Results for the year ended 31 December 2017

27 February 2018

- 81% of mutual fund AUM with investment performance above median over three years
- Continued organic growth in AUM, with net inflows of £5.5bn
- Net management fees[1] increased 19% to £392.4m
- Underlying earnings per share[1] increased 16% to 34.2p
- Basic earnings per share increased 14% to 34.5p
- Profit before tax increased 13% to £192.9m
- Total dividends per share of 32.6p, an increase of 20%

	Year ended 31 December 2017	Year ended 31 December 2016
Assets under management (AUM) (£bn)	50.2	40.5
Net inflows (£bn)	5.5	1.0
Net management fees[1] (£m)	392.4	330.2
Profit before tax (£m)	192.9	171.4
Underlying earnings per share[1] (p)	34.2	29.4
Total dividends per share (p)	32.6	27.2
Adjusted cost/income ratio[1]	55%	55%

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

Maarten Slendebroek, Chief Executive, commented:

"This has been a very strong year for Jupiter with continued growth in the business and delivery across a range of activities and all key performance indicators. Three-year investment performance reached 81% and we experienced exceptional net inflows of £5.5bn, helping us to boost our assets under management by 24% in the year to £50.2bn. These achievements support our belief that a strategy of continued diversification drives value creation for our clients and shareholders alike. Jupiter's straightforward, agile operating model and resilient balance sheet means we are well-placed to deliver continued growth as our clients' investment needs change and grow."

Analyst presentation

There will be an analyst presentation at 9.00am on 27 February 2018.

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/jfm004

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 2018 and will be available at www.jupiteram.com/en/Jupiter-Fund-Management-plc.

For further information please contact:

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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

2017 was a good year for Jupiter across all our activities; three-year investment performance, net inflows and delivery on a number of strategic projects.

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

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

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

The Board is declaring a full-year dividend of 10.3p per share (2016: 10.2p), to give a total ordinary dividend of 17.1p, up 16%. In addition, the Group's financial results and strong balance sheet allow us to announce a special dividend of 15.5p per share for 2017 (2016: 12.5p per share), giving a total dividend of 32.6p. This represents a 20% increase on last year, and a distribution of 95% of our underlying earnings.

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

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

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

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

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

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

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

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

Maarten Slendebroek
Chief Executive Officer

26 February 2018

Operational review

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

Net fund sales grew in the UK in 2017, with inflows to a broad range of fund types, including absolute return, strategic bond and emerging markets, more than offsetting outflows from the more mature fund of funds products. Our international operations continued to contribute significantly to our growth, providing 75% of our net fund sales this year.

Assets under management by product	31 December 2017 £bn	31 December 2016 £bn
Mutual funds	43.8	35.2
Segregated mandates	5.2	4.2
Investment trusts	1.2	1.1
Total	**50.2**	**40.5**

Assets under management increased to £50.2bn at 31 December 2017 (31 December 2016: £40.5bn) as a result of net inflows and market appreciation across the year. Our SICAV AUM increased to £14.1bn at 31 December 2017 (31 December 2016: £9.4bn), representing 32% of our mutual fund AUM, showing the continued success of our geographical diversification.

Investment performance

At 31 December 2017, 81% of our mutual fund AUM had delivered above-median performance over three years (2016: 75% of mutual fund AUM). This was driven by continued strong performance in asset-gathering strategies, principally fixed income. Measured over one year, 47% of mutual fund AUM (2016: 54% of mutual fund AUM) delivered above median performance.

Financial review

RESULTS FOR THE YEAR

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

Net revenue

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

Net revenue (see page 8) for the year was £409.5m (2016: £351.4m), a year-on-year increase of 17%, driven by both strong net sales and asset appreciation from markets and investment outperformance.

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

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

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

Administrative expenses

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

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

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

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

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

Variable staff costs

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

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

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

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

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

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

Other income statement movements

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

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

Profit before tax ("PBT")

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

Tax expense

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

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

Underlying PBT and underlying EPS

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

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

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

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

ADJUSTED EBITDA

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

CASH FLOW

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

ASSETS AND LIABILITIES

The Group's cash position at the year-end date was £234.2m (31 December 2016: £258.9m), as trading profits were offset by dividend payments to shareholders, an increase in seeding of funds and the 2017 compensation round. As outlined in the Equity and Capital Management section, it remains our intention to return a high proportion of surplus cash to shareholders as it arises.

SEED INVESTMENTS

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

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

EQUITY AND CAPITAL MANAGEMENT

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

Capital and regulatory position

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

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

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

Dividends

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

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

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

Dividend progression	2017 Pence per share	2016 Pence per share
Ordinary	17.1	14.7
Special	15.5	12.5
Total	**32.6**	**27.2**

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

Taking both ordinary and special dividends together, the Board is declaring a total dividend of 32.6p (2016: 27.2p) per share, representing a 20% increase on last year. We believe our distribution policy and the consequent yield this delivers, allied with our growth prospects, make for an attractive model for shareholders.

LIQUIDITY

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

THE USE OF ALTERNATIVE PERFORMANCE MEASURES ("APMs")

The Group uses the following APMs:

APM	Definition	Reconciliation/data sources	Reason for use
Adjusted cost/income ratio	Administrative expenses divided by net management fees	Pages 4 and 5	C
Available profit	Net revenue less operating expenses	Pages 4 and 5	D
Net management fee margin	Net management fees divided by average AUM	Page 4	A
Net management fees	Management fees less fee expenses	Page 4	A
Net revenue	Revenue less fee and commission expenses	Page 4	A
Operating earnings	Net revenue less administrative expenses	Page 10	A
Operating expenses	Underlying administrative expenses less variable staff costs	Page 5	A
Ordinary dividends per share	Interim and full-year dividends (does not include any special dividends)	Page 7	B
Total compensation ratio	Total staff costs as a proportion of net revenue	Pages 4 and 5	C
Underlying administrative expenses	Administrative expenses excluding non-recurring items*	Page 5	B
Underlying EPS	Underlying profit after tax divided by issued share capital	Page 6	B
Underlying profit before tax	Profit before tax excluding amortisation arising from acquisitions and non-recurring items*	Page 6	B
Variable compensation ratio	Variable staff costs as a proportion of available profit	Pages 4 and 5	C

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

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

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

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

D. used principally in the internal assessment of whether Executive Directors have met specified performance criteria and in the calculation of the variable compensation ratio.

All APMs relate to past performance.

Changes in the use of APMs

1. In prior periods, the Group has used adjusted EBITDA as a measure of performance, principally to enable users of the accounts to better compare the earnings of the Group with those of its competitors. Being debt-free and having now fully amortised its trade name intangible assets, there are currently no material differences between Jupiter's underlying PBT and its EBITDA; additionally, amortisation charges going forward will principally relate to assets developed as part of the operating business and should be taken into consideration when measuring performance. For these reasons, EBITDA has been removed as a performance measure, although it is still in use as one of the performance criteria for the remuneration of Executive Directors.
2. Further to 1 above, EBITDA margin has been replaced by 'Adjusted cost/income ratio' to retain a metric that provides a measure of operational efficiency.

Section 1: Results for the year

Consolidated income statement

For the year ended 31 December 2017

	Notes	2017 £m	2016 £m
Revenue	1.1, 1.2	460.2	401.8
Fee and commission expenses	1.1	(50.7)	(50.4)
Net revenue	1.1	**409.5**	**351.4**
Administrative expenses	1.3	(214.8)	(182.1)
Operating earnings		**194.7**	**169.3**
Other gains	1.4	0.6	5.1
Amortisation of intangible assets		(2.3)	(3.3)
Operating profit		**193.0**	**171.1**
Finance income		0.1	0.5
Finance costs		(0.2)	(0.2)
Profit before taxation		**192.9**	**171.4**
Income tax expense	1.5	(38.1)	(35.1)
Profit for the year		**154.8**	**136.3**
Earnings per share			
Basic	1.6	34.5p	30.3p
Diluted	1.6	33.7p	29.6p

Consolidated statement of comprehensive income

For the year ended 31 December 2017

	Notes	2017 £m	2016 £m
Profit for the year		**154.8**	**136.3**
Items that may be reclassified subsequently to profit or loss			
Exchange movements on translation of subsidiary undertakings	4.2	(0.2)	0.5
Items reclassified to the income statement			
Realised foreign exchange gains transferred to the income statement	4.2	-	(5.0)
Other comprehensive loss for the year net of tax		**(0.2)**	**(4.5)**
Total comprehensive income for the year net of tax		**154.6**	**131.8**

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

	2017 £m	2016 £m
Management fees	441.6	377.4
Initial charges and commissions	3.1	5.4
Performance fees	1.9	6.2
Revenue	446.6	389.0
Fee and commission expenses	(50.7)	(50.4)
Net revenue before box profits	395.9	338.6
Box profits	13.6	12.8
Net revenue	409.5	351.4

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

	2017 £m	2016 £m
Revenue by location of clients		
UK	347.7	333.7
Continental Europe	80.0	46.1
Rest of the world	32.5	22.0
Total net revenue by location	460.2	401.8

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

1.3 ADMINISTRATIVE EXPENSES

Administrative expenses of £214.8m (2016: £182.1m) include staff costs of £137.0m (2016: £114.9m). Staff costs consist of:

	2017 £m	2016 £m
Wages and salaries	85.0	79.8
Share-based payments	27.0	18.1
Social security costs	19.2	12.4
Pension costs	4.8	4.4
Redundancy costs	1.0	0.2
	137.0	114.9

1.4 OTHER GAINS

	2017 £m	2016 £m
Foreign exchange gains on liquidation of subsidiaries	-	5.0
Dividend income	0.5	0.5
Other	0.1	(0.4)
	0.6	5.1

In 2016, the Group liquidated two of its overseas subsidiaries and cumulative foreign exchange gains of £5.0m relating to those subsidiaries was transferred from the foreign currency translation reserve, where it had previously been credited, to the income statement.

1.5 INCOME TAX EXPENSE

Analysis of charge in the year:

	2017 £m	2016 £m
Current tax		
Tax on profits for the year	40.2	34.6
Adjustments in respect of prior years	(1.1)	1.0
	39.1	35.6
Deferred tax		
Origination and reversal of temporary differences	(2.2)	(0.3)
Adjustments in respect of prior years	1.2	(0.2)
	(1.0)	(0.5)
Total tax expense	38.1	35.1

With effect from 1 April 2017, the UK corporation tax rate changed from 20% to 19%. The weighted average UK corporation tax rate for the year ended 31 December 2017 was therefore 19.25% (2016: 20%). The tax charge in the year is higher (2016: higher) than the standard rate of corporation tax in the UK and the differences are explained below:

Factors affecting tax expense for the year	2017 £m	2016 £m
Profit before taxation	192.9	171.4
Taxation at the standard corporation tax rate (2017: 19.25%; 2016: 20%)	37.1	34.3
Non-taxable expenditure/(income)	0.3	0.2
Other permanent differences	0.2	0.7
Adjustments in respect of prior years	0.1	0.8
Effect of differences in overseas tax rates	0.4	(0.9)
Total tax expense	38.1	35.1

1.6 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	2017 Number m	2016 Number m
Issued share capital	457.7	457.7
Less own shares held	(8.9)	(8.4)
Weighted average number of ordinary shares for the purpose of basic EPS	448.8	449.3
Add back weighted average number of dilutive potential shares	10.9	10.5
Weighted average number of ordinary shares for the purpose of diluted EPS	459.7	459.8

Earnings per share	2017 p	2016 p
Basic	34.5	30.3
Diluted	33.7	29.6

Section 2: Consolidated statement of cash flows

Consolidated statement of cash flows

For the year ended 31 December 2017

	Notes	2017 £m	2016 £m
Cash flows from operating activities			
Cash generated from operations	2.1	233.3	181.2
Income tax paid		(38.7)	(33.9)
Net cash inflows from operating activities		194.6	147.3
Cash flows from investing activities			
Purchase of property, plant and equipment	3.3	(0.9)	(2.8)
Purchase of intangible assets	3.2	(4.3)	(0.9)
Purchase of financial assets at fair value through profit or loss ("FVTPL")		(125.7)	(34.7)
Proceeds from disposal of financial assets at FVTPL		65.1	29.9
Dividend income received		2.2	0.5
Finance income received		0.1	0.5
Net cash outflows from investing activities		(63.5)	(7.5)
Cash flow from financing activities			
Dividends paid	4.3	(132.2)	(116.8)
Purchase of shares by EBT		(26.4)	(26.6)
Finance costs paid		(0.2)	(0.2)
Third-party subscriptions into consolidated funds		21.3	4.6
Third-party redemptions from consolidated funds		(17.7)	(1.2)
Distributions paid by consolidated funds		(0.6)	(0.1)
Net cash outflows from financing activities		(155.8)	(140.3)
Net decrease in cash and cash equivalents		(24.7)	(0.5)
Cash and cash equivalents at beginning of year		258.9	259.4
Cash and cash equivalents at end of year	3.5	234.2	258.9

Notes to the financial statements - Consolidated statement of cash flows

2.1 CASH FLOWS FROM OPERATING ACTIVITIES

	2017 £m	2016 £m
Operating profit	193.0	171.1
Adjustments for:		
Amortisation of intangible assets	2.3	3.3
Depreciation of property, plant and equipment	2.1	2.2
Other gains	(8.4)	(14.6)
Share-based payments	27.0	18.1
Cash inflows on exercise of share options	1.5	0.4
Increase in trade and other receivables	(21.5)	(3.2)
Increase in trade and other payables	37.3	3.9
Cash generated from operations	233.3	181.2

2.2 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2017 £m
Brought forward at 1 January	13.0
Changes from financing cash flows	3.0
Changes arising from obtaining or losing control of subsidiaries	15.4
Changes in fair values	5.0
	36.4

Section 3: Assets and liabilities

Consolidated balance sheet

As at 31 December 2017

	Notes	2017 £m	2016 £m
ASSETS			
NON-CURRENT ASSETS			
Goodwill	3.1	341.2	341.2
Intangible assets	3.2	6.0	4.0
Property, plant and equipment	3.3	7.6	8.8
Deferred tax assets		16.6	11.3
Trade and other receivables	3.4	0.7	1.2
Total non-current assets		372.1	366.5
CURRENT ASSETS			
Investments in associates	3.4	32.2	7.3
Financial assets at FVTPL	3.4	110.4	70.9
Trade and other receivables	3.4	141.3	97.4
Cash and cash equivalents	3.5	234.2	258.9
Total current assets		518.1	434.5
TOTAL ASSETS		890.2	801.0
EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Share capital	4.1	9.2	9.2
Own share reserve	4.2	(0.2)	(0.2)
Other reserve	4.2	8.0	8.0
Foreign currency translation reserve	4.2	2.6	2.8
Retained earnings	4.2	620.7	590.6
TOTAL EQUITY		640.3	610.4
LIABILITIES			
NON-CURRENT LIABILITES			
Trade and other payables	3.4	9.5	8.2
Deferred tax liabilities		0.3	0.2
Total non-current liabilities		9.8	8.4
CURRENT LIABILITIES			
Financial liabilities at FVTPL	3.4	36.6	13.4
Trade and other payables	3.4	189.6	153.6
Current income tax liability		13.9	15.2
Total current liabilities		240.1	182.2
TOTAL LIABILITIES		249.9	190.6
TOTAL EQUITY AND LIABILITIES		890.2	801.0

Notes to the financial statements – Assets and liabilities

3.1 GOODWILL

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

	2017 £m	2016 £m
Goodwill	341.2	341.2
	341.2	341.2

No additional goodwill was recognised in the year (2016: £nil).

The Group has determined that it has a single 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, long term growth rates of 14% and a cost of capital of 18%. The projections assumed declining revenue margins of 1-2 basis points a year and reductions of approximately 1% a year in the Group's cost/income ratio. A significant headroom was noted, and therefore no impairment was implied. Adverse movements of 5% in growth rates and/or the cost of capital would not result in the recognition of impairment losses. No impairment losses have been recognised in the current or preceding years.

3.2 INTANGIBLE ASSETS

At the balance sheet date, the Group held fully amortised intangible assets still in use in respect of its 2007 acquisition of Knightsbridge Asset Management Limited. This acquisition gave rise to the recognition of intangible assets relating to investment management contracts and the trade name of the Group. The other intangible assets recognised are computer software.

The Directors have reviewed the intangible assets as at 31 December 2017 and have concluded there are no indicators of impairment (2016: same).

	2017 £m	2016 £m
Trade name	-	0.7
Computer software	6.0	3.3
	6.0	4.0

The amortisation charge for the year was £2.3m (2016: £3.3m). During the year, the Group acquired software with a value of £4.3m (2016: £0.9m).

3.3 PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment at 31 December 2017 was £7.6m (2016: £8.8m). During the year, the Group acquired property, plant and equipment with a value of £0.9m (2016: £2.8m).

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 2017	Financial assets designated at FVTPL £m	Loans and receivables £m	Financial liabilities designated at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Goodwill	-	-	-	-	-	341.2	341.2
Intangible assets	-	-	-	-	-	6.0	6.0
Property, plant and equipment	-	-	-	-	-	7.6	7.6
Deferred tax assets	-	-	-	-	-	16.6	16.6
Non-current trade and other receivables	-	-	-	-	-	0.7	0.7
Investments in associates	32.2	-	-	-	32.2	-	32.2
Financial assets at FVTPL	110.4	-	-	-	110.4	-	110.4
Current trade and other receivables	-	133.3	-	-	133.3	8.0	141.3
Cash and cash equivalents	-	234.2	-	-	234.2	-	234.2
Non-current trade and other payables	-	-	-	(5.9)	(5.9)	(3.6)	(9.5)
Deferred tax liabilities	-	-	-	-	-	(0.3)	(0.3)
Current trade and other payables	-	-	-	(168.2)	(168.2)	(21.4)	(189.6)
Current income tax liability	-	-	-	-	-	(13.9)	(13.9)
Financial liabilities at FVTPL	-	-	(36.6)	-	(36.6)	-	(36.6)
Total	142.6	367.5	(36.6)	(174.1)	299.4	340.9	640.3

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

3.5 CASH AND CASH EQUIVALENTS

	2017 £m	2016 £m
Cash at bank and in hand	195.8	128.4
Short-term deposits	30.0	124.0
Cash held by EBT and seed capital subsidiaries	8.4	6.5
Total cash and cash equivalents	234.2	258.9

Cash at bank earns interest at the current prevailing daily bank rates. Short-term deposits are made for varying periods of between one and 33 days, depending on the forecast cash requirements of the Group, and earn interest at the respective short-term deposit rates.

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

Section 4: Equity

Consolidated statement of changes in equity

For the year ended 31 December 2017

	Share capital £m	Own share reserve £m	Other reserve £m	Foreign currency translation reserve £m	Retained earnings £m	Total equity £m
At 1 January 2016	9.2	(0.2)	8.0	7.3	578.6	602.9
Profit for the year	-	-	-	-	136.3	136.3
Exchange movements on translation of subsidiary undertakings	-	-	-	(4.5)	-	(4.5)
Other comprehensive income	-	-	-	(4.5)		(4.5)
Total comprehensive income	-	-	-	(4.5)	136.3	131.8
Vesting of ordinary shares and options	-	-	-	-	0.4	0.4
Dividends paid	-	-	-	-	(116.8)	(116.8)
Purchase of shares by EBT	-	-	-	-	(26.6)	(26.6)
Share-based payments	-	-	-	-	18.1	18.1
Current tax	-	-	-	-	1.4	1.4
Deferred tax	-	-	-	-	(0.8)	(0.8)
Total transactions with owners	-	-	-	-	(124.3)	(124.3)
At 31 December 2016	9.2	(0.2)	8.0	2.8	590.6	610.4
Profit for the year	-	-	-	-	154.8	154.8
Exchange movements on translation of subsidiary undertakings	-	-	-	(0.2)	-	(0.2)
Other comprehensive loss	-	-	-	(0.2)	-	(0.2)
Total comprehensive income	-	-	-	(0.2)	154.8	154.6
Vesting of ordinary shares and options	-	0.1	-	-	1.4	1.5
Dividends paid	-	-	-	-	(132.2)	(132.2)
Purchase of shares by EBT	-	(0.1)	-	-	(26.3)	(26.4)
Share-based payments	-	-	-	-	26.7	26.7
Current tax	-	-	-	-	1.5	1.5
Deferred tax	-	-	-	-	4.2	4.2
Total transactions with owners	-	-	-	-	(124.7)	(124.7)
At 31 December 2017	9.2	(0.2)	8.0	2.6	620.7	640.3

Notes to the financial statements – Equity

4.1 SHARE CAPITAL

	2017 £m	2016 £m
457.7m ordinary shares of 2p each	9.2	9.2
	9.2	9.2

4.2 RESERVES

(i) Own share reserve
At 31 December 2017, 9.5m ordinary shares (2016: 9.5m), with a par value of £0.2m (2016: £0.2m), were held as own shares within the Group's EBT for the purpose of satisfying share option obligations to employees.

(ii) Other reserve
The other reserve of £8.0m (2016: £8.0m) relates to the conversion of Tier 2 preference shares in 2010.

(iii) Foreign currency translation reserve
The foreign currency translation reserve of £2.6m (2016: £2.8m) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. During the period, nil (2016: £5.0m) was transferred to the income statement following the liquidation of overseas subsidiaries.

(iv) Retained earnings
Retained earnings of £620.7m (2016: £590.6m) are the amount of earnings that are retained within the Group after dividend payments and other transactions with owners.

4.3 DIVIDENDS

	2017 £m	2016 £m
Full-year dividend (10.2p per ordinary share) (2016: 10.6p per ordinary share)	45.7	47.6
Interim dividend (6.8p per ordinary share) (2016: 4.5p per ordinary share)	30.5	20.2
Special dividend (12.5p per ordinary share) (2016: 10.9p per ordinary share)	56.0	49.0
	132.2	116.8

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

The EBT has waived its right to receive future dividends on shares held in the trust. Dividends waived on shares held in the EBT in 2017 were £2.8m (2016: £2.2m).

A full-year dividend for 2017 of 10.3p per share (2016: 10.2p) and a special dividend of 15.5p per share (2016: 12.5p) have been declared by the Directors. These dividends amount to £47.1m and £70.9m respectively (before adjusting for any dividends waived on shares in the EBT) and will be accounted for in 2018. Including the interim dividend for 2017 of 6.8p per share (2016: 4.5p), this gives a total dividend per share of 32.6p (2016: 27.2p).

Section 5: Other Notes

Notes to the 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 2017 or 2016, but is derived from those accounts. The Auditors have reported on the 2017 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 2016 have been delivered to the Registrar of Companies and those for 2017 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 2016:

Included in consolidation	Excluded from consolidation
Jupiter Global Fund SICAV: Emerging Markets Short Duration Bond	Jupiter Global Fund SICAV: Global Emerging Markets Unconstrained
Jupiter Global Fund SICAV: Strategic Total Return	
Jupiter US Small and Midcap Companies Fund	

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 2017 and 31 December 2016, 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 (2016: 38) authorised unit trusts. Each unit trust is jointly administered with the trustees, National Westminster Bank plc. The aggregate total value of transactions for the year was £3,526m (2016: £3,187m) for unit trust creations and £2,581m (2016: £3,616m) for unit trust redemptions. The actual aggregate amount due to the trustees at the end of the accounting year in respect of transactions awaiting settlement was £30.2m (2016: £11.7m). The Company also acts as the management company for the Jupiter Global Fund and Jupiter Merlin Fund SICAVs, made up of 22 sub funds (2016: 20) and four funds (2016: four) respectively.

The amounts received in respect of gross management and registration charges were £343.8m (2016: £295.7m) for unit trusts, £131.7m (2016: £91.5m) for SICAVs, £9.4m (2016: £7.8m) for investment trusts and £18.3m (2016: £15.9m) for segregated mandates. At the end of the year, there was £23.4m (2016: £15.0m) accrued for annual management fees and £4.1m (2016: £3.0m) in respect of registration fees.

Included within the financial instruments note are seed capital investments and hedges of awards in fund units in mutual funds managed by the Group. At 31 December 2017, the Group had a total net investment in such funds of £105.9m (2016: £65.2m) and received distributions of £0.5m (2016: £0.5m). During 2017, it invested £75.4m (2016: £13.3m) in these funds and received £42.1m (2016: £11.6m) 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:

	2017 £m	2016 £m
Short-term employee benefits	4.3	7.5
Share-based payments	4.9	4.6
Post-employment benefits	0.3	0.3
	9.5	12.4

5.4 EVENTS AFTER THE REPORTING PERIOD

In February 2017 we announced changes to our unit trust pricing to simplify our client proposition, choosing to switch from dual to single pricing, removing box profits from our income during 2018. Box profits in 2017 were £13.6m (2016: £12.8m). The Group is also taking research costs through its income statement from the start of 2018; we expect this to increase operating expenses by around £5m.

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 2018. Following this examination, the Board was satisfied that the Financial Statements for 2017 give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. Before approving the Financial Statements, the Board satisfied itself that in preparing the statements:

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

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

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

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

a) so far as the Director is aware, there is no relevant audit information (as defined in section 418(3)) of the Act of which the Company's auditors are unaware; and

b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

Charlotte Jones
Chief Financial Officer

26 February 2018

Section 7: Principal risks and mitigations

The Board has ultimate responsibility for risk management. To help the Board discharge its responsibilities, the Group has a comprehensive approach to identifying, monitoring, managing and mitigating risk.

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

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

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

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

Risk overview
The Group is exposed to various risks, such as investment and operational, in pursuing its business objectives. These can be driven by internal and external factors. Understanding and managing these risks is both a business imperative and a regulatory requirement. The type and severity of these risks can change quickly in a complex and competitive environment. The framework is dynamic and forward looking to ensure it considers both current and emerging risks which could potentially impact the Group.

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

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

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

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

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

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

INVESTMENT RISK

Sustained fund underperformance

Owner: Chief Investment Officer

Board risk rating at year end
2016: Low
2017: Low

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 over a prolonged period.

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

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

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

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

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

STRATEGIC RISKS

Failure to deliver strategy

Owner: Chief Executive Officer

Board risk rating at year end
2016: Medium
2017: Low

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

Potential impact
A failure to achieve one or more strategic objectives could result in a reduced pool of available profit for 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.

2017 impact
We continued to deliver on our strategic objectives by further diversifying client type, product and geographic reach.

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

Ability to attract and retain critical staff

Owner: ExCo

Board risk rating at year end
2016: Low
2017: Low

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

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

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

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

2017 impact
We have continued to invest in our people, expanding our fixed income and emerging market debt capabilities and adding to our distribution resource across a number of key markets to ensure we can deliver both a high level of service to existing clients and attract new business.

Ineffective product, client and geographic diversification

Owner: Global Head of Distribution

Board risk rating at year end
2016: New to top 10 in 2017
2017: Medium

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

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

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

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

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

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

Sustained market decline

Owner: ExCo

Board risk rating at year end
2016: Low
2017: Medium

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.

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

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

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

OPERATIONAL RISKS

BREXIT

Owner: ExCo

Board risk rating at year end
2016: New to Top 10 in 2017
2017: Medium

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

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

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

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

2017 impact
The Brexit Working Group, established in 2016, has been working with senior representatives from across the business and specialist industry experts to develop a plan that we believe ensures we are well-positioned to continue to operate within the EU with minimal disruption.

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

Operational control environment

Owner: Joint Chief Operating Officers

Board risk rating at year end
2016: Medium
2017: Medium

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 and could lead to outflows. The unavailability of our key systems or business premises could mean we are unable to act on behalf of our clients and/or perform other time critical activities to ensure the smooth running of our business.

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

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

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

Failure of a critical outsource partner

Owner: Joint Chief Operating Officers

Board risk rating at year end
2016: High
2017: High

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 and negative financial consequences.

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

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

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

Cyber crime

Owner: Chief Executive Officer

Board risk rating at year end
2016: Medium
2017: Medium

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

2017 impact
We integrated Threat Intelligence and monitoring with an industry leading Managed Services Security Provider and further enhanced our Cyber defence layers by deploying multiple machine learning and behavioural modelling systems to detect advanced threats.

The Cyber Essentials Plus accreditation in 2017 was successfully maintained.

Regulatory change

Owner: General Counsel

Board risk rating at year end
2016: Medium
2017: Medium

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 compliance with regulatory requirements by the required dates. We maintain a robust compliance culture and require all

relevant employees to undertake training on regulatory matters. Our Compliance department's monitoring programme ensures we adhere to regulatory controls.

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

Good progress was made in preparation for General Data Protection Regime (GDPR) and SMCR.