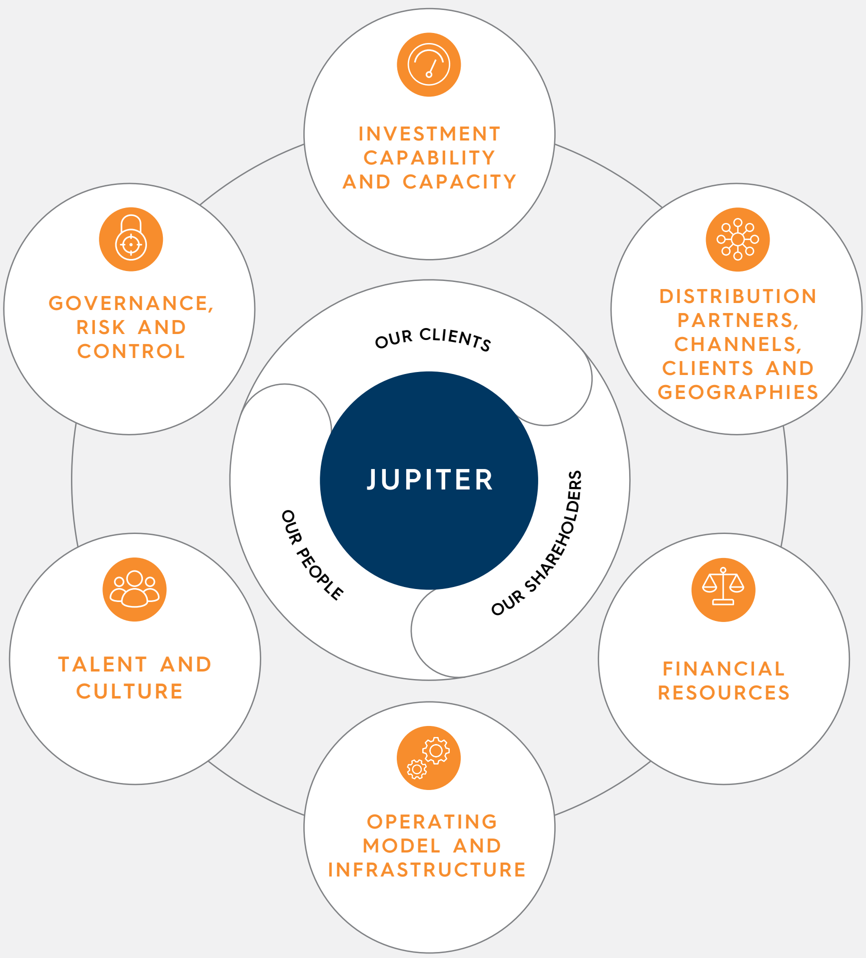
OUR BUSINESS

Jupiter's business has six essential building blocks. Together, they allow us to balance and align the interests of our three core stakeholder groups – our clients, our shareholders and our people.

While each building block addresses the interests of all our stakeholders, some have a primary focus on one particular stakeholder group.

At all times, we look to act in the best interests of our clients, by helping them meet their long-term savings objectives and acting as stewards of their assets, as outlined in our corporate values.

In addition to our core stakeholders, we have a number of interested parties such as our regulators, business partners, the Government and society. Our approach to engaging with these parties is covered in the Corporate Responsibility section.



INVESTMENT CAPABILITY AND CAPACITY

Primary focus: our clients

The essential part of acting in clients' best interests is the delivery of value through long-term investment outperformance, after all fees. Our people and positive culture are central to this. As an active fund manager, we believe that talented investment professionals, who are free to pursue their own investment styles within a collegiate environment, can make a positive difference for clients. This allows us to combine the best aspects of boutique fund managers with the systems, processes and risk management framework that our scale provides.

With no 'house view' to constrain them, our fund managers actively seek the best investment opportunities through fundamental analysis and clear investment processes for their specific strategies, with a focus on good stewardship. We organise our investment professionals into strategy teams, so they can share ideas and information, while remaining individually accountable for the performance of their funds.

The need for a track record can be a barrier to entry in the active fund management market, since it generally takes three years to build a track record that is attractive to certain clients or distribution partners. This is especially true of larger institutional clients and distribution partners. As a group, Jupiter has a reputation for delivering a strong investment track record, which helps us to attract and retain client assets.

Clients also benefit from our clear focus on active asset management; we have no distractions from this core purpose.

Principal risks
Our ability to attract and retain critical staff, sustained market decline and sustained fund underperformance.

DISTRIBUTION PARTNERS, CHANNELS, CLIENTS AND GEOGRAPHIES

Primary focus: our clients

Our mutual fund clients are typically individual investors who require investment products to meet their savings and retirement needs and for whom the active returns we offer are key to achieving the income and growth which they are looking for. In many cases, these individuals also need financial planning advice, which is not part of Jupiter's business model. Therefore, we do not engage with these investors directly. Instead, we access them through our distribution partners such as financial advisers and wealth managers. This intermediated approach, which is a feature of all the markets we operate in, is significantly more efficient for us than engaging directly with clients. It allows us to target our marketing and brand and develop strong relationships with our distribution partners, while maintaining a straightforward client service model.

Platforms are an important form of intermediation. These online services enable advisers and individuals to invest in selected funds from different providers, and to access consolidated reporting and analytics tools. In the UK, around 67% of our annual gross flows into mutual funds are through platforms, up from 37% in 2010. We focus on building our relationships with the biggest platforms and making our funds available through them. Due to this change in distribution trends, our direct retail book now makes up only 8% of our overall assets.

There are also influential organisations in the mutual fund market, such as research consultants and rating agencies. Their recommendations affect the demand for our products. Jupiter works with them to ensure they fully understand our investment capabilities and related products and can make appropriate recommendations.

Institutions access our investment expertise through mutual funds, investment trusts and segregated mandates. The route to accessing and attracting institutions to our investment products is generally through investment advisers, who play an increasingly major role in helping their clients to select which fund managers to choose.

We continue to deepen our distribution in the UK, focusing on financial advisers and wealth managers. The Jupiter brand is highly recognised, giving us a competitive advantage in the UK market.

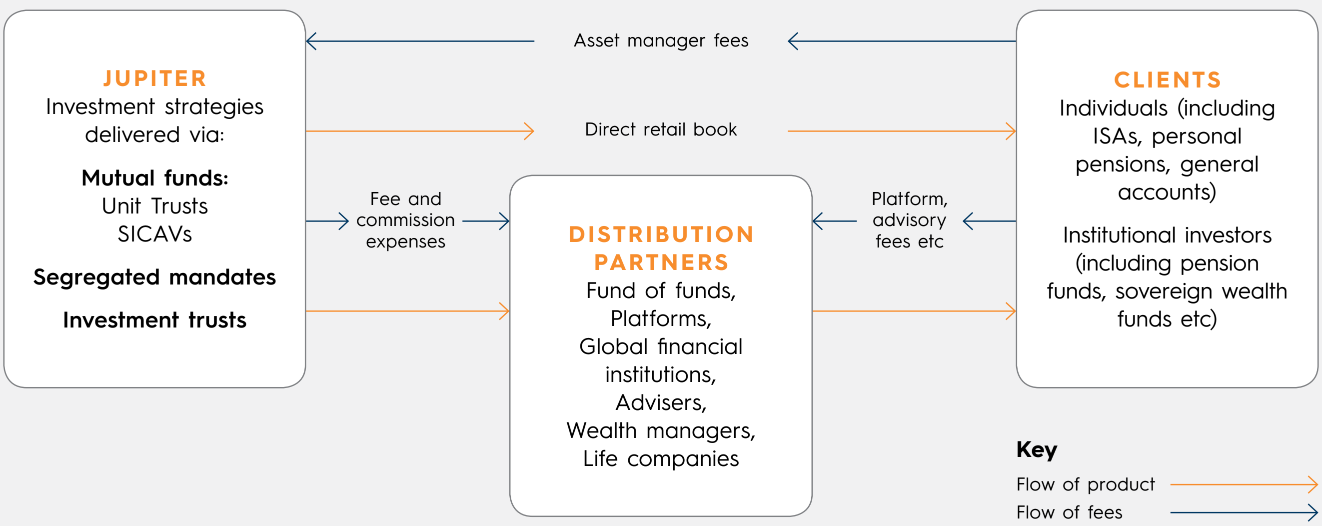
Our strong UK position provides a base for further growth. In overseas markets, we adopt a 'follow the client' approach, using our strong relationships with large fund distribution partners, such as international banks, to gain a foothold in new countries. Our relationships with these distribution partners enhance our credibility with other intermediaries, helping us to grow in each market over time.

Successful distribution requires products that appeal to clients in multiple countries and that can deliver superior returns over the medium-to-long term. We only look to launch products where we can differentiate ourselves as a form of competitive advantage. The breadth of our product range means that clients can choose products which meet their needs and suit current market conditions.

By providing value and strong service to our clients over the long term, we retain the assets entrusted to us and attract new assets, underpinning our revenue growth.

Principal risk
Ineffective product, client and geographic diversification.

WHO WE SERVE



OUR BUSINESS MODEL CONTINUED

FINANCIAL RESOURCES

Primary focus: our shareholders and people

Maintaining a resilient balance sheet helps ensure a sustainable business model for the benefit of all our stakeholders. Allied to the highly cash-generative nature of our profits, this gives us the financial resources and liquidity we need to invest for growth, take advantage of market opportunities and reward our people and shareholders. Maintaining the right balance between these competing demands on our financial resources ensures we are equipped with the tools we need for value creation and business growth.

We consistently apply the following model to guide the balance of distribution between staff and shareholders.

We generate profit and cash as follows:

Net revenue*

Net revenues are the fees we earn, less payments to our distribution partners for their services to clients. Fees are typically based on a percentage of assets, although some funds earn performance fees for above-target returns. By attracting inflows across the cycle and outperforming against the market, we are well-positioned for net management fee growth year on year.

Operating expenses*

Operating expenses comprise salaries and the costs of running our operating platform and support infrastructure, including the costs of outsourced service providers. Such costs include IT systems, rent, administration and brand investment.

As we continue to grow, we will continue to invest in and maintain our operating model, as well as acquiring new talent across the business. As a people business, these investments are generally recognised as expenses in the profit and loss account.

Available profit*

Deducting operating expenses from net revenue leaves us with available profit for distribution to our people and our shareholders. Our high conversion rate of available profits to cash ensures we have sufficient liquidity to do so, while maintaining our resilient and sustainable balance sheet.

Remuneration is one tool we use to attract, retain and motivate the high-performing staff we need. Paying variable compensation out of available profits aligns their interests with those of our shareholders.

The rewards of profitability and growth are shared with our investors through ordinary dividends, supplemented by special dividends which vary as our earnings vary. We ensure the sustainability of our delivery to shareholders of the ordinary dividends by running a sustainable balance sheet over the cycle. This balance sheet approach is designed to provide investors with progressive returns from the ordinary dividend as well as giving us a comfortable surplus over and above our legal or regulatory capital requirements.

Around half of available profit is paid to shareholders as ordinary and special dividends. Under our progressive dividend policy, we target an ordinary payout ratio of 50% of underlying earnings per share. We pay special dividends out of available profits after a modest retention for capital purposes.

Taking into account the amounts due to tax authorities and the amounts retained for capital purposes, the relative share of available profit between staff and shareholders is guided by the proportions depicted in this graphic.

Model for available profit distribution

Balance sheet and seed investment

The Group actively manages its balance sheet positions to maintain appropriate levels of liquidity. A high percentage of earnings from the Group's operations result in cash inflows, enabling us to meet our liabilities as they fall due and seed investments in our own funds. Our liquidity position also gives us the ability to pay out the majority of our post-tax earnings to our shareholders as dividends whilst retaining a comfortable regulatory capital surplus.

In 2017, we expanded our seed investment programme, extending its size, scope and making it more dynamic. This programme assists new fund launches and existing funds to enable them to reach scale and increase their marketability. There are rigorous internal controls for the allocation, placing and redemption of seed investment.

Principal risks

Failure to deliver strategy, sustained market decline and sustained fund underperformance.

* We analyse our financial resources using Alternative Performance Measures (see page 31 for the relevant definitions of terms used)

OPERATING MODEL AND INFRASTRUCTURE

Primary focus: our clients, shareholders and people

Our operating model aims to ensure that as much of our growth in revenues as possible drops through to available profit and operating cash flow.

Operating an efficient platform is critical to this. In addition to providing operational leverage, our platform enables us to expand distribution, allows fund managers to work effectively and supports the addition of new products and investment strategies.

We continually invest in our platform to ensure it meets the needs of our business as it grows and supports our regulatory compliance. Our significant investment in 2017 will, over time, deliver efficiencies and more operating scale, facilitating further growth through a standardised approach to running the platform. We have also invested to ensure we comply with new regulations, notably MiFID II. Investment in our platform to support our growth and diversification strategies will continue in 2018.

Principal risks

Failure to enhance operating platform to support future business requirements, failure of critical outsource partner.

TALENT AND CULTURE

Primary focus: our clients and people

Jupiter has an established reputation for attracting talented individuals in all areas of the business.

We nurture our fund management talent to develop their capabilities and ensure we have succession plans to advance talented managers. We balance this with bringing in new people with specialist skills, giving us strength and depth as well as enabling us to expand the breadth of investment strategies we offer.

We invest in all our people through training and development, and look to maintain high levels of engagement and strong communication. We value the differences between people, which promote different viewpoints and diversity of thought, helping us to innovate and make better decisions for our clients.

Our culture is underpinned by a set of values, which help our people to understand how to drive change through their behaviour.

Principal risk

Ability to attract and retain critical staff.

GOVERNANCE, RISK AND CONTROL

Primary focus: our clients, shareholders and people

Our governance, risk and control (GRC) framework is critical to our success. It ensures we protect the interests of our clients, people and shareholders, and that we meet their expectations of us. It also ensures that we are proactive in meeting all new regulatory requirements.

We have invested significantly in our GRC environment in recent years, so it remains fit for purpose as the business grows and new regulations are introduced. We continue to enhance our governance, process and controls, and to evolve the management information and reporting that supports our decision-making.

Principal risks

Operational control environment, cyber crime and regulatory change.

OUR STRATEGY

Jupiter's purpose is to help investors meet their long-term investment objectives.

Since listing, Jupiter has followed a consistent strategy which has successfully diversified and grown the Group.

During the year, we undertook a detailed review of the strategy in the context of the performance over the last five years, the evolution of clients' needs, markets and competitors, as well as the continued state of change, disruption and uncertainty around us. As a result of this review, we have reaffirmed the strategic direction and focus on three strategic objectives:

1

Deliver outperformance after fees to our clients. This directly contributes to increasing our clients' wealth.

2

Sell this expertise through products suited to our distribution strengths. By growing the range of products we offer and expanding their distribution, we can help more people to achieve their savings goals.

3

Deliver attractive returns to shareholders. By ensuring we remain a strong, efficient and profitable business, we will be able to meet our clients' needs for the long term which creates a sustainable business for our shareholders.

To achieve our reaffirmed strategic objectives, we need to continue to invest in the development of our six building blocks and implement our strategic plans for each, as set out here.

Each of our building blocks supports one or more of our objectives. We track our progress towards our objectives using the key performance indicators set out in the Strategic Delivery section on pages 16 and 17.

OUR SIX BUILDING BLOCKS

INVESTMENT CAPABILITY AND CAPACITY

Creating value for our clients after all fees is our number one priority. This, in turn, drives further demand for our investment products.

DISTRIBUTION PARTNERS, CHANNELS, CLIENTS AND GEOGRAPHIES

We continue to diversify our business by geography, client type and product, making Jupiter a more resilient business.

FINANCIAL RESOURCES

We use our strong balance sheet and cash flows to support our growth strategy and to reward our people and shareholders.

OPERATING MODEL AND INFRASTRUCTURE

Our operating model and infrastructure are designed to support a growing business and ensure good governance and regulatory compliance.

TALENT AND CULTURE

As an active fund manager, our people are our most important asset, so we look to attract, retain and develop the best.

GOVERNANCE, RISK AND CONTROL

Our governance, risk and control framework is designed to protect and deliver for clients, shareholders and our people

OUR APPROACH

- Continue to focus on high conviction active investment excellence, as a core differentiator
- Maintain a high-performance culture, with independence of thought, individual autonomy and accountability, and a flexible team structure

- Add to the breadth of our investment capabilities by developing our talent, attracting talented individuals and teams to Jupiter, and potentially through bolt-on acquisitions
- Continuously review and reinvigorate our product range, so it meets the evolving needs of clients

- Manage the lifecycle of our investment capabilities, so we build and develop new capabilities, maximise growth from those we have and manage the maturity of long-standing capabilities

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- Align Jupiter with its clients and distribution partners by engaging with them to understand the products they need
- Increase the range of products invested in by our UK retail and wealth clients
- Ensure we keep our product range relevant as distribution partners and clients evolve their requirements

- Develop strategic partnerships with large distributors
- Grow our institutional business in the UK and internationally, by taking on new mandates that offer appropriate fees and that we can service efficiently
- Maintain our independent position, allowing us to access our chosen markets through a wide range of distribution partners

- Increase our penetration of the retail and institutional channels in selected international markets and broaden the range of products sold through all channels
- Selectively enter new countries, where we see significant opportunities and have an advantage such as existing relationships

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- Carefully prioritise our investment in the people, processes and technology that support our growth, and increased shareholder returns
- Maintain a remuneration philosophy that aligns employees' interests with the interests of clients and shareholders

- Selectively deploy seed investment into funds, to help build them to the necessary scale
- Strategic and financial planning, budgeting, forecasting and monitoring to ensure effective financial resource management and cost discipline is maintained
- Maintain a strong and resilient balance sheet

- Share the rewards of growth with our investors through ordinary dividends, supplemented by special dividends

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- Maintain a single operating platform across the Group to deliver an efficient and scalable model as the business continues to grow
- Look for opportunities to optimise infrastructure investment to date to ensure its full use and to drive efficiencies

- Continue to invest in our technology and data capabilities, and ensure the highest levels of resilience and cyber security
- Enhance our management systems to ensure decision-making is supported by a thorough understanding of risk, and by robust analytics and reporting

- Continue to outsource non-core functions to a small number of carefully selected service partners and suppliers
- In response to Brexit, establish a European distribution hub and evolve our processes for launching international sales offices

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- Stretch and develop our people through leadership and development plans, targeted training, coaching and mentoring
- Improve our ability to bring new talent into Jupiter by ensuring we have a defined employment proposition, increasing our direct hire capability and through our involvement with the Investment 2020 scheme
- Maintain our culture of individual accountability and freedom of thought to ensure we continue to be a very attractive environment for active fund managers to operate in

- Continue to drive diversity and inclusion at all levels of the organisation
- Enhance communication and ensure our people are aligned and engaged with our strategy
- Continually review the external marketplace for additional talent that would assist us in the successful implementation of our growth strategy

- Maintain a performance driven culture, with clear metrics and accountabilities
- Enhance our central functions and services, develop our people and foster a culture of collaboration between functions

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- Evolve as we grow the design of the organisation to ensure we have the necessary competencies and capabilities to deliver our plans
- Review and reinforce our corporate governance regularly so that it supports our growth and enables us to manage external changes

- Deliver our change programmes effectively and on time
- Continuously improve our processes and controls and their formalisation in line with our increase in size and regulatory expectations
- Clarity of roles and responsibilities retained as we grow and prepare for the SMCR requirements

STRATEGIC DELIVERY

Our key performance indicators (KPIs) enable us to monitor our progress towards our three strategic objectives.

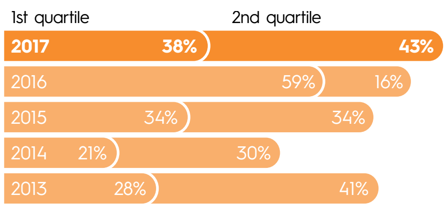
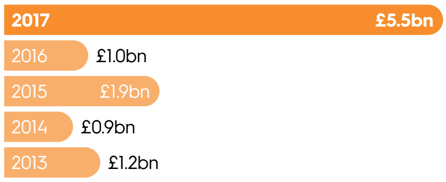
1 Deliver outperformance after fees to our clients

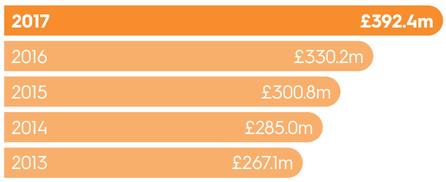
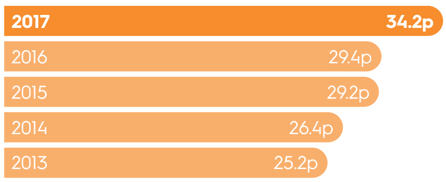
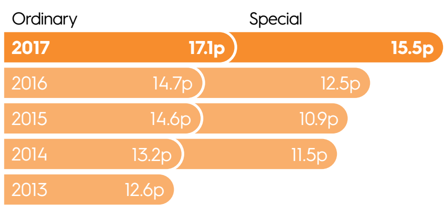
2 Sell this expertise through products suited to our distribution strengths

3 Deliver attractive returns to shareholders

NON-FINANCIAL KPIs	Objectives	Definition
INVESTMENT PERFORMANCE AFTER ALL FEES	1	The percentage of our mutual fund assets under management above the median over three years. As we grow our institutional business, we will look to incorporate performance measures relating to these mandates, in line with best practice.
NET INFLOWS	1, 2	The net inflows into our funds during the year.

FINANCIAL KPIs	Objectives	Definition
NET MANAGEMENT FEES	2, 3	Fees earned from the management of our funds, net of payments to our distribution partners.
UNDERLYING EARNINGS PER SHARE	3	Profit after tax, excluding amortisation arising from acquisitions and non-recurring items, divided by issued share capital.
RETURNS TO SHAREHOLDERS	3	Ordinary and special dividends paid to shareholders out of current year profit.

Why this is important	Performance in 2017	Five year record of performance
Investment performance is the lead indicator for our continued success and demonstrates our competitive advantage in delivering investment excellence for clients. Three years is typically the key period used by clients to measure investment performance.	81%	
Net inflows is a lagging indicator of investment success. It reflects our ability to deliver investment performance that attracts client funds, and to grow our distribution.	£5.5bn	

Why this is important	Performance in 2017	Five year performance
Net management fees are the largest component of our revenue and demonstrate our ability to design and successfully distribute products that earn attractive fees.	£392.4m	
Shows our ability to control costs, including those costs that represent investment in our business, and turn revenue growth into profit growth, which allows us to reward our shareholders.	34.2p	
Demonstrates our ability to share the rewards of growth with shareholders as we grow and diversify the business.	32.6p	

RISK

The Board has ultimate responsibility for risk management.

To help the Board discharge its responsibilities, the Group has a comprehensive approach to identifying, monitoring, managing and mitigating risk, which is described in the Governance Framework section.

Our Enterprise Risk Management framework clearly defines essential information about the Group's risks and provides a process for escalation through our governance structure, which enables continuous and robust oversight by the Audit and Risk Committee and the Board.

Risk appetite

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

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

- Strategic risk
- Investment risk
- Operational risk
- Capital adequacy risk
- Liquidity risk
- Credit/counterparty risk
- Market risk

Definitions of these categories can be found in the Governance Framework section.

Risk overview

The Group is exposed to various risks, 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.

Emerging risk

Emerging risks are considered a condition, situation or trend that could significantly affect the Groups financial strength, competitive position or reputation within the next five years. These are raised by the business and challenged by Executive risk owners to consider estimates of likelihood, impact and timing.

Key risk themes/impacts

As a business, we have a relatively low appetite for risk, particularly for those that could lead to negative regulatory, conduct and reputational outcomes.

Conduct risk

The Group defines conduct risks as risks which result in customer detriment, negative impact to market stability or restrict effective competition. Conduct risk is not considered a separate risk category. Risks in the strategic, investment and operational risk categories may result in conduct risk impacts.

Reputational risk

The risk of loss or other adverse impact arising from the unfavourable perception of the Group on the part of clients, counterparties, employees, regulators, shareholders, other stakeholders, the media or the general public. The Group treats reputational risk as a potential impact that may arise from operational risks and operational risk incidents.

Risk management process

Our risk management process identifies the most significant risks we face. All these risks have a named owner, which is either a member of the Executive Committee (ExCo) or, for a small number of risks, the ExCo as a whole. We define the potential impact of each key risk and monitor it using key risk indicators (KRIs). We set thresholds for each KRI and use them to keep the Board informed about the Group's position in relation to its risk appetite. This enables us to identify trends and take action if it seems likely we will exceed this appetite.

The following section shows our assessment of the top 10 risks that we face, along with the Board's rating of each risk and how the significance of the risk has changed during the year. All our top risks fall into the investment, strategic and operational categories. These risks are not static, new and emerging risks are considered and assessed by the Board throughout the year for inclusion in this list.

INVESTMENT RISK

SUSTAINED FUND UNDERPERFORMANCE

Owner: Chief Investment Officer

Board risk rating at year end

2016: Low **Change:**

2017: Low **Change:**

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

Potential impact

Weak financial markets specific to our funds or poor performance by our fund managers may lead to our products being uncompetitive or otherwise unattractive to new or existing clients. This could result in clients not receiving their desired investment outcomes, outflows from Jupiter (and the related decline in revenues) and a failure to attract new business and thus not meet our strategic growth objectives.

Mitigation/controls

Jupiter maintains a diversified range of flexible investment products, and aims to deliver long-term value to our clients across different market conditions. Our investment process seeks to meet investment targets within clearly stated risk parameters.

Our Investment Risk team works closely with fund managers to challenge fund risk profiles, assess the risks across the portfolios and to further develop our capabilities. This challenge process is formally reported to, and overseen by, our Risk Committee, which meets quarterly (and more frequently when required).

2017 impact

We continued to enhance our investment, risk management and research capabilities in 2017 through the expansion and development of our investment management teams.

81% of our mutual fund AUM achieved above medium returns over a three-year period (47% over one year). Looking ahead, the generally strong investment performance experienced in 2015 will need to be replicated in 2018 to maintain strong three-year performance figures.

STRATEGIC RISKS

FAILURE TO DELIVER STRATEGY

Owner: Chief Executive Officer

Board risk rating at year end

2016: Medium **Change:** △

2017: Low **Change:** ▽

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

Potential impact

A failure to achieve one or more strategic objectives could result in a reduced pool of available profit for distribution to shareholders. This would limit growth and potentially long-term viability.

Mitigation/controls

The Board sets the strategy and is responsible for ensuring the Group has the right structure, leadership and culture to execute it.

The Board and the Executive Committee regularly review the strategic options, opportunities and threats. Plans, budgets and targets are set to be aligned with delivery of the strategic goals. Progress is monitored and where necessary corrective action is taken.

2017 impact

We continued to deliver on our strategic objectives by further diversifying client type, product and geographic reach.

In 2017 we undertook a comprehensive review of our strategy where we looked in detail at achievements to date as well as the challenges facing our industry as we look ahead. We reaffirmed our strategy as a high conviction active fund manager and established strategic goals and an underpinning financial plan compatible with these goals.

ABILITY TO ATTRACT AND RETAIN CRITICAL STAFF

Owner: ExCo

Board risk rating at year end

2016: Low **Change:** ◁▷

2017: Low **Change:** ◁▷

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

Potential impact

The unplanned departure of a member of our leadership team could lead to significant redemptions from our funds, failure to deliver our strategy or failure to run our business efficiently, resulting in a material impact on corporate performance.

Mitigation/controls

Our culture is a key differentiator for us, enabling us to attract, motivate and retain talented individuals, which in turn drives outperformance. We give autonomy coupled with personal accountability, and encourage independence of thought and challenge. Our investment function is arranged around 12 strategies, providing a framework for repeatable performance, but the teams themselves are small and nimble. This culture and structure gives us clarity of purpose and helps us to attract and retain the best active fund managers. We actively manage succession and transition.

We believe that high levels of engagement and equity ownership encourage our people to take personal responsibility for their work and to strive to enhance our business. We maintain a remuneration philosophy and approach that continues to promote a strong culture of performance and alignment of employees' and shareholder interests.

2017 impact

We have continued to invest in our people, expanding our fixed income and emerging market debt capabilities and adding to our distribution resource across a number of key markets to ensure we can deliver both a high level of service to existing clients and attract new business.

INEFFECTIVE PRODUCT, CLIENT AND GEOGRAPHIC DIVERSIFICATION

Owner: Global Head of Distribution

Board risk rating at year end

2016: New to top 10 in 2017

2017: Medium

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

Potential impact

Our ability to generate fund inflows and prevent outflows may be jeopardised by fundamental changes in distribution patterns or by a sustained market preference for products we do not offer. This would have a detrimental impact on profitability and shareholder value.

Mitigation/controls

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

2017 impact

Our strategy of diversifying by client, product and geography continued in 2017.

Expansion of our distribution channels and geographies successfully contributed towards increasing diversification of inflows.

We launched a number of new products in 2017 for both UK and international clients to enhance our product diversification and offering to enable future growth.

RISK CONTINUED

STRATEGIC RISKS

SUSTAINED MARKET DECLINE

Owner: ExCo

Board risk rating at year end

2016: Low **Change:**

2017: Medium **Change:**

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

Potential impact

A secular downturn could result in a reduction in assets under management leading to a decline in revenue and capital levels. There may be additional outflows as investors switch to non-financial assets.

Mitigation/controls

Our investment philosophy allows our fund managers to pursue their own investment styles and the flexibility to adjust strategies as far as possible to retain value during unfavourable market conditions. We have a broad range of investment strategies which enables us to offer products suitable for different market conditions.

We regularly review our discretionary expenditure and cost base to ensure sustainability. Our strong capital position and relatively low cost base means we are well placed to cope with this risk.

2017 impact

Our assessment of capital adequacy in 2017 included the modelling of five stress tests to ensure that the Group remained adequately capitalised under severe but plausible conditions. The analysis concluded that we could continue to pay dividends and would remain adequately capitalised over the three-year planning horizon without needing to raise additional capital.

Increased diversification by product strategy and asset class has reduced our exposure to market direction.

Markets continued to rise in 2017 building on the strong performance experienced in 2016. The risk of a market correction is therefore considered more likely and we have increased the risk rating to Medium.

OPERATIONAL RISKS

BREXIT

Owner: ExCo

Board risk rating at year end

2016: New to Top 10 in 2017

2017: Medium

Due to the uncertainty regarding the implications of Brexit, the risk that we are not ready to comply with post-Brexit requirements which could restrict our ability to operate within the EU.

Potential impact

An unexpected change in regulation (for example, the loss of delegation rights from our fund management function in London), could mean that we are not operationally ready to comply with post-Brexit requirements which delays our ability to manage, distribute and market our funds to investors in EU countries. This could result in reduced inflows and increased outflows over the period.

Mitigation/controls

In advance of Brexit, we have substantive plans to relocate the Management Company activities for the SICAV product range to a legal entity domiciled in Europe.

Throughout the current period of uncertainty, we are maintaining close dialogue and communication lines with both UK and EU regulators to ensure we remain aware of and responsive to the latest industry guidance with the support of specialist experts.

2017 impact

The Brexit Working Group, established in 2016, has been working with senior representatives from across the business and specialist industry experts to develop a plan that we believe ensures we are well-positioned to continue to operate within the EU with minimal disruption.

Significant progress was made on the design of the proposed Management Company, selection of a preferred location and preparation of the regulatory application. We rate the risk as medium in recognition of the short timeframe to implement and the ongoing uncertainty with fund management delegation rights.

OPERATIONAL CONTROL ENVIRONMENT

Owner: Joint Chief Operating Officers

Board risk rating at year end

2016: Medium **Change:**

2017: Medium **Change:**

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

Potential impact

A significant error or breach of a client agreement may result in additional costs to redress the issue and could lead to outflows. The unavailability of our key systems or business premises could mean we are unable to act on behalf of our clients and/or perform other time-critical activities to ensure the smooth running of our business.

Mitigation/controls

We have efficient and well-controlled processes and maintain a comprehensive Enterprise Risk Management framework as described in detail in the Governance review. We have continuity and business resumption planning in place to support our critical activities. We have implemented remote working, including core system access for all our essential staff if they cannot travel to our offices. If our normal business systems or premises become unavailable, we have alternative premises including a dedicated office suite equipped with all of our critical business systems.

2017 impact

A Governance, Risk and Controls programme was initiated in early 2017 to review the Group's organisational design, corporate governance, controls, management information and preparations for compliance with the requirements of SMCR.

The Group continues to work to formalise its control environment through the further development of its processes and the depth of its controls. During 2017 this was evidenced by business process mapping reviews being conducted across the investment lifecycle and CASS oversight processes to improve effectiveness and efficiency.

FAILURE OF A CRITICAL OUTSOURCE PARTNER

Owner: Joint Chief Operating Officers

Board risk rating at year end

2016: High **Change:** ▲

2017: High **Change:** ◀▶

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

Potential impact

Our relationships with stakeholders may be jeopardised if we provide inadequate service, resulting in the loss of clients or regulatory or financial censure and negative financial consequences.

Mitigation/controls

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

2017 impact

One of our critical suppliers is rated as high risk as a consequence of our overall assessment. We have engaged extensively with that supplier during 2017 to ensure that appropriate remedial action is being taken. This has resulted in a number of improvements such that the operational service received is now generally good and the overall level of risk has been reduced.

The risk rating nevertheless remains as high while work continues with this supplier to ensure that the progress achieved is fully embedded and sustained over time.

CYBER CRIME

Owner: Chief Executive Officer

Board risk rating at year end

2016: Medium **Change:** ▼

2017: Medium **Change:** ◀▶

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

Potential impact

A significant attack could undermine client confidence in our ability to safeguard assets, which could affect our ability to retain existing clients and attract new business. This could drive negative financial consequences.

Mitigation/controls

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

2017 impact

We integrated Threat Intelligence and monitoring with an industry leading Managed Services Security Provider and further enhanced our Cyber defence layers by deploying multiple machine learning and behavioural modelling systems to detect advanced threats.

The Cyber Essentials Plus accreditation in 2017 was successfully maintained.

REGULATORY CHANGE

Owner: General Counsel

Board risk rating at year end

2016: Medium **Change:** ▲

2017: Medium **Change:** ◀▶

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

Potential impact

Our ability to do or support our business may be inhibited, which could lead to negative financial consequences. Regulatory censure and the related negative publicity could damage our clients' confidence in us and affect our ability to generate new business.

Mitigation/controls

We continually monitor regulatory developments to assess potential business implications. We invest in the expertise, systems and process change necessary to enable compliance with regulatory requirements by the required dates. We maintain a robust compliance culture and require all relevant employees to undertake training on regulatory matters. Our Compliance department's monitoring programme ensures we adhere to regulatory controls.

2017 impact

We continued to invest substantial time and resource throughout 2017 into our main regulatory project, MiFID II. Jupiter met its regulatory obligations under MiFID II by the 2018 effective date. We have put in place appropriate procedures and controls which will enable monitoring of our ongoing compliance with MiFID II. One direct impact of MiFID II was the Group's decision to bear research costs incurred on behalf of funds in its own corporate income statement from 2018.

Good progress was made in preparation for GDPR and SMCR.

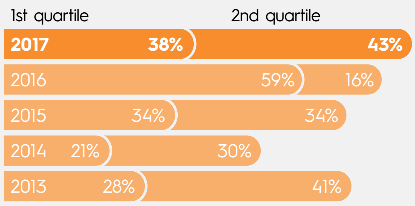
PERFORMANCE REVIEW

INVESTMENT CAPABILITY AND CAPACITY

Jupiter's primary focus is delivering value to our clients through investment outperformance after all fees.

Five year record of performance

Percentage of our AUM above median (%) over three year measurement periods



As an active manager, we believe that measuring the performance of our mutual funds against other comparable managers and funds is the best way of measuring our competitive advantage. Clients typically see three years as the key period for measuring investment performance and we use this time period as our primary measure.

At 31 December 2017, 81% (2016: 75%[1]) of our mutual fund AUM delivered above-median performance over three years, including 38% achieving first quartile performance. Over one year, 47% (2016: 54%[1]) of our mutual fund AUM delivered above-median performance.

Jupiter continually reviews the reporting of investment performance to provide the most meaningful picture of our competitive position within the industry. During 2017 we refreshed our methodology which broadened coverage of the asset base.

Our strategy of diversifying by product type has supported our investment performance. The chart to the right shows three-year investment performance for our 13 biggest funds, each of which has more than £1bn of assets. Bond, equity, alternatives and multi-asset funds all contributed to our strong investment performance this year. A number of these high-performing areas have benefited from our recruitment of fund management expertise in recent years.

In addition to the strong performance by our mutual funds, we delivered strong performance against benchmark in our segregated mandates and investment trusts. Unlike mutual funds, there is no industry-wide data to record performance against peers for these assets, but comparing returns against the benchmark determines whether the Group is meeting performance targets agreed with investors and is therefore considered a suitable proxy. Over three years, 57% of AUM in segregated mandates and 75% of AUM in investment trusts were above benchmark.

We continued to enhance our investment capabilities in the year. In particular, we expanded our fixed income capability, building on the success of the Dynamic Bond Fund over the last five years. Global emerging market debt (EMD) has been our first area of focus. We have recruited a team and launched Corporate Bond and Short Duration Bond funds, which have made an encouraging start. The EMD team is fully integrated into our fixed income capability, enabling an active exchange of ideas between fund managers and analysts across sectoral and regional specialisms. In fixed income, we have continued to add to our research team and promoted two of our analysts to assistant fund manager roles.

We see increasing interest in alternative products among retail and wholesale investors, in the UK and internationally, which has been reflected in our alternative AUM doubling in 2017. We now have four funds in this asset class and, following the recruitment of a Head of Investments for alternatives towards the end of last year, we intend to further expand our alternatives capability. In February 2018, we announced the hire of a Head of Strategy in Multi-Asset to lead our strategic plans to offer investment capabilities for our retail, wealth and institutional client base globally.

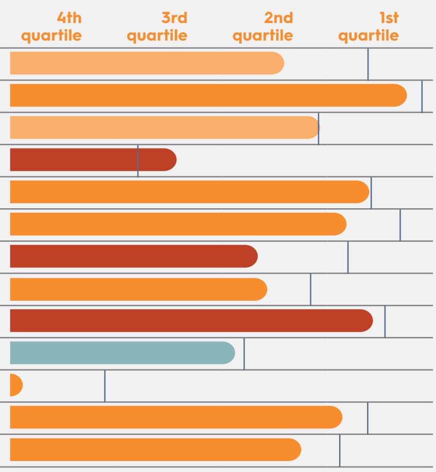
In early 2017, we announced that from 2018 Jupiter would bear the costs of research previously borne by the funds. We engaged throughout the year with our research providers to contract for the research we need, focusing on those providers that add the most value for our clients. By the year end, the majority of our research providers were signed up, putting us in a strong position to ensure we receive the service we need. High-quality research is an essential input to our active fund management process. We intend to continue to be a consumer of such research provided by external analysts, coupled with our existing internal analytical capabilities and commissioning of academic and other research.

1 We have restated the 2016 three-year comparative from 66% and the one-year comparative from 55%, to reflect an update in our internal investment performance methodology, which increased the proportion of AUM covered by the measure.

Investment performance in our largest mutual funds (£m)

This chart breaks down the AUM, 2017 net flows and three-year investment performance for mutual funds with AUM in excess of £1bn.

	AUM at Dec 2016 £m	AUM at Jun 2017 £m	AUM at Dec 2017 £m
Dynamic Bond*	6,209	9,090	9,710
European	3,780	4,306	4,948
Strategic Bond	3,407	3,708	3,906
Merlin Income	3,169	3,049	2,884
Income Trust	2,283	2,395	2,506
European Growth*	1,655	1,891	2,080
Merlin Growth	1,961	1,944	1,927
UK Special Sits	1,525	1,716	1,873
Merlin Balanced	1,655	1,704	1,732
Absolute Return	763	1,212	1,417
UK Growth	1,446	1,400	1,337
India	634	1,029	1,127
Distribution†	898	987	1,036



Equities Fixed income Multi-asset Alternatives

Source: Jupiter Portfolio Analytics/Morningstar Direct as at 31 December 2017
Graph shows position within the sector on a percentile basis, performance stated after all fees
The bars in the graph show our current quartile ranking and the blue rules show our position as at 30 June 2017
*SICAV products †Funds reaching over £1bn in H2 2017

DISTRIBUTION PARTNERS, CHANNELS, CLIENTS AND GEOGRAPHIES

An important trend in 2017 was the continued blurring of the distinction between the retail, wealth and wholesale channels.

This results from our distribution partners changing the ways in which they characterise themselves and engage with clients. This creates opportunities for us to support them more creatively through our strong relationship-based model, with new products and client service solutions.

PERFORMANCE

Turning investment outperformance into fund flows drives our growth in AUM, which in turn drives our financial performance. In 2017, we received net inflows of £5.5bn. This represented a significant increase compared with 2016, when political and economic uncertainty restrained our clients.

The table below breaks down our net flows by product type. The largest inflows to our mutual funds came in the fixed income, alternatives and global emerging markets strategies, demonstrating the benefits of our product diversification.

Net inflows/(outflows) by product (£m)	2017	2016
Mutual funds	5,100	859
Segregated mandates	364	207
Investment trusts	14	(19)
	5,478	1,047

Net inflows/(outflows) by strategy (£m)	2017	2016
Alternatives	968	553
European equities	146	(816)
Fixed income	3,926	2,521
Global emerging markets	732	470
Multi asset	(440)	(1,302)
Other	296	(315)
UK equities	(150)	(64)
	5,478	1,047

Net fund sales grew in the UK in 2017, with inflows to a broad range of fund types, including absolute return, strategic bond and emerging markets, more than offsetting outflows from the more mature fund of funds products.

Our international operations continued to contribute significantly to our growth, providing 75% of our net fund sales this year. All of our European markets delivered net inflows, with strong demand in fixed income as well as alternatives and European equities. The attractiveness of our fixed income products helped our newer offices in Italy and Spain to exceed our expectations for the year, supported by highly experienced distribution leaders on the ground and a multi-lingual London-centred service model. Demand for our fixed income and multi-asset strategies led to strong inflows in Asia, primarily in Hong Kong and Singapore.

Market and exchange rate movements, coupled with the benefit of our investment outperformance, increased our AUM by £4.2bn during the year. At the year end, our total AUM stood at £50.2bn, up 24% from the end of 2016. Of this, our SICAV AUM stood at £14.1bn at 31 December 2017, up from £9.4bn at the end of 2016, showing the continued success of our geographical diversification.

Movement in AUM by product (£bn)	31 Dec 2016	Net flows	Market/ investment alpha	31 Dec 2017
Mutual funds	35.2	5.1	3.5	43.8
Segregated mandates	4.2	0.4	0.6	5.2
Investment trusts	1.1	–	0.1	1.2
	40.5	5.5	4.2	**50.2**

ENHANCING DISTRIBUTION AND SERVICE

In the UK, the retail and wealth channels are consolidating, as distributors acquire each other. These channels are converging, for example as these advisory practices launch their own funds. We see these organisations behaving more like institutions, such as using independent consultants and third-party research and support.

Jupiter is responding to these trends in a number of ways. We are increasingly positioning ourselves as strategic partners to our UK retail and wealth distribution partners. Our retail and wealth teams are working together to help them understand our capabilities and performance, engage them in new product design and support them with high-quality service. This encourages our partners to broaden the range of Jupiter products they offer. We also look to align ourselves with those distribution partners who are growing most quickly. For example, the creation of increasingly large networks of financial advisers allows us to efficiently influence many advisers at once, through their central decision makers. In addition, we also work closely with ratings agencies. This changing landscape also makes it more important to offer the right solutions to our distribution partners and clients. The investments we have made across the business will help us to meet these demands in the future.

In 2017, we further developed our institutional proposition, where we see good prospects in the medium term, both in the UK and internationally. We recruited a Global Head of Institutional and refined our institutional offer, which includes identifying the most appropriate investment capabilities, developing our marketing materials and starting to take that offer to market. In an early success, we leveraged an existing consultant relationship in the UK to win a global mandate.

In Europe, we have continued to work with key asset allocators such as private banks, to broaden the range of Jupiter products they offer to their clients. We also made further progress with diversifying our distribution in selected markets, as we expanded in the retail channel in Germany and began to target IFA-style networks in Italy.

In our Asian markets, we increased our presence in the Hong Kong retail channel, gaining traction with key retail players and signing agreements with a number of smaller banks. We also invested significantly in brand and product building in Hong Kong, running a successful outdoor advertising campaign. In Singapore, we continued to develop in the private bank and high-net-worth markets, and increased brand awareness through a digital marketing campaign. Thailand offers significant growth potential and we entered the market through an agency relationship, which is already producing inflows. We also see good prospects in the institutional market in Asia in the medium term.

Other growth initiatives during the year included hiring an agent to represent us in Latin America, where many of the distribution partners are global banks with whom we already have strong relationships.

PERFORMANCE REVIEW CONTINUED

TALENT AND CULTURE

Jupiter is a people business; only through them can we achieve our objectives.

We aim to maximise the potential and performance of our people and recruit other talented people to strengthen the pool of talent we already have.

In May 2017, we ran our latest employee engagement survey, which achieved a response rate of 78%. Results were strong, with an overall engagement score of 87%, 11 points above the financial services average. Among the top results, our people said they had a clear understanding of what Jupiter is trying to achieve and how they contribute to it, a strong sense of treating clients fairly, and management who communicated clearly and treated their teams with respect.

The survey also highlighted areas where we can improve, and these inform our people-related plans for 2018 and beyond, which are described below. Implementing these plans will help ensure that our people strategy supports our overall business strategy.

We will continue to enhance the capabilities of line managers with ongoing training and development. We have developed a pilot programme covering high-impact leadership and a second programme for people who have become managers for the first time. We are also helping our managers manage their teams effectively, with a focus on improving management and personal development conversations around performance. In addition to our management development programmes, we have designed a comprehensive core curriculum of learning and development which is available to all of our people. This will help us support our employees' personal development and enrich their roles through career progression or moves into different roles that enhance their skills and experience. This helps our people to achieve their potential within Jupiter.

Succession planning is also important for bringing people through the organisation. By the end of 2017, we had completed succession plans for the top three layers of the workforce. This allows us to identify and fill any gaps, including moving people between departments to broaden their skills, providing us with stronger bench strength across all functions. Other programmes of work for 2018 will include developing a new induction programme for joining employees to ensure they understand our culture, value and strategy, a review of the benefits we offer our people, and an increase in the talent resourcing conducted in-house, rather than through external agencies.

We continue to participate in Investment 2020, which provides opportunities for young people to join Jupiter from a diverse range of backgrounds. We are also looking at how we can utilise the apprenticeship levy to provide additional training for people in the organisation.

Diversity and inclusion mean having the right people, regardless of background, ethnicity or gender, in the right roles. We are committed to increasing diversity within Jupiter and promoting mutual understanding between our employees. This is clearly stated in our Diversity Policy which is published on our intranet and provides clear goals and measures.

Creating a diverse mix of younger people joining the firm is an important contributor to improving diversity over time. Jupiter is a founding member of the Diversity Project. This is an industry-wide body which looks to create an inclusive culture within the investment industry through a number of work streams in which Jupiter participates, eg improving maternity return rates. The importance of this initiative is that we are able to contribute to and leverage the work done as an industry collectively to move the dial more quickly than if all firms acted independently.

An important analysis of employee diversity is by gender (excluding contractors), which is shown in the table below:

	2017		2016	
At 31 December	Female	Male	Female	Male
Board	5	5	5	4
Senior management	11	71	9	63
Other employees	168	233	169	218
Total	**184**	**309**	183	285

Jupiter rewards employees equally for doing equivalent jobs, at the same level of performance and experience. However, our gender pay gap – the percentage male employees overall are paid more than female employees – was 38% on a mean basis at April 2017, slightly more than the 34% average for the finance services sector[1]. The gap is due to our workforce structure, in particular because we have more senior men in our fund management and sales teams. This is a structural issue across the industry. We seek to address this gap by attracting more young women in to the industry, having a gender mix in our recruitment shortlists, providing support, mentoring and development, and looking to engage and retain women within the business. Jupiter's full Gender Pay Disclosure, including more information on how we are seeking to address it, can be found online on our website at **www.jupiteram.com**.

OUR VALUES

Jupiter's values encapsulate our culture and are aligned to the strategy. As we continue to grow, we need to make sure that we reinforce our values through our induction processes and how we behave and operate every day. We also recognise that the talented people who join us bring their own perspectives, which make a positive contribution to Jupiter's culture.

1 Source: PwC – Women in Work Index, 2017

OPERATING MODEL AND INFRASTRUCTURE

Jupiter's growth in scale and the diversification in the business adds complexity and requires continual investment in the operating model.

We run an efficient operating model and infrastructure. This requires continuous investment in technology, process and people to ensure it remains fit for purpose as our business grows and diversifies and to meet developing regulatory requirements. We continually optimise this infrastructure investment to ensure it is efficient. A single, business-wide platform with the capacity to support growth, whilst satisfying increased regulatory control, ensures that as much of the revenue growth as possible drives growth in earnings and therefore shareholder returns. In ensuring this is the case, we continually monitor the forecast development of key metrics including the cost/income ratio to inform our decisions on the pace and extent of investment spending. Over the last five years, our cost/income ratio has been stable.

2017 has seen a focus on transformational change in investment operations with the implementation of a new investment management platform and the streamlining of investment data flows. This provides enhanced tools to our fund managers and investment risk function, adding the capability to support continued business growth and diversification. It has also streamlined the sharing of data across business functions, which helps us to make well-informed decisions that ultimately benefit our clients. This development was a critical enabler of our MiFID II compliance programme, explained below.

Regulatory change continued to be a significant feature of the fund management industry in 2017 and we have been committed to responding efficiently to these demands. MiFID II has been the most wide-ranging of the new regulations and it has touched many parts of the firm, requiring us to review and amend policies and procedures, as well as agreements with our partners, brokers and clients. Putting clients first is core to our values and MiFID II aligns with our approach, by emphasising the need to sell and distribute products appropriate for our clients. The investment in technology and work performed has been integral to ensuring that Jupiter was in a position to comply with MiFID II from its start date of 3 January 2018. Investment in change programmes to ensure we comply with new requirements such as the General Data Protection Regulation and those of SMCR will continue throughout 2018.

Spend on technology focuses on delivering security, resilience and simplicity. Cyber security is an industry-wide issue and we have invested significantly in this area to maintain our Cyber Essentials Plus status, an accreditation backed by the UK Government. The Cyber Essentials Assurance Framework demonstrates to our clients, insurers and business partners that essential precautions for cyber security have been taken. The provision of dual data location sites for our private cloud off-premise server estate facilitates robust business continuity planning. Business interruption plans also include the availability of dedicated and shared disaster recovery locations that facilitate the continuation of core business processes.

Our fund administration and accounting operating model focuses on utilising the scale of global outsourced service providers with appropriate control and oversight performed by Jupiter. Our funds use third party providers for services including administration and transfer agency across our product range, with oversight and management by relevant Jupiter operational teams.

As we develop our operating model, we ensure that the appropriate risk and control oversight is embedded into the core processes.

2018 will continue the focus on the quality and use of data, both from an operational efficiency perspective and to support investment performance. Planned investment includes delivering an enhanced view of customer and market data, to support the servicing of clients, and the utilisation of data science techniques to promote insights into client behaviours and enhance investment portfolio management. The scope of technology in the firm is also expanding to include the use of machine learning and robotics, to automate processes and support the delivery of an efficient operating model.

PERFORMANCE REVIEW CONTINUED

FINANCIAL RESOURCES

We continue to distribute available profit in a balanced manner; we invest in our business, maintain a resilient balance sheet and share the rewards of profitability and growth between our people and shareholders.

DISTRIBUTION OF AVAILABLE PROFIT

In 2017 we have maintained the balance of distribution of available profits in line with the model set out on page 12 and as shown in the graphic opposite.

As discussed in the Remuneration Report, the variable compensation pool in 2017 was assessed as a proportion of adjusted available profit at £73.8m (2016: £59.4m), below 27.5%, as previously guided. The variable compensation pool represents the aggregate value to the employees at the grant date of the awards irrespective of the nature of the compensation instruments that are used in the delivery of the awards. As these compensation instruments include share-based awards with deferred vesting, IFRS require the variable compensation expense on those awards to be recognised over the service and vesting period. As a result, some of the cost of the 2017 variable compensation pool does not form part of the 2017 variable compensation expense.

Furthermore, some of the costs arising from prior year awards are included in the 2017 variable compensation expense. In addition, variable compensation expense includes national insurance and other social security levies. Whilst the share-based compensation expense is not sensitive to movements in Jupiter's share price, the associated national insurance cost is. In 2017 the Jupiter share price appreciation of 42% led to an increase in this component of variable compensation expense of £3.0m.

Additionally, in 2017 Jupiter reviewed its remuneration structure in line with regulation and other market developments. This has led to an increase in the proportion of overall variable compensation which is deferred as well as altering the vesting profile of deferred awards granted in 2017 from three-year cliff vesting to equal tranche vesting over three years. These changes impact the timing of recognition of the compensation expense in 2017 and subsequent years; prior-year awards are unaffected.

Collectively all these factors work towards a total variable expense of £82.5m being recognised in 2017 (2016: £66.6m). As a proportion of available profit, this results in a variable compensation ratio of 29.7% (2016: 28.2%). This is at the higher end of our guidance for variable compensation ratio which is expected to be in the mid to upper 20% range.

Tax in 2017 was 13.5% of available profit (2016: 14.3%) or 19.8% (2016: 20.5%) of statutory profit before tax. Tax continues to be in line with the headline corporation tax rate of 19.25% (2016: 20%) in the UK.

As noted on page 30 in the Financial Review, in assessing the dividends, the Board continued its approach to ordinary dividends and declared total ordinary dividends of 17.1p per share (2016: 14.7p per share) which represents 50% of underlying EPS. In assessing the level of special dividend, the Board considered the strength of the balance sheet and the capital needs of the business going forward. It concluded that a modest 5% of underlying EPS (2016: 7%) should be retained and, therefore, declared special dividends of 15.5p per share (2016: 12.5p). As a result, total dividends represented 53.8% of available profit (2016: 52.7%).

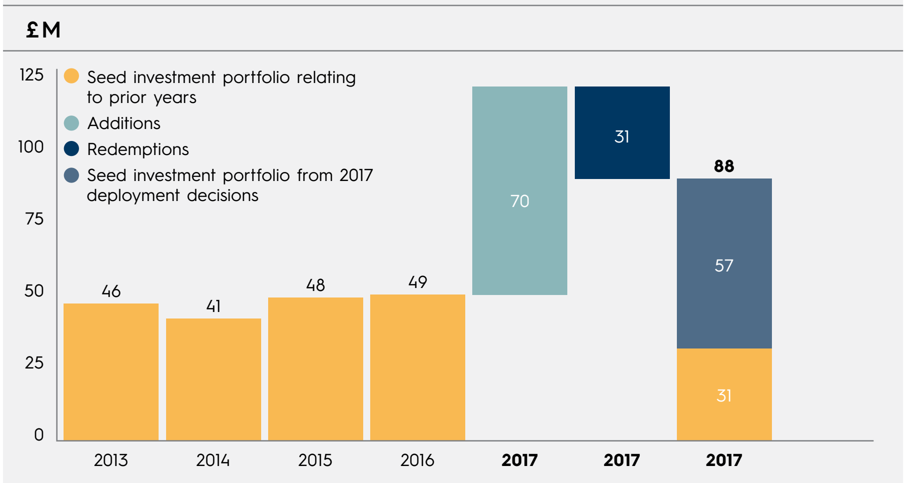
Taking all these components together, the balance of the distribution of available profit between staff and shareholders was maintained in line with the model.

INVESTING IN SEED

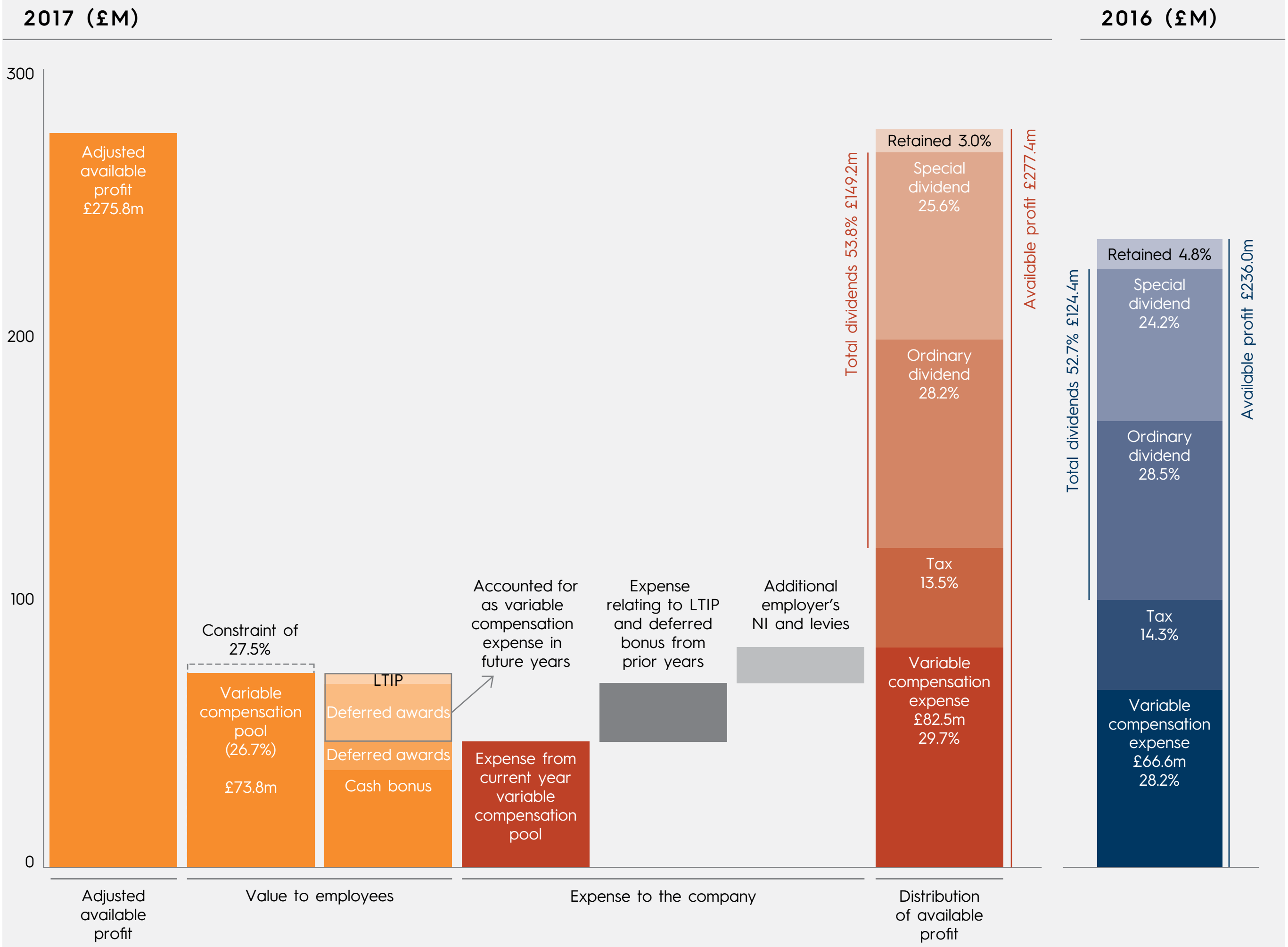
In 2017, we expanded our corporate seed investment programme, as explained on page 12. A new governance framework and set of limits were agreed with the Board at the start of 2017. Through 2017 we actively sought to redeem historic seed investments and to support dynamically the launch of new funds and those approaching meaningful anniversaries or size with the injection of corporate seed investment. Examples included corporate seed investment in Jupiter Emerging and Frontier Income Trust, Global Emerging Markets Short Duration Bond Fund, Global Levered Absolute Return Fund and Europa Fund.

The graphic to the right shows the development of the corporate seed investment portfolio as a result of the expanded programme.

INVESTING IN SEED – AT COST



MAINTAINING THE BALANCE OF OUR AVAILABLE PROFIT DISTRIBUTION



Adjusted available profit equals available profit less computer software amortisation.

FINANCIAL REVIEW

FINANCIAL RESOURCES: DELIVERING VALUE TO SHAREHOLDERS

Significant increase in AUM from sales and markets throughout the year contributed to strong revenue growth; control over costs allowed these gains to flow through to the bottom line.

NET REVENUE

Net revenue (£m)	2017	2016
Net management fees	392.4	330.2
Net initial charges (before box profits)	1.6	2.2
Performance fees	1.9	6.2
Net revenue before box profits	**395.9**	**338.6**
Box profits	13.6	12.8
Total	**409.5**	**351.4**

Net revenue (see page 31) for the year was £409.5m (2016: £351.4m), a year-on-year increase of 17%, driven by both strong net sales and asset appreciation from markets and investment outperformance.

Box profits cease from early 2018 as a result of our decision to move to single pricing for buying and selling fund units in our unit trust range. Box profits made in 2017 of £13.6m (2016: £12.8m) are presented separately from net initial charges of £1.6m (2016: £2.2m) above to reflect the discontinuation of this earnings line. Performance fees were £1.9m (2016: £6.2m).

	2017	2016
Net management fees (£m)	392.4	330.2
Average AUM (£bn)	46.2	37.8
Net management fee margin (bps)	**85**	**87**

Almost all of the Group's revenue is earned in the form of recurring management fees. The net management fee margin for the year was 85 basis points (2016: 87 basis points). This decrease was a result of continued positive momentum in a changing business mix, principally in the form of substantial growth in our lower margin fixed income product range. We continue to expect margins to decline by 1-2 basis points a year over the longer term as a result of changes in product mix.

ADMINISTRATIVE EXPENSES

Costs by category (£m)	2017	2016
Fixed staff costs	54.3	48.3
Other expenses	77.8	67.1
Operating expenses	**132.1**	**115.4**
Variable staff costs	82.5	66.6
Underlying administrative expenses	**214.6**	**182.0**
Charge for options over pre-Listing shares	0.2	0.1
Administrative expenses	**214.8**	**182.1**

Underlying administrative expenses of £214.6m (2016: £182.0m) rose by 18%, driven by business volumes and investment. Our cost discipline focus has allowed us to continue to invest for growth while maintaining our adjusted cost/income ratio at 55%.

The increase in fixed staff costs of £6.0m relates to new hires in the fund management and distribution teams in the second half of 2016 and throughout 2017 and other structural changes to our workforce.

Other expenses of £77.8m (2016: £67.1m) increased by 16%. This was primarily driven by higher transaction costs linked to increasing AUM in our SICAV range of funds as well as investment in the business, either in further strengthening our fund management and distribution capabilities or in enhancing our operating model. These investments are designed to support our strategy of continued diversification and growth.

From 2018, operating expenses will include an additional amount of around £5.0m as a result of the Group's decision to take fund research costs as charges within the Group's own income statement.

Variable staff costs (£m)	2017	2016
Cash bonus	41.6	42.4
Deferred bonus, LTIP, SAYE and SIP	40.9	24.2
Total	**82.5**	**66.6**
Variable compensation ratio	**29.7%**	**28.2%**
Total compensation ratio	**33.4%**	**32.7%**

Variable staff costs increased by 24% to £82.5m (2016: £66.6m). The variable compensation ratio rose by 1.5% from 28.2% to 29.7%, within our previous guidance. Overall, the variable compensation expense increase was primarily due to the higher profitability and strong delivery on all key performance indicators.

Within the overall variable compensation expense, cash bonus costs of £41.6m (2016: £42.4m) declined marginally as increases due to higher levels of profitability were more than offset by a greater proportion of the 2017 variable compensation being in the form of deferred awards. Increasing the amount of deferred compensation has the effect of switching the classification of costs from cash bonus to deferred bonus as well as changing the timing of expense recognition. Lower levels of variable compensation directly linked to performance fees also contributed to a reduction in the cash bonus.

The increase in other variable compensation charges was driven by a number of different factors. The largest of these was the increase in profitability. The charge was also materially impacted by the proportion of deferred variable compensation being greater than in the prior year (as explained above) and higher levels of deferred compensation charges arising from awards made in prior years.

As a reminder, the equity-settled nature of previously awarded deferred bonus and LTIP schemes means that their costs are fixed at the time of grant and subsequently do not change if future earnings rise or fall, although social security costs vary with the Group's share price. Due to this accounting treatment, there was an increase in social security costs on all unexercised share awards. It rose sharply as a result of the 42% increase in the Jupiter share price in the year. The apprenticeship levy, which has the same impact as an increase in national insurance, came into force in the UK in the second quarter and also affected the charge.

We adopt a consistent approach to remuneration and expect the variable compensation ratio to remain within guidance in the mid to high 20% range over the medium term.

OTHER INCOME STATEMENT MOVEMENTS

Amortisation relating to software and the Jupiter brand name was £2.3m (2016: £3.3m). The Jupiter brand name became fully amortised in June 2017.

Other gains in 2016 included a one-off credit of £5.0m relating to foreign exchange gains arising from the liquidation of two overseas subsidiaries.

PROFIT BEFORE TAX (PBT)

PBT for the year increased by 13% to £192.9m (2016: £171.4m) due to a 15% increase in operating earnings, partially offset by a reduction in other gains, which benefited from a one-off foreign exchange gain of £5.0m in 2016.

TAX EXPENSE

The effective tax rate for 2017 was 19.8% (2016: 20.5%), against a headline UK corporation tax rate of 19.25% (2016: 20%).

We have a published tax strategy, which is available from our website at: **http://www.jupiteram.com**.

UNDERLYING PBT AND UNDERLYING EPS

Underlying PBT and underlying EPS are non-GAAP measures which the Board believes provide a useful representation of the Group's trading performance (see page 31).

Underlying EPS of 34.2p (2016: 29.4p) increased by 16%.

Underlying EPS (£m)	2017	2016
Profit before tax	192.9	171.4
Adjustments:		
Amortisation of acquired investment management contracts and trade name	0.7	1.9
Charges for options over pre-Listing shares	0.2	0.1
Realised foreign exchange gains on liquidation of subsidiaries	–	(5.0)
Underlying profit before tax	**193.8**	**168.4**
Tax at statutory rate of 19.25% (2016: 20%)	(37.3)	(33.7)
Underlying profit after tax	**156.5**	**134.7**
Issued share capital	457.7m	457.7m
Underlying EPS	**34.2p**	**29.4p**

The Group's basic and diluted EPS measures were 34.5p and 33.7p respectively in 2017, compared with 30.3p and 29.6p in 2016.

ADJUSTED EBITDA

Other than its use as a profitability performance measure in the assessment of variable compensation for Executive Directors, the Group no longer uses adjusted EBITDA as a performance measure as there are no material differences between Jupiter's underlying PBT and its adjusted EBITDA.

CASH FLOW

The Group generated positive operating cash flows after tax in 2017 of £194.6m (2016: £147.3m). The Group invested £70.1m in seeding funds during the year, a significant increase as the Group seeks to build a track record in recently-launched products. Proceeds from disposals of seed investments were £14.8m. Outflows from financing activities included £132.2m of dividend payments to shareholders and £26.4m of shares purchased by the Employee Benefit Trust to avoid future shareholder dilution from compensation schemes. The net decrease in cash in the period was £24.7m (2016: £0.5m).

ASSETS AND LIABILITIES

The Group's cash position at the year-end date was £234.2m (31 December 2016: £258.9m), as trading profits were offset by dividend payments to shareholders, an increase in seeding of funds and the compensation round. As outlined in the Equity and Capital Management section, it remains our intention to return a high proportion of surplus cash to shareholders as it arises.

SEED INVESTMENTS

We deploy seed into funds to ensure an effective launch and to accelerate the timescale over which the funds can pass through critical size thresholds. As at 31 December 2017, we had a total investment of £96.6m carried at fair value in Jupiter funds (31 December 2016: £58.7m). This excludes £10.7m of investments in our own funds to hedge our obligation to settle amounts payable to employees in relation to Deferred Bonus Plan awards.

These investments are shown on the Group's balance sheet under the appropriate heading for the relevant level of ownership in each fund. The Group only invests in liquid funds and chooses to hedge market and currency risk on the majority of its holdings of seed investments, with all seed investments either hedged or invested in absolute return or fixed income products. As a result, the value of these investments is stable and available to improve the Group's cash balances and liquidity if required.

EQUITY AND CAPITAL MANAGEMENT

Total shareholders' equity increased by £29.9m to £640.3m in the year, with the continued profitability of the Group being substantially offset by distributions to shareholders, in line with the Group's dividend policy below.

Capital and regulatory position

The Group formally assesses its capital position and requirements annually through its ICAAP. The ICAAP document, which is approved by the Board, makes estimations and judgements to establish whether the Group holds an appropriate level of regulatory capital to mitigate the impact of its key risks in the event of these crystallising.

At present, the Group has a comfortable surplus over regulatory requirements, holding qualifying capital of around £146m against a requirement of £55m, an indicative surplus of £91m, after allowing for the full-year and special dividends. The adoption of IFRS 16 Leases in 2019, which will require the recognition of an illiquid asset in the Group's balance sheet, is expected to reduce this surplus.

This position of capital strength enables us to be agile when assessing and pursuing market opportunities in which we see the potential for value creation.

FINANCIAL REVIEW CONTINUED

Dividends

Jupiter has a progressive ordinary dividend policy, and our intention is for the ordinary dividend payout ratio to be around 50% of earnings across the cycle. The Board then expects to retain up to 10% of earnings for capital maintenance. The remaining balance, after taking account of any specific events, will be returned to shareholders through the payment of a special dividend.

The Board considers the dividend on a total basis, taking into account our resilient balance sheet and our long-term approach to running the business and maintaining an appropriate balance between interim and full-year ordinary dividends. The Board's intention is to use profits and cash flow to pay shareholder dividends, to retain sufficient capital to maintain a strong balance sheet and meet regulatory requirements, and to return excess cash to shareholders according to market conditions at the time.

The Board has declared a full-year ordinary dividend for the year of 10.3p (2016: 10.2p) per share. This results in a total ordinary dividend for the year of 17.1p (2016: 14.7p), an increase in line with underlying EPS and maintaining the ordinary dividend payout ratio at 50% of earnings. Due to the increase in profitability in the year and our sound financial position, the Board has decided to retain less than 10% of earnings, declaring a special dividend of 15.5p (2016: 12.5p) per share.

The full-year dividend payment will be paid alongside the special dividend on 6 April 2018 to shareholders on the register on 9 March 2018. The Board does not seek approval for dividend payments at the AGM, which means that full-year and special dividends can be paid together before the AGM.

Taking both ordinary and special dividends together, the Board is declaring a total dividend of 32.6p (2016: 27.2p) per share, representing a 20% increase on last year.

We believe our distribution policy and the consequent yield this delivers, allied with our growth prospects, is an attractive model for shareholders.

LIQUIDITY

The Group has a robust free cash position, supported by an undrawn RCF and hedged seed investments. The Group has maintained a consistent liquidity management model, with core cash (after earmarked needs) run at levels sufficient for the needs of the business.

STATEMENT OF VIABILITY

In accordance with provision C.2.2 of the 2016 revision of the Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months required by the Going Concern provision.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, up to 31 December 2020. The Directors' assessment has been made with reference to the Group's current position and strategy, the Board's risk appetite, the Group's financial plans and forecasts, and the Group's principal risks and how these are managed, as detailed in the Strategic Report.

The Group defines its long-term strategic planning objectives over five years and this is underpinned by a rolling five-year financial plan, the first year of which is the current year budget. The further into the future the planning horizon is, the greater the level of uncertainty in the financial projections. Therefore, the Group uses a three-year period in assessing viability in order to be consistent with the Group's ICAAP and because it has the sharper focus than the full five-year rolling financial planning horizon.

The rolling financial plan incorporates both the Group's strategy and principal risks and is reviewed by the Board at least annually when the budget for the following year is approved. In exceptional circumstances, the Board reviews and approves structural changes to the budget intra-year. These formal approval processes are underpinned by regular Executive Committee and Board discussions of strategy and risks, in the normal course of business.

Throughout the year the Board assesses progress by reviewing forecasts compared to the budget and longer-term projections compared to the financial plan. The current year forecast and longer-term financial projections are regularly updated as appropriate and consider the Group's profitability, cash flows, dividend payments, share purchases, seed investments and other key internal and external variables.

Scenario analysis is also performed as part of the Group's ICAAP, which is approved by the Board. These scenarios evaluate the potential impact of severe but plausible occurrences which reflect the Group's risk profile. Scenarios include:

- active regulatory breach by key fund manager;
- the loss of key fund managers; and
- cyber-risk.

These considerations also include assessing the impact of different assumptions around the development of market levels and the impact this has on the value of assets under management and the Group's revenues.

We believe that the statement of viability continues to reflect our internal financial planning, budgeting, forecasting, review and challenge processes which assess profitability as well as those through which we assess risk exposures arising from the implementation of the Group's operational strategy.

THE USE OF ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Group uses the following APMs:

APM	Definition	Reconciliation/data sources	Reason for use
Adjusted available profit	Available profit less computer software amortisation	Pages 28 and 112	D
Adjusted cost/income ratio	Administrative expenses divided by net management fees	Page 28	C
Adjusted EBITDA	Earnings before interest, tax, depreciation and amortisation, adjusted for non-recurring items*	Page 148	D
Available profit	Net revenue less operating expenses	Page 28	D
Net management fee margin	Net management fees divided by average AUM	Page 28	A
Net management fees	Management fees less fee expenses	Page 28	A
Net revenue	Revenue less fee and commission expenses	Page 28	A
Operating earnings	Net revenue less administrative expenses	Page 98	A
Operating expenses	Underlying administrative expenses less variable staff costs	Page 28	A
Ordinary dividends per share	Interim and full-year dividends (does not include any special dividends)	Page 117	B
Total compensation ratio	Total staff costs as a proportion of net revenue	Page 28	C
Underlying administrative expenses	Administrative expenses excluding non-recurring items*	Page 28	B
Underlying EPS	Underlying profit after tax divided by issued share capital	Page 29	B
Underlying profit before tax	Profit before tax excluding amortisation arising from acquisitions and non-recurring items*	Page 29	B
Variable compensation ratio	Variable staff costs as a proportion of available profit	Page 28	C

* Items that are non-recurring are those items of income or expenditure that are not expected to repeat over the business cycle. Where appropriate, such items may be recognised over multiple accounting periods.

A. to draw out meaningful subtotals of revenues and earnings, together with ratios derived from such measures, commonly used by asset managers after taking into account items such as fees and commissions payable, without which a proportion of the revenues would not have been earned, and administrative expenses which often have a direct link to revenues through the use of compensation ratios to set remuneration.

B. to present users of the accounts with a clear view of what the Group considers to be the results of/distributions from its underlying operations, thereby enabling consistent period on period comparisons and making it easier for users of the accounts to identify trends.

C. to provide additional information not required for disclosure under accounting standards. The information is given to assist users of the accounts in gauging the level of operational gearing and efficiency in the Group and in predicting future variable cost and therefore profit levels.

D. used principally in the internal assessment of whether Executive Directors have met specified performance criteria (see pages 73 and 74). Available profit measures are also used to illustrate the relative distribution of profit between staff and shareholders (see pages 26 and 27).

All APMs relate to past performance.

Changes in the use of APMs

1. In prior periods, the Group has used adjusted EBITDA as a measure of performance, principally to enable users of the accounts to better compare the earnings of the Group with those of its competitors. Being debt-free and having now fully amortised its trade name intangible assets, there are currently no material differences between Jupiter's underlying PBT and its adjusted EBITDA; additionally, amortisation charges going forward will principally relate to assets developed as part of the operating business which should be taken into consideration when measuring performance. For these reasons, adjusted EBITDA has been removed as an alternative performance measure, although it is still in use as one of the performance criteria for the remuneration of Executive Directors (see page 74). and is therefore included in the table below.

2. Further to 1 above, adjusted EBITDA margin has been replaced by 'Adjusted cost/income ratio' to retain a metric that provides a measure of operational efficiency.

CORPORATE RESPONSIBILITY

Being a responsible business is integral to the way we work. This responsibility is wider than our clients or our shareholders.

Our three primary stakeholder groups are our clients, people and shareholders. In addition, our regulators, business partners, the state and other authorities, and wider society all have an interest in how we work.

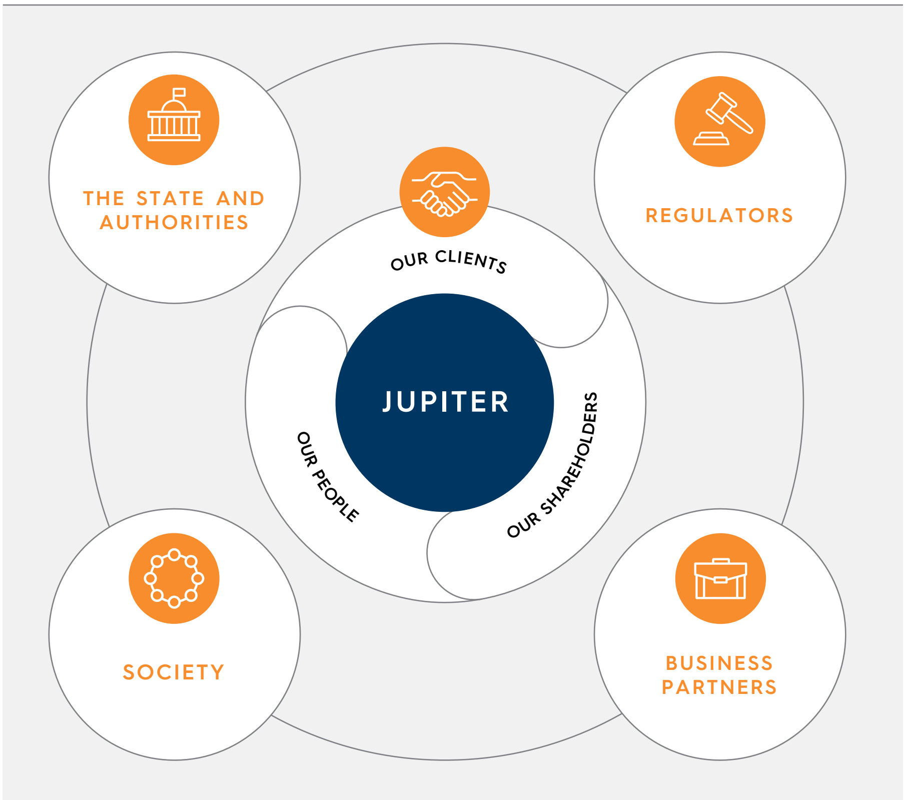
The way we attract, develop and retain our people is discussed under Talent and Culture in the Performance Review. Relations with shareholders are covered throughout the Strategic Report as well as in the Governance section. The remainder of this section therefore provides more details about how we protect the interests of our clients, as well as our interactions with regulators, business partners, society and the state and authorities.

We have utilised the Global Reporting Initiative (GRI) to structure our disclosure of corporate responsibility information. Disclosing our corporate responsibility performance in this way helps us to meet regulatory and best practice developments, and provides greater insight into our responsibilities. Our GRI G4 Report and Environmental Policy Statement is available from our website at **www.jupiteram.com**.

CLIENTS

Jupiter can only succeed by offering products that our clients want and that meet their investment needs by selling and marketing these products responsibly and by offering high levels of client service. Ensuring we meet client needs comes from a combination of our culture and our governance. These are closely linked. Our policies, principles, codes of conduct and our corporate values all inform our culture and align our interests with those of existing and potential clients and our staff.

As part of this, we look to exercise good stewardship on behalf of our clients and to behave ethically. We believe that our biggest sustainability impact comes from looking after our clients' needs and our engagement with the companies we invest in.



Our policies

Our key policies relating to our clients include:

- **Treating customers fairly (TCF).** TCF is a core FCA principle, which promotes fair treatment of clients from product inception through to marketing and post-sales support. Our TCF policy commits us to dealing with clients honestly, openly and competently, not just as part of regulatory compliance but as a fundamental guiding principle. Our TCF Committee, chaired by our Chief Executive Maarten Slendebroek, ensures that our services meet our TCF obligations and our policy.
- **Conflicts of interest.** We take all appropriate steps to identify, prevent or manage conflicts of interest that arise or may arise in the course of providing investment services to clients, whether between us and a client or between one client and another. Where circumstances are considered to exist that may give rise to a conflict of interest, details will be provided to clients as well as the mitigating procedures. No such circumstances are currently considered to exist which require disclosure to clients.

We have several methods for ensuring we successfully implement our policies. These include:

- training programmes, covering areas such as anti-bribery and corruption, money laundering and market abuse, which employees are required to complete during the year;
- our employee handbook, which assists with contractual terms, expected conduct and our policies;
- our intranet, through which we make our key policies available to our people;
- internal audits, which review our compliance with our legal and regulatory obligations, as well as our own policies and procedures;
- supervisory controls, including a TCF sponsor in every client-facing department; and
- our governance framework, including our Board, management and reporting committees with their own terms of reference, which provide us with a robust structure within which we implement our governance and policies.

Our Compliance department monitors our success with implementing our policies, principles and codes of conduct. We review the majority of our policies annually and circulate the updated versions to all staff.

Conduct risk

The Group defines conduct risks as risks which result in customer detriment, negative impact to market stability or restrict effective competition. Conduct risk is not considered a separate risk category. Risks in the strategic, investment and operational risk categories may result in conduct risk impacts.

Our approach to stewardship

Effective stewardship is fundamental to achieving the best risk-adjusted returns for our clients. We do not view governance themes in isolation but seek to understand how they affect long-term performance. Our investment teams and specialist governance and sustainability analysts therefore work together, to integrate stewardship into our investment approach, and all our fund managers are involved in voting decisions and our governance dialogue with companies.

Jupiter has a formal Stewardship Committee, which develops and delivers a coordinated approach to our engagement with companies. The Chief Investment Officer chairs the Committee, which comprises fund managers, the Head of Governance, corporate governance and sustainability analysts and representatives from across the business. The Committee looks at trends in our engagement with companies, the issues arising and how we can enhance our processes and information gathering. It also approves our submissions to consultations, for example, on changes to the Financial Reporting Council's (FRC) UK Stewardship Code (the Code). Jupiter is a signatory to the Code.

In 2017, we continued to engage with companies and policy makers. Most notably, Jupiter responded to the UK Government's consultation on corporate governance reform in February 2017. The response was informed by governance themes that our fund managers have encountered over many years. These included:

- the core principle that executive pay must be linked to performance;
- the importance of providing companies with the flexibility to create pay structures suited to their business models; and
- the need to preserve the UK's successful unitary board model.

The FRC began a review of the UK Corporate Governance Code in late 2017 and launched a consultation on proposed amendments in December 2017. The aim is to ensure the UK best practice regime retains its leading elements, while adapting to the changing economic and social climate. Jupiter intends to respond to this consultation.

The Chief Investment Officer also chairs our Sustainability Review Committee, which comprises portfolio managers and sustainability and governance specialists. The Committee:

- oversees the approval of companies for investment in ethically screened, socially responsible or environmental solutions funds; and
- reviews our engagement with companies on social and environmental issues and monitors these risks and opportunities across our funds.

We link this analysis of major social and environmental issues to our key holdings. Our sustainability specialists and investment teams collaborate on sustainability research, to improve our investment outcomes.

During the year, the UN-backed Principles for Responsible Investment (PRI) released its Transparency Report for 2017, in which it assessed Jupiter's wider approach to the PRI's six responsible investment principles. Jupiter once again scored strongly across several modules assessed by the PRI. In particular, we were rated A+ for Strategy & Governance as well as A for both Listed Equity – Incorporation and Listed Equity – Active Ownership.

Implementing the recommendations of the FSB Task Force on Climate-related Financial Disclosures

Our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) signed Statements of Support for the recommendations of the FSB Task Force on Climate-related Financial Disclosures, and we will be implementing the recommendations over the next few years. Our initial disclosure is below.

Governance

- The CEO, together with the executive Directors, are responsible for the management of the Group's day-to-day business and for ensuring the implementation of strategy, and, as such, have specific responsibility for climate change-related issues.
- The Board has established a committee structure to assist in the discharge of its responsibilities across our investment activities, including climate change responsibilities. Our Sustainability Review Committee, chaired by the Chief Investment Officer, reviews our engagement activity with companies on climate-related issues and monitors these risks and opportunities across Jupiter's funds.

Strategy

- The key aspects of climate change that have influenced the business strategy are climate change opportunities/risks associated with the assets we manage. These include increasing climate change regulation, changes in physical climate parameters, changing consumer demands, and opportunities to develop business solutions to global challenges. We work to try and understand these levels of risk and opportunities across our underlying investments where we estimate these to be material. We focus on our investments in the energy, industrials, utilities and auto sectors in particular. We seek to engage with company management where appropriate.
- Jupiter is not a significant producer of GHG emissions, and we consider our direct climate-related risk to be limited. However, the risks associated with rising energy prices and the necessity to reduce emissions have influenced our business strategy, as evidenced by the decision to move to a new BREEAM Excellent rated building in December 2015 and our commitment to purchase 100% of our electricity from renewable sources under the RE100 initiative.

CORPORATE RESPONSIBILITY CONTINUED

Risk management

- We collate our corporate global environmental data and produce quarterly reports on our direct environmental impact, allowing the identification of climate change risks and opportunities related to our direct operations (consumption and waste).
- At an asset level, as mentioned above, our Sustainability Review Committee reviews our engagement activity with companies on climate-related issues and monitors these risks and opportunities across Jupiter's funds. Our sustainability specialists and investment teams conduct research in partnership.
- We monitor climate change risks and opportunities in our investments by hosting or attending meetings with management teams and non-executives to question and challenge companies about the issues we think may affect their long-term value.

Metrics and targets

Please see 'Our environmental performance' below for our emissions metrics and RE100 target.

Our stewardship performance

We monitor the companies we invest in by hosting or attending regular meetings with their executive management. These meetings allow us to question and challenge companies on the issues we think may affect their long-term value.

We also separately engage with company chairmen and non-executive directors. The content of these meetings varies but can include strategy, board effectiveness, remuneration, shareholder rights, culture, values, succession planning and sustainability. This gives us a different perspective on a company's performance and prospects and helps us to drive long-term investment performance, by engaging before problems arise, rather than holding companies to account after the event. During the year, we engaged with 160 companies to primarily discuss stewardship matters, in addition to the 1,000+ meetings held with company management around the financial calendar.

Voting at company general meetings is also an important part of exercising our stewardship responsibilities. In 2017, we voted at 371 meetings in the UK and 930 overseas. We voted against management or abstained on at least one resolution at 12% of UK meetings and 31% of overseas meetings.

As part of our approach to stewardship and responsible investment, we review key themes that could affect the long-term value of companies. In 2017, for example, we considered the financial risk to our investments from a potential ban on diesel passenger vehicles in European cities and growing labour issues in the Asian textiles sector.

More information on stewardship

Visit **www.jupiteram.com** to view monthly records and download our latest Voting and Engagement Report.

Further information on our approach to corporate governance, corporate responsibility and voting can be found in the Jupiter Asset Management Corporate Governance and Voting Policy and The UK Stewardship Code: Jupiter's Approach, both of which are available on our website.

REGULATORS

Jupiter's primary regulator is the FCA in the UK. It oversees all aspects of our work, from how we run our fund management operations to how we communicate to our clients, both directly and through our distribution partners.

While we also come under the jurisdiction of other regulators overseas, the high standard of UK regulation means the FCA sets the benchmark for what we do. When we face overseas regulations that are more onerous than in the UK, we comply with the higher standard.

Ongoing regulatory change is a feature of our markets. One change being driven by the FCA is the Senior Managers and Certification Regime (SMCR). This aims to protect consumers and market integrity, by making individuals working in financial services more accountable for their conduct and competence. We are working towards SMCR compliance, in line with the anticipated FCA deadline. The FCA also published the final findings of its asset management market study in June 2017. This outlines reforms to make competition work better, including greater fee transparency and a focus on creating value for clients. Our decision to move to single pricing for unit trusts, which we announced in February 2017, anticipated these changes and simplifies our client proposition.

Significant new regulations also arise from European directives. These include MiFID II, which is discussed in more detail in the Operating Model and Infrastructure section of the performance review. Other notable upcoming regulation includes the General Data Protection Regulation, which comes into force in May 2018. We continue to prepare effectively for these changes, supported by our investment in our systems and processes.

BUSINESS PARTNERS

Our key business partners include our distribution partners in the UK and overseas markets. They encompass funds of funds, platforms, global financial institutions, advisers, wealth managers and life companies. Our interactions with our distribution partners are described in the Business Model section and in the Distribution Partners, Channels, Clients and Geographies section of the Performance Review.

Services provided by key partners help to optimise our business model and ensure we serve our clients in the best way possible. For product distribution, we use third-party platforms, wealth managers and financial advisers to access clients. This intermediated approach, which is a feature of all the markets we operate in, is significantly more efficient than engaging directly with clients. It allows us to target marketing and brand building and develop relationships with distribution partners, while maintaining a simplified service model. Online services enable advisers and individuals to invest in selected funds from different providers, and to access consolidated reporting and analytics tools. We are building relationships with the biggest platforms and making our funds available through them.

To support an efficient and scalable operating platform, third-party administration services are provided by a range of global financial institutions including JP Morgan, HSBC, RBS, and Northern Trust. Fund administration services for our unit trust range are provided by DST Systems and the SICAV funds are administered by JP Morgan Luxembourg. We maintain appropriate oversight and control of our partners' activities, and also act as the delegated management company for the SICAV funds.

SOCIETY

Our corporate values set out our aim of making a positive contribution to society, as managers of other people's money. We also have an impact on society through our environmental performance, our approach to protecting human rights and preventing modern slavery, and through our charitable activities.

The environment

In 2011, we began working with Carbon Credentials to measure our carbon footprint. Since then, we have gathered data on a variety of emissions sources. The table below presents the operational boundary for our reported GHG emissions in 2017:

Direct emissions (scope 1)	Building gas combustion	Fugitive emissions from refrigeration and air conditioning equipment	Owned vehicles
Indirect emissions (scope 2)	Building electricity consumption		
Other relevant indirect emissions (scope 3)	Business travel	Waste disposal	Water consumption

Our environmental performance

The table below breaks down our GHG emissions by scope. We use the operational control approach to consolidating GHG emissions. Our chosen GHG methodology (Defra's Environmental Reporting Guidelines) defines this as operations where we, or one of our subsidiaries, have full authority to introduce and implement our operating policies. We believe this approach incorporates all of our entities with sustainability impacts that are actually or potentially material.

At the end of 2017, Jupiter had physical operations in nine countries. We have therefore applied a materiality threshold of 5% for the purposes of reporting GHG data, in line with practice among similar sized firms in our sector. As a result, locations with eight or more staff are defined as material and included in the disclosure. For the first time in 2017, we are therefore including emissions from our offices in Hong Kong and Frankfurt.

Key performance indicator	2017	Restated 2016	Change (%)
Direct emissions (scope 1)	152.4 tCO_2e	141.9 tCO_2e	7%
Indirect emissions (scope 2): location-based	474.7 tCO_2e	573.4 tCO_2e	(17%)
Indirect emissions (scope 2): market-based	0.0 tCO_2e	0.5 tCO_2e	(100%)
Other relevant indirect emissions (scope 3)	841.5 tCO_2e	356.1 tCO_2e	136%

With enhanced data accuracy due to improved conditioning of the building and understanding of the metering structure, 2016 emissions have been restated.

Our emissions intensity measure is tCO_2e per full time employee equivalent (FTE). Using direct emissions (scope 1) and location-based scope 2 emissions, our emissions intensity in 2017 was 1.28 tCO_2e per employee FTE (2016: 1.51 tCO_2e per employee FTE). Using direct emissions (scope 1) and market-based scope 2 emissions, our 2017 emissions intensity was 0.31 tCO_2e per employee FTE (2016: 0.30 tCO_2e per employee FTE).

Our location-based scope 2 emissions have decreased by 17% compared to 2016 due to more efficient working practices being implemented in 2017, resulting in reduced electricity consumption.

Our scope 3 emissions are almost entirely made up of emissions from air travel which increased by 138% in 2017 as we expanded our international presence.

In 2017 Jupiter joined The Climate Group's RE100 initiative, committing to source 100% of the energy consumption in its leased offices from renewable sources by the end of 2017. We achieved our RE100 commitment in 2017. This means that, using the market-based approach to Scope 2 emissions reporting, our electricity emissions in 2017 were nil tCO2e. Our office in Hong Kong, where renewable tariffs are not available, purchased internationally recognised I-RECS, using Chinese wind power to offset the electrical KW/h usage. Jupiter's London headquarters in the Zig Zag Building already uses 100% renewable electricity.

Our CEO, Maarten Slendebroek , said: "We believe our decision to target 100% renewable electricity through RE100 highlights the alignment between our corporate strategy and our investment activities. As long-term active investors, we believe that climate change and energy transition carry risks and opportunities that warrant our attention. This initiative demonstrates Jupiter's commitment to environmentally responsible corporate behaviour."

Human rights and modern slavery

We recognise the importance of upholding human rights in our business operations, both in how we treat individuals and how we encourage individuals within the Group to interact with each other. This is at the heart of our corporate values.

We protect the rights of our employees through our employment policies and practices, which prohibit discrimination and encourage diversity. At Jupiter, we believe diversity and inclusion are simple concepts – to have the right people, regardless of background, in the right role. Our Equal Opportunities Policy requires all employees and job applicants to be treated fairly and equally. All our procedures and policies are bias-free and we have a zero-tolerance policy to bullying and harassment. Our managers are supported in embedding an inclusive culture within their teams and we are dedicated to engendering a culture of openness so that any issues or concerns can be discussed.

We protect the rights of our other stakeholders through our insistence on high standards of ethical behaviour. This is embedded in our culture through our policies, principles, codes of conduct and our corporate values. Our TCF, anti-bribery and corruption and conflicts of interest policies are particularly important in upholding high standards of ethical behaviour.

We expect our suppliers to uphold human rights both in their own organisations and, in turn, in those of their suppliers. In particular, we will not tolerate modern slavery or human trafficking.

Further details can be found on our website at: **www.jupiteram.com**.

CORPORATE RESPONSIBILITY CONTINUED

Community

As well as our impact on wider society which comes through the individuals we employ, suppliers we use, the taxes we pay and those we collect on behalf of individuals, we also aim to make a positive contribution to society as managers of other people's money and by helping investors to meet their long-term investment objectives. In addition, we make a difference to the communities we operate within through charitable giving directed by our employees and through the support and engagement of a corporate partner charity.

In 2017 Jupiter directly contributed £153,000 to charitable causes. In line with Jupiter's culture, this giving is primarily driven by supporting double-matched giving for individuals who participate in the Give As You Earn scheme operated by the Charities Aid Foundation. This allows individual employees to align charitable giving with the causes they feel a personal connection with. As a corporate, we further directly supported a number of other fundraising events and charitable causes in 2017, including wearing Christmas jumpers to support Save The Children, a sponsored abseil event for CASCAID, the Asset Management initiative that raises funds for Cancer Research UK, fundraising for SANDS during baby loss awareness week and collecting supply donations for Grenfell Tower victims and local foodbanks through the Trussell Trust's Harvest Appeal.

Our partner charity is selected based on nominations from employees, who look for an organisation which aligns with our corporate values. Our current partner charity is Teach First. It focuses on reducing inequality in education, primarily by training and supporting new teachers, to help them develop as leaders in schools. In 2017 employees and Jupiter supported Teach First by raising £90,234 for the charity through various events including staff quiz nights, dress downs and charity run and cycling events. In addition, Jupiter employers have also dedicated their time to working with close to sixty pupils from two Teach First partner schools, teaching guest lessons, coaching new teachers and mentoring Teach First Directors.

THE STATE AND AUTHORITIES

The state and authorities set the legal and taxation frameworks we must operate within.

We comply with all applicable laws, including those relating to financial crime, in the countries within which we operate.

Financial crime

We are committed to combatting financial crime, including money laundering, terrorist financing, bribery and corruption, tax evasion and fraud. We therefore have numerous policies and procedures to reduce the extent to which it is possible that Jupiter's products could be used in connection with financial crime.

The topics covered by those policies and procedures include:

- Financial crime prevention training
- Transaction monitoring
- Suspicious activity reporting
- Anti-money laundering, sanctions and Politically Exposed Persons
- Customer, distributor and enhanced due diligence
- Compliance monitoring and internal audit
- Employee vetting
- Anti-bribery and corruption
- Tax evasion
- Data protection and security (cyber crime)
- Whistleblowing

These measures are designed to ensure we comply with applicable UK law, including the Money Laundering Regulations 2017, Bribery Act 2010 and Criminal Finances Act 2017 (see below).

Our senior managers are required to actively engage in managing financial crime risks. The Group's Audit and Risk Committee meets at least four times a year and considers matters related to financial crime matter. These matters are also considered by the Risk Committee and other operational forums.

The Criminal Finances Act 2017 took effect on 30 September 2017 and introduced Corporate Criminal Offences, which criminalise the failure of an organisation to prevent the facilitation of UK and foreign tax evasion by its associated persons, as defined by the Act. We have adopted appropriate procedures to support our policy towards the prevention of the facilitation of tax evasion. We do not tolerate tax evasion, nor do we tolerate the facilitation of tax evasion by any person(s) acting on the Group's behalf.

Taxation

We seek to manage our tax affairs in a straightforward manner, paying what we owe at the right time in order to comply with our tax obligations worldwide. Our corporate structure and operating model ensure that our tax affairs are easy to explain and transparent to the tax authorities.

Our approach is governed by a Board-approved tax strategy, which we have shared with HM Revenue & Customs. We ensure this strategy, and the procedures and controls which underpin our approach, are appropriate, monitored and fully implemented.

More information on our tax strategy can be found on our website: **www.jupiteram.com**.

CHARLOTTE JONES
Chief Financial Officer
26 February 2018

GOVERNANCE

CHAIRMAN'S INTRODUCTION

DEAR SHAREHOLDER,

Jupiter puts considerable emphasis on effective governance, so I am pleased to report on the governance of your Company in 2017.

THE ROLE OF THE BOARD AND OUR CORPORATE VALUES

The Board's role is to set the Group's strategy, ensure it has the right leadership and culture, monitor the performance of the business and oversee its risk management structure. The Board's effectiveness in carrying out this role is supported by its focus on culture, setting the tone from the top and paying close attention to good governance throughout the Group. As Chairman, my role is to lead the Board, set its agenda and ensure it operates effectively.

Our corporate values are long-standing and were first documented in 2015. They are central to our business success. You will see them set out fully in the Strategic Report. They describe clearly our client-centric culture, focused on integrity and excellence of client outcomes.

THE BOARD

The Board is responsible for the Group's long-term success. This success is promoted by having Board members with a diverse range of relevant skills and experiences. As the biographies set out later in this section illustrate, the Board has a good balance of asset management, accounting, financial services, international, regulatory and governance experience. The Board is supported by a succession plan, which balances continuity and refreshment of Board membership, and ensures members continue to demonstrate appropriate experience in the asset management markets within which we operate.

During the year, after having served eight years as a Non-Executive Director of Jupiter, Lorraine Trainer announced her intention to step down from the Board following the 2018 AGM. On behalf of the Board, I would like to express my thanks to Lorraine for her invaluable support over the years and for her significant contribution to Jupiter.

In accordance with good succession management, Jonathon Bond and Bridget Macaskill succeeded Lorraine in the roles of Senior Independent Director and Chairman of the Remuneration Committee, respectively. Lorraine supported Jonathon and Bridget in their transition to the new roles. Jonathon and Bridget bring considerable experience and insight to these positions and I look forward to the additional contributions both will make in these new roles.

In October, after a rigorous search and selection process, I was very pleased to announce Roger Yates's appointment as a Non-Executive Director. Roger brings significant asset management and international business management experience to the Board from his previous board and executive positions at multinational asset managers. His insight and knowledge has already provided a significant contribution to our discussions. The Board now comprises three Executive Directors and seven Non-Executive Directors, including me.

In December, Adrian Creedy stepped down as Company Secretary and has been succeeded by Adam Westley. The Board is very grateful for Adrian's contribution during a career with Jupiter spanning over two decades.

OUR COMMITTEES

Our Board committees play integral roles in supporting the Board's work. They are provided with the resources they need to undertake their duties, including access to the Company Secretary and external advisers. The committees, their mandates and memberships are shown later in this section.

The Audit and Risk Committee continued its role of overseeing the Group's financial reporting, risk management and internal controls framework, compliance framework and relationship with the External and Internal auditors. During the year, the Committee monitored the progress of a new enhanced Governance, Risk and Controls programme. The Committee was also active in overseeing Jupiter's significant change programmes.

The Nomination Committee has progressed its work on Board and senior management succession planning to ensure diversity of perspective as well as ensuring the candidates have the relevant skills and experience.

The Remuneration Committee continued to perform its role of ensuring that Jupiter can attract and retain talented individuals. Following feedback from a number of shareholders prior to the 2017 AGM, the Committee spent considerable time on developing a new remuneration policy, which a number of our larger shareholders were invited to discuss with the Remuneration Committee Chairman, Bridget Macaskill, in a consultation during late 2017. The new remuneration policy introduces a number of best practice features for Executive Director pay which reflects feedback received from shareholders and investor bodies. Simultaneously, it aims to maintain the strong culture of pay for performance and align the reward to employees with the experience of our clients and shareholders. Further details of the new policy may be found in the Remuneration Report.

The reports from each of the Board committees which follow, further explain their work over the past year and their ongoing priorities.

BOARD EFFECTIVENESS

In June 2017, we undertook our annual review of Board effectiveness. This year we worked with a specialist consultancy, Independent Board Evaluation, to help us ensure that we utilise individual Director's strengths most effectively in the Board environment. The recommendations of the review are further described later in this Governance section.

Since 2016, Jupiter has operated a pairing arrangement between Non-Executive Directors and members of the senior executive team to foster deeper engagement. This has led to an increased understanding of the Board's role for senior executives and of the Group's business and operations for the Non-Executive Directors. This programme is being continued in 2018.

CORPORATE GOVERNANCE REFORM

The Board supports the proposed revisions to the UK Corporate Governance Code and proposals for corporate governance reform as announced by the UK Government in August 2017 and published by the FRC in December 2017. The Board has assessed the implications of these proposals and has concluded that the Company is well placed to comply with the new requirements as and when they become effective.

I hope that this introduction has added some colour to the formal reports from the Committees that follow in the next few pages. I look forward to meeting you and answering any questions you may have at our AGM on 16 May 2018.

Liz Airey

LIZ AIREY
Chairman
26 February 2018

COMPLIANCE STATEMENT

Jupiter supports the principles of corporate governance as set out in the 2016 version of the UK Corporate Governance Code (the Code) issued by the Financial Reporting Council. A copy of the 2016 version of the Code can be found on the FRC website at: www.frc.org.uk

Having reviewed the provisions of the Code (dated April 2016) the Board is satisfied that throughout the accounting period ended 31 December 2017, Jupiter complied with all of the provisions of the Code. More information on how the Company applied the principles of the Code is set out later in this Governance section.

THE GOVERNANCE FRAMEWORK

LEADERSHIP

The Board is responsible for the leadership of the Group and for its long-term success within an effective risk and control framework, as well as setting the Group's strategic aims. Liz Airey has chaired the Board since September 2014. The Board comprises three Executive Directors, six Non-Executive Directors and the Chairman. The Non-Executive Directors constructively challenge the executive management of the Company and provide valuable insight to the development of the Group strategy. They provide a diverse and effective balance of skills, knowledge and experience, to closely consider management's performance in running the Group's business and in meeting its goals and objectives.

Jonathon Bond was appointed Senior Independent Director in August 2017. Jonathon acts as a sounding board for the Chairman, supporting her objectives for the Board. When appropriate, Jonathon is also an intermediary for other Directors and meets major shareholders, ensuring a good understanding of their issues and concerns. Further details are provided later in this report.

The Board has established three standing Board committees and the Executive Committee (membership of the Executive Committee is noted in the table opposite). The Board's responsibility for overseeing control and disclosure of inside information is delegated to the Disclosure Committee, which was established in 2016 and is convened as required to consider such matters. In addition, during 2017 there were six committees reporting to the Executive Committee. These committees complete the Board's framework of control.

The Board committees are the Audit and Risk, Nomination and Remuneration Committees. Liz Airey chairs the Nomination Committee and is a member of the Remuneration Committee. The Board considered her to be independent, within the terms of the Code, at the time of her appointment as Chairman of the Board. All other members of the Board committees are independent Non-Executive Directors. The Board committees operate within defined terms of reference, which are published on the Company's website at **www.jupiteram.com.**

THE CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTORS AND EXECUTIVE COMMITTEE

The Chief Executive Officer (Maarten Slendebroek), Charlotte Jones (Chief Financial Officer) and the Executive Committee are responsible for managing the Group's day-to-day business and for implementing the Board's strategy.

Charlotte Jones was appointed Chief Financial Officer in September 2016.

Edward Bonham Carter was appointed Vice Chairman in March 2014. His role focuses on engaging with the Group's stakeholders including clients, prospective clients and industry bodies. Edward also has Board responsibility for environmental and social governance matters.

GOVERNANCE WITHIN THE GROUP

The Executive Committee has established the six management and reporting committees shown in the diagram overleaf, which assist the Executive Committee with managing the Group's business. Each of these committees operates under defined terms of reference. The diagram also sets out the main responsibilities of each committee.

During the year, a review of Jupiter's corporate and product governance arrangements was undertaken to help ensure that they continued to meet the evolving regulatory and best practice requirements. This has led to a number of recommendations, primarily relating to the Group's reporting committees, which will be implemented during 2018.

In the UK Jupiter has two regulated companies – Jupiter Asset Management Limited (JAM) and Jupiter Unit Trust Managers Limited (JUTM). JAM's principal activity is providing investment management services. JUTM's principal activity is to act as the management company for the unit trusts, SICAVs and investment trusts managed by Jupiter. The boards of these companies oversee the activities of JAM and JUTM.

2017 EXECUTIVE COMMITTEE MEMBERS

MAARTEN SLENDEBROEK
Chief Executive Officer

CHARLOTTE JONES
Chief Financial Officer

ANDREW BOORMAN
Interim HR Director

LANCE DELUCA
Joint Chief Operating Officer

PAULA MOORE
Joint Chief Operating Officer

STEPHEN PEARSON
Chief Investment Officer

NICHOLAS RING
Global Head of Distribution

JASVEER SINGH
General Counsel

THE BOARD

BOARD ROLE
- Setting and approving strategy
- Overseeing controls framework
- Overseeing risk and setting risk appetite
- Overseeing culture and values

BOARD MEMBERS
- Chairman
- Six Non-Executive Directors
- Three Executive Directors

CHIEF EXECUTIVE OFFICER

ROLE
- Responsible for running the Group's business within authority limits delegated to him by the Board focusing on:
  - i) Business strategy and management
  - ii) Investment and financing
  - iii) Risk management and controls
  - iv) Communication within the business and to shareholders and other stakeholders
  - v) Chairing the Executive Committee, communicating its decisions and recommending actions to the Board
  - vi) Developing senior teams within the Group and ensuring succession planning
  - vii) Developing policies and procedures for Board approval
  - viii) Setting values and culture

COMMITTEES

NOMINATION

ROLE
- Composition of the Board
- Succession issues
- Reviewing policies and practice for talent management and diversity

MEMBERS
- Chairman (Liz Airey)
- All Non-Executive Directors

REMUNERATION

ROLE
- Setting and overseeing remuneration policy
- Review of benefits and rewards

MEMBERS
- Chairman (Bridget Macaskill)
- Four Non-Executive Directors

AUDIT AND RISK

ROLE
- Financial reporting
- Audit management and compliance
- Risk management and internal controls

MEMBERS
- Chairman (Polly Williams)
- Three Non-Executive Directors

EXECUTIVE COMMITTEE

ROLE
- Implementing strategy and objectives set by the Board and communicated by CEO
- Managing performance
- Reviewing matters arising from the Reporting Committees
- Receiving proposals from the Management Committee for improvements in business efficiency and effectiveness and communicating through the CEO to the Board and its Committees
- Reinforcing culture and values

REPORTING COMMITTEES

PRODUCT DEVELOPMENT

ROLE
- Examining new product proposals
- Managing and supporting compliance requirements of new products

OPERATING

ROLE
- Running the business and budget in accordance with Group strategy
- Allocating resources and prioritising projects
- Developing the Group's corporate values in all its operations
- Developing communications and cross-functional engagement

RISK

ROLE
- Managing of risk within tolerances set by the Board
- Reviewing effectiveness of the risk management process
- Reporting to the Audit and Risk Committee on the status of key risks

BALANCE SHEET MANAGEMENT

ROLE
- Establishing and maintaining balance sheet policies
- Reviewing Group procedures from a balance sheet perspective

TREATING CUSTOMERS FAIRLY

ROLE
- Ensuring funds are managed and operated within agreed guidelines, to ensure fair treatment of customers
- Working with sub-committees to ensure this approach is operated throughout the Group

PORTFOLIO REVIEW

ROLE
- Reviewing investment performance of all portfolios
- Identifying changes in investment approach
- Considering portfolio objectives, attributions and risks

Key: ↓ Delegation of Authority ↑ Reporting

BOARD OF DIRECTORS

1. LIZ AIREY
Chairman

Appointed
Non-Executive Director in May 2010
Chairman in September 2014

Skills and experience
Liz brings a wealth of relevant financial skills and experience in financial governance and executive leadership.

Previous appointments
Liz's previous roles have included Non-Executive Director of Tate & Lyle plc (2007-2017) where she served as Senior Independent Director and Chairman of the Audit Committee, Non-Executive Director of Dunedin Investment Enterprise Trust plc where she held the roles of Senior Independent Director and Chairman of the Audit Committee (2005-2016), Chairman of the Unilever UK Pension Fund (2008-2014), Non-Executive Chairman of JP Morgan European Smaller Companies Trust plc (2006-2011) and Non-Executive Chairman of Zetex plc (2003-2007), a formerly listed manufacturer of specialist semi-conductors. In 1999 she was appointed a Non-Executive Director of AMEC plc, and served as Senior Independent Director (2004-2009). Prior to this in her executive career she was Finance Director of Monument Oil and Gas plc, a post she held from 1990 until the sale of the company to Lasmo plc in 1999.

Current external appointments
Liz is currently a member of the Corporate Governance Committee of the ICAEW and Chair of Trustees of the Rolls-Royce UK Pension Fund.

2. MAARTEN SLENDEBROEK
Chief Executive Officer

Appointed
Distribution and Strategy Director in September 2012
Chief Executive Officer in March 2014

Skills and experience
Maarten has more than 25 years of asset management and financial services experience.

Previous appointments
Before joining Jupiter in 2012 as Distribution and Strategy Director, Maarten spent 18 years at BlackRock and its predecessor companies. He was a member of the global operating committee and the European executive committee at BlackRock. Earlier in his career, Maarten gained extensive experience as a sell-side European equity analyst.

3. EDWARD BONHAM CARTER
Vice Chairman

Appointed
Group Chief Executive in 2007
Vice Chairman in March 2014

Skills and experience
With 35 years' experience in the investment market and 23 years working at Jupiter, 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.

Previous appointments
Edward joined Jupiter in 1994 as a UK fund manager, after working 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 Jupiter through its management buyout that year and its subsequent IPO in June 2010. Edward relinquished his role as Group Chief Executive in March 2014, on Maarten Slendebroek's appointment.

Current external appointments
Edward joined the Board of Land Securities Group plc as a Non-Executive Director in January 2014 and was subsequently appointed Senior Independent Director in July 2016. Edward is also a Board member of The Investor Forum, a Trustee of the Esmeé Fairbairn Foundation and a member of the Strategic Advisory Board of Livingbridge.

4. CHARLOTTE JONES
Chief Financial Officer

Appointed
Chief Financial Officer in September 2016

Skills and experience
Charlotte has extensive experience in the global financial services sector gained in senior financial roles and is a chartered accountant.

Previous appointments
Charlotte commenced her career at Ernst & Young where she progressed to be an audit Partner in the Financial Services Practice. She subsequently worked at Deutsche Bank for nine years in various roles, latterly as Deputy CFO and was appointed as Head of Group Finance and Chief Accounting Officer at Credit Suisse in 2013.

5. LORRAINE TRAINER
Independent Non-Executive Director ● ● ●

Appointed
Non-Executive Director in May 2010

Skills and experience
Lorraine brings substantial experience in human resource leadership, in the areas of cultural development, team performance and reward, both from her executive career and her work on director development.

Previous appointments
In her executive career, Lorraine has had a number of HR leadership roles in international organisations, focusing on performance development. These included Citibank NA, the London Stock Exchange and Coutts, part of the NatWest Group. Her previous roles have included Non-Executive Director of Aegis Group plc (2005-2013), and Non-Executive Director of Colt Group S.A. (2013-2015). Lorraine has served as Chairman of Jupiter's Remuneration Committee and Senior Independent Director.
She relinquished both positions in July and August 2017 respectively.

Current external appointments
She is a Non-Executive Director of Essentra plc, where she chairs the Remuneration Committee, and of Sonae SGPS S.A. where she chairs the Nomination and Remuneration Committee.

6. JONATHON BOND
Senior Independent Director ● ● ●

Appointed
Non-Executive Director in July 2014
Senior Independent Director in August 2017

Skills and experience
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.

Previous appointments
Jonathon was a founding Partner of Actis LLP, the emerging markets specialist alternatives fund manager, where he spent over ten 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. For a number of years, Jonathon was a Non-Executive Director of Celtel, the first pan-African mobile company. Jonathon previously worked as 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).

Current external appointments
Jonathon is Executive Chairman of the Skagen Group, based in London. The Skagen Group is a family-owned group of companies operating in the UK, Europe and the USA.

7. POLLY WILLIAMS
Independent Non-Executive Director ● ○

Appointed
Non-Executive Director in March 2015

Skills and experience
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.

Previous appointments
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.

Current external appointments
Polly is a Non-Executive Director of TSB Banking Group plc, where she is Chairman of the Audit Committee. She is also a Non-Executive Director of XP Power Limited and RBC Europe Limited. Polly serves as a trustee of the Guide Dogs for the Blind Association and is Chairman of the Trustees for the Westminster Almshouses Foundation.

8. BRIDGET MACASKILL
Independent Non-Executive Director ● ○

Appointed
Non-Executive Director in May 2015

Skills and experience
Bridget brings substantive knowledge and deep understanding of the investment management industry and extensive experience at board level. She has 25 years' experience in the investment management industry and has held several senior board appointments in the UK and USA.

Previous appointments
Bridget joined First Eagle Investment LLC in 2009 where she held the position of President and Chief Executive of First Eagle Investment LLC until March 2016. Prior to joining First Eagle, she was President and Chief Executive at Oppenheimer Funds, Incorporated. Bridget has also served as a Non-Executive Director of Prudential plc, J. Sainsbury plc, Scottish & Newcastle plc and Hillsdown Holdings plc.

Current external appointments
Bridget is currently Chairman of First Eagle Holdings LLC, the parent company of First Eagle Investment Management LLC. Bridget is also a Non-Executive Director of Jones Lang LaSalle Incorporated and Close Brothers Group plc, where she also Chairs the Remuneration Committee and is a trustee of TIAA-CREF funds.

9. KARL STERNBERG
Independent Non-Executive Director ● ●

Appointed
Non-Executive Director in July 2016

Skills and experience
Karl brings some 30 years' international experience in the investment industry, gained through both executive and non-executive roles.

Previous appointments
Karl was a founding Partner of institutional asset manager Oxford Investment Partners, which was bought by Towers Watson in 2013. Prior to that he 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 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.

Current external appointments
Karl is the Senior Independent Director of Alliance Trust plc, 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.

10. ROGER YATES
Independent Non-Executive Director ● ●

Appointed
Non-Executive Director in October 2017

Skills and experience
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.

Previous appointments
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.

Current external appointments
Roger is a Non-Executive Director of St James's Place plc where he chairs the Remuneration Committee. He is also a Non-Executive Director of JPMorgan Elect plc and has been appointed a Non-Executive Director of Mitie Group plc with effect from 1 March 2018.

● ○ Member/Chairman of Nomination Committee
● ○ Member/Chairman of Remuneration Committee
● ○ Member/Chairman of Audit and Risk Committee

BOARD OF DIRECTORS CONTINUED

MATTERS RESERVED TO THE BOARD

The Board has a formal schedule of matters reserved for its decision, which it reviews and updates annually, to incorporate governance changes and developments within the Group.

The key issues reserved for its decision are:

- establishing the Group's commercial objectives and strategy;
- approving the dividend policy;
- overseeing financial reporting, including approving the annual report and interim financial statements;
- setting the annual budget;
- approving significant capital projects, expenditure and borrowings;
- deciding major acquisitions, disposals and investments;
- overseeing the Group's operations and management, and maintaining an effective system of internal controls and risk management; and
- ensuring adequate succession planning, including agreeing Board and other senior appointments and the appointment or removal of the Company Secretary.

THE BOARD MEMBERS

Maarten Slendebroek was appointed CEO in March 2014. His role, and that of the Chairman, Liz Airey, are separate and there is a clear division of responsibilities which is documented and examined annually by the Board.

The Chairman is primarily responsible for leading the Board, setting its agenda, ensuring its effectiveness and that enough time is allocated for open debate and discussion, particularly of strategy and complex or contentious issues. She facilitates the contribution of all Non-Executive Directors and maintains appropriate contact with major shareholders, in order to understand their issues and concerns relating to governance, strategy and remuneration, among other key issues.

The Chief Executive Officer is responsible for implementing the strategy that the Board has agreed and for the day-to-day management of the Group's business, while optimising the adequacy and use of the Group's resources. He keeps the evolving culture in Jupiter under review, particularly its impact on risk management and controls. He also keeps succession management under review, making recommendations to the Nomination Committee on the role and capabilities required in respect of the appointment of Executive Directors.

At the beginning of 2017, the Board comprised: Liz Airey (Chairman), Jonathon Bond (independent Non-Executive Director), Edward Bonham Carter (Vice Chairman), Charlotte Jones (Chief Financial Officer), Bridget Macaskill (independent Non-Executive Director), Maarten Slendebroek (Chief Executive Officer), Lorraine Trainer (Senior Independent Director), Karl Sternberg (independent Non-Executive Director) and Polly Williams (independent Non-Executive Director).

DURING 2017 THE FOLLOWING CHANGES TO THE BOARD HAVE TAKEN PLACE:

- Lorraine Trainer stepped down as Remuneration Committee Chairman and Senior Independent Director in July and August respectively;
- Bridget Macaskill was appointed as Remuneration Committee Chairman in July;
- Jonathon Bond was appointed as Senior Independent Director in August; and
- Roger Yates was appointed as an independent Non-Executive Director and joined the Board in October.

BOARD BALANCE AND INDEPENDENCE

The Board now has 10 members, comprising the Chairman, three Executive Directors and six Non-Executive Directors. The Board considers each of its Non-Executive Directors – Jonathon Bond, Bridget Macaskill, Karl Sternberg, Lorraine Trainer, Polly Williams and Roger Yates – to be independent in both character and judgement and free of any relationship which could materially interfere with exercising their independent judgement. The Board considered the Chairman to be independent within the terms of the Code at the time of her appointment. The biographies of all Directors are set out earlier in this section.

No individual or group of individuals dominates the Board or its decision making. The Non-Executive Directors constructively challenge and help develop proposals on strategy and bring strong, independent judgement, knowledge and experience to the Board's deliberations.

The Board requires all Directors to devote sufficient time to their duties and to use their best endeavours to attend meetings. During the year, the Non-Executive Directors' letters of appointment were reviewed. Non-Executive Directors are expected to spend up to 30 days a year in their roles as Directors. Committee chairmen are expected to commit up to 18 further days a year.

In 2017, the Chairman met with the Non-Executive Directors on a regular basis and also with the Chief Executive Officer. A meeting is held once a year when the Senior Independent Director meets the Non-Executive Directors, with neither the Chairman nor Executive Directors being present. Non-Executive Directors also met regularly with senior management.

OPERATION OF THE BOARD

The Board has a rolling agenda which ensures that the key issues set out above, including items relating to strategy, risk, finance, operations, corporate governance and compliance, are appropriately reviewed at its meetings. Six scheduled Board meetings took place during the year, with an additional meeting off-site in June for a two day discussion of strategy related matters. Progress on action points agreed at previous strategy days on fund management and distribution was also reviewed. A summary of the agenda items for the scheduled Board meetings and details of attendance by Directors is set out on the following page.

A comprehensive set of papers is circulated approximately one week before Board and committee meetings. These include regular business progress reports, investment performance data, distribution activity reports, financial statements and shareholder information. Full minutes of previous meetings are also circulated promptly and any concerns which are raised regarding the running of the Company are noted. Adam Westley (the Company Secretary) manages the timely circulation of information to the Board and ensures Board procedures are complied with and that applicable rules and regulations are followed. The Company Secretary reports to the Chairman on corporate governance matters.

EFFECTIVENESS

INDUCTION AND DEVELOPMENT

New Directors are given a full, formal and tailored induction to the business, organised by the Company Secretary, including meetings with senior management and advisers. The Chairman, working with the Company Secretary, is responsible for ensuring that training programmes are provided to Directors either directly or by the Company through legal and regulatory updates. Non-Executive Directors also have access to external programmes. Jupiter expects Directors to identify their own training needs and to ensure they are adequately informed about Jupiter's business and their responsibilities as a Director. The Chairman regularly reviews and agrees training and development needs with each Director.

Directors have access to independent professional advice at the Company's expense, where they judge this necessary to discharge their responsibilities as Directors. All Directors have access to the Company Secretary's advice and services.

BOARD AGENDAS IN 2017

January
- Product pricing review
- Noting fund management structure and performance
- Discussing risk appetite
- Remuneration Policy review
- Fund manager presentation
- Compliance with the Code review

February
- Approval of the Annual Report and Accounts
- Approval of AGM notice
- Approval of full year and special dividends
- Approval of Remuneration Policy
- Strategy review

May
- Marketing strategy review
- Review of Enterprise Risk Framework
- Fund manager presentation
- Vice Chairman's Report

July
- Approval of interim results and interim dividend
- Review of the FCA's final report into asset management
- Developments in corporate governance review
- Strategy day follow up
- Consideration and approval of Group ICAAP
- Review of corporate structure
- Fund manager presentation

October
- Enterprise Risk Framework approval
- Technology platform review
- Product review update
- Review of business activities in Hong Kong and Singapore
- Board and committee effectiveness review action plan
- Trading update approval

December
- Budget and plan approval
- ESG report and briefing
- Talent management, succession and diversity review
- Brexit review
- Approval of modern slavery statement
- Regulatory compliance and financial crime update
- Fund manager presentation

In addition to the above the Board held a two day Strategy Review offsite meeting in June 2017.

ATTENDANCE RECORD

The following table details the number of scheduled Board and Committee meetings held during 2017 and the attendance record of each Director:

Scheduled Board and Committee Meetings

Year 2017	Board Meetings						Audit and Risk Committee						Remuneration Committee						Nomination Committee			
	Jan	Feb	May	July	Oct	Dec	Jan	Feb	May	Jul	Oct	Dec	Feb[2]	Jun	Jul	Sep	Oct	Dec	Feb	May	Jul	Dec
Liz Airey	●	●	●	●	●	●							●	●	●	●	●	●	●	●	●	●
Jonathon Bond	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Edward Bonham Carter	●	●	●	●	●	●																
Charlotte Jones	●	●	●	●	●	●																
Bridget Macaskill	●	●	●	●	●	●							●	●	●	●	●	●	●	●	●	●
Maarten Slendebroek	●	●	●	●	●	●																
Karl Sternberg	●	●	●	●	●	●	●	●	●	●	●	●							●	●	●	●
Lorraine Trainer	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Polly Williams	●	●	●	●	●	●	●	●	●	●	●	●							●	●	●	●
Roger Yates[1]					●	●												●				●

● Board member ● Committee member

1 Appointed to the Board, Nomination Committee and Remuneration Committee on 10 October
2 Remuneration Committee meetings held on 6 February and 9 February

BOARD OF DIRECTORS CONTINUED

CONFLICTS OF INTEREST

The Company's Articles of Association permit the Board to consider and authorise situations where a Director has an actual or potential conflict of interest in relation to the Group. The Board has a formal system to record conflicts and, if appropriate, to authorise them. Conflicts of interest are included as an agenda item at each Board meeting. When authorising conflicts or potential conflicts of interest, the Director concerned may not take part in the Board's decision-making. Non-conflicted Directors are required to act in a way they consider would be in the best interests of the Company and most likely to promote its success. These procedures on conflicts of interest have been followed throughout the year, are overseen by the Nomination Committee and are considered to have operated effectively.

BOARD AND BOARD COMMITTEE EVALUATIONS

In accordance with the Code, Independent Board Evaluation (IBE), an external consultancy with no other connection to the Company, conducted an external evaluation exercise during the summer of 2017, the results of which are shown below.

A comprehensive brief was provided to IBE, together with supporting materials, prior to their attending Board and committee meetings. Detailed interviews were conducted with each of the Directors, certain senior executives and the lead partners of the Group's External Auditor, PwC and Internal Auditor, EY. Feedback was provided to the Chairman and the committee chairs and a report on the Chairman was presented to the Senior Independent Director. The overall findings of the evaluation were presented to the Board. Specific reports were also provided to each Board Committee.

Overall, the evaluation found the Board to be operating effectively. Governance and compliance were areas rated particularly highly, with a strong performance recorded in the areas of strategy, shareholder accountability and relations, risk management, Board culture and focus and the relationship with senior management.

The key recommendation was to consider establishing annual Board strategic objectives to be reviewed at the end of each meeting and cascaded down to Board Committees as appropriate. This has now been done and the Executive Committee is establishing complementary objectives. In addition there were a number of governance related actions as follows:

- Improving Board and Committee materials and information flows;
- Introducing training for key senior managers on board functions and requirements to assist them in preparing for Board and Committee meetings;
- Enhancing Director induction and onboarding;
- Reviewing the Board skills matrix and succession plans to ensure the Board's composition remains appropriate and identify any skills gaps; and
- Undertaking deep dive reviews of specific risk areas which could potentially impact the Group's strategy.

Further details of the 2017 Audit and Risk, Nomination and Remuneration Committee evaluations are provided in the respective committee reports.

As part of the Board effectiveness review, and following conversations between the Chairman and each Director, the Nomination Committee reviewed the performance of all Directors (except the Chairman, whose performance review was led by the Senior Independent Director, without the Chairman being present). The Committee has recommended to the Board that all serving Directors (with the exception of Lorraine Trainer who is not standing for re-election) should be proposed by the Board for election or re-election as appropriate, at the forthcoming AGM.

SUCCESSION PLANNING

The Nomination Committee is responsible for both Executive and Non-Executive Director succession planning and recommends new appointments to the Board. When making Board appointments, the Board seeks to ensure that there is a diverse range of skills, backgrounds and experience, including relevant industry experience. Further information is included in the Nomination Committee report.

DIRECTOR ELECTION AND RE-ELECTION

All Directors appointed by the Board are required by the Company's Articles of Association and the Code to be elected by shareholders at the first AGM following their appointment by the Board. Accordingly, Roger Yates will be seeking election and his biographical details can be found earlier in this section.

Also in accordance with the Code, all serving Directors with the exception of Lorraine Trainer, will seek re-election at the 2018 AGM. The Chairman believes that each Director continues to perform effectively, demonstrating commitment to their roles, and that their skills complement each other to enhance the Board's overall operation. Full details of the skills and experience of all Directors can be found in their biographies earlier in this section.

ACCOUNTABILITY

The statement of Directors' responsibility for preparing the Annual Report and Accounts is set out at the end of this Governance section. Within this, the Directors have included a statement that the Annual Report and Accounts present a fair, balanced and understandable assessment of the Group's position and prospects. To help the Board discharge its responsibilities in this area, the Board consulted the Audit and Risk Committee, which advised on the key considerations to comply with best practice and the Code's requirements. Following the Committee's advice, the Board considered and concluded that:

- the business model and strategy were clearly described;
- the assessment of performance was balanced;
- KPIs were used consistently;
- the language used was concise, with good linkages to different parts of the document; and
- an appropriate forward-looking orientation had been adopted.

The Directors' report on viability and the going concern basis of accounting, which the Directors have determined to be appropriate, can be found in the Strategic report, which also describes the Group's performance during the year.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system can provide only a reasonable assurance against material financial misstatement or loss and is designed to mitigate, not eliminate, risk.

The Board, assisted by the Audit and Risk Committee, periodically assesses the effectiveness of the internal controls. This review covered all material controls including the following compliance, operational and financial aspects:

- *Operational* – Reviewing the method by which the Executive Committee gains assurance that the business operates within the risk appetite set by the Board and examining the whole of the Group's control environment.
- *Operational* – Reviewing the Risk Committee's 'Enterprise Risk Management Dashboard' methodology and overseeing the roles of various committees in overseeing risk within the business.
- *Financial* – Receiving regular reports on the Group's financial position, its progress against budget and ongoing forecast of its results. Through these regular updates, as well as the annual ICAAP process, the Board regularly reviews the Group's balance sheet levels and capital requirements. The Audit and Risk Committee assists the Board in this area, reviewing the half-year and annual results, the ICAAP process and the Annual Report, before recommending these to the Board for approval. The Audit and Risk Committee regularly receives reports in relation to the key aspects of the financial reporting process. Reports on financial controls are also issued by Internal and External Audit.
- *Compliance* – Overseeing the compliance framework operating throughout the Group and reviewing an annual report from the Money Laundering Reporting Officer on the Group's anti-money laundering and fraud prevention (financial crime measures).

The Board believes that the ongoing process for identifying, evaluating and managing the principal risks to achieving the Group's strategic objectives works effectively. The process was in place for the year ended 31 December 2017 and up to the date of approval of the Annual Report and Accounts. This process is regularly reviewed by the Board and complies with the guidance, 'Internal Controls Revised Guidance for Directors'.

SUPPLIER OVERSIGHT AND SIGNIFICANT CONTRACTS

Jupiter has five significant oversight relationships: DST Financial Services (DST) (previously International Financial Data Services), HSBC Securities Services (HSBC), JP Morgan (Luxembourg) (JPML), National Westminster Bank Plc (NatWest) and Northern Trust (Northern).

In support of the unit trust fund range, DST's services include dealing and registration processing, the distribution of income, record keeping and responding to customer enquiries. HSBC provides fund accounting services and passive hedging services. NatWest directly provides trustee services and delegates custody services to Northern.

JPML provides a range of services in support of the SICAVs, including depositary, custody, company secretarial, fund accounting, dealing and registration processing, the distribution of income, record keeping and responding to customer enquiries.

These organisations' activities are defined in service level agreements that are closely monitored to ensure that service delivery standards are met. Jupiter's Supplier Management function oversees a suite of agreed activities, including: formal meeting governance; the review of key performance indicators; reviews by Jupiter's' assurance functions (including Service Delivery, Business Continuity, IT security, Enterprise Risk, Compliance and internal Audit where appropriate); site visits; and the review of key reports (including controls assurance reports and the financial report and accounts). Any risks or issues arising are progressed through to resolution and, where appropriate, escalated to Senior Management and reported to the Board.

ASSURANCE PROCESS

The Group's control environment is reviewed during the course of each year by one or more of the three assurance functions (Compliance, Enterprise Risk and Internal Audit). Assurance reports are provided to senior management, the Board and the Audit and Risk Committee as appropriate.

Each year Jupiter commissions the External Auditor to test the integrity of aspects of the control environment. The results of this testing, including any exceptions identified, are made available to the Group's institutional and investment trust clients, as Jupiter has adopted the International Standard on Assurance Engagement (ISAE) 3402, together with AAF 01/06 as recommended by the Institute of Chartered Accountants in England and Wales in the November 2010 technical release of AAF 01/06.

RISK MANAGEMENT FRAMEWORK

The Board has ultimate responsibility for the Group's risk 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 assist with its oversight of risk, the Executive Committee has formed an Executive Risk Committee chaired by the Chief Executive Officer. All members of the Executive Committee attend the Risk Committee, together with the Director of Compliance and Head of Risk. The Committee is responsible for overseeing all risk categories, within a coherent and manageable structure.

BOARD OF DIRECTORS CONTINUED

APPROACH TO RISK

The Board determines the appropriate approach to risks, within which the Group must operate. Risk tolerances are the Group's actual boundaries and limits, through which the business monitors and, if appropriate, escalates concerns to the Board. Risks and the Group's attitude to them are considered and monitored in the following categories:

1	**Strategic risk** The risk that the Group is unable to meet its strategic objectives, as a result of matters inherent in the nature of its business or the markets in which it operates
2	**Investment risk** Underperformance of Jupiter funds relative to benchmarks, objectives or competition or other failure to meet investors' objectives
3	**Operational risk** The risk of loss caused by weaknesses or failures in the Group's systems and controls, related to people, systems or processes. These include risks arising from failing to properly manage key outsourced relationships and cyber security
4	**Capital adequacy risk** The risk that the Group has insufficient capital in relation to its risk profile to comply with regulatory requirements
5	**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
6	**Counterparty/credit risk** The risk of loss caused by the corporate failure of one of the trade, prime brokerage or treasury counterparties to which the Group may be exposed, or of a custodial institution with which the Group has a relationship
7	**Market risk** The risk of loss 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

RISK MANAGEMENT PROCESS

The departmental risk self-assessment process is the foundation of the Group's risk framework. Each functional business area completes a risk assessment at least annually, and more frequently when required which, when taken in conjunction with the ongoing control performance assessments, is considered to be adequate for capturing any ongoing and emerging risks to the business.

The departmental risk self-assessments are conducted by the senior managers of each functional area and are facilitated by the Enterprise Risk team. This involves all material risks being reviewed with the risk owners against agreed key risk indicators and tolerances. The risk owners also consider any relevant operational losses that have occurred, as well as any current system, process or staffing changes within the department, together with the integrity of existing processes and controls. Where processes or controls are seen to be insufficiently robust, line management is required to define improvements to the operating environment to ensure they pose a minimal (or acceptable) level of risk to the Group.

Identified risks that have a sufficiently high likelihood of potential impact on the Group are reflected in the Enterprise Risk Management Dashboard, to ensure they receive an appropriately high level of senior management and Board attention. The Board takes action where these risks are deemed to be outside the Group's risk tolerance.

The Group's risk management assurance programme is closely linked with its compliance monitoring programme. Any breaches found by the Compliance department are recorded in the in-house error database and allocated to a failed control and the associated risk category. The business therefore considers any breaches as part of the risk and control assessment process.

Management, with the assistance of the Finance function, is responsible for maintaining appropriate financial records and processes that ensure all financial information is relevant, reliable, in accordance with the applicable laws and regulations and distributed both internally and externally in a timely manner.

Management reviews the consolidation and financial statements to ensure that the Group's financial position and results are appropriately recorded, circulated to members of the Board and published where appropriate. All financial information published by the Group is subject to the Board's approval on the recommendation of the Audit and Risk Committee.

MONITORING FUNCTIONS

The Group's monitoring functions comprise the Compliance, Enterprise Risk and Internal Audit departments.

The Compliance department oversees the Group's compliance with the relevant regulations. The Group maintains comprehensive procedures and compliance manuals, covering all business operations. The Compliance department also maintains detailed monitoring programmes for all regulated activities, to monitor the perceived regulatory risk within the business. The findings of the monitoring programmes are circulated to the responsible Director and Executive Committee member.

The Internal Audit function is currently outsourced to EY and is focused on ensuring that operations comply with the Group's policies and procedures, including in relation to efficient operations, financial reporting, fraud, safeguarding assets and compliance with laws and regulations. The Internal Audit team is independent of business operations and has a reporting line to the Audit and Risk Committee. In addition, the Group periodically uses external parties to review counterparty relationships. This includes reviewing legal documentation as well as testing the operations of external service providers.

Further details of the Internal Audit function can be found in the Audit and Risk Committee report.

REMUNERATION

Executive Directors' remuneration is structured to promote the long-term success of the business, with variable remuneration paid to Executive Directors based on stretching performance conditions which are aligned with the business strategy. No Executive Director is involved in deciding his or her own remuneration. Further information on Jupiter's proposed new remuneration policy and Executive Director remuneration outcomes for 2017 is set out in the Remuneration Report.

CORPORATE VALUES AND CULTURE

Jupiter's corporate values have underpinned its strategy for success, based on seeking long-term outperformance for clients. These values have long been deeply embedded in Jupiter's culture and are clearly documented. Twice a year, during mid-year and annual reviews, staff are encouraged to review their performance against these values, to ensure our clients remain the key focus of their performance.

The Board communicates through the Executive and Management Committees to all our staff to ensure Jupiter's culture is preserved, with a focus on high performance, individual responsibility and putting clients first. This culture has helped retain and attract talented individuals. The Board seeks to ensure that its culture is reflected in all areas of the business and it is a vital lens through which the Board and its Committees look at elements of Jupiter's business activities.

PEOPLE AND TALENT MANAGEMENT

Jupiter is a people business and the Board is focused on ensuring that it understands how the Group develops existing talent and brings new talent into the organisation. 2017 saw considerable developments in talent management, as detailed in the Strategic report. The Nomination Committee was involved in the recruitment of the more senior hires, with the Remuneration Committee integrally involved in ensuring that Jupiter has the right reward structure to enable it to recruit and retain talent. At every meeting, the Board receives an update on key people issues, including the broad themes affecting the management of talent in the asset management industry and succession planning for the efficient execution of the Group's growth strategy.

RELATIONS WITH SHAREHOLDERS

Communication with shareholders is a high priority and is conducted to promote a common understanding of the Group's strategic objectives and current performance. The Group has an Investor Relations function within the Finance team, which supports the Chief Executive Officer and the Chief Financial Officer in their relations with shareholders and sell side analysts. Through the Investor Relations function, Jupiter maintains a regular dialogue with interested shareholders, potential investors and industry analysts, as well as ensuring that the Group adheres to both regulatory changes and best practice issuance from other bodies. During 2017, the Chief Executive Officer, Chief Financial Officer and Head of Finance held over 100 shareholder and investor meetings, using the materials published at the time of the most recent results. These meetings were separate to the AGM and the briefings provided at the time of the announcement of the half-year and full-year results. Presentations to analysts and investors are simultaneously posted on the Company's website, to ensure they are available to all interested parties. All Directors are invited to attend these presentations.

As part of the process of ensuring that good channels of communication are in place, and in order to maintain an understanding of the view of the major shareholders about the Company and its strategy, meetings are arranged with the Chairman following which a full briefing is provided to the Board. The following issues were discussed:

- investment and development strategy and performance;
- Board and management structure and succession;
- regulation and the FCA's market study;
- corporate culture and gender diversity at Jupiter;
- AGM resolutions; and
- executive remuneration.

During the latter part of the year, those larger shareholders were also invited to meet with the Chairman and Bridget Macaskill, the Chairman of the Remuneration Committee, to consult on the proposed changes to the remuneration policy. Representatives of the Company's largest shareholders attended these meetings. Jonathon Bond, in his capacity as Senior Independent Director, has attended meetings with some major shareholders during the latter half of the year (since his appointment to the role). He is also available to meet shareholders on request, if they have concerns that contact through the Chairman has failed to resolve, or for which such contact is not appropriate.

Shareholders are encouraged to attend the AGM and to put their questions to the Directors and to the Chairmen of the Board committees in person. In order to support shareholders prior to the consideration of the Company's resolutions at the AGM, the Company Secretary maintains contact with a number of well-known voting bodies including ISS, IVIS, and Glass Lewis, to ensure all relevant information concerning the Company and its strategy is made available.

The Company communicates electronically with its shareholders whenever possible. To reduce wasted resources and pollution associated with paper printing, shareholders are encouraged to accept electronic access to the Notice of Meeting and Annual Report and Accounts, which will be made available at least 20 working days prior to the AGM on the Company's website at **www.jupiteram.com**

KEY INVESTOR RELATIONS ACTIVITIES IN 2017

January
- Fourth quarter 2016 trading update

February
- Full-year results presentation for 2016

March
- Full-year results London and Scotland roadshows

April
- First quarter 2017 trading update

May
- AGM

June
- Investor roadshow, USA

July
- Half-year results presentation for 2017

September
- Half-year results London roadshow
- JPMorgan Small/Mid Cap Conference, London

October
- Third quarter 2017 trading update

November
- Best of British Conference, London

December
- Citi's European Diversified Financials Conference, London

NOMINATION COMMITTEE REPORT

DEAR SHAREHOLDER

The Nomination Committee has an important role in ensuring the Board and its Committees have the right composition, a good balance of the experience and skills required to perform their duties, and appropriate diversity of thought and perspective.

The Committee undertakes succession planning for both Executive and Non-Executive Directors and makes recommendations to the Board when changes may be appropriate. There was one change to the membership of the Board during the year, with the appointment of Roger Yates as a Non-Executive Director on 10 October 2017. Roger Yates has substantial and recent asset management experience both in the UK and internationally which the Board considered would be valuable as Jupiter continues to pursue its strategic goals.

During the summer Lorraine Trainer stepped down as Senior Independent Director (having served in this capacity since September 2014) and as Chairman of the Remuneration Committee (having served from May 2010). Jonathon Bond, who joined the Board in July 2014, was appointed as Senior Independent Director and Bridget Macaskill, who is an experienced Remuneration Committee Chairman, was appointed as Remuneration Committee Chairman. Lorraine will not be seeking re-election at the 2018 AGM, having served as a Non-Executive Director for eight years. In keeping with the Board's continual process of refreshing its membership, a recruitment process will be commenced in the summer of 2018.

As a people business, one of Jupiter's key risks relates to attracting and retaining talented people and ensuring appropriate succession arrangements are in place. Succession planning for executive Directors and senior executives has been a key area of focus for the Committee. It has also overseen the executive team's drive to broaden the leadership group and its initiatives aimed at improving talent and career development for all staff.

The Committee has also continued to focus on diversity matters and has reviewed the progress made in implementing the Company's diversity and inclusion policy. This was noted by the Hampton-Alexander review, where Jupiter was one of only three companies to have gender equality on the Board. The Board is cognisant that diversity is more than gender and during the year the Vice-Chairman, CFO and HR Director, together with a number of employees, have been actively involved in the industry-wide Diversity Project. This project has a number of practical workstreams to promote better diversity practices across the financial sector.

We will continue to focus on succession planning, talent-management, Board recruitment and diversity throughout 2018.

LIZ AIREY
Chairman
26 February 2018

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The Committee's role and responsibilities include:

- reviewing and nominating candidates for both executive and non-executive Board roles;
- considering succession planning for Directors and senior executives;
- reviewing the Company's policies and practices for executive talent management, development and diversity;
- evaluating the structure of the Board and its Committees and the balance of skills, knowledge and experience required to underpin their continued effectiveness; and
- considering the Directors' performance and continuing contribution to the Board and its Committees and, when appropriate, recommending to shareholders their re-election at the AGM.

The Committee's terms of reference are available for inspection on the Company's website at **www.jupiteram.com**

COMMITTEE MEMBERSHIP AND ATTENDEES

Members	Attendance by invitation	Secretary
Liz Airey	Maarten Slendebroek (CEO)	Adam Westley
Jonathon Bond	Andy Boorman (Interim HR Director)	
Bridget Macaskill		
Karl Sternberg		
Lorraine Trainer		
Polly Williams		
Roger Yates*		

* Roger Yates was appointed to the Committee on 10 October 2017

Details of attendance by members of Board committees are set out in the Governance report. While only members of the Committee have the right to attend its meetings, from time to time others are invited to attend the discussion of particular agenda items, including other Directors, senior management and external recruitment consultants.

THE NOMINATION COMMITTEE'S WORK IN 2017

The Committee meets at least twice each year, with further meetings taking place as required, for example to consider non-executive or senior executive recruitment as it arises. Three meetings were scheduled in 2017 and one further meeting took place. The Committee reports formally to the Board on its proceedings. Liz Airey chairs the Committee but does not do so when the Chairman's appointment is being considered.

Each year the Nomination Committee evaluates the Board's and the Board Committees' balance of skills, experience, independence and knowledge. This informs its assessment of the Board's development, Committee composition and helps it prepare a description of the role and responsibilities required for each new Board appointment. During 2017, there was one new Board appointment.

NON-EXECUTIVE DIRECTOR APPOINTMENT

In carrying out this work, the Committee determines the best selection process, choosing the right recruitment firm to help identify external candidates, as well as identifying internal candidates itself. Selected candidates are interviewed by members of the Committee and meet other Directors and senior managers as appropriate, before being recommended to the Board, which makes the final decision on Board appointments.

The Committee appointed an independent consultant, Russell Reynolds, to recruit a Non-Executive Director as part of its continuing role of reviewing and refreshing the Board's composition. Russell Reynolds does not have any other connection to the Company, other than having been used for a previous Board recruitment. The Committee specified the skills, knowledge and experience required. Roger Yates was selected and joined the Board in October 2017.

Following Lorraine's retirement at the 2018 AGM, the Committee will define the specific skills, knowledge and experience required in order to initiate a search for a new independent Non-Executive Director in the summer of 2018.

Details of other commitments held by the Chairman and Non-Executive Directors are set out in their respective biographies.

EXECUTIVE APPOINTMENTS AND DEVELOPMENT

The Committee has continued to oversee the talent management and development of senior executives. This has included:

- the ongoing development of the Executive Committee;
- consideration of talent acquisition, retention, succession planning and diversity; and
- employee engagement including actions from the 2017 Employee Opinion Survey.

The Committee has also overseen a pairing arrangement with each Non-Executive Director having one or two of the senior executives meet with them during the year. The purpose of this is to increase the Non-Executive Director's understanding of particular areas of Jupiter's business and for the senior executives to better understand the Non-Executive Director's role in the Company.

COMMITTEE EFFECTIVENESS

An externally facilitated Board and Committee evaluation was carried out in 2017 by Independent Board Evaluation.

The review found the Committee was operating effectively and highlighted the quality of recent Board appointments. However the challenges in identifying an extensive list of suitably qualified and diverse candidates, particularly in the investment sector were also noted. In addition to a number of housekeeping matters, the review also identified areas of focus for the Committee during 2018, namely:

- talent-management within the organisation;
- further development of the skills matrix;
- continued focus on succession planning and diversity across the Group; and
- enhancements to the Board recruitment and interview process.

As previously disclosed Lorraine Trainer will not be seeking re-election at the forthcoming AGM. All other Directors will be seeking re-election or (in the case of Roger Yates) election at the AGM on 16 May 2018. The Committee has reviewed the Directors standing for election or re-election (with Committee members recusing themselves in respect of their own review), taking into account their effectiveness and commitment. It has also considered the independence of the Non-Executive Directors and is satisfied that they are independent in both character and judgement, in accordance with the Code. The Committee therefore recommended to the Board all of the Directors standing for election or re-election at the AGM.

DIVERSITY AND INCLUSION

The Committee believes that diversity among Board members, including gender diversity, is of great value and carefully considers this in making new Board or senior executive appointments. The Company's policy on Board diversity is available at **www.jupiteram.com**

The Hampton-Alexander Review sets a target of 33% women on FTSE 350 Boards and I am pleased to confirm that Jupiter exceeds this target and is one of the few FTSE 350 Boards to have female directors constituting 50% of the Board.

Currently 22% of the Executive Committee are female members, against the target recommendation of 33%. The Group continues to implement a diversity and inclusion policy, to give greater emphasis to supporting diversity throughout Jupiter. Further details of our initiatives in this area, together with the key Group metrics, can be found in the Talent and Culture section of the Strategic Report. The Nomination Committee continues to monitor diversity within the business, as well as the goals set under the diversity and inclusion policy.

CONFLICTS OF INTEREST

During the year, the Committee continued its review of the Board's operation of the Conflict of Interest policy. Further details of the operation of this policy can be found in the Governance section.

AUDIT AND RISK COMMITTEE REPORT

DEAR SHAREHOLDER

The Audit and Risk Committee is integral to helping ensure good governance throughout the Group. The Committee is responsible for overseeing and advising the Board on the integrity and effectiveness of the Group's financial reporting, the effectiveness of the Group's risk management framework and internal control procedures. We also oversee the relationships with the Group's External Auditor and the Internal Audit function.

As Chairman of the Audit and Risk Committee, I report to the Board after each meeting on the items reviewed and debated, how the Committee has discharged its responsibilities and, where appropriate, any recommendations to the Board resulting from the meetings. I am pleased to present our report for 2017, which provides you with an overview of the Committee and insight to the Committee's work during the year.

AREAS OF FOCUS IN 2017

A full review of the Committee's activities during 2017 can be found on pages 54 – 58.

In addition to the regular agenda items the Committee focused on a number of areas throughout the year. One of the key items was the review of the significant change programmes being implemented by the Group. These included the work streams to ensure compliance with MiFID II, the investments in the Group's operating platform and the Governance, Risk and Controls Programme which includes corporate governance enhancements (as detailed in the Governance section on page 40), developments in business process management and the risk control self-assessment process. The Committee monitored the implementation of these programmes by reviewing the progress of each against the planned timetable, ensuring that they met regulatory requirements and that implementation risks were managed appropriately. These programmes were of critical importance to the Group and I am pleased with the Committee's oversight role.

The Committee also reviewed and challenged management's use of alternative performance measures and ensured that these were relevant and only used where they would provide a better understanding of the Group's performance.

THE COMMITTEE'S MEMBERS

Lorraine Trainer, Jonathon Bond and Karl Sternberg served with me on the Committee throughout the year. Every member has fully engaged in the Committee's work and their contributions to Committee discussions have been positive, well informed and demonstrate sufficient challenge. As previously disclosed Lorraine Trainer will be stepping down at the conclusion of the 2018 AGM and I would like to thank her for her valuable contribution to the Committee's work during her tenure.

COMMITTEE EFFECTIVENESS REVIEW

In June, a review of the effectiveness of the Committee was facilitated externally by Independent Board Evaluation.

In addition to observing the May Committee meeting, detailed interviews were held with every Committee member, members of executive management and the lead external and internal audit partners.

I am pleased to say that the results of this review were very positive. The Committee was found to be diligent, rigorous in its reviews and operating effectively. A number of helpful suggestions were made in relation to future areas of focus for the Committee. In addition, recommendations on further improvements to the Committee's papers, which are circulated in advance of each meeting, were also made and these will be progressed during 2018.

TERMS OF REFERENCE

In our December meeting, we reviewed the Committee's Terms of Reference (TOR) and an updated version was approved by the Board for adoption. These revisions further clarified the roles and responsibilities of the Committee but have not changed the duties or practices followed. For instance, one of the amendments included the requirement for a member of the Committee to be a member of the Remuneration Committee, a practice which has been followed for some time.

The Committee's terms of reference are published on the Company's website at **www.jupiteram.com**

LOOKING FORWARD

It is anticipated that key areas of focus for the Committee throughout 2018, in addition to it's core functions, will be to:

- continue to monitor the implementation of the Governance Risks & Controls Programme, including preparation for compliance with the FCA's Senior Managers Certification Regime and enhancements to the overall governance regime;
- review the processes and controls in place to ensure compliance with the General Data Protection Regulation (GDPR) and ensure any improvements to such controls are duly implemented; and
- undertake an in-depth review of the controls in place to mitigate the Group's exposure to financial crime.

I am looking forward to meeting our shareholders at our AGM on 16 May 2018, to answer questions about the Committee's work.

POLLY WILLIAMS
Chairman of the Audit and Risk Committee
26 February 2018

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The Committee's roles and responsibilities are set out in its terms of reference, which were reviewed and updated during the year. In particular, the Committee encourages and safeguards the highest standards of integrity, financial reporting, risk management and internal controls in the Group, with reference to the provisions of the Code, the FRC's Guidance on Audit Committees and other applicable regulations. The Committee is responsible for:

- overseeing the Group's financial reporting processes, including reviewing statements, announcements and judgements concerning its financial performance;
- reviewing 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;
- examining the controls in place for the prevention and detection of fraud;
- assessing the principal risks that could impact the Group's business model, future performance, liquidity and solvency;
- reviewing and monitoring the effectiveness and adequacy of the process for identifying, assessing, mitigating and managing significant strategic, operational and liquidity risks, appetites and tolerances;
- reviewing and monitoring the effectiveness of the Internal Audit function and considering its work plans and reports;
- overseeing the appointment, performance, remuneration and independence of the External Auditor, including the provision of non-audit services to the Group;
- reviewing the Group's ICAAP process;
- reviewing all whistleblowing arrangements and ensuring the proportionate and independent investigation of the matters reported; and
- reviewing how the controls culture is set by management, understood by employees and implemented throughout the Group.

THE EXPERIENCE OF THE COMMITTEE'S MEMBERS

All of the Committee's members who served during the year are considered by the Board to be appropriately experienced and qualified to fulfil their duties. The Board considers Polly Williams to have recent and relevant financial experience. Both Jonathan Bond and Lorraine Trainer are also members of the Remuneration Committee. Members attend training seminars on relevant topics during the year and updates are provided by the Company Secretary on relevant governance issues.

The Committee members' profiles are set out in full in the Board members' biographies. In the Board's view the Committee has competence relevant to the asset sector in which the Group is operating.

COMMITTEE MEMBERS AND REGULAR ATTENDEES

Members	Appointment Date	Attendance by invitation	Secretary
Polly Williams[1]	March 2015	Liz Airey (Chairman)	Adam Westley
Jonathon Bond	July 2014	PwC (External Auditor)	
Karl Sternberg	July 2016	EY (Internal Auditor)	
Lorraine Trainer	May 2010	Maarten Slendebroek (CEO)	
		Charlotte Jones (CFO)	
		Robert Parker (Director of Compliance)	
		Jasveer Singh (General Counsel)	
		Rupert Corfield (Chief Risk Officer)	
		Andrew Bailey (Head of Enterprise Risk)	
		Alex Sargent (Head of Finance)	

1 Chairman of the Committee

The attendance record table set out on page 45 of the Governance report shows the attendance record of the Committee's members.

COMMITTEE MEETINGS

The Committee met six times during 2017: five were scheduled meetings and an additional meeting was convened in January. The meetings were scheduled at key times in the audit and financial reporting calendar.

Only Committee members have the right to attend its meetings. The table above shows the members of the senior management team and others who are invited to attend the Committee's meetings in order to support and assist the Committee's discussions. Outside of its usual meetings, the Committee also meets in private with the Head of Risk and the Compliance Director. In 2017, those meetings took place in May.

In February and July, the Committee met with internal and external auditors' lead partners, without management being present.

In preparation for every Committee meeting, the Committee Chairman meets individually with both audit lead partners and the CFO.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

STANDING AGENDA ITEMS 2017

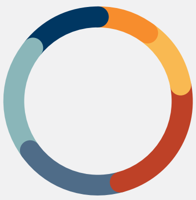
During the year, the Audit and Risk Committee completed its full annual cycle of regular agenda items. These are set in advance each year, to ensure its work fulfils the requirements of the Code and other relevant regulations.

Financial Reporting	Feb	May	July	Oct	Dec
Full-year results and announcements	●				
Half-year results and announcements			●		
Review of judgements and estimates in financial reports	●				●
Assessment of true and fair accounts	●				
Assessment of report to be fair, balanced and understandable	●				
Going concern and viability statements	●		●		
Tax strategy and internal controls		●			
Review of ICAAP process and submission	●	●	●		●
External Audit					
Management representation letter	●		●		
Evaluation of external audit			●		
Recommendation and reappointment of External Auditors	●				
Non-audit fees	●	●	●	●	●
External audit independence	●		●	●	
External audit plan and fees				●	
Internal Audit					
Summary of current work and audit reports	●	●	●	●	●
Role and effectiveness of Internal Auditor				●	●
Internal audit plan	●	●		●	
Risk Management and Internal Controls					
Risk management, compliance with risk appetite	●	●	●	●	●
Effectiveness of internal controls	●	●	●	●	●
AAF annual controls report				●	●
Compliance with corporate governance requirements	●				●
Regulatory compliance	●	●	●	●	●
Reviewing Group's procedures on detecting fraud	●				●
Reviewing and updating Group's whistleblowing procedure		●			●

ALLOCATION OF TIME

2016

- Governance 10%
- Internal audit 12%
- Compliance 24%
- Risk 19%
- Internal controls 21%
- Finance and external audit 14%



2017

- Governance* 27%
- Internal audit 8%
- Compliance 8%
- Risk 20%
- Internal controls 15%
- Finance and external audit 22%

* The Governance section included oversight of the Group's major change programmes including MiFID II and Governance, Risk and Controls

The Committee holds five scheduled meetings per year, as noted above and a meeting was also held in January 2017 specifically to consider the AAF Report, review the governance framework in place to ensure appropriate oversight of third party suppliers and consider the Group's bonus pool.

In addition to its regular meetings, the Committee Chairman maintains a close and open dialogue with executive management and the Group's assurance functions throughout the year.

Detailed below is an overview of the key areas considered by the Committee under each of the Committee's core areas of responsibility.

FINANCE

Review of the Annual Report and Accounts

The Committee reviewed the half-year financial statements in July. The financial statements for the year ended 31 December 2017 were reviewed in February 2018.

Financial reporting processes

The Committee receives updates on future accounting developments under IFRS and how these will impact the Group. The Committee agreed with management's assessment that the changes, effective from 1 January 2018, would have minimal impact on the financial position and public disclosures of the Group.

The Committee considered the accounting issues and significant matters of judgement impacting the preparation of the 2017 accounts. As a matter of good practice, the External Auditor was asked for its view of the judgements made by management and all relevant issues were scrutinised and challenged by the Committee. The table below details the reporting issues, the role of the Committee and the conclusion of the judgement.

Judgement area	Reporting issue	Role of the Committee	Conclusion
Share based payments	Certain assumptions are required to be made in order to calculate the accounting charge for share awards. These include anticipated levels of vesting, once leaver rates and performance conditions are factored in, and for the option plans, the timings of exercises	The Committee reviewed the assumptions in leaver rates, the likely vesting levels following performance condition testing and timings of exercises	The Committee confirmed the assumptions suggested by the Finance function, based on historical data, the Company's business plan and factoring in known changes such as forfeitures
Goodwill	The Company has £341.2m of goodwill on its balance sheet, relating to the acquisition of Knightsbridge Asset Management Limited	The Committee was asked to consider if the level of goodwill remained appropriate	A full impairment test was undertaken and demonstrated that there was significant headroom available. The Committee agreed with managements view that no impairment of the goodwill was required
Trade and other receivables/ payables	*Deferred income* The Company receives upfront payments for initial charges on sales of unit trusts and associated distribution costs. However, under accounting standards, these payments are deferred and recognised over the anticipated life of the investment management services	The Committee considered the historical average period of investment services provided to clients and any developments which may impact these trends	The Committee agreed the assumptions for the periods of deferral/recognition of revenue and expenses in line with historical averages
	Bonus payments Bonus payments to employees are not made until after the financial year-end but before the finalisation of the Annual Report and therefore an accrual is made in accordance with the calculated bonus pool and amounts approved by the Remuneration Committee. Certain assumptions, mainly surrounding employee's ability to opt to defer into fund units or shares, were required to be assessed	The Committee tested the model for calculating accounting charges for the bonus deferral schemes and assessed the deferral assumptions used	The Committee confirmed that the use of the previous year's actual deferral rates was appropriate for the assumptions and the model for calculating accounting charges was appropriate
	Input VAT As disclosed in previous Annual Reports, in 2013 HMRC issued a revised assessment in relation to input VAT recovered by Jupiter Asset Management Group Limited since September 2009, which has yet to be fully settled. It is anticipated this will result in monies being returned to the Group and an appropriate receivable is in the accounts	The Committee challenged management on the current level of receivable as held in the accounts	The Committee noted that some elements of the dispute had been settled and that the remaining receivable was appropriate
Consolidation of funds	The Group is required to consolidate entities under the control of Jupiter Fund Management plc into the Group accounts. In addition to Group owned companies, this includes certain funds whereby the Group acts as the fund manager and owns a significant proportion of the fund (for example funds that have been seeded by the Group)	The Committee considered the requirements of the accounting standard, particularly relating to the definition of control	It was agreed that any investment for which the Group holds an interest amounting to 30% or more, should be consolidated unless this can be rebutted based on specific circumstances (for instance another investor in the Fund holding a greater percentage)

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Judgement area	Reporting issue	Role of the Committee	Conclusion
Long-term viability	The directors are required to make a statement in the Annual Report regarding the long-term viability of the Company. This can be found in the Financial Review section of the Strategic Report	The Committee reviewed the proposed viability statement considering if the period of three years remained the most appropriate period over which Jupiter's viability should be considered	The Committee considered the Group's strategic plan, it's financial plan, the ICAAP, the Group's business and cash flow projections and the current net cash balance and loan facilities available to the Group. The Committee challenged management on forecasts and projections and reviewed the levels of surplus capital and cash liquidity. The Committee recommended to the Board that the viability statement be approved
Fair, balanced and understandable	The Directors are required to ensure that the Annual Report is fair, balanced and understandable	The Committee first reviewed the Strategic Report and considered that the information being communicated relating to the business model, strategy and risks was understandable and clear. It then reviewed the whole of the report, including the notes to the accounts and disclosures to ensure it was fair, balanced and understandable	The Committee advised the Board that, in its view, the Annual Report and Accounts taken as a whole was fair, balanced and understandable and provided shareholders with the necessary information to assess the Company's position and performance, business model and strategy
Going concern	The Directors are required to decide whether to adopt the going concern basis of accounting in preparing the half-year and annual financial statements for the year ended 31 December 2017	The Committee reviewed a number of factors such as liquidity management and cash generation from operations, contingent liabilities, unfavourable market scenarios versus the Group's core forecasts and other risks to the Group's operations or balance sheet position	The Committee considered it appropriate to adopt the going concern basis of accounting in preparing the half-year and annual financial statements for the year ended 31 December 2017, and did not identify any material uncertainties or notify the Board of any qualifications or assumptions as to the Company's ability to continue to do so over a period of at least 12 months from the date of approving such financial statements

RISK MANAGEMENT AND INTERNAL CONTROLS

The Head of Risk provides reports to the Committee, at each meeting on the work of the firm's Risk Committee including any updates to the Group's risk profile, the effectiveness of the Group's enterprise risk framework and internal controls, with applicable risk dashboards. This includes the Group's emerging, strategic and operational risk areas and conduct and regulatory risks.

The General Counsel also regularly attends the Committee's meetings, to advise on current legal and regulatory matters including any litigation and intellectual property issues affecting any Group company.

DURING THE YEAR, THE COMMITTEE:

- received quarterly reports on the progress of the Group's ICAAP process, which enabled it to provide feedback throughout the process on various scenarios and assumptions utilised. The Committee reviewed and recommended that the Board adopt the Group ICAAP at the July meeting;
- reviewed the activities undertaken by the Group in support of the CASS Compliance Programme, including the oversight of third party suppliers;
- focused on the implementation of the Group's Governance Risk and Controls Programme, and in particular the implementation of the Group's new operating platform;
- oversaw the Group's workstream to ensure compliance with MiFID II;
- examined the risks posed to the Group by reliance on third party providers;
- evaluated the progress made by management in developing and embedding a control culture throughout the organisation;
- considered the Group's tax framework and associated internal processes and controls;
- reviewed the Group's Audit & Assurance Facility ('AAF') report and confirmed that the Group's control structure was clearly communicated in the report;
- reviewed the governance controls and processes in place within the Group's overseas operations;
- received a presentation on Jupiter's business continuity planning arrangements; and
- reviewed enhancements to the risk, control and self-assessment project.

EXTERNAL AUDITOR

PwC is the Group's External Auditor, having been reappointed following a formal tender in 2014. Jeremy Jensen was the lead audit Partner throughout 2017.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 – statement of compliance

The Company confirms that it has complied with the provisions of the CMA Order 2014 for the financial year under review. The Company intends to retender the external audit contract no later than 2024.

Each year the External Auditor presents to the Committee the proposed scope of its full-year audit plan, together with a review plan for the half-year. This includes its assessment of the material risks to the Group's financial statements and its proposed materiality levels, for the Committee's discussion and agreement. In 2017, PwC attended all of the Committee's regular meetings and also provided reports on specific topics requested by the Committee, which included the CASS audit and associated audit opinions.

The Audit and Risk Committee has primary responsibility for the Group's relationship with the External Auditor. A review of the effectiveness of the External Auditor was undertaken by means of a questionnaire, which was completed by members of the Committee, one member of the Board, and the Finance and Compliance teams. The questionnaire consisted of questions on a variety of sections including the quality of people and service, robustness of audit, quality of delivery and audit fees. PwC was found to have performed effectively during the audit and was responding constructively to new challenges. A summary of the questionnaire's findings was discussed at the Committee's meeting in July and the Committee Chairman then discussed the action points with Jeremy Jensen. The Jupiter audit for the year ended 31 December 2016 was chosen by the Financial Reporting Council (FRC) for an Audit Quality Review (AQR) as part of their routine quality monitoring process. The AQR team engaged with the Committee during the inspection process and the Committee were satisfied that no matters arose which required action.

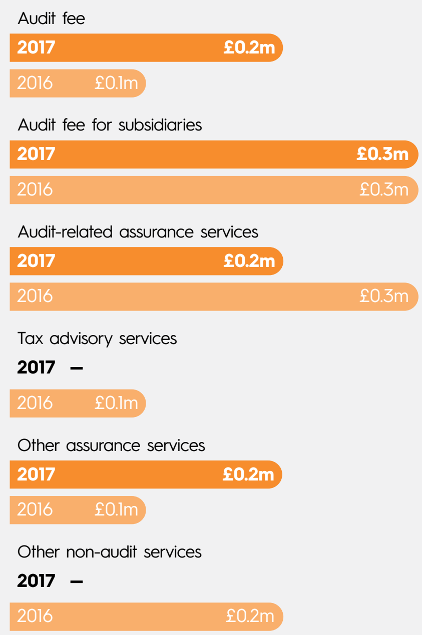
The Committee reviewed and approved PwC's terms of engagement and the proposed fee for the 2017 audit. The Committee has reviewed and satisfied itself with respect to the External Auditor's qualifications, expertise, resources and independence. It continues to believe that PwC conducts its audit work with objectivity and to a high standard. This was reviewed and discussed by the Committee. It considered the External Auditor's proposed audit scope and plan at the October meeting and found it to be effective. There are no contractual obligations restricting Jupiter's choice of External Auditor, other than in respect of EY's appointment as Internal Auditor.

The Committee has a primary responsibility to safeguard the External Auditor's objectivity and independence. A non-audit services policy, which was approved by the Board in December 2016 and implemented from 1 January 2017 assures compliance with the EU Audit Regulation by 2020 as required by the Regulation. It confirms a list of services which the External Auditor is not permitted to provide to the Group, including advice in relation to its tax affairs. The policy caps the value of non-audit services that can be spent in any one year to 70% of the average statutory audit fee in the previous three year rolling period and prescribes the activities for which PwC may be retained to assist Jupiter outside the audit. The policy requires that all non-audit spend, for services which are permissible under the policy, amounting to £50,000 or more must by pre-approved by the Committee. For permissible services amounting to between £30,000 and £50,000 prior approval from the CFO must be sought. For all amounts below this threshold the Head of Finance can approve.

Regular reports are circulated to the Committee setting out the non-audit services provided by the External Auditor throughout the year to date and the fees charged. These services mainly related to the review of the interim results, audit of the assurance controls report, CASS audits, remuneration advisory services and advice relating to the provision of professional services to the Luxembourg based management company. There are areas of assurance where the work being done is, in the view of the Group, similar in type and scope to the work performed during the audit and as such, can be provided more efficiently and cost effectively by the auditor. We continue to look at these items on a case by case basis, to determine whether PwC is the appropriate supplier. A different supplier would be considered where it would not be detrimental to the Group.

An analysis of fees paid in respect of PwC's audit and non-audit services is included within Note 1.3 of the Financial Statements. The Board has recommended the reappointment of PwC as External Auditor, which will be put to shareholders at the AGM on 16 May 2018.

AUDITORS' REMUNERATION



COMPLIANCE

The Head of Compliance reports to the Committee at each meeting which includes a compliance risk dashboard, comprehensive updates on regulatory developments, an update on staff compliance training and departmental resourcing.

During the year, the Committee reviewed:

- the Group's ongoing compliance with the Market Abuse regulation and recommended to the Board the adoption of revised policies and procedures;
- reviewed the implementation of the plan to ensure compliance with MiFID II;
- considered the Group's preparedness for the enforcement of the GDPR and the Senior Managers Certification Regime;
- approved the annual compliance plan;
- monitored various change programmes designed to ensure compliance with the evolving regulatory framework;
- reviewed the updated whistleblowing policy and procedures, which provide improved facilities for employees to report any concerns and confirmed the appointment of Polly Williams as the Group's whistleblowing champion; and
- reviewed reports regarding the adoption and integration of a new compliance system.

INTERNAL AUDIT

EY has provided the Group's Internal Audit function since 2008. The Internal Auditor reports directly to the Chairman of the Audit and Risk Committee and, in addition to submitting status reports for each Committee meeting, provides Committee members with copies of any internal audit reports completed between meetings. The status reports tabled at meetings include findings and recommendations, as well as the Group's progress with implementing previous recommendations. These help inform the Committee's discussion of any required follow-up. The Committee works with the Internal Auditor to ensure that its work is embedded in the business and is co-ordinated with that of the External Auditor.

The 2017 audit plan was reviewed and approved by the Committee, with audit fieldwork completed during the year. The plan was designed and assessed against the Enterprise Risk Management Framework of the Group and focused on aspects of Jupiter's strategic risks.

Seventeen audits were conducted in the period. The audits included:

- CASS governance;
- investment Risk Framework review;
- cyber security review;
- ICAAP; and
- a Market Abuse regulation review.

These reviews have helped the Group to implement more robust control procedures. Internal Audit continues to work closely with the firm's Risk and Compliance teams to ensure a holistic approach to the provision of assurance in the Group.

The Committee has agreed seven audits will follow in H1 2018. The basis of the H1 2018 audit plan will be the enterprise strategic risks, with particular emphasis on the implementation of new operating platforms and adherence to new regulatory requirements.

2017 REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

As part of good governance it is vital that the independence of the Internal Audit function is maintained. The Committee reviewed and confirmed the continued independence of EY. In order to further improve governance, the Committee agreed to introduce guidance and procedures to monitor the services EY are utilised for, outside of the scope of Internal Audit. These were adopted and implemented during the year. The guidance details the types of services EY should not supply and places restrictions on the amount of fees, outside of the Internal Audit fees, payable to EY in any one year. In addition, all services proposed to be supplied by EY, must be approved by either the Head of Finance or the Chief Financial Officer.

The effectiveness of Internal Audit was reviewed by the Committee in the October and December meetings. A two-stage evaluation process comprising a survey and analysis of key Internal Audit Metrics was undertaken. The survey was distributed to the Chairman, members of the Committee, senior management and other senior employees who had been involved in Internal Audit's work throughout the year. The key performance metrics were split into three categories: people and process; coverage; and value. Although a good level of satisfaction was reported in most of the responses received, certain areas of possible improvement were identified. In addition, the Committee received a third party assessment of the Internal Audit function. The review examined the key attributes of the existing service and suggested changes for the future. The effectiveness of the existing Internal Audit approach was considered and alternative models were examined.

Having considered the findings of this assessment, the Committee remains of the view that outsourcing the function to a specialist independent provider is appropriate and allows for the provision of subject experts as required. It was noted that the lead partner would be rotated in 2018. Following a comprehensive interview process involving the Chairman, Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and General Counsel, Amarjit Singh was approved as the new lead Internal Audit partner.

REMUNERATION REPORT

DEAR SHAREHOLDER,

I am pleased to present our Directors' Remuneration Report for 2017, my first as Chair of the Remuneration Committee. I would like to thank my predecessor, Lorraine Trainer, for her leadership over the previous six and a half years, and her on-going valuable contribution as a member of the Committee.

The 2017 report is split into two parts:

- The Directors' Remuneration Policy. This is subject to a binding vote and sets out our future policy for approval by shareholders.
- The Annual Report on Remuneration. This outlines how we implemented our current policy in 2017 and how we intend to apply the new Directors' Remuneration Policy in 2018. This is subject to an advisory vote by shareholders.

To reflect changes resulting from our proposed new Directors' Remuneration Policy, we are also putting forward new rules for our deferred bonus and long-term incentive plans for shareholder approval at our 2018 AGM.

REMUNERATION REVIEW AND NEW POLICY

Our existing remuneration arrangements for Executive Directors were put in place when Jupiter listed in 2010 and were approved by shareholders in 2014, and again in 2017 for a limited twelve month period. It is now time to seek reapproval of our policy from shareholders and, given the changes in best practice and regulatory and investor remuneration guidelines since 2010, we believe that it is now necessary to rebalance our remuneration arrangements and adopt a structure in line with these developments. I am grateful to all the shareholders and investor bodies who have continued their positive engagement with Jupiter throughout 2017. This has allowed us to develop a new policy which reflects the feedback from investors, whilst continuing to ensure the remuneration arrangements support our business strategy and reflect regulatory requirements.

Our proposals are not intended to increase overall remuneration opportunity for Executive Directors; they are designed to keep total remuneration opportunity in the same range as recent compensation, and the potential upside has now been capped. We propose to rebalance the remuneration structure, adopting a more market conventional approach through introducing a cap on the maximum incentive opportunity by reference to a multiple of salary and increasing the base salary. Under the proposed approach a greater proportion of the overall package will be delivered in the form of share-based incentives and awards under which performance will be assessed on a multi-year basis, including over five years. We consider that this increase in weighting towards longer-term performance-based awards offsets the increase in salary.

The key changes to our Directors' Remuneration Policy are summarised below and are set out in more detail in the remainder of this report on pages 63 to 69.

Reinforcing long-term value strategy

The objective of our corporate strategy is to deliver long-term value to clients and shareholders. The remuneration structure in the proposed new policy will align more closely with this objective by increasing focus on long-term results through a number of changes.

Removal of salary cap

Our current policy contains a £250,000 per annum cap on salaries that applies throughout Jupiter. Whilst appropriate in the immediate period post Jupiter's listing, this cap has become increasingly uncompetitive in the market, limiting internal progression and leading to high proportions of variable pay when applying individual caps on incentive plans. The proposed new policy will enable us to provide market competitive salaries within a rebalanced pay framework. Any future salary increases for incumbent Executive Directors during the policy period will be limited to the same level as the average increase in employee salaries.

Introducing capped incentives

Our current policy contains no limits on the amounts that individual Executive Directors can be awarded under incentive schemes. Practice in the asset management sector has evolved with an increasing number of companies now operating incentive caps so as to comply with investor guidelines. Our proposed new policy will introduce individual incentive caps on both bonus and LTIP to bring us in line with best practice and reflects a response to shareholder feedback.

Simplification

Our current remuneration arrangements involve a large number of corporate financial measures which make them relatively complex. The proposed new policy will reduce the number of measures used and, as a result, simplify the structure.

Governance features

In addition, there are a number of additional features within the new policy which align with current governance guidelines and best practices for executive pay in listed companies:

- Around 90% of the Chief Executive's maximum annual remuneration package (and approximately 80% of the Chief Financial Officer's) will be subject to performance conditions.
- Future Long Term Incentive Plan ('LTIP') awards granted to Executive Directors will be subject to a two-year post-vesting holding period, bringing the total timescale for awards to five years.
- Executive Director annual bonus and LTIP awards are subject to the satisfaction of a risk, conduct and compliance underpin. Future LTIP awards will also only vest subject to satisfaction of an additional underlying business performance underpin.
- Executive Director incentive awards are subject to malus and clawback provisions.
- Executive Directors are required to build up and retain significant holdings of Jupiter shares (300% of salary for the Chief Executive; 200% of salary for other Executive Directors). This is an upper quartile shareholding requirement for companies in the FTSE 250 index.
- Jupiter offers a consistent level of pension provision to its UK workforce, including Executive Directors, of 15% of salary.

REMUNERATION REPORT CONTINUED

THE LINK BETWEEN STRATEGY AND REMUNERATION

Jupiter's primary focus is on delivering value to clients through long-term investment outperformance after all fees. Jupiter's business model of combining this investment outperformance with an effective distribution platform, supported by efficient and scaleable operations, allows us to deliver value to our shareholders. Jupiter's strategic growth has enabled us to deliver significant value to shareholders since listing in 2010, through a progressive ordinary dividend policy, special dividend and via capital appreciation.

Jupiter's remuneration policy will continue to support the delivery of the Company's growth strategy, and it is important to ensure that an appropriate balance is maintained in how the Company's profitability is shared between staff and shareholders, after ensuring adequate capital is retained to maintain a strong balance sheet. The table below demonstrates how Jupiter's remuneration policy for Executive Directors successfully supports the continued delivery of Jupiter's business model.

PERFORMANCE AND REMUNERATION FOR 2017

As discussed throughout this Annual Report, 2017 delivered a continuation of Jupiter's growth strategy. This was anchored in the investment performance of our mutual funds where 81% of AUM performed above median over three years, after all fees. This strong long-term investment performance translated into high levels of positive net flows across our funds, totalling £5.5bn for the year, 174% ahead of budget. Combined with positive markets, AUM closed at £50.2bn at year end, up 24% year-on-year.

Incentive awards for Executive Directors in 2017 reflect this strong overall corporate performance and are consistent with the experience of shareholders, who saw a 42% growth in the share price and an increase in dividends for the year. Details of actual performance against the targets set for 2017 and the specific individual variable pay awards can be found on pages 72 to 77.

Overall, the pool spend remains below 27.5% of adjusted pre-incentive operating profit with the variable and total compensation expense ratios at 29.7% and 33.4% respectively; therefore, it is within the expected ranges previously communicated. In establishing the total variable compensation pool, the Remuneration Committee considered the relative distribution of value between staff and shareholders and that required for tax authorities and to be retained for capital purposes.

As illustrated on page 91, employees' total compensation increased by 14% in line with the increase in profit after tax, and at a lower rate than the 20% increase in the dividends.

The Remuneration Committee concluded that the increase in variable remuneration expense year-on-year remained balanced with an increase in the proportion paid as dividends to shareholders.

1. Investment outperformance

- As an active investment firm, investment outperformance is critical to delivering value to our clients. It is measured in both the annual bonus and the LTIP performance metrics.
- Measurement is calculated over multiple time periods. For the annual bonus, we look back at investment performance over one and three years. For the LTIP, we measure outperformance over a three and five year period.

2. Effective distribution

- Measurement of fund flows is included in the annual bonus.
- Diversification is an important overlay, which helps in delivering stable returns to shareholders by avoiding over concentration. Within the annual bonus we examine the mix of AUM across different geographies, asset classes and client channels.

3. Efficient operations

- Profitability is a key measure within the annual bonus, with a target set for underlying Profit Before Tax. We also have a three year Earnings Per Share growth target in our LTIP.
- The strategic and individual elements of the bonus allow us to encourage our Executive Directors to focus on and invest in key projects, which enable us to grow a long-term, sustainable business, protecting our operating margin and keeping up with changing regulatory requirements.

4. Value creation

- Our remuneration philosophy aligns executive rewards with long-term value creation for clients and shareholders across a range of features, including bonus deferral, LTIP and shareholding requirements.
- There will continue to be a strong link between the available profit for distribution to shareholders and the variable compensation spend for employees, as detailed on page 12. In future, with the removal of the salary cap, we will focus on reporting our total compensation ratio, which captures all elements of compensation and is in line with good market practice.

In future years, with the removal of salary caps and the introduction of capped individual variable incentives for Executive Directors, the Committee will focus on the total and variable compensation expense ratios as the key measures in assessing the overall level of variable compensation spend.

LINKING RISK AND REWARD

Risk and compliance continue to serve an important role in remuneration for all our employees, ensuring the desired behaviours are being demonstrated. The Committee evaluates a robust set of risk checkpoints before approving the variable compensation pool each year (as described in detail on page 89), as well as operating a risk, conduct and compliance underpin for all individuals. This allows for individual variable compensation awards to be reduced where appropriate, potentially to zero.

EMPLOYEE SHARE OWNERSHIP

Jupiter continues to encourage a culture of employee share ownership. Currently, around 58% of our employees hold shares in the Company and are therefore aligned with our other shareholders in having a long-term interest in the Group's performance. Approximately 25% of employees hold share options under one or both of our deferred bonus and long-term incentive plans. We also operate two HMRC approved plans, a Sharesave and a Share Incentive Plan. To reflect our strategy of diversifying internationally, in 2017 we also introduced a Sharesave equivalent for all our employees based outside the UK. At the end of the 2017 financial year 79% of eligible employees were participating in at least one of the Share Incentive Plan, Sharesave or the international equivalent.

The Company has also recently established a HMRC approved Company Share Option Plan which will be used to make further UK tax-efficient share awards to employees, excluding Executive Directors, from 2018 onwards. This plan, along with the Share Incentive Plan, further promote an environment of high employee share ownership and alignment of interests with those of our other shareholders.

SHAREHOLDER ENGAGEMENT

As mentioned above, I am grateful for the constructive engagement and valuable feedback from our major shareholders and the investor bodies in helping develop the new policy. We received a strong level of support for this policy, and have incorporated investor feedback when possible. We are keen to encourage an ongoing dialogue with our shareholders on our remuneration framework and look forward to receiving your support at the forthcoming AGM.

BRIDGET MACASKILL
Chairman of the Remuneration Committee
26 February 2018

REMUNERATION REPORT CONTINUED

EXECUTIVE REMUNERATION AT A GLANCE

This table summarises remuneration arrangements for Executive Directors in 2017, alongside commentary of how we intend to apply our new policy in 2018, subject to shareholder approval.

Element	2017 approach	2018 approach	Commentary
Salary	• Salary cap of £250,000 • CEO £250,000, CFO £250,000 and Vice Chairman £160,000 (£200,000 full time equivalent)	• Remove salary cap • CEO £425,000, CFO £325,000 and Vice Chairman £160,000 (£200,000 full time equivalent)	• Move to market rates • CEO salary set at median for asset manager competitors. CEO's and CFO's salaries at lower quartile of FTSE 250
Pension	• 15% of salary	• 15% of salary	• Pension contributions are consistent with those for all UK employees
Bonus opportunity	• No individual limits • Subject to capped aggregate variable compensation pool	• Introduction of individual bonus limits as a percentage of salary • CEO 425%, CFO 250% and Vice Chairman 200% of salary	• In line with feedback received from shareholders and market practice
Bonus performance measures	• Balanced scorecard approach • Profitability, net flows, investment outperformance, diversification, strategic operating objectives and personal performance • Concepts of 'Threshold', 'Target' and 'Maximum' performance introduced into annual bonus scorecard. • Retrospective disclosure of target ranges and performance for quantitative measures and commentary for qualitative measures • Risk and compliance underpins	• Balanced scorecard approach • Profitability, net flows, investment outperformance, strategic operating objectives and personal performance • Concepts of 'Threshold', 'Target' and 'Maximum' performance embedded into annual bonus framework. • Retrospective disclosure of target ranges and performance for quantitative measures and commentary for qualitative measures • Risk and compliance underpins	• Corporate quantitative metrics for 2018 (profit, net flows, investment outperformance) will comprise 75% of the bonus performance measures • Strategic and individual objectives will comprise 25% of bonus opportunity
Deferral	• 50% of total bonus deferred into shares for three years and subject to additional six month holding period • Half of the remaining 50% delivered as shares subject to a six month holding period	• 50% of total bonus deferred into shares over three years and subject to additional six month holding period • Half of the remaining 50% delivered as shares subject to a six month holding period	• The deferred bonus will vest in equal tranches over three years, rather than in one tranche after three years as previously • Deferred awards will accrue entitlement to the value of ordinary and special dividends throughout their unvested period
LTIP opportunity	• No individual limits • Face value of grants subject to capped aggregate variable compensation pool	• Introduction of individual LTIP limits as a percentage of salary • CEO 375%, CFO 225% and Vice Chairman 150% of salary • 2018 LTIP awards less than the policy maximums for the CEO and CFO • Two-year post-vesting holding period	• In line with feedback received from shareholders • Additional two-year post-vesting holding period in line with investor remuneration guidelines and evolving market practice • Value of LTIP grants to be included in total compensation ratio, and monitored and reported in future
LTIP performance measures	• Four measures with equal weighting: EPS, net sales, investment outperformance and strategic goals • Risk and compliance underpins	• Two measures with equal weighting: EPS growth and investment outperformance over extended timeframes • Risk and compliance underpins. Vesting of awards also subject to an additional underlying business performance underpin	• Simplification of LTIP incentive by reducing the number of performance measures from four to two • Long-term investment performance assessed through three and five year outperformance after fees • Underpin allows for discretionary adjustment to vesting where outcome is not reflective of underlying business performance
Shareholding requirements	• 300% of salary for CEO • 200% of salary for other Executive Directors	• 300% of salary for CEO • 200% of salary for other Executive Directors	• Higher level of salary under the new remuneration policy will substantially increase the minimum value of shares required to be held by the CEO and CFO
Malus and clawback	• Malus and clawback provisions applies to all variable remuneration	• Malus and clawback provisions applies to all variable remuneration	• Provisions recently reviewed to ensure they remain appropriate and effective

DIRECTORS' REMUNERATION POLICY

This section of the report sets out our proposed new Directors' Remuneration Policy (the 'Policy'). The Policy is subject to a binding shareholder vote at our 2018 AGM. Our intention is to operate the Policy for the 2018 performance year and onwards, subject to shareholder approval. We are also presenting two new sets of plan rules for the Deferred Bonus Plan ('DBP') and Long Term Incentive Plan ('LTIP') for shareholder approval, to allow for awards resulting from the new Policy to be granted.

CHANGES TO THE POLICY

As noted in the Chairman's Statement, the Committee has continued its consultation exercise with shareholders throughout 2017. This Policy reflects the outcome of this extensive consultation exercise. The main changes that have been made to the Policy are set out in the Chairman's Statement and the summary table on page 62.

The Committee reserves the right to make minor amendments to the Policy in the future without shareholder approval for customary administrative reasons or to obtain or maintain favourable tax, exchange control or regulatory treatment for a Director.

REMUNERATION POLICY TABLE

The policy table ('Policy Table') on pages 66 to 69 summarises each of the elements of the remuneration package for Executive Directors under the Policy. The Policy Table specifies how each element of remuneration is linked to Jupiter's strategy, how it will be operated, the maximum opportunity available to Executive Directors and whether any performance conditions apply to it.

CONTEXT OF ALL-EMPLOYEE PAY

The Jupiter Remuneration Committee considers the pay and conditions of all employees when determining remuneration arrangements for Executive Directors.

The new Policy for Executive Directors contains some minor differences in the structure of pay compared to that of all other employees, predominantly the capping of individual variable pay awards for Executive Directors. Notwithstanding this, variable compensation awards for Executive Directors and all other employees are funded from the same variable compensation pool, and impact the overall variable and total compensation ratios which the Committee ensures are within acceptable ranges when approving the variable compensation spend in any year. All employees, including Executive Directors, are incentivised in a similar way and are rewarded according to the success of the Group and personal performance.

Participation in the all-employee share plans (the HMRC approved Sharesave and Share Incentive Plan) is offered to all UK employees on the same terms. Jupiter has also recently introduced a plan similar to Sharesave for our employees based outside of the UK, allowing all employees to benefit from the opportunity of owning shares in the Company and helping further align the interests of all employees with shareholders.

Benefits are also offered on a consistent basis – for example, the level of employer pension contributions is 15% of base salary for Executive Directors and all UK employees and other benefits, such as private medical insurance, are offered to all UK employees on the same terms.

STAKEHOLDER VIEWS

The Remuneration Committee is committed to ongoing dialogue with investor bodies and shareholders, and consulted extensively with both in determining this Policy. The level and importance of feedback received from shareholders and investor bodies during 2016 was sufficient to persuade the Committee to defer the introduction of this Policy for another year in order that appropriate consideration could be given to the comments received. This has lead to a number of revisions.

The Remuneration Committee has considered the impact of this Policy on wider stakeholders, including our clients, our employees and the wider economy. After consulting with our major shareholders and other stakeholders, it is apparent that views across and within these groups are not always uniform, but we did receive strong positive feedback for the new Policy, particularly from our largest shareholders. Jupiter does not currently have a formal employee representative body for discussing remuneration matters. However, the Committee is satisfied that the Policy takes a responsible approach to pay and guards against irresponsible behaviour or excessive risk-taking.

EXPLANATION OF PERFORMANCE MEASURES

Performance measures and targets are selected and set by the Committee at the beginning of each performance year, to support the execution of our business strategy. Aligned with the strategic and financial objectives set by the Board, measures are chosen and targets are set to appropriately measure and incentivise delivery of the key elements of Jupiter's business model.

For annual bonuses, the Committee believes it is appropriate to use a balanced scorecard approach. The diversity of metrics allows multiple elements of corporate performance to be evaluated. This is in the best interests of our shareholders and clients, whilst also being in line with shareholders' expectations. Furthermore, it is in line with regulatory expectations under UCITS V, AIFMD and CRD regimes.

Setting appropriately stretching targets is an area of particular focus for the Committee. We have set out our approach and process in respect of the annual bonus cycle in detail on page 82. Achieving a maximum bonus award and/or full vesting under the LTIP will only occur for what the Committee considers to be exceptional performance.

Risk and compliance underpins apply to all variable compensation which can reduce awards, potentially to zero. LTIP awards will also only vest subject to satisfaction of an additional underlying business performance underpin. Furthermore, the Committee makes reference to a series of checkpoints as outlined in our 'risk and reward' section on page 89, when approving the overall variable compensation pool for all employees.

SHAREHOLDING REQUIREMENTS

The Committee increased the shareholding requirements for Executive Directors with effect from the 2017 performance year. The Chief Executive and other Executive Directors are expected to build up shareholdings within five years of their appointment date and maintain holdings of at least 300% and 200% of base salary respectively. These new shareholding levels were one of the minor changes to the remuneration policy which shareholders approved at the 2017 AGM and will remain at these levels for the new Policy.

The Committee monitors shareholdings against these requirements annually and decides at its discretion what (if any) action should be taken, which may include requiring an individual to hold a proportion of vested shares until the requirements are met.

REMUNERATION REPORT CONTINUED

MALUS AND CLAWBACK

Jupiter operates a malus and clawback policy to support wider aims, including: ensuring greater alignment between risk and individual reward; discouraging excessive risk taking and short-termism; encouraging effective risk management; and promoting positive behaviours and a strong and appropriate conduct culture.

Malus provisions apply so that relevant awards can be withheld or reduced (including to zero) in certain circumstances. Clawback provisions apply so that relevant awards can be reclaimed in certain circumstances.

For the DBP and LTIP, malus and clawback provisions can apply in the following circumstances:

(i) Financial results would have been materially lower on the basis of information that comes to light after the accounts for that year are finalised (other than as a result of change of accounting policy subsequent to the end of the year);

(ii) Material failure of risk management suffered by a Group Company;

(iii) Gross misconduct or material error on the part of the individual;

(iv) Material reputational damage occurring to a group company;

(v) Performance assessment error in relation to an individual when determining the level of their award; and

(vi) Any other circumstances which the Board considers to be similar in its nature or effect to those specified above.

Malus provisions apply for all unvested DBP and LTIP awards granted in 2016 and later years in respect of any events referred to above.

Clawback provisions apply to all vested DBP and LTIP awards granted in 2016 and later years, in respect of events described in (i) to (iii), and (iv) to the extent that the individual is considered to be directly responsible or directly accountable.

Recovery of DBP awards may be invoked at any time in the three years from the grant date through either malus or clawback, in respect of a malus or clawback event that occurs at any time before the end of this period.

LTIP awards may be recovered via malus at any time in the three years prior to the vesting date, and through clawback at any time after the vesting date for a period of two years, in respect of any applicable event that occurs at any time before the end of this period.

Clawback provisions also apply in respect of bonus payments delivered as cash for a period of two years after payment, such that all variable compensation is subject to malus and clawback provisions.

The Committee has recently reviewed the malus and clawback provisions and is satisfied that they continue to appropriately support the wider aims discussed above.

RECRUITMENT

In the case of the future recruitment of a new Executive Director, the Company would apply the following principles:

- Base salary: set in line with the Policy Table.
- Bonus: expected to be on the same basis as all other Executive Directors as outlined in the Policy Table. Notwithstanding this, the Committee retains the flexibility to determine that for the first year of appointment any annual incentive award will be subject to such terms as it may determine.
- DBP: awards will be granted in respect of the relevant proportion of any bonus paid in the year of recruitment, on the same basis as it applies for all other Executive Directors and the usual malus and clawback provisions would apply to any award as outlined above.
- LTIP: in the year of recruitment, any awards granted will be granted on the same terms as apply to other Executive Directors and the usual malus and clawback provisions would apply to any award as outlined above.
- All-employee share plans: participation in the HMRC approved Sharesave Plan and HMRC approved Share Incentive Plan will be offered on the same basis as it is for all other Executive Directors and employees.
- Benefits: pension contributions, private medical insurance, life assurance, dependants' pension and income protection will be provided on the same basis as they are for all other employees (including Executive Directors). Where the Remuneration Committee determines that such a payment is necessary for recruitment, payments, for example, relocation allowances and other relocation related expenses, may also be paid at a level determined as appropriate by the Remuneration Committee.
- Variable remuneration: The maximum level of variable remuneration which may be awarded to Executive Directors in the first year of recruitment (excluding any buy-outs referred to below) will be in line with the individual variable remuneration limits set in the Policy Table.

Any buy-out awards granted in addition to the above elements of the remuneration package will be required to be granted on equivalent or no more favourable terms, in accordance with applicable regulatory rules and regulations, than the awards which they are buying out, in particular in respect of the: quantum of the award; timing of delivery; form of award; and existence of performance conditions.

Where necessary, any buy-out awards granted outside of the provisions of the rules of the LTIP will be granted under the Listing Rules exemption applicable to such share arrangements.

In the case of the future recruitment of a new Executive Director, the Company will disclose the full details of the recruitment package and the approach taken in the Annual Report on Remuneration following the appointment.

The other main contractual terms of the service contract would follow the same principles as those of existing Executive Directors.

Any new Non-Executive Director would be appointed with contractual terms and a fee basis in line with the other existing Non-Executive Directors.

EXIT PAYMENTS

Our overriding policy on termination payments to Executive Directors is that we do not include any contractual provisions for compensation on early termination, other than the amount due under law. The Committee will seek to keep any other such payments to an appropriate level, reflecting performance.

In case of termination, a payment in lieu of notice may be due if such notice is not given by the Company. As set out in the summary table of Executive Director service contracts, no contractual entitlement to a bonus payment accrues or arises during the notice period. Any bonus payment that the Committee determines is appropriate to be paid in respect of an Executive Director notice period will be based on performance and may be made in such proportions of cash and shares as the Committee may determine.

Leaver provisions under both the DBP and LTIP are aligned. The respective rules provide that any awards will lapse on cessation of the individual's office or employment, other than in limited circumstances, as follows: death of the employee; the ill-health, injury or disability of the employee; redundancy; retirement; the sale of the individual's employing entity out of the Group; and any other reason which the Remuneration Committee in its absolute discretion so permits. Where LTIP awards vest in these circumstances, they would normally only vest to the extent the Remuneration Committee determines, taking into account the extent that performance conditions have been satisfied and, unless the Committee determines otherwise, the proportion of the vesting period that has elapsed.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of or to mitigate an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include, but are not limited to, paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with the cessation of office or employment.

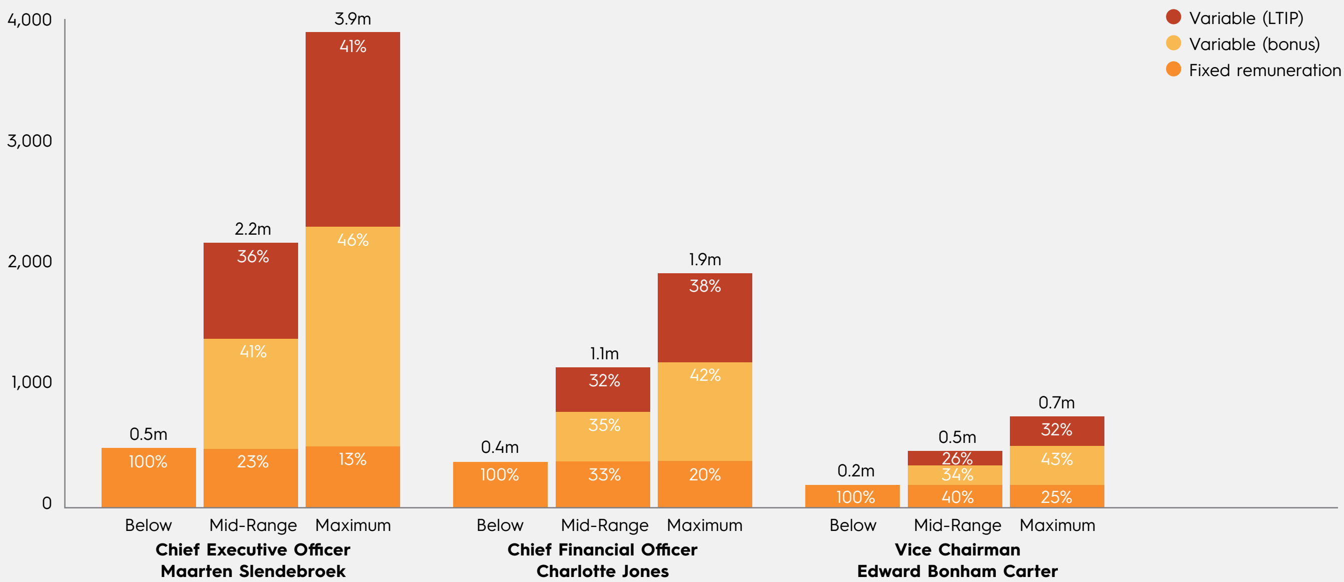
In the case of a change in control of the Company (or equivalent transaction), the Remuneration Committee may exercise its discretion to assess performance conditions applicable to outstanding LTIP awards to the date of the relevant event. The Board may determine that outstanding LTIP or DBP awards be exchanged for equivalent awards on such terms as agreed with the acquiring company. If the Company is wound up the vesting of an award will be accelerated.

EXECUTIVE DIRECTOR ILLUSTRATIVE PAY SCENARIOS

As is required under the relevant regulations, the chart below illustrates how much the current Executive Directors could receive under different scenarios in the first year of this policy taking effect (2018). The assumptions used are as follows:

Element	Assumptions
Fixed Remuneration	• Base salary with effect from 1 January 2018. • Benefits paid at the same level as in 2017, as shown in the single figure in the Annual Report on Remuneration (page 72). • Pension of 15% of base salary.
Annual Bonus	• Maximum bonus opportunity of 425% of salary for CEO, 250% of salary for CFO, and 200% of salary for Vice Chairman. • For below 'Threshold' performance 0% of the maximum is assumed, for 'Mid-Range' performance 50% of the maximum is assumed and for 'Maximum' performance 100% of the maximum is assumed.
LTIP	• Maximum LTIP opportunity of 375% of salary for CEO, 225% of salary for CFO, and 150% of salary for Vice Chairman. • For below 'Threshold' performance 0% of the maximum is assumed, for 'Mid-Range' performance 50% of the maximum is assumed and for 'Maximum' performance 100% of the maximum is assumed.

Executive Directors' illustrative pay scenarios (£m)



The illustrative pay scenario charts above are not directly comparable with the numbers from the single figure table on page 72. This graph illustrates the grant value of LTIP awards, discounted by the expected level of payout under a below 'Threshold', 'Mid-range' or 'Maximum' performance scenario. The illustrative scenarios do not take in to account any share price movement over the course of the performance period, whereas under the single figure table, LTIP awards are calculated based on their value at vesting.

REMUNERATION REPORT CONTINUED

REMUNERATION POLICY TABLE – COMPONENTS OF EXECUTIVE DIRECTOR REMUNERATION

	Purpose and link to strategy	Operation
Base salary	Provides an element of fixed remuneration which reflects the size and scope of the role and the calibre of the individual.	Base salaries are generally reviewed annually and take into account a range of factors, including: • size and scope of the role; • skills, performance and experience of the individual; • market competitiveness; • wider market and economic conditions; and • the level of increases in the wider employee population.
Pension	Provides individuals with market competitive retirement benefits. Supports recruitment and retention of high-calibre people to deliver the business strategy.	Payments are made at a consistent level to all UK employees, either into a pension plan (for example, into a defined contribution plan or some other arrangement which the Committee considers to have the same economic benefit) or delivered as a cash allowance of the same equivalent cost to the Company.
Benefits	Provides individuals with market aligned benefits.	Benefits are provided on a consistent basis to all UK employees. Typical benefits include: private medical insurance, life assurance, dependants' pension and an income protection scheme to cover long-term illness.
Annual bonus and Deferred Bonus Plan ('DBP')	The annual bonus rewards corporate performance and the achievement of stretching strategic and personal objectives. The DBP provides a deferral element in the form of Jupiter shares. This provides a strong link to long-term and sustainable value creation and reinforces retention. Clawback and malus provisions apply, to mitigate actions and behaviours outside of Jupiter's risk appetite.	The Company operates a balanced scorecard approach across a range of metrics. At the beginning of each performance year, the Committee agrees a range of targets for each metric. Multiple factors are considered in setting targets, including the Board approved budget, market expectations, prior year achievement, strategic focus and priorities, as well as the wider economic landscape. During the year, the Committee monitors performance against these targets. After the year end, annual bonus awards are determined based on actual performance against the balanced scorecard. The overall outcome is not formulaic; the Committee applies a level of judgement to ensure the pay-out levels reflect both individual performance and the experience of shareholders for the year. 50% of the non deferred bonus is delivered in shares, subject to a six month holding period. Under the DBP, 50% of the total bonus is deferred into shares, vesting annually in equal tranches over three years, and subject to an additional six month holding period.
All-employee share plans	Jupiter encourages employee share ownership and operates an HMRC approved Sharesave plan and an HMRC approved Share Incentive Plan. Executive Directors are eligible to participate in both plans on the same basis as other UK employees.	Under the Sharesave plan, employees enter into a three or five year savings contract and are granted linked options over shares in the Company. The Share Incentive Plan awards take the form of shares in the Company acquired by employees from pre-tax salary in conjunction with matching shares awarded.

Maximum opportunity	Performance measures
There is no defined monetary maximum. For the Policy period, the annual salary increases for incumbent Executive Directors will be limited to the average salary increases for other employees. Increases for any new Executive Directors may be made in certain circumstances such as a significant change in the scale, scope or responsibility of a role; or significant market movements. The annual base salaries for 2017 and 2018 for each Executive Director are set out in the Annual Report on Remuneration.	N/A
15% of salary.	N/A
There is no defined maximum. The value of other benefits will vary year-on-year, depending on factors such as the third party provider charges and market conditions. They are set at a level the Committee considers reasonable in the context of the local jurisdiction and the individual's circumstances.	N/A
Individual bonus limits (inclusive of any DBP award), expressed as a percentage of salary, apply per role as follows: • 425% for the Chief Executive Officer; • 250% for the Chief Financial Officer; and • 200% for the Vice Chairman.	Measures and weightings are set by the Committee at the start of each performance year and will be disclosed prospectively in our Annual Report on Remuneration. Under the balanced scorecard approach, the following will also apply: At least 75% of the annual bonus award will be based on corporate quantitative measures. No more than 25% of the annual bonus award will be based on individual and strategic measures. All variable compensation is subject to a risk and compliance assessment, under which payments can be reduced, including to zero. Actual performance, target ranges for objective measures and commentary for strategic and individual measures will be disclosed retrospectively in the Annual Report on Remuneration.
Under the Sharesave and Share Incentive Plan, maximums are as prescribed by HMRC from time to time.	N/A

REMUNERATION REPORT CONTINUED

	Purpose and link to strategy	Operation
LTIP	Provides long-term reward with awards made on an annual basis. Encourages long-term outperformance and reinforces retention. Clawback and malus provisions apply, to mitigate actions and behaviours outside of Jupiter's risk appetite.	The revised rules for the LTIP are being put forward for shareholder approval at our 2018 AGM. A summary of the main features of this plan are set out below. At the beginning of the year, the Committee will select the relevant performance measures and targets, as well as the applicable weighting for each measure. LTIP awards will vest a minimum of three years from the date of grant with performance normally measured over a period of at least three financial years, subject to continued employment and satisfaction of applicable performance conditions. Awards will be subject to an additional two-year post-vesting holding period, unless the Committee determines otherwise.
Minimum shareholding requirements	Ensures long-term interests of Executive Directors are sufficiently aligned to those of shareholders.	Executive Directors should build up a minimum level of shareholding in the Company within five years of appointment to the Board. This is monitored by the Committee to ensure Executives make sufficient progress towards the required target.

LEGACY PAYMENTS

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before our 2014 AGM (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

COMMON AWARD TERMS

Awards under any of the Company's share plans referred to in this report may:
(a) be granted as conditional share awards or nil-cost options or in such other form that the Committee determines has the same economic effect. Alternatively, if regulations so require, awards may also be granted over fund units, in which case, references to Jupiter shares in this Policy would also include fund units;
(b) have any performance conditions applicable to them amended or substituted by the Committee if an event occurs which causes the Committee to determine an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy;
(c) incorporate the right to receive an amount (in cash or additional shares) equal to the value of dividends which would have been paid on the shares under an award that vest up to the time of vesting (or where the award is subject to a holding period, release). This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis;
(d) be settled in cash at the Committee's discretion; and
(e) be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price.

NEWLY APPOINTED DIRECTORS

In the event another Executive Director role is created for the Company in future, the maximum variable opportunities (expressed as a percentage of salary for the new position) under the Annual Bonus and LTIP will not exceed the percentages shown for the CEO in the summary table above.

Maximum opportunity	Performance measures
Individual LTIP limits, expressed as a percentage of salary, apply per role in respect of any one financial year as follows: • 375% for the Chief Executive Officer; • 225% for the Chief Financial Officer; and • 150% for the Vice Chairman.	Performance measures (applicable to 100% of any LTIP award), weightings and target ranges are set by the Committee at the start of each performance period and will be disclosed prospectively in our Annual Report on Remuneration. The following will also apply: • For each performance measure, no more than 25% of the maximum will vest for achievement of the 'Threshold' performance level and 100% of the maximum for achievement of the 'Maximum' performance level. • In exceptional circumstances, the Remuneration Committee retains the discretion to vary or replace a performance condition if an event occurs that means a performance condition has ceased to be appropriate, provided that any varied or new performance condition is, in its opinion, not more or less difficult to satisfy. All variable compensation is subject to a risk and compliance assessment, under which payments can be reduced, including to zero. In addition, the LTIP is subject to an underlying business performance underpin. The Committee will compare the vesting outcome for LTIP awards against shareholder and client experience over the same performance period.
Individual minimum shareholding requirements, expressed as a percentage of salary, apply per role as follows: • 300% for the Chief Executive Officer; • 200% for the Chief Financial Officer; and • 200% for the Vice Chairman.	N/A

REMUNERATION REPORT CONTINUED

LETTERS OF APPOINTMENT POLICY

The policy terms, effective dates and unexpired terms of the current Non-Executive Directors' letters of appointment are summarised below:

Provision	Details
Term	Up to three years from the date of appointment or renewal date.
Unexpired term (as at 31 December 2017)	• 2 years and 8 months for Liz Airey. • 2 years and 6 months for Jonathon Bond. • 2 months for Polly Williams. • 4 months for Bridget Macaskill. • 1 years and 4 months for Lorraine Trainer. • 1 years and 7 months for Karl Sternberg. • 2 years and 9 months for Roger Yates.
Notice period	Three months' written notice from either party.
Date of letters of appointment	• 13 February 2018 for Liz Airey. • 20 July 2017 for Jonathon Bond. • 16 May 2017 for Polly Williams. • 20 July 2017 for Bridget Macaskill. • 20 July 2017 for Lorraine Trainer. • 16 May 2017 for Karl Sternberg. • 10 October 2017 for Roger Yates.
Termination arrangements	No provisions for compensation on early termination, other than those provided by the position under law.

SERVICE AGREEMENTS POLICY

The policy terms and effective dates of the current Executive Directors' service agreements are summarised below:

Provision	Details
Term	Not fixed
Notice period	Six months' written notice from either party, during which period salary and benefits will be provided but no contractual entitlement to any bonus payment will accrue or arise.
Service agreement dates	• 1 June 2010 for Edward Bonham Carter. • 30 March 2012 for Maarten Slendebroek. • 12 May 2016 for Charlotte Jones.
Termination arrangements	No provisions for compensation on early termination, other than those provided by the position under law. In the event that compensation for early termination is payable, the Committee's policy is to seek to keep such compensation to an appropriate level. There are no specific provisions in the service agreements providing for compensation payable by the Company on termination without cause or on a change of control of the Company. Entitlement to benefits (such as pension contributions and private medical insurance) will not continue after termination of employment.

NON-EXECUTIVE DIRECTORS' FEES POLICY

Non-Executive Director fee levels are normally reviewed annually. The current annual fees comprise the following elements:

- Basic fees
- Additional fees may also apply in respect of:
  - Committee membership;
  - Committee Chairmanship (in addition to the membership fee);
  - Senior Independent Director status; and
  - In any given year, a time commitment significantly in excess of that expected at the start of the year.

The Chairman's fee is reviewed annually and comprises an all-inclusive fee.

Fees are set to reflect the time commitment and skills and experience required, based on an appropriate level against the market, and will not exceed the maximum amount permissible under the Company's Articles of Association. The fees are currently paid in cash, but the Board retains the flexibility to pay some or all of the fees in shares. Reasonable business expenses are reimbursed or settled on behalf of Non-Executive Directors and any tax arising in respect of the reimbursement or settlement of such expenses may also be settled by the Company.

ANNUAL REPORT ON REMUNERATION

Implementation in 2017

ROLE OF THE COMMITTEE

The Committee's role and responsibilities include:

- determining the overarching policy for the remuneration of the Group's employees, ensuring it is structured in a way that rewards individual and corporate performance and is aligned with appropriate risk and compliance standards and the long-term interests of shareholders, clients and other stakeholders;
- determining the overall size of the annual variable compensation pool and the total compensation ratio, taking into account all relevant factors including the performance of the business, the impact on liquidity and the Group's capital base, the Group's profitability, risk, compliance and any constraints on total remuneration spend;
- determining and reviewing annually individuals who may be considered to have a material impact on the risk profile of Jupiter and relevant subsidiaries (Code Staff) for the purposes of the FCA Remuneration Code, Alternative Investment Fund Managers Directive (AIFMD) and Undertakings for Collective Investment in Transferable Securities (UCITS) disclosures;
- determining the Chairman's fees and the total individual remuneration package of each member of the Executive Committee and each individual identified as Code Staff;
- for Executive Directors and Executive Committee members, overseeing the setting of objectives for, and assessing the extent to which each individual has met, their individual performance targets for incentive awards;
- approving the design of, determining the targets for, and monitoring the operation of, any performance related pay schemes operated by the Group, ensuring appropriate links exist between risk and reward, and approving the total annual payments made under such schemes;
- reviewing the design of all share incentive plans and deferred bonus arrangements for approval by the Board and, if applicable, shareholders. For any such plans, determining each year whether awards will be made, and if so, the overall amount of such awards, the eligibility criteria for such awards and the performance targets attaching to those awards, taking into account future risks; and
- overseeing any major changes in employee benefit structures throughout the Group.

COMMITTEE MEMBERS

Bridget Macaskill (Chairman)
Lorraine Trainer
Liz Airey
Jonathon Bond
Roger Yates

OVERVIEW OF ACTIVITIES IN 2017

The following regular agenda items were considered during the scheduled Committee meetings which took place during 2017:

	Feb	Jun	Jul	Sep	Oct	Dec
Remuneration policy and disclosures						
Review of remuneration policy		●	●	●	●	●
Directors' Remuneration Report	●					●
Risk and reward						
Input from Risk and Compliance	●				●	
Review of risk checkpoints prior to variable compensation pool approval	●					
Annual remuneration discussions						
Bonus and LTIP pool	●					
Individual performance and remuneration outcomes	●					
LTIP performance testing	●		●			
Allocation of LTIP awards	●					
Setting individual objectives	●					
Minimum shareholding testing						●
External market						
Shareholder trends and feedback			●			
Governance developments						●
Market trends			●			
Benchmarking data			●			
Regulatory						
Internal Audit of Remuneration Policy			●			
Code Staff identification (CRD III, UCITS V and AIFMD)	●			●		
Remuneration Policy Statement					●	
Committee remit and effectiveness						
Terms of reference review					●	
Self-evaluation					●	

In addition to the scheduled meetings set out above, the Committee held additional meetings during 2017 in relation to the Director's Remuneration Policy review.

REMUNERATION REPORT CONTINUED

SINGLE TOTAL FIGURE

EXECUTIVE DIRECTORS' 2017 AND 2016 REMUNERATION (AUDITED INFORMATION)

	Maarten Slendebroek		Charlotte Jones[1]		Edward Bonham Carter	
Director	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
A. Fixed pay						
Base salary	250	250	250	82	155	160
Taxable benefits[2]	3	6	1	0	2	2
Pension[3]	33	34	34	11	20	21
Total fixed pay	**286**	**290**	**285**	**93**	**177**	**183**
B. Annual bonus						
Annual bonus:						
– Delivered in cash	513	1,090	200	190	80	214
– Delivered in shares vesting immediately with six month holding period	512	–	200	–	80	–
– Delivered in shares vesting after three years	1,025	660	400	60	160	76
Total bonus[4]	**2,050**	**1,750**	**800**	**250**	**320**	**290**
C. Pay for the performance year						
Sub-total (A+B)	**2,336**	**2,040**	**1,085**	**343**	**497**	**473**
D. Vesting of LTIP awards[5]						
For performance in multi-year periods:						
– 2013 award (2013-2016)[6]	–	168	–	–	–	–
– 2014 award (2014-2016)[7]	–	229	–	–	–	69
– 2013 award (2013-2017)[8]	327	–	–	–	–	–
– 2015 award (2015-2017)[9]	1,141	–	–	–	285	–
Total value of LTIP vesting	**1,468**	**397**	**–**	**–**	**285**	**69**
E. Other						
Joiner Plan Award[10]	–	–	–	400	–	–
Buy-Out Award[11]	–	–	744	–	–	–
Sharesave[12]	–	–	–	–	–	1
Total other	**0**	**0**	**744**	**400**	**0**	**1**
Total remuneration (C+D+E)	**3,804**	**2,437**	**1,829**	**743**	**782**	**543**

1 2016 figures for Charlotte Jones reflect the period served as Chief Financial Officer from 5 September 2016.
2 Comprised of private medical insurance and reimbursement of reasonable expenses incurred in the performance of their duties and payment of any tax arising.
3 Represents employer pension contributions and/or cash allowance in lieu of pension contributions. There are no defined benefit arrangements. Employees with registered pension protection or those impacted by the Tapered Annual Allowance may elect to have some or all of their pension contributions paid instead as a cash allowance, after deducting an amount equal to the cost of employer national insurance on such cash payments. The pension amounts in the single figure table may therefore be less than 15% of the salary.
4 These amounts have been determined by the Remuneration Committee based on performance against the relevant annual bonus performance measures in respect of the relevant year.
5 The value of the LTIP awards vesting is based on the Remuneration Committee's determination of performance against the relevant LTIP performance measures across prior multi-year performance periods.
6 The value of the 2013 LTIP award vesting in 2017 has been restated based on a share price on the vesting date (4 April 2017) of £4.36 and vesting due to performance of 49%. Note that this award represents a buy-out award for Maarten Slendebroek for awards forfeited from a previous employer.
7 The value of the 2014 LTIP award vesting in 2017 has been restated based on a share price on the vesting date (3 April 2017) of £4.26 and vesting due to performance of 41%.
8 Estimated value of the 2013 LTIP award vesting in 2018 based on 70.3% vesting due to performance and average closing share price over the period 1 October to 31 December 2017 of £5.93 (the actual vesting date is 4 April 2018).
9 Estimated value of the 2015 LTIP award vesting in 2018 based on 74.9% vesting due to performance and average closing share price over the period 1 October to 31 December 2017 of £5.93 (the actual vesting date is 27 March 2018).
Estimated values of the 2015 LTIP award are not included for John Chatfeild-Roberts and Philip Johnson as neither were Executive Directors at the end of the performance period in relation to this award. For transparency, the estimated values of the 2015 LTIP award vesting in 2018 based on 74.9% vesting due to performance and average closing shareprice over the period 1 October to 31 December 2017 (£5.93) is £570,556 for John Chatfeild-Roberts and £237,732 for Philip Johnson.
10 Joiner Plan Award for Charlotte Jones granted in 2016 not subject to performance conditions, vesting 50% on 31 January 2018, 50% on 31 January 2019. This award represents part of a buy-out of awards forfeited from a previous employer. Further details are on page 88.
11 This amount for Charlotte Jones represents cash payments delivered to her as part of the buy-out of awards forfeited from a previous employer. The payments mirror identical cash awards that would have been payable on the same date from her previous employer. These details were previously disclosed on page 75 of Jupiter's 2016 Annual Report and Accounts.
12 Figure for Edward Bonham Carter represents a cash payment in lieu of special dividends, in line with treatment for all other employees.

SINGLE TOTAL FIGURE CONTINUED

VARIABLE PAY AWARDS FOR 2017 PERFORMANCE

Outline of approach

Variable pay awards for 2017 performance have been determined by the Committee using the following process:

- Determine a Group-wide variable compensation pool, expressed as a percentage of Jupiter's adjusted available profit, with appropriate consideration of the checkpoints detailed on page 89 and the Company's resulting variable and total compensation ratios.
- Assess corporate and individual performance for the Executive Directors.
- Determine bonuses and LTIP awards for the individual Executive Directors out of the pool. Bonus awards are determined using the balanced scorecard of corporate, strategic and individual performance measures as described below. LTIP awards granted in 2018 will be granted under the new remuneration policy and subject to the relevant performance criteria as described on page 83.

Determining the variable compensation pool

The variable compensation pool is determined so that it is appropriate and affordable in the context of Jupiter's overall performance. We aim to balance and align the interests of our staff and our shareholders. As a result, variable compensation is constrained on an aggregate basis.

The variable compensation pool is determined each year by recommendation of the Remuneration Committee to the Board taking into account the Group's performance. The pool for 2017 was first assessed as a proportion of adjusted available profit[1]. Consistent with the approach of prior years, the pool awarded for 2017 was kept below 27.5% of adjusted available profit. Jupiter's adjusted available profit for 2017 was £275.8m, compared with an available profit[1] of £277.4m (2016: £232.4m and £236.0m respectively). This meant that for 2017 the pool was kept below £75.9m (2016: £63.9m).

The next step was to evaluate the pool in the financial reporting context. This considers the accounting treatment for the pool and resulting variable compensation expense to be recognised in 2017. As illustrated in the graphic below, the variable compensation expense is determined by the nature and extent of bonus awarded in 2017 as well as deferred awards (including LTIP) made in prior years. It also includes national insurance charges levied on Jupiter in relation to variable compensation. The national insurance charge relating to share based compensation is impacted by movements in the Jupiter share price. The 42% appreciation in the share price experienced in 2017 had a more significant impact on the national insurance charges than in the prior year. In addition, the Committee assessed the total compensation expense which includes the fixed component of remuneration as well as variable.

The Committee assessed whether the overall variable and total compensation ratios[1] (as reported in the financial review on page 28) were within an appropriate range. In line with prior year disclosures, we expect the variable compensation ratio to remain at a mid to high 20% level over the medium term and the total compensation ratio to be at a low to mid 30% level over the medium term, although they may differ from these levels in any particular year.

Considering these aspects together, the Committee determined a variable compensation pool for 2017 of £73.8m (2016: £59.3m). This resulted in a variable compensation expense of £82.5m (2016: £66.6m), a variable compensation ratio of 29.7% and a total compensation ratio of 33.4%.

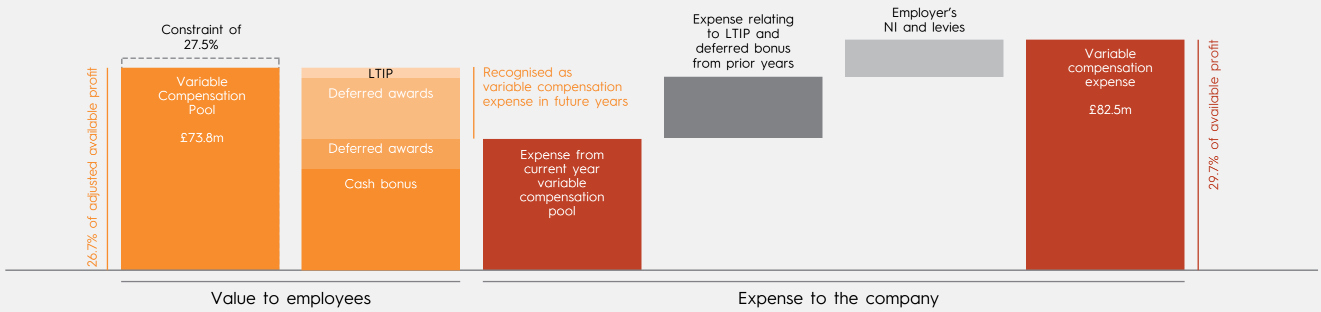
The Remuneration Committee concluded that the increase in variable remuneration expense year-on-year remained balanced with the increase in the proportion paid as dividend to shareholders. Jupiter's approach to the distribution of value is further explained in the Strategic Report on pages 12, 26 and 27.

Jupiter has altered its remuneration structure for other employees from 2017 onwards in line with regulatory and other market developments. These changes include increasing the proportion of overall variable compensation which is deferred, as well as altering the vesting profile of deferred bonuses from three year cliff vesting to equal tranche vesting over three years. Combined, these adjustments have various implications on Jupiter's variable compensation expense and are explained further in the financial review section on page 28.

Under the new policy, in future years the Remuneration Committee will increase its focus on the variable and total compensation ratios in determining variable compensation spend.

[1] Available profit, adjusted available profit, variable compensation ratio, total compensation ratio, underlying EPS and adjusted EBITDA are all underlying performance measures defined on page 31.

Bridge from variable compensation pool to variable compensation expense

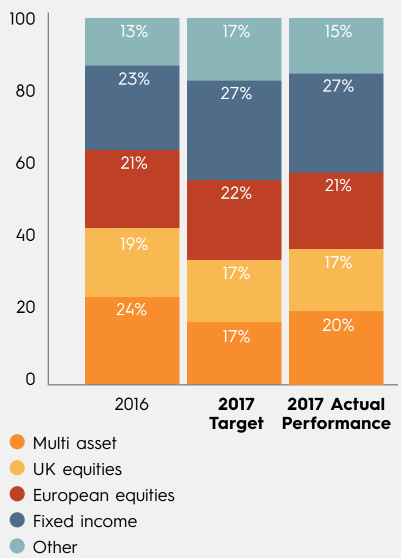
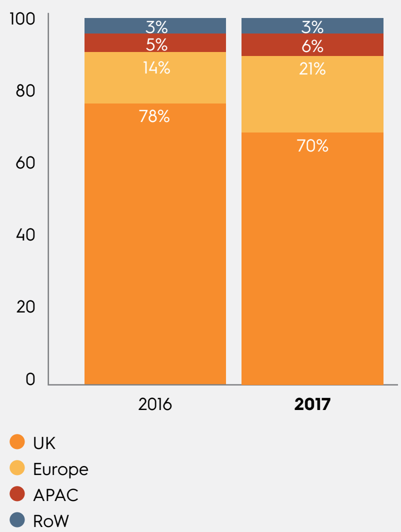


REMUNERATION REPORT CONTINUED

SINGLE TOTAL FIGURE CONTINUED

Assessing corporate financial and diversification performance

The following section sets out Jupiter's actual performance against target for the primary measures relating to profitability, flows, investment outperformance and diversification, which together comprised 75% of the bonus metrics for 2017.

Performance metric	Primary measure	Threshold performance	Target performance	Maximum performance	Actual performance	Commentary
Profitability	Adjusted EBITDA[1]	£155m	£182m	£210m	£197m	Profitability (as measured by adjusted EBITDA) has increased 15% relative to the prior year, and is 8% ahead of the budget. Performance was between the target and maximum. Net revenue rose by 16.5% year-on-year to £410m, while operating expenses rose by 14.5%.
Flows	Net sales	£800m	£2,000m	£4,000m	£5,478m	Net sales (inflows) significantly exceeded the prior year and the maximum performance figures set.
Investment outperformance	Proportion of funds (weighted by AUM) achieving performance of first or second quartile over three years	–	60%	–	81%	Strong investment performance over three years, with 81% of assets achieving first or second quartile. Only 6% of funds (weighted by AUM) were in the bottom quartile over the same three year period.
Diversification	Level and extent of diversity of AUM by asset class	**Asset class split by %** 				Good progress was achieved during 2017 on further diversifying AUM by asset class. Fixed income and Other categories of assets as a proportion of total AUM grew from 23% to 27%, and from 13% to 15% respectively. Consequently, multi-asset and UK equity asset classes saw a corresponding reduction in their overall share of AUM, with European equities remaining at 21%.
	Level and extent of diversity of AUM by geography	**AUM by region** 				Strong net inflows in our European markets helped achieve a 50% growth in AUM in the region year-on-year. Demand for our fixed income and multi-asset strategies led to strong inflows in Hong Kong and Singapore. Together this performance helped Jupiter further diversify its AUM by jurisdiction, with Europe and APAC both growing as a proportion of overall AUM.

SINGLE TOTAL FIGURE CONTINUED

Assessing corporate strategic performance

The following table sets out supporting commentary and information the Committee considered in assessing overall performance in each of the areas of strategic performance identified for 2017. In conjunction with assessment of individual performance, these measures comprise 25% of the bonus metrics for 2017.

Performance metric	Goal	Measures	Commentary
Operating effectiveness	• Implement significant changes to the Investment Risk Management and Operations platform to be live by December 2017.	• Active project milestones and timelines as agreed with the Audit and Risk Committee and within the approved budget. • Changes to the platform operational by the end of 2017.	• The changes to the platform went live by the end of November and delivery to date has been within project budgets set. • Work on old system decommissioning and replacing temporary manual work arounds necessary to achieve go-live is an integral part of the 2018 budget and plans, to optimise the infrastructure investment.
	• Deliver change programmes to enable regulatory compliance with new regulations specifically for MiFID II, EMIR but others as applicable.	• Achieve project milestones and timelines as agreed with the Audit & Risk Committee and within budget. • Compliance deadlines for new regulation achieved and compliance requirements can be achieved on an ongoing basis.	• MiFID II project delivered on time for MiFID II go live date and within budget. • EMIR compliance achieved.
	• Establish and progress the Governance, Risk and Controls programme to achieve meaningful improvements to the Governance Risk and Controls environment by the end of 2017. • Have a programme of work and goals to achieve over a multi-year horizon to complete the changes necessary to the Governance Risk and Controls environment in line with the firm's strategy, ambitions and developing regulatory requirements.	• Goals, milestones and timelines for this multi-year programme agreed with the Audit & Risk Committee. • Demonstrate improvements to the governance, risk and control environment by the end of 2017 in line with plans. • Demonstrate momentum achieved and being maintained through the allocation of resources and engagement in accordance with the programme plans and budgets to ensure that programme goals beyond 2017 are set up for success.	• Overall programme goals and objectives were agreed with the Audit & Risk Committee. • Across the business notable examples of improvements and strengthening of the Governance Risk and Controls environment were achieved. • Resources in place and/or identified for the programme and budgeted for in the 2018 budget.
Culture and people	• Attract, retain and develop the right talent to support Jupiter's growth whilst adhering to our corporate values and our culture of high performance, individual responsibility and putting clients first.	• Achieve high levels of staff engagement as measured through an employee engagement survey to be run in 2017. • Ensure voluntary staff turnover remains below 10%. • A well-defined succession plan	• In May 2017, we ran our latest employee engagement survey. Results were strong, with a 78% response rate and an overall engagement score of 87%, 11 points above the financial services average. Among the top results, our people said they had a clear understanding of what Jupiter is trying to achieve and how they contribute to it, and a strong sense of treating clients fairly. • Voluntary staff turnover for 2017 was 9.7%. • By the end of 2017, we had completed succession plans for the top three layers of the workforce.

REMUNERATION REPORT CONTINUED

SINGLE TOTAL FIGURE CONTINUED

Assessing individual performance

The following table sets out supporting commentary and information the Committee referenced in assessing individual performance of the Executive Directors.

Executive Director	Commentary and discussion
Maarten Slendebroek, Chief Executive Officer	As Chief Executive Officer, Maarten led Jupiter to deliver a strong performance in 2017. He ensured the necessary work for Jupiter's long-term success was carried out and the strength of its culture was maintained. The year saw excellent investment performance for clients and strong positive net sales growth, particularly internationally. This was in line with the corporate strategy to increase diversity of client, geography and product. The consequence was robust financial performance for shareholders. Strategic decisions to support Jupiter's long-term growth were made. Changes to the pricing and the cost structure of products which will benefit clients were announced early in the year and the necessary work to implement these in 2018 was carried out. Similarly, planning for potential changes due to Brexit was undertaken. Key operational projects to meet regulatory change and provide scalable operational excellence were achieved as planned. Continued progress was made on the acquisition of talent, including fund managers and key functional roles to support Jupiter's future success.
Charlotte Jones, Chief Financial Officer	In her first full year as Chief Financial Officer, Charlotte made significant steps in improving and strengthening Jupiter's financial model, including a strongly led and well executed process for developing Jupiter's 2018 financial plan. An efficiently managed corporate budget and strong cost discipline by Charlotte in a year which also saw a heavy level of investment in Jupiter's operating platform and recruitment, contributed to a year on year 15% increase in underlying PBT and a 16% increase in underlying EPS. Charlotte has also evolved Jupiter's corporate strategic and shareholder engagement capabilities through the recruitment of a Head of Corporate Development and Communications.
Edward Bonham Carter, Vice Chairman	Edward has continued to provide a valuable contribution to Jupiter in his role as Vice Chairman. He has served as a successful and effective representative for the Company at a number of key external events, engaging with many industry and trade bodies helping to further promote and build Jupiter's brand. Internally, Edward has lead and engaged the Board heavily in developing Jupiter's environmental, social and governance agenda, as well as drawing on his experience as fund manager by contributing to the recruitment of talent into our front office.

SINGLE TOTAL FIGURE CONTINUED

Determining individual Executive Director 2017 annual bonuses

The 2017 annual bonus awards have been determined by the Committee under the framework of the existing 2017 policy, based on a holistic assessment of the performance conditions outlined above, the shareholder and client experience in the year and an assessment of risk and compliance underpins. Annual bonus awards to Executive Directors are greater in absolute terms in 2017 than in 2016, which reflects the following:

- Corporate quantitative and financial performance was significantly improved in 2017 relative to the prior year, with profits, net sales and three year investment outperformance all performing better.
- Both shareholders and clients saw a positive experience for the year, through an increase in dividends, share price growth and strong levels of investment outperformance over the three year period.
- There were no risk or regulatory compliance issues at a Group or individual level for which the Committee considers it appropriate to make any variable compensation adjustments.

Determining individual Executive Director 2018 LTIP awards

The 2018 LTIP awards for Executive Directors will be granted under the proposed new remuneration policy, subject to it and the new plan rules receiving appropriate approval from shareholders at the 2018 AGM. The 2018 LTIP award values and performance metrics are discussed in detail on page 83. For the CEO and CFO, the proposed 2018 grant values are less than the individual maximums permissible under the new policy to reflect the transitional nature of the remuneration structure for 2017 and 2018.

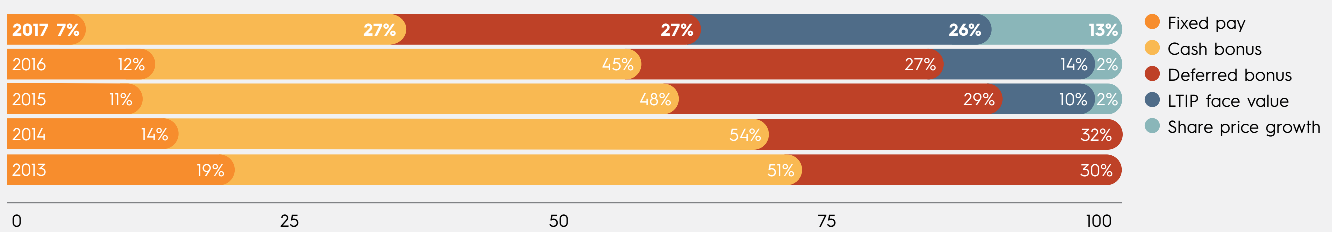
2017 Annual bonus awards	Maarten Slendebroek, Chief Executive Officer	Charlotte Jones, Chief Financial Officer	Edward Bonham Carter, Vice Chairman
Annual bonus – corporate quantitative (75%)	£1,537,500	£600,000	£240,000
Annual bonus – strategic and individual (25%)	£512,500	£200,000	£80,000
Total 2017 Annual Bonus Award	**£2,050,000**	**£800,000**	**£320,000**
Delivered as upfront cash	£512,500	£200,000	£80,000
Delivered as shares with six month holding period	£512,500	£200,000	£80,000
Deferred into shares after three years	£1,025,000	£400,000	£160,000

Form of variable compensation for CEO

The chart below illustrates the proportion of each element of Maarten Slendebroek's pay over the past five years. This has been calculated using the remuneration amounts from the single figure table. The 2017 amount therefore includes an assumed value for the share price growth figure using the average share price for the fourth quarter of 2017.

The table demonstrates an increasing proportion of Maarten's pay being delivered as variable performance based remuneration, albeit he did not have any vesting LTIP in the 2013 and 2014 figures due to his recent appointment as CEO in March 2014. Additionally, 2017 shows a greater shift towards deferred compensation, with an increasing proportion of bonus deferred. For 2017, the 'cash bonus' element also includes the proportion deferred into shares for six months.

Form of variable compensation for Maarten Slendebroek



SINGLE TOTAL FIGURE CONTINUED

PERFORMANCE CONDITION TESTING FOR 2015 LTIP AWARD, VESTING 27 MARCH 2018

The LTIP award vesting figures for Edward Bonham Carter and Maarten Slendebroek shown in the single total figures on page 72 include LTIP awards due to vest on 27 March 2018, subject to performance conditions measured over a three year period to 31 December 2017. The performance conditions have been tested and performance against those conditions and the associated level of vesting is outlined below.

Performance condition	Performance against the condition over the performance period	Proportion of condition vesting
Underlying EPS vs index • 30% vesting for 5% growth in excess of the index; • 100% vesting for Jupiter's underlying EPS growth exceeding the index by 10% per annum; and • Straight-line vesting between these points.	Jupiter's underlying EPS grew by 9.0% on an annualised basis. The index grew by 8.9% on an annualised basis. Jupiter's annualised underlying EPS growth did not therefore exceed the index by 5%.	0% of condition vesting (0.0% of total award)
Actual net sales against target • 30% vesting for net sales 80% of target; • 65% vesting for net sales 100% of target; • 100% vesting for net sales 125% of target; and • Straight-line vesting between these points.	Jupiter's net sales over the performance period were £8.5bn, representing 151% of the £5.6bn target.	100% of condition vesting (25.0% of total award)
Investment outperformance Proportion of mutual funds achieving first and second quartile performance over three years, weighted by AUM: • 25% vesting for 50%; • 100% vesting for 80%; and • Straight-line vesting between these points.	Jupiter's investment performance was such that 80% of mutual funds achieved first and second quartile performance over the performance period, weighted by AUM.	100% of condition vesting (24.9% of total award)
Strategic goals • Developing existing employees and recruiting new talent to provide the performance, products and service required by clients. • Broadening the client base in the UK and internationally. • Maintaining an appropriate risk control and compliance environment.	Significant developments in the management team include the successful transition and succession of senior fund managers and senior executives, continued deepening of the senior leadership team, including several promotions to the Executive Committee and hiring of a new Chief Financial Officer, Head of Global Distribution and General Counsel. Over the performance period there have been further significant hires in the distribution function (both domestic and internationally), product specialists in Fund Management, and a growing number of technical experts in support functions. The Company has recruited a number of fund managers to manage new investment strategies including Asian Income and Emerging Market Debt. Our business in the UK has been restructured and despite enormous challenges such as RDR, Brexit and an out-of-favour equity heavy legacy product range, the launch of new products in the past three years has re-energised our domestic business and is now growing vigorously. The net effect of this turnaround on 2017 alone exceeds £1bn. The rejuvenated product range allowed Jupiter to make strong progress in the wealth management segment of the UK market which is a growing part of the market, whilst Jupiter held its position in the rapidly consolidating retail market. Internationally, we have grown in all regions with a singular focus on the wealth management market. We now have strong distribution partnerships with large institutions in much of continental Europe, where, in some cases, we did not have any relationship at all three years ago. There have been no major risk or compliance issues over the performance period. In addition, risk and control processes have been significantly enhanced over the years through the development and implementation of an Enterprise Risk Framework.	100% of condition vesting (25.0% of total award)
Total		**74.9% vesting**

SINGLE TOTAL FIGURE CONTINUED

PERFORMANCE CONDITION TESTING FOR 2013 LTIP AWARD, VESTING 4 APRIL 2018

The LTIP award vesting figure for Maarten Slendebroek shown in the single total figure on page 72 includes an LTIP award due to vest on 4 April 2018, subject to performance conditions measured over a five year period to 31 December 2017. The performance conditions have been tested and performance against those conditions and the associated level of vesting is outlined below.

Performance condition	Performance against the condition over the performance period	Proportion of condition vesting
Underlying EPS vs index • 30% vesting for 5% growth in excess of the index; • 100% vesting for Jupiter's underlying EPS growth exceeding the index by 10% per annum; and • Straight-line vesting between these points.	Jupiter's underlying EPS grew by 12.5% on an annualised basis. The index grew by 8.6% on an annualised basis. Jupiter's annualised underlying EPS growth did not therefore exceed the index by 5%.	0% of condition vesting (0.0% of total award
Actual net sales against target • 30% vesting for net sales 80% of target; • 65% vesting for net sales 100% of target; • 100% vesting for net sales 125% of target; and • Straight-line vesting between these points.	Jupiter's net sales over the performance period were £10.5bn, representing 111% of the £9.4bn target.	81% of condition vesting (20.3% of total award)
Investment outperformance Proportion of mutual funds achieving first and second quartile performance over three years, weighted by AUM: • 25% vesting for 50%; • 100% vesting for 80%; and • Straight-line vesting between these points.	Jupiter's investment performance was such that 81% of mutual funds achieved first and second quartile performance over the performance period, weighted by AUM.	100% of condition vesting (25.0% of total award)
Strategic goals • Developing existing employees and recruiting new talent to provide the performance, products and service required by clients. • Broadening the client base in the UK and internationally. • Maintaining an appropriate risk control and compliance environment.	Three of the five years in the performance period for this award overlap with the 2015 LTIP on the previous page. Therefore the commentary regarding performance against strategic goals for the 2015 LTIP is applicable here as well. In addition, new offices were opened in Hong Kong and Frankfurt in 2013, in combination with the hiring of a Head of Asia Pacific and Head of Germany, Sweden and Austria to strengthen Jupiter's distribution capabilities in these regions. A new senior fund manager started with Jupiter in 2013 to run the Group's absolute return strategy. 2013 also saw growth in our non-UK presence with AUM growing by 39% during the year. In absolute terms the UK IFA channel grew by £1.7bn. There have been no major risk or compliance issues over the performance period.	100% of condition vesting (25.0% of total award)
Total		**70.3% vesting**

REMUNERATION REPORT CONTINUED

SINGLE TOTAL FIGURE CONTINUED

EXTERNAL DIRECTORSHIPS

Executive Directors are not permitted to hold external directorships or offices without the Board's prior approval. During the year Edward Bonham Carter served as a Non-Executive Director of Land Securities Group plc, for which he was paid fees of £80,000 which he retains.

PAYMENTS FOR LOSS OF OFFICE

No payments were made to Directors for loss of office during 2017.

PAYMENTS TO FORMER DIRECTORS

Two Directors, John Chatfeild-Roberts and Philip Johnson, stepped down from the Board during 2016. No payments as a Director were made to either of these, or any other, former Director during 2017. However, John and Philip's unvested LTIP awards continue to be subject to performance condition testing. Additionally, John continues to be employed by Jupiter in his role as Head of Strategy for the Independent Funds Team.

Full details regarding John and Philip's departure from the Board were made in the 2016 and 2015 Remuneration reports respectively.

NON-EXECUTIVE DIRECTORS' 2017 AND 2016 FEES (AUDITED INFORMATION)

	Liz Airey		Jonathon Bond		Bridget Macaskill		Lorraine Trainer		Polly Williams		Karl Sternberg[1]		Roger Yates[2]	
Director	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Fees	225	225	82	75	79	68	92	98	88	83	70	30	16	–
Benefits[3]	1	5	–	–	15	10	12	14	1	1	–	–	–	–
Total	**226**	**230**	**82**	**75**	**94**	**78**	**104**	**112**	**89**	**84**	**70**	**30**	**16**	**–**

1 Appointed 22 July 2016.
2 Appointed 10 October 2017.
3 Benefits comprise reimbursement of reasonable travel expenses incurred in the performance of duties and the payment of any tax arising.

Implementation in 2018

The new Policy reflects changes in best practice and regulatory and investor remuneration guidelines, including the introduction of capped individual variable incentives and a rebasing of fixed pay. The following section provides an overview as to how each element of the Policy will be applied in 2018.

BASE SALARY

Salaries for Executive Directors will no longer be capped and instead will be set at a market rate which is considered appropriate to Jupiter's size and the nature of each role. The salaries for Executive Directors with effect from 1 January 2018 are as follows:

- Maarten Slendebroek: £425,000 (2017: £250,000);
- Charlotte Jones: £325,000 (2017: £250,000); and
- Edward Bonham Carter: £160,000 (2017: £160,000).

Increases will be applied retrospectively from 1 January 2018, subject to shareholder approval of the Policy at the 2018 AGM.

ANNUAL BONUS

Annual bonuses in respect of 2018 (inclusive of any deferred bonus award) will be subject to the following individual caps as a percentage of base salary:

- Maarten Slendebroek: 425%;
- Charlotte Jones: 250%; and
- Edward Bonham Carter: 200%.

The performance measures for the 2018 annual bonus will be set within the following balanced scorecard. 75% of these measures will be corporate quantitative financial measures, with clearly determined Threshold, On-Target and Maximum goals. The remaining objectives will be strategic and individual measures. Determination of bonus amounts is not formulaic; in addition to reviewing each of the performance measures, the Committee will take a holistic view of the overall performance of the Company for the year to ensure that any bonus amounts appropriately reflect the experience of stakeholders. Where performance measures produce an outcome which does not align with that of stakeholders, the Committee may exercise its discretion as it considers appropriate.

2018 Balanced scorecard

Area	Metric	Performance measures
Corporate quantitative (75%)	**Profitability**	• Measured through underlying Profit Before Tax
	Flows	• Measured through net inflows
	Investment outperformance	• Measured through the proportion of mutual funds achieving first or second quartile performance and the proportion of separate account assets beating their benchmarks (weighted by AUM) • Measured over one year (25% weighting) and three years (75% weighting)
Strategic and individual (25%)	**Diversification**	• Level of diversification of the products, geography and client base
	Talent, culture and values	• Improving Jupiter's talent management strategies and programmes to ensure we attract, develop and retain the right skills • Reinforce Jupiter's culture and values
	Optimising the benefits of infrastructure investment	• Successful utilisation of new technology and increased efficiency to create greater scalability
	Distribution expansion efficiency	• Achievement of increased productivity (progression) from the expansion of the international distribution network
	Personal performance	• Achievement against specific personal performance objectives
Underpin	**Risk and regulatory compliance**	• The Committee considers the 'checkpoints' set out on page 89 when exercising its judgement to determine the appropriate variable compensation pool, at a Group level • The Committee also receives an annual report on internal control and risk management factors from the Head of Risk and the Compliance Director to consider when assessing appropriate awards, at an individual level • Any risk and compliance factors (corporate or individual) has the potential to reduce variable compensation, including to zero

Targets for each performance measure will be set by the Committee in line with the framework described on page 82. The Committee considers more specific details of the 2018 performance measures and targets to be commercially sensitive. Further details of the targets and weightings for each of these measures and performance against each will be provided in the 2018 Remuneration Report.

REMUNERATION REPORT CONTINUED

The determination of variable pay awards in relation to 2018 performance will continue to be assessed with the application of judgement, taking into account a holistic assessment of Group and individual performance. The balanced scorecard, set out in the table above, will allow the Committee to assess performance against key financial and strategic metrics. The Committee's assessment against these metrics and the decision about any variable pay awards will be clearly disclosed to shareholders. Notwithstanding this structure, in line with the approach taken in 2017, for 2018 the Committee will work to ensure that the Company's variable and total compensation ratios are within appropriate ranges. The Committee expects the variable compensation ratio to remain at a mid to high 20% level over the medium term, and the total compensation ratio to be at a low to mid 30% level over the medium-term, although they may differ from these levels in any particular years for the reasons explained on page 28.

In addition to the performance measures outlined above, the Committee considers the 'checkpoints' set out on page 89 when exercising its judgement to determine the overall variable compensation spend for any particular year, and also considers individual risk behaviours when assessing individual awards.

The payment of bonuses for Executive Directors for 2018 will be as follows and is compliant with the relevant remuneration regulations. This is similar to the payout structure introduced for 2017 bonuses, however the 50% deferred into Jupiter shares for three years will now vest in equal tranches over the deferral period:

Proportion of bonus and delivery method

25%	25%	50%
• Delivered as cash.	• Delivered as deferred Jupiter shares. • Immediate vesting, but subject to subsequent six month post vesting holding period.	• Delivered as deferred Jupiter shares. • Vesting in equal tranches over three years, but subject to subsequent six month post vesting holding period.

SETTING BONUS TARGETS AND ASSESSING PERFORMANCE

Start of the year – set targets

- The Board agrees and sets the budget and financial plan for Jupiter for the performance year ahead.
- The Committee, in consultation with management, then sets the:
  - Metrics which will be assessed;
  - Mix between corporate quantitative (at least 75%) and corporate strategic and individual objectives (no more than 25%); and
  - Targets for each performance level (Threshold, Target and Maximum) for quantitative metrics, taking into account the level of stretch in the budget.
- Annual bonus metrics and weighting will be disclosed prospectively.

During the year – monitor performance

- Performance is monitored and evaluated against the metrics throughout the year.
- The Committee is provided with regular updates from management on performance status and from the Chief Risk Officer on risk and compliance issues.

End of the year – assess performance

- The Committee assesses performance and determines the resulting pay-out in the first instance. Bonus determination is not formulaic and judgement is applied.
- In reaching its decision, the Committee considers actual performance (quantitative and qualitative) against each metric and the target ranges set, i.e. where performance sits between the threshold, target and maximum. This is then supplemented by the Committee considering the following to ensure they apply appropriate judgement in deciding pay-outs:
  - Is the level of the overall total and variable compensation spend appropriate? This includes consideration of the checkpoints on page 89.
  - Control function input from the Chief Risk Officer and Compliance Director.
  - The context in which this performance was achieved, having reference to (but not limited to) shareholder and client experience in the year; risk and compliance underpins; and any clawback or malus events.

After the end of the year – disclosure

- Target ranges and actual performance against objective measures will be disclosed retrospectively in the Annual Report on Remuneration, with clear commentary for subjective measures.
- Commentary will also be provided on how the Committee reached its decisions, including particular challenges and any other factors which were taken in to account.

LTIP AWARDS

LTIP awards will be granted under the new remuneration policy. These awards will be granted in May 2018, subject to shareholder approval of the new remuneration policy and LTIP rules at the 2018 AGM. The awards will vest in late March/early April 2021 (the third anniversary of when the awards would ordinarily have been granted, had the grant not been delayed), subject to the achievement of the stretching performance conditions, as set out in the table below. The awards will also be subject to a two-year post-vesting holding period in line with the new remuneration policy.

The 2018 LTIP award values will be as follows:

- Maarten Slendebroek: £1,450,000 (341% of salary);
- Charlotte Jones: £650,000 (200% of salary); and
- Edward Bonham Carter: £240,000 (150% of salary)

These award values reflect the transitional nature of our remuneration structure in 2017 and 2018 and are set accordingly, for the CEO and CFO, below the proposed new individual LTIP award caps.

The 2018 LTIP awards will be subject to the following performance conditions:

Proportion of LTIP	Performance condition	Performance measure	
50%	**EPS Growth** Jupiter's underlying EPS growth must achieve at least 20% growth over the performance period	**Jupiter's underlying EPS growth over the performance period**	**Proportion of the award subject to the EPS performance condition that will vest**
		Less than 20% growth	0%
		40% growth or above	100%
		Any other percentage	Sliding scale between the relevant percentages above
50%	**Jupiter's investment outperformance** The proportion of all Jupiter's funds (weighted by AUM) achieving above median performance relative to their peer group (retail) or above benchmark performance (institutional) weighted:	**Proportion of funds (weighted by AUM) achieving above median/benchmark performance**	**Proportion of the award subject to the investment outperformance condition that will vest**
	25% over the **three** year period to 31 December preceding the vesting date; and	Less than 50%	0%
		50%	25%
	75% over the **five** year period to 31 December preceding the vesting date.	80% or above	100%
		Any other percentage	Sliding scale between the relevant percentages above

Investment outperformance is critical to Jupiter's clients and the Company's long-term success. Its importance is recognised through its use as a performance measure within the annual bonus scorecard and the LTIP. Given the longer time horizon over which LTIP assesses performance, both a three and five year outperformance measure is included.

EPS growth is important to shareholders and is the best measure of Jupiter's successful execution of its growth strategy. There is no payout under this performance condition at threshold performance, or where EPS growth is less than 20% over the period. The target range and vesting schedule for EPS performance between threshold and maximum has been set in line with Jupiter's financial plan.

In addition to a risk and compliance assessment, LTIP awards are subject to an underlying business performance underpin. The Committee will compare the vesting outcome for LTIP awards against shareholder and client experience over the same performance period.

REMUNERATION REPORT CONTINUED

NON-EXECUTIVE DIRECTOR FEES

Jupiter normally reviews Non-Executive Director fees annually. The Non-Executive Chairman fee was last increased with effect from 1 January 2016 and fees for certain Non-Executive roles were increased from 1 January 2017. Following the annual review at the end of this year, fees for the Non-Executive Chairman and Chairman of the Audit and Risk and Remuneration Committees have been increased with effect from 1 January 2018 to reflect the increased time commitment and complexity of these roles. Fees for all other Non-Executive roles remain unchanged for 2018.

	2017 annual fee	2018 annual fee
Base fee	£62,500	£62,500
Senior Independent Director fee	£10,000	£10,000
Audit and Risk Committee Chairman fee (in addition to member fee)	£18,000	£20,000
Remuneration Committee Chairman fee (in addition to member fee)	£18,000	£20,000
Audit and Risk Committee member fee	£7,500	£7,500
Remuneration Committee member fee	£7,500	£7,500
Non-Executive Chairman fee (all inclusive)	£225,000	£235,000

Non-Executive Directors are reimbursed for reasonable business expenses.

The roles and committee responsibilities of the Non-Executive Directors during 2017 were as follows:

Director	Title	Roles and Committee responsibilities
Liz Airey	Independent Chairman	Nomination Committee Chairman Remuneration Committee member
Jonathon Bond	Independent Non-Executive Director Senior Independent Director	Audit and Risk Committee member Nomination Committee member Remuneration Committee member Senior Independent Director (appointed 1 August 2017)
Lorraine Trainer	Independent Non-Executive Director and Senior Independent Director	Audit and Risk Committee member Nomination Committee member Remuneration Committee member Remuneration Committee Chairman (stepped down 30 June 2017) Senior Independent Director (stepped down 31 July 2017)
Bridget Macaskill	Independent Non-Executive Director	Nomination Committee member Remuneration Committee member Remuneration Committee Chairman (appointed 1 July 2017)
Polly Williams	Independent Non-Executive Director	Audit and Risk Committee Chairman Nomination Committee member
Karl Sternberg	Independent Non-Executive Director	Audit and Risk Committee member Nomination Committee member
Roger Yates	Independent Non-Executive Director	Nomination Committee member (appointed 10 October 2017) Remuneration Committee member (appointed 10 October 2017)

DIRECTORS' SHAREHOLDINGS (AUDITED INFORMATION)

Director	Ordinary shares held at 31 December 2017 (no restrictions)	Unvested ordinary shares held at 31 December 2017 (subject to continued employment)	Total ordinary shares held at 31 December 2017	Vested but unexercised options at 31 December 2017	Unvested options, vesting not subject to performance conditions at 31 December 2017	Unvested options, vesting subject to performance conditions at 31 December 2017	Total options over ordinary shares held at 31 December 2017	Shareholding as a percentage of salary[3]
Edward Bonham Carter	10,006,921	0	10,006,921	72,985	81,293	186,509	340,787	37,088%
Maarten Slendebroek	389,620	0	389,620	0	616,991	994,269	1,611,260	924%
Charlotte Jones	0	0	0	0	110,238	118,717	228,955	–
Liz Airey	45,450	–	45,450	–	–	–	–	–
Jonathon Bond	28,294	–	28,294	–	–	–	–	–
Lorraine Trainer	24,242	–	24,242	–	–	–	–	–
Bridget Macaskill[1]	125,000	–	125,000	–	–	–	–	–
Polly Williams	0	–	0	–	–	–	–	–
Karl Sternberg	9,809	–	9,809	–	–	–	–	–
Roger Yates[2]	0	–	0	–	–	–	–	–

1 Includes connected person's holding.
2 Joined the Board as a Non-Executive Director on 10 October 2017.
3 The high percentage of shares held by Edward Bonham Carter relates to shares purchased during the period 2007-2010 while Jupiter was privately owned.

There have been no changes to the above interests between the year end and 26 February 2018 (the latest practicable date before the printing of the Annual Report and Accounts).

The Remuneration Committee has a policy that Executive Directors should maintain a significant holding of shares in the Company. The policy in operation for the 2017 performance year provides that the Chief Executive should hold shares in the Company with a value equivalent to at least 300% of base salary, and other Executive Directors a value equivalent to at least 200% of base salary. Maarten Slendebroek and Edward Bonham Carter both hold shares with a value in excess of 300% of base salary as at 31 December 2017. Following her appointment to the Board in September 2016, Charlotte Jones is expected to build up her shareholding within the five years following appointment. The Committee is confident that based on current deferred share awards that vested in January 2018 and those due to vest in future years as detailed on pages 86 to 88, Charlotte will meet the necessary minimum shareholding level within the expected period.

REMUNERATION REPORT CONTINUED

SHARE AWARDS (AUDITED INFORMATION)

DBP – OPTIONS OVER JUPITER SHARES

		Options held at start of year		Options granted during the year				Options exercised/ lapsed during the year		Options held at end of year		
Director	Year granted	Number of shares under option held as at 1 January 2017 including April 2017 Special Dividend Adjustment[1]	Market value per share at date of grant[2]	Grant date	Face value at award	Price used to determine number of shares[2]	Number of shares under option	Number of shares under option lapsed during the year	Number of shares under option exercised during the year	Number of shares under option held as at 31 December 2017	Earliest exercise date	Latest exercise date
Maarten Slendebroek	2014 (in respect of 2013)	120,799	£4.14	–	–	–	–	–	120,799[3]	–	–	–
	2015 (in respect of 2014)	174,662	£4.12	–	–	–	–	–	–	174.662	27 March 2018	27 June 2018
	2016 (in respect of 2015)	201,394	£4.09	–	–	–	–	–	–	201,394	01 April 2019	01 July 2019
	2017 (in respect of 2016)	–	–	29 March 2017	£660,000	£4.21	156,706	–	–	156,706	29 March 2020	29 June 2020
Charlotte Jones	2017 (in respect of 2016)	–	–	29 March 2017	£60,000	£4.21	14,246	–	–	14,246	29 March 2020	29 June 2020
Edward Bonham Carter	2014 (in respect of 2013)	147,060	£4.14	–	–	–	–	–	147,060[4]	–	–	–
	2015 (in respect of 2014)	41,096	£4.12	–	–	–	–	–	–	41,096	27 March 2018	27 June 2018
	2016 (in respect of 2015)	22,153	£4.09	–	–	–	–	–	–	22,153	01 April 2019	01 July 2019
	2017 (in respect of 2016)	–	–	29 March 2017	£76,000	£4.21	18,044	–	–	18,044	29 March 2020	29 June 2020

1 Outstanding share awards were adjusted by 3.01% as a result of the 7 April 2017 Special Dividend. See below.
2 Average closing share price from three trading days prior to date of grant.
3 Closing share price on date of exercise, 28 April 2017, was £4.75. This resulted in a value of shares on exercise of £573,795.
4 Closing share price on date of exercise, 6 June 2017, was £4.88. This resulted in a value of shares on exercise of £717,653.

Key terms:

- no performance measures are attached to options granted under the DBP, although malus provisions may apply (see the remuneration policy table for further details);
- no exercise price is payable on the exercise of DBP options; and
- holders of unvested share option awards are not entitled to cash dividend payments as the holders are not the legal owners of the shares. The Remuneration Committee determined that it was appropriate for holders of share option awards (under both the DBP and LTIP schemes) to benefit from the 7 April 2017 Special Dividend. This took place by means of adjusting upwards the number of shares over which options were held by a factor of 3.01% as permitted under the rules of the plans. This factor is equivalent to the value the holder of a share option award would have received had they been entitled to receive the Special Dividend as a cash payment.

SHARE AWARDS (AUDITED INFORMATION) CONTINUED

LTIP

		Options held at start of year		Options granted during the year				Options exercised/ lapsed during the year		Options held at end of year		
Director	Year granted	Number of shares under option held as at 1 January 2017 including April 2017 Special Dividend Adjustment[1]	Market value per share at date of grant[2]	Grant date	Face value at award	Price used to determine number of shares[2]	Number of shares under option	Number of shares under option lapsed during the year	Number of shares under option exercised during the year	Number of shares under option held as at 31 December 2017	Earliest exercise date	Latest exercise date
Maarten Slendebroek	2012	81,765	£2.26	–	–	–	–	–	81,765[3]	–	31 January 2017	31 January 2019
	2012	84,229	£2.26	–	–	–	–	–	–	84,229	31 January 2018	31 January 2020
	2013	77,282	£3.30	–	–	–	–	38,841	38,441[4]	–	04 April 2017	04 April 2019
	2013	78,452	£3.30	–	–	–	–	–	–	78,452	04 April 2018	04 April 2020
	2014	129,039	£4.14	–	–	–	–	75,205	53,834[5]	–	03 April 2017	03 April 2019
	2015	256,857	£4.12	–	–	–	–	–	–	256,857	27 March 2018	27 March 2020
	2016	314,680	£4.09	–	–	–	–	–	–	314,680	01 April 2019	01 April 2021
	2017	–	–	29 March 2017	£1,450,000	£4.21	344,280	–	–	344,280	29 March 2020	29 March 2022
Charlotte Jones	2017	–	–	29 March 2017	£500,000	£4.21	118,717	–	–	118,717	29 March 2020	29 March 2022
Edward Bonham Carter	2012	46,909	£2.39	–	–	–	–	–	46,909[6]	–	02 April 2015	02 April 2017
	2013	56,837	£3.30	–	–	–	–	–	–	56,837	04 April 2016	04 April 2018
	2014	38,709	£4.14	–	–	–	–	22,561	–	16,148	03 April 2017	03 April 2019
	2015	64,214	£4.12	–	–	–	–	–	–	64,214	27 March 2018	27 March 2020
	2016	62,936	£4.09	–	–	–	–	–	–	62,936	01 April 2019	01 April 2021
	2017	–	–	29 March 2017	£250,000	£4.21	59,359	–	–	59,359	29 March 2020	29 March 2022

1 Outstanding share awards were adjusted by 3.01% as a result of the 7 April 2017 Special Dividend.
2 Average closing share price from three trading days prior to date of grant.
3 Closing share price on date of exercise, 27 February 2017 was £4.16. This resulted in a value of shares on exercise less the exercise price of £340,142.
4 Closing share price on date of exercise, 28 April 2017 was £4.75. This resulted in a value of shares on exercise less the exercise price of £182,595.
5 Closing share price on date of exercise, 28 April 2017 was £4.75. This resulted in a value of shares on exercise less the exercise price of £255,712.
6 Closing share price on date of exercise, 2 March 2017 was £4.20. This resulted in a value of shares on exercise less the exercise price of £197,018.

Key terms:
- performance conditions for LTIP awards granted 2012 are underlying EPS, net sales and strategic goals (with the exception of Maarten Slendebroek's 2012 LTIP awards, where no performance conditions are attached as part of buy-out arrangements). For LTIP awards granted from 2013 onwards, the performance conditions are: underlying EPS, net sales, investment outperformance and strategic goals. These performance conditions are measured over the period 1 January in the year of grant to 31 December in the year prior to vesting and the targets are consistent with those for the 2013 and 2015 awards as shown on pages 78 and 79;
- an exercise price of £0.02 per share is payable on the exercise of LTIP options; and
- the number of shares under award were adjusted as a result of the 7 April 2017 Special Dividend, as described under the DBP share table above.

REMUNERATION REPORT CONTINUED

SHARE AWARDS (AUDITED INFORMATION) CONTINUED

JOINER PLAN

		Options held at start of year		Options granted during the year				Options exercised during the year	Options held at end of year		
Director	Year granted	Number of shares under option as at 1 January 2017	Market value per share at date of grant	Grant date	Face value at award	Price used to determine number of shares	Number of shares under option	Number of shares under option exercised during the year	Number of shares under option as at 31 December 2017	Earliest exercise date	Latest exercised date
Charlotte Jones	2016	47,996	£4.29	–	–	–	–	–	47,996	31 January 2018	31 January 2020
	2016	47,996	£4.29	–	–	–	–	–	47,996	31 January 2019	31 January 2021

Key terms:
- the options granted under the Joiner Plan are one-off awards made as a buy-out of awards foregone by Charlotte Jones on resignation from her previous employer, in order to join Jupiter. To match the terms of the awards foregone, no performance conditions are attached to the options granted under the Joiner Plan;
- an exercise price of £0.02 per share is payable on the exercise of Joiner Plan options;
- the options granted under the Joiner Plan will not be settled with newly issued shares; and
- malus and clawback provisions apply to the Joiner Plan awards.

SIP

	Awards held at start of year		Awards granted during the year				Awards released/forfeited during the year		Awards held at end of year	
Director	Number of shares subject to award as at 1 January 2017	Market value per share at award[1]	Award date	Face value at award	Price used to determine number of shares[1]	Number of shares granted during the year	Number of shares released during the year	Number of shares forfeited during the year	Number of shares subject to award as at 31 December 2017	Earliest vesting date
Maarten Slendebroek	462	£3.89	–	–	–	–	–		462	02 May 2017
Edward Bonham Carter	457	£3.28	–	–	–	–	–	–	457	02 May 2016
	462	£3.90	–	–	–	–	–	–	462	02 May 2017
	1	£3.50	–	–	–	–	–	–	1	02 October 2017

1 Market price on the date of purchase of SIP shares.

Risk and reward at Jupiter

DISCUSSION

The Committee gives careful consideration to the linkage between risk and reward to ensure the desired behaviours and culture are being rewarded. This includes ensuring the reward structures are consistent with and promote sound and effective risk management, and ensuring remuneration out-turns appropriately reflect the risk profile and behaviours of the Group and each individual. This is demonstrated through a variety of reward features and processes that ensure alignment to risk considerations throughout the organisation. For example:

- When assessing the overall variable compensation spend as described on page 82, the Committee considers a number of 'checkpoints', as described in the checkpoints chart on the right hand side of this page.
- Assessment of individual performance includes consideration of a scorecard of financial and non-financial metrics. This ensures that the way in which performance has been achieved is taken into account, for example, in terms of risk and repeatability. For all employees there is consideration of conduct, performance against risk and compliance criteria, ensuring there is risk adjustment at an individual level.
- All employees with bonuses of over £50,000 have a portion of bonus deferred into shares and/or fund units. In total approximately 25% of employees are subject to some kind of deferral, ensuring their interests are aligned to the long-term success of the Group and with the interest of clients.
- Shareholding requirements apply to Executive Directors and Executive Committee members, further enhancing the link to the Group's long-term success.
- For Executive Directors and Executive Committee members, all variable remuneration is subject to malus and clawback provisions, whereby incentive awards may be reduced, withheld or reclaimed in certain circumstances, including where there has been a material failure of risk management.

In addition to the Compliance Director and the Audit and Risk Committee feeding into the process, the Head of Risk presents a report to the Committee, setting out thoughts and assurances around how the remuneration structures and processes support sound and effective risk management.

CHECKPOINTS

Capital base and liquidity

Can Jupiter afford the proposed variable compensation spend?

- Sufficient liquidity to make payments?
- Consider impact on Jupiter's capital base.

Request and consider input from the Chief Financial Officer.

Underlying financial performance

Does Jupiter's underlying financial performance support the proposed variable compensation spend?

- Consider performance against financial KPIs listed in the Annual Report.
- Is there any reason to believe the financial results are not a fair reflection of underlying performance?

Request and consider input from the Audit and Risk Committee.

Risk

Does Jupiter's risk profile and risk management support the variable compensation spend? Are any adjustments required?

- Consideration of the Enterprise Risk Management report.
- Are all risks being suitably monitored and managed? Have there been any material failures of risk management (or any 'near misses') in the year?
- Consider whether profit reflects current and future risks and timing and likelihood of future revenues.

Request and consider input from the Head of Risk and the Audit and Risk Committee.

Compliance

Have there been any material compliance breaches in the year?

- Are any adjustments required?
- Consideration of any significant compliance breaches and/or 'near misses'.
- Consideration of any fines received in the year and any ongoing regulatory investigations.

Request and consider input from the Compliance Director.

Commercial

Are there any commercial drivers to support adjustments to the variable compensation spend?

- Consider the market for talent and whether the spend would likely result in any significant over/underpayment against the market.

Reputational

Are there any reputational drivers to support adjustments to the variable compensation spend?

- Has there been any reputational damage to the Group in the year?
- Will the proposed variable compensation pool quantum have any adverse reputational impact on the Group?

Variable compensation spend, total and variable compensation ratios approval

COMPLIANCE STATEMENT

This Remuneration Report was prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. This report contains both audited and non-audited information. The information subject to audit is set out in the Annual Report on Remuneration and is identified accordingly.

During the year Jupiter has been subject to a number of regulations including CRD III and also parts of the firm were subject to AIFMD and UCITS V. The Committee fulfils all of its requirements under these regulations and ensures that the remuneration policy adheres to their principles. The Group has followed the requirements of the UK Corporate Governance Code.

REMUNERATION REPORT CONTINUED

DILUTION

Our policy regarding dilution from employee share awards is to ensure that dilution will be no more than 10% in any rolling 10 year period and no more than 5% from employee share awards granted to Executive Directors of the Company in any rolling 10 year period.

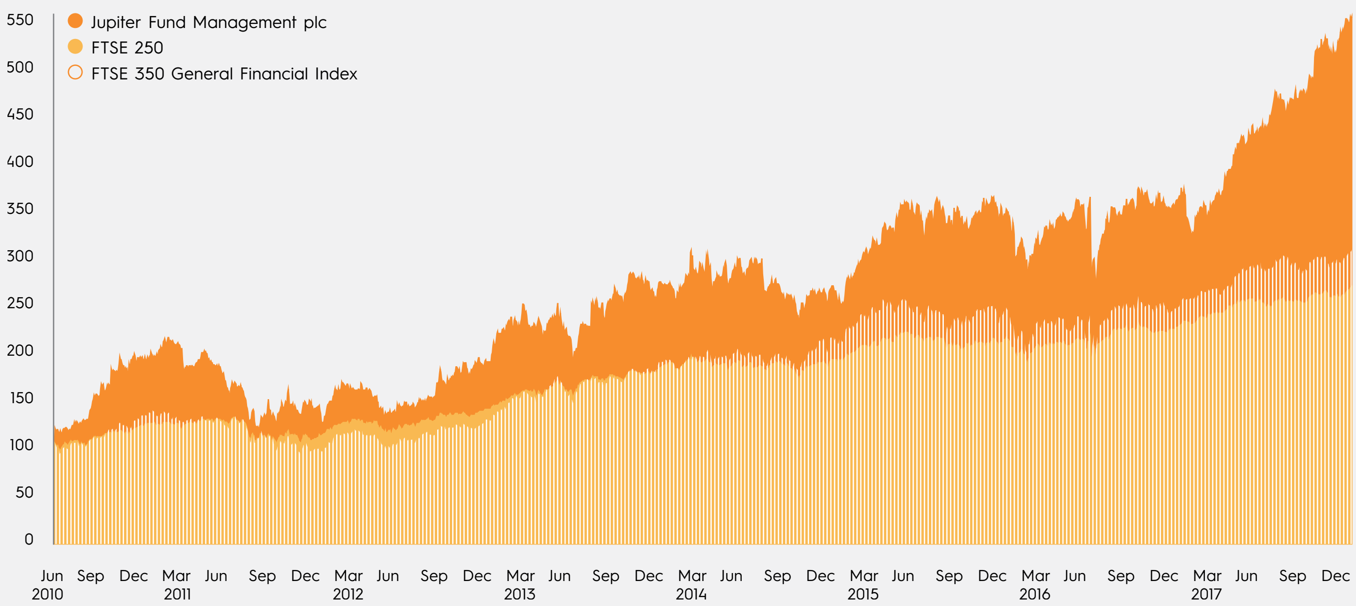
As at 31 December 2017, share awards granted under the DBP, LTIP and Sharesave in the seven and a half years since Jupiter's Listing were outstanding over 19.6m shares (including 2.2m granted to Executive Directors). This represented 4.3% (0.5% to Executive Directors) of the Company's issued share capital. Our current intention is to settle all share awards outstanding as at 31 December 2017 with market purchased shares and our ongoing practice is to purchase shares in the market to settle obligations. No new shares have been issued since Listing in 2010. Therefore, we are currently operating within the relevant dilution targets by a comfortable margin.

Notwithstanding the target outlined above, as a business exposed to both market shocks and critical people issues, we believe we should retain flexibility to act very quickly to take steps that could increase dilution up to a maximum of 15% on a temporary and short-term basis, if the Remuneration Committee and Board believe it is clearly in shareholders' interests to do so.

If dilution were to exceed 10% in any rolling 10 year period, this would be on an exceptional basis and for a short time period. The Remuneration report for the relevant year would also contain the necessary justifications for such an outcome. The Remuneration Committee and Board would ensure that dilution levels returned to within the 10% level in any rolling 10 year period as soon as practicable thereafter.

PAY VS PERFORMANCE

Total shareholder return (per cent)



The chart above shows the Company's share price performance (based on total shareholder return, with dividends reinvested net of tax) in the period since Listing on 21 June 2010, compared with the movement of the FTSE 250 Index and the FTSE 350 General Financial Index. These two indices were chosen as the Company is in the FTSE 250 and the FTSE 350 General Financial Index includes UK listed financial stocks, including asset managers.

TABLE OF HISTORIC LEVELS OF CEO PAY

	2010	2011	2012	2013	2014	2015	2016	2017
CEO single figure of total remuneration (£'000)	2,035	1,785	1,634	1,789	2,301[1]	2,716	2,437	3,804
Long-term incentive vesting rates against maximum opportunity[2]	N/A	N/A	N/A	N/A	46%	71%	44%[3]	74%[4]

1 Calculated as Edward Bonham Carter's remuneration to 17 March 2014 and Maarten Slendebroek's from 17 March 2014 when he took on the role of CEO, plus the value of Edward Bonham Carter's LTIP award vesting based on performance to 31 December 2014.
2 No LTIP awards vested 2010 to 2013 as the first LTIP awards granted to the CEO after Listing were in 2012.
3 Maarten Slendebroek has two separate LTIP awards included in the 2016 single figure, both of which had performance periods ending during that financial year. The 44% vesting is a weighted average of the vesting outcomes for both awards combined.
4 Maarten Slendebroek has two separate LTIP awards included in the 2017 single figure, both of which had performance periods ending during that financial year. The 74% vesting is a weighted average of the vesting outcomes for both awards combined.

CHANGE IN CEO PAY VS EMPLOYEES

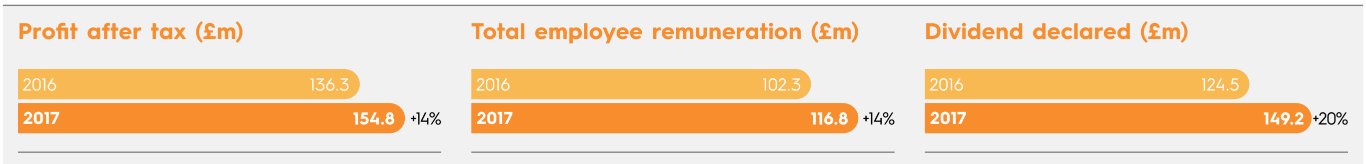
The percentage change in the CEO's pay (defined for these purposes as salary, taxable benefits, cash bonus and DBP awards in respect of the relevant year) between 2016 and 2017, and the same information, on an averaged basis, for all employees (excluding Executive Directors) is shown in the table below:

	CEO percentage change (2016 to 2017)	All employees (excluding Executive Directors) percentage change (2016 to 2017)
Base salary	0%	3%
Benefits[1]	0%	0%
Bonus (including DBP portion)	17%	48%[2]

1 Benefits include taxable value of private medical insurance.
2 The significant increase in average bonus for all employees (excluding Executive Directors) from 2016 to 2017 is partly due to the removal of LTIP awards for a large proportion of employees, and instead the payment of all variable compensation through the annual bonus.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following chart shows the Group's profit after tax, total employee remuneration and dividends declared on ordinary shares for 2017 and 2016. Additional illustration of how Jupiter's available profit is distributed between stakeholders is demonstrated on page 12 of this report.



SHAREHOLDER VOTING

The following table sets out the voting outcomes in respect of the most recent AGM votes on the Annual Report on Remuneration and the Directors' Remuneration Policy.

	For	Percentage of total votes cast	Against	Percentage of total votes cast	Withheld
Annual Report on Remuneration at 2017 AGM	349,856,989	97.83	7,770,888	2.17	10,678,366
Directors' Remuneration Policy at 2017 AGM	327,705,740	90.37	34,938,417	9.63	5,662,106

ADVISERS

Deloitte LLP is appointed by the Remuneration Committee as its adviser. Deloitte is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied as to Deloitte's independence. Fees paid to Deloitte for executive remuneration consulting were £128,300 in 2017. Deloitte also provides advice to the Company relating to regulatory matters. The Remuneration Committee does not consider that the other advice provided has any impact on Deloitte's independence as adviser to the Remuneration Committee.

In addition, the Chief Executive Officer, Company Secretary, HR Director and Head of Reward are invited to attend Remuneration Committee meetings to contribute to the Committee's deliberations. In addition, the Chief Financial Officer, Compliance Director, Head of Risk and Chief Investment Officer are invited to attend Remuneration Committee meetings to provide specific input, where requested. No individual is present when their remuneration is being discussed.

On behalf of the Board

BRIDGET MACASKILL
Chairman of the Remuneration Committee
26 February 2018

DIRECTORS' REPORT

The Directors present their report and the Group's audited financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES AND RESULTS

The Company's principal activity is to act as a holding company for a group of investment management companies. Our business model is based on investment performance, growing value and effective distribution and is explained in the Strategic report. The Group operates principally in the United Kingdom and has branches of Jupiter Asset Management Limited operating overseas, together with three overseas trading subsidiaries.

The Company is incorporated with Company Number 6150195 and is domiciled in England and Wales.

Other information, which forms part of this Directors' report, can be found in the following sections of the Annual Report and is deemed to form part of this report:

- Commentary on the development and performance in the year ended 31 December 2017, and likely future developments in the Group's business, is included in the Strategic report.
- Descriptions of the Group's financial risk management objectives and policies, and its exposure to risks arising from its use of financial instruments, are set out in Note 5.3 to the Accounts.
- Information concerning Directors' contractual arrangements and entitlements under share-based remuneration arrangements is given in the Remuneration report.
- The Group's environmental performance data, including the absolute Scope 1 and 2 emissions for 2017, can be found in the Corporate Responsibility section of the Strategic report.
- Information concerning the involvement of employees in the business is also given in the Performance Review section of the Strategic report.

DISCLOSURE REQUIRED UNDER THE LISTING RULES AND THE DISCLOSURE GUIDANCE AND TRANSPARENCY RULES DTR 4.1.5R,DTR 4.1.8R AND DTR 4.1.11R

Information which is the required content of the Management report can be found in the Strategic report and in this Directors' report.

LR 9.8.4R

The following table is disclosed pursuant to Listing Rule 9.8.4R. The information required to be disclosed, where applicable to the Company, can be located in the Annual Report and Accounts at the references set out below:

Information	Location
Interest capitalised	Not applicable
Shareholder waiver of dividends	Notes to Accounts 4.3
Shareholder waiver of future dividends	Notes to Accounts 4.3
Agreements with controlling shareholders	Not applicable
Provision of services by a controlling shareholder	Not applicable
Details of long-term incentive schemes	Remuneration report and notes to the Accounts 1.5
Waiver of emoluments by a Director	Not applicable
Waiver of future emoluments by a Director	Not applicable
Significant contracts	Governance report
Non-pre-emptive issues of equity for cash	Not applicable
Non-pre-emptive issues of equity for cash in relation to major subsidiary	Not applicable
Participation by parent of a placing by a listed subsidiary	Not applicable
Publication of unaudited financial information	Other Information

All the information cross-referenced above is incorporated by reference into this Directors' report.

COMPLIANCE STATEMENT – DTR 7.2

This statement has been provided by the Chairman in her introduction to the Governance section and is deemed to form part of this Directors' report.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS – DTR 7.2.5

A description of the Company's financial reporting processes and the main features of its internal control and risk management processes can be found in the Governance report.

STRUCTURE OF CAPITAL AND VOTING RIGHTS – DTR 7.2.6

As at 31 December 2017 and 26 February 2018, there were 457,699,916 fully paid ordinary shares of 2p, amounting to £9,153,998. Each share in issue is listed on the Official List maintained by the FCA in its capacity as the UK Listing Authority. There were no changes to the share capital during the year. The Company has one class of ordinary shares which carry the right to attend, speak and vote at general meetings of the Company. The holders of ordinary shares have the right to participate in dividends and other distributions according to their respective rights and interests in the profits of the Company and a return of capital on a winding-up of the Company. Full details regarding the exercise of voting rights in respect of the resolutions to be considered at the AGM to be held on 16 May 2018 are set out in the Notice of Annual General Meeting. To be valid, the appointment of a proxy to vote at a general meeting must be received not less than 48 hours before the time appointed for holding the meeting.

None of the ordinary shares carries any special rights with regard to control of the Company.

SHARES HELD IN EMPLOYEE BENEFIT TRUSTS

Under the rules of the Jupiter Share Incentive Plan (the "SIP"), which was introduced in 2013, eligible employees are entitled to acquire ordinary shares in the Company. The SIP shares are held in trust for participants by Yorkshire Building Society (the "SIP Trustee"). Voting rights are exercised by the SIP Trustee on receipt of participants' instructions. If a participant does not submit an instruction to the SIP Trustee, no vote is registered. In addition, the SIP Trustees do not vote on any unallocated shares held in trust. As at 26 February 2018, the SIP Trustee held 0.15% of the Company's issued share capital.

RBC cees Trustee Limited, as trustee of the Jupiter Employee Benefit Trust (the "EBT Trustee"), holds ordinary shares in trust for the benefit of the Group's employees. Where the EBT Trustee has allocated shares held in the trust in respect of specific awards granted under the Jupiter Employee Share Plan, the holders of such awards may recommend to the EBT Trustee as to how it should exercise voting rights relating to such shares. To the extent that a participant does not make such recommendations, no vote is registered. In addition, the EBT Trustee does not vote on any unallocated shares held in the trust. As at 26 February 2018, the EBT Trustee held 2.13% of the Company's issued share capital.

BOARD OF DIRECTORS

During the year, Roger Yates joined the Board as a Non-Executive Director.

The Directors who served during the year are as follows:

Liz Airey
Edward Bonham Carter
Jonathon Bond
Charlotte Jones
Bridget Macaskill
Maarten Slendebroek
Karl Sternberg
Lorraine Trainer
Polly Williams
Roger Yates (from 10 October)

DIRECTORS' INTERESTS

The Directors' interests in the Company's shares are set out in the Remuneration report. No Director had a material interest in any significant contract (other than a service contract or contract for services) with the Company at any time during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

This statement, which is included later in this section, is deemed to form part of this Directors' report.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

The Company's Articles of Association provide that 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 AGM.

In accordance with the Company's Articles of Association and the Code's requirements, all serving Directors with the exception of Lorraine Trainer offer themselves for election or re-election at the AGM in 2018.

In addition to any powers under the Companies Act 2006 (the "Act") to remove Directors from office, the Company may, by passing an ordinary resolution, remove any Director from the Board before the expiration of his or her period in office. The Company may, subject to the Articles of Association, appoint by ordinary resolution another person who is willing to be a Director in his or her place. The Company's Articles of Association may be amended by special resolution of the shareholders.

The Directors are advised of their statutory duty to avoid conflicts of interest with those of the Company. All actual and potential conflicts are brought to the attention of the Board. The operation of the Company's policy on conflicts of interest is described in the Governance section.

The rights and obligations attaching to the Company's ordinary shares, as well as the powers of the Company's Directors, are set out in detail in the Company's Articles of Association, which are made available for inspection by the Company's shareholders at the AGM.

SUBSTANTIAL SHARE INTERESTS

As at 31 December 2017, the Company had received notifications from the following shareholders of their direct or indirect shareholding of 3% or more in the Company's issued share capital. This information is disclosed pursuant to the Disclosure Guidance and Transparency Rules and in response to disclosures requested by the Company. No notifications have been disclosed to the Company in accordance with DTR 5 during the period 1 January 2018 to 26 February 2018.

Name	Number of shares as at 31 December 2017	Percentage Interest (%)
Silchester International Investors LLP	45,400,170	9.92
Baillie Gifford & Co Ltd	38,488,102	8.41
Invesco Ltd	21,337,513	4.67
Standard Life Aberdeen	19,285,109	4.22
M&G Investment Management Ltd	19,275,553	4.21
BlackRock Inc	19,115,342	4.18

DIRECTORS' REPORT CONTINUED

CREST
The Company's ordinary shares are in CREST, the settlement system for stocks and shares traded on the London Stock Exchange.

RESTRICTIONS ON TRANSFER OF SHARES
There are no restrictions on voting rights or the transfer of shares in the Company and the Company is not aware of any agreements between holders of shares that result in such restrictions.

EMPLOYEES
The Group gives full and fair consideration to applications for employment from disabled persons, where a disabled person can adequately fulfil the job's requirements. Where existing employees become disabled, the Group's policy, wherever practicable, is to provide continuing employment under normal terms and conditions and make any required changes to their working environment. The Group provides training, career development and promotion to disabled employees.

Further details of the Company's employment procedures and practices are set out in the Performance Review section of the Strategic report.

DIVIDENDS
Effective from 2015, the Board changed its approach to dividends to enable prompt payment alongside potential future special dividends, with the expectation that payment of dividends can be made in early April. Accordingly, the Directors have not recommended a final dividend but have approved a full year dividend in respect of 2017 of 10.3 pence per ordinary share (2016: 10.2 pence per ordinary share). Payment of this dividend is not subject to approval by shareholders at the AGM. The Directors have also declared a special dividend of 15.5 pence per ordinary share (2016: 12.5 pence per ordinary share). Both dividends will be paid on 6 April 2018, to shareholders on the register at the close of business on 9 March 2018.

POWERS OF THE DIRECTORS
The Directors manage the Company under the powers set out in the Company's Articles of Association. These powers include the Directors' ability to issue or buy back shares. An ordinary resolution was passed at the AGM on 17 May 2017, authorising the Directors to allot new ordinary shares up to an aggregate nominal amount of £3,051,332, representing approximately one-third of the Company's issued share capital. The Directors intend to seek shareholders' approval for the renewal of this authority at the AGM, to allot and grant rights to subscribe for ordinary shares up to an aggregate nominal amount of £3,051,332, representing approximately one-third of the Company's issued share capital as at 26 February 2018. If approved, this authority will expire on 30 June 2019 or, if earlier, at the conclusion of the AGM in 2019.

At the AGM in 2017, shareholders approved a resolution authorising the Company to make purchases of its own shares. As at 26 February 2018, the Directors have not used this authority. A special resolution will be proposed at the AGM to renew the Company's limited authority to purchase its own ordinary shares. The authority will be limited to a maximum of 45,769,950 ordinary shares (approximately 10% of the Company's issued share capital as at 26 February 2018) and will set out the minimum and maximum prices which the Company may pay for any such purchase. If approved, this authority will expire on 30 June 2019, or, if earlier, at the conclusion of the AGM in 2019.

INDEPENDENT AUDITORS AND AUDIT INFORMATION
PwC were re-appointed as external auditors following a tender conducted in 2014. In accordance with the FRC's recommendations as set out in the Code, the Audit will be retendered within 10 years of that appointment.

GOING CONCERN
The Strategic report discusses the Group's business activities, together with the factors likely to affect its future development, performance and position. In addition, it sets out the Group's financial position, cash flows, liquidity position and borrowing facilities. The financial risk management note to the Financial Statements sets out the Group's objectives, policies and processes for managing capital and its financial risk management objectives, together with details of financial instruments and exposure to credit and liquidity risk.

The Group has access to the financial resources required to run the business efficiently and has a strong gross cash position. The Group's forecasts and projections, which are subject to rigorous sensitivity analysis, show that the Group will be able to operate within its available resources. As a consequence, the Directors consider it appropriate to prepare the annual Financial Statements on a going concern basis of accounting.

STATEMENT OF VIABILITY
In accordance with provision C.2.2 of the Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months required by the Going Concern provision. Details of the assessment can be found in the Financial Review section of the Strategic report.

CHANGE OF CONTROL
The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control following a takeover bid, except that provisions of the Company's share schemes may cause options and awards granted under such schemes to vest in those circumstances.

DIRECTORS' INDEMNITIES

The Company's Articles of Association permit the provision of indemnities to the Directors. In accordance with the Articles of Association, the Company has entered into a deed of indemnity in favour of each Director (which is a qualifying third-party indemnity provision under the Act) pursuant to which the Director has been granted the right to indemnification as permitted under the Act. These arrangements were in place throughout the year and up to the date of approval of this report and applied to the current and previous Directors. In addition, during the year the Company has maintained Director's and Officer's liability insurance cover for Directors.

DIRECTORS' SERVICE AGREEMENTS

Each Executive Director has a written service agreement, which may be terminated by either party on not less than six months' notice in writing.

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

The letters of appointment of the Non-Executive Directors are issued for an initial period of three years, which may be renewed for further terms as appropriate. All appointments are subject to a review by the Nomination Committee upon the third anniversary and on extension a further review is undertaken at the sixth anniversary at which the Board's succession plans and the need to refresh the Board's skills and experiences are carefully considered.

The role and responsibilities of each Director are clearly set out and include the duties of a Director provided in the Act. It is made clear that these duties do not include any management function but an indication that the Director is expected to support and challenge management and help in the development of the Group's strategy. Three months' notice in writing is required to be served by either party to terminate the appointment.

The Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal business hours and at the AGM (for 15 minutes prior to, and during, the Meeting).

COMPENSATION FOR LOSS OF OFFICE

With reference to Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (paragraph 13(2)(k)), there are no agreements in place between the Company and any director or employee for loss of office in the event of a takeover.

POLITICAL DONATIONS

The Group made no political donations or contributions during the year (2016: £nil).

ANNUAL GENERAL MEETING

The AGM will take place on 16 May 2018. All shareholders are invited to attend and will have the opportunity to put questions to the Board. The Notice of the AGM will be circulated to all shareholders at least 20 working days before the meeting and the details of the resolutions to be proposed will be set out in that Notice. This document will be available on the Company's website at **www.jupiteram.com**.

By order of the Board

ADAM WESTLEY
Company Secretary
26 February 2018

DIRECTORS' RESPONSIBILITY AND COMPLIANCE STATEMENTS

STATEMENTS RELATING TO THE PREPARATION OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report, the Remuneration Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and Company Financial Statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"), and related IFRS IC interpretations and with the provisions of the Companies Act 2006 (the "Act") applicable to companies reporting under IFRS.

THE DIRECTORS' REVIEW OF THE FINANCIAL STATEMENTS

The Directors undertook a detailed review of the Financial Statements in January and February 2018. Following this examination, the Board was satisfied that the Financial Statements for 2017 give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. Before approving the Financial Statements, the Board satisfied itself that in preparing the statements:

- suitable accounting policies had been selected and consistently applied;
- the judgements and accounting estimates that have been made were reasonable, necessary and prudent; and
- where applicable IFRSs, as adopted by the EU, have been adopted they have been followed and that there were no material departures.

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

THE DIRECTORS' REVIEW OF GOING CONCERN

The Financial Statements have been prepared on the going concern basis, the Directors having determined that the Company is likely to continue in business for at least 12 months from the date of this report.

THE DIRECTORS' REVIEW OF CURRENT POSITION, PROSPECTS AND PRINCIPAL RISKS

Supported by the Audit and Risk Committee, the Directors have completed a robust review and assessment of the principal risks in the business making use of the Enterprise Risk Framework which is now functioning in all areas of the Company. The framework ensures that the relevant risks are identified and managed and that information is shared at an appropriate level. Full details of these risks are provided in the 'Risks to our Strategy' pages of the Strategic report. The Board subjected the Enterprise Risk Framework to a detailed review in May. The Directors found it was an effective mechanism through which the principal risks and the Company's risk appetite and tolerances could be tested and challenged.

THE DIRECTORS' RESPONSIBILITY FOR ACCOUNTING RECORDS

The Directors have examined the accounting records kept in the business and have determined that they are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the requirements of the Act and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE DIRECTORS' RESPONSIBILITY FOR THE SAFEKEEPING OF ASSETS

The Directors have examined the steps in place for ensuring the prevention and detection of fraud and other irregularities. The procedure is examined and tested on a regular basis. The Board is satisfied it is understood and is operated well, and accordingly that the assets of the Company are safeguarded and protected from fraud and other irregularities.

THE DIRECTORS' RESPONSIBILITY FOR INFORMATION

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Each of the Directors (whose names and functions are listed in the Directors' profiles set out in the Governance section) confirms that, to the best of his or her knowledge:

- the Group Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company Financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities and financial position and profit of the Company and
- the Directors' Report contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

In accordance with Section 418 of the Act, the Directors' report includes a statement, in the case of each Director in office at the date the Directors' report is approved, that:

(a) so far as the Director is aware, there is no relevant audit information (as defined in section 418(3)) of the Act of which the Company's auditors are unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

CHARLOTTE JONES
Chief Financial Officer
26 February 2018

FINANCIAL STATEMENTS: GROUP

SECTION 1: RESULTS FOR THE YEAR

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £m	2016 £m
Revenue	1.1, 1.2	460.2	401.8
Fee and commission expenses	1.1	(50.7)	(50.4)
Net revenue	1.1	**409.5**	**351.4**
Administrative expenses	1.3	(214.8)	(182.1)
Operating earnings	1.6	**194.7**	**169.3**
Other gains	1.7	0.6	5.1
Amortisation of intangible assets	3.2	(2.3)	(3.3)
Operating profit		**193.0**	**171.1**
Finance income	1.8	0.1	0.5
Finance costs	1.9	(0.2)	(0.2)
Profit before taxation		**192.9**	**171.4**
Income tax expense	1.10	(38.1)	(35.1)
Profit for the year		**154.8**	**136.3**
Earnings per share			
Basic	1.11	34.5p	30.3p
Diluted	1.11	33.7p	29.6p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £m	2016 £m
Profit for the year		**154.8**	**136.3**
Items that may be reclassified subsequently to profit or loss			
Exchange movements on translation of subsidiary undertakings	4.2	(0.2)	0.5
Items reclassified to the income statement			
Realised foreign exchange gains transferred to the income statement	4.2	–	(5.0)
Other comprehensive loss for the year net of tax		**(0.2)**	**(4.5)**
Total comprehensive income for the year net of tax		**154.6**	**131.8**

SECTION 1: RESULTS FOR THE YEAR

NOTES TO THE GROUP FINANCIAL STATEMENTS – INCOME STATEMENT

INTRODUCTION

The Group's financial statements have been split into sections to assist with their navigation and align with the Financial Review. Accounting policies are contained within relevant notes and are boxed, with the basis of preparation and general policies collected in Section 5. An explanation of the use of alternative performance measures (APMs) is provided on page 31.

1.1. REVENUE

The Group's primary source of revenue is management fees. Management fees are based on an agreed percentage of the assets under management (AUM). Initial charges and commissions include fees based on a set percentage of certain flows to our funds and profits earned on dealing within the unit trust manager's box, known as box profits. Performance fees are earned from some funds when agreed performance conditions are met. Net revenue is stated after fee and commission expenses to intermediaries for ongoing services under distribution agreements.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of investment management services. Revenue is shown net of any value added tax, rebates and discounts. Our primary revenue components are accounted for as follows:

- management fees are recognised in the period in which the service is performed and are calculated as a percentage of net fund assets managed in accordance with individual management agreements;
- initial charges and commissions on sales of unit trusts are deferred and amortised over the anticipated period of the provision of investment management services. Box profits, which will no longer be earned by the Group from January 2018, are calculated as the difference between the cost of purchasing redeemed units at cancellation prices and reselling them at creation prices. Such box profits are recognised when the related transaction occurs; 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 virtually certain that the fee will be received. Such fees are normally recognised at the end of the relevant reporting period of the fund.

Fee and commission expenses

These are paid to third parties for ongoing services under distribution agreements and are charged to the income statement over the period in which the service is expected to be provided. The services provided include the provision of access to a basket of fund products, information on financial products, promotional materials, ongoing services to clients and transaction processing.

	2017 £m	2016 £m
Management fees	441.6	377.4
Initial charges and commissions	3.1	5.4
Performance fees	1.9	6.2
Revenue	**446.6**	**389.0**
Fee and commission expenses	(50.7)	(50.4)
Net revenue before box profits	**395.9**	**338.6**
Box profits	13.6	12.8
Net revenue	**409.5**	**351.4**

SECTION 1: RESULTS FOR THE YEAR

NOTES TO THE GROUP FINANCIAL STATEMENTS – INCOME STATEMENT

1.2. SEGMENTAL REPORTING

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

Management monitors operating earnings, a non-GAAP measure (see page 31), for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

Revenue by location of clients	2017 £m	2016 £m
UK	347.7	333.7
Continental Europe	80.0	46.1
Rest of the world	32.5	22.0
Total revenue by location	**460.2**	**401.8**

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

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

Non-current assets for the Group	2017 £m	2016 £m
UK	355.3	355.0
Continental Europe	0.1	0.1
Rest of the world	0.1	0.1
Non-current assets by location	**355.5**	**355.2**

1.3. ADMINISTRATIVE EXPENSES

The largest administrative expense is staff costs. The other administrative expenses category includes certain significant costs such as administration fees, expenditure relating to non-capitalisable investment in the business, marketing and IT costs.

Operating leases

Operating leases are leases where the lessor retains substantially all the risks and benefits of ownership of the asset. All of the Group's leases are operating leases and rental payments are charged to the income statement on a straight-line basis over the term of the lease.

Administrative expenses comprise:

	2017 £m	2016 £m
Staff costs (Note 1.4)	137.0	114.9
Depreciation of property, plant and equipment (Note 3.3)	2.1	2.2
Auditors' remuneration (see below)	0.9	1.1
Operating lease rentals for land and buildings	4.7	4.5
Other administrative expenses	70.1	59.4
Total administrative expenses	**214.8**	**182.1**

Auditors' remuneration	2017 £m	2016 £m
Fees payable to the Company's auditors and their associates for the audit of the parent company and consolidated financial statements	0.2	0.1
Fees payable to the Company's auditors and their associates for other services to the Group:		
Audit of the Company's subsidiaries pursuant to legislation	0.3	0.3
Audit-related assurance services	0.2	0.3
Tax advisory services	–	0.1
Other assurance services	0.2	0.1
Other non-audit services	–	0.2
Total auditors' remuneration	**0.9**	**1.1**

1.4. STAFF COSTS

Staff costs include wages and salaries, share-based payments, pension costs and redundancy costs, along with associated social security costs, and are recognised on an accruals basis as services are provided to the Group.

Pension costs

The Group contributes to a number of defined contribution pension schemes for the benefit of its employees. Contributions in respect of the UK employees (at the rate of 15% of gross salary) are made into the Jupiter Pension Scheme whose financial statements are available from the trustees at the registered office of the Company. No liability is included in the balance sheet as no obligations were outstanding at the balance sheet date.

Contributions made by the Group are charged to the consolidated income statement as they become payable in accordance with the rules of the schemes.

	2017 £m	2016 £m
Wages and salaries	85.0	79.8
Share-based payments (Note 1.5)	27.0	18.1
Social security costs	19.2	12.4
Pension costs	4.8	4.4
Redundancy costs	1.0	0.2
	137.0	**114.9**

Fund units

As described in Note 1.5(ii), deferred bonuses can be deferred into either options over the Company's shares or a cash equivalent to units in the Group's funds. The expense included within wages and salaries in the income statement in relation to fund units for the year ended 31 December 2017 was £5.2m (2016: £3.0m).

Where bonuses are deferred into fund units, the fair value of the award is spread over the vesting period and included within staff costs. The liability is revalued at each balance sheet date to the expected settlement amount, being the current market value of the underlying fund unit. Any increase or decrease in value is recognised in the income statement within staff costs. The liability is included in the balance sheet as part of accrued expenses within trade and other payables (see Note 3.9).

The Group hedges its exposure to price fluctuations in the underlying fund units by purchasing the fund units at the date of grant. These are included within financial assets at fair value through profit or loss (FVTPL) on the balance sheet. Any change in the fair value of the units is recognised in the income statement within other gains.

Average number of employees

The monthly average number of persons employed by the Group during the year, including Executive Directors, by activity is:

	2017	2016
Fund management	72	66
Distribution and marketing	121	119
Infrastructure and operations	311	278
	504	**463**

Information regarding Directors' aggregate emoluments of £6.4m (2016: £6.2m) is given in the Remuneration report.

SECTION 1: RESULTS FOR THE YEAR

NOTES TO THE GROUP FINANCIAL STATEMENTS – INCOME STATEMENT

1.5. SHARE-BASED PAYMENTS

The Group engages in share-based payment transactions 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. These have been accounted for as equity-settled share-based payments.

The fair value of the awards granted in the form of shares or share options is recognised as an expense over the appropriate performance and vesting period. The corresponding credit is recognised in retained earnings within total equity. The fair value of the awards is calculated using an option pricing model, the principal inputs being the market value on the date of award, discounted for any dividends foregone over the holding period of the award, and an adjustment for expected and actual levels of vesting which includes estimating the number of eligible employees leaving the Group and the number of employees satisfying the relevant performance conditions. These estimates are reviewed regularly and the charge to the income statement is adjusted appropriately (at the end of the relevant scheme as a minimum). Shares and options vest on the occurrence of a specified event under the rules of the relevant plan.

A summary of the charge taken to the income statement (excluding social security) for each share-based payment arrangement is shown below:

	2017 £m	2016 £m
Interests in options under pre-Listing Share Plan	–	0.1
Deferred Bonus Plan (DBP)	14.3	6.3
Long-term Incentive Plan (LTIP)	12.0	11.0
Sharesave Plan (SAYE)	0.4	0.4
Share Incentive Plan (SIP)	0.3	0.3
Total (Note 1.4)	**27.0**	**18.1**

The fair value of the services provided by employees has been calculated indirectly by reference to the fair value of the equity instruments granted. Fair value amounts for the options granted under the DBP, LTIP and SAYE schemes were determined using a Black Scholes option-pricing method and the following assumptions:

	2017			2016		
	DBP 2016	LTIP 2017	SAYE 2017	DBP 2015	LTIP 2016	SAYE 2016
Weighted average share price (£)	4.21	4.22	5.37	4.10	4.11	4.54
Exercise price (£)	–	0.02	4.29	–	0.02	3.43
Weighted average expected volatility (%)	28.5	28.1	27.5	27.7	28.0	30.4
Weighted average option life (years)	3.1	4.2	3.5	3.1	3.2	3.7
Weighted average dividend yield (%)	3.5	3.5	3.2	3.6	3.6	3.3
Weighted average risk-free interest rate (%)	0.2	0.2	0.6	0.5	0.5	0.2

Expected volatility for options granted in 2017 and 2016 has been calculated using the historical volatility of the Group.

The numbers above in relation to the LTIP include Joiner Plans as both schemes have a similar structure.

(i) Interests in options under pre-Listing Share Plan

These options were granted to certain employees prior to listing in June 2010 and allowed them to acquire shares at nominal value, subject to satisfying certain vesting and performance conditions. The terms of the options allowed individuals to make a payment to the Company entitling them to take up rights to shares between one and five years after the grant date, depending on the individual award. Some awards were modified in 2015, extending the vesting date by between one and three years. The interests in options under pre-Listing Share Plan were granted at the nominal price of £0.02, which gives them the characteristics of nil cost options and therefore the fair value of these awards is based on the market price at the date of the award.

The following table illustrates the number and weighted average exercise price (WAEP) of, and movement in, share options during the year:

	2017		2016	
Options outstanding	**Number**	**WAEP £**	**Number**	**WAEP £**
At 1 January	860,000	0.02	930,000	0.02
Exercised	(140,000)	0.02	(70,000)	0.02
Forfeited	–	–	–	–
At 31 December	**720,000**	**0.02**	**860,000**	**0.02**
Exercisable at 31 December	**–**	**–**	**–**	**–**

The weighted average share price at the date of exercise of these options was £4.85 (2016: £4.14) per ordinary share.

No options were granted under this plan in 2017 or 2016. For the options granted in 2010, the weighted average fair value per option granted was £1.48.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2017 is 0.8 years (31 December 2016: 1.7 years).

(ii) Deferred Bonus Plan (DBP)

All employees of the Group who are eligible for a bonus over a certain level, as determined by the Remuneration Committee, are required to participate in the DBP. The DBP provides for compulsory deferral of a proportion of bonus. Deferrals can be made into either options over the Company's shares or a cash amount equivalent to the value of units in the Group's funds (see Note 1.4 for information on the treatment of fund units). The awards in respect of DBP are granted after the year end to which they relate. The awards made in 2016 and 2017 in relation to 2015 and 2016 performance were granted in the form of nil cost options over the Company's shares, at a price calculated as the market price immediately prior to the date of the award. Awards will also be made in 2018 in relation to 2017 performance, thus a charge for these awards has been taken to the income statement in 2017.

	2017		2016	
Options outstanding	**Number**	**WAEP £**	**Number**	**WAEP £**
At 1 January	5,015,594	–	4,854,647	–
Granted	1,988,646	–	2,108,710	–
Exercised	(1,775,539)	–	(1,844,245)	–
Forfeited	(12,583)	–	(103,518)	–
At 31 December	**5,216,118**	–	**5,015,594**	**–**
Exercisable at 31 December	**–**	**–**	**–**	**–**

There were 1,775,539 options exercised under this plan in 2017 (2016: 1,844,245). The weighted average share price at the date of exercise of these options was £4.64 (2016: £4.26).

The weighted average fair value of options granted under this plan during the year was £3.78 (2016: £3.67).

The weighted average remaining contractual life of the share options outstanding under this plan at 31 December 2017 was 1.5 years (31 December 2016: 1.6 years).

SECTION 1: RESULTS FOR THE YEAR

NOTES TO THE GROUP FINANCIAL STATEMENTS – INCOME STATEMENT

1.5. SHARE-BASED PAYMENTS CONTINUED

(iii) Long-term Incentive Plan (LTIP)

All employees are eligible to participate in the LTIP. Awards are made at the discretion of the Remuneration Committee and may be granted in the form of options (either at market value, nominal value or nil cost), restricted shares or conditional share awards over the Company's shares. The LTIP awards granted in 2017 and 2016 took the form of nominal cost options over the Company's shares.

	2017		2016	
Options outstanding	Number	WAEP £	Number	WAEP £
At 1 January	11,369,725	0.02	11,259,501	0.02
Granted	4,244,575	0.02	3,761,623	0.02
Exercised	(2,843,671)	0.02	(2,881,629)	0.02
Forfeited	(343,892)	0.02	(769,770)	0.02
At 31 December	**12,426,737**	**0.02**	**11,369,725**	**0.02**
Exercisable at 31 December	**554,678**	**0.02**	**568,222**	**0.02**

There were 2,843,671 options exercised under this plan in 2017 (2016: 2,881,629). The weighted average share price at the date of exercise of these options was £4.69 (2016: £4.32).

The weighted average fair value of options granted under this plan during the year was £3.74 (2016: £3.65).

The weighted average remaining contractual life of the share options outstanding under this plan at 31 December 2017 was 3.2 years (31 December 2016: 3.3 years).

(iv) Sharesave Plan

All eligible UK employees may participate in the Group's Sharesave Plan, which was introduced in 2010. Under the terms of this plan, employees may enter into contracts to save up to the maximum amount permitted under legislation and, at the expiry of a fixed three- or five-year term, have the option to use these savings to acquire shares in the Company at a discounted price, calculated under the rules of the plan (currently a 20% discount to the market price at the date of award). Participants in the plan have six months from the date of vesting to exercise their option.

	2017		2016	
Options outstanding	Number	WAEP £	Number	WAEP £
At 1 January	1,419,249	3.13	1,357,707	2.86
Granted	447,427	4.29	408,112	3.43
Exercised	(502,596)	2.77	(254,207)	2.31
Forfeited/converted to new scheme	(134,832)	3.27	(92,363)	2.83
At 31 December	**1,229,248**	**3.67**	**1,419,249**	**3.13**
Exercisable at 31 December	**64,963**	**2.97**	**110,095**	**2.11**

The weighted average share price at the date of exercise of these options was £5.69 (2016: £4.27) per ordinary share.

The weighted average fair value of the options granted under this plan during the year was £1.24 (2016: £1.19).

The range of exercise prices of options granted under this plan is between £1.97 and £4.29.

The weighted average remaining contractual life of the share options outstanding under this plan at 31 December 2017 was 2.7 years (31 December 2016: 2.5 years).

(v) Share Incentive Plan (SIP)

All eligible UK employees may participate in the Group's Share Incentive Plan, which was introduced in 2013. Under the terms of this plan, employees may contribute from pre-tax salary up to the maximum amount permitted under legislation in any tax year, to be used to acquire shares in the Company at the market price on the relevant date. Matching shares are then awarded by the Company on a one matching share for each share purchased basis. The matching shares are subject to forfeiture where the employee leaves employment with the Group within three years of their award.

The number of matching shares purchased under this scheme during the year was 61,975 (2016: 41,731).

(vi) International Share Award (ISA)

All non-UK employees may participate in the Group's International Share Award, which was introduced in 2017 to create a non-UK plan similar to the Sharesave Plan. Under the terms of this award, international employees are offered the opportunity to be granted a share option which is exercisable after three years and three months. The exercise price is set at the same level as for the Sharesave Plan. Participants in the plan have six months from the date of vesting to exercise their option.

The number of awards made during the year was 23,133.

1.6. OPERATING EARNINGS

Operating earnings are defined as net revenue less administrative expenses and do not include investment income and returns, other gains and amortisation of intangible assets. These are items which the Group considers are not indicative of the ongoing income and costs of its operations. The Group believes that operating earnings, while not a GAAP measure, gives relevant information on the profitability of the Group and its ongoing operations (see page 31). Operating earnings may not be comparable with similarly-titled measures used by other companies.

1.7. OTHER GAINS

	2017 £m	2016 £m
Foreign exchange gains on liquidation of subsidiaries	–	5.0
Dividend income	0.5	0.5
Other gains/(losses) on financial instruments at fair value through profit or loss	0.1	(0.4)
Total other gains	**0.6**	**5.1**

In 2016, the Group liquidated two of its overseas subsidiaries and cumulative foreign exchange gains of £5.0m relating to those subsidiaries was transferred from the foreign currency translation reserve, where it had previously been credited, to the income statement.

1.8. FINANCE INCOME

The Group earns income as a result of holding cash in bank deposits.

Interest on cash and cash equivalents is recognised on an accruals basis using the effective interest method.

	2017 £m	2016 £m
Interest on bank deposits	0.1	0.5
	0.1	**0.5**

1.9. FINANCE COSTS

The majority of the finance costs are associated with the Revolving Credit Facility (RCF). See section 3.8 for further details.

Interest payable is charged on an accruals basis using the effective interest method.

Finance costs include ancillary charges for commitment fees and non-utilisation fees that are charged as incurred.

SECTION 1: RESULTS FOR THE YEAR

NOTES TO THE GROUP FINANCIAL STATEMENTS – INCOME STATEMENT

1.10. INCOME TAX EXPENSE

The Group's headquarters are based in the UK. The Group pays taxes according to the rates applicable in the countries in which it operates. Most taxes are recorded in the income statement and relate to taxes payable for the reporting period (current tax), but there is also a charge relating to tax payable for future periods due to income or expenses being recognised in a different period for tax and accounting purposes (deferred tax). Tax is charged to equity when the tax benefit exceeds the cumulative income statement expense on share plans.

The Group provides for current tax according to the tax laws of each jurisdiction in which it operates using tax rates that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns in respect of situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A deferred tax asset is recognised when it is considered recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax that has arisen in respect of equity items such as share-based payments is recognised directly in equity and not in the income statement.

	2017 £m	2016 £m
Current tax		
Tax on profits for the year	40.2	34.6
Adjustments in respect of prior years	(1.1)	1.0
	39.1	**35.6**
Deferred tax		
Origination and reversal of temporary differences	(2.2)	(0.3)
Adjustments in respect of prior years	1.2	(0.2)
Total deferred tax (Note 3.5)	**(1.0)**	**(0.5)**
	38.1	**35.1**

Total tax expense

With effect from 1 April 2017, the UK corporation tax rate changed from 20% to 19%. The weighted average UK corporation tax rate for the year ended 31 December 2017 was therefore 19.25% (2016: 20%). The tax charge in the year is higher (2016: higher) than the standard rate of corporation tax in the UK and the differences are explained below:

Factors affecting tax expense for the year	2017 £m	2016 £m
Profit before taxation	192.9	171.4
Taxation at the standard corporation tax rate (2017: 19.25%; 2016: 20%)	37.1	34.3
Non-taxable expenditure/income	0.3	0.2
Other permanent differences	0.2	0.7
Adjustments in respect of prior years	0.1	0.8
Effect of differences in overseas tax rates	0.4	(0.9)
Total tax expense	**38.1**	**35.1**

1.11. EARNINGS PER SHARE

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

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

For the purposes of calculating EPS, the share capital of the parent is calculated as the weighted average number of ordinary shares in issue over the years reported. The weighted average number of ordinary shares used in the calculation of EPS is as follows:

Weighted average number of shares	2017 Number m	2016 Number m
Issued share capital	457.7	457.7
Less own shares held	(8.9)	(8.4)
Weighted average number of ordinary shares for the purpose of basic EPS	**448.8**	**449.3**
Add back weighted average number of dilutive potential shares	10.9	10.5
Weighted average number of ordinary shares for the purpose of diluted EPS	**459.7**	**459.8**

Earnings per share	2017 p	2016 p
Basic	34.5	30.3
Diluted	33.7	29.6

SECTION 2: CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £m	2016 £m
Cash flows from operating activities			
Cash generated from operations	2.1	233.3	181.2
Income tax paid		(38.7)	(33.9)
Net cash inflows from operating activities		**194.6**	**147.3**
Cash flows from investing activities			
Purchase of property, plant and equipment	3.3	(0.9)	(2.8)
Purchase of intangible assets	3.2	(4.3)	(0.9)
Purchase of financial assets at FVTPL		(125.7)	(34.7)
Proceeds from disposal of financial assets at FVTPL		65.1	29.9
Dividend income received		2.2	0.5
Finance income received		0.1	0.5
Net cash outflows from investing activities		**(63.5)**	**(7.5)**
Cash flows from financing activities			
Dividends paid	4.3	(132.2)	(116.8)
Purchase of shares by EBT		(26.4)	(26.6)
Finance costs paid		(0.2)	(0.2)
Third-party subscriptions into consolidated funds		21.3	4.6
Third-party redemptions from consolidated funds		(17.7)	(1.2)
Distributions paid by consolidated funds		(0.6)	(0.1)
Net cash outflows from financing activities		**(155.8)**	**(140.3)**
Net decrease in cash and cash equivalents		**(24.7)**	**(0.5)**
Cash and cash equivalents at beginning of year		258.9	259.4
Cash and cash equivalents at end of year	3.7	**234.2**	**258.9**

SECTION 2: CONSOLIDATED STATEMENT OF CASH FLOWS

NOTES TO THE GROUP FINANCIAL STATEMENTS – CONSOLIDATED STATEMENT OF CASH FLOWS

2.1. CASH FLOWS FROM OPERATING ACTIVITIES

	2017 £m	2016 £m
Operating profit	193.0	171.1
Adjustments for:		
Amortisation of intangible assets	2.3	3.3
Depreciation of property, plant and equipment	2.1	2.2
Other gains	(8.4)	(14.6)
Share-based payments	27.0	18.1
Cash inflows on exercise of share options	1.5	0.4
Increase in trade and other receivables	(21.5)	(3.2)
Increase in trade and other payables	37.3	3.9
Cash generated from operations	**233.3**	**181.2**

2.2. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Notes	2017 £m
Brought forward at 1 January	3.4	13.0
Changes from financing cash flows		3.0
Changes arising from obtaining or losing control of subsidiaries		15.4
Changes in fair values		5.0
Carried forward at 31 December	3.4	**36.4**

SECTION 3: ASSETS AND LIABILITIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2017

	Notes	2017 £m	2016 £m
Non-current assets			
Goodwill	3.1	341.2	341.2
Intangible assets	3.2	6.0	4.0
Property, plant and equipment	3.3	7.6	8.8
Deferred tax assets	3.5	16.6	11.3
Trade and other receivables	3.6	0.7	1.2
		372.1	**366.5**
Current assets			
Investments in associates	3.4	32.2	7.3
Financial assets at fair value through profit or loss	3.4	110.4	70.9
Trade and other receivables	3.6	141.3	97.4
Cash and cash equivalents	3.7	234.2	258.9
		518.1	**434.5**
Total assets		**890.2**	**801.0**
Equity attributable to shareholders			
Share capital	4.1	9.2	9.2
Own share reserve	4.2	(0.2)	(0.2)
Other reserve	4.2	8.0	8.0
Foreign currency translation reserve	4.2	2.6	2.8
Retained earnings	4.2	620.7	590.6
Total equity		**640.3**	**610.4**
Non-current liabilities			
Trade and other payables	3.9	9.5	8.2
Deferred tax liabilities	3.5	0.3	0.2
		9.8	**8.4**
Current liabilities			
Financial liabilities at fair value through profit or loss	3.4	36.6	13.4
Trade and other payables	3.9	189.6	153.6
Current income tax liability		13.9	15.2
		240.1	**182.2**
Total liabilities		**249.9**	**190.6**
Total equity and liabilities		**890.2**	**801.0**

The financial statements on pages 98 to 130 were approved by the Board of Directors and authorised for issue on 26 February 2018. They were signed on its behalf by

CHARLOTTE JONES
Chief Financial Officer

SECTION 3: ASSETS AND LIABILITIES

NOTES TO THE GROUP FINANCIAL STATEMENTS – ASSETS AND LIABILITIES

3.1. GOODWILL

Goodwill arising on acquisitions, being the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is capitalised in the consolidated balance sheet. Goodwill is carried at cost less provision for impairment. The carrying value of goodwill is not amortised but is tested annually for impairment or more frequently if any indicators of impairment arise. Goodwill is allocated to cash generating units (CGUs) for the purpose of impairment testing, with the allocation to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Impairment losses on goodwill are not reversed.

Goodwill relates to the 2007 acquisition of Knightsbridge Asset Management Limited.

	2017 £m	2016 £m
Goodwill	341.2	341.2
	341.2	**341.2**

No additional goodwill was recognised in the year (2016: £nil).

The Group has determined that it has a single CGU for the purpose of assessing the carrying value of goodwill. In performing the impairment test, management prepares a calculation of the recoverable amount of the goodwill and compares this to the carrying value.

The recoverable amount for the acquired share capital was based on the net present value of the Group's future earnings. The net present value was calculated using a discounted cash flow model, with reference to the Group's projected cash flows, long-term growth rates of 14% and a cost of capital of 18%. The projections assumed declining revenue margins of 1-2 basis points a year and reductions of approximately 1% a year in the Group's cost/income ratio. A significant headroom was noted, and therefore no impairment was implied. Adverse movements of 5% in growth rates and/or the cost of capital would not result in the recognition of impairment losses. No impairment losses have been recognised in the current or preceding years.

3.2. INTANGIBLE ASSETS

At the balance sheet date, the Group held fully amortised intangible assets still in use in respect of its 2007 acquisition of Knightsbridge Asset Management Limited. This acquisition gave rise to the recognition of intangible assets relating to investment management contracts and the trade name of the Group. The other intangible assets recognised are computer software.

Following initial recognition, intangible assets are held at cost less any accumulated amortisation and any provision for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Intangible assets acquired separately are measured on initial recognition at cost.

The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. In relation to the investment management contracts and the trade name, the useful lives were assessed as being finite and have been amortised over their useful economic lives. The useful economic lives of the trade name and individual management contracts acquired were assessed as a maximum of ten years and seven years, respectively. Both are now fully amortised. The amortisation expense on intangible assets with finite lives has been recognised in the consolidated income statement on a straight line basis.

Computer software licences acquired are capitalised at the cost incurred to bring the software into use and are amortised on a straight line basis over their estimated useful lives, which are estimated as being five years. Costs associated with developing or maintaining computer software programs that do not meet the capitalisation criteria under IAS 38 are recognised as an expense as incurred.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying value of the asset. The difference is then recognised in the income statement.

An assessment is made at each reporting date as to whether there is any indication that an asset in use may be impaired. If any such indication exists and the carrying values exceed the estimated recoverable amount at that time, the assets are written down to their recoverable amount. The recoverable amount is measured as the greater of fair value less costs to sell and value in use. Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Directors have reviewed the intangible assets as at 31 December 2017 and have concluded there are no indicators of impairment (2016: same).

SECTION 3: ASSETS AND LIABILITIES

NOTES TO THE GROUP FINANCIAL STATEMENTS – ASSETS AND LIABILITIES

3.2. INTANGIBLE ASSETS CONTINUED

	2017				2016			
	Investment management contracts £m	Trade name £m	Computer software £m	Total £m	Investment management contracts £m	Trade name £m	Computer software £m	Total £m
Cost								
At 1 January	**258.0**	**18.7**	**9.2**	**285.9**	**258.0**	**18.7**	**8.3**	**285.0**
Additions	–	–	4.3	4.3	–	–	0.9	0.9
At 31 December	**258.0**	**18.7**	**13.5**	**290.2**	**258.0**	**18.7**	**9.2**	**285.9**
Accumulated amortisation								
At 1 January	**258.0**	**18.0**	**5.9**	**281.9**	**258.0**	**16.1**	**4.5**	**278.6**
Charge for the year	–	0.7	1.6	2.3	–	1.9	1.4	3.3
At 31 December	**258.0**	**18.7**	**7.5**	**284.2**	**258.0**	**18.0**	**5.9**	**281.9**
Net book value								
At 31 December	**–**	**–**	**6.0**	**6.0**	**–**	**0.7**	**3.3**	**4.0**

3.3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenditures are charged to the income statement during the financial period in which they were incurred. Depreciation is calculated on a straight line basis to allocate the cost of each asset over its estimated useful life as follows:

Leasehold improvements	19 years (until the end of the lease)
Office furniture and equipment	5 years

The assets' useful economic lives and residual values are reviewed at each financial period end and adjusted if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on the disposal of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the income statement in the year the item is sold or retired.

	2017			2016		
	Leasehold improvements £m	Office furniture and equipment £m	Total £m	Leasehold improvements £m	Office furniture and equipment £m	Total £m
Cost						
At 1 January	**5.2**	**8.5**	**13.7**	**4.7**	**6.4**	**11.1**
Additions	–	0.9	0.9	0.5	2.3	2.8
Disposals	–	–	–	–	(0.2)	(0.2)
At 31 December	**5.2**	**9.4**	**14.6**	**5.2**	**8.5**	**13.7**
Accumulated depreciation						
At 1 January	**0.6**	**4.3**	**4.9**	**0.2**	**2.6**	**2.8**
Charge for the year	0.3	1.8	2.1	0.4	1.8	2.2
Disposals	–	–	–	–	(0.1)	(0.1)
At 31 December	**0.9**	**6.1**	**7.0**	**0.6**	**4.3**	**4.9**
Net book value						
At 31 December	**4.3**	**3.3**	**7.6**	**4.6**	**4.2**	**8.8**

3.4. FINANCIAL INSTRUMENTS HELD AT FAIR VALUE

Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of an instrument. They are initially measured at fair value adjusted for transaction costs, except for financial assets classified as at fair value through profit or loss where transaction costs are immediately recognised in the income statement. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability has been discharged, cancelled or has expired.

Financial assets

The Group's financial assets include cash and short-term deposits, trade and other receivables, seed capital investments and derivative financial instruments. Financial assets are classified as being designated at FVTPL on initial recognition or as loans and receivables. The classification adopted by the Group depends on the purpose for which the financial assets were acquired and is determined at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include investments in open-ended investment companies and unit trusts which are designated as at FVTPL as they are managed and evaluated on a fair value basis, in accordance with the documented strategy. A financial asset is classified in this category if it has been acquired principally for the purpose of selling in the short term. Financial assets at FVTPL are carried at fair value, with gains and losses recognised in the income statement within other gains in the period in which they arise. Assets in this category are classified as current assets. Where the Group is deemed to have control, the investment is consolidated. Where the Group is deemed to have significant influence, the investment is classified as an investment in associate. Further information is included in the basis of consolidation in Note 5.1.

Financial liabilities

The Group's financial liabilities include trade and other payables, derivative financial instruments and the non-controlling interests in funds that have been consolidated as subsidiaries.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL are carried at fair value, with gains and losses recognised in the income statement within other gains in the period in which they arise. Financial liabilities at FVTPL principally comprise non-controlling interests in consolidated funds which are designated as at FVTPL. Further information is provided in Note 5.1.

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

	Notes	2017 £m	2016 £m
Investments in associates	5.3	32.2	7.3
Financial assets at FVTPL	5.3	110.4	70.9
Financial liabilities at FVTPL - non-controlling interests	5.3	(36.4)	(13.0)
Financial liabilities at FVTPL - derivatives	5.3	(0.2)	(0.4)
		106.0	**64.8**

SECTION 3: ASSETS AND LIABILITIES

NOTES TO THE GROUP FINANCIAL STATEMENTS – ASSETS AND LIABILITIES

3.5. DEFERRED TAX

Analysis of the Group's deferred tax assets and liabilities is shown below:

	Intangible assets £m	Deferred income/ expense £m	Share-based payments £m	Other £m	Seed investments £m	Total £m
Assets	–	0.4	9.1	1.8	–	11.3
Liabilities	(0.2)	–	–	–	–	(0.2)
At 31 December 2016	**(0.2)**	**0.4**	**9.1**	**1.8**	**–**	**11.1**
Assets	–	0.2	14.7	1.7	–	16.6
Liabilities	–	–	–	–	(0.3)	(0.3)
At 31 December 2017	**–**	**0.2**	**14.7**	**1.7**	**(0.3)**	**16.3**

Movements in temporary differences between the balance sheet dates have been reflected in the income statement and the statement of changes in equity as follows:

	Intangible assets £m	Deferred income/ expense £m	Share-based payments £m	Other £m	Seed investments £m	Total £m
At 1 January 2016	**(0.5)**	**0.8**	**9.5**	**1.6**	**–**	**11.4**
Credited/(charged) to the income statement	0.3	(0.4)	0.4	0.2	–	0.5
Charged to equity	–	–	(0.8)	–	–	(0.8)
At 31 December 2016	**(0.2)**	**0.4**	**9.1**	**1.8**	**–**	**11.1**
Credited/(charged) to the income statement	0.2	(0.2)	1.4	(0.4)	–	1.0
Charged to equity	–	–	4.2	–	–	4.2
Reclassification	–	–	–	0.3	(0.3)	–
At 31 December 2017	**–**	**0.2**	**14.7**	**1.7**	**(0.3)**	**16.3**

The other deferred tax balances at 31 December 2016 and 2017 include short-term timing differences and temporary differences between depreciation and capital allowances.

Changes to UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016), including a reduction of the main rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date reflected in these financial statements have been measured using the relevant enacted tax rate for the year in which they are expected to be realised or settled.

3.6. TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When a trade receivable is uncollectible, 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.

Trade and other receivables, including loans to employees, are included in current assets except where they have maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Accrued income relates to accrued interest and accrued management, performance and registration fees. It is based on the latest available information and therefore involves a degree of estimation related to the valuation of underlying AUM.

Current	2017 £m	2016 £m
Trade receivables	105.7	67.5
Prepayments and accrued income	35.0	28.6
Deferred acquisition and commission costs	0.6	1.3
	141.3	**97.4**
Non-current		
Deferred acquisition and commission costs	0.7	1.2
	0.7	**1.2**

Trade receivables are non-interest bearing and are generally collected within four working days. An analysis of the ageing profile of trade receivables is disclosed in Note 5.3.

3.7. CASH AND CASH EQUIVALENTS

	2017 £m	2016 £m
Cash at bank and in hand	195.8	128.4
Short-term deposits	30.0	124.0
Cash held by EBT and seed capital subsidiaries	8.4	6.5
	234.2	**258.9**

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

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

Cash held by EBT and seed capital subsidiaries is not available for use by the Group.

3.8. LOANS AND BORROWINGS

The Group has access to a revolving credit facility (RCF) of £50.0m (2016: £50.0m). The facility expires in July 2019 and was undrawn at 31 December 2016 and 31 December 2017.

Interest on the RCF is payable at a rate per annum of LIBOR plus a margin of 0.7%. A non-utilisation fee is payable on the RCF at a rate of 0.25% per annum on the undrawn balance. A utilisation fee is also payable at a rate of 0.3% per annum when more than 66% of the facility is drawn, and 0.1% per annum when 33% to 66% of the facility is drawn. No utilisation fee is payable when less than 33% of the facility is drawn.

3.9. TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Accruals are based on the latest information and, therefore, involve a degree of estimation. The most significant accruals at the year end relate to bonuses. The Group recognises a provision for bonuses based on a formula that takes into consideration the operating profitability of the Group. At the end of each financial year, the Group recognises accrued expenses for bonuses accrued but not yet paid in respect of service attributable to that year.

Deferred income relates to initial charges being spread over the expected lives of the contracts, which we estimate to be six years, on a straight-line basis.

Current	2017 £m	2016 £m
Trade payables	84.0	68.7
Accrued expenses	78.7	66.6
Deferred income	2.0	2.9
Social security and other taxes	19.4	13.6
Accruals relating to private client transaction	0.2	0.3
Other payables	5.3	1.5
	189.6	**153.6**

Non-current	2017 £m	2016 £m
Deferred income	3.6	4.1
Accrued expenses	5.9	4.1
	9.5	**8.2**

Accrued expenses of £5.9m (2016: £4.1m) included within non-current trade and other payables and £3.1m (2016: £1.6m) included within current trade and other payables relate to deferred bonus awards whose settlement amount will be based on the value of units in the Group's funds. See Note 1.4.

SECTION 4: EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £m	Own share reserve £m	Other reserve £m	Foreign currency translation reserve £m	Retained earnings £m	Total equity £m
At 1 January 2016	**9.2**	**(0.2)**	**8.0**	**7.3**	**578.6**	**602.9**
Profit for the year	–	–	–	–	136.3	136.3
Exchange movements on translation of subsidiary undertakings	–	–	–	(4.5)	–	(4.5)
Other comprehensive loss	**–**	**–**	**–**	**(4.5)**	**–**	**(4.5)**
Total comprehensive income	**–**	**–**	**–**	**(4.5)**	**136.3**	**131.8**
Vesting of ordinary shares and options	–	–	–	–	0.4	0.4
Dividends paid	–	–	–	–	(116.8)	(116.8)
Purchase of shares by EBT	–	–	–	–	(26.6)	(26.6)
Share-based payments	–	–	–	–	18.1	18.1
Current tax	–	–	–	–	1.4	1.4
Deferred tax	–	–	–	–	(0.8)	(0.8)
Total transactions with owners	**–**	**–**	**–**	**–**	**(124.3)**	**(124.3)**
At 31 December 2016	**9.2**	**(0.2)**	**8.0**	**2.8**	**590.6**	**610.4**
Profit for the year	–	–	–	–	154.8	154.8
Exchange movements on translation of subsidiary undertakings	–	–	–	(0.2)	–	(0.2)
Other comprehensive loss	**–**	**–**	**–**	**(0.2)**	**–**	**(0.2)**
Total comprehensive income	**–**	**–**	**–**	**(0.2)**	**154.8**	**154.6**
Vesting of ordinary shares and options	–	0.1	–	–	1.4	1.5
Dividends paid	–	–	–	–	(132.2)	(132.2)
Purchase of shares by EBT	–	(0.1)	–	–	(26.3)	(26.4)
Share-based payments	–	–	–	–	26.7	26.7
Current tax	–	–	–	–	1.5	1.5
Deferred tax	–	–	–	–	4.2	4.2
Total transactions with owners	**–**	**–**	**–**	**–**	**(124.7)**	**(124.7)**
At 31 December 2017	**9.2**	**(0.2)**	**8.0**	**2.6**	**620.7**	**640.3**
Notes	4.1	4.2	4.2	4.2	4.2	

SECTION 4: EQUITY

NOTES TO THE GROUP FINANCIAL STATEMENTS – EQUITY

4.1. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Authorised, issued, allotted, called-up and fully paid	2017 £m	2016 £m
457.7m ordinary shares of 2p each	9.2	9.2
	9.2	**9.2**

4.2. RESERVES

(i) Own share reserve

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

At 31 December 2017, 9.5m ordinary shares (2016: 9.5m), with a par value of £0.2m (2016: £0.2m), were held as own shares within the Group's EBT for the purpose of satisfying share option obligations to employees.

(ii) Other reserve

The other reserve of £8.0m (2016: £8.0m) relates to the conversion of Tier 2 preference shares in 2010.

(iii) Foreign currency translation reserve

The foreign currency translation reserve of £2.6m (2016: £2.8m) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. During the period, nil (2016: £5.0m) was transferred to the income statement following the liquidation of overseas subsidiaries.

(iv) Retained earnings

Retained earnings of £620.7m (2016: £590.6m) are the amount of earnings that are retained within the Group after dividend payments and other transactions with owners.

4.3. DIVIDENDS

Dividend distributions to the Company's shareholders are recognised in the accounting period in which the dividends are paid and, in the case of full-year dividends, when these are approved by the Company's shareholders.

	2017 £m	2016 £m
Full-year dividend (10.2p per ordinary share) (2016: 10.6p per ordinary share)	45.7	47.6
Interim dividend (6.8p per ordinary share) (2016: 4.5p per ordinary share)	30.5	20.2
Special dividend (12.5p per ordinary share) (2016: 10.9p per ordinary share)	56.0	49.0
	132.2	**116.8**

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

The EBT has waived its right to receive future dividends on shares held in the trust. Dividends waived on shares held in the EBT in 2017 were £2.8m (2016: £2.2m).

A full-year dividend for 2017 of 10.3p per share (2016: 10.2p) and a special dividend of 15.5p per share (2016: 12.5p) have been declared by the Directors. These dividends amount to £47.1m and £70.9m respectively (before adjusting for any dividends waived on shares in the EBT) and will be accounted for in 2018. Including the interim dividend for 2017 of 6.8p per share (2016: 4.5p), this gives a total dividend per share of 32.6p (2016: 27.2p).

SECTION 5: OTHER NOTES

NOTES TO THE GROUP FINANCIAL STATEMENTS – OTHER

5.1. BASIS OF PREPARATION AND OTHER ACCOUNTING POLICIES

Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRS IC Interpretations (IFRS as adopted by the EU) and with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS.

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

Basis of accounting

The consolidated financial statements for the year ended 31 December 2017 include the consolidated financial information of the Company and its subsidiaries. The accounting policies set out those policies that have been applied consistently in preparing the Group financial statements. No new policies have been adopted for the year ended 31 December 2017. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed later in this note within the section Critical accounting estimates, judgements and assumptions.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities over which the Group has control. The Group controls an investee if the Group has all of the following:

- power over 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.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: the purpose and design of an investee, relevant activities, substantive and protective rights, and voting rights and potential voting rights. The Group assesses whether it is acting as an agent or principal for its holdings in its seed capital investments. Where the Group concludes it is acting as a principal the entity is consolidated. This assessment is based on the Group's total exposure. This incorporates direct holdings and income earned from management and performance fees. There is no fixed minimum percentage at which the Group consolidates, and each exposure is reviewed individually. The Group re-assesses whether or not it controls an investee if facts or circumstances indicate that there are changes to one or more of the three elements of control.

A list of subsidiaries can be seen in Note 6.3. Consistent accounting policies are applied across all Group companies and intra-group transactions, balances, income and expenses are eliminated on consolidation. Seed capital investments are accounted for as subsidiaries, associates or other financial investments depending on the holdings of the Group and on the level of influence and control that the Group is judged to have. The transactions and balances of subsidiaries are consolidated in these financial statements from the date that control commences until the date that control ceases. Where external investors hold shares or redeemable shares in funds controlled by the Group, the portion of profit or loss and net assets held by these non-controlling interests is included within other gains in the consolidated income statement and as liabilities at fair value through profit or loss in the consolidated balance sheet respectively.

(ii) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control. Generally, it is presumed that the Group has significant influence where it has voting rights of 20% or more, but not control of the investee. Seed capital investments over which the Group has significant influence, but not control, are carried in the balance sheet at fair value as permitted by IAS 28, Investment in Associates, with changes in fair value recognised in the consolidated income statement. The fair value of investments in associates is determined by reference to the quoted price or net asset value of the underlying investments at the close of business on the balance sheet date. The Group has no other investments in associates and, therefore, no associates are currently accounted for using the equity method.

Foreign currency

(i) Functional and presentational currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in sterling, which is both the Company's functional and presentational currency as well as the currency in which the majority of the Group's revenue streams, assets and liabilities are denominated.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement within administrative expenses.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in the consolidated income statement as part of other gains.

(iii) Group companies

The assets and liabilities of Group entities that have a functional currency different from the presentational currency are translated at the closing rate at the balance sheet date, with income and expenses translated at average exchange rates. Resulting exchange differences are recognised as a separate component of other comprehensive income and are recycled to the income statement on disposal or liquidation of the relevant branch or subsidiary.

SECTION 5: OTHER NOTES

NOTES TO THE GROUP FINANCIAL STATEMENTS – OTHER

5.1. BASIS OF PREPARATION AND OTHER ACCOUNTING POLICIES CONTINUED

New standards and interpretations not applied

The International Accounting Standards Board and IFRS IC have issued a number of new accounting standards, amendments to existing standards and interpretations. The following new standards are not applicable to these financial statements, but are expected to have an impact when they become effective. The Group plans to apply these standards in the reporting period in which they become effective.

Endorsed by the EU	Summary	Effective for periods beginning on or after
IFRS 9 Financial Instruments	Replacement project on financial instruments consists of three phases: • Phase 1: Classification and measurement of financial assets and financial liabilities; • Phase 2: Impairment methodology; and • Phase 3: Hedge accounting	1 January 2018
IFRS 15 Revenue from Contracts with Customers	Establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the current revenue standard IAS 18 Revenue	1 January 2018
IFRS 16 Leases	Provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. It will supersede the current guidance found in IAS 17 Leases	1 January 2019

There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Group. The adoption of the accounting standards endorsed but not yet applied above are not expected to have a significant impact on the financial statements of the Group, except for IFRS 16.

In respect of IFRS 9, the Group holds instruments such as derivatives and non-controlling interests in consolidated funds (NCIs) at fair value, the former held for trading and the latter designated at FVTPL. Under the new standard, derivatives will continue to be held for trading (and therefore at FVTPL). Similarly, the option to designate an instrument at FVTPL to avoid an accounting mismatch has been carried over into IFRS 9. In the case of NCIs, the liability at fair value matches the assets of the fund, which are required to be held at fair value (if equities or derivatives) or which we elect to hold at fair value (if they are hedged debt instruments).

Trade and other receivables and payables principally comprise short-term settlement accounts and accruals, neither of which are held for trading or meet the definition of items that could be carried at fair value. Such instruments will therefore remain at amortised cost.

In terms of impairment, the majority of Jupiter's revenue comes from management fees due from the funds for which we provide management services. These are paid to the Group monthly, a few days in advance of the month end. Therefore, at each month end, receivables are low as we have already collected amounts due from the majority of our clients. Typically, receivables comprise unpaid sales contracts and expropriations (together, settlement accounts), which are receivables in transit between funds and end clients and which are required to be settled within four days. Other trade debtors comprise amounts due from institutional clients. Cash collateral is paid over by the Group to satisfy counterparty requirements in respect of open derivative positions.

It is very unusual for Jupiter to suffer any impairment in respect of trade receivables: unpaid settlements do not result in losses, but instead oblige the Group to purchase units in funds which are then subject to market risk until they can be sold. Institutional debtors rarely default, given that the Group manages assets worth many multiples of any outstanding fees on behalf of those clients, although it should be noted that the Group is not generally permitted to remove cash from managed segregated mandates in order to receive settlement. Cash held with banks or held by other companies as collateral could be at risk should the financial institutions holding it fail. We have not experienced and do not expect to experience credit losses to arise from these counterparties.

In the Group's consideration of the impact of IFRS 15 on its financial statements, we have employed the five step model to determine the timing and quantification of revenue under this new standard. Our implementation efforts included the identification of all material revenue sources, including management and performance fees, upfront fees and also upfront revenue-related costs. We undertook a review of customer contracts to determine our performance obligation and the associated recognition timing. The Group's current accounting policies under IAS 18 Revenue meet the requirements of IFRS 15 in respect these revenue sources. We do not therefore currently expect IFRS 15 to have a significant impact on the Group. We plan to adopt this standard on a retrospective basis from 1 January 2018.

The Group expects the adoption of IFRS 16 to significantly increase the Group's total assets and liabilities as a result of the requirement to capitalise both the right to use leased assets and the contractual payments to be made under lease obligations. As a result of the liability being calculated using discounting, the income statement charge for lease payments is expected to be larger in the earlier years of a lease, and smaller in the later years. In addition, the rental charge, previously recognised as a single administrative charge within the income statement, will be split into a depreciation charge relating to the capitalised asset (within administrative expenses) and a finance cost representing the unwinding of the discount. Adoption will also adversely impact the Group's regulatory capital position as the capitalised asset will meet the definition of an illiquid asset and will therefore be deducted from the Group's capital, thereby reducing the Group's regulatory capital surplus. As a result of uncertainty around the discount rate which will be used on adoption of the standard on 1 January 2019, we cannot reliably quantify its financial impact, but we do not expect this to create any significant issues for the Group.

Critical accounting estimates, judgements and assumptions

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If such estimates and assumptions, which are based on management's best judgement at the date of preparation of the financial information, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The areas where assumptions and estimates are significant to the Group financial statements are discussed in the following notes:

1.5 Share-based payments (area of estimation)
3.1 Impairment of goodwill (area of estimation)
3.9 Deferred income (area of estimation)
5.1 Consolidation of seed capital investments (area of judgement)

5.2. FINANCIAL COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases on office properties are shown below.

	2017 £m	2016 £m
Not later than one year	2.4	0.9
Later than one year and not later than five years	16.0	13.9
More than five years	59.0	62.7
	77.4	**77.5**

The commitments above take into account any early break clauses exercisable by the Group. There are no special terms for renewal or purchase options for the Group's leasehold property, nor are there any restrictions on dividends, additional debt or further leasing imposed from the leasing arrangements.

5.3. FINANCIAL RISK MANAGEMENT

Financial instruments by category

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

2017	Financial assets designated at FVTPL £m	Loans and receivables £m	Financial liabilities designated at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Goodwill	–	–	–	–	–	341.2	341.2
Intangible assets	–	–	–	–	–	6.0	6.0
Property, plant and equipment	–	–	–	–	–	7.6	7.6
Deferred tax assets	–	–	–	–	–	16.6	16.6
Non-current trade and other receivables*	–	–	–	–	–	0.7	0.7
Investments in associates	32.2	–	–	–	32.2	–	32.2
Financial assets at FVTPL	110.4	–	–	–	110.4	–	110.4
Current trade and other receivables*	–	133.3	–	–	133.3	8.0	141.3
Cash and cash equivalents	–	234.2	–	–	234.2	–	234.2
Non-current trade and other payables*	–	–	–	(5.9)	(5.9)	(3.6)	(9.5)
Deferred tax liabilities	–	–	–	–	–	(0.3)	(0.3)
Current trade and other payables*	–	–	–	(168.2)	(168.2)	(21.4)	(189.6)
Current income tax liability	–	–	–	–	–	(13.9)	(13.9)
Financial liabilities at FVTPL	–	–	(36.6)	–	(36.6)	–	(36.6)
Total	**142.6**	**367.5**	**(36.6)**	**(174.1)**	**299.4**	**340.9**	**640.3**

SECTION 5: OTHER NOTES

NOTES TO THE GROUP FINANCIAL STATEMENTS – OTHER

5.3. FINANCIAL RISK MANAGEMENT CONTINUED

2016	Financial assets designated at FVTPL £m	Loans and receivables £m	Financial liabilities designated at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Goodwill	–	–	–	–	–	341.2	341.2
Intangible assets	–	–	–	–	–	4.0	4.0
Property, plant and equipment	–	–	–	–	–	8.8	8.8
Deferred tax assets	–	–	–	–	–	11.3	11.3
Non-current trade and other receivables*	–	–	–	–	–	1.2	1.2
Investments in associates	7.3	–	–	–	7.3	–	7.3
Financial assets at FVTPL	70.9	–	–	–	70.9	–	70.9
Current trade and other receivables*	–	89.5	–	–	89.5	7.9	97.4
Cash and cash equivalents	–	258.9	–	–	258.9	–	258.9
Non-current trade and other payables*	–	–	–	(4.1)	(4.1)	(4.1)	(8.2)
Deferred tax liabilities	–	–	–	–	–	(0.2)	(0.2)
Current trade and other payables*	–	–	–	(137.1)	(137.1)	(16.5)	(153.6)
Current income tax liability	–	–	–	–	–	(15.2)	(15.2)
Financial liabilities at FVTPL	–	–	(13.4)	–	(13.4)	–	(13.4)
Total	**78.2**	**348.4**	**(13.4)**	**(141.2)**	**272.0**	**338.4**	**610.4**

* Prepayments, deferred income, deferred acquisition and commission costs and social security and other taxes do not meet the definition of financial instruments.

For financial instruments held at 31 December 2017 and 31 December 2016, there was no material difference between the carrying value and fair value.

Gains and losses recognised in the income statement during the year ended 31 December 2017 by category are shown below:

	2017				2016			
	Financial assets designated at FVTPL £m	Financial liabilities designated at FVTPL £m	Other income and expense £m	Total £m	Financial assets designated at FVTPL £m	Financial liabilities designated at FVTPL £m	Other income and expense £m	Total £m
Revenue	–	–	460.2	460.2	–	–	401.8	401.8
Fee and commission expenses	–	–	(50.7)	(50.7)	–	–	(50.4)	(50.4)
Administrative expenses	–	–	(214.8)	(214.8)	–	–	(182.1)	(182.1)
Other gains	0.6	–	–	0.6	0.1	–	5.0	5.1
Amortisation of intangible assets	–	–	(2.3)	(2.3)	–	–	(3.3)	(3.3)
Finance income	–	–	0.1	0.1	–	–	0.5	0.5
Finance costs	–	–	(0.2)	(0.2)	–	–	(0.2)	(0.2)
Income tax expense	–	–	(38.1)	(38.1)	–	–	(35.1)	(35.1)
	0.6	**–**	**154.2**	**154.8**	**0.1**	**–**	**136.2**	**136.3**

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: other techniques, for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs).

As at 31 December 2017, the Group held the following financial instruments measured at fair value:

2017	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments in associates	32.2	–	–	32.2
Financial assets at FVTPL	110.1	0.3	–	110.4
Financial liabilities at FVTPL	(36.4)	(0.2)	–	(36.6)
	105.9	**0.1**	**–**	**106.0**

As at 31 December 2016, the Group held the following financial instruments measured at fair value:

2016	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments in associates	7.3	–	–	7.3
Financial assets at FVTPL	70.9	–	–	70.9
Financial liabilities at FVTPL	(13.0)	(0.4)	–	(13.4)
	65.2	**(0.4)**	**–**	**64.8**

Level 1 financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market prices at the balance sheet date.

Investments in associates and financial assets at FVTPL

These relate to seed capital investments and hedges of awards in fund units in mutual funds. Details are included in Note 5.4.

Financial liabilities at FVTPL

These relate to non-controlling interests in funds that have been consolidated as subsidiaries.

Level 2 financial instruments

The fair value of financial instruments are valued based on a compilation of observable market data from readily available from external sources.

Derivative financial instruments

Derivatives are held to hedge specific exposures and have maturities designed to match the exposures they are hedging. The derivatives are held at fair value which represents the price to exit the instruments at the balance sheet date. Movements in the fair value are included in the income statement.

The Group enters into swap arrangements and foreign exchange forward contracts to hedge certain of its seed capital investments. Gains and losses arising from fair value movements in the swap and forward contracts are recognised in the consolidated income statement within other gains and are settled periodically, in accordance with the terms of the contract. Any cash settlements due from or to the counterparty in relation to the swap arrangements, which are required to be settled at the end of each month, are recorded within current assets or current liabilities as trade receivables or other payables, as appropriate. The fair value of the foreign exchange contracts, which are required to be settled at periods other than month end, are recorded within financial assets or liabilities at FVTPL, as appropriate.

At 31 December 2017, the notional value of the swaps was £40.3m (2016: £39.3m) and the foreign exchange forward contracts was £75.6m (2016: £28.4m). The settlement amount of the swaps at 31 December 2017 was £1.4m (2016: £0.8m), which was due to the counterparty and is included within trade and other payables. The fair value of the foreign exchange forward contracts is included within financial assets at FVTPL (£0.3m (2016: £nil)) and financial liabilities at FVTPL (£0.2m (2016: £0.4m)).

Financial risk management objectives and policies

The Group is subject to a number of financial risks throughout its business, the principal risks being market risk (including price, foreign exchange and interest rate risk), credit risk and liquidity risk. The Board is accountable for risk and is responsible for oversight of the risk management process. The Board has ultimate responsibility for the risk strategy of the Group, and for determining an appropriate risk appetite and 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 impact of risks that may have a material impact on the Group.

The Executive Committee reviews the key corporate risks facing the Group. The Chief Executive Officer has ultimate responsibility for the governance of the risk management of the firm, but delegates the risk and control framework to the Head of Risk, who has responsibility for the monitoring and reporting of risk and controls, and through the Risk Committee manages the ongoing development of the Group's risk and control framework. Jupiter embeds risk management within the business, with independent oversight and challenge being provided by the risk function.

SECTION 5: OTHER NOTES

NOTES TO THE GROUP FINANCIAL STATEMENTS – OTHER

5.3. FINANCIAL RISK MANAGEMENT CONTINUED

Price risk

Price risk is the risk that a decline in the value of assets will adversely impact the profitability of the Group. Management has identified price risk as the exposure to unfavourable movements in the value of financial assets held by the Group, which would result in a loss recognised in the consolidated income statement. The Group is not exposed to commodity price risk.

The Group holds listed equity investments in its seed capital portfolio which are exposed to the risk of changes in equity markets. At 31 December 2017, the fair value, and therefore maximum exposure to listed securities, was £96.6m (2016: £58.7m).

The Group's policy is to hedge the equity market and currency exposure of its seed capital investments depending on the fund mandate and whether available transactions are cost effective. As at 31 December 2017 and 31 December 2016, the Group held swap instruments to act as hedges against risk exposures arising from certain holdings in seed fund investments.

Price risk sensitivity analysis on financial assets

The Directors believe that 10% gives a reasonable measure of the Group's sensitivity to price risk. An increase or decrease of 10% in equity markets would have the impact shown below on the Group's profit before taxation. This reflects estimated gains and losses on the Group's listed investments at the balance sheet date and not any likely impact on the Group's revenue or costs. There is no material impact on the Group's equity.

Impact on the income statement of change in equity markets	2017 £m	2016 £m
+10%	5.6	3.9
–10%	(5.6)	(3.9)

The analysis takes account of the relevant derivative transactions the Group has entered into to hedge against such movements.

Foreign exchange risk

Foreign exchange risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. The Group predominantly operates in the UK, with some transactions from overseas third parties in foreign currencies, which create exposure to non-sterling income and expenses. The Group's policy is to hold the minimum amount of currency required to cover operational needs and to convert foreign currency on receipt. Direct exposures are limited to operational cash held in overseas subsidiaries, short-term outstanding currency fee debts and investments in seed capital denominated in a foreign currency. The Group does not normally hedge this risk, other than in the case of certain seed capital investments, which are hedged using foreign exchange forward contracts. These contracts are measured at fair value at the balance sheet date. Foreign currency risk is monitored closely and managed by the finance function.

Foreign exchange rate sensitivity analysis

The Directors believe that 10% gives a reasonable measure of the Group's sensitivity to foreign exchange risk. The following table demonstrates the sensitivity to a possible change in foreign exchange rates, with all other variables held constant, of the Group's profit before tax. This reflects estimated gains and losses on retranslating the Group's foreign currency assets and liabilities at the balance sheet date and not any likely impact on the Group's revenue or costs. The exposure to foreign exchange risk arises principally through operational cash balances held in foreign currencies and seed capital investments held in non-Sterling share classes. There is no material impact on the Group's equity.

	2017		2016	
Impact on the income statement of change in exchange rates	+10% £m	–10% £m	+10% £m	–10% £m
Sterling against Euro	(1.0)	1.3	(0.1)	0.1
Sterling against US Dollar	(0.5)	0.6	(0.3)	0.4
Sterling against HK Dollar	(0.2)	0.3	(0.2)	0.2

The sensitivity analysis takes account of the relevant derivative transactions the Group has entered into to hedge against such exposures.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates primarily to the Group's cash balances (Note 3.7). The Group manages interest rate risk via the finance function monitoring of the interest rate cash flow risks and returns. The Group puts cash on deposit at fixed rates of interest for periods of up to three months.

Interest rate sensitivity analysis

The Directors believe that a movement in interest rates of 50bps gives a reasonable measure of the Group's sensitivity to interest rate risk. The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, of the Group's profit before tax (mainly through the impact on floating rate cash deposits). There is no material impact on the Group's equity.

Impact on the income statement of change in interest rates	2017 £m	2016 £m
+50 bps	1.2	1.3
–50 bps	(0.4)	(0.8)

Credit risk

Credit risk is 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 primarily from its treasury activities, including deposits with banks and financial institutions, but also from its trade receivables and, in certain circumstances, financial assets at fair value through profit or loss. Trade receivables arise principally within the Group's investment management business and amounts are monitored regularly. Historically, default levels have been insignificant. Financial assets at fair value through profit or loss expose the Group to credit risk where seed capital investments in funds are consolidated and those funds hold investments in debt instruments or derivative positions with a positive fair value. The Group's maximum exposure to credit risk is £390.4m (2016: £335.0m), represented by the carrying value of its non-equity financial assets at FVTPL (£50.5m (2016: £8.6m)), trade receivables (£105.7m (2016: £67.5m)) and cash and cash equivalents (£234.2m (2016: £258.9m)).

The fair values of the Group's financial liabilities at FVTPL are not affected by changes in the Group's credit risk. There is no difference between the carrying amount of financial liabilities at FVTPL and the amount the Group would be contractually required to pay at maturity.

With regard to credit risk related to financial instruments, the Group's policy is to place deposits only with financial institutions which satisfy minimum ratings and other criteria set by the Counterparty Review Group (CRG). Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and thereby mitigate the possibility of financial loss through counterparty failure. The CRG monitors the Group's counterparty exposures.

The table below contains an ageing analysis of current and overdue trade receivables:

	2017 £m	2016 £m
Neither past due nor impaired	103.2	66.9
Days past due		
< 30	1.2	0.3
30–60	0.7	0.3
61–90	–	–
> 90	0.6	–
	105.7	**67.5**

None of the receivables past due were considered to be impaired.

The table below contains an analysis of financial assets held by the Group for which credit ratings are available:

	2017				2016			
	Financial assets at FVTPL £m	Trade receivables £m	Cash and cash equivalents £m	Total £m	Financial assets at FVTPL £m	Trade receivables £m	Cash and cash equivalents £m	Total £m
AAA	3.8	–	–	3.8	1.8	–	–	1.8
AA	2.4	–	112.2	114.6	0.6	–	144.8	145.4
A	8.6	–	0.1	8.7	0.5	0.1	0.1	0.7
BBB	18.3	–	121.9	140.2	3.8	–	114.0	117.8
BB	12.2	–	–	12.2	1.1	–	–	1.1
B	5.2	–	–	5.2	0.8	–	–	0.8
Not rated	59.9	105.7	–	165.6	62.3	67.4	–	129.7
Total	**110.4**	**105.7**	**234.2**	**450.3**	**70.9**	**67.5**	**258.9**	**397.3**

Financial assets at fair value through profit or loss which are not rated comprise equity investments.

Investments in associates comprise equity investments which are not rated.

Trade and other receivables which are not rated comprise cancellations of units in unit trusts and sales of units in unit trusts, title to which is not transferred until settlement is received.

SECTION 5: OTHER NOTES

NOTES TO THE GROUP FINANCIAL STATEMENTS – OTHER

5.3. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations as they fall due or only at a significantly higher cost. The Group produces cash flow forecasts to assist in the efficient management of the collection and payment of liquid assets and liabilities.

The Group's objectives in respect of liquidity are:

- ensuring both the Group as a whole and individual entities within the Group have access to sufficient liquid funds to trade solvently and meet trading liabilities as they fall due;
- allowing the Group to maintain a flexible dividend policy, taking reference to prior year and prospective profitability, capital requirements and cash flow; and
- providing the Group with appropriate flexibility over the transferability of its capital and cash balances.

Surplus cash held by the operating entities over and above the balances required for working capital management is held in interest bearing deposits of up to three months. Regulated companies ensure that sufficient capital is maintained to meet regulatory requirements.

The Group has access to a revolving credit facility (RCF) of £50m which was unutilised at 31 December 2017 (2016: same). The facility expires in 2019.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2017 and 31 December 2016 based on contractual undiscounted payments:

	2017				2016			
Financial liabilities	Within 1 year or repayable on demand £m	1–5 years £m	> 5 years £m	Total £m	Within 1 year or repayable on demand £m	1–5 years £m	> 5 years £m	Total £m
Trade and other payables	168.2	5.9	–	174.1	137.1	4.1	–	141.2
Financial liabilities at FVTPL	36.6	–	–	36.6	13.4	–	–	13.4
Total	**204.8**	**5.9**	**–**	**210.7**	**150.5**	**4.1**	**–**	**154.6**

Capital management

The Group's objectives when managing its capital and funding structure are to safeguard the Group's ability to continue as a going concern, maintain appropriate financial resources, maximise shareholder value, maintain an optimal capital structure to reduce the cost of capital and to meet working capital requirements.

	2017 £m	2016 £m
Cash and short-term deposits	234.2	258.9
Net cash	**234.2**	**258.9**
Equity	17.0	17.0
Retained earnings and foreign currency translation reserve	623.3	593.4
Total capital	**640.3**	**610.4**

Regulatory capital requirements

The Group considers its share capital and reserves to constitute its total capital. The subsidiaries within the Group which are regulated are required to maintain capital resources to comply with the regulatory capital requirements of the FCA and certain overseas financial regulators. All regulated entities within the Group complied with the externally-imposed regulatory capital requirements. Headroom over regulatory capital is discussed by the Balance Sheet Management Committee. Further information on the Balance Sheet Management Committee can be found in the Management Committees overview within the Governance section.

In addition to the capital held to meet the regulatory capital requirements, the Group maintains sufficient cash resources to meet its liabilities as and when they fall due, based on regularly produced cash forecasts, modelling both normal and stressed conditions. Liquidity risk is mitigated by the availability of the RCF and the high level of cash in the business.

5.4. INTERESTS IN STRUCTURED ENTITIES

IFRS 12 requires certain disclosures in respect of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

A structured entity is defined 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 administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Group has assessed whether the funds it manages are structured entities and concluded that mutual funds and investment trusts managed by the Group are structured entities unless substantive removal or liquidation rights exist.

The Group has interests in these funds through the receipt of management and other fees and, in certain funds, through ownership of fund units. The Group's investments in these funds are subject to the terms and conditions of the respective fund's offering documentation and are susceptible to market price risk. The investments are included in financial assets at fair value through profit or loss in the statement of financial position.

Where the Group has no equity holding in a fund it manages, the investment risk is borne by the external investors and therefore the Group's maximum exposure to loss relates to future management fees and any uncollected fees at the balance sheet date. Where the Group does have an equity holding, the maximum exposure to loss constitutes the future and uncollected management fees plus the fair value of the Group's investment in that fund.

The Group does not sponsor any of the structured entities and there are no guarantees or commitments.

Direct holdings in unconsolidated structured entities

Direct investments in unconsolidated structured entities comprise seed capital investments and hedges of awards in fund units in mutual funds and investment trusts, details of which are given below:

	Number of funds	Net AUM of funds £bn	Financial assets at FVTPL £m	Investment in associates £m	Investment management/ performance fees in the year £m	Management/ performance fees receivable £m
As at 31 December 2017	**37**	**34.5**	**110.1**	**32.2**	**308.7**	**19.1**
As at 31 December 2016	33	23.3	70.9	7.3	220.1	12.7

Subsidiaries and associates

Information about seed capital investments judged to be subsidiaries and associates at 31 December 2017 is given below:

Name	Category	Country of incorporation	Principal activities	Financial assets at FVTPL £m	Investment in associates £m	Percentage of total AUM held	Share class held by the Group	Date of the end of the fund's reporting period
Jupiter Global Fund SICAV: UK Dynamic Growth	Subsidiary	Luxembourg	SICAV sub-fund	3.8	–	100%	D GBP Acc and L GBP Acc	30 September
Jupiter Global Fund SICAV: Emerging Markets Short Duration Bond	Subsidiary	Luxembourg	SICAV sub-fund	18.8	–	100%	I USD Acc	30 September
Jupiter Global Fund SICAV: Strategic Total Return	Subsidiary	Luxembourg	SICAV sub-fund	34.8	–	50%	I EUR Acc and A USD Acc HSC	30 September
Jupiter Enhanced Distribution Fund	Subsidiary	England & Wales	Unit trust	19.3	–	39%	I Class Acc	31 March
Jupiter US Small and Midcap Companies Fund	Subsidiary	England & Wales	Unit trust	14.3	–	51%	I Instl Acc	30 June
Jupiter Global Fund SICAV: Global Emerging Markets Unconstrained	Associate	Luxembourg	SICAV sub-fund	–	17.6	22%	D USD Acc and L USD Acc	30 September
Jupiter Global Fund SICAV: Global Levered Absolute Return	Associate	Luxembourg	SICAV sub-fund	–	14.6	27%	I GBP Acc	30 September

SECTION 5: OTHER NOTES

NOTES TO THE GROUP FINANCIAL STATEMENTS – OTHER

5.4. INTERESTS IN STRUCTURED ENTITIES CONTINUED

Related undertakings other than subsidiaries and associates

Entities in which the Group holds more than 20% of the shares in any single share class, but over which the Group neither has control nor significant influence, are summarised below:

Name	Share class held by the Group	Country of incorporation	Principal activities	Financial assets at FVTPL £m	Percentage of share class held by the Group	Percentage of total shares held	Date of the end of the fund's reporting period
Jupiter Global Fund SICAV: Asia Pacific Income	L GBP Inc Q	Luxembourg	SICAV sub-fund	2.4	86%	13%	30 September
Jupiter Global Fund SICAV: Asia Pacific Income	L SGD Q INC DIST HSC	Luxembourg	SICAV sub-fund	0.6	96%	13%	30 September
Jupiter Global Fund SICAV: Asia Pacific Income	L EUR Q INC DIST	Luxembourg	SICAV sub-fund	0.2	93%	13%	30 September
Jupiter Global Fund SICAV: Asia Pacific Income	A USD Acc	Luxembourg	SICAV sub-fund	–	100%	13%	30 September
Jupiter Global Fund SICAV: Asia Pacific Income	N USD Acc	Luxembourg	SICAV sub-fund	–	100%	13%	30 September
Jupiter Global Fund SICAV: Global Absolute Return	D CHF Acc HSC	Luxembourg	SICAV sub-fund	0.6	31%	1%	30 September
Jupiter Global Fund SICAV: Global Absolute Return	L SEK Acc HSC	Luxembourg	SICAV sub-fund	0.7	60%	1%	30 September
Jupiter Global Fund SICAV: Global Absolute Return	L USD Acc HSC	Luxembourg	SICAV sub-fund	0.6	63%	1%	30 September
Jupiter Global Fund SICAV: Global Absolute Return	A USD Acc HSC	Luxembourg	SICAV sub-fund	–	100%	1%	30 September
Jupiter Global Fund SICAV: Global Absolute Return	N USD Acc HSC	Luxembourg	SICAV sub-fund	–	100%	1%	30 September

Name	Share class held by the Group	Country of incorporation	Principal activities	Financial assets at FVTPL £m	Percentage of share class held by the Group	Percentage of total shares held	Date of the end of the fund's reporting period
Jupiter Global Fund SICAV: Global Value	D GBP Acc	Luxembourg	SICAV sub-fund	0.3	32%	0%	30 September
Jupiter Global Fund SICAV: Global Financials	L USD Acc HSC	Luxembourg	SICAV sub-fund	0.5	22%	1%	30 September
Jupiter Global Fund SICAV: Dynamic Bond	A USD Acc HSC	Luxembourg	SICAV sub-fund	–	100%	0%	30 September
Jupiter Global Fund SICAV: Dynamic Bond	A USD Q Inc Dist HSC	Luxembourg	SICAV sub-fund	–	100%	0%	30 September
Jupiter Global Fund SICAV: Dynamic Bond	N USD Acc HSC	Luxembourg	SICAV sub-fund	–	100%	0%	30 September
Jupiter Global Fund SICAV: Dynamic Bond	N USD Q Inc Dist HSC	Luxembourg	SICAV sub-fund	–	100%	0%	30 September
Jupiter Global Fund SICAV: Global Convertibles	A USD Acc HSC	Luxembourg	SICAV sub-fund	–	100%	0%	30 September
Jupiter Global Fund SICAV: Global Convertibles	N USD Acc HSC	Luxembourg	SICAV sub-fund	–	100%	0%	30 September

The registered offices of the Group's subsidiaries, associates, and unconsolidated structured entities are detailed in Note 6.3.

Summarised financial information for associate seed capital investments are given below:

	2017		2016
	Global Levered Absolute Return £m	Global Emerging Markets Unconstrained £m	US Small and Midcap Companies £m
Current assets	54.5	80.6	27.0
Current liabilities	(3.5)	(0.2)	(0.3)
Total equity	**51.0**	**80.4**	**26.7**
Revenue	–	0.8	0.2
(Loss)/profit for the year	(1.6)	12.1	6.8
Other comprehensive income	–	–	–
Total comprehensive income	**(1.6)**	**12.1**	**6.8**

SECTION 5: OTHER NOTES

NOTES TO THE GROUP FINANCIAL STATEMENTS – OTHER

5.5. RELATED PARTIES

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

The Group acts as manager for 38 (2016: 38) authorised unit trusts. Each unit trust is jointly administered with the trustees, National Westminster Bank plc. The aggregate total value of transactions for the year was £3,526m (2016: £3,187m) for unit trust creations and £2,581m (2016: £3,616m) for unit trust redemptions. The actual aggregate amount due to the trustees at the end of the accounting year in respect of transactions awaiting settlement was £30.2m (2016: £11.7m). The Company also acts as the management company for the Jupiter Global Fund and Jupiter Merlin Fund SICAVs, made up of 22 sub funds (2016: 20) and four sub funds (2016: four) respectively.

The amounts received in respect of gross management and registration charges were £343.8m (2016: £295.7m) for unit trusts, £131.7m (2016: £91.5m) for SICAVs, £9.4m (2016: £7.8m) for investment trusts and £18.3m (2016: £15.9m) for segregated mandates. At the end of the year, there was £23.4m (2016: £15.0m) accrued for annual management fees and £4.1m (2016: £3.0m) in respect of registration fees.

Included within the financial instruments note are seed capital investments and hedges of awards in fund units in mutual funds managed by the Group. At 31 December 2017, the Group had a total net investment in such funds of £105.9m (2016: £65.2m) and received distributions of £0.5m (2016: £0.5m). During 2017, it invested £75.4m (2016: £13.3m) in these funds and made disposals of £42.1m (2016: £11.6m).

Key management compensation

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

	2017 £m	2016 £m
Short-term employee benefits	4.3	7.5
Share-based payments	4.9	4.6
Post-employment benefits	0.3	0.3
	9.5	**12.4**

5.6. EVENTS AFTER THE REPORTING PERIOD

In February 2017 we announced changes to our unit trust pricing to simplify our client proposition, choosing to switch from dual to single pricing, removing box profits from our income during 2018. Box profits in 2017 were £13.6m (2016: £12.8m). The Group is also taking research costs through its income statement from the start of 2018; we expect this to increase operating expenses by around £5m.

FINANCIAL STATEMENTS: COMPANY

SECTION 6: COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET AT 31 DECEMBER 2017

	Notes	2017 £m	2016 £m
Non-current assets			
Investment in subsidiary undertakings	6.2	209.0	182.3
		209.0	**182.3**
Current assets			
Trade and other receivables	6.4	14.5	99.6
Cash and cash equivalents	6.5	8.1	6.2
		22.6	**105.8**
Total assets		**231.6**	**288.1**
Equity capital and reserves			
Share capital	4.1	9.2	9.2
Own share reserve	4.2	(0.2)	(0.2)
Other reserve	4.2	8.0	8.0
Retained earnings at 1 January		270.7	144.4
Profit for the year		72.8	251.2
Other movements		(130.4)	(124.9)
Retained earnings		213.1	270.7
Total equity		**230.1**	**287.7**
Current liabilities			
Trade and other payables	6.7	1.5	0.4
Total liabilities		**1.5**	**0.4**
Total equity and liabilities		**231.6**	**288.1**

The financial statements of Jupiter Fund Management plc (registered number 6150195) on pages 132 to 137 were approved by the Board of Directors and authorised for issue on 26 February 2018. They were signed on its behalf by

CHARLOTTE JONES
Chief Financial Officer

SECTION 6: COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £m	2016 £m
Cash flows from operating activities			
Cash generated from operations	6.6	160.7	144.8
Net cash inflows from operating activities		**160.7**	**144.8**
Cash flows from financing activities			
Purchase of shares by EBT		(26.4)	(26.6)
Finance costs paid		(0.2)	(0.2)
Dividends paid	4.3	(132.2)	(116.8)
Net cash outflows from financing activities		**(158.8)**	**(143.6)**
Net increase in cash and cash equivalents		**1.9**	**1.2**
Cash and cash equivalents at beginning of year		6.2	5.0
Cash and cash equivalents at end of year	6.5	**8.1**	**6.2**

SECTION 6: COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £m	Own share reserve £m	Other reserve £m	Retained earnings £m	Total £m
At 1 January 2016	**9.2**	**(0.2)**	**8.0**	**144.4**	**161.4**
Profit for the year	–	–	–	251.2	251.2
Total comprehensive income	**–**	**–**	**–**	**251.2**	**251.2**
Vesting of ordinary shares and options	–	–	–	0.4	0.4
Dividends paid	–	–	–	(116.8)	(116.8)
Share-based payments	–	–	–	18.1	18.1
Purchase of shares by EBT	–	–	–	(26.6)	(26.6)
Total transactions with owners	**–**	**–**	**–**	**(124.9)**	**(124.9)**
At 31 December 2016	**9.2**	**(0.2)**	**8.0**	**270.7**	**287.7**
Profit for the year	–	–	–	72.8	72.8
Total comprehensive income	**–**	**–**	**–**	**72.8**	**72.8**
Vesting of ordinary shares and options	–	0.1	–	1.4	1.5
Dividends paid	–	–	–	(132.2)	(132.2)
Share-based payments	–	–	–	26.7	26.7
Purchase of shares by EBT	–	(0.1)	–	(26.3)	(26.4)
Total transactions with owners	**–**	**–**	**–**	**(130.4)**	**(130.4)**
At 31 December 2017	**9.2**	**(0.2)**	**8.0**	**213.1**	**230.1**
Notes	4.1	4.2	4.2		

SECTION 6: COMPANY FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS

6.1. ACCOUNTING POLICIES

Basis of preparation

The separate financial statements of the Company have been prepared in accordance with IFRS as adopted by the European Union and IFRS IC interpretations (IFRS adopted by the EU) and with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS. The principal accounting policies adopted are the same as those set out in Sections 1 – 5 of the Group's financial statements.

The financial statements have been prepared on the historical cost basis. The Company has taken advantage of the exemption in section 408 of the Act not to present its own income statement. The Company's profit for the year was £72.8m (2016: £251.2m).

Investments in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less provision for impairment.

Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to the investment in subsidiary undertakings, with a corresponding credit to equity in the Company financial statements.

6.2. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2017 £m	2016 £m
At 1 January	**182.3**	**164.2**
Share-based payments	26.7	18.1
At 31 December	**209.0**	**182.3**

During 2017 and 2016, a number of subsidiary companies granted options to their employees over the shares of Jupiter Fund Management plc. For accounting purposes, these grants are recorded as investments by the Company in its subsidiary undertakings.

6.3. RELATED UNDERTAKINGS

The following information relates to the Company's operating subsidiaries. At 31 December 2017 and 2016, with the exception of Jupiter Fund Management Group Limited, these were all indirectly held, although the Company has some direct investments in operating subsidiaries for accounting purposes as a result of share-based payment awards (see Note 6.2). All subsidiaries have the same reporting dates and period of reporting as the parent Company. The parent held directly or indirectly all of the issued ordinary shares and controlled all of the voting rights in all of the subsidiaries in 2017 and 2016. All subsidiaries have been consolidated in the Group financial statements and operate and are incorporated in the countries in which they are registered.

Name	Registered office	Principal activities
Jupiter Asset Management (Asia) Private Limited	30 Raffles Place, No. 11-00 Chevron House, Singapore	Investment management
Jupiter Asset Management (Canada) Limited	45 O'Connor Street, Ottawa, Canada	Dormant
Jupiter Asset Management Group Limited	70 Victoria Street, London, UK	Investment holding company
Jupiter Asset Management (Hong Kong) Limited	17th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong	Investment management
Jupiter Asset Management Limited	70 Victoria Street, London, UK	Investment management
Jupiter Asset Management (N America) Inc	1209 Orange Street, Wilmington, USA	Dormant
Jupiter Asset Management (Switzerland) AG	Bahnhofstrasse 98-100, 8001 Zurich, Switzerland	Investment management
Jupiter Fund Management Group Limited	70 Victoria Street, London, UK	Investment holding company
Jupiter Investment Management Group Limited	70 Victoria Street, London, UK	Investment holding company
Jupiter Investment Trust Limited (formerly The Knightsbridge Trust Limited)	70 Victoria Street, London, UK	Dormant
Jupiter Unit Trust Managers Limited	70 Victoria Street, London, UK	Unit trust management
Knightsbridge Asset Management Limited	70 Victoria Street, London, UK	Investment holding company
Tyndall Holdings Limited	70 Victoria Street, London, UK	Investment holding company
Tyndall Investments Limited	70 Victoria Street, London, UK	Investment holding company

SECTION 6: COMPANY FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS

6.3. RELATED UNDERTAKINGS CONTINUED

The following information relates to seed investments which are judged to be subsidiaries or associates of the Group at 31 December 2017:

Name	Registered office	Principal activities	Percentage of AUM indirectly held by the Company
Jupiter Global Fund SICAV: Global Emerging Markets Short Duration Bond	6 Route de Trèves, Senningerberg, Luxembourg	SICAV sub-fund	100%
Jupiter Global Fund SICAV: Global Emerging Markets Unconstrained	6 Route de Trèves, Senningerberg, Luxembourg	SICAV sub-fund	22%
Jupiter Global Fund SICAV: Global Levered Absolute Return Fund	6 Route de Trèves, Senningerberg, Luxembourg	SICAV sub-fund	27%
Jupiter Global Fund SICAV: Strategic Total Return	6 Route de Trèves, Senningerberg, Luxembourg	SICAV sub-fund	50%
Jupiter Global Fund SICAV: UK Dynamic Growth	6 Route de Trèves, Senningerberg, Luxembourg	SICAV sub-fund	100%
Jupiter Enhanced Distribution Fund	70 Victoria Street, London	Unit trust	39%
Jupiter US Small and Midcap Companies Fund	70 Victoria Street, London	Unit trust	51%

The following information relates to seed investments where the Group holds more than 20% of the shares in any single share class, but over which the Group has neither control nor significant influence:

Name	Registered office	Principal activity
Jupiter Global Fund SICAV: Asia Pacific Income	6 Route de Trèves, Senningerberg, Luxembourg	SICAV sub-fund
Jupiter Global Fund SICAV: Dynamic Bond	6 Route de Trèves, Senningerberg, Luxembourg	SICAV sub-fund
Jupiter Global Fund SICAV: Global Absolute Return	6 Route de Trèves, Senningerberg, Luxembourg	SICAV sub-fund
Jupiter Global Fund SICAV: Global Convertibles	6 Route de Trèves, Senningerberg, Luxembourg	SICAV sub-fund
Jupiter Global Fund SICAV: Global Financials	6 Route de Trèves, Senningerberg, Luxembourg	SICAV sub-fund
Jupiter Global Fund SICAV: Global Value	6 Route de Trèves, Senningerberg, Luxembourg	SICAV sub-fund

6.4. TRADE AND OTHER RECEIVABLES

	2017 £m	2016 £m
Amounts owed from subsidiaries	13.1	98.9
Trade receivables	0.8	0.5
Prepayments and accrued income	0.6	0.2
	14.5	**99.6**

6.5. CASH AND CASH EQUIVALENTS

	2017 £m	2016 £m
Cash at bank and in hand	2.1	1.4
Cash held by EBT	6.0	4.8
	8.1	**6.2**

6.6. CASH FLOWS FROM OPERATING ACTIVITIES

	2017 £m	2016 £m
Operating profit	73.0	251.4
Adjustments for:		
Decrease/(increase) in trade and other receivables	85.1	(86.0)
Increase/(decrease) in trade and other payables	1.1	(21.0)
Cash inflows on exercise of share options	1.5	0.4
Cash generated from operations	**160.7**	**144.8**

6.7. TRADE AND OTHER PAYABLES

	2017 £m	2016 £m
Accruals	0.2	0.3
Other payables	1.3	0.1
	1.5	**0.4**

6.8. FINANCIAL INSTRUMENTS

Financial instruments by category

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

2017	Loans and receivables £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Investment in subsidiary undertakings	–	–	–	209.0	209.0
Current trade and other receivables	14.5	–	14.5	–	14.5
Cash and cash equivalents	8.1	–	8.1	–	8.1
Current trade and other payables	–	(1.5)	(1.5)	–	(1.5)
Total	**22.6**	**(1.5)**	21.1	**209.0**	**230.1**

2016	Loans and receivables £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Investment in subsidiary undertakings	–	–	–	182.3	182.3
Current trade and other receivables	99.6	–	99.6	–	99.6
Cash and cash equivalents	6.2	–	6.2	–	6.2
Current trade and other payables	–	(0.4)	(0.4)	–	(0.4)
Total	**105.8**	**(0.4)**	**105.4**	**182.3**	**287.7**

At 31 December 2017 and 2016, the Company did not hold any financial instruments measured at fair value. The Company's exposure to price, foreign exchange, interest rate, credit and liquidity risk is not considered to be material and, therefore, no further information is provided.

6.9. RELATED PARTIES

Investment in subsidiary undertakings are disclosed in Note 6.2 and the amounts due from subsidiaries in Note 6.4.

Key management compensation

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

	2017 £m	2016 £m
Short-term employee benefits	1.2	1.7
Share-based payments	0.8	0.9
	2.0	**2.6**

With the exception of Non-Executive Directors, key management personnel compensation is paid for by a Group subsidiary and no recharge is made to the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUPITER FUND MANAGEMENT PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Jupiter Fund Management plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2017 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts 2017 (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2017; the Consolidated income statement and the Consolidated statement of comprehensive income for the year ended 31 December 2017, the Consolidated and Company statement of cash flows for the year ended 31 December 2017, and the Consolidated and Company statement of changes in equity for the year ended 31 December 2017; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 1.3 to the financial statements we have provided no non-audit services to the Group or the Company in the period from 1 January 2017 to 31 December 2017.

Our audit approach

Context

Jupiter Fund Management plc is a FTSE 250 active fund manager, listed in 2010. Jupiter has a significant presence in the UK, covering both retail and institutional clients, and increasing distribution activities overseas, particularly in European and Asian markets. Jupiter offers a range of products such as Unit Trusts, SICAVs, Investment Trusts and Segregated Mandates.

Overview

- Overall Group materiality: £9.6m (2016: £8.6m), based on 5% of profit before tax.
- Overall Company materiality: £2.1m (2016: £1.8m), based on 1% of total assets.

- We conducted an audit of the complete financial information of Jupiter Asset Management Limited and Jupiter Unit Trust Managers Limited which are significant components as each represent more than 15% of the profit before tax of the Group.
- We also performed audit procedures on the Group consolidation adjustments component and the financial statement disclosures.
- Taken together, our audit work accounted for more than 95% of Group revenue and Group profit before tax.
- The Company financial statements were also in scope for our audit.

- Revenue recognition
- Share based payments expense
- Impairment of goodwill
- Current and deferred taxes
- We determined that there were no key audit matters applicable to the Company to communicate in our report.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, enquiries of management and review of minutes of meetings of those charged with governance for the Group and significant components. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition *Refer to Note 1.1. Revenue and Note 5.1. Basis of preparation and other accounting policies.* Revenue is the most significant balance in the Consolidated income statement. Revenue is made of a number of streams including management fees, performance fees, initial charges and box profit which result from the business activities of the Group. We focused on a number of aspects of revenue as follows: Management fees – Management fees consist of gross management fees from Unit Trusts, SICAVs and Segregated Mandates/Investment Trusts, less rebates. – The calculation of Unit Trust and SICAV gross management fees, which make up the majority of the revenue balance, is calculated as a percentage of the assets under management ('AUM') of the funds managed by the Group; – The revenue from Segregated Mandates/Investment Trusts is manually calculated as a percentage, per Investment Management Agreements ('IMAs'), of the segregated mandates/investment trust holdings; and – Rebates are calculated by a combination of in-house systems and external parties mandated by the Group to sell units/ shares of funds it manages, with the outputs of both processes being monitored and stored on spreadsheets which increases the risk of error.	We understood and evaluated the design and implementation of key controls, including relevant Information Technology systems and controls, in place around revenue. This included outsourced activities at HSBC Security Services UK Limited (HSBC), J.P Morgan Bank Luxembourg S.A (JP Morgan), J.P Morgan Chase Bank N.A (JP Morgan) and DST Financial Services International Limited (DST). To obtain audit evidence over the key controls at the outsourced providers, we assessed the control environment in place to the extent that it was relevant to our audit. This included controls supporting the calculation of revenue. This involved obtaining and reading the reports issued by the independent service auditor of the third party providers in accordance with generally accepted assurance standards for such work. We then identified those key controls on which we could place reliance to provide audit evidence. Where the controls reports we relied on were not prepared as at 31 December 2017, we obtained a bridging letter and assessed the period not covered. We found that the key controls on which we placed reliance for the purposes of our audit were designed, implemented and operating effectively.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUPITER FUND MANAGEMENT PLC

Key audit matter	How our audit addressed the key audit matter
Performance fees Performance fees are often one-off or infrequent and involve manual and complex calculations and this increases the risk of error. Initial charges and box profits – Initial charges vary per different client and contractual terms and the calculation of these fees are thus more susceptible to the risk of error; and – Box profits vary from one transaction to another and are quite complex due to the various different terms and pricing in place and as such there is an increased risk of error.	In addition to identifying those key controls on which we placed reliance, the specific audit evidence over each revenue stream is summarised below: Unit Trust and SICAV gross management fees – We obtained AUM and management fee evidence directly from JP Morgan and HSBC. We recalculated and then reconciled management fees to amounts included in the Group financial statements; – We reconciled a sample of management fee rates to supporting documentation; and – We checked that the data received from the outsourced provider included all Jupiter funds. Segregated Mandates/Investment Trusts management fees – HSBC are appointed as the administrator for Segregated Mandates unless the client specifies otherwise. Investment Trusts are administered by JP Morgan. For those in our testing sample not administered by HSBC or JP Morgan, we obtained supporting external evidence over AUM. – We recalculated the management fee calculation for a sample of invoices, agreeing a sample of the key inputs back to the IMA and compared to amounts included in the Group financial statements. Rebates – We used data auditing techniques on the underlying data to recalculate rebates. We agreed a sample of rates to discount forms and reconciled the amounts back to the Group financial statements. Performance fees – For a sample of performance fees we assessed whether the fee had crystallised and hence had been recognised in the appropriate year; – We recalculated the performance fees for that sample to check that it had been calculated in accordance with the signed IMAs; and – To test for completeness we checked, for a sample of funds and segregated mandates, whether a performance fee had been earned in the year. Initial charges and box profits – We used data auditing techniques to recompute initial charges and box profits calculated by DST and reconciled the results back to the Group financial statements; and – Agreed the rate and terms to the discount forms for a sample of clients paying initial charges. No material misstatements were identified by our testing.

Key audit matter	How our audit addressed the key audit matter
Share based payments expense *Refer to the Audit and Risk Committee report, Note 1.5. Share based payments and Note 5.1. Basis of preparation and other accounting policies.* The share based payment expense is judgemental in nature, including management determining the fair value of the awards, which involves estimating performance, service conditions and leaver rates. We also considered the interpretation of complex terms in the scheme agreements, the number of schemes in operation, the required record keeping and the manual nature of the calculations.	In testing the share based payment expense, we performed the following testing to address the risks identified for each type of share based payment transaction: – Obtained the Deeds of Grant for new awards in the year. Tested each of the new awards in the year by checking that they were appropriately authorised, consistent with scheme plans, classified correctly as equity or cash settled and used an appropriate share price; – Tested the valuations and spreading of new schemes granted in the year by agreeing key inputs used to source documentation and independently recalculating the value of the award using an industry accepted pricing model; – Obtained details of all other outstanding awards and tested a sample to check that the charge was spread in accordance with the appropriate period of the award; – For cash settled parts of the awards, for example, national insurance, we tested a sample of calculated current charges for the year based on year-end share price information; – We assessed the reasonableness of the key assumptions, leaver rate and performance conditions, by examining historical data and performing sensitivity analyses; – Tested a sample of options exercised during the year to check they were exercised in accordance with the terms of the grant, recorded at the correct value and appropriately authorised; – Tested the final true-up adjustments for all awards vesting in the year to check that the total expense recognised over the life of the award was appropriate; and – Assessed whether disclosures required by IFRS 2 'Share based payment' had been made and appropriately reflected the scheme agreements and the calculations and estimates made. No material misstatements were identified by our testing.
Impairment of goodwill *Refer to the Audit and Risk Committee report, Note 3.1. Goodwill and Note 5.1. Basis of preparation and other accounting policies.* Goodwill is the most significant balance in the Consolidated balance sheet. Management are required by IAS 36 'Impairment of assets' to perform an annual impairment review and consider if there are any impairment indicators in respect of the carrying value of goodwill. The carrying value of the cash generating unit containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. The Group is made of one operating segment, investment management. As such the Group is one cash generating unit. Management have modelled the fair value less costs to sell approach under IAS 36 by using a discounted cash flow model. As they have not identified any impairment they have not considered value in use. The impairment review requires a number of significant estimates to be made by management such as forecasts and discount rates.	We obtained management's impairment review and checked that it was in compliance with the requirements of IAS 36 and performed the following: – We evaluated management's models checking the relevant inputs to supporting documentation, this included challenging management on key assumptions within the calculations. In particular we compared the cash flow forecasts to the 3 year Board approved budget; – We evaluated the sensitivity analysis performed and discussed with management the likelihood and impacts of such changes; – We determined that there was reasonable headroom in management's fair value less costs to sell calculations; and – We also read and assessed the disclosures made in the financial statements. No material misstatements were identified by our testing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUPITER FUND MANAGEMENT PLC

Key audit matter	How our audit addressed the key audit matter
Current and deferred taxes Refer to Note 1.10. Income tax expense, Note 3.5. Deferred tax and Note 5.1. Basis of preparation and other accounting policies. The calculation of the current and deferred tax is produced manually and is based on a number of supporting complex calculations including share based payments, deferred bonuses and the spreading of initial charges. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable items. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Management establish provisions where appropriate on the basis of amounts expected to be paid to tax authorities. Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.	In assessing current and deferred income tax, we: – Assessed whether management had reflected appropriately the changes in UK corporation tax in their current and deferred income tax calculations; – Obtained and read tax working papers for the Group and significant components and obtained supporting evidence; – Obtained the deferred tax calculations and assessed the recoverability of the deferred tax assets. We evaluated whether the temporary difference will reverse in the future and whether there is sufficient taxable profit available against which the temporary difference can be utilised; and – Assessed the tax disclosures included within the financial statements. We also evaluated whether the Group had met its compliance obligations for the material territories in which the Group operates, and as such we: – Assessed the conclusions reached by management in relation to the current transfer pricing arrangements, changes to the Group structure and controlled foreign companies' position. No material misstatements were identified by our testing.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is structured along a single business line being investment management. The Group is composed of the Company, incorporated in the United Kingdom, and subsidiary entities in the United Kingdom and abroad, and certain consolidated Jupiter funds. The Group is operated centrally from the UK.

We conducted an audit of the complete financial information of Jupiter Asset Management Limited and Jupiter Unit Trust Limited because they are considered financially significant components, each representing more than 15% of the profit before tax of the Group. We also performed audit procedures on the Group consolidation adjustments component and the financial statement disclosures. Taken together, our audit work accounted for more than 95% of Group revenue and Group profit before tax. The Company financial statements were also in scope for our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£9.6m (2016: £8.6m).	£2.1m (2016: £1.8m).
How we determined it	5% of profit before tax.	1% of total assets.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	The Company's main activity is the holding of investments in subsidiaries. Given this, consistent with the prior year, we set an overall Company materiality level based on total assets.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £2.9m-£9.5m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £0.5m (Group audit) (2016: £0.4m) and £0.1m (Company audit) (2016: £0.1m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:.

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUPITER FUND MANAGEMENT PLC

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 96 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 30 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 96, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 52-58 describing the work of the Audit & Risk Committee does not appropriately address matters communicated by us to the Audit & Risk Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 96, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the Directors to audit the financial statements for the year ended 31 December 2007 and subsequent financial periods. Following a competitive tender process in 2014, we were reappointed as auditor of the Company by recommendation of the Audit and Risk Committee for the year ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is 11 years, covering the years ended 31 December 2007 to 31 December 2017.

JEREMY JENSEN (SENIOR STATUTORY AUDITOR)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 February 2018

OTHER INFORMATION

HISTORICAL SUMMARY (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Net revenue	409.5	351.4	329.5	303.0	288.5
Administrative expenses	(214.8)	(182.1)	(163.8)	(149.2)	(142.1)
Operating earnings	194.7	169.3	165.7	153.8	146.4
Other gains	0.6	5.1	1.7	26.1	9.5
Amortisation of intangible assets	(2.3)	(3.3)	(3.2)	(20.2)	(39.7)
Operating profit before exceptional costs	**193.0**	**171.1**	**164.2**	**159.7**	**116.2**
Exceptional items	–	–	–	–	–
Operating profit	**193.0**	**171.1**	**164.2**	**159.7**	**116.2**
Finance income	0.1	0.5	0.6	0.5	1.0
Finance costs	(0.2)	(0.2)	(0.2)	(0.2)	(3.1)
Profit before taxation	**192.9**	**171.4**	**164.6**	**160.0**	**114.1**
Income tax expense	(38.1)	(35.1)	(32.5)	(34.2)	(25.5)
Profit for the year	**154.8**	**136.3**	**132.1**	**125.8**	**88.6**
Earnings per share					
Basic (p/share)	34.5	30.3	29.4	28.4	21.1
Diluted (p/share)	33.7	29.6	28.5	27.2	20.0
Dividends per share					
Interim (p/share)	6.8	4.5	4.0	3.7	3.5
Final (p/share)	10.3	10.2	10.6	9.5	9.1
Special (p/share)	15.5	12.5	10.9	11.5	–
Total dividends paid out of current year profit	**32.6**	**27.2**	**25.5**	**24.7**	**12.6**
AUM at year end (£bn)	50.2	40.5	35.7	31.9	31.7
Average headcount (number)	504	463	436	459	455
Operating earnings to adjusted EBITDA reconciliation					
Operating earnings	194.7	169.3	165.7	153.8	146.4
Add: charge for options over pre-Listing shares	0.2	0.1	0.5	0.7	4.2
Add: depreciation	2.1	2.2	1.1	1.1	0.9
Add: office closure costs	–	–	0.8	–	–
Adjusted EBITDA	**197.0**	**171.6**	**168.1**	**155.6**	**151.5**
Net cash (£m)	234.2	258.9	259.4	251.0	160.8
Net cash inflows from operating activities (£m)	194.6	147.3	156.3	122.8	123.4
Underlying earnings per share (p)	34.2	29.4	29.2	26.4	25.2

SHAREHOLDER INFORMATION

SHAREHOLDER ENQUIRIES

All enquiries relating to holdings of shares in Jupiter Fund Management plc, including notification of change of address, queries regarding dividend/interest payments or the loss of a share certificate, should be addressed to the Company's Registrars:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0871 664 0300 (Calls cost 12p per minute plus access charge)
Overseas tel: +44 (0) 371 664 0300 Calls outside the UK will be charged at the applicable international rate.
Lines are open (UK only) 9.00am-5.30pm Monday to Friday.
Email: shareholderenquiries@linkgroup.co.uk
Other shareholder queries should be addressed to the Company Secretary.

SHARE DEALING SERVICE

There is a share dealing service offered by the Registrars. It is a simple way to buy and sell shares via the internet or telephone with quick settlement.
For information visit:
www.linksharedeal.com
For telephone purchases:
Tel: 0371 664 0445 lines are open 8.00am to 4.30pm, Monday to Friday.
UK calls are charged at the standard geographic rate.
Calls outside the UK will be charged at the applicable international rate.

FINANCIAL CALENDAR

Event	Date
Ex-dividend date for full-year and special dividends	8 March 2018
Record date for full-year and special dividends	9 March 2018
Full-year dividend payment date	6 April 2018
Trading update	18 April 2018
Annual General Meeting	16 May 2018
Interim results announcement	27 July 2018
Interim dividend payment date	31 August 2018
Trading update	11 October 2018

COMPANY DETAILS AND PRINCIPAL OFFICE

Jupiter Fund Management plc
The Zig Zag Building
70 Victoria Street
London SW1E 6SQ
Registered number: 6150195
Company Secretary
Adam Westley
Tel: 020 3817 1169

WEBSITE

The Company has a corporate website, which holds, amongst other information, copies of its latest annual report and copies of all press announcements released. This site can be found at www.jupiteram.com

SHARE INFORMATION

The Company's ordinary shares are traded on the London Stock Exchange:

ISIN	GB00B53P2009
SEDOL	B53P200
TICKER	JUP.LN

GLOSSARY OF TERMS

A

Act
Companies Act 2006
(as amended, supplemented or replaced from time to time)

Adjusted available profit
Available profit less computer software amortisation

Adjusted cost/income ratio
Administrative expenses divided by net management fees

Adjusted EBITDA
Earnings before interest, tax, depreciation and amortisation and non-recurring items

AGM
Annual General Meeting

AUM
Assets under management

Available profit
Net revenue less operating expenses

B

Board
The Board of Directors of the Company

Box profits
Profit on dealings in mutual funds by the Group representing the difference between the cost of purchasing redeemed units at cancellation prices and reselling those units at higher creation prices on the same day (rather than cancelling those units), in each case after brokerage fees

Bps
One one-hundredth of a percentage point (0.01%)

C

CASS
The FCA's Client Asset Sourcebook rules

CGU
Cash-generating unit

Code
UK Corporate Governance Code adopted by the Financial Reporting Council in 2016

Company
Jupiter Fund Management plc

CREST
The system for paperless settlement of trades in listed securities, of which Euroclear UK & Ireland Limited is the operator

D

DBP
Deferred Bonus Plan

DST
DST Financial Services (formerly IFDS)

E

EBT
The Jupiter employee benefit trust established pursuant to a trust deed dated 22 April 2004

EPS
Earnings per share

EU
The European Union

F

FCA
Financial Conduct Authority of the United Kingdom

FCA Remuneration Code
The code whereby firms regulated by the FCA are required to establish, implement and maintain remuneration policies consistent with effective risk management

FRC
Financial Reporting Council

FVTPL
Fair value through profit or loss

G

GAAP
Generally Accepted Accounting Principles

GDPR
General Data Provision Regulation

GHG
Greenhouse gas; an EU regulation for strengthening and unifying data protection

GRI
Global Reporting Initiative

Group
The Company and all of its subsidiaries

I

IA
Investment Association

IAS
International Accounting Standard(s)

ICAAP
Internal Capital Adequacy Assessment Process

IFA
Independent financial adviser

IFDS
International Financial Data Services

IFRS
International Financial Reporting Standard(s)

IFRS IC
IFRS Interpretations Committee

ISA
Individual savings account

J

Jupiter
The Company and all of its subsidiaries

K

KPI
Key performance indicator

L

LIBOR
London Interbank Offered Rate

Listing
The Company's Listing on the London Stock Exchange on 21 June 2010

Listing Rules
Regulations subject to the oversight of the FCA applicable to the Company following Listing

LTIP
Long-term Incentive Plan for retention

M

MBO
The purchase by management and other parties in 2007 of the Group (as at that date)

MiFID II
The second version of the Markets in Financial Instruments Directive as defined by EC Council Directive 2014/65/EU

Mutual funds
Collective investments where a group of investors pool their money (buying units or a portion of the mutual fund)

N

Net cash
Net cash is defined as the gross cash less any bank debt outstanding and overdrafts

Net management fees
Management fees less fee expenses

Net management fee margin
Net management fees divided by average AUM

Net revenue
Revenue less fee and commission expenses

O

Operating earnings
Net revenue less administrative expenses

Operating expenses
Underlying administrative expenses less variable staff costs

Ordinary dividends per share
Interim and full-year dividends (does not include any special dividends)

Overseas Regulated Entities
Jupiter Asset Management (Hong Kong) Limited
Jupiter Asset Management (Switzerland) AG

P

PBT
Profit before tax

Platforms
Service providers that enable investors to buy and hold in a single place a range of investments from multiple providers with different tax wrappers

R

RCF
Revolving credit facility

Registrar
Link Asset Services

S

SAYE
Save As You Earn

SEDOL
Stock Exchange Daily Official List

Segregated mandates
An investment strategy run exclusively for institutional clients

SICAV
Société d'Investissement à Capital Variable; an open-ended collective investment scheme offered in Europe

SIP
Share Incentive Plan

SMCR
Senior Managers and Certification Regime; an FCA regime governing the regulation of senior employees of entities operating in the financial services industry in the UK

T

TCF
Treating customers fairly

Total compensation ratio
Total staff costs as a proportion of net revenue

U

UCITS
Undertaking for Collective Investment in Transferable Securities as defined by EC Council Directive 85/611/EEC, as amended

Underlying administrative expenses
Administrative expenses excluding non-recurring items

Underlying EPS
Underlying profit after tax divided by issued share capital

Underlying profit before tax
Profit before tax excluding amortisation arising from acquisitions and non-recurring items

V

Variable compensation ratio
Variable staff costs as a proportion of available profit

W

WAEP
Weighted average exercise price

Registered address:
The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ

www.jupiteram.com

JUPITER FUND MANAGEMENT PLC

JUPITER