Highlights

30 July 2019

- 72% of mutual fund assets under management outperforming over three years
- Net fund outflows of £1.1bn (2018 H1: net outflows of £2.3bn)
- Assets under management up 8% to £45.9bn
- Profit before tax decreased by 16% to £81.4m
- Basic earnings per share decreased by 13% to 15.1p
- Net management fees down 8% to £182.9m[1]
- Interim dividend per share stable at 7.9p.

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
Assets under management (AUM) (£bn)	45.9	48.2	42.7
Net outflows (£bn)	1.1	2.3	4.6
Net management fees[1] (£m)	182.9	199.2	395.7
Profit before tax (£m)	81.4	96.5	179.2
Basic earnings per share (p)	15.1	17.3	31.8
Interim dividend per share (p)	7.9	7.9	7.9
Operating margin (before exceptional items)[1]	47%	45%	43%

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

Andrew Formica, Chief Executive, commented:

"My first few months in this role have served to reinforce the view I held of Jupiter from the outside. This company has a great many strengths: we have talented people; a client-centric culture dedicated to delivering superior performance; and a commitment to active, high-conviction investment management. We are also of a size where we can be agile in responding to rapidly evolving client needs and market conditions.

These core strengths have helped drive a resilient first half performance in the face of challenging industry conditions. We have maintained a strong, top quartile investment performance with 72% of mutual fund assets under management above median over three years. I am also pleased to report a 8% rise in AUM to £45.9 billion and a sharp slowdown in outflows, and in particular, a return to net inflows for one of our most successful products, the Dynamic Bond fund.

Looking forward, we have a new management team in place with the ambition to get on the front foot and grow the business, without compromising our reputation for financial discipline. This is underpinned by a clear five-year strategy which gives us renewed confidence in our future prospects."

Analyst presentation

There will be an analyst presentation at 9.00am on 30 July 2019.

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 jupiter@powerscourt-group.com on +44 (0)20 7250 1446. Alternatively, sign up online to access the live audiocast using the following link: https://secure.emincote.com/client/jupiter/jfm011

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

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Forward-looking statements

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

Chief Executive's statement

For the first half of the year, we report a solid financial performance against a backdrop of challenging conditions that have persisted into 2019 for both Jupiter and the industry as a whole. While we continued to experience outflows in the period, these have slowed sharply from the first half of 2018. In particular, outflows from one of our most successful products, the Dynamic Bond fund, have reversed, and the fund is now back in net inflows. Strong investment performance remains a feature, with 72% of mutual fund AUM above median over three years. We maintain a consistent approach to capital management, announcing an unchanged interim dividend of 7.9p per share.

Assets under management

AUM increased from £42.7bn at the start of the year to £45.9bn by the end of June. The majority of this improvement has been driven by £4.3bn of gains from investment performance and market movements. Mutual fund outflows were £1.6bn, including a transfer of £0.5bn out of mutual funds into a segregated mandate. Excluding that impact, we saw net mutual fund outflows of just over £1bn compared to £2.5bn in H2 2018 and £1.9bn in H1 2018. Our Dynamic Bond fund returned to positive flows, but net outflows continued across other asset classes, with the majority of outflows in our European Equities products, which were impacted by the announcement of a change in fund manager during the period.

Performance

Delivering growth through investment excellence remains our priority. Three-year investment performance after all fees is a key performance measure for us and, in the three years to 30 June 2019, 72% of mutual fund AUM was above median after all fees. This compares with an equivalent level of 77% recorded at the end of 2018.

Business development

Jupiter's business philosophy is based on strong active asset management and a clear strategy to deliver growth for clients through investment excellence. We have a number of priorities for 2019 and beyond: in terms of our investment strategies, these include exploring the possibility of expanding our range of global funds to generate appeal across multiple jurisdictions, which is key to maintaining sales momentum in our overseas markets. We are also looking to develop sector specialities under our broader fixed income umbrella, and to expand our multi-asset solutions. In alternatives, we intend to further develop our liquid alternatives offering.

In terms of our client reach and service offering, we will continue to improve our client service across all our client segments. We are looking to bolster some areas of our business which could benefit from greater focus, for example, our investment trust business and, once we have established the right breadth of products, our institutional book. Geographically, we are keen to consolidate our current footprint, but are alive to the possibilities of entering new markets where we see similarities to the UK and where that will play to Jupiter's core strengths.

Financial results

Profit before tax decreased by 16% in the period, whilst on an underlying basis, profit was down by 9% at £88.8m compared with £97.2m at the end of June 2018. The largest component of the reduction in profitability has been the £16.3m drop in management fees. Performance fees in the period were £7.3m, down £6.8m compared to the first half of 2018.

We started 2019 with AUM of £42.7 billion, a lower base from which to earn management fees than the £50bn we started 2018 with. As a result, the lower average asset values drove an 8% decline in management fees year on year. So far in 2019, the net management fee margin has remained consistent with the second half of 2018 at 84 basis points for the half year. This is one basis point higher than H1 2018. The stability of the margin reflects a shift in the business and product mix.

We have maintained a disciplined approach to cost management, reducing spending across a number of cost categories as we have rationalised our supplier base and simplified our operating platform. Administrative expenses were flat in the period, but 7% lower on an underlying basis. Operating expenses of £69.2m were down 6% on the first half of 2018, but we continue to invest in our fund management and distribution capability and related support. Staff costs have remained flat as a result of cost actions taken at the end of 2018. Overall, the cost actions and discipline, combined with modest investment, has delivered an improved operating margin of 47% compared to 45%, despite the reduced underlying operating profit.

Total variable staff costs increased by 8%, primarily due to several exceptional variable compensation accounting effects which we do not regard as being part of the core economics of the Group. These have been shown separately, outside the underlying results, as exceptional items within the financial review. Variable staff costs before exceptional items reduced against H1 2018 as a result of lower overall profitability. The bonus pool used to generate the charge is in line with historical ratios of charge to profit but, at these lower levels of profitability, this results in an increase in the underlying variable compensation ratio.

Capital management

Our approach to capital management is that we maintain a robust balance sheet, deploy the capital needed in attractive investment opportunities for the group, otherwise we return surplus capital to shareholders through special dividends. There is no change to this overall approach and our earnings continue to generate both healthy free cash flow and additional capital.

We continue to be proactive in both the deployment and redemption of our seed portfolio. The use of corporate seeding is a key component of our overall capital management approach. It represents an important use of our financial resources to launch and accelerate funds to drive our business forward.

Our approach to dividends is consistent: the ordinary dividend policy is a progressive dividend with an approximate pay-out of 50% of underlying earnings. At the interim, we pay in the region of 46% of the anticipated total ordinary dividend. Therefore, despite the interim underlying EPS being lower than 2018, we will pay an interim dividend of 7.9p, in line with 2018.

Outlook

Jupiter has a robust capital position which supports the needs of its business and its dividend pay-out policy. We anticipate continued progression on cost reduction, but not at the expense of investment, which could ultimately deliver higher returns to our shareholders. Delivering growth through investment excellence remains our priority and we look to achieve this through our active, high-conviction approach and client-centric culture.

Andrew Formica
Chief Executive Officer

29 July 2019

Business review

Assets under management ("AUM") and flows

Movement in AUM by product across the period

	31 December 2018 £m	Q1 net flows £m	Q2 net flows £m	Market/ investment alpha £m	30 June 2019 £m
Mutual funds	36,940	(991)	(574)	3,608	38,983
Investment trusts	1,156	(4)	(5)	211	1,358
Pooled funds	**38,096**	**(995)**	**(579)**	**3,819**	**40,341**
Segregated mandates	4,577	513	(23)	500	5,567
Total	**42,673**	**(482)**	**(602)**	**4,319**	**45,908**

AUM increased by 8% to £45.9bn as at 30 June 2019 (31 December 2018: £42.7bn) as a result of positive market-related movements of £4.3bn partially offset by net outflows of £1.1bn.

Net mutual fund outflows were £1.6bn during the period. Our Fixed Income strategy, where we saw significant outflows in 2018, returned two quarters of strong sales, resulting in net inflows of £0.9bn in the period. The announcement of a change in fund manager in two of our larger European funds was followed by net outflows of £0.7bn in those vehicles. Outflows also occurred within our Fund of Funds strategy and Multi-Asset. Geographically, the UK was responsible for more than 100% of net outflows; the Asia Pacific region benefitted from the flow recovery in Fixed Income and there were encouraging levels of positive net sales in Latin America. Net flows in Europe were broadly flat. Segregated mandates benefitted from a client transferring from mutual funds into a segregated mandate in the first quarter, retaining the assets at Jupiter but in a different vehicle.

Investment performance

At 30 June 2019, 72% of our mutual fund AUM had delivered above-median performance over three years (31 December 2018: 77% of mutual fund AUM). Measured over one year, 73% of mutual fund AUM (31 December 2018: 83% of mutual fund AUM) delivered above median performance.

Financial review

RESULTS FOR THE PERIOD

Net revenue	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Net management fees	182.9	199.2	395.7
Net initial charges	0.6	1.5[1]	2.1[1]
Performance fees	7.3	14.1	14.9
Net revenue	190.8	214.8	412.7

[1] Includes box profits of £0.7m which were discontinued in early 2018

Net revenue for the period was £190.8m (2018 H1: £214.8m), down 11% on 2018 H1 as a result of lower average AUM and a decrease in performance fees.

Net initial charges of £0.6m (2018 H1: £1.5m, including £0.7m relating to box profits) decreased marginally. As in 2018, performance fees of £7.3m (2018 H1: £14.1m) were principally earned in a single fund.

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
Net management fees (£m)	182.9	199.2	395.7
Average AUM (£bn)	44.0	48.6	47.5
Net management fee margin (bps)	84	83	83

Net management fees were down 8% to £182.9m (2018 H1: £199.2m), driven by lower average AUM as a result of 2018 outflows and negative market movements, partially mitigated by 2019 asset appreciation from markets and investment outperformance which more than offset net outflows in 2019. Investment outperformance remained strong at 72% (31 December 2018: 77%) after all fees.

The Group's net management fee margin for the period was 84 basis points, approximately the same level as H2 2018. We continue to expect net management fee margin to decline by 1-2 basis points per annum over the longer term.

Administrative expenses	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 (restated) £m	Year ended 31 December 2018 (restated) £m
Fixed staff costs	29.6	29.5	61.5
Other expenses	39.6	43.9	91.0
Operating expenses	69.2	73.4	152.5
Variable staff costs before exceptional items	37.9	41.4	68.8
Administrative expenses before exceptional items	107.1	114.8	221.3
Exceptional items: variable compensation	7.4	0.7	3.8
Administrative expenses	114.5	115.5	225.1

Total administrative expenses of £114.5m were £1.0m lower than in H1 2018. Administrative expenses before exceptional items of £107.1m (2018 H1: £114.8m) were £7.7m lower than 2018 H1. Operating expenses of £69.2m (2018 H1: £73.4m) decreased 6% primarily through cost savings initiatives implemented in 2018 and continued cost discipline in 2019. The Group's operating margin (before exceptional items) increased slightly to 47% (2018 H1: 45%) but remains in line with our long-term expectation. Fixed staff costs were flat at £29.6m.

Exceptional items of £7.4m (2018 H1: £0.7m), which relate principally to the acceleration in the first half of unvested deferred awards, were recognised in H1 2019. In view of the significance and nature of this amount, we have presented this amount separately from other administrative expenses in order to show the underlying variable staff and administrative expenses. These items were not separately disclosed in 2018 as a result of their size; comparative data has been restated to enable a comparison of like-for-like numbers. The effect of the acceleration, which principally relates to the expected curtailment of the time period over which certain employee services will be provided, is to bring compensation charges that would otherwise have been recognised in future years into the current year. By accelerating these charges in 2019, there will be a corresponding decrease in compensation charges in future years, primarily in 2020 and 2021. The relevant amounts will also be presented as being exceptional in those years.

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 (restated) £m	Year ended 31 December 2018 (restated) £m
Cash bonus	11.9	22.2	27.1
Deferred bonus options	6.5	6.2	15.6
Deferred bonus fund unit awards	13.8	10.0	18.7
LTIP, SAYE and SIP	5.7	3.0	7.4
Variable staff costs before exceptional items	37.9	41.4	68.8
Variable compensation ratio	31.2%	29.3%	26.4%
Total compensation ratio	35.4%	33.0%	31.6%

At the half year, variable staff costs before exceptional items of £37.9m (2018 H1: £41.4m) are calculated based on expected full-year variable compensation ratios and business performance. The charge relates to both the amortisation of deferred awards made in prior years and also to future compensation expected to be awarded. This cost therefore may change, dependant on business activity and results in the second half of the year.

The variable compensation ratio, which excludes the exceptional items as described above which we do not believe form part of the core economics of the Group, is 31.2% (2018 H1: 29.3%), an increase on 2018 levels.

Other income statement movements

Other gains of £6.9m (2018 H1: loss of £1.7m, 2018: loss of £6.5m) principally comprised gains from investments held to hedge fund awards and also from seed investments, net of hedges. Together, these produced a gain of £6.4m (2018 H1: loss of £2.0m, 2018: loss of £7.0m), reflecting strong positive performance in the underlying funds managed by the Group.

Finance costs rose as a result of the adoption of IFRS 16 *Leases* which requires discounted future lease payments to be recognised as liabilities. As these discounted liabilities unwind, interest is charged to the income statement. Pages 19 and 20 include further detail of IFRS 16's impact on the Group's financial statements.

Profit before tax (PBT)

PBT for the period decreased by 16% to £81.4m (2018 H1: £96.5m) as a result of lower revenues from lower average AUM. This was partially offset by gains on investments.

Tax

The effective tax rate was 16.8% (2018 H1: 19.7%, 2018: 20.2%) against a headline corporation tax rate of 19% (2018 H1: 19%, 2018: 19%).

Earnings per share (EPS)

EPS was down 13% on 2019 H1 at 15.1p (2018 H1: 17.3p).

Underlying earnings per share (EPS)

Underlying EPS, defined as underlying profit after tax divided by the number of shares in issue (see page 8), was down 9% at 15.7p (2018 H1: 17.2p).

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 (restated) £m	Year ended 31 December 2018 (restated) £m
Profit before tax	81.4	96.5	179.2
Adjustment for exceptional items	7.4	0.7	3.8
Underlying profit before tax	88.8	97.2	183.0
Tax at average statutory rate of 19%	(16.9)	(18.5)	(34.8)
Underlying profit after tax	71.9	78.7	148.2
Issued share capital	457.7	457.7	457.7
Underlying EPS	15.7p	17.2p	32.4p

CASH FLOW

The Group generated positive operating cash flows after tax in 2019 H1 of £42.5m (2018 H1: £113.3m). £91.8m was spent on final and special dividend payments to shareholders in respect of the previous year's profit and £16.3m of shares were purchased by the Employee Benefit Trust to avoid future dilution from compensation schemes. The net decrease in cash in the period was £66.0m.

ASSETS AND LIABILITIES

Balance sheet

At 30 June 2019, the Group held cash of £135.7m (31 December 2018: £201.7m), as trading profits were offset by the payment of the 2018 compensation round and the final and special dividends. We continue to expect a high percentage of earnings from the Group's operations to convert into cash inflows.

The Group has no debt (31 December 2018: £nil). The revolving credit facility of £50m, which was not drawn in the period, was renewed for a further three-year period in July 2019.

Seed investments

We deploy seed into funds to ensure an effective launch and/or to accelerate the timescale over which the funds can pass through critical size thresholds. As at 30 June 2019, we had a total investment at fair value of £120.4m in our own funds (31 December 2018: £138.4m). This excludes £34.5m 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 investments 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 decreased by £28.0m to £596.4m as the continued profitability of the Group in the period was offset by the 2018 final and special distributions to shareholders, in line with the Group's dividend policy below. The Group maintains a comfortable surplus over its regulatory requirements and its approach to capital management remains unchanged.

Dividends

Jupiter has a progressive ordinary dividend policy, and our intention is for the ordinary dividend pay-out ratio to be 50% of underlying EPS across the cycle. The Board then expects to retain up to 10% of earnings for investment and growth; the remaining balance, where not required for other purposes, will be returned to shareholders. In current market conditions, shareholders have indicated that their preferred method of capital return is 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. In looking to maintain an appropriate balance between interim and full-year dividends, the Board has maintained the interim dividend at 7.9p (2018 H1: 7.9p).

THE USE OF ALTERNATIVE PERFORMANCE MEASURES ("APMs")

The Group uses the following APMs:

APM	Definition	Reconciliation	Reason for use
Administrative expenses before exceptional items	'Administrative expenses' less 'Exceptional items'*	Page 6	B
Net management fee margin	'Net management fees' divided by 'Average AUM'	Page 5	A
Net management fees	Management fees less fee expenses	Page 5	A
Net revenue	'Revenue' less 'Fee and commission expenses'	Page 9	A
Operating expenses	'Administrative expenses' less 'Variable staff costs before exceptional items' and 'Exceptional items'*	Page 6	B
Operating margin (before exceptional items)	'Operating profit (before exceptional items)' divided by 'Net revenue'	Not applicable	B, C
Operating profit (before exceptional items)	'Underlying profit before tax' before 'Finance income' and 'Finance costs'	Pages 7 and 9	B
Ordinary dividends per share	Interim and full-year dividends (does not include any special dividends)	Not applicable	B
Total compensation ratio	'Fixed staff costs' plus 'Variable staff costs before exceptional items' as a proportion of 'Net revenue'	Page 6	B, C
Underlying EPS	'Underlying profit after tax' divided by issued share capital	Page 7	D
Underlying profit after tax	'Underlying profit before tax' less tax at the weighted average UK corporation tax rate	Page 7	B
Underlying profit before tax	'Profit before tax' less 'Exceptional items'*	Pages 7 and 9	B
Variable compensation ratio	'Variable staff costs before exceptional items' as a proportion of 'Net revenue' less 'Operating expenses'	Page 6	B, C
Variable staff costs before exceptional items	Variable staff costs, excluding 'Exceptional items'*	Page 6	B

**Exceptional items are items of income or expenditure that are significant in size and which are not expected to repeat over the short to medium term. Where appropriate, such items may be recognised over multiple accounting periods.*

Changes in the use of APMs

1. The presence of non-recurring items in the year has caused the Group to add and amend several existing performance measures to incorporate such items. These measures exclude one-off items in the period and enable users of the accounts to better compare results across periods. As a consequence, there are new APMs in respect of 'Administrative expenses before exceptional items' and 'Variable staff costs before exceptional items'. In addition, the definitions of 'Total compensation ratio', 'Variable compensation ratio' and 'Underlying EPS' have been amended and comparatives restated in line with the new definitions. We have included new definitions of 'Underlying profit before tax' and 'Underlying profit after tax' to assist in the definition of 'Underlying EPS'.
2. In prior periods, the Group has used 'Adjusted cost/income ratio' as a measure of operational efficiency. Senior management has considered the alignment of primary performance measures with the Group's strategic approach and has concluded that it would be more appropriate to use 'Operating margin (before exceptional items)' for this purpose. The principal difference between these two measures is the inclusion of the return from seed investments within 'Operating margin (before exceptional items)'. Seed investment, which has grown substantially over the past 12 months, is a key part of the Group's strategy to launch products and increase AUM. Net returns from such investments constitute the cost/benefit of undertaking such activities to promote interest in the Group's new funds.
3. Further to 2 above, 'Operating profit (before exceptional items)' has been introduced to aid the definition of 'Operating margin (before exceptional items)'.

Our reasons for using APMs

A. to draw out meaningful subtotals of revenues and earnings, together with ratios derived from such measures, commonly used by asset managers after taking into account items such as 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, 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 by the Board to determine the Group's ordinary dividend and as a consistent measure of profitability. Also used in the measurement of one of the criteria for legacy share-based awards to senior staff with performance conditions.

All APMs relate to past performance.

Section 1: Results for the period

Consolidated income statement for the period ended 30 June 2019

	Notes	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Revenue	1.1	210.3	240.3	460.5
Fee and commission expenses	1.1	(19.5)	(25.5)	(47.8)
Net revenue	1.1	190.8	214.8	412.7
Administrative expenses		(114.5)	(115.5)	(225.1)
Other gains/(losses)	1.3	6.9	(1.7)	(6.5)
Amortisation of intangible assets	3.2	(0.8)	(1.0)	(1.8)
Operating profit		82.4	96.6	179.3
Finance income		-	-	0.1
Finance costs	1.4	(1.0)	(0.1)	(0.2)
Profit before taxation		81.4	96.5	179.2
Income tax expense	1.5	(13.7)	(19.0)	(36.2)
Profit for the period		67.7	77.5	143.0
Earnings per share				
Basic	1.6	15.1p	17.3p	31.8p
Diluted	1.6	14.8p	16.9p	31.1p

Consolidated statement of comprehensive income for the period ended 30 June 2019

	Notes	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Profit for the period		67.7	77.5	143.0
Items that may be reclassified subsequently to profit or loss				
Exchange movements on translation of subsidiary undertakings	4.2	0.1	-	0.3
Other comprehensive income for the period net of tax		0.1	-	0.3
Total comprehensive income for the period net of tax		67.8	77.5	143.3

Notes to the Group financial statements – Income statement

INTRODUCTION

Jupiter Fund Management plc (the Company) and its subsidiaries (together, the Group) offer a range of asset management products. Through its subsidiaries, the Group acts as an investment manager to authorised unit trusts, SICAVs, investment trust companies, pension funds and other specialist funds. The Group has offices in the United Kingdom, Austria, Germany, Hong Kong, Italy, Luxembourg, the Netherlands, Singapore, Spain, Sweden and Switzerland.

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

1.1 REVENUE

The Group's primary source of revenue is management fees. Management fees are based on an agreed percentage of the assets under management. Initial charges and commissions include fees based on a set percentage of certain balances in our funds. Performance fees are earned from some funds when agreed performance conditions are met. Net revenue is stated after fee and commission expenses to intermediaries for ongoing services under distribution agreements.

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Management fees	202.3	224.3	442.8
Initial charges and commissions	0.7	1.9[1]	2.8[1]
Performance fees	7.3	14.1	14.9
Revenue	210.3	240.3	460.5
Fee and commission expenses	(19.5)	(25.5)	(47.8)
Net revenue	190.8	214.8	412.7

[1] Includes box profits of £0.7m which were discontinued in early 2018

Disaggregation of revenue

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

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

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Revenue by product type			
Pooled funds	200.7	230.4	440.8
Segregated mandates	9.6	9.9	19.7
Revenue	210.3	240.3	460.5

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.

1.3 OTHER GAINS/(LOSSES)

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Dividend income	0.5	0.2	0.5
Gains/(losses) on financial instruments designated at fair value through profit or loss upon initial recognition	13.6	0.1	(7.8)
(Losses)/gains on financial instruments at fair value through profit or loss	(7.2)	(2.0)	0.8
Total other gains/(losses)	6.9	(1.7)	(6.5)

Notes to the Group financial statements – Income statement continued

1.4 FINANCE COSTS

The majority of the 2019 finance costs relate to the adoption of IFRS 16 *Leases*.

Interest payable is charged on an accruals basis using the effective interest method.

Finance costs include ancillary charges for commitment fees and non-utilisation fees that are charged as incurred.

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Finance costs	(1.0)	(0.1)	(0.2)
	(1.0)	(0.1)	(0.2)

1.5 INCOME TAX EXPENSE

Analysis of charge in the period:

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Current tax – UK corporation tax			
Tax on profits for the period	15.5	17.7	39.1
Adjustments in respect of prior periods	(0.3)	(0.2)	0.4
	15.2	17.5	39.5
Deferred tax			
Origination and reversal of temporary differences	(1.5)	1.5	(3.1)
Adjustments in respect of prior periods	-	-	(0.2)
	(1.5)	1.5	(3.3)
Total income tax expense	13.7	19.0	36.2

The weighted average UK corporation tax rate for the period ended 30 June 2019 was 19% (2018 H1: 19%, 2018: 19%).

1.6 EARNINGS PER SHARE

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

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

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

Number of shares (all weighted averages)	Six months ended 30 June 2019 Number m	Six months ended 30 June 2018 Number m	Year ended 31 December 2018 Number m
Issued share capital	457.7	457.7	457.7
Less: own shares held	(10.7)	(8.5)	(8.7)
Number of ordinary shares for the purpose of basic EPS	447.0	449.2	449.0
Add: dilutive potential shares	10.5	10.6	10.2
Number of ordinary shares for the purpose of diluted EPS	457.5	459.8	459.2

Earnings per share	Six months ended 30 June 2019 p	Six months ended 30 June 2018 p	Year ended 31 December 2018 p
Basic	15.1	17.3	31.8
Diluted	14.8	16.9	31.1

Section 2: Consolidated statement of cash flows

Consolidated statement of cash flows for the period ended 30 June 2019

	Notes	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Cash flows from operating activities				
Cash generated from operations	2.1	61.0	128.2	213.3
Income tax paid		(18.5)	(14.9)	(42.8)
Net cash inflows from operating activities		42.5	113.3	170.5
Cash flows from investing activities				
Purchases of property, plant and equipment	3.3	(0.9)	(0.9)	(1.7)
Purchase of intangible assets	3.2	(0.6)	(0.9)	(1.7)
Purchase of financial assets at fair value through profit or loss (FVTPL)		(316.0)	(68.6)	(326.5)
Proceeds from disposal of financial assets at FVTPL		308.0	77.7	270.5
Dividend income received		0.5	1.4	1.5
Finance income received		-	-	0.1
Net cash (outflows)/inflows from investing activities		(9.0)	8.7	(57.8)
Cash flows from financing activities				
Dividends paid	4.3	(91.8)	(115.6)	(151.2)
Purchase of shares by EBT		(16.3)	(13.3)	(28.7)
Finance costs paid		(0.1)	(0.1)	(0.2)
Third-party subscriptions into consolidated funds		22.4	26.1	63.7
Third-party redemptions from consolidated funds		(11.7)	(30.5)	(26.8)
Distributions paid by consolidated funds		(2.0)	(0.9)	(2.0)
Net cash outflows from financing activities		(99.5)	(134.3)	(145.2)
Net decrease in cash and cash equivalents		(66.0)	(12.3)	(32.5)
Cash and cash equivalents at beginning of the period		201.7	234.2	234.2
Cash and cash equivalents at end of the period	3.5	135.7	221.9	201.7

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

2.1 CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Operating profit	82.4	96.6	179.3
Adjustments for:			
Amortisation of intangible assets	0.8	1.0	1.8
Depreciation of property, plant and equipment	2.9	1.1	2.2
Other (gains)/losses	(9.8)	1.6	10.8
Share-based payments	12.3	10.4	26.6
Cash inflows on exercise of share options	0.3	0.3	0.5
(Increase)/decrease in trade and other receivables	(80.9)	14.3	19.9
Increase/(decrease) in trade and other payables	53.0	2.9	(27.8)
Cash generated from operations	61.0	128.2	213.3

Adjustments made on adoption of IFRS 16 on 1 January 2019 did not result in cash flows. Further details of this can be found in note 5.1.

2.2 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Notes	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Brought forward at 1 January	3.4	74.0	36.4	36.4
Changes from financing cash flows		10.7	-	36.9
Changes arising from obtaining or losing control of consolidated funds		-	4.4	0.2
Changes in fair values		6.0	2.3	0.5
	3.4	90.7	43.1	74.0

Section 3: Assets and liabilities

Consolidated balance sheet at 30 June 2019

	Notes	30 June 2019 £m	30 June 2018 £m	31 December 2018 £m
Assets				
Non-current assets				
Goodwill	3.1	341.2	341.2	341.2
Intangible assets	3.2	5.7	5.9	5.9
Property, plant and equipment	3.3	52.8	7.4	7.1
Deferred tax assets		15.2	10.8	12.7
Trade and other receivables		0.5	0.7	0.6
		415.4	366.0	367.5
Current assets				
Investments in associates	3.4	-	14.4	-
Financial assets at FVTPL	3.4	236.9	127.7	212.0
Trade and other receivables		179.1	127.3	98.4
Cash and cash equivalents	3.5	135.7	221.9	201.7
		551.7	491.3	512.1
Total assets		967.1	857.3	879.6
Equity attributable to shareholders				
Share capital	4.1	9.2	9.2	9.2
Own share reserve	4.2	(0.2)	(0.2)	(0.2)
Other reserve	4.2	8.0	8.0	8.0
Foreign currency translation reserve	4.2	3.0	2.6	2.9
Retained earnings		576.4	576.8	604.5
Total equity		596.4	596.4	624.4
Liabilities				
Non-current liabilities				
Trade and other payables		82.3	14.4	15.2
Deferred tax liabilities		0.4	0.4	0.4
		82.7	14.8	15.6
Current liabilities				
Financial liabilities at FVTPL	3.4	90.7	43.2	74.0
Trade and other payables		191.2	187.5	156.1
Current income tax liability		6.1	15.4	9.5
		288.0	246.1	239.6
Total liabilities		370.7	260.9	255.2
Total equity and liabilities		967.1	857.3	879.6

Notes to the Group financial statements – Assets and liabilities

3.1 GOODWILL

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

	30 June 2019 £m	30 June 2018 £m	31 December 2018 £m
Goodwill	341.2	341.2	341.2
	341.2	341.2	341.2

The Group has determined that it is a single cash generating unit for the purpose of assessing the carrying value of goodwill. No additional goodwill was recognised in the period (2018 H1: £nil, 2018: £nil).

3.2 INTANGIBLE ASSETS

	30 June 2019 £m	30 June 2018 £m	31 December 2018 £m
Computer software	5.7	5.9	5.9
	5.7	5.9	5.9

The amortisation charge for the period was £0.8m (2018 H1: £1.0m, 2018: £1.8m). The Group acquired software during the period with a value of £0.6m (2018 H1: £0.9m, 2018: £1.7m).

3.3 PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment at 30 June 2019 was £52.8m (2018 H1: £7.4m, 2018: £7.1m). During the period, the Group adopted IFRS 16 *Leases* (see section 5.1) thereby increasing the net book value of items recorded as property, plant and equipment by £47.3m. Excluding this balance recognised on adoption of the new standard, the Group acquired other items of property, plant and equipment during the period with a value of £0.9m (2018 H1: £0.9m, 2018: £1.7m).

3.4 FINANCIAL INSTRUMENTS HELD AT FAIR VALUE

As at 30 June 2019, the Group held the following classes of financial instruments measured at fair value, which principally arise from the Group's investments in seed investments (see note 5.1):

	30 June 2019 £m	30 June 2018 £m	31 December 2018 £m
Investments in associates	-	14.4	-
Financial assets designated at FVTPL upon initial recognition	236.7	127.6	211.3
Financial assets at FVTPL	0.2	0.1	0.7
Financial liabilities designated at FVTPL upon initial recognition	(90.7)	(43.1)	(74.0)
Financial liabilities at FVTPL	-	(0.1)	-
	146.2	98.9	138.0

3.5 CASH AND CASH EQUIVALENTS

	30 June 2019 £m	30 June 2018 £m	31 December 2018 £m
Cash at bank	124.4	214.2	177.9
Cash held by EBT and seed investment subsidiaries	11.3	7.7	23.8
	135.7	221.9	201.7

Section 4: Equity

Consolidated statement of changes in equity for the period ended 30 June 2019

	Share capital £m	Own share reserve £m	Other reserve £m	Foreign currency translation reserve £m	Retained earnings £m	Total £m
At 1 January 2018	9.2	(0.2)	8.0	2.6	620.7	640.3
Profit for the period	-	-	-	-	77.5	77.5
Exchange movements on translation of subsidiary undertakings	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	77.5	77.5
Vesting of ordinary shares and options	-	0.1	-	-	0.3	0.4
Dividends paid	-	-	-	-	(115.6)	(115.6)
Purchase of shares by EBT	-	(0.1)	-	-	(13.2)	(13.3)
Share-based payments	-	-	-	-	10.3	10.3
Current tax	-	-	-	-	1.1	1.1
Deferred tax	-	-	-	-	(4.3)	(4.3)
Total transactions with owners	-	-	-	-	(121.4)	(121.4)
Balance at 30 June 2018	9.2	(0.2)	8.0	2.6	576.8	596.4
Profit for the period	-	-	-	-	65.5	65.5
Exchange movements on translation of subsidiary undertakings	-	-	-	0.3	-	0.3
Other comprehensive income	-	-	-	0.3	-	0.3
Total comprehensive income	-	-	-	0.3	65.5	65.8
Vesting of ordinary shares and options	-	-	-	-	0.1	0.1
Dividends paid	-	-	-	-	(35.6)	(35.6)
Purchase of shares by EBT	-	-	-	-	(15.4)	(15.4)
Share-based payments	-	-	-	-	16.1	16.1
Current tax	-	-	-	-	-	-
Deferred tax	-	-	-	-	(3.0)	(3.0)
Total transactions with owners	-	-	-	-	(37.8)	(37.8)
Balance at 31 December 2018	9.2	(0.2)	8.0	2.9	604.5	624.4
Profit for the period	-	-	-	-	67.7	67.7
Exchange movements on translation of subsidiary undertakings	-	-	-	0.1	-	0.1
Other comprehensive income	-	-	-	0.1	-	0.1
Total comprehensive income	-	-	-	0.1	67.7	67.8
Vesting of ordinary shares and options	-	0.1	-	-	0.2	0.3
Dividends paid	-	-	-	-	(91.8)	(91.8)
Purchase of shares by EBT	-	(0.1)	-	-	(16.2)	(16.3)
Share-based payments	-	-	-	-	12.2	12.2
Current tax	-	-	-	-	0.1	0.1
Deferred tax	-	-	-	-	0.7	0.7
IFRS 16 reserves adjustments	-	-	-	-	(1.0)	(1.0)
Total transactions with owners	-	-	-	-	(95.8)	(95.8)
Balance at 30 June 2019	9.2	(0.2)	8.0	3.0	576.4	596.4

Notes to the Group financial statements – Equity

4.1 SHARE CAPITAL

	30 June 2019 £m	30 June 2018 £m	31 December 2018 £m
457.7m ordinary shares of 2p each	9.2	9.2	9.2
	9.2	9.2	9.2

4.2 RESERVES

(i) Own share reserve
At 30 June 2019, 9.6m (2018 H1: 7.2m, 2018: 11.0m) ordinary shares, with a par value of £0.2m (2018 H1: £0.2m, 2018: £0.2m), were held as own shares within the Group's EBT for the purpose of satisfying certain retention awards to employees.

(ii) Other reserve
The other reserve of £8.0m (2018 H1: £8.0m, 2018: £8.0m) relates to the conversion of Tier 2 preference shares in 2010.

(iii) **Foreign currency translation reserve**
The foreign currency translation reserve of £3.0m (2018 H1: £2.6m, 2018: £2.9m) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

4.3 DIVIDENDS

On 11 April 2019 the Group paid a full-year dividend for 2018 of 9.2p per ordinary share and a special dividend for 2018 of 11.4p per ordinary share. This amounted to a total payment of £91.8m after taking into account the £2.5m dividends waived on shares held in the EBT.

The Board has declared an interim dividend for the period of 7.9p per ordinary share. This dividend will be paid on 28 August 2019 to ordinary shareholders on the register at close of business on 9 August 2019.

Section 5: Other notes

Notes to the Group financial statements – Other

Within this Interim Report and Accounts, all current and comparative data covering periods to (or as at) 30 June are unaudited. Data given in respect of the year ended 31 December 2018 is audited. Information which is the required content of the Interim Management Report can be found on pages 1 to 8 and 22 to 23.

5.1 BASIS OF PREPARATION

These condensed interim financial statements for the period ended 30 June 2019 have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority and with IAS 34 *Interim Financial Reporting*, as adopted by the European Union. The condensed interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018 were approved by the Board on 28 February 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The condensed interim financial statements have been reviewed, not audited.

The Group has access to the financial resources required to run the business efficiently and a strong gross cash position. The Group's forecasts and projections, which are subject to rigorous sensitivity analysis, show that the Group will be able to operate within its available resources even given the uncertainty inherent within future market levels and investment performance. The Directors have not identified any material uncertainties to the Group's ability to continue to adopt the going concern basis. As a consequence, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for a period of at least 12 months from the balance sheet date. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Changes in the composition of the Group

The Group is required to consolidate seed capital investments where it is deemed to control them. The following changes have been made to the consolidation of the Group since 31 December 2018:

Excluded from consolidation (as a result of disposals of investments)
Jupiter Global Fund SICAV: UK Dynamic Growth
Jupiter Global Fund SICAV: US Equity Long Short
Jupiter Global Fund SICAV: Strategic Total Return

Changes in accounting policies

IFRS 16 *Leases* became applicable from 1 January 2019.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of the previously applicable standard, IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.25%.

A reconciliation of the financial commitments disclosed within note 5.2 of the Group's 2018 Annual Report and Accounts to the lease liability recognised at 1 January 2019 is as follows:

	2019 £m
Operating lease commitments disclosed as at 31 December 2018	76.6
Add: adjustments as a result of the different treatment of extension and termination options	1.1
Less: discount using the lessee's incremental borrowing rate of 3.25% at the date of initial application	(16.0)
Less: adjustments relating to timing differences	(1.6)
Lease liability recognised as at 1 January 2019	60.1
Of which:	
Current lease liabilities	3.7
Non-current lease liabilities	56.4
	60.1

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. This differs to our estimation as at 31 December 2018 due to changes in the treatment of recoverable and irrecoverable VAT payable on certain leasehold properties. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 £m	1 January 2019 £m
Property	45.2	46.7
Equipment	0.3	0.3
Motor vehicles	0.2	0.3
	45.7	47.3

The recognised right-of-use assets relate to the following geographies:

	30 June 2019 £m	1 January 2019 £m
UK	43.0	44.4
Continental Europe	2.2	2.4
Asia	0.5	0.5
	45.7	47.3

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets increased by £47.3m;
- Deferred tax assets increased by £0.2m;
- Prepayments decreased by £0.7m;
- Accruals for lease incentives decreased by £12.3m; and
- Lease liabilities increased by £60.1m

The net impact on retained earnings on 1 January 2019 was a decrease of £1.0m.

(i) Impact on earnings per share

Earnings per share decreased by 0.1p per share for the six months to 30 June 2019 as a result of the adoption of IFRS 16.

(ii) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, equipment and cars. Rental contracts are typically made for fixed periods of between 2 and 20 years but may have extension options, as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Prior to the adoption of IFRS 16, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost, which comprises the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

5.2 ACCOUNTING POLICIES

The accounting policies applied, excluding those arising from the adoption of IFRS 16 on 1 January 2019 as described above, are consistent with those applied in the Group's annual financial statements for the year ended 31 December 2018.

5.3 FINANCIAL INSTRUMENTS

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

The Group used the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: other techniques, for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs).

We have reassessed our June 2018 holdings in consolidated funds, the individual financial instruments of which are assigned a level in the fair value hierarchy on a "look-through" basis. Certain holdings in debt securities had previously been designated as being level 1. However, these should have been assigned to level 2 as, despite the existence of a liquid market in which these instruments can be traded, the securities are unlisted and their values are derived from quotes supplied by brokers.

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

30 June 2019	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets at FVTPL	100.7	136.2	-	236.9
Financial liabilities at FVTPL	(90.7)	-	-	(90.7)
	10.0	136.2	-	146.2

As at 30 June 2018, the Group held the following financial instruments measured at fair value:

30 June 2018 (restated)	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets at FVTPL	67.2	60.5	-	127.7
Financial liabilities at FVTPL	(43.1)	(0.1)	-	(43.2)
	24.1	60.4	-	84.5

31 December 2018	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets at FVTPL	86.5	125.5	-	212.0
Financial liabilities at FVTPL	(74.0)	-	-	(74.0)
	12.5	125.5	-	138.0

5.4 RELATED PARTY TRANSACTIONS

All related party transactions during the period are consistent with those disclosed in the Annual Report and Accounts for the year ended 31 December 2018 and have taken place on an arm's length basis. Other than the removal from consolidation of Jupiter Global Fund SICAV: UK Dynamic Growth, Jupiter Global Fund SICAV: US Equity Long Short and Jupiter Global Fund SICAV: Strategic Total Return (as set out in note 5.1 above), no new related parties or related party transactions that materially affect the financial position or performance of the Group existed during the period.

5.5 PRINCIPAL RISKS AND MITIGATIONS

The Board has ultimate responsibility for risk management across the Group and for determining an appropriate risk appetite, as well as 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. By defining these, the Board demonstrates that it is aware of and, where appropriate, has taken steps to mitigate the impact of risks that may have a material impact on the Group.

On at least an annual basis, the Board formally considers its appetite for risk with particular regard to the Group's strategic plans, the wider business environment and the current and future condition of the Group's business and operations. The Group has a comprehensive approach to identifying, monitoring, managing and mitigating risk through our Enterprise Risk Management framework. This 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 Board. An update on the top 10 risks is detailed below.

	Current impact rating
INVESTMENT RISK	
• **Sustained fund underperformance** 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.	**MEDIUM**
STRATEGIC RISKS	
• **Failure to deliver strategy** The risk of failure to achieve our strategic objectives, through internal or external factors, which could impair our ability to deliver value to our stakeholders.	**MEDIUM**
• **Ability to attract and retain critical staff** 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.	**LOW**
• **Ineffective product, client and geographic diversification** 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.	**MEDIUM**
• **Sustained market decline** The risk of a severe market and economic downturn which affects all fund managers and all asset types across all geographic markets.	**MEDIUM**
• **Challenges presented by Brexit** Due to the uncertainty regarding the implications of Brexit and the potential impact of a negative outcome; the risk of market volatility, unpredictable flows and potential wider political implications.	**MEDIUM**
OPERATIONAL RISKS	
• **Operational control environment** We could suffer a material error executing a key business process, or from our systems or business premises being unavailable.	**MEDIUM**
• **Failure of critical outsource partner** The failure or non-performance of a third party provider whom we rely on for business processing may lead to us failing to deliver the required service to our clients and/or regulatory non-compliance.	**MEDIUM**
• **Cyber crime** 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.	**MEDIUM**
• **Regulatory change** 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.	**MEDIUM**

A summary of those areas in focus during 2019 is detailed below.

Liquidity
Recent high-profile industry events have increased the scrutiny on the asset management industry specifically in relation to fund liquidity and the effectiveness of firms' governance arrangements. The robustness of our governance structure and internal risk and control environment is critical to ensuring fund liquidity is managed effectively and in line with client expectations. We have engaged, and continue to engage, with clients and other interested parties to communicate our approach to liquidity management outlining our monitoring and oversight processes.

Brexit
We continue to proactively manage the potential impact of Brexit. Jupiter Asset Management International ("JAMI") was successfully set up to perform its role as Management Company for the SICAV product range and has been operating since March 2019. An area of focus is the potential impact of a negative outcome which could drive an increase in market volatility in the short term. We are monitoring developments closely and have designed a suite of metrics to assist in the monitoring and oversight of the relevant risks.

Critical outsource partners
We perform oversight on our critical outsource providers based on key risk principles defined within our supplier management framework. This ensures an appropriate level of scrutiny is given to those suppliers and services that are critical to Jupiter. A risk-weighted approach is applied and, where concerns are identified (e.g. financial stability, operational resilience, control effectiveness, strategic direction, etc.), analysis specific to the supplier and issue is undertaken to gain assurance and to determine mitigating actions.

Cyber
We continue to invest in our IT infrastructure and employee training and awareness initiatives to ensure our resilience to a potential cyber attack remains robust. This is complemented by the use of external cyber security specialists and our participation in industry and regulatory-led forums so that we are aware and able to respond to the latest threats and industry trends. This defence in depth approach ensures we remain well-positioned to mitigate the increasingly complex and sophisticated threat and is complemented by scenario testing and covered by specific cyber insurance in case of loss.

Section 6: Directors' responsibility statement

We confirm that to the best of our knowledge:

- The condensed interim set of financial statements has been prepared in accordance with International Accounting Standard 34, '*Interim Financial Reporting*' as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profits of the Group for the period ended 30 June 2019.

- The interim report includes a fair review of the information required by:
  a) DTR 4.2.7R of the Guidance, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  b) DTR 4.2.8R of the Guidance, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last Annual Report and Accounts that could have a material effect on the financial position or performance of the Group in the past six months of the current financial year.

- A list of the Directors of Jupiter Fund Management plc can be found in the Annual Report and Accounts for the year ended 31 December 2018. A current list of Directors is maintained on the website at www.jupiteram.com.

On behalf of the Board

Charlotte Jones
Chief Financial Officer

29 July 2019

Independent review report to Jupiter Fund Management plc

Report on the condensed interim financial statements

Our conclusion

We have reviewed Jupiter Fund Management plc's condensed interim financial statements (the 'interim financial statements') in the Interim Report and Accounts of Jupiter Fund Management plc for the 6 month period ended 30 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated balance sheet as at 30 June 2019;
- the Consolidated income statement and Consolidated statement of comprehensive income for the period then ended;
- the Consolidated statement of cash flows for the period then ended;
- the Consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report and Accounts based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
29 July 2019