

Trading Update, Update on Merian Acquisition and Notice of Results

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15 April 2020

Jupiter Fund Management plc (“Jupiter”, the “Group”) today issues its trading update in respect of the three months to 31 March 2020. In addition, Jupiter is also issuing a trading update for Merian Global Investors Limited (“Merian”, the “Merian Group”) in respect of the same period together with an update on the proposed acquisition of Merian (the “Acquisition”).

**CURRENT TRADING**

So far this year, in common with the asset management industry as a whole, Jupiter has faced challenging market conditions, largely brought about by the global coronavirus (Covid-19) pandemic, which has had a significant adverse impact on the economy, global financial markets including asset values and, consequently, on our AUM. During this volatile period, which has seen most asset classes experience significant falls in value, Jupiter’s relative investment performance has strengthened, with 80% of AUM above median over three years, 75% in the top quartile. This level of performance on behalf of our clients is testimony to the expertise of our investment teams and reaffirms our belief that active management delivers long term returns to clients and supports our commitment to high-conviction active management.

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

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

**JUPITER ASSETS UNDER MANAGEMENT AND FLOWS**

- Net outflows in the quarter of £2.3bn.
- AUM at 31 March 2020 of £35.0bn, a decrease of £7.8bn in the quarter, with the majority of the decline due to market movements.

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

Net mutual fund outflows were £2.9bn during the quarter, of which £1.0bn net outflows were from our Fixed Income strategy, £0.7bn from our European Growth strategy (£0.4bn of which was a transfer into a segregated mandate) and £0.6bn from our Alternatives strategy.

Segregated mandates saw £0.6bn net inflows during the quarter, predominantly driven by the opening of one new mandate and a transfer of funds from a mutual fund into a mandate.

Month to date flows in April for Jupiter have stabilised and are broadly flat.

**MERIAN ASSETS UNDER MANAGEMENT AND FLOWS**

- Net outflows in the quarter of £2.6bn.
- AUM at 31 March 2020 of £15.7bn, a decrease of £6.8bn in the quarter, with the majority of the decline due to market movements.

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

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Merian Group net outflows for the three months to 31 March 2020 were £2.6bn and mainly comprised £1.4bn from Global Equity Absolute Return and £1.0 billion from other Systematic strategies.

Month to date flows in April for Merian show a marginal outflow.

**TRANSACTION UPDATE**

Despite the market volatility which both firms have experienced, the strategic and financial rationale of the Acquisition remains compelling. The Jupiter Board believes this Acquisition will enhance the Group's position as a leading UK asset manager, providing increased scale and diversification into attractive new product areas and creating stronger future growth prospects for the Enlarged Group.

In light of the coronavirus pandemic and the measures taken to contain the outbreak, Jupiter now expects to publish a circular relating to the Acquisition (the "Circular") in late April 2020, convening a general meeting of Jupiter shareholders to approve the Acquisition, to be held immediately following Jupiter's Annual General Meeting on 21 May 2020. Subject to market conditions, Jupiter also intends to raise Tier 2 subordinated debt in the coming weeks. The Circular, when published, will include an update on the Acquisition, including an update on several statements made in the announcement of the Acquisition on 17 February 2020.

At the time of the announcement of the Acquisition in February, it was expected that following completion of the integration of the Merian Group and the extraction of anticipated cost synergies from across the Enlarged Group, on a fully-phased basis, the Merian Group business would have the potential to contribute a run-rate Operating Margin to the Enlarged Group of not below 50 per cent. on prudent asset level assumptions and up to 60 per cent, which compares with the Group's 2019 Operating Margin of 43 per cent. As a result of the decline in Merian Group AUM, the estimated run-rate net management fees for the Merian Group as at 31 March 2020 are approximately £98 million per annum, down from approximately £140 million as at 31 December 2019. Consequently, assuming no recovery or further declines in asset values and prudent assumptions for future client flows, the acquired business is now expected to have the potential to contribute a run-rate Operating Margin not below 40 per cent. following the completion of the integration of the Merian Group's business and extraction of the anticipated cost synergies, on a fully phased basis.

In addition, at the time of the announcement of the Acquisition, it was anticipated that shortly following Completion, the Operating Margin of the Merian Group would be close to 50 per cent. In light of the fall in run-rate management fees, whilst the expected quantum and phasing of cost savings has not changed, the Board now expects the Operating Margin of the Merian Group shortly following Completion to be lower than originally anticipated but still attractive.

The Acquisition was also expected at the time of announcement in February to deliver low to mid-teen accretion in Underlying EPS from 2021, and increasing in 2022 onwards, relative to the Group's expected standalone financial performance for the same periods, with returns to the Group in excess of its cost of capital. Based on AUM for Jupiter and the Merian Group as at 31 March 2020, and assuming no further changes in AUM from these levels, the Underlying EPS accretion resulting from the Acquisition would be improved relative to expectations at the time of the announcement. The actual accretion achieved will be sensitive to current and future market conditions and resulting asset values, the relative financial performance of the Group and the Merian Group, and the delivery of any cost synergies.

Further information on the impact of recent market conditions and the trading of Jupiter and Merian on the expected financial effects and benefits of the Acquisition will be provided in due course in the Circular.

Words and expressions which were defined in the announcement made in respect of the Acquisition on 17 February 2020 have the same meanings in this announcement unless the context otherwise requires.

**NOTICE OF RESULTS**

Jupiter will be issuing Interim results for the period to 30 June 2020 on 29 July 2020 and will host an analyst presentation to discuss the results at 9:00am. At present, we expect the presentation to be held at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ. This is dependent on the UK government's applicable guidance at the time in respect of the coronavirus outbreak.

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**Forward-looking statements**

This announcement contains forward-looking statements with respect to the financial condition, results and business of the Group, the Merian Group and the Enlarged Group. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances, which may or may not occur in the future. Actual results, performance or achievements of the Group, the Merian Group and/or the Enlarged Group, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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

## Jupiter historic flow and AUM data by quarter

Flows and AUM by quarter								
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Total</b>								
Opening AUM	42,673	44,061	45,908	45,089	42,831			
Gross inflows	3,259	3,280	4,014	2,856	4,065			
Gross outflows	(3,741)	(3,883)	(5,329)	(4,984)	(6,383)			
<b>Net flows</b>	<b>(482)</b>	<b>(603)</b>	<b>(1,315)</b>	<b>(2,128)</b>	<b>(2,318)</b>			
Market / FX movements	1,870	2,450	496	(130)	(5,528)			
<b>Closing AUM</b>	<b>44,061</b>	<b>45,908</b>	<b>45,089</b>	<b>42,831</b>	<b>34,985</b>			
<b>Mutual funds</b>								
Opening AUM	36,940	37,473	38,983	38,461	37,692			
Gross inflows	2,697	3,034	3,017	2,638	3,353			
Gross outflows	(3,688)	(3,608)	(3,973)	(3,189)	(6,244)			
<b>Net flows</b>	<b>(991)</b>	<b>(574)</b>	<b>(956)</b>	<b>(551)</b>	<b>(2,891)</b>			
Market / FX movements	1,524	2,084	434	(218)	(4,130)			
<b>Closing AUM</b>	<b>37,473</b>	<b>38,983</b>	<b>38,461</b>	<b>37,692</b>	<b>30,671</b>			
<b>Segregated mandates</b>								
Opening AUM	4,577	5,348	5,568	5,266	4,811			
Gross inflows	561	246	996	218	712			
Gross outflows	(48)	(269)	(1,344)	(836)	(137)			
<b>Net flows</b>	<b>513</b>	<b>(23)</b>	<b>(348)</b>	<b>(618)</b>	<b>575</b>			
Market / FX movements	258	243	46	163	(1,302)			
<b>Closing AUM</b>	<b>5,348</b>	<b>5,568</b>	<b>5,266</b>	<b>4,811</b>	<b>4,084</b>			
<b>Investment trusts</b>								
Opening AUM	1,156	1,240	1,357	1,362	328			
Gross inflows	1	0	1	0	0			
Gross outflows	(5)	(6)	(12)	(959)	(2)			
<b>Net flows</b>	<b>(4)</b>	<b>(6)</b>	<b>(11)</b>	<b>(959)</b>	<b>(2)</b>			
Market / FX movements	88	123	16	(75)	(96)			
<b>Closing AUM</b>	<b>1,240</b>	<b>1,357</b>	<b>1,362</b>	<b>328</b>	<b>230</b>			