



JUPITER FUND MANAGEMENT PLC

September 2020



Jupiter – an independent, active fund manager

Clear and consistent investment identity for 35 years

Active funds management is
in our DNA

Provide an optimum
environment for talented, high
conviction managers

Client centred approach
embedded in all we do

Our long standing success in UK
retail channel showcases
our abilities

Ability to export our talents to
new products, geographies and
channels offers shareholders
attractive growth opportunities

Strategic priorities

- Consistently deliver strong investment performance and outcomes for clients
- Continue diversifying the business by client type, investment strategy and geography
- Attract, develop and retain high-quality talent aligned with our culture
- Expand the range of active investment strategies through recruitment of investment talent and successful product launches
- Reinvestment in UK retail to cement our strong position
- Build further on overseas foundations and broaden institutional client offering
- Use of technology to enhance investment capabilities and improve client outcomes
- Deliver consistent total returns for shareholders

Strategic highlights – H1 2020

Delivering growth through investment excellence

80% of mutual funds outperformed¹ over 3 years

- **76% first quartile**
-

Positive flows in Q2 2020

- **First quarter of positive flows since 2017**
 - **NZS wins first two investment mandates**
-

Merian completed on time despite challenging operational environment

- **Higher cost synergies delivering improved operating margins**
-

Covid-19 related disruption to clients and staff minimised

Interim dividend maintained at 7.9p

¹Mutual fund outperformance is defined as those funds in quartiles 1 or 2

Overview of the combined business at 1st July 2020

Assets under management

£56bn

AUM as at 1 Jul-20, with

86%

in mutual funds

Employees

690

FTEs as at 1 Jul-20, of which

109

are investment professionals¹

Product and performance

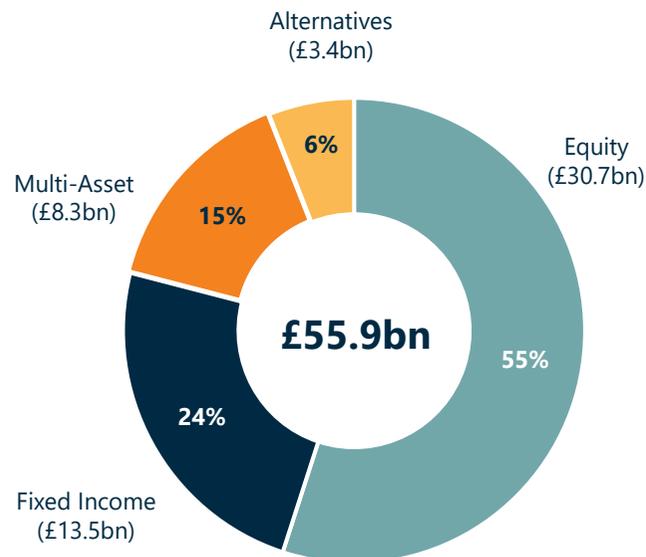
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investment strategies, with

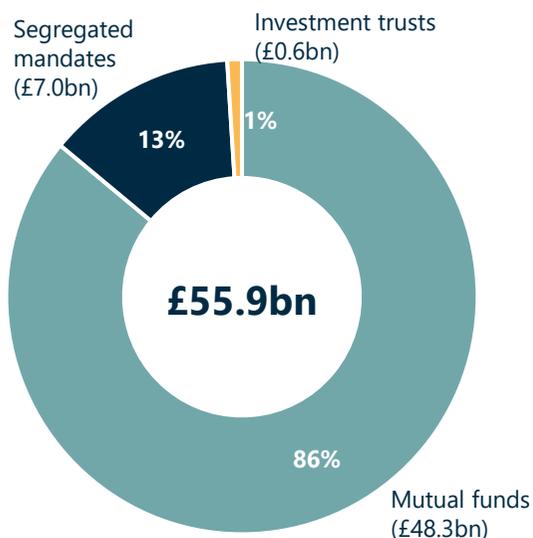
77%

of AUM above median over 3 years²

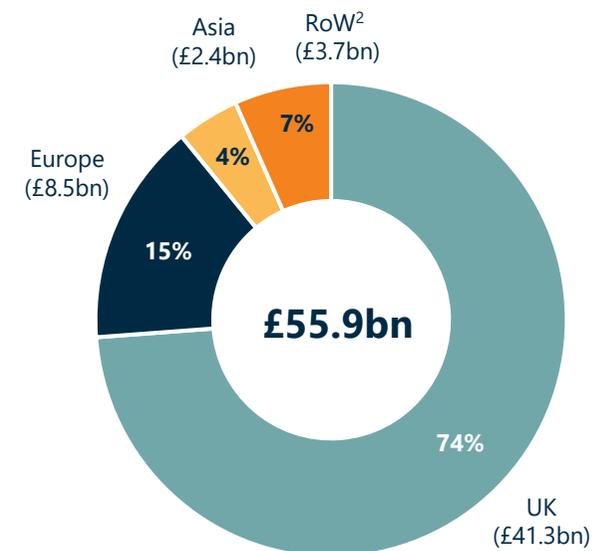
Asset class



Product type



Client geography



¹Total number of Fund Management headcount excluding secretaries.

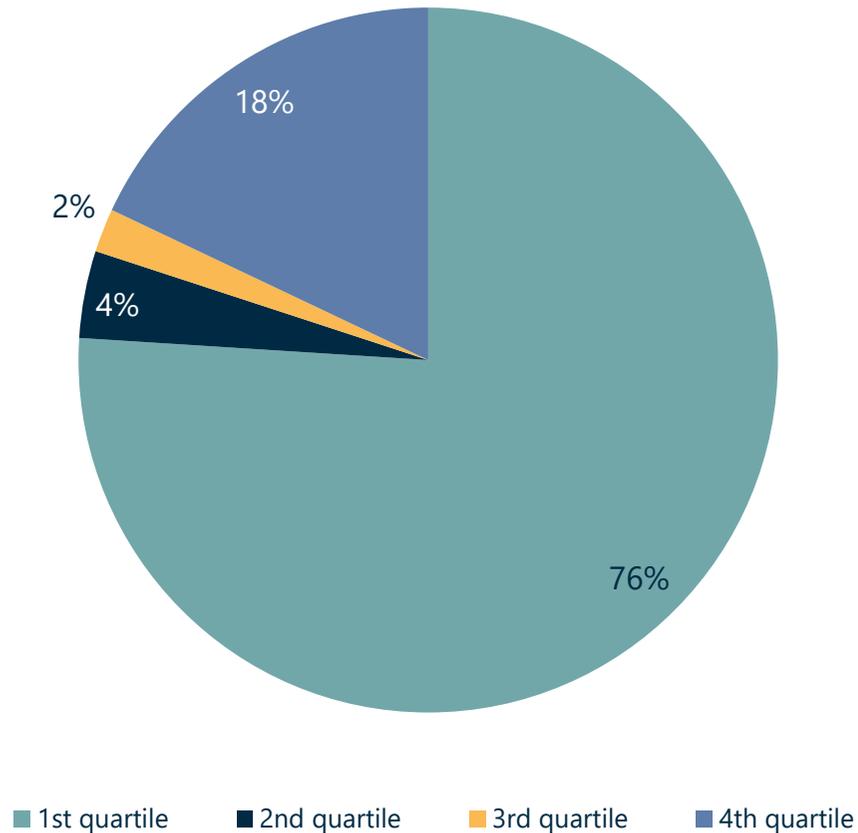
²Three year mutual fund performance

³Includes Middle East AUM of £2.2bn

Our purpose is to deliver outperformance after fees for clients

High-conviction active management

Three-year mutual fund performance



Active management delivers in difficult conditions

- 76% of AUM¹ (Dec 2019: 38%) in mutual funds in first quartile

Long-term performance record maintained over five years

- 82% of AUM¹ (Dec 2019: 86%) in mutual funds above median

Merian performance

- 69% of AUM¹ in mutual funds above median over three years (10% in first quartile)
- 78% of AUM¹ (54% in first quartile) in mutual funds above median over five years

Source: Morningstar and Jupiter internal as at 30 June 2020 and 31 December 2019

¹Applicable total net AUM

Combined performance above median over 3 years: 77%

Opportunities for growth

	Fund Manager	Inception date ¹	Jun 2018 (£m)	1 Jul 2020 (£m)	Quartile Ranking ¹
Asian Income	Jason Pidcock	Mar 2016	551	653	
Corporate Bond	Harry Richards & Adam Darling	May 2018	120	128	
Global High Yield Short Duration Bond	Adam Darling	Aug 2019	-	15	
Emerging Markets Short Duration Bond	Alejandro Arevalo	Sep 2017	28	156	
Global Emerging Markets Corporate Bond	Alejandro Arevalo	Mar 2017	-	113	
European Smaller Co.	Mark Nichols & Mark Heslop	Feb 2020	-	16	
Pan European Smaller Co.	Mark Nichols & Mark Heslop	Feb 2020	-	37	
Flexible Income	Talib Sheikh	Sep 2018	-	100	
Global Sustainable Equities	Abbie-Llewlyn-Waters	Apr 2018	21	27	
Japan Income	Dan Carter & Mitesh Patel	May 2016	522	694	
Merian Strategic Absolute Return Bond	Mark Nash	Aug 2016	74	92	
Merian Gold & Silver Fund	Ned Naylor-Leyland	Mar 2016	220	544	
Merian Financials Contingent Capital	Luca Evangelisti	Aug 2017	127	108	-
NZS Segregated	Brinton Johns & Brad Slingerlend	June 2020	-	99	-
Total			1,663	2,782	

¹ Since inception of fund or change of fund manager;

Combined financial metrics

Net revenue drivers

	Merian 2019	Merian H1 2020	Jupiter H1 2020	Combined H1 2020
Assets under management	£22bn	£17bn	£39bn	£56bn
- Of which GEAR	£2.9bn	£1.2bn	-	£1.2bn
Exit run-rate net management fee margin	66bps ¹	66bps	82bps	77bps

¹ Increased from 62bps due to revenue reclassification

Capital allocation framework

Supporting the future growth of the business alongside returns to shareholders

CAPITAL ALLOCATION FRAMEWORK

Organic growth

- Prioritise allocation of resources to areas of growth
- Active seed capital management
- Effective cost discipline and investment in efficiency

Opportunities for accelerated growth

- Team hires, bolt-on acquisition or consolidations
- Cultural alignment and no undue complexity
- Financially beneficial for shareholders

Ordinary dividends

- Progressive dividend policy
- Target 50% pay-out ratio

Additional returns to shareholders

- Maintain capital strength
- Return capital in excess of business needs

Priorities for H2 2020

Embed resilience and agility for future

Successfully
integrate
Merian into
Jupiter

Focus on
cultural
integration of
new colleagues

Maintain
excellent
investment
performance

Build upon and
broaden
momentum in
flows

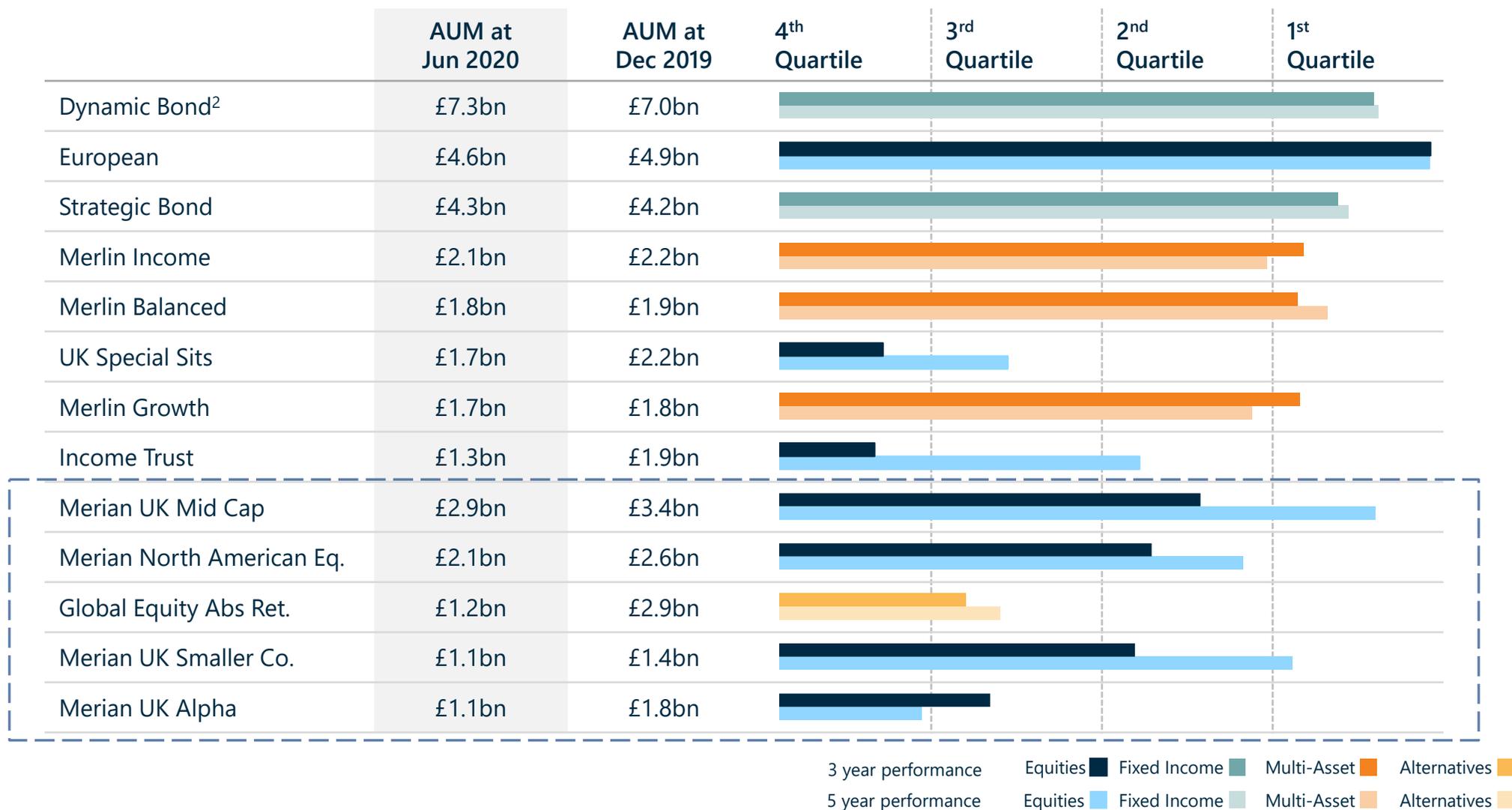
Prioritise
existing
investments in
the business
e.g. NZS and
US build out

Identify
additional
savings and
focus on key
priorities

Appendix

Largest funds performing well

58% of invested assets¹ represented in the below funds



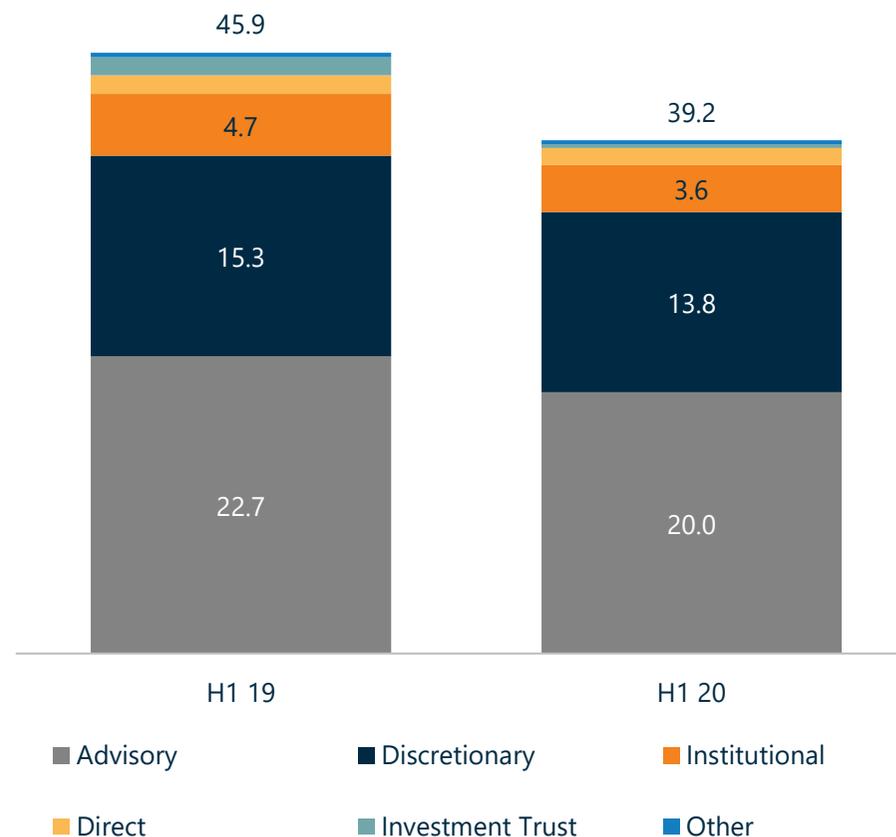
Source: Morningstar (except UK Special Sits which uses Financial Express/ IA sectors) and Jupiter/Merian internal as at 30 June 2020. Graph shows position within the sector on a percentile basis, performance stated after all fees. ¹Invested assets represent gross AUM including cross-holdings. ²SICAV Products.

AUM by distribution partner

Our assets reach us through a number of different channels

- The majority of our assets come through our distribution partners and their associated intermediary channels rather than directly from our clients
- The line between advisory and discretionary continues to blur as technology and regulatory changes continue to impact the market

AUM (£bn)



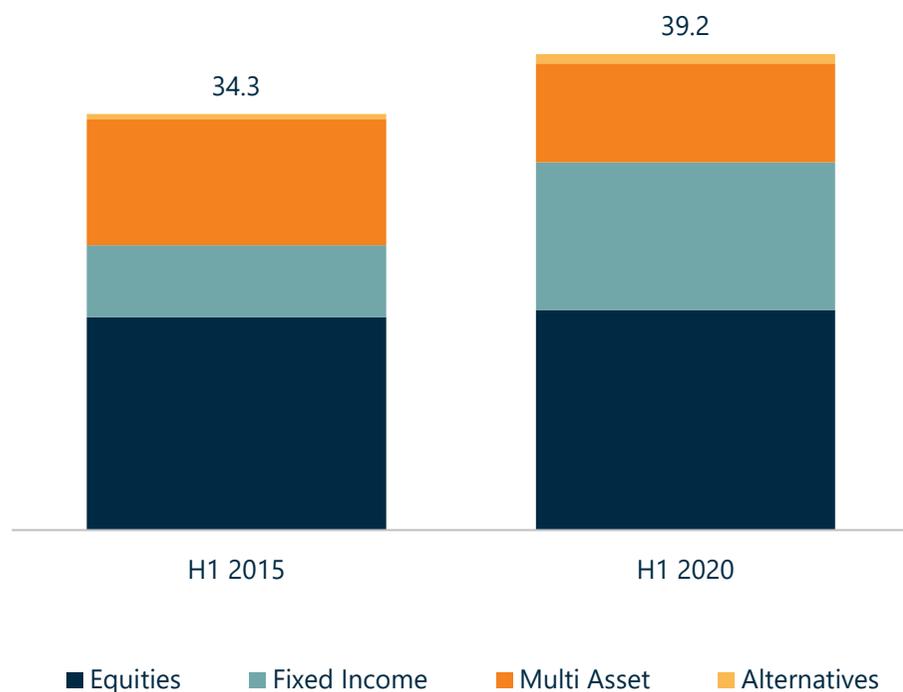
Source: Jupiter Internal MI

Discretionary refers to fund buyers, this includes: Fund of Funds, Discretionary Fund Managers, Asset Allocators, Family Offices and Fund Selectors. Advisory refers to fund sellers including: IFAs, Platforms, Private Banking, Retail Banking, LifeCo Wrappers, and Stock Brokers. Institutional business includes: Consultant-led family offices, local authorities, DC Corporate, DB Corporate, DB Public, Foundations, Charities and Sovereign Wealth Funds

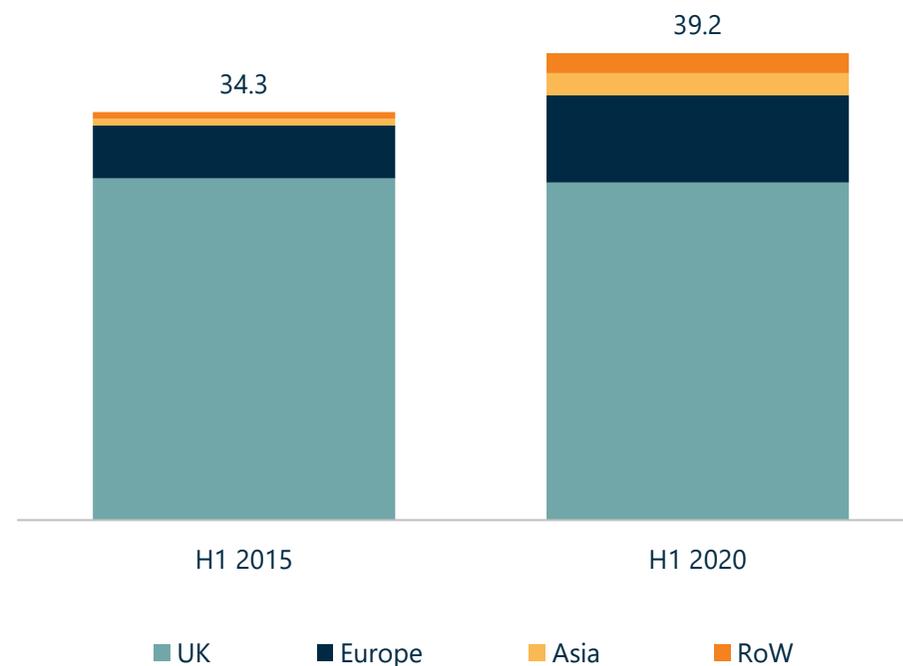
Successful diversification

Changing asset base over the last five years

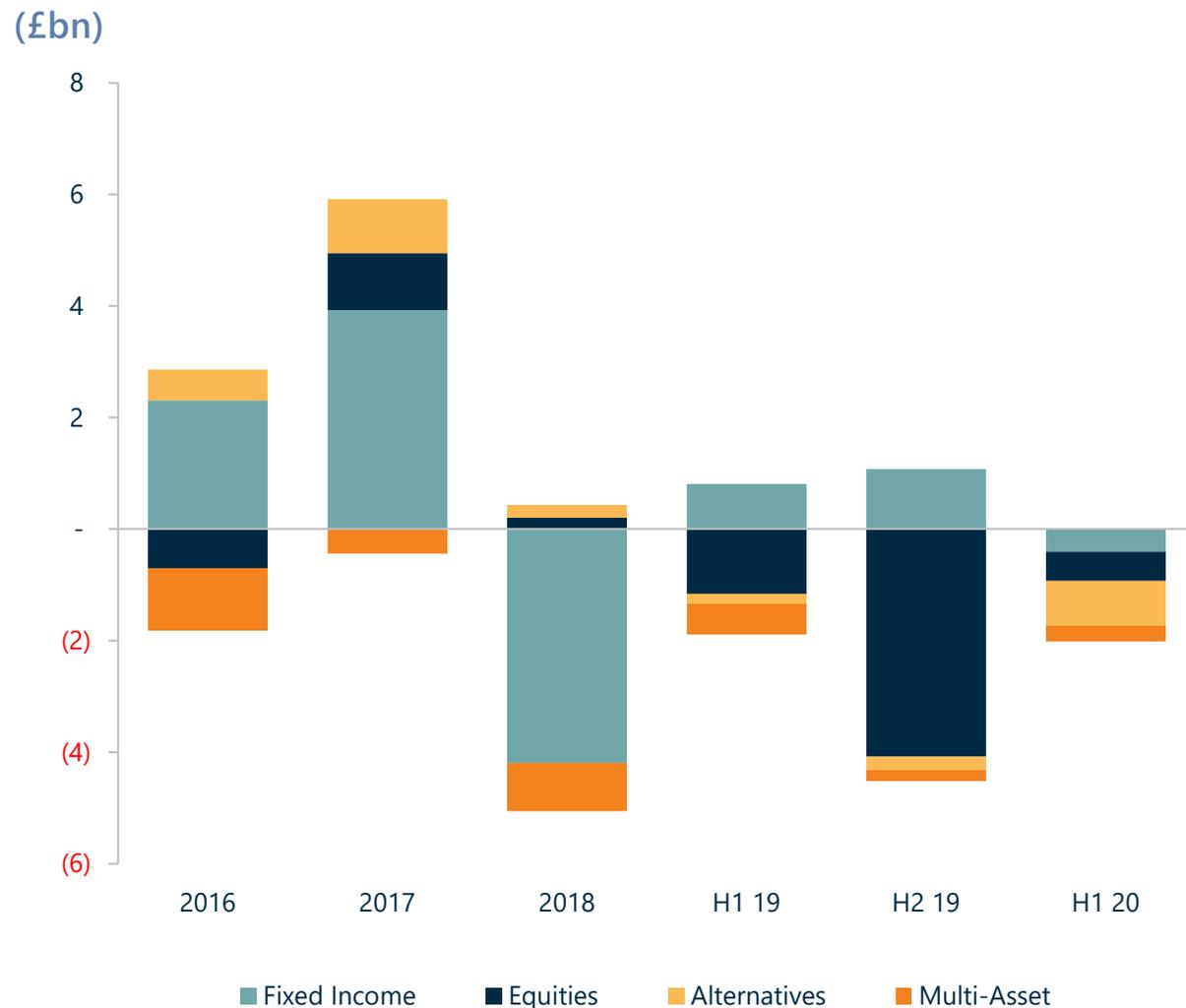
Split of AUM by asset class (£bn)



Split of AUM by client geography (£bn)



Net flows by asset class

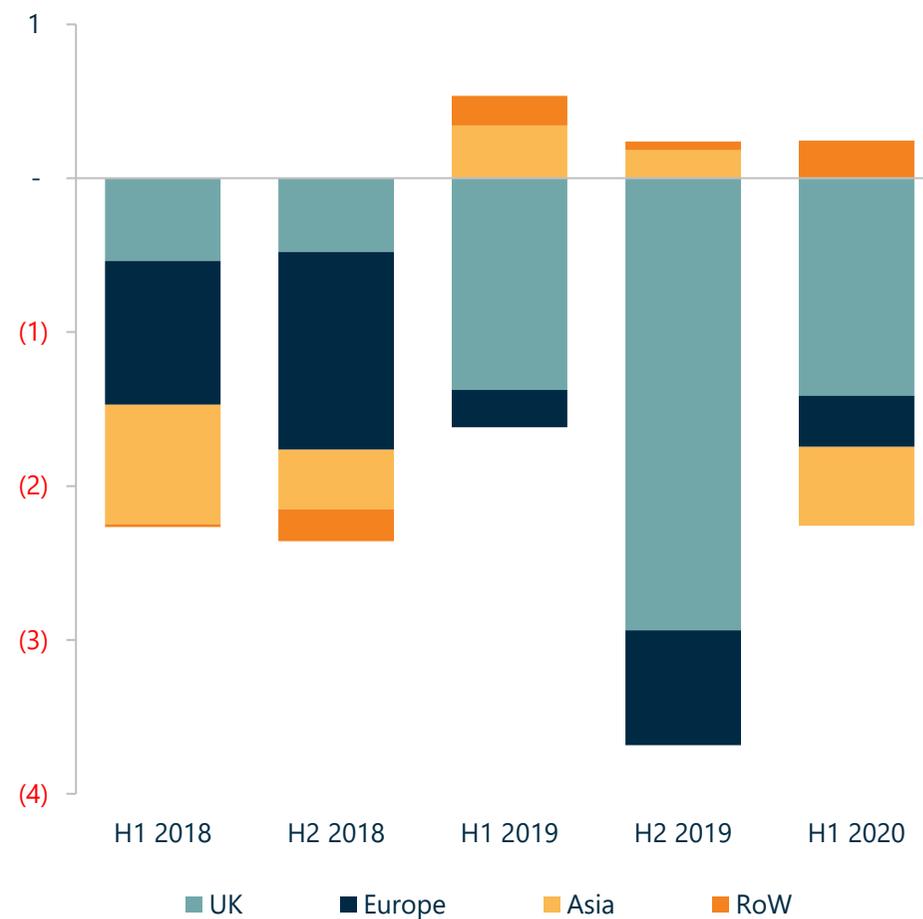


- Net outflows for the first half of 2020 were £2.0bn
- Despite strong performance, Fixed Income saw net outflows as clients reduced exposure to bonds globally
- Equity outflows stabilised towards the end of the period as the reaction to the change in fund manager for the European Growth strategy in 2019 reduced
- Alternatives saw further outflows in the Absolute Return fund due to performance

Net flows by region

- H1 20 has seen positive flows in Segregated Mandates in the US following a new strategic partnership with NZS Capital
- In the UK, outflows in H1 20 are due to Absolute Return and European
- Outflows in Asia in H1 20 are concentrated across Dynamic Bond

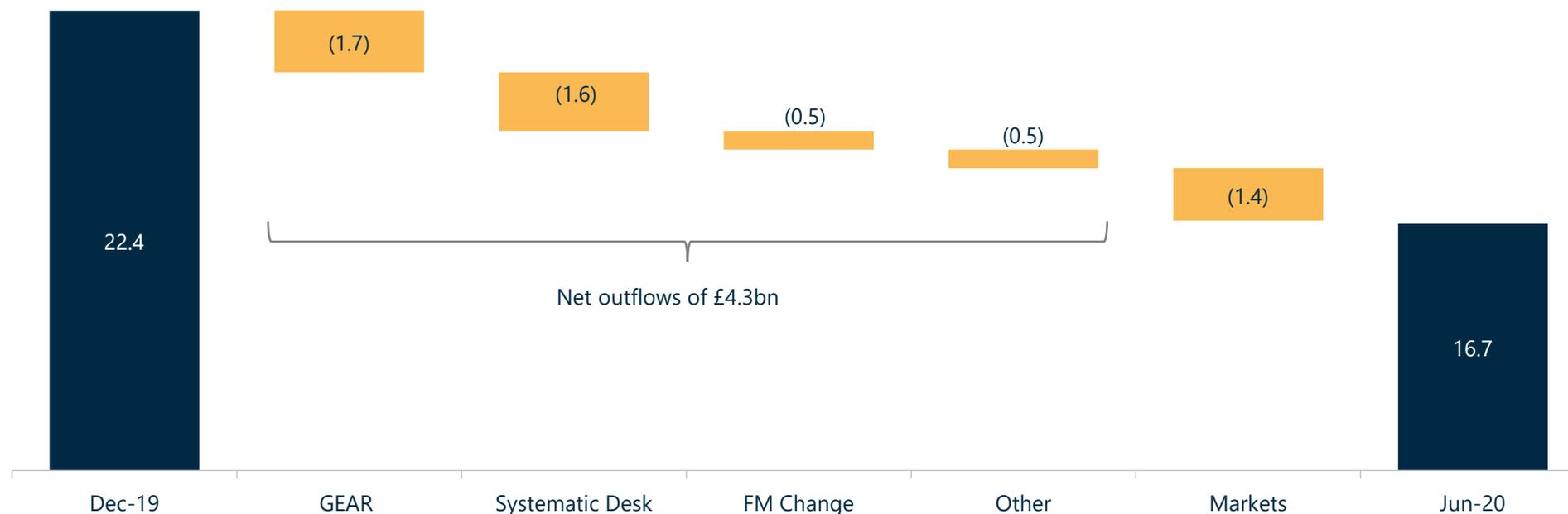
Net flows (£bn)



H1 2020 Merian AUM progression

AUM at £16.7bn

Movement in AUM (£bn)



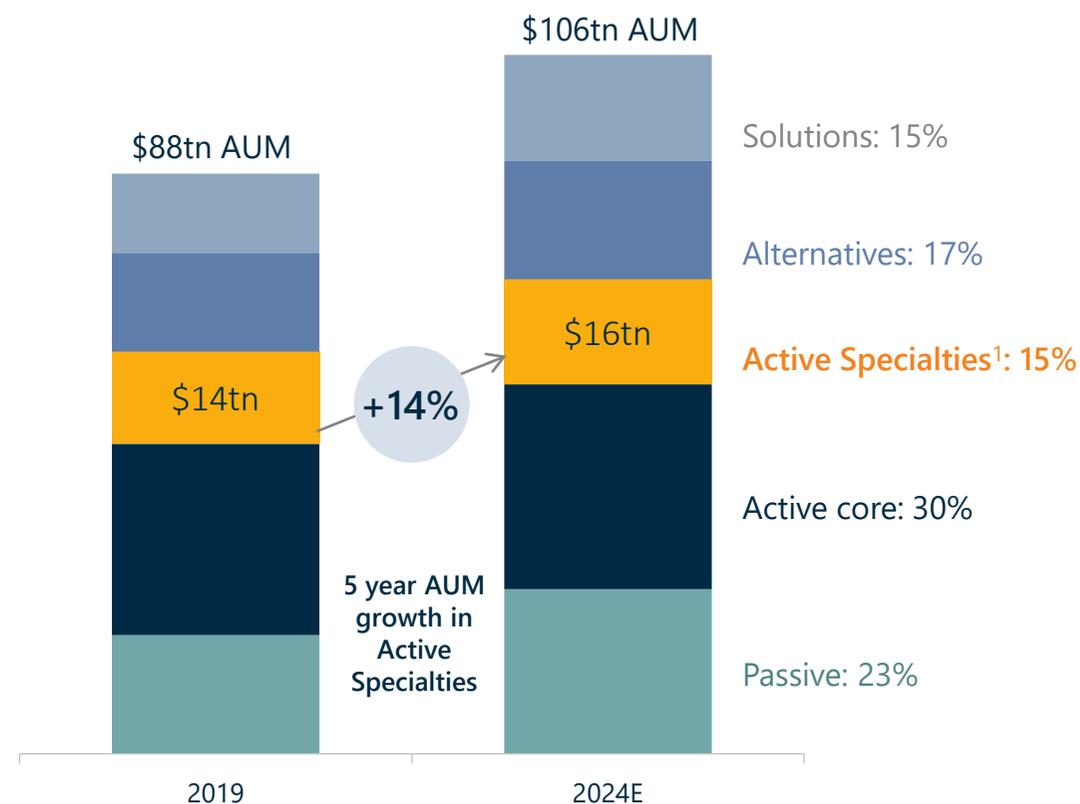
- Mutual fund net outflows of £4.3bn
- £1.4bn of losses from underlying markets, investment performance and foreign exchange movements on non-sterling assets
- Average AUM in H1 20 reduced to £18.6bn (H1 19: £27.9bn)

Jupiter investment identity

Reasons for an active high-conviction approach

- Client demand trends remain encouraging
- Long-term performance potential
- Passive guarantee 100% of the downside
- Active investing supports demand for ESG

Client demand for Active Specialties remains healthy



Source: BCG Global Asset Management 2019

¹Active Specialties include equity specialties (foreign, global, emerging markets, small and mid caps, and sectors) and fixed-income specialties (emerging markets, global, high yield and convertibles)

Financial results

	H1 20	H1 19	Change
Net management fees	£161.4m	£182.9m	-12%
Net revenue	£161.9m	£190.8m	-15%
Underlying profit before tax	£56.6m	£88.8m	-36%
Underlying EPS	10.0p	15.7p	-36%
Statutory profit before tax	£40.8m	£81.4m	-50%
Statutory basic EPS	6.5p	15.1p	-57%
Interim dividend	7.9p	7.9p	
Operating margin	36%	47%	-11%

Merian costs excluding exceptional items

Delivering cost synergies

	Merian 2019	Merian Annualised H2 20 take on costs	Merian Projected run rate as at 31/12/2020
Fixed staff costs	£31m	£18m	£13m
Variable staff costs	£37m	£20m	£18m
Compensation costs	£68m	£38m	£31m
Non-compensation costs	£47m	£28m	£26m
Total costs	£115m	£66m	£57m

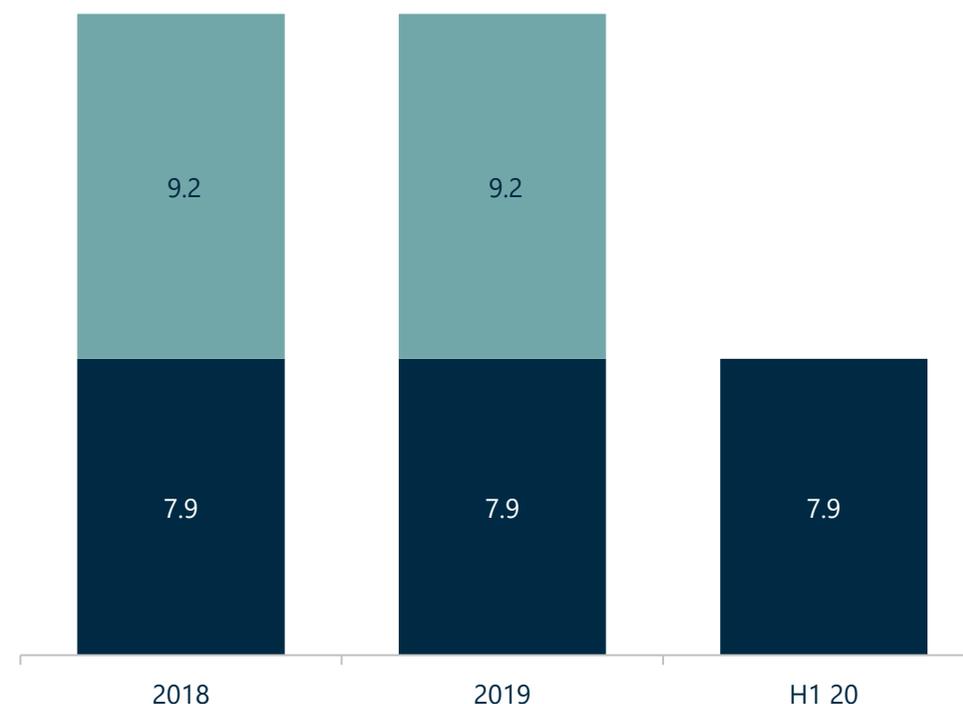
Maintain strong capital position

Our overall capital management policy remains unchanged

Regulatory capital

(£m)	Dec 19	1 Jul 20 ¹
Ordinary shareholder funds	612	852
Add: Subordinated debt	-	49
Less: Goodwill and intangible assets	(347)	(644)
Tangible capital	265	257
Less: Dividends declared		
Ordinary dividend	(42)	(44)
Estimated regulatory requirement	(76)	(126)
Expected capital surplus	147	87

Ordinary dividend maintained (pence per share)



- Regulatory capital requirements will continue to move in line with the positioning of our business and changes in our risk profile
- Progressive ordinary dividend policy remains in place
- Continued commitment to returning surplus capital in excess of business needs

COVID-19 Pandemic – Jupiter responses

Health and wellbeing of staff and their families is paramount

Our stakeholders

People

Support for working from home, pastoral care with emphasis on mental health, no furloughing or government support, phased re-opening of offices in London and some overseas locations

Client

Business fully operational during the period, continued to deliver for clients: increased communications with significant uplift in engagement

Shareholders

Merian integration on track and synergies ahead of target

Society

Charitable donations, both corporate and individual, increased charity leave for staff

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Jupiter Asset Management Limited

The Zig Zag Building, 70 Victoria Street
London, SW1E 6SQ, United Kingdom

T: +44 (0)20 3817 1000 F: +44 (0)20 3817 1820

 @jupiterAM_UK

 Jupiter Asset Management

 Jupiteram.com