

Highlights

29 July 2020

- 80% of mutual fund assets under management outperforming over three years, of which 76% are first quartile
- Net fund outflows of £2.0bn (2019 H1: net outflows of £1.1bn); net inflows in four of the six months during the period
- Interim dividend per share unchanged at 7.9p
- Assets under management (AUM) down 8% to £39.2bn
- Profit before tax (PBT) decreased by 50% to £40.8m
- Basic earnings per share (basic EPS) decreased by 57% to 6.5p
- Underlying profit before tax (underlying PBT)¹ decreased by 36% to £56.6m
- Underlying earnings per share (underlying EPS)¹ were down 36% to 10.0p
- Net management fees¹ down 12% to £161.4m

	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
AUM (£bn)	39.2	45.9	42.8
Net outflows (£bn)	2.0	1.1	4.5
Net management fees (£m)	161.4	182.9	370.0
PBT (£m)	40.8	81.4	151.0
Basic EPS (p)	6.5	15.1	27.5
Underlying PBT (£m)	56.6	88.8	162.7
Underlying EPS (p)	10.0	15.7	28.8
Interim dividend per share (p)	7.9	7.9	7.9
Operating margin (before exceptional items) ¹	36%	47% ²	43%

¹ The Group's use of alternative performance measures is explained on page 8.

² Restated for the six months ended 30 June 2019, see page 6.

Andrew Formica, Chief Executive, commented:

"For the first half of the year, in common with the wider asset management industry, Jupiter has faced challenging market conditions, largely brought about by the global coronavirus (Covid-19) pandemic. Although we suffered a significant fall in AUM due to both outflows and markets in the first quarter of the year, the second quarter has seen a return to moderate inflows and a partial recovery in asset prices. Despite market volatility, our investment teams have delivered strong investment outperformance reinforcing our commitment to high-conviction active management.

Following the completion of the acquisition of Merian Global Investors Limited on 1 July 2020, and our strategic partnership with NZS Capital LLC, we believe that the expanded product line-up and additional strength in UK and overseas distribution will see us well placed to take advantage of market opportunities in the future, helping to secure Jupiter's long-term future and profitability. We continue with our progressive dividend policy, targeting a pay-out ratio of around 50% of our underlying earnings per share to shareholders and, although this is lower than last year, we will pay an unchanged interim dividend of 7.9p per share."

Analyst presentation

There will be an analyst presentation at 10.00am on 29 July 2020.

The audio presentation will be held virtually. The presentation may be joined by either telephone https://secure.emincote.com/client/jupiter/jfm020/vip_connect or by webcast <https://secure.emincote.com/client/jupiter/jfm020>. Please note that questions will be taken from the phone lines only and that registration is required to receive unique joining details.

The interim report and accounts will be available on the Group's website at:
<https://www.jupiteram.com/Global/en/Investor-Relations/Reports-and-results>

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Forward-looking statements

This announcement contains forward-looking statements with respect to the financial condition, results of operations and businesses of the Group. Such statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this announcement. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast.

Chief Executive's statement

For the first half of the year, in common with the wider asset management industry, Jupiter has faced challenging conditions, largely brought about by the coronavirus. The impact of this pandemic caused significant volatility in the global economy and financial markets which has understandably had a consequent negative impact on our AUM. This impact was more pronounced in the first quarter of 2020 with significant falls in our AUM from both flows and markets. However, the second quarter saw a return to moderate inflows for the first time since 2017, as well as a partial recovery in asset prices. During this period, strong investment performance has remained a feature of our business with 80% of mutual fund AUM above median over three years, with 76% in the first quartile. This high 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 outperformance to clients after fees and supports our commitment to high-conviction active management.

As well as affecting global markets, the pandemic has resulted in a dramatic change to working practices as Jupiter adopted remote working from mid-March. From a corporate and operational perspective, this was implemented without any material disruption to the business. The preparation and planning that went into adopting this new way of doing business meant we were very well placed to continue providing the level of service that clients have come to expect of Jupiter, while also safeguarding the health and wellbeing of our colleagues and their families. This, in turn, has benefited the company as Jupiter's employees have demonstrated resilience and commitment throughout this time. We continue to monitor the situation in the UK and in the various geographies in which we operate to ensure that we respond appropriately to both the local government guidelines, and in the best interests of our staff and clients.

Despite the challenges brought by this pandemic, Jupiter has remained resilient throughout this period and, as such, we have not needed to take advantage of any government support packages.

We are pleased to report that we were able to complete our acquisition of Merian Global Investors Limited (Merian) on 1 July 2020, in line with our original timetable - a significant achievement given the circumstances. In addition, the fact that we ensured downside protection through the structure of this deal has provided a high level of protection to shareholders during this period of volatility.

Despite the changed environment we find ourselves in, the rationale for acquiring Merian remains strong. The deal accelerates our growth plans, delivers important diversification and expands our investment strategies. It also strengthens our UK and international distribution and we look forward to the opportunities for business development that this will bring, helping to secure Jupiter's long-term future and profitability. We continue with our progressive dividend policy, targeting a pay-out ratio of around 50% of our underlying earnings per share to shareholders and, although underlying EPS is lower than last year, we will pay an unchanged interim dividend of 7.9p per share.

Assets under management

AUM decreased from £42.8bn at the start of the year to £39.2bn by the end of June. This reduction was pronounced during the first quarter of the year as the effects of the pandemic took hold, with a recovery in AUM during the second quarter. The first quarter of 2020 saw a fall of £2.3bn due to outflows, predominantly from Fixed Income and Alternatives strategies. Market movements in the first quarter reduced assets by an additional £5.5bn. The second quarter of 2020 saw a return to moderate inflows of £0.3bn, driven by a reversal in flows in our Fixed Income strategy, as well as a reversal in markets of £3.9bn.

Performance

Continuing to deliver long-term growth for our clients through investment excellence remains our priority. Three-year investment performance after all fees is a key performance measure for us and, in the three years to 30 June 2020, 80% of mutual fund AUM was above median after all fees. This compares with an equivalent level of 72% recorded at the end of 2019. Of this 80%, 76% is in the top quartile.

Business development

Jupiter's business philosophy is based on strong active funds management and a clear strategy to deliver growth for clients through investment excellence. Despite the unforeseen market volatility created by the coronavirus pandemic, our strategic goals remain unchanged: consistently achieving superior investment performance after fees, top quartile net new money growth, broadening our investment capabilities, client reach and channels, and increasing client assets and profitability.

The acquisition of Merian helps strengthen our offering in our core UK market as well as broadening our client relationships in the institutional channel and bringing on board new international client relationships. We continued to broaden our product range through the launch of two European Smaller Companies Funds, available as a unit trust in the UK and a SICAV for our international clients. This launch was partly funded by the corporate balance sheet, which invested seed money at launch to help ensure scale from day one. Our strategic partnership with NZS Capital, which was announced in December 2019, is already gaining strong momentum having recently won a sizeable institutional mandate with another expected soon.

We continue to focus on improving our client service. The integration of Merian onto our systems and platform is running to plan and will create both financial synergies and enhance our position as one of the UK's leading asset managers. The integration and delivery of the longer-term benefits for the wider business will be a focus for the remainder of 2020.

Financial results

Statutory profit before tax decreased by 50% in the period, down from £81.4m at 30 June 2019 to £40.8m whilst, on an underlying basis, profit before tax was down by 36% at £56.6m compared with £88.8m at the end of June 2019. The largest component of the reduction in profitability has been the £21.5m drop in net management fees due to the lower levels of AUM. Performance fees in the period were nil, down £7.3m compared to the first half of 2019.

While we started 2020 with AUM of £42.8bn, the effects of the coronavirus pandemic in the period have led to a lower average AUM. This has reduced net management fees by 12% for the six-month period year on year. The net management fee margin¹ for the period has been 82.3bps, which is 1.5 basis points lower than H1 2019 reflecting a shift in the business and product mix.

Administrative expenses increased £3.4m to £114.4m, due to an increase in exceptional items¹ of £8.4m to £15.8m. In 2020, these exceptional items were transaction costs related to the Merian acquisition, which have been presented as exceptional in the Financial review due to the significance and nature of these items. Excluding exceptional items, administrative expenses fell by £5.0m as a result of lower compensation costs which were partly offset by rises in non-compensation costs, including marketing expenses. In the current volatile environment, the Group's commitment to maintaining an appropriate cost base remains as important as ever, and we continue to review and challenge costs, making reductions where we are able to without affecting our ability to deliver the investment returns and high standards of service to clients.

Within administrative expenses, total staff costs have fallen, with the total compensation ratio¹ remaining at 34%, in line with our previous guidance. Overall, the reduction in revenues has meant a decline in our operating margin before exceptional items to 36% compared to 47%.

Capital management

We maintain a consistent approach to capital management focused on a robust balance sheet that allows us to operate through different parts of the market cycle. There is no change to our overall approach. Our earnings continue to generate both healthy free cash flow and additional capital and, as is usual, the Board will at the year-end review the levels of capital within the business, outstanding debt and any investment opportunities available to us and will then consider the potential for additional returns to shareholders.

We continue to be proactive in both the deployment and redemption of our seed portfolio. In the period we have invested new seed capital in the European Smaller Companies funds, as well as redeeming previously invested seed capital from a number of funds. The use of corporate seeding is a key component of our overall capital management approach. It represents an important use of our financial resources to launch and accelerate funds to drive our business forward.

Our approach to dividends is unchanged: the ordinary dividend policy is a progressive one with the intention to pay out 50% of underlying EPS across the cycle. The Board assesses the ordinary dividend based on the results for the period, the Group's financial strength and future outlook. While we acknowledge the unique economic situation and uncertainty caused by the pandemic, it is the Board's current intention to maintain this policy. Therefore, despite the interim underlying EPS being lower than 2019, we will pay an interim dividend of 7.9p, in line with 2019.

Outlook

Delivering growth through investment excellence remains our priority and we look to achieve this through our active, high-conviction approach and client-centric culture. Our interim results demonstrate that even in difficult conditions we are able to deliver strong investment performance and outcomes for our clients. Jupiter continues to operate with a solid capital position, supporting the needs of its business and its dividend pay-out policy. This means we can approach the second half of the year with confidence as we focus on the full integration of Merian and meeting our strategic objectives.

Andrew Formica
Chief Executive Officer

28 July 2020

¹ The Group's use of alternative performance measures is explained on page 8.

Business review

Assets under management (AUM) and flows

Movement in AUM by product across the period						
	31 December 2019 £m	Q1 net flows £m	Q2 net flows £m	H1 net flows £m	Market returns £m	30 June 2020 £m
Mutual funds	37,692	(2,891)	220	(2,671)	(757)	34,264
Segregated mandates	4,811	575	88	663	(806)	4,668
Investment trusts	328	(2)	(3)	(5)	(47)	276
Total	42,831	(2,318)	305	(2,013)	(1,610)	39,208

AUM decreased by 8% to £39.2bn as at 30 June 2020 (31 December 2019: £42.8bn) as a result of net outflows of £2.3bn and negative market-related movements of £5.5bn in Q1, partially offset by net inflows in the second quarter of £0.3bn and positive market movements of £3.9bn.

Net mutual fund outflows were £2.7bn during the period, this was driven by outflows in Equities (£1.2bn), Alternatives (£0.8bn), Multi-asset (£0.4bn) and Fixed Income (£0.4bn) strategies. Of the total outflow in our Equities strategy, £0.4bn related to a transfer of assets to a new segregated mandate.

Investment performance

At 30 June 2020, 80% of our mutual fund AUM had delivered above-median performance against peer group funds over three years (31 December 2019: 72% of mutual fund AUM), of which 76% of mutual fund AUM had delivered first quartile performance (31 December 2019: 38% of mutual fund AUM). Measured over one year, 77% of mutual fund AUM (31 December 2019: 55% of mutual fund AUM) delivered above-median performance, of which 50% of mutual fund AUM had delivered first quartile performance (31 December 2019: 8% of mutual fund AUM). Measured over five years, 82% of mutual fund AUM (31 December 2019: 86% of mutual fund AUM) had delivered above-median performance, of which 64% of mutual fund AUM had delivered first quartile performance (31 December 2019: 64% of mutual fund AUM).

Merian AUM and investment performance

Merian results have not been included in the half-year results as the acquisition took place after the balance sheet date. Merian's AUM at 30 June 2020 was £16.7bn (31 December 2019: £22.4bn), with an average AUM in H1 2020 of £18.6bn. Mutual fund net outflows in H1 2020 were £4.3bn, with an additional £1.4bn of losses due to market movements.

At 30 June 2020, 69% of mutual fund AUM delivered above-median performance over three years, of which 10% had delivered first quartile performance, and 59% second quartile performance. Measured over one year, 64% of mutual fund AUM delivered above-median performance, of which 35% delivered first quartile performance. Measured over five years, 78% of mutual fund AUM delivered above-median performance, of which 54% had delivered first quartile performance.

Financial review

RESULTS FOR THE PERIOD

Net revenue	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Net management fees	161.4	182.9	370.0
Net initial charges	0.5	0.6	1.2
Performance fees	-	7.3	7.9
Net revenue¹	161.9	190.8	379.1
Revenue	182.0	210.3	419.3

¹ The Group's use of alternative performance measures is explained on page 8.

Revenue for the period was £182.0m (2019 H1: £210.3m), with net revenue of £161.9m (2019 H1: £190.8m), which was down 15% on H1 2019 mainly as a result of lower average AUM and a decrease in performance fees. The lower average AUM was principally a combination of outflows in H2 2019 as well as other outflows and market movements in the six months to 30 June 2020.

Net initial charges were flat at £0.5m (2019 H1: £0.6m). No performance fees were earned in the period (2019 H1: £7.3m). Prior year performance fees were principally earned in a single fund that changed manager in 2019.

	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
Net management fees (£m)	161.4	182.9	370.0
Average AUM (£bn)	39.4	44.0	44.3
Net management fee margin (bps)	82	84	84

Net management fees were down 12% to £161.4m (2019 H1: £182.9m) mainly due to lower overall average AUM over the six-month period, compared with 2019, as referred to above, although the Group saw net inflows and strong market growth in the second quarter. However, as a result of the Covid-19 pandemic, investor appetite was subdued and the Group experienced significant net outflows in Q1 2020, particularly in Fixed Income. In addition, negative market movements in our equity strategies, predominantly in March 2020, were experienced as the global economy began to shut down and stock prices suffered. Investment outperformance improved in the period to 80% (31 December 2019: 72%) after all fees.

The Group's net management fee margin for the period was slightly lower than the comparative period at 82 basis points, reflecting a shift in the business and product mix. The proforma exit net management fee margin was 77 basis points at 30 June 2020 (inclusive of AUM acquired through the acquisition of Merian).

Administrative expenses	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 (restated ²) £m	Year ended 31 December 2019 £m
Fixed staff costs ¹	31.3	29.6	59.4
Variable staff costs ¹	24.3	34.4	70.7
Other expenses before exceptional items	43.0	39.6	86.7
Administrative expenses before exceptional items	98.6	103.6	216.8
Exceptional items	15.8	7.4	11.7
Administrative expenses after exceptional items	114.4	111.0	228.5
Variable compensation ratio¹	28%	28%	30%
Total compensation ratio¹	34%	34%	34%
Operating margin¹	36%	47%	43%

¹ Stated before exceptional items (see APMs on page 8)

² Restated for change in presentation of net gains and losses on instruments held to hedge fund awards from 'Other (losses)/gains' to 'Administrative expenses' for the six months to 30 June 2019, consistent with the presentation for the year ended 31 December 2019 and subsequently (see note 1.3 for further detail).

Total administrative expenses of £114.4m were £3.4m higher than in H1 2019 (2019 H1: £111.0m). Administrative expenses before exceptional items of £98.6m were £5.0m lower than H1 2019 (2019 H1: £103.6m). Fixed staff costs before exceptional items rose by 6% to £31.3m principally as a result of the timing of restructuring changes made in 2019 to redirect costs into areas of growth.

At the half year, variable staff costs before exceptional items of £24.3m (2019 H1: £34.4m) have been calculated based on the expected full-year relevant compensation ratios and business performance. The charge relates to both the amortisation of deferred awards made in prior years and also to future compensation expected to be awarded. The key drivers of the decrease were lower revenues, as well as the impact of a reduction in the Group's share price which lowered the national insurance charge. The variable compensation ratio is 28%, the same as the H1 2019 level (2019 H1 (restated): 28%).

Other expenses increased by 9% to £43.0m (2019 H1: £39.6m) as a result of marketing spend, legal and professional costs and data services. The Group's operating margin (before exceptional items), including investment losses on the seed capital portfolio, decreased to 36% (2019 H1: 47%).

Exceptional items of £15.8m (2019 H1: £7.4m) relate to transaction costs incurred in respect of the Merian acquisition. In view of its significance and nature, we have presented this amount separately from other administrative expenses. Comparative data relates to certain variable compensation awards, principally accelerated accounting charges for deferred employee awards and redundancy costs. The tax associated with these costs has been effected on a full-year basis, such that the estimated annual average tax rate reflects the tax impact of these costs against full-year profits.

Other income statement movements

Other losses of £4.0m (2019 H1: gain of £3.4m, 2019: gain of £4.1m) principally comprised losses from seed investments, net of hedge effects, reflecting the high levels of market volatility during the period and associated falls in asset values.

Finance costs rose, principally as a result of accrued interest relating to the issuance of £50.0m of subordinated debt in April 2020.

PBT and underlying PBT

PBT for the period decreased by 50% to £40.8m (2019 H1: £81.4m) as a result of the 15% reduction in net revenue, an increase in costs mainly as a result of the Merian transaction, and the impact of investment losses in the period compared with gains last year. Underlying PBT, excluding exceptional items relating to Merian, decreased by 36% to £56.6m (2019 H1: £88.8m).

Tax

The effective tax rate was 29% (2019 H1: 17%, 2019: 19%) against a headline corporation tax rate of 19% (2019 H1: 19%, 2019: 19%). The majority of the increase in this rate was due to exceptional items relating to the Merian acquisition not being deductible from profit for tax purposes. In addition, the fall in the share price resulted in reduced allowable tax relief on share-based payments previously awarded to our employees, with a resulting reduction in the tax deduction of those awards with no change in the Group's profit before tax.

EPS and underlying EPS

EPS was down 57% on 2019 H1 at 6.5p (2019 H1: 15.1p). Underlying EPS was down 36% at 10.0p (2019 H1: 15.7p).

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Statutory profit before tax	40.8	81.4	151.0
Exceptional items	15.8	7.4	11.7
Underlying profit before tax	56.6	88.8	162.7
Tax at average statutory rate of 19%	(10.8)	(16.9)	(30.9)
Underlying profit after tax¹	45.8	71.9	131.8
Issued share capital	457.7m	457.7m	457.7m
Underlying EPS	10.0p	15.7p	28.8p
Basic EPS	6.5p	15.1p	27.5p

¹ The Group's use of alternative performance measures is explained on page 8.

On 1 July 2020, Jupiter Fund Management plc issued 95.4m ordinary shares as consideration for the acquisition of Merian and, as a result, EPS and underlying EPS will be calculated on an increased number of shares going forward.

CASH FLOW

The Group generated positive operating cash flows after tax in H1 2020 of £43.9m (2019 H1 (restated²): £45.0m) as the proceeds from the subordinated debt issued in the period and cash generated from profits in the period were partially offset by £40.8m spent on final dividend payments to shareholders in respect of the previous year's profit. The net increase in cash in the period was £34.1m and, as at 30 June 2020, the Group held cash of £213.5m (31 December 2019: £179.4m).

² See page 14

ASSETS AND LIABILITIES

Balance sheet

At 30 June 2020, the Group's net assets decreased from £611.7m at 31 December 2019 to £604.4m, principally due to profits after tax offset by the 2019 full-year dividend. In April 2020, the Group issued subordinated debt of £50m. The existing revolving credit facility of £50m, which was not drawn in the period, was amended in April 2020 and the limit was increased, effective from completion of the Merian acquisition, to £80m.

Seed investments

We deploy seed into funds to ensure an effective launch and/or to accelerate the timescale over which the funds can pass through critical size thresholds. In 2017, we expanded our seed investment programme. Although some legacy positions remain, the majority of the portfolio is invested in new products that have been launched in the past two years which we expect to produce AUM growth in the future. As at 30 June 2020, we had a total investment at fair value of £130.8m in our own funds (31 December 2019: £128.7m).

CAPITAL MANAGEMENT

The Group maintains a robust surplus over its regulatory requirements and its approach to capital management remains unchanged following the completion of the acquisition of Merian and the impact of an increase in regulatory capital requirements for the enlarged Group. As noted above, the Group issued £50m of regulatory-compliant subordinated debt in April 2020 in anticipation of the completion of the acquisition of Merian.

Dividends

Jupiter has a progressive ordinary dividend policy, with our intention for the ordinary dividend pay-out ratio to be 50% of underlying EPS across the cycle. In the event that the current year profits are lower than in previous years, the Group has maintained the ordinary dividend at the previous high water mark pence per share level, subject to the Group's financial strength and future outlook. The Board normally makes additional returns of capital to shareholders after retaining sufficient earnings for capital and growth and investments. These additional returns have previously been made through a special dividend.

The Group's dividend policy is unchanged in 2020. At the half year, the Board has considered the resilience of the balance sheet and the outlook for the remainder of the year. Consistent with the Group's dividend policy the Board has maintained the interim dividend at 7.9p (2019 H1: 7.9p).

THE USE OF ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Group uses APMs alongside statutory reporting measures as part of its financial reporting. The following measures are used, principally within the Chief Executive's statement, Business review and Financial review, where they are cross-referenced to this page in the first instance that they appear:

APM	Definition	Reconciliation	Reason for use
Exceptional items	Items of income or expenditure that are significant in size and which are not expected to repeat over the short to medium term	Page 6	B
Fixed staff costs before exceptional items	Staff costs (excluding variable items such as bonus awards, LTIP, SAYE and SIP) before redundancy costs	Page 6	B
Net management fee margin	Net management fees divided by average AUM	Page 6	A
Net management fees	Management fees less fee expenses	Page 5 and 11	A
Net revenue	Revenue less fee and commission expenses	Page 11	A
Operating expenses (before exceptional items)	Administrative expenses (before exceptional items) less Variable staff costs before exceptional items	Page 6	B
Operating margin (before exceptional items)	Operating profit (before exceptional items) divided by Net revenue	Page 6	B, C
Operating profit (before exceptional items)	Underlying profit before tax before Finance income and Finance costs	Pages 7 and 9	B
Ordinary dividends per share	Interim and full-year dividends (does not include any special dividends)	Page 19	B
Total compensation ratio	Fixed staff costs before exceptional items plus Variable staff costs before exceptional items as a proportion of Net revenue	Page 6	C
Underlying EPS	Underlying profit after tax divided by issued share capital	Page 7	B, D
Underlying profit after tax	Underlying profit before tax less tax at the weighted average UK corporation tax rate	Page 7	B
Underlying profit before tax	Profit before tax less Exceptional items	Page 7	B
Variable compensation ratio	Variable staff costs before exceptional items as a proportion of Net revenue less Operating expenses before exceptional items	Page 6	B, C
Variable staff costs before exceptional items	Variable staff costs, excluding Exceptional items	Page 6	B

Our reasons for using APMs

- 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 fee expenses, including 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, 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.
- D. used by the Board to determine the Group's ordinary dividend and as a consistent measure of profitability. Also used in the measurement of one of the criteria for share-based awards to senior staff with performance conditions.

All APMs relate to past performance.

Section 1: Results for the period

Consolidated income statement for the six months ended 30 June 2020

		Six months ended 30 June 2020	Six months ended 30 June 2019 (restated ¹)	Year ended 31 December 2019
	Notes	£m	£m	£m
Revenue	1.1	182.0	210.3	419.3
Fee and commission expenses	1.1	(20.1)	(19.5)	(40.2)
Net revenue	1.1	161.9	190.8	379.1
Administrative expenses ¹	1.3	(114.4)	(111.0)	(228.5)
Other (losses)/gains ¹	1.4	(4.0)	3.4	4.1
Amortisation of intangible assets	3.2	(1.0)	(0.8)	(1.8)
Operating profit		42.5	82.4	152.9
Finance income		-	-	0.1
Finance costs	1.5	(1.7)	(1.0)	(2.0)
Profit before taxation		40.8	81.4	151.0
Income tax expense	1.6	(11.7)	(13.7)	(28.2)
Profit for the period		29.1	67.7	122.8
Earnings per share				
Basic	1.7	6.5p	15.1p	27.5p
Diluted	1.7	6.4p	14.8p	26.8p

¹Restated for change in presentation of net gains and losses on instruments held to hedge fund awards from 'Other (losses)/gains' to 'Administrative expenses' for the six months to 30 June 2019, consistent with the presentation at 31 December 2019 and subsequently (see note 1.3 for further detail).

Consolidated statement of comprehensive income for the six months ended 30 June 2020

		Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
	Notes	£m	£m	£m
Profit for the period		29.1	67.7	122.8
Items that may be reclassified subsequently to profit or loss				
Exchange movements on translation of subsidiary undertakings	4.2	1.7	0.1	(0.8)
Other comprehensive income/(loss) for the period net of tax		1.7	0.1	(0.8)
Total comprehensive income for the period net of tax		30.8	67.8	122.0

Notes to the Group financial statements – Income statement

INTRODUCTION

Jupiter Fund Management plc (the Company) and its subsidiaries (together, the Group) offer a range of asset management products. Through its subsidiaries, the Group acts as an investment manager to authorised unit trusts, SICAVs, investment trust companies, pension funds and other specialist funds. At 30 June 2020, the Group had offices in the United Kingdom, Austria, Germany, Hong Kong, Italy, Luxembourg, Singapore, Spain, Sweden and Switzerland. In addition, the strategic partnership with NZS Capital LLP, which completed in February 2020, gives the Group access to the US Institutional market.

Following the acquisition of Merian Global Investors Limited (Merian) on 1 July 2020 (see note 5.5), the principal activities of the Group are unchanged, but the business combination has resulted in an expansion in the range of asset management products offered and in the number of markets in which the Group operates, including an office in Dublin.

The Group's interim financial statements have been split into sections to assist with their navigation and align with the Financial review. The basis of preparation, accounting policies and principal risks and mitigations are within Section 5.

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. Initial charges and commissions include fees based on a set percentage of certain balances in our funds. 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.

	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
	£m	£m	£m
Management fees	181.4	202.3	410.0
Initial charges and commissions	0.6	0.7	1.4
Performance fees	-	7.3	7.9
Revenue	182.0	210.3	419.3
Fee and commission expenses relating to management fees	(20.0)	(19.4)	(40.0)
Fees and commission expenses relating to initial charges and commissions	(0.1)	(0.1)	(0.2)
Net revenue	161.9	190.8	379.1

Disaggregation of revenue

The Group disaggregates revenue from contracts with customers on the basis of product type as this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

The Group's product types can be broadly categorised into pooled funds and segregated mandates. Segregated mandates are generally established in accordance with the requirements of a specific investor. In contrast, pooled funds, which include both mutual funds and investment trusts, are established by the Group, with the risks, exposures and investment approach defined via a prospectus which is provided to potential investors.

	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
	£m	£m	£m
Revenue by product type			
Pooled funds	174.1	200.7	399.0
Segregated mandates	7.9	9.6	20.3
Revenue	182.0	210.3	419.3

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.

Notes to the Group financial statements – Income statement continued

1.3 ADMINISTRATIVE EXPENSES

	Six months ended 30 June 2020	Six months ended 30 June 2019 (restated ¹)	Year ended 31 December 2019
	£m	£m	£m
Staff costs	54.8	74.9	144.8
Depreciation of property, plant and equipment	3.0	2.9	5.8
Other administrative expenses	54.0	36.7	80.9
Administrative expenses before loss/(gain) arising from the economic hedging of fund awards	111.8	114.5	231.5
Net loss/(gain) on instruments held to provide an economic hedge for fund awards	2.6	(3.5)	(3.0)
Total administrative expenses	114.4	111.0	228.5

¹Restated for change in presentation of net gains and losses on instruments held to hedge fund awards from 'Other (losses)/gains' to 'Administrative expenses' for the six months to 30 June 2019, consistent with the presentation at 31 December 2019. In 2019, the Group's accounting policy in respect of recording gains and losses on instruments held to provide economic hedges against fund awards was changed: these were previously presented as part of Other gains/(losses), but are now presented separately within staff costs. This presentation better reflects the substance of these transactions, matching the gains/losses on the instruments with the gains/losses on the awards they are hedging.

1.4 OTHER (LOSSES)/GAINS

	Six months ended 30 June 2020	Six months ended 30 June 2019 (restated ¹)	Year ended 31 December 2019
	£m	£m	£m
Dividend income	0.4	0.5	1.0
Gains on financial instruments designated at fair value through profit or loss upon initial recognition	1.2	10.1	8.2
Losses on financial instruments at fair value through profit or loss	(5.6)	(7.2)	(5.1)
Other (losses)/gains	(4.0)	3.4	4.1
Net (losses)/gains on instruments held to provide an economic hedge for fund awards (reported within 'Administrative expenses')	(2.6)	3.5	3.0
Total other (losses)/gains	(6.6)	6.9	7.1

¹Restated for change in presentation of net gains and losses on instruments held to hedge fund awards from 'Other (losses)/gains' to 'Administrative expenses' for the six months to 30 June 2019, consistent with the presentation at 31 December 2019 and subsequently (see note 1.3 for further detail).

1.5 FINANCE COSTS

Finance costs principally relate to interest on lease liabilities and interest payable on the Tier 2 subordinated debt notes (see note 3.6 for further details). Finance costs also include ancillary charges for commitment fees and non-utilisation fees that are charged as incurred. Interest payable is charged on an accruals basis using the effective interest method.

	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
	£m	£m	£m
Interest on subordinated debt	0.7	-	-
Interest on lease liabilities	0.9	0.9	1.8
Finance costs on the revolving credit facility	0.1	0.1	0.2
	1.7	1.0	2.0

Notes to the Group financial statements – Income statement continued

1.6 INCOME TAX EXPENSE

Analysis of charge in the period:

	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
	£m	£m	£m
Current tax – UK corporation tax			
Tax on profits for the period	8.3	15.5	31.9
Adjustments in respect of prior periods	-	(0.3)	(0.6)
	<u>8.3</u>	<u>15.2</u>	<u>31.3</u>
Deferred tax			
Origination and reversal of temporary differences	3.4	(1.5)	(2.9)
Adjustments in respect of prior periods	-	-	(0.2)
	<u>3.4</u>	<u>(1.5)</u>	<u>(3.1)</u>
Total income tax expense	<u><u>11.7</u></u>	<u><u>13.7</u></u>	<u><u>28.2</u></u>

The weighted average UK corporation tax rate for the period ended 30 June 2020 was 19% (2019 H1 and 2019: 19%). The estimated average annual tax rate used for the year to 30 June 2020 is 29%, compared to 17% for the six months ended 30 June 2019. The tax rate was lower in 2019 due to an increase in the share price giving rise to increased future tax deductions. Conversely, the fall in the share price during H1 2020 has increased the effective tax rate due to the decrease in future tax deductions. Additionally, some exceptional items relating to the Merian acquisition are not deductible for tax purposes, increasing the tax rate.

1.7 EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period, 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 period by the weighted average number of ordinary shares outstanding during the period 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. The weighted average number of ordinary shares used in the calculation of EPS is as follows:

Number of shares (all weighted averages)	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
	Number million	Number million	Number million
Issued share capital	457.7	457.7	457.7
Less: own shares held	(12.5)	(10.7)	(11.1)
Number of ordinary shares for the purpose of basic EPS	<u>445.2</u>	<u>447.0</u>	<u>446.6</u>
Add: dilutive potential shares	11.2	10.5	10.9
Number of ordinary shares for the purpose of diluted EPS	<u><u>456.4</u></u>	<u><u>457.5</u></u>	<u><u>457.5</u></u>

Earnings per share	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
	pence	pence	pence
Basic	6.5	15.1	27.5
Diluted	6.4	14.8	26.8

On 1 July 2020, Jupiter Fund Management plc issued 95.4m ordinary shares as consideration for the acquisition of Merian (see note 5.5 for further details).

Section 2: Consolidated statement of cash flows

Consolidated statement of cash flows for the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 (restated ¹) £m	Year ended 31 December 2019 £m
Cash flows from operating activities				
Cash generated from operations	2.1	60.2	63.5	184.0
Income tax paid		(16.3)	(18.5)	(34.2)
Net cash inflows from operating activities		43.9	45.0	149.8
Cash flows from investing activities				
Purchases of property, plant and equipment	3.3	(0.7)	(0.9)	(1.9)
Purchase of intangible assets	3.2	(0.7)	(0.6)	(1.7)
Purchase of financial assets at fair value through profit or loss (FVTPL)		(194.9)	(316.0)	(454.4)
Proceeds from disposal of financial assets at FVTPL		170.4	308.0	418.0
Cash movement from funds no longer consolidated		-	-	(3.0)
Dividend income received		0.4	0.5	1.0
Finance income received		-	-	0.1
Net cash outflows from investing activities		(25.5)	(9.0)	(41.9)
Cash flows from financing activities				
Dividends paid	4.3	(40.8)	(91.8)	(127.2)
Purchase of shares by EBT		(6.3)	(16.3)	(32.4)
Proceeds from debt issued		49.0	-	-
Finance costs paid		(0.9)	(0.1)	(0.2)
Cash paid in respect of lease arrangements		(2.8)	(2.5)	(5.1)
Third-party subscriptions into consolidated funds		32.8	22.4	54.2
Third-party redemptions from consolidated funds		(13.5)	(11.7)	(16.7)
Distributions paid by consolidated funds		(1.8)	(2.0)	(2.8)
Net cash inflows/(outflows) from financing activities		15.7	(102.0)	(130.2)
Net increase/(decrease) in cash and cash equivalents		34.1	(66.0)	(22.3)
Cash and cash equivalents at beginning of the period		179.4	201.7	201.7
Cash and cash equivalents at end of the period	3.5	213.5	135.7	179.4

¹H1 2019 figures have been restated for a change in presentation of gains/losses on fund unit hedges and International Financial Reporting Standard (IFRS) 16 Leases.

Notes to the Group financial statements – Consolidated statement of cash flows

2.1 CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

	Six months ended 30 June 2020	Six months ended 30 June 2019 (restated ¹)	Year ended 31 December 2019
	£m	£m	£m
Operating profit	42.5	82.4	152.9
Adjustments for:			
Amortisation of intangible assets	1.0	0.8	1.8
Depreciation of property, plant and equipment	3.0	2.9	5.8
Other losses/(gains)	3.3	(6.3)	(4.9)
Fund unit hedges	2.6	(3.5)	(3.0)
Share-based payments	10.0	12.3	24.5
Cash inflows on exercise of share options	0.3	0.3	0.6
Increase in trade and other receivables	(39.8)	(80.9)	(12.1)
Increase in trade and other payables	37.3	55.5	18.4
Cash generated from operations	60.2	63.5	184.0

¹H1 2019 figures have been restated for a change in presentation of gains/losses on fund unit hedges and IFRS 16 Leases.

2.2 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

		Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
	Notes	£m	£m	£m
Brought forward at 1 January	3.4	74.9	74.0	74.0
Changes from financing cash flows		19.3	10.7	37.5
Changes arising from obtaining or losing control of consolidated funds		-	-	(41.5)
Changes in fair values	3.4	0.6	6.0	4.9
		94.8	90.7	74.9

Section 3: Assets and liabilities

Consolidated balance sheet at 30 June 2020

	Notes	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Assets				
Non-current assets				
Goodwill	3.1	341.2	341.2	341.2
Intangible assets	3.2	5.5	5.7	5.8
Property, plant and equipment	3.3	49.6	52.8	51.7
Deferred tax assets		12.2	15.2	16.7
Trade and other receivables		0.5	0.5	0.5
		409.0	415.4	415.9
Current assets				
Financial assets at FVTPL	3.4	244.8	236.9	224.3
Trade and other receivables		150.5	179.1	109.1
Current income tax asset		1.3	-	-
Cash and cash equivalents	3.5	213.5	135.7	179.4
		610.1	551.7	512.8
Total assets		1,019.1	967.1	928.7
Total equity attributable to shareholders		604.4	596.4	611.7
Liabilities				
Non-current liabilities				
Loans and borrowings	3.6	49.1	-	-
Trade and other payables		72.6	82.3	77.2
Deferred tax liabilities		-	0.4	-
		121.7	82.7	77.2
Current liabilities				
Financial liabilities at FVTPL	3.4	95.1	90.7	74.9
Trade and other payables		197.9	191.2	158.4
Current income tax liability		-	6.1	6.5
		293.0	288.0	239.8
Total liabilities		414.7	370.7	317.0
Total equity and liabilities		1,019.1	967.1	928.7

Notes to the Group financial statements – Assets and liabilities

3.1 GOODWILL

Goodwill relates to the 2007 acquisition of Knightsbridge Asset Management Limited.

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Goodwill	341.2	341.2	341.2
	<u>341.2</u>	<u>341.2</u>	<u>341.2</u>

The Group has determined that it is a single cash generating unit for the purpose of assessing the carrying value of goodwill. No additional goodwill was recognised in the period (2019 H1: £nil, 2019 FY: £nil).

3.2 INTANGIBLE ASSETS

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Computer software	5.5	5.7	5.8
	<u>5.5</u>	<u>5.7</u>	<u>5.8</u>

The amortisation charge for the period was £1.0m (2019 H1: £0.8m, 2019 FY: £1.8m). The Group acquired software during the period with a value of £0.7m (2019 H1: £0.6m, 2019 FY: £1.7m).

3.3 PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment at 30 June 2020 was £49.6m (2019 H1: £52.8m, 2019 FY: £51.7m). During the period, the Group acquired items of property, plant and equipment (excluding right-to-use leased assets) with a value of £0.7m (2019 H1: £0.9m, 2019 FY: £1.9m, excluding assets recognised on adoption of IFRS 16). The Group disposed of right-to-use leased assets with a value of £nil (2019 H1: £nil, 2019 FY: £0.2m).

3.4 FINANCIAL INSTRUMENTS HELD AT FAIR VALUE

As at 30 June 2020, the Group held the following classes of financial instruments measured at fair value, which principally arise from the Group's investments in seed investments (see note 5.1):

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Financial assets designated at FVTPL	244.8	236.7	222.8
Other financial assets at FVTPL	-	0.2	1.5
Financial liabilities designated at FVTPL	(94.8)	(90.7)	(74.9)
Other financial liabilities at FVTPL	(0.3)	-	-
	<u>149.7</u>	<u>146.2</u>	<u>149.4</u>

3.5 CASH AND CASH EQUIVALENTS

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Cash and cash equivalents and held at bank available for use by the Group	204.7	124.4	166.7
Cash held in consolidated funds	8.6	5.7	5.4
Cash held by EBT	0.2	5.6	7.3
	<u>213.5</u>	<u>135.7</u>	<u>179.4</u>

3.6 LOANS AND BORROWINGS

On 27 April 2020 the Group issued £50.0m of Tier 2 subordinated debt notes at a discount of £0.5m. Issue costs were £0.5m and the net proceeds were therefore £49.0m. These notes will mature on 27 July 2030 and bear interest at a rate of 8.875% per annum to 27 July 2025, and at a reset rate thereafter. The Group has the option to redeem all of the notes from 27 April 2025 onwards.

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Subordinated debt in issue	49.1	-	-
Of which:			
Current	-	-	-
Non-current	49.1	-	-
	<u>49.1</u>	<u>-</u>	<u>-</u>

Section 4: Equity

Consolidated statement of changes in equity for the six months ended 30 June 2020

	Share capital £m	Own share reserve £m	Other reserve £m	Foreign currency translation reserve £m	Retained earnings £m	Total £m
At 1 January 2019	9.2	(0.2)	8.0	2.9	604.5	624.4
IFRS 16 reserves adjustments	-	-	-	-	(1.2)	(1.2)
Deferred tax on IFRS 16 adjustments	-	-	-	-	0.2	0.2
At 1 January 2019 (restated)	9.2	(0.2)	8.0	2.9	603.5	623.4
Profit for the period	-	-	-	-	67.7	67.7
Exchange movements on translation of subsidiary undertakings	-	-	-	0.1	-	0.1
Other comprehensive income	-	-	-	0.1	-	0.1
Total comprehensive income	-	-	-	0.1	67.7	67.8
Vesting of ordinary shares and options	-	0.1	-	-	0.2	0.3
Dividends paid	-	-	-	-	(91.8)	(91.8)
Purchase of shares by EBT	-	(0.1)	-	-	(16.2)	(16.3)
Share-based payments	-	-	-	-	12.2	12.2
Current tax	-	-	-	-	0.1	0.1
Deferred tax	-	-	-	-	0.7	0.7
Total transactions with owners	-	-	-	-	(94.8)	(94.8)
Balance at 30 June 2019	9.2	(0.2)	8.0	3.0	576.4	596.4
Profit for the period	-	-	-	-	55.1	55.1
Exchange movements on translation of subsidiary undertakings	-	-	-	(0.9)	-	(0.9)
Other comprehensive income	-	-	-	(0.9)	-	(0.9)
Total comprehensive income	-	-	-	(0.9)	55.1	54.2
Vesting of ordinary shares and options	-	-	-	-	0.3	0.3
Dividends paid	-	-	-	-	(35.4)	(35.4)
Purchase of shares by EBT	-	(0.1)	-	-	(16.0)	(16.1)
Share-based payments	-	-	-	-	11.8	11.8
Current tax	-	-	-	-	0.1	0.1
Deferred tax	-	-	-	-	0.4	0.4
Total transactions with owners	-	(0.1)	-	-	(38.8)	(38.9)
Balance at 31 December 2019	9.2	(0.3)	8.0	2.1	592.7	611.7
Profit for the period	-	-	-	-	29.1	29.1
Exchange movements on translation of subsidiary undertakings	-	-	-	1.7	-	1.7
Other comprehensive income	-	-	-	1.7	-	1.7
Total comprehensive income	-	-	-	1.7	29.1	30.8
Vesting of ordinary shares and options	-	0.1	-	-	0.2	0.3
Dividends paid	-	-	-	-	(40.8)	(40.8)
Purchase of shares by EBT	-	-	-	-	(6.3)	(6.3)
Share-based payments	-	-	-	-	9.9	9.9
Current tax	-	-	-	-	0.1	0.1
Deferred tax	-	-	-	-	(1.3)	(1.3)
Total transactions with owners	-	0.1	-	-	(38.2)	(38.1)
Balance at 30 June 2020	9.2	(0.2)	8.0	3.8	583.6	604.4

Notes to the Group financial statements – Equity

4.1 SHARE CAPITAL

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
457.7m ordinary shares of 2p each	9.2	9.2	9.2
	<u>9.2</u>	<u>9.2</u>	<u>9.2</u>

On 1 July 2020, Jupiter Fund Management plc issued 95.4m ordinary shares as consideration for the acquisition of Merian (see note 5.5 for further details).

4.2 RESERVES

(i) Own share reserve

At 30 June 2020, 8.3m (2019 H1: 9.6m, 2019: 13.3m) ordinary shares, with a par value of £0.2m (2019 H1: £0.2m, 2019: £0.3m), were held as own shares within the Group's EBT for the purpose of satisfying certain retention awards to employees.

(ii) Other reserve

The other reserve of £8.0m (2019 H1: £8.0m, 2019: £8.0m) relates to the conversion of Tier 2 preference shares in 2010.

(iii) Foreign currency translation reserve

The foreign currency translation reserve of £3.8m (2019 H1: £3.0m, 2019: £2.1m) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

4.3 DIVIDENDS

On 9 April 2020 the Group paid a full-year dividend for 2019 of 9.2p per ordinary share. This amounted to a total payment of £40.8m after taking into account the £1.3m dividends waived on shares held in the EBT.

The Board has declared an interim dividend for the period of 7.9p per ordinary share. This dividend will be paid on 26 August 2020 to ordinary shareholders on the register at close of business on 7 August 2020. This dividend amounts to £43.7m (before adjusting for any dividends waived on shares in the EBT).

Section 5: Other notes

Notes to the Group financial statements – Other

Within this Interim Report and Accounts, all current and comparative data covering periods to (or as at) 30 June are unaudited. Data given in respect of the year ended 31 December 2019 is audited. Information which is the required content of the Interim Management Report can be found on pages 1 to 8 and 22 to 24.

5.1 BASIS OF PREPARATION

These condensed financial statements for the six months ended 30 June 2020 have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority and with IAS 34 *Interim Financial Reporting*, as adopted by the European Union. The condensed interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019, which were prepared in accordance with IFRS as adopted by the European Union.

The condensed financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2019 were approved by the Board on 27 February 2020 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The condensed interim financial statements have been reviewed, not audited.

The Group has access to the financial resources required to run the business efficiently and 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 even given the uncertainty inherent within future market levels and investment performance. Additionally, the Group has reviewed its analysis to ensure it incorporates and stresses the impact of Covid-19 to ensure that the going concern basis is still appropriate. This analysis includes the modelling of scenarios including a severe reduction in the value of AUM, driven by a continued fall in world stock markets, and the consideration of possible management actions, including a comprehensive cost reduction programme and liquidation of investments to improve liquidity. In the first half of 2020, the Group issued debt, relating to the acquisition of Merian, improving its surplus liquidity and capital position, and also gained access to further liquidity through increasing its revolving credit facility. The Directors have not identified any material uncertainties to the Group's ability to continue to adopt the going concern basis. As a consequence, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for a period of at least 12 months from the balance sheet date. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Changes in the composition of the Group

In February, as part of a strategic partnership announced in December 2019, the Group acquired 25% of the share capital of NZS Capital LLC, and this was consolidated on the basis of control.

The Group is required to consolidate seed capital investments where it is deemed to control them. The following changes have been made to the consolidation of the Group since 31 December 2019:

Included in consolidation (as a result of additional investments)
Jupiter European Smaller Companies

Included and subsequently excluded from consolidation in the period (as a result of additional investments, and subsequently as a result of other investors diluting control)
Jupiter Global Fund SICAV: Jupiter Pan-European Smaller Companies

Changes in accounting policies

The International Accounting Standards Board and IFRS Interpretations Committee (IC) have issued a number of new accounting standards and interpretations and amendments to existing standards and interpretations. There are no IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Group.

5.2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those applied in the Group's annual financial statements for the year ended 31 December 2019.

5.3 FINANCIAL INSTRUMENTS

Financial instruments held at fair value are carried at a value which represents the price to exit the instruments at the balance sheet date. The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. Where a quoted market price is not available, the Group establishes fair value using valuation techniques such as recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

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 30 June 2020, the Group held the following financial instruments measured at fair value:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at FVTPL – funds	160.2	84.6	-	244.8
Financial assets at FVTPL – derivatives	-	-	-	-
Financial liabilities at FVTPL	(94.8)	(0.3)	-	(95.1)
	<u>65.4</u>	<u>84.3</u>	<u>-</u>	<u>149.7</u>

As at 30 June 2019, the Group held the following financial instruments measured at fair value:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at FVTPL – funds	100.7	136.0	-	236.7
Financial assets at FVTPL – derivatives	-	0.2	-	0.2
Financial liabilities at FVTPL	(90.7)	-	-	(90.7)
	<u>10.0</u>	<u>136.2</u>	<u>-</u>	<u>146.2</u>

As at 31 December 2019, the Group held the following financial instruments measured at fair value:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at FVTPL – funds	145.9	76.9	-	222.8
Financial assets at FVTPL – derivatives	-	1.5	-	1.5
Financial liabilities at FVTPL	(74.9)	-	-	(74.9)
	<u>71.0</u>	<u>78.4</u>	<u>-</u>	<u>149.4</u>

5.4 RELATED PARTY TRANSACTIONS

All related party transactions during the period are consistent with those disclosed in the Annual Report and Accounts for the year ended 31 December 2019 and have taken place on an arm's length basis.

During the period, three members of key management personnel invested in the Group's subordinated debt issued on 27 April 2020 in the sum of £1,550,000. These were made on terms equivalent to those that prevail in arms' length transactions.

The Group purchased 25% of the issued capital of NZS Capital LLC in the period for an initial consideration of USD 1.0m (£0.8m). This entity is accounted for as a subsidiary undertaking. The Group also consolidated Jupiter Pan-European Smaller Companies and Jupiter European Smaller Companies (as set out in note 5.1 above) in the period, and then subsequently removed the former as the reduction in the percentage held by the Group did not enable it to exercise control over the fund.

Other than the above, no new related parties or related party transactions that materially affect the financial position or performance of the Group existed or occurred during the period.

5.5 POST-BALANCE SHEET EVENTS

On 1 July 2020, the Group acquired 100% of the issued share capital of Merian, an investment management company registered in Jersey. Due to the acquisition completing less than a month before the date of these financial statements, the determination of the fair values of amounts disclosed below is provisional and is subject to review over the period of up to 12 months from the acquisition date.

The total consideration payable was £244.3 million, represented by the issue of 95.4 million ordinary shares in Jupiter Fund Management plc at a fair value of 256.2 pence each, based on the closing price at 30 June 2020, less an amount receivable by the Group from the institutional seller as a result of the level of net liabilities acquired, which is currently being assessed and agreed by the relevant parties. The amount is not expected to represent a significant proportion of the total consideration. The fair value of the net tangible liabilities acquired is provisionally assessed as being approximately £50 million, principally comprising interest-bearing loans and borrowings, cash and trade and other receivables and payables. The fair value assigned to goodwill and other intangible assets on acquisition is provisionally determined to be approximately £295 million. Full statutory disclosure of the acquisition in accordance with IFRS 3 *Business Combinations* will be given in the Group's Annual Report and Accounts for 2020.

The principal reasons for the acquisition are to enhance Jupiter's position as one of the UK's leading active asset managers through the reinforcement of Jupiter's core UK franchise and the extension of its capabilities into attractive product gaps. Further, we believe that Jupiter's existing business and investment culture, built on a high-conviction active approach, will benefit from the complementary and diversifying nature of the acquisition. After adding the £16.7 billion of AUM contributed by the acquisition, combined pro forma AUM at 1 July 2020 was £55.9 billion.

The goodwill and other intangible assets recognised will represent the value of the acquired business arising from its client base, talented management and employees and opportunities for synergies from reduced operational overlap and duplication within the enlarged Group and the addition of scale to existing capabilities, increasing Jupiter's capacity to invest, positioning the business better to execute its growth agenda.

5.6 PRINCIPAL RISKS AND MITIGATIONS

The Board has ultimate responsibility for risk oversight of the Group and for determining the risk appetite limits within which the Group must operate. Our risk appetite defines the types and level of risk that the Group is prepared to accept in pursuit of its strategic objectives and business strategy, taking into account the interests of its clients and shareholders, as well as capital and other regulatory requirements.

The Board sets the risk appetite statement at least annually with particular regard to the Group's strategic plans, the wider business environment and the current and future condition of the Group's business and operations. The Board is aware of and, where appropriate, takes steps to mitigate the impact of risks that may have a material impact on the Group.

The Group has a comprehensive approach to identifying, monitoring, managing and mitigating risk through the Enterprise Risk Management framework. This framework 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 Board.

An update on the principal risks applicable to the Group is detailed below:

Risk	Definition	Rating & Movement Since Year End	Principal Group Risks
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	High ▲	Failure to Deliver Strategy
			Ineffective Investment Strategy, Client, & Geographic Diversification
			Failure to Effectively Integrate Merian Business
			Ability to Retain, Attract, & Develop (Critical) Staff
			Sustained Market Decline
Investment risk	The risk of underperformance of funds managed by the Group relative to benchmarks, objectives or competition or in other ways failing to meet investors' objectives.	Medium ◀▶	Sustained Fund Underperformance
			Challenges Presented by Brexit
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. Regulatory (failure to comply with regulatory obligations) and legal risk is included in this definition.	Medium ◀▶	Operational Control Environment
			Failure of Critical Outsource Partner
			Cybercrime
			Regulatory & Legal Change

A summary of the key areas of focus during H1 2020 are detailed below.

STRATEGIC RISK

- Impact of Covid-19 on AUM**
 In line with the wider asset management industry, challenging market conditions, largely due to the Covid-19 pandemic, have brought significant negative effects to the global economy and global financial markets and as a result, a negative impact on our AUM. This was most evident in the first quarter of 2020 with significant falls in our AUM from both flows and markets, with the second quarter seeing moderate inflows driven by a reversal in flows in our Fixed Income strategy, as well as an increase in markets. During this volatile period, strong investment performance has remained a feature of our business with 80% of mutual fund AUM above median over three years. For Merian, H1 2020 also saw them impacted by the Covid-19 fall in financial markets, especially given the weighting towards equity products, as well as net outflows of £4.3bn mainly from Global Absolute Return and other Systematic strategies. The fall in AUM is the predominant driver of our increase in rating for strategic risk.
- Integration of Merian Global Investors Limited**
 On 1 July 2020, the Group acquired Merian. This acquisition significantly enhances our investment capabilities, creating a strong, well-diversified line-up of active, high-conviction and high-performing investment strategies. A key part of the Group's strategy in 2020, is to integrate the newly acquired business into the Jupiter platform and brand utilising Jupiter's systems and processes to manage the risk profile of the firm. During the period of integration a number of transition related risks are present, these include the increased risk of IT failure as we transfer and migrate systems, the risk of disruption of outsourced services as we find enhanced synergies and areas of alignment and the loss of key personnel. We continue to maintain oversight over these risks and manage them through our integration programme.

INVESTMENT RISK

- Impact of Covid-19 on Markets**
 Jupiter's flagship strategies were generally defensively positioned as the Covid-19 pandemic broke. Actively reducing exposure to the travel & leisure industry and identifying weaknesses in the usual strong yielding companies ensured Jupiter protected investor's capital relative to the market. We continue to monitor and adjust our approach as markets react to the ongoing Covid-19 situation, with lockdown restrictions being lifted or indeed tightened going forward.
- Brexit Market Impact**
 In response to Brexit, we established a European management and distribution hub by opening a Luxembourg-based management company, compliant with EU rules. This began managing the activities of Jupiter's European offices from 1 March 2019 onward. We continue to proactively manage the potential impact of Brexit as we move towards the conclusion of the transition period at the end of 2020 to ensure that we are suitably agile to any market reactions that could impact on our funds.

- **Fund Liquidity**

This remains an area of focus for us and others across the industry. We have a robust governance structure and our oversight of our internal risk and control environment ensures that fund liquidity is managed effectively and in line with client expectations. Regulatory expectations continue to evolve and work is in progress to ensure compliance with these additional regulations.

- **Environmental, Social & Governance (ESG)**

We are engaged supporters of the FSB Task Force on Climate-related Financial Disclosures (TCFD), which aims to promote a more informed understanding of climate-related risks and opportunities by investors and corporate issuers. So far TCFD protocols have been met through engagement with investee companies and collaborative engagement when considering risks at portfolio level. As we work towards 2022 goals, the priority is to acquire climate risk data to enable us to further assess risks across our funds and leverage our Enterprise Risk Management framework to better understand our exposure to climate-related risks and opportunities.

OPERATIONAL RISK

- **Impact of Covid-19 on Operational Practices**

The Group has adopted remote working and, whilst challenges remain, the operating environment remains stable and largely undisrupted as we continue to manage our products, maintain service to our clients and continue business developments. Whilst this difficult period has demonstrated Jupiter's resilience to severe business disruption, and that of our critical outsourced partners, the impact of Covid-19 continues to evolve and develop as the restrictions remain in place for the near-term. We are now focused on our return to office, developing plans that support employees and continue to maintain business resilience, alongside any opportunities and efficiencies that can be taken forward.

The process and control environment has largely remained consistent through the move to remote working, however some minor operational changes and policy dispensations have been required to ensure we remain efficient and maintain an acceptable level of service. A formalised process is in place to track, approve and ensure the appropriate oversight and governance is applied to these changes.

- **Outsourcing**

We perform oversight on our critical outsource providers based on key risk principles defined within our supplier management framework. This ensures an appropriate level of scrutiny is given to those suppliers and services that are critical to Jupiter. Each of our critical suppliers have continued to provide a consistent and stable service during the Covid-19 pandemic with no material disruptions seen.

- **Cyber Crime**

We continue to invest in our IT infrastructure and employee training and awareness initiatives to ensure our resilience to a potential cyber attack remains robust. This is complemented by the use of external cyber security specialists and our participation in industry and regulatory-led forums so that we are aware and able to respond to the latest threats and industry trends. This in depth approach ensures we remain well-positioned to mitigate the increasingly complex and sophisticated threat. The Covid-19 situation has provided an opportunity for criminals to target individuals and firms to exploit vulnerabilities using phishing and cold calls in an attempt to extract sensitive information for financial gain. Jupiter recognised this increased threat early on and has taken appropriate steps to address it.

- **Regulatory Environment**

A heightened level of regulatory interaction has occurred during the period, both in connection with the Covid-19 environment and the acquisition of Merian Global Investors Limited on 1 July 2020. We continue to be focused on regulatory publications and policy developments and on the Group's regulatory change programmes to ensure that we remain compliant in all jurisdictions in which we operate.

Section 6: Directors' responsibility statement

We confirm that to the best of our knowledge:

- The condensed interim set of financial statements has been prepared in accordance with International Accounting Standard 34, '*Interim Financial Reporting*' as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profits of the Group for the period ended 30 June 2020.
- The interim report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Guidance, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the Guidance, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last Annual Report and Accounts that could have a material effect on the financial position or performance of the Group in the past six months of the current financial year.
- A list of the Directors of Jupiter Fund Management plc can be found in the Annual Report and Accounts for the year ended 31 December 2019. A current list of Directors is maintained on the website at www.jupiteram.com.

On behalf of the Board

Wayne Mepham
Chief Financial Officer

28 July 2020

Independent Review Report to Jupiter Fund Management plc

Report on the condensed interim financial statements

Our conclusion

We have reviewed Jupiter Fund Management plc's condensed interim financial statements (the "interim financial statements") in the Interim Report and Accounts of Jupiter Fund Management plc for the six month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated balance sheet as at 30 June 2020;
- the Consolidated income statement and Consolidated statement of comprehensive income for the period then ended;
- the Consolidated statement of cash flows for the period then ended;
- the Consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report and Accounts have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 5.1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report and Accounts, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report and Accounts in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report and Accounts based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and Accounts and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
28 July 2020