Results for the year ended 31 December 2016

24 February 2017

- 66% of mutual fund AUM have investment performance above median over three years
- Continued organic growth in our AUM, with net inflows of £1.0bn
- Assets under management up 13% to £40.5bn
- Net management fees increased by 10% to £330.2m
- Profit before tax increased by 4% to £171.4m
- Total dividends per share of 27.2p, an increase of 7%

	Year ended 31 December 2016	Year ended 31 December 2015
Assets under management (AUM) (£bn)	40.5	35.7
Net inflows (£bn)	1.0	1.9
Adjusted EBITDA[1] (£m)	171.6	168.1
Adjusted EBITDA margin[1] (%)	49	51
Profit before tax (£m)	171.4	164.6
Underlying earnings per share[1] (p)	29.4	29.2
Ordinary dividends per share[1] (p)	14.7	14.6
Total dividends per share (p)	27.2	25.5

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

Maarten Slendebroek, Chief Executive, commented:

"In a year which many have described as challenging, I am pleased that Jupiter continued to deliver growth for shareholders and value for clients. Investor sentiment was affected by a number of macro events, but against this backdrop we saw inflows alongside healthy growth in profits. We continue to execute on our strategy, successfully launching new funds and products and opening two new international offices. In 2017 we will build on this through our ongoing investment in the people, systems and infrastructure which will help underpin our future growth."

Analyst presentation

There will be an analyst presentation at 9.00am on 24 February 2017.

The presentation will be held at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ and is also accessible via a live audiocast for those unable to attend in person. To attend the presentation, please contact Tom Blackwell at FTI Consulting on +44 (0)20 3727 1051 or at tom.blackwell@fticonsulting.com. Alternatively, sign up online to access the live audiocast using the following link: https://secure.emincote.com/client/jupiter/jfm002

The Results Announcement and the presentation will be available at www.jupiteram.com/en/Jupiter-Fund-Management-plc and copies may also be obtained from the registered office of the Company at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ. The Annual Report will be published in March 2017 and will be available at www.jupiteram.com/en/Jupiter-Fund-Management-plc.

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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 upon 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 review

I am pleased with Jupiter's performance in what was a challenging year, with investor sentiment affected by a number of macro events outside Jupiter's control.

Positive net inflows of £1.0bn during 2016 were encouraging given the challenging market environment. Against a backdrop of variable markets and dampened investor sentiment, flows were strongest in the first and third quarters. These market conditions, which benefited our market neutral and total return strategies, alongside favourable exchange rate movements, contributed to a 13% increase in AUM.

Our headline investment metric is the percentage of AUM delivering above-median performance, after all fees, over three years. This remained steady at 66% (2015: 68%), although the investment trends of recent years reversed, most notably value style equity strategies outperforming growth.

Jupiter's net revenue increased by 6.6% to £351m, while operating costs rose by 11.2% to £182m, including total staff costs up 4.5% to £115m. While the actual increase in revenue exceeded the actual increase in total costs, our adjusted EBITDA margin declined slightly, from 51% to 49%. This was partly due to the full-year effect of the SICAV pricing change, which reduced the margin but contributed to profits.

Our net inflows of £1.0bn were a good result in a year when many active managers suffered net outflows. Our international distribution, largely built up in the last four years, accounted for half of gross inflows and 100% of net inflows, compensating for a tough year in the UK and demonstrating the success of our diversification approach.

Despite the headwinds in the UK, Jupiter has a very loyal client base. As we grow internationally and through more institutionally oriented channels, the volatility of our asset base is slowly increasing. This is because, in these relationships, we typically provide a high-alpha seeking component in a third-party client solution. This helps to illustrate that the face of Jupiter's typical client is evolving.

During the year, we continued to expand our product range, launching the Jupiter Asian Income Fund in the UK and internationally, the UK's most successful fund launch of 2016. The third anniversary of our Absolute Return fund relaunch coincided with a rapid increase in flows of assets for this strategy. We launched a SICAV version of the fund in 2016, with almost immediate success. Other new products that were positive in 2016 include Global Value equities and Global Emerging Markets equities, for which we have medium-term asset gathering expectations. Our Dynamic Bond strategy continued to dominate in our international distribution channels.

As part of our targeted international expansion, our new offices in Madrid and Milan opened midway through 2016 to serve existing client bases and build out new opportunities. Given the size of these markets and the suitability of our products, these offices should contribute meaningfully by 2018. New countries typically generate meaningful revenue within three years, while new products normally take at least three years to do so.

New regulations continue to have a tangible effect on our operating platform and related costs. Jupiter has prepared well and invested in systems, software and people to meet compliance deadlines but this has limited our bandwidth for other initiatives this year as well as contributing to our costs. We continue to invest in our operations, risk and compliance, bringing in high-calibre people to help with our change programme. We have invested in expertise for MiFID II and Senior Managers Regime compliance and will further enhance our investment platform in 2017. This will result in a modest short-term uptick in costs.

Since early 2016, we have been reviewing our approach to unit trust pricing. Following this, we have taken the proactive decision to move to single pricing for buying and selling fund units, which will remove box profits from our 2018 income. These were £12.8m in 2016. We will also take a consistent approach to the costs of research we use, by taking it all through Jupiter's accounts from 2018 with no change in the management fee, adding around £5m of costs from 2018. During 2017, we will work with our service and research providers to implement these changes. These are important steps in simplifying our unit trust pricing structure as we diversify and grow.

In November 2016, the FCA published its interim report into competition in the UK fund management industry, with the final report due later in 2017. It was a thoughtful study and we welcome the push towards transparency in fees and focus on client value. We must await the final report to determine how to respond further to the transparency objective and whether this is in the form of a combined fee, as outlined in the interim report.

Jupiter operates a progressive dividend policy, targeting a payout of 50% of our underlying earnings per share. Following the interim dividend of 4.5p per share which we announced in July, the Board is declaring a full year dividend of 10.2p per share. The total ordinary dividend for the year is therefore 14.7p per share, an increase of 1% on 2015.

In addition, we are pleased to be able to announce a special dividend of 12.5p per share, to be paid at the same time as the full year dividend. Special dividends are distributed to shareholders when we do not need to hold cash for other purposes and enable us to deliver returns to our shareholders sooner rather than later.

2017 will be a year of operational heavy lifting but I am excited about the opportunities. Further investment in our platform will simplify and standardise the onboarding of investment talent, enhance our investment risk oversight and further improve client service. Our first objective, to beat the benchmark and competition after all fees, is unchanged. This resonates with clients and with extraordinary investment talent. Our investment in 2017 will ensure we can continue to grow in the UK and internationally for years to come.

Maarten Slendebroek
Chief Executive Officer

23 February 2017

Operational review

Net inflows/(outflows) by product	2016 £m	2015 £m
Mutual funds	859	2,099
Segregated mandates	207	(230)
Investment trusts	(19)	74
Total	**1,047**	**1,943**

Net flows during 2016 totalled £1.0bn (2015: £1.9bn), of which £0.9bn came from our core mutual fund franchise. Sales performance continued to benefit from our strategy of geographical diversification, with around half of gross inflows and 100% of net inflows coming from our international operations.

Assets under management by product	31 December 2016 £bn	31 December 2015 £bn
Mutual funds	35.2	31.2
Segregated mandates	4.2	3.5
Investment trusts	1.1	1.0
Total	**40.5**	**35.7**

Assets under management increased to £40.5bn at 31 December 2016 (31 December 2015: £35.7bn) due to net inflows and market appreciation across the year. Our SICAV AUM increased to £9.4bn at 31 December 2016 (31 December 2015: £6.9bn), representing 27% of our mutual fund AUM, reflecting the continued flow diversification from international sales.

Investment performance

At 31 December 2016, 23 of our mutual funds, representing 66% of our mutual fund AUM, had delivered above-median performance over three years (2015: 27 mutual funds, representing 68 per cent. of mutual fund AUM). This was driven by continued strong performance across our principal strategies, notably European equities, UK equities and fixed income, and better outcomes from previously weaker areas. Measured over one year, 21 mutual funds, representing 55 per cent. of mutual fund AUM (2015: 31 mutual funds, representing 84 per cent. of mutual fund AUM) delivered above median performance.

Financial review

RESULTS FOR THE YEAR

Revenues and profit continued to rise, as a result of higher levels of AUM and operational efficiencies. Our balance sheet and liquidity remain strong.

Net revenue

	2016 £m	2015 £m
Net management fees	330.2	300.8
Net initial charges	15.0	14.1
Performance fees	6.2	14.6
Total	**351.4**	**329.5**

Net revenue (see page 8) for the year was £351.4m (2015: £329.5m), an increase of 7% on 2015. This was driven by a rise in net management fees to £330.2m (2015: £300.8m), as organic mutual fund flows and changeable but generally rising markets resulted in average assets increasing by 10%. Performance fees, at exceptional levels in 2015, were £6.2m (2015: £14.6m).

	2016	2015
Net management fees (£m)	330.2	300.8
Average AUM (£bn)	37.8	34.4
Net management fee margin (bps)	87	88

Net management fees made up 94% of net revenue (2015: 91%). The increase in that proportion in the year was a result of lower levels of performance fees in 2016. The Group's net management fee margin for the year was 87 basis points (2015: 88 basis points), with the continued expansion in lower margin fixed income products exercising downward pressure on the margin, which was partially offset by the full-year impact of the 2015 introduction of an aggregate operating fee within the SICAVs. These factors moved in line with management expectations and within our stated guidance.

We continue to expect net management fee margins to decline by 1-2 basis points a year from 2017, due to the continued expansion of both our international presence and the fixed income component of our AUM. Given the uncertainties inherent in these factors, the rate and gradient of decline remains uncertain.

Net initial charges of £15.0m (2015: £14.1m), which include box profits of £12.8m (2015: £11.1m), were marginally ahead of the prior year.

Performance fees decreased to £6.2m (2015: £14.6m). The uncertain nature of such fees and the modest amount of AUM with performance fee potential (2016: £1.6bn, 2015: £1.5bn) means that the 2015 performance fee level is unlikely to be repeated in future periods, unless a period of outstanding performance on a single fund occurs again.

Administrative expenses

	2016 £m	2015 £m
Fixed staff costs	48.3	43.5
Other expenses	67.1	52.6
Total fixed costs	**115.4**	**96.1**
Variable staff costs	66.6	66.4
Underlying administrative expenses	**182.0**	**162.5**
Charge for options over pre-Listing shares	0.1	0.5
Office closure costs	-	0.8
Administrative expenses	**182.1**	**163.8**

Underlying administrative expenses of £182.0m (2015: £162.5m) rose by 12%. Within this, fixed staff costs of £48.3m (2015: £43.5m) increased by 11% due to increases in international headcount, key front office hires and investment in our platform and distribution capabilities.

Other expenses rose to £67.1m (2015: £52.6m) due to the full-year cost impact associated with the introduction of the SICAV aggregate operating fee and additional occupancy costs following the relocation to the Zig Zag Building.

We continue to manage our fixed cost base in line with our aim of growing the business whilst continuing to invest in our scalable operating platform.

Variable staff costs

	2016 £m	2015 £m
Cash bonus	42.4	45.5
Deferred bonus	10.6	10.1
LTIP, SAYE and SIP	13.6	10.8
Total	**66.6**	**66.4**
Variable compensation ratio	**28%**	**28%**
Total compensation ratio	**33%**	**33%**

Variable staff costs increased marginally to £66.6m (2015: £66.4m). A reduction in compensation linked to performance fees led to lower overall levels of cash bonus charges being recognised (£42.4m compared to the 2015 charge of £45.5m), but this decrease was offset by increases in deferred bonus and LTIP charges. Variable compensation as a proportion of available profit, being net revenue less fixed costs, was unchanged at 28% (2015: 28%). Total compensation, including fixed staff costs, remained at 33% of net revenue (2015: 33%).

We expect the variable compensation ratio to remain at a high 20% level over the medium term. However, the equity-settled nature of previously awarded deferred bonus and LTIP schemes means that their charges are fixed at the time of grant and subsequently do not change in step with current year performance. In addition, the national insurance levied on these charges is linked to Jupiter's share price, which may also not be correlated to overall profitability. As a result of these factors and also the unpredictability of performance fees, the ratio may differ from this level in future periods.

Adjusted EBITDA

Adjusted EBITDA (see page 8) was £171.6m (2015: £168.1m), a 2% increase on the previous year, as higher net management fees were substantially offset by an increase in underlying administrative expenses. The Group's adjusted EBITDA margin (see page 8) decreased to 49% (2015: 51%) as a result of increased investment in our people and premises as well as the introduction of the aggregate operating fee.

	2016 £m	2015 £m
Operating earnings	169.3	165.7
Add: charge for options over pre-Listing shares	0.1	0.5
Add: depreciation	2.2	1.1
Add: office closure costs	-	0.8
Adjusted EBITDA	171.6	168.1

Other income statement movements

Amortisation of £3.3m (2015: £3.2m) relating to software and the Jupiter brand name was in line with the 2015 charge. The Jupiter brand name will become fully amortised in June 2017.

The Group earned net finance income of £0.3m (2015: £0.4m) on cash on deposit during the year, less fees relating to the revolving credit facility.

Other gains/(losses) in 2016 included a one-off credit of £5.0m relating to foreign exchange gains arising from the liquidation of two overseas subsidiaries. These gains had previously accumulated in the Group's foreign currency translation reserve in equity and are required to be transferred through the income statement on derecognition of the subsidiaries.

Profit before tax ("PBT")

PBT for the year was £171.4m (2015: £164.6m). This increase of 4% was driven by a rise in operating earnings (see page 8) and an increase in other gains.

Tax expense

The effective tax rate for 2016 was 20.5% (2015: 19.7%), slightly higher than the standard rate of UK corporation tax.

We have a published tax strategy, which is available from our website at www.jupiteram.com/en/Jupiter-Fund-Management-plc.

Underlying PBT and underlying earnings per share ("EPS")

Underlying PBT and underlying EPS are non-GAAP measures which the Board believes provide a more useful representation of the Group's trading performance than the statutory presentation (see page 8).

Underlying EPS of 29.4p (2015: 29.2p) increased by 1%, reflecting the Group's increase in net revenue offset by higher levels of fixed costs as a result of the office move and costs associated with the management of the SICAVs.

Underlying EPS (£m)	2016	2015
Profit before tax	171.4	164.6
Adjustments:		
Amortisation of acquired investment management contracts and trade name	1.9	1.9
Charge for options over pre-Listing shares	0.1	0.5
Office closure costs	-	0.8
Realised foreign exchange gains on liquidation of subsidiaries	(5.0)	-
Underlying profit before tax	**168.4**	**167.8**
Tax at statutory rate of 20 per cent. (2015: 20.25 per cent.)	(33.7)	(34.0)
Underlying profit after tax	**134.7**	**133.8**
Issued share capital	457.7	457.7m
Underlying EPS	**29.4p**	**29.2p**

The Group's basic and diluted EPS measures were 30.3p and 29.6p respectively in 2016, compared with 29.4p and 28.5p in 2015.

CASH FLOW

The Group has a high conversion rate of operating earnings to cash, generating positive operating cash flows after tax in 2016 of £147.3m (2015: £156.3m). This cash was used to fund the interim dividend and will primarily be used to fund the full year and special dividends to shareholders.

ASSETS AND LIABILITIES

Balance sheet

The Group's net cash position at the year-end date was £258.9m (31 December 2015: £259.4m), as cash generated through trading offset the funding of the 2015 final and special dividend payments, the 2016 interim dividend payment, the 2015 compensation round and the share repurchase programme. The share repurchase programme will avoid dilution arising from operating the Group's share-based compensation schemes.

During the year, the Group had no debt (2015: £nil). The revolving credit facility of £50m was renewed in July and extends to July 2019. The facility has not been drawn, but offers us access to additional cash at short notice, should it be required.

We deploy seed capital into funds to help us build a track record from launch or to give small but strongly performing funds sufficient scale to attract external money. As at 31 December 2016, we had a total investment of £58.7m in our own funds (2015: £47.3m) as we maintained seed capital at targeted levels. This excludes £8.3m (2015: £8.1m) of investments in our own funds made to hedge our obligation to settle amounts payable to employees in relation to Deferred Bonus Plan awards. These investments are shown on the Group's balance sheet under the appropriate heading for the relevant level of ownership in each fund. The Group only invests in liquid funds and chooses to hedge market and currency risk on the majority of its holdings of seed capital investments, with 88% of seed capital either hedged or invested in absolute return products. As a result, the value of these investments is stable and available to improve the Group's cash balances and liquidity if required.

EQUITY AND CAPITAL MANAGEMENT

Dividends

The Board considers the dividend on a total basis, whilst looking to maintain an appropriate balance between interim and full year payouts. The Board's intention is to use profits and cash flow to pay shareholder dividends, to reinvest selectively for growth and to return excess cash to shareholders according to market conditions at the time.

The Group has no debt and the Board considers that Jupiter has adequate buffers over its capital and liquidity requirements. As a result, the Board regularly considers how best to deploy any excess cash that may arise from its operations.

Jupiter has a progressive ordinary dividend policy, and our intention is for the ordinary dividend payout ratio to be around 50% across the cycle. The Board then expects to retain up to 10% of available profit for investment and growth. The remaining balance, after taking account of any specific events, will be returned to shareholders in the form of a special dividend. Jupiter Fund Management plc, the ultimate parent company of the Group, holds significant levels of distributable profit from which dividends can be paid.

Reflecting this policy, the Board has declared a total dividend of 27.2p (2015: 25.5p) per share, representing a 7% increase on last year. We believe our distribution policy and the consequent yield this delivers, allied with our growth prospects, make for an attractive model for shareholders.

Dividend progression	2016 p per share	2015 p per share
Ordinary	14.7	14.6
Special	12.5	10.9
Total	**27.2**	**25.5**

The Board has declared a full year dividend for the year of 10.2p (2015: 10.6p) per share. This results in a total ordinary dividend for the year of 14.7p (2015 14.6p), an increase in line with underlying EPS and maintaining the ordinary dividend payout ratio at 50%. Due to the increase in profitability in the year, and our robust and well capitalised balance sheet, the Board has decided to retain less than 10% of available profit, declaring a special dividend of 12.5p (2015: 10.9) per share.

The full year dividend payment will be paid alongside the special dividend on 7 April 2017 to shareholders on the register on 10 March 2017. The Board does not seek approval for full year dividend payments at the AGM, which means that full year dividends can be paid alongside special dividend declarations, with the expectation that these can be paid early, before the AGM.

Liquidity

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

Capital

Total shareholders’ equity increased by £7.5m to £610.4m (2015: £602.9m) as a result of the Group’s continued profit growth. This was partially offset by the payment of the 2015 final and special dividends and the 2016 interim dividend, which totalled £116.8m.

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

At present, the Group has a comfortable surplus over regulatory requirements, holding qualifying capital of £161m against a requirement of £55m, an indicative surplus of £106m, after allowing for the full year and special dividends.

THE USE OF ALTERNATIVE PERFORMANCE MEASURES ("APMs")

The Group uses the following APMs:

APM	Definition	Reconciliation	Reason for use
Adjusted EBITDA*	Earnings before interest, tax, depreciation and amortisation, adjusted for non-recurring items**	Page 5	A
Adjusted EBITDA margin*	Adjusted EBITDA divided by net revenue	Not applicable	A
Net revenue	Revenue less fee and commission expenses	Page 9	B
Operating earnings	Net revenue less administrative expenses	Page 9	B
Ordinary dividends per share	Interim and final dividends (does not include any "special" dividends)	Not applicable	C
Underlying administrative expenses	Administrative expenses excluding non-recurring items	Page 5	C
Underlying EPS	Underlying profit after tax divided by issued share capital	Page 6	C
Underlying profit before tax	Profit before tax excluding amortisation arising from acquisitions and non-recurring items**	Page 6	C
Variable compensation ratio	Variable staff costs as a proportion of available profit	Not applicable	D
Total compensation ratio	Total staff costs as a proportion of net revenue	Not applicable	D

**In previous periods, these APMs were referred to as "EBITDA" and "EBITDA margin"*

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

A. to present a measure of profitability which is aligned with the requirements of our investors and potential investors and which excludes the effects of financing (interest payable) and capital investment (depreciation and amortisation), enabling comparison with competitors with different accounting policies and debt levels.

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

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

D. 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 in the Group and in predicting future variable cost and therefore profit levels.

All APMs relate to past performance.

Section 1: Results for the year

Consolidated income statement

For the year ended 31 December 2016

	Notes	2016 £m	2015 £m
Revenue	1.1	401.8	403.5
Fee and commission expenses	1.1	(50.4)	(74.0)
Net revenue	1.1,1.2	**351.4**	**329.5**
Administrative expenses	1.3	(182.1)	(163.8)
Operating earnings		**169.3**	**165.7**
Other gains	1.4	5.1	1.7
Amortisation of intangible assets		(3.3)	(3.2)
Operating profit		**171.1**	**164.2**
Finance income		0.5	0.6
Finance costs		(0.2)	(0.2)
Profit before taxation		**171.4**	**164.6**
Income tax expense	1.5	(35.1)	(32.5)
Profit for the year		**136.3**	**132.1**
Earnings per share			
Basic	1.6	30.3p	29.4p
Diluted	1.6	29.6p	28.5p

Consolidated statement of comprehensive income

For the year ended 31 December 2016

	Notes	2016 £m	2015 £m
Profit for the year		136.3	132.1
Items that may be reclassified subsequently to profit or loss			
Exchange movements on translation of subsidiary undertakings	4.2	0.5	0.1
Items reclassified to the income statement			
Realised foreign exchange gains transferred to the income statement		(5.0)	-
Other comprehensive (loss)/income for the year net of tax		(4.5)	0.1
Total comprehensive income for the year net of tax		131.8	132.2

Notes to the financial statements – Income statement

1.1 NET 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 flows into our funds, commission earned on private client dealing charges and profits earned on dealing within the unit trust manager's box, known as box profits. Performance fees are earned from some funds when agreed performance conditions are met. Net revenue is stated after fee and commission expenses to intermediaries for ongoing services under distribution agreements.

	2016 £m	2015 £m
Management fees	377.4	370.1
Initial charges and commissions	18.2	18.8
Performance fees	6.2	14.6
Fee and commission expenses	(50.4)	(74.0)
Total net revenue	351.4	329.5

1.2 SEGMENTAL REPORTING

The Group offers a range of products and services through different distribution channels. All financial, business and strategic decisions are made centrally by the Board of Directors (the "Board"), which determines the key performance indicators of the Group. Information is reported to the chief operating decision maker, the Board, on a single segment basis. While the Group has the ability to analyse its underlying information in different ways, for example by product type, this information is only used to allocate resources and assess performance for the Group as a whole. On this basis, the Group considers itself to be a single-segment investment management business.

Management monitors operating earnings, a non-GAAP measure, for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

	2016 £m	2015 £m
Net revenue by location of clients		
UK	292.3	285.8
Continental Europe	39.8	36.1
Rest of the world	19.3	7.6
Total net revenue by location	351.4	329.5

The location of clients is based on management information received from distribution partners. Where management information is not available, the location of the distribution partner is used as a proxy for the location of the client.

1.3 ADMINISTRATIVE EXPENSES

Administrative expenses of £182.1m (2015: £163.8m) include staff costs of £114.9m (2015: £110.4m). Staff costs consist of:

	2016 £m	2015 £m
Wages and salaries	79.8	78.1
Share-based payments	18.1	13.9
Social security costs	12.4	14.0
Pension costs	4.4	4.3
Redundancy costs	0.2	0.1
	114.9	110.4

1.4 OTHER GAINS

	2016 £m	2015 £m
Foreign exchange gains on liquidation of subsidiaries	5.0	-
Dividend income	0.5	0.2
Other	(0.4)	1.5
	5.1	1.7

During the period, the Group liquidated two of its overseas subsidiaries. On liquidation, the cumulative amount of foreign exchange gains of £5.0m relating to those subsidiaries was transferred from the foreign currency translation reserve, where it had previously been credited, to the income statement.

1.5 INCOME TAX EXPENSE

Analysis of charge in the year:

	2016 £m	2015 £m
Current tax – UK corporation tax		
Tax on profits for the year	34.6	33.7
Adjustments in respect of prior years	1.0	(0.1)
	35.6	33.6
Deferred tax		
Origination and reversal of temporary differences	(0.3)	(1.2)
Adjustments in respect of prior year	(0.2)	(0.1)
Impact of changes in corporation tax rate	-	0.2
	(0.5)	(1.1)
Total tax expense	35.1	32.5

The UK corporation tax rate remained at 20% throughout 2016. The tax charge in the year is higher (2015: lower) than the standard rate of corporation tax in the UK and the differences are explained below:

Factors affecting tax expense for the year	2016 £m	2015 £m
Profit before taxation	171.4	164.6
Taxation at the standard corporation tax rate (2016: 20%; 2015: 20.25%)	34.3	33.3
Non-taxable expenditure/(income)	0.2	(0.3)
Other permanent differences	0.7	(0.5)
Adjustments in respect of prior years	0.8	(0.2)
Effect of differences in overseas tax rates	(0.9)	-
Impact of tax rate change on deferred tax balances	-	0.2
Total tax expense	35.1	32.5

1.6 EARNINGS PER SHARE

Basic earnings per share (“EPS”) is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year less the weighted average number of own shares held. Own shares are shares held in an Employee Benefit Trust (“EBT”) for the benefit of employees under the vesting, lock-in and other incentive arrangements in place.

Diluted EPS is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year for the purpose of basic EPS plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For the purposes of calculating EPS, the share capital of the parent is calculated as the weighted average number of ordinary shares in issue over the years reported. The weighted average number of ordinary shares used in the calculation of EPS is as follows:

Weighted average number of shares	2016 Number m	2015 Number m
Issued share capital	457.7	457.7
Less own shares held	(8.4)	(7.7)
Weighted average number of ordinary shares for the purpose of basic EPS	449.3	450.0
Add back weighted average number of dilutive potential shares	10.5	12.9
Weighted average number of ordinary shares for the purpose of diluted EPS	459.8	462.9

Earnings per share	2016 p	2015 p
Basic	30.3	29.4
Diluted	29.6	28.5

Section 2: Consolidated statement of cash flows

Consolidated statement of cash flows

For the year ended 31 December 2016

	Notes	2016 £m	Restated 2015 (see Note 2.2) £m
Cash flows from operating activities			
Cash generated from operations	2.1	181.2	186.5
Income tax paid		(33.9)	(30.2)
Net cash inflows from operating activities		147.3	156.3
Cash flows from investing activities			
Purchase of property, plant and equipment	3.3	(2.8)	(7.7)
Purchase of intangible assets		(0.9)	(1.4)
Purchase of financial assets at fair value through profit or loss ("FVTPL")	2.2	(34.7)	(48.7)
Proceeds from disposal of financial assets at FVTPL	2.2	29.9	36.5
Dividend income received		0.5	0.2
Finance income received		0.5	0.6
Net cash outflows from investing activities		(7.5)	(20.5)
Cash flow from financing activities			
Dividends paid	4.3	(116.8)	(112.1)
Purchase of shares by EBT		(26.6)	(20.9)
Finance costs paid		(0.2)	(0.2)
Third-party subscriptions into consolidated funds	2.2	4.6	8.9
Third-party redemptions from consolidated funds	2.2	(1.2)	(3.1)
Distributions paid by consolidated funds	2.2	(0.1)	-
Net cash outflows from financing activities		(140.3)	(127.4)
Net (decrease)/increase in cash and cash equivalents		(0.5)	8.4
Cash and cash equivalents at beginning of year		259.4	251.0
Cash and cash equivalents at end of year	3.5	258.9	259.4

Notes to the financial statements - Consolidated statement of cash flows

2.1 CASH FLOWS FROM OPERATING ACTIVITIES

	2016 £m	2015 £m
Operating profit	171.1	164.2
Adjustments for:		
Amortisation of intangible assets	3.3	3.2
Depreciation of property, plant and equipment	2.2	1.1
Other gains/(losses)	(14.6)	0.6
Share-based payments	18.1	13.7
Cash inflows on exercise of share options	0.4	0.6
(Increase)/decrease in trade and other receivables	(3.2)	4.3
Increase/(decrease) in trade and other payables	3.9	(1.2)
Cash generated from operations	181.2	186.5

2.2 RECONCONCILIATION OF CASHFLOWS FROM INVESTING AND OPERATING ACTIVITIES

Certain items within the consolidated statement of cash flows on page 12 have been restated to include gross cash flows within funds consolidated by the Group. There is no overall impact on the net movement in cash and cash equivalents:

	2015		
	As previously stated £m	**Adjustment £m**	**Restated £m**
Purchase of financial assets at FVTPL	(27.4)	(21.3)	(48.7)
Proceeds from disposal of financial assets at FVTPL	21.0	15.5	36.5
Net impact on cash outflows from investing activities	**(6.4)**	**(5.8)**	**(12.2)**
Third-party subscriptions into consolidated funds	-	8.9	8.9
Third-party redemptions from consolidated funds	-	(3.1)	(3.1)
Distributions paid by consolidated funds	-	-	-
Net impact on cash outflows from financing activities	**-**	**5.8**	**5.8**
Other net cash flow movements	14.8	-	14.8
Cash generated from operations	**8.4**	**-**	**8.4**

Section 3: Assets and liabilities

Consolidated balance sheet

As at 31 December 2016

	Notes	2016 £m	2015 £m
ASSETS			
NON-CURRENT ASSETS			
Goodwill	3.1	341.2	341.2
Intangible assets	3.2	4.0	6.4
Property, plant and equipment	3.3	8.8	8.3
Deferred tax assets		11.3	12.4
Trade and other receivables	3.4	1.2	2.2
Total non-current assets		366.5	370.5
CURRENT ASSETS			
Investments in associates	3.4	7.3	5.3
Financial assets at FVTPL	3.4	70.9	58.2
Trade and other receivables	3.4	97.4	93.2
Cash and cash equivalents	3.5	258.9	259.4
Total current assets		434.5	416.1
TOTAL ASSETS		801.0	786.6
EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Share capital	4.1	9.2	9.2
Own share reserve	4.2	(0.2)	(0.2)
Other reserve	4.2	8.0	8.0
Foreign currency translation reserve	4.2	2.8	7.3
Retained earnings	4.2	590.6	578.6
TOTAL EQUITY		610.4	602.9
LIABILITIES			
NON-CURRENT LIABILITES			
Trade and other payables	3.4	8.2	8.9
Deferred tax liabilities		0.2	1.0
Total non-current liabilities		8.4	9.9
CURRENT LIABILITIES			
Financial liabilities at FVTPL	3.4	13.4	9.9
Trade and other payables	3.4	153.6	149.0
Current income tax liability		15.2	14.9
Total current liabilities		182.2	173.8
TOTAL LIABILITIES		190.6	183.7
TOTAL EQUITY AND LIABILITIES		801.0	786.6

Notes to the financial statements – Assets and liabilities

3.1 GOODWILL

On 19 June 2007, the Group acquired the entire share capital of Knightsbridge Asset Management Limited, giving rise to a goodwill asset being recognised.

	2016 £m	2015 £m
Goodwill	341.2	341.2
	341.2	341.2

No additional goodwill was recognised in the year (2015: £nil).

The Group has determined that it has a single cash generating unit ("CGU") for the purpose of assessing the carrying value of goodwill. In performing the impairment test, management prepares a calculation of the recoverable amount of the goodwill and compares this to the carrying value.

The recoverable amount for the acquired share capital was based on the net present value of the Group's future earnings. The net present value was calculated using a discounted cash flow model, with reference to the Group's projected cash flows and cost of capital. A significant headroom was noted, and therefore no impairment was implied. No impairment losses have been recognised in the current or preceding years.

3.2 INTANGIBLE ASSETS

In 2007, the Group acquired the entire share capital of Knightsbridge Asset Management Limited. This acquisition gave rise to the recognition of intangible assets relating to the trade name of the Group. The other intangible assets recognised are computer software.

	2016 £m	2015 £m
Trade name	0.7	2.6
Computer software	3.3	3.8
	4.0	6.4

The amortisation charge for the year was £3.3m (2015: £3.2m). During the year, the Group acquired software with a value of £0.9m (2015: £1.4m).

3.3 PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment at 31 December 2016 was £8.8m (2015: £8.3m). During the year, the Group acquired property, plant and equipment with a value of £2.8m (2015: £7.7m).

3.4 FINANCIAL INSTRUMENTS

Financial instruments by category

The carrying value of the financial instruments of the Group at 31 December is shown below.

As at 31 December 2016	Financial assets designated at FVTPL £m	Loans and receivables £m	Financial liabilities designated at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Goodwill	-	-	-	-	-	341.2	341.2
Intangible assets	-	-	-	-	-	4.0	4.0
Property, plant and equipment	-	-	-	-	-	8.8	8.8
Deferred tax assets	-	-	-	-	-	11.3	11.3
Non-current trade and other receivables	-	-	-	-	-	1.2	1.2
Investments in associates	7.3	-	-	-	7.3	-	7.3
Financial assets at FVTPL	70.9	-	-	-	70.9	-	70.9
Current trade and other receivables	-	89.5	-	-	89.5	7.9	97.4
Cash and cash equivalents	-	258.9	-	-	258.9	-	258.9
Non-current trade and other payables	-	-	-	(4.1)	(4.1)	(4.1)	(8.2)
Deferred tax liabilities	-	-	-	-	-	(0.2)	(0.2)
Current trade and other payables	-	-	-	(137.1)	(137.1)	(16.5)	(153.6)
Current income tax liability	-	-	-	-	-	(15.2)	(15.2)
Financial liabilities at FVTPL	-	-	(13.4)	-	(13.4)	-	(13.4)
Total	78.2	348.4	(13.4)	(141.2)	272.0	338.4	610.4

As at 31 December 2015	Financial assets designated at FVTPL £m	Loans and receivables £m	Financial liabilities designated at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Goodwill	-	-	-	-	-	341.2	341.2
Intangible assets	-	-	-	-	-	6.4	6.4
Property, plant and equipment	-	-	-	-	-	8.3	8.3
Deferred tax assets	-	-	-	-	-	12.4	12.4
Non-current trade and other receivables	-	-	-	-	-	2.2	2.2
Investments in associates	5.3	-	-	-	5.3	-	5.3
Financial assets at FVTPL	58.2	-	-	-	58.2	-	58.2
Current trade and other receivables	-	84.7	-	-	84.7	8.5	93.2
Cash and cash equivalents	-	259.4	-	-	259.4	-	259.4
Non-current trade and other payables	-	-	-	(3.2)	(3.2)	(5.7)	(8.9)
Deferred tax liabilities	-	-	-	-	-	(1.0)	(1.0)
Current trade and other payables	-	-	-	(130.1)	(130.1)	(18.9)	(149.0)
Current income tax liability	-	-	-	-	-	(14.9)	(14.9)
Financial liabilities at FVTPL	-	-	(9.9)	-	(9.9)	-	(9.9)
Total	63.5	344.1	(9.9)	(133.3)	264.4	338.5	602.9

3.5 CASH AND CASH EQUIVALENTS

	2016 £m	2015 £m
Cash at bank and in hand	128.4	103.2
Short-term deposits	124.0	150.0
Cash held by EBT and seed capital subsidiaries	6.5	6.2
Total cash and cash equivalents	258.9	259.4

Cash at bank earns interest at the current prevailing daily bank rates. Short-term deposits are made for varying periods of between one day and three months, depending on the forecast cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Cash held by EBT and seed capital subsidiaries was not available for use by the Group.

Section 4: Equity

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Share capital £m	Own share reserve £m	Other reserve £m	Foreign currency translation reserve £m	Retained earnings £m	Total equity £m
At 1 January 2015	9.2	(0.2)	8.0	7.2	562.0	586.2
Profit for the year	-	-	-	-	132.1	132.1
Exchange movements on translation of subsidiary undertakings	-	-	-	0.1	-	0.1
Other comprehensive income	-	-	-	0.1	-	0.1
Total comprehensive income	-	-	-	0.1	132.1	132.2
Vesting of ordinary shares and options	-	0.1	-	-	0.6	0.7
Dividends paid	-	-	-	-	(112.1)	(112.1)
Purchase of shares by EBT	-	(0.1)	-	-	(20.8)	(20.9)
Share-based payments	-	-	-	-	13.7	13.7
Current tax	-	-	-	-	2.9	2.9
Deferred tax	-	-	-	-	0.2	0.2
Total transactions with owners	-	-	-	-	(115.5)	(115.5)
At 31 December 2015	9.2	(0.2)	8.0	7.3	578.6	602.9
Profit for the year	-	-	-	-	136.3	136.3
Exchange movements on translation of subsidiary undertakings	-	-	-	(4.5)	-	(4.5)
Other comprehensive expense	-	-	-	(4.5)	-	(4.5)
Total comprehensive income	-	-	-	(4.5)	136.3	131.8
Vesting of ordinary shares and options	-	-	-	-	0.4	0.4
Dividends paid	-	-	-	-	(116.8)	(116.8)
Purchase of shares by EBT	-	-	-	-	(26.6)	(26.6)
Share-based payments	-	-	-	-	18.1	18.1
Current tax	-	-	-	-	1.4	1.4
Deferred tax	-	-	-	-	(0.8)	(0.8)
Total transactions with owners	-	-	-	-	(124.3)	(124.3)
At 31 December 2016	9.2	(0.2)	8.0	2.8	590.6	610.4

Notes to the financial statements – Equity

4.1 SHARE CAPITAL

	2016 £m	2015 £m
457.7m ordinary shares of 2p each	9.2	9.2
	9.2	9.2

4.2 RESERVES

(i) Own share reserve
At 31 December 2016, 9.5m ordinary shares (2015: 8.1m), with a par value of £0.2m (2015: £0.2m), were held as own shares within the Group's EBT for the purpose of satisfying share option obligations to employees.

(ii) Other reserve
The other reserve of £8.0m (2015: £8.0m) relates to the conversion of Tier 2 preference shares in 2010.

(iii) Foreign currency translation reserve
The foreign currency translation reserve of £2.8m (2015: £7.3m) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. During the period, £5.0m (2015: £nil) was transferred to the income statement following the liquidation of overseas subsidiaries.

(iv) Retained earnings
Retained earnings of £590.6m (2015: £578.6m) are the amount of earnings that are retained within the Group after dividend payments and other transactions with owners.

4.3 DIVIDENDS

	2016 £m	2015 £m
Full year dividend (10.6p per ordinary share) (final dividend 2015: 9.5p per share)	47.6	42.5
Interim dividend (4.5p per ordinary share) (2015: 4.0p per share)	20.2	18.1
Special dividend (10.9p per ordinary share) (2015: 11.5p per ordinary share)	49.0	51.5
	116.8	112.1

Full year, final and special dividends are paid out of profits recognised in the year prior to the year in which the dividends are declared and reported.

The EBT has waived its right to receive future dividends on shares held in the trust. Dividends waived on shares held in the EBT in 2016 were £2.2m (2015: £2.4m).

A full year dividend for 2016 of 10.2p per share (2015: 10.6p) and a special dividend of 12.5p per share (2015: 10.9p) have been declared by the Directors. These dividends amount to £46.7m and £57.2m respectively (before adjusting for any dividends waived on shares in the EBT) and will be accounted for in 2017. Including the interim dividend for 2016 of 4.5p per share (2015: 4.0p), this gives a total dividend per share of 27.2p (2015: 25.5p).

Section 5: Other Notes

Notes to the financial statements - Other

5.1 BASIS OF PREPARATION

The financial information set out does not constitute the Company's statutory accounts for the years ended 31 December 2016 or 2015, but is derived from those accounts. The Auditors have reported on the 2016 accounts; their report was unqualified, unmodified and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. Statutory accounts for 2015 have been delivered to the Registrar of Companies and those for 2016 will be delivered in due course.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and related IFRS IC Interpretations ("IFRS as adopted by the EU") and with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS.

Changes in the composition of the Group

The Group is required to consolidate seed capital investments if it is deemed to control them. The following changes have been made to the consolidation of the Group since 31 December 2015:

Included in consolidation	Excluded from consolidation
Jupiter Global Fund SICAV: UK Dynamic Growth	Jupiter Global Fund SICAV: Asia Pacific

5.2 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 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 31 December 2016 and 31 December 2015, all financial instruments held by the Group were classified as Level 1 or Level 2.

5.3 RELATED PARTIES

The Group manages a number of investment trusts, unit trusts and overseas funds and receives management and, in some instances, performance fees for providing this service. The precise fee arrangements are disclosed within the financial statements of each investment management subsidiary of the Group or within other publicly available information. By virtue of the investment management agreements in place between the Group and the collective investment vehicles it manages, such funds may be considered to be related parties. Investment management and performance fees are disclosed in Note 1.1.

The Group acts as manager for 38 (2015: 37) authorised unit trusts. Each unit trust is jointly administered with the trustees, National Westminster Bank plc. The aggregate total value of transactions for the year was £3,187m (2015: £2,481m) for unit trust creations and £3,616m (2015: £2,984m) for unit trust redemptions. The actual aggregate amount due to the trustees at the end of the accounting year in respect of transactions awaiting settlement was £11.7m (2015: £6.5m). The Company also acts as the management company for the Jupiter Global Fund and Jupiter Merlin Fund SICAVs, made up of 20 sub funds (2015: 17) and four sub funds (2015: four) respectively.

The amounts received in respect of gross management and registration charges were £295.7m (2015: £327.1m) for unit trusts, £91.5m (2015: £54.2m) for SICAVs, £7.8m (2015: £7.2m) for investment trusts and £15.9m (2015: £15.3m) for segregated mandates. At the end of the year, there was £15.0m (2015: £11.2m) accrued for annual management fees and £3.0m (2015: £2.1m) in respect of registration fees.

Included within the financial instruments note are seed capital investments and hedges of awards in fund units in mutual funds managed by the Group. At 31 December 2016, the Group had a total net investment in such funds of £65.2m (2015: £53.6m) and received distributions of £0.5m (2015: £0.2m). During 2016, it invested £13.3m (2015: £27.4m) in these funds and received £11.6m (2015: £21.0m) from disposals.

Key management compensation

Transactions with key management personnel also constitute related party transactions. Key management personnel are defined as the executive Directors or members of the Executive Committee. The aggregate compensation paid or payable to key management for employee services is shown below:

	2016 £m	2015 £m
Short-term employee benefits	7.5	6.8
Share-based payments	4.6	3.2
Post-employment benefits	0.3	0.2
Other long-term benefits	-	0.1
	12.4	10.3

5.4 EVENTS AFTER THE REPORTING PERIOD

On 23 February 2017, the Board reviewed and approved a plan to align the pricing of the Group's unit trust range with that of its SICAV range through the introduction of single pricing for buying and selling fund units. On implementation of this plan, the Group will cease to earn box profits. In addition, the Group intends to bear the costs of research for all products through its own income statement, with no change in the management fee. These costs were previously borne directly by the funds.

An estimation of the financial impact of this decision, which is expected to come into force from the start of 2018, can be found within the Chief Executive's statement on page 3.

Section 6: Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Remuneration report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and Company Financial Statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"), and related IFRS IC interpretations and with the provisions of the Companies Act 2006 (the "Act") applicable to companies reporting under IFRS.

The Directors undertook a detailed review of the Financial Statements in January and February 2017. Following this examination, the Board was satisfied that the Financial Statements for 2016 give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. Before approving the Financial Statements, the Board satisfied itself that in preparing the statements:

- suitable accounting policies had been selected and consistently applied;
- the judgements and accounting estimates that have been made were reasonable, necessary and prudent; and
- where applicable IFRSs as adopted by the EU have been adopted they have been followed and that there were no material departures.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Financial Statements have been prepared on the going concern basis, the Directors having determined that the Company is likely to continue in business for at least 12 months from the date of this report.

Supported by the Audit and Risk Committee, the Directors have completed a robust review and assessment of the principal risks in the business making use of the Enterprise Risk Framework which is now functioning in all areas of the Company. The framework ensures that the relevant risks are identified and managed and that information is shared at an appropriate level. Full details of these risks are provided in the 'Risks to our Strategy' pages of the Strategic report. The Board subjected the Enterprise Risk Framework to a detailed review in May. The Directors found it was an effective mechanism through which the principal risks and the Company's risk appetite and tolerances could be tested and challenged.

The Directors have examined the accounting records kept in the business and have determined that they are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the requirements of the Act and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have examined the steps in place for ensuring the prevention and detection of fraud and other irregularities. The procedure is examined and tested on a regular basis. The Board is satisfied it is understood and is operated well, and accordingly that the assets of the Company are safeguarded and protected from fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in the Directors' profiles set out in the Governance section confirms that, to the best of his or her knowledge:

- the Group Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

In accordance with Section 418 of the Act, the Directors' report includes a statement, in the case of each Director in office at the date the Directors' report is approved, that:

(a) so far as the Director is aware, there is no relevant audit information (as defined in section 418(3)) of the Act of which the Company's auditors are unaware; and
(b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

Charlotte Jones
Chief Financial Officer

23 February 2017

Section 7: Principal risks and mitigations

The Board has ultimate responsibility for the risk strategy of the Group and for determining an appropriate risk appetite, as well as the tolerance levels, within which the Group must operate.

At least once a year, the Board formally considers its risk appetite, taking into account our strategic plans, the business environment and the current and likely future condition of our business and operations. The Board sets our appetite for eight categories of risk.

STRATEGIC RISKS

Failure to deliver strategy

Risk
The risk of failure to achieve our strategic objectives which would impair our ability to deliver value to our stakeholders.

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

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

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

2016 Impact
Good progress was made in delivering our organic growth strategy, which enabled us to pay the ordinary and special dividend, while maintaining sufficient resources to continue to invest in our operating platform and to support growth opportunities.

Ability to attract and retain critical staff

Risk
The risk of failure to attract or retain the people critical to successfully executing our strategy, including continuing to deliver investment outperformance.

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

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

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

2016 Impact
Recruitment was again an important theme in 2016 with a number of appointments made to further strengthen our leadership and investment management teams.

Employee engagement continued to be a core focus for 2016. We implemented a number of initiatives identified through the employee survey, including improvements to internal communications and the career development framework.

Changes in Distribution Trends

Risk
The risk of client demand switching to products we do not provide. The risk of critical distribution partner relationships no longer generating client demand or retaining clients.

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

Mitigation/Controls
We continually analyse our markets to ensure we maintain a diverse product suite that appeals to existing and potential clients. We focus on investment outperformance after fees.

In response to the rising demand and supply of passive investment products, we focus on the clear differentiation of our active strategies and routes to markets where active solutions are in strong demand.

Our well-defined product development process enables us to deliver new products or enhancements, so we can target client groups in a timely and efficient way.

We continue to diversify our client base, distribution partners and channels.

2016 Impact
Our strong position in the UK provides a stable and profitable base from which we can grow internationally. In recent years, we have increasingly complemented our UK business with overseas growth, as we optimise existing relationships with large distribution partners in new countries and create products that appeal to clients in multiple geographies.

INVESTMENT RISKS

Sustained market decline

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

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

Mitigation/Controls
Our investment philosophy allows our fund managers to pursue their own investment styles and the flexibility to adjust strategies as far as possible to retain value during unfavourable market conditions.

We have a broad range of investment strategies which enables us to offer products suitable for different market conditions.

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

2016 Impact
The impact of a severe economic recession that might be expected to occur once in 25 years was included in our assessment of capital adequacy in 2016. The analysis concluded that Jupiter could continue to pay dividends as usual and would remain adequately capitalised over the three year planning horizon without needing to raise additional capital.

Sustained Fund Underperformance

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

Potential Impact
Weak financial markets specific to our funds or poor performance by our fund managers may lead to our products being uncompetitive or otherwise unattractive to new or existing clients. This could result in both outflows (and the related decline in revenues) and a failure to attract new business.

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

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

2016 Impact
As described in the Our Strategic Performance section, 66% of our mutual fund AUM achieved above median returns over a three-year period.

Continued diversification of fund management asset classes and strategies enabled us to reduce this risk low in 2016.

Failure to enhance operating platform to support future operating requirements

Risk
Failure to make the investment and changes required to maintain a scalable and robust operating platform fit for running and growing our business.

Potential Impact
An inadequate operating platform or poorly implemented changes to the platform could restrict our ability to operate effectively, to grow existing strategies or to implement new strategies quickly and efficiently. It may give rise to operational errors which could be costly from a financial, reputational and regulatory perspective.

Mitigation/Controls
We have established a robust project governance structure, to effectively manage and oversee further investment in, and changes to, our operating platform.

This includes extensive planning, preparation and well managed implementation testing and effectiveness assessments.

We have committed considerable focus and resource to ensuring disruption to existing operational activities is kept to a minimum as we implement changes.

2016 Impact
In 2016, we took significant steps in designing further upgrades to our current operating platform. This implementation will start in 2017. The successful implementation of these upgrades will further improve efficiency and scalability, while reducing the risk of operational errors.

We have initiated this risk with a high rating given the work we are undertaking in 2017.

Operational control environment

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

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

Mitigation/Controls
We have efficient and well-controlled processes and maintain a comprehensive Enterprise Risk Management framework as described in detail in the Governance review.

We have continuity and business resumption planning in place to support our critical activities. We have implemented remote working, including core system access for all our essential staff if they cannot travel to our offices. If our normal business systems or premises become unavailable, we have alternative premises including a dedicated office suite equipped with all of our critical business systems.

2016 Impact
Focus on controlling potential operational risks continues, with work within our operations teams to enhance management through better processes and closer inter-department interaction.

This risk was increased to medium to recognise the inherent risk to existing business processes when implementing operating platform upgrades.

Failure of critical outsource partner

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

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

Mitigation/Controls
We subject all third parties who provide us with critical services to a high level of ongoing oversight, through our established Supplier Management framework, giving us assurance that they meet our required standard.

Jupiter has formal guidelines for managing and overseeing all third-party relationships, ensuring they receive a level of scrutiny that reflects their potential risk to our business.

The risk team continues to evolve its approach to overseeing these relationships, with resource and focus more clearly defined in relation to key suppliers.

2016 Impact
Client Assets (CASS) is an area under particular review. Following new regulatory requirements and the FRC's new CASS Assurance Standard in 2016, significant progress has been made with redesigning the controls environment at both Jupiter and our third party provider. We have raised this risk to high as a result.

Cyber crime

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

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

Mitigation/Controls
Jupiter commits considerable human and technological resources to preventing a cyber security incident. Our server environments are housed in two data centres provided by a specialist third party and offer fully resilient and secure facilities. We have established a security awareness programme to extend knowledge and understanding within the business.

Jupiter applies best practices from the ISO 27001 controls framework with additional reference to SANS Critical Security Controls in order to prioritise our technology defences.

We have produced an extensive Cyber Security Incident Response plan to ensure departmental heads can adequately respond to the growing threat of cyber crime.

2016 Impact
In 2016, Jupiter successfully achieved the Cyber Essentials Plus accreditation, an initiative backed by the Government, augmenting our earlier Cyber Essentials certification, enabling us to reduce this risk to medium.

REGULATORY RISK

Regulatory change

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

Potential Impact
Our ability to do or support our business may be inhibited, which could lead to negative financial consequences.

Regulatory censure and the related negative publicity could damage our clients' confidence in us and affect our ability to generate new business.

Mitigation/Controls
We continually monitor regulatory developments to assess potential business implications.

We invest in the expertise, systems and process change necessary to enable changed regulatory requirements to be complied with by required dates.

We maintain a robust compliance culture and require all relevant employees to undertake training on regulatory matters. Our Compliance department's monitoring programme ensures we adhere to regulatory controls.

2016 Impact
Work continued through 2016 to enhance and embed our conduct risk framework.

We made significant investments in projects to ensure we make the changes necessary to our operating platform to deliver continued compliance with regulation as it changes. In 2016 the focus was on our MiFID II implementation programme.

This risk has increased to high because of the regulatory projects that will be implemented in 2017.