Results for the year ended 31 December 2021

25 February 2022

- Strong financial performance, with underlying profit before tax increasing by 21% to £216.7m. Statutory profits before tax increased by 39% to £183.7m.
- Assets under management (AUM) increased 3% to reach a record year-end level of £60.5bn.
- Gross flows remained strong at £16.5bn. Total net outflows of £3.8bn.
- Robust investment performance with 58% of mutual fund AUM above median over three years.
- Underlying EPS increased 10% to 31.7p per share. Statutory EPS increased 30% to 27.6p per share. Final dividend held at 9.2 pence per share, bringing total dividends for the year to 17.1p per share.

	Year ended 31 December 2021	Year ended 31 December 2020	% change
AUM (£bn)	60.5	58.7	3%
Net outflows (£bn)	(3.8)	(4.0)	5%
Net management fees[1] (£m)	453.7	384.0	18%
Statutory profit before tax (£m)	183.7	132.6	39%
Basic earnings per share (p)	27.6	21.3	30%
Underlying profit before tax[1] (£m)	216.7	179.0	21%
Underlying earnings per share[1] (p)	31.7	28.7	10%
Total dividends per share (p)	17.1	20.1	(15)%
Operating margin (before exceptional items)[1]	39%	41%	

[1] *The Group's use of alternative performance measures (APMs) is explained on pages 34 to 36.*

Andrew Formica, Chief Executive, commented:

"*In another challenging year, Jupiter has delivered strong growth in both revenues and profits. Our first full-year results following the acquisition of Merian demonstrate the strength of the combined business – both in diversifying our offering and positively impacting profits.*

We have reported another year of strong gross sales. Delivering for our clients remains a key priority and it is encouraging to see continued inflows into newly launched products, demonstrating that we are taking the right actions as we continue to adapt to client needs, supported by strong long-term investment performance. Furthermore, we are seeing progress in product areas such as sustainable equities, and internationally, in our partnerships with NZS Capital in the US and as we look to enter the Australian market. While it is disappointing to report net outflows, these remain focused in strategies in which there is ongoing weaker client demand across the market, such as UK and European equities, and within areas with more structural issues.

Although the short-term outlook is driven by geo-political events, we are confident that we have the right foundations in place to deliver on our strategy for growth, underpinned by a strong capital base. Our investment is focused on expanding areas of strategic importance, such as our sustainable investment offering, institutional expertise and international footprint."

Board changes

Polly Williams, who has served on the Board and as the Chairman of our Audit and Risk Committee for seven years, has decided to step down from the Board and will not be seeking re-election at this year's AGM. David Cruickshank will succeed Polly Williams as Chairman of the Audit and Risk Committee.

We are delighted to announce that Suzy Neubert will be joining the Board as an independent Non-Executive Director and member of the Nomination and Remuneration Committees with effect from 1 March 2022. Suzy Neubert is a qualified barrister with a broad asset management experience extending over 30 years. She also has an in-depth knowledge of capital markets and importantly, evolving client needs, having previously led the global distribution function at J O Hambro Capital Management.

Nichola Pease, Chairman of Jupiter, said:

"Polly Williams has served on the Board for over seven years and throughout her tenure has provided excellent stewardship of the Audit and Risk Committee. She leaves the Board with our sincere gratitude for her substantial contribution to the Group. We are looking forward to welcoming Suzy Neubert to the Board. Her detailed understanding of our industry, combined with her practical expertise in international distribution, will be invaluable to the Company as we continue to pursue our growth strategy."

Analyst presentation

There will be an analyst presentation at 9:00am GMT on 25 February 2022.

The presentation will be held at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ and will also be accessible via a live webcast. The webcast is available at https://secure.emincote.com/client/jupiter/jfm027. Please note that questions can be asked either in-person at the presentation or via the webcast.

The results announcement and the presentation will be available at https://www.jupiteram.com/investor-relations. 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 2022 and will be available at https://www.jupiteram.com/investor-relations.

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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.

Management statement

2021 was another challenging year for Jupiter despite some significant progress on our strategic objectives. The global pandemic remained a disruptive force affecting the way we do business, buffeting economies and markets, and having a profound impact on how our clients allocate their capital.

It is a challenge we embraced in 2021 as we broadened our product offering, invested in our talent, and adapted our processes, systems and technology to meet the evolving needs of our clients.

It is also a year in which we prioritised our support of and focus on our people as they continued to deliver under difficult circumstances. We enjoyed welcoming our colleagues back to the London office in September, some of them for the very first time. It was an opportunity to rebuild our cultural reserves, inevitably somewhat depleted after nearly 18 months of intermittent remote working.

As a high-conviction active asset manager, we remain focused on delivering positive investment performance to our clients. As at 31 December 2021, 58% of our mutual fund assets outperformed their peer group over a three-year period (31 December 2020: 70%). The decline from the prior year was due to two funds which marginally moved into the third quartile at the very end of December 2021. Performance also remained strong over other time periods, with 80% outperforming over one year (31 December 2020: 63%) and 68% over five years (31 December 2020: 69%).

We were disappointed to see net outflows of £3.8bn, especially given it was another outstanding year with £16.5bn of gross sales. Whilst it was pleasing to generate net inflows in some of our key growth strategies such as Global Sustainable Equities and NZS Capital's global equity, we continued to see redemptions in areas of weaker client demand, such as UK and European equities.

This has not, however, dented our ability to deliver strong financial performance for our shareholders. Underlying profit before tax was up 21% as we saw the full-year benefit of the contribution from Merian and strong performance fees, and underlying EPS increased 10% to 31.7p (2020: 28.7p).

The Board have announced an unchanged final dividend of 9.2p per share, bringing our total dividend for the year to 17.1p per share, which represents an underlying pay-out ratio of 54%.

Investing for growth

We have a strong core business, built over more than three decades, which we expect to generate the bulk of our revenues over the short to medium term. But we will continue to innovate, investing in key strategic areas which will drive our future growth. These are:

- Expanding our sustainability capabilities;
- Supporting our ambitions in the institutional market; and
- Growing our international presence.

A commitment to sustainability

Jupiter has a proud heritage as an active participant in helping find solutions to era-defining challenges. In 1988, we were the first asset manager to offer clients the opportunity to invest in a unit trust, the Jupiter Ecology Fund, entirely dedicated to companies seeking to address environmental issues. Over 30 years on, our commitment remains unchanged.

We have continued to invest in this area this year, adding resource in key areas, including a new Head of Sustainability, ESG Investment Directors and deeper resource in our Stewardship team.

Although all of our fund managers consider ESG risks as part of their products' investment processes, we also have a dedicated sustainability-labelled fund range, which has grown to over £1bn of AUM. We have continued to build out our sustainability offering early in 2022 with the introduction of a Sustainable Finance Disclosure Regulation (SFDR) 'Article 8' compliant version of our Dynamic Bond fund and the launch of the Global Ecology Bond fund for international markets.

In 2021, we also became a signatory to the Net Zero Asset Managers initiative, committing us to achieving net zero emissions by 2050 across our full range of investments and operations. At the same time, we agreed to align with the UN Global Compact, committing us to meeting fundamental responsibilities in the areas of human rights, labour, the environment and anti-corruption.

Ambitions in the Institutional channel

The institutional market represents a significant growth opportunity for Jupiter. Institutional clients currently only account for 8% of the Group's AUM, but we have a strategic objective to extend this contribution over the medium term.

We have a wide range of products which are ideally suited to the institutional market from Global Sustainable Equities and NZS Capital's global growth strategies, to our unconstrained global fixed income funds and emerging market products, both in fixed income and equity.

Global consultants, who are key to unlocking this market for us, are recognising the strength of our franchises. We now have 15 consultant buy ratings across nine strategies - this has more than doubled over the last 12 months.

To support our drive into this market, we have made key new hires and improved our support and operational platform. We appointed new institutional regional heads in the UK and Asia and have grown our team in the US.

A growing overseas presence

As at 31 December 2021, £17.5bn of our AUM came from clients based outside of the UK, a figure which has seen growth of nearly 70% since 2018.

In 2020, Jupiter established its first presence in the US, opening an office in Denver initially to support our colleagues at NZS Capital. In the last 12 months, we have expanded the team there and opened an investment office in New York focusing on US credit. As our product set and pipeline grows, we expect North America to make a more significant contribution to the Group going forward.

We are developing an on-the-ground resource in Australia, where we are targeting the institutional market and have already started to work with our first client.

We continue to explore our growing relationship with Ping An, which we acquired through Merian. This year Ping An began managing our China Equity fund and supported us in growing our presence in the Chinese market.

Strong financial performance

I am pleased to report strong progress in our financial results, which now include a full-year contribution from the acquisition of Merian in 2020.

Profit before tax and exceptional items increased 21% to £216.7m (2020: £179.0m), with statutory profit before tax of £183.7m (2020: £132.6m) after the deduction of exceptional items of £33.0m (2020: £46.4m). Underlying earnings per share was up 10% at 31.7p (2020: 28.7p), as the increase in profitability was partially offset by the impact of increased share capital in 2021 due to the issuance of shares in July 2020 as part of the Merian acquisition. Basic statutory earnings per share increased by 30% to 27.6p (2020: 21.3p).

Net revenue before exceptional items grew by 27% in 2021 to £568.6m (2020: £447.8m). The majority of this increase came through net management fees, which increased by £69.7m to £453.7m. This was driven by higher average AUM, which increased by £11.9bn to £59.7bn, reflecting a full year of AUM acquired through Merian.

The average net management fee margin reduced from 79bps in 2020 to 76bps for 2021. This reduction was largely due to the change in business mix, driven by the full-year impact of the acquisition of the Merian business, which had a lower average margin.

We also earned significant gross performance fees in 2021 of £113.0m (2020: £73.6m). These were predominantly generated through strong performance in the Chrysalis Investment Trust, which specialises in late-stage private asset positions, along with a number of smaller contributions from other funds.

Despite some headwinds, we have remained focused on cost control, alongside targeted investment in key areas of future growth.

Before performance fee-related variable staff costs and exceptional items, total administrative expenses were £278.0m (2020: £237.4m), 17% higher than in 2020. A significant part of this increase relates to the first full year of costs relating to the Merian business.

As a result of synergies delivered through the acquisition and a restructuring programme, fixed staff costs before exceptional items decreased by 4% to £73.0m (2020: £76.1m).

Variable staff costs before exceptional items increased from £85.8m in 2020 to £140.0m in 2021. £33.2m of this increase was due to performance fee-related pay, with the remainder primarily due to a full year's impact of Merian.

Non-compensation costs were carefully managed, as we delivered synergies and streamlined our service providers. Total non-compensation costs were £125.9m (2020: £103.2m), with the increase from the prior year primarily due to a full year of impact from Merian, movements in foreign exchange rates and one-off historical indirect tax charges.

This disciplined approach to cost management has meant that we are in a position to be able to strategically invest in key areas of growth.

There were exceptional items of £33.0m (2020: £46.4m), which mainly comprised accounting charges arising from the acquisition that, due to their nature, are required to be spread over more than one financial year.

The Group's operating margin decreased from 41% to 39%. The 2020 operating margin benefited from the impact of performance fees and the requirement to charge deferred bonus awards over the vesting period, with no brought forward charges. In 2021, the operating margin has been impacted by brought forward charges, along with different cost tiering structures for the current year performance fees. The operating margin (before exceptional items and performance fee profits) decreased by 1 percentage point from 39% to 38%, driven by gains on financial instruments in 2020 reversing in 2021.

	2021			2020		
£m	**Before net performance fees**	**Performance fee profits**	**Total**	Before net performance fees	Performance fee profits[1]	Total
Net revenue[1]	**455.6**	**113.0**	**568.6**	**384.2**	**63.6**	**447.8**
Fixed staff costs	(73.0)	–	(73.0)	(76.1)	–	(76.1)
Variable staff costs	(79.1)	(60.9)	(140.0)	(58.1)	(27.7)	(85.8)
Non-compensation costs	(125.9)	–	(125.9)	(103.2)	–	(103.2)
Administrative expenses[2]	**(278.0)**	**(60.9)**	**(338.9)**	**(237.4)**	**(27.7)**	**(265.1)**
Other (losses) /gains	(4.4)	–	(4.4)	3.3	–	3.3
Amortisation of intangible assets[3]	(1.8)	–	(1.8)	(1.9)	–	(1.9)
Operating profit before exceptional items	**171.4**	**52.1**	**223.5**	**148.2**	**35.9**	**184.1**
Finance costs	(6.8)	–	(6.8)	(5.1)	–	(5.1)
Profit before taxation and exceptional items	**164.6**	**52.1**	**216.7**	**143.1**	**35.9**	**179.0**
Profit before tax	**131.6**	**52.1**	**183.7**	**86.7**	**45.9**	**132.6**

[1] 2020 net revenue is stated after £10.0m of revenue classified as exceptional.

[2] Administrative expenses exclude £14.2m classified as exceptional (2020: £47.0m).

[3] Amortisation of intangible assets excludes £18.8m million classified as exceptional (2020: £9.4m).

AUM and net flows

AUM increased by 3% through 2021, ending the year at £60.5bn (2020: £58.7bn).

Gross flows of £16.5bn (2020: £16.5bn) continued to be at record levels, although we remained in a net outflow position with £3.8bn of net redemptions (2020: net outflows of £4.0bn). However, strong investment performance in rising markets enabled the Group and investors to benefit from market returns in excess of these flows, at £5.6bn.

Client redemptions predominantly came from those strategies which are currently in areas of weaker client demand. This included UK equities, which saw £1.6bn of net outflows, and European Growth, which saw £0.9bn of net outflows. The Merlin range continued to see outflows of £0.6bn and the Systematic range saw £1.3bn of net redemptions, predominantly from the North American fund.

More positively, a number of our recently launched products have continued to grow and generate net inflows. Global Sustainable Equities has seen net inflows of £0.2bn and we have launched a Luxembourg-domiciled SICAV vehicle to make the strategy available to a wider range of clients. We now have over £1bn across our sustainability-labelled product ranges. Our partnership with NZS Capital continues to generate strong growth, with the global equity strategy generating over £0.3bn of net inflows this year with gross AUM of over £1bn.

The Chrysalis Investment Trust grew to £1.4bn of AUM, following capital raises in March and December 2021 and strong investment performance. Elsewhere, the Gold & Silver fund generated almost £0.3bn of net inflows.

Movement in AUM by product across the period

	31 December 2020 £bn	Q1 net flows £bn	Q2 net flows £bn	Q3 net flows £bn	Q4 net flows £bn	Full-year net flows £bn	Market returns £bn	31 December 2021 £bn
Mutual funds	**49.9**	(0.9)	(0.8)	(0.5)	(0.9)	(3.1)	4.1	**50.9**
Segregated mandates	**7.9**	(0.1)	(0.5)	(0.1)	(0.1)	(0.8)	1.3	**8.4**
Investment trusts	**0.9**	0.2	(0.2)	-	0.1	0.1	0.2	**1.2**
Total	**58.7**	**(0.8)**	**(1.5)**	**(0.6)**	**(0.9)**	**(3.8)**	**5.6**	**60.5**

Investment performance

Jupiter's purpose is clear. We exist to help our clients achieve their long-term investment objectives, which we achieve through focused, high-conviction active management.

At 31 December 2021, 58% of our mutual fund AUM had delivered above-median performance against their peer group over three years (31 December 2020: 70% of mutual fund AUM), of which 37% of mutual fund AUM had delivered first quartile performance (31 December 2020: 42% of mutual fund AUM). The decline from the prior year was due to two funds which marginally moved into the third quartile at the very end of December 2021.

Measured over one year, 80% of mutual fund AUM (31 December 2020: 63% of mutual fund AUM) delivered above-median performance, whereas over five years this was 68% of mutual fund AUM (31 December 2020: 69% of mutual fund AUM).

Segregated mandates and investment trusts make up £9.6bn or 16% of our AUM. At the year end, 46% of AUM in segregated mandates and investment trusts were above their benchmarks over three years (31 December 2020: 25%). The majority of these assets are in value-focused strategies, which have faced challenges over recent years. We compare performance after fees to benchmark for these funds as there is no industry-wide data to allow comparison against peers.

Capital

The Group continues to maintain a robust capital base. The Board have proposed an unchanged final dividend for the year of 9.2p per share. This results in a total ordinary dividend for the year of 17.1p per share (2020: 17.1p per share). This is in line with our progressive ordinary dividend policy and represents an underlying pay-out ratio of 54% (2020: 60%). Payment of this dividend is subject to approval by shareholders at the AGM and, if approved, will be paid on 20 May 2022 to shareholders on the register at the close of business on 22 April 2022.

The Jupiter Board's priority continues to be to maintain its capital strength, including a robust surplus over regulatory capital requirements and it remains committed to returning surplus regulatory capital in excess of needs to shareholders, aligned to the Group's capital allocation framework.

As we continue to strategically invest in organic growth of the business, the Group's strategic requirements for capital are more limited. We have committed to considering additional returns of capital for the year ending 31 December 2022. Our assessment of capital needs will take account of the end of the transition period under the new prudential regime and the introduction of the new Internal Capital Adequacy and Risk Assessment regime. We expect that our additional returns of capital to shareholders will, in the future, be through a share buyback programme, rather than as special dividends.

Positioned for future growth

2021 was a year of challenge and achievement in equal measure as we continued to build the foundations of our future prosperity. As we move into 2022, we will maintain our strategy of investing for growth, focusing our efforts in those areas where we can best serve our clients.

Although the outlook over the short term is driven by geo-political events, I am optimistic we will see an acceleration in the pace of delivery. I look forward to working with my colleagues to achieve our objectives and deliver on our future success.

Andrew Formica
Chief Executive Officer
24 February 2022

Consolidated income statement

for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Revenue	1, 2	617.8	500.5
Fee and commission expenses	1	(49.2)	(42.7)
Net revenue	1	**568.6**	**457.8**
Administrative expenses	3	(353.1)	(312.1)
Other (losses)/gains	4	(4.4)	3.3
Amortisation of intangible assets	9	(20.6)	(11.3)
Operating profit		**190.5**	**137.7**
Finance costs	5	(6.8)	(5.1)
Profit before taxation		**183.7**	**132.6**
Income tax expense	6	(34.1)	(27.3)
Profit for the year[1]		**149.6**	**105.3**
Earnings per share			
Basic	7	27.6p	21.3p
Diluted	7	26.9p	20.8p

[1]Non-controlling interests are presented in the Consolidated statement of changes of equity.

Consolidated statement of comprehensive income

for the year ended 31 December 2021

	2021 £m	2020 £m
Profit for the year	**149.6**	**105.3**
Items that may be reclassified subsequently to profit or loss		
Exchange movements on translation of subsidiary undertakings	(2.5)	0.7
Other comprehensive (loss)/income for the year net of tax	**(2.5)**	**0.7**
Total comprehensive income for the year net of tax	**147.1**	**106.0**

Consolidated balance sheet

at 31 December 2021

	Notes	2021 £m	2020 (restated)[1] £m
NON-CURRENT ASSETS			
Goodwill	8	570.6	570.6
Intangible assets	9	52.1	70.8
Property, plant and equipment	10	44.1	47.4
Deferred tax assets		27.6	20.0
Trade and other receivables		0.5	0.5
		694.9	**709.3**
CURRENT ASSETS			
Financial assets at fair value through profit or loss		303.5	261.1
Trade and other receivables		145.0	187.3
Cash and cash equivalents	12	197.3	188.1
		645.8	**636.5**
TOTAL ASSETS		**1,340.7**	**1,345.8**
EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Share capital	14	11.1	11.1
Own share reserve	15	(0.4)	(0.2)
Other reserves[1]	15	250.1	250.1
Foreign currency translation reserve	15	0.3	2.8
Retained earnings	15	639.7	622.5
Capital and reserves attributable to owners of Jupiter Fund Management plc		**900.8**	**886.3**
Non-controlling interests		-	(0.2)
TOTAL EQUITY		**900.8**	**886.1**
NON-CURRENT LIABILITIES			
Loans and borrowings	13	49.3	49.2
Trade and other payables		102.3	87.4
Deferred tax liabilities		10.3	12.5
		161.9	**149.1**
CURRENT LIABILITIES			
Financial liabilities at fair value through profit or loss		52.3	89.4
Trade and other payables		222.2	212.8
Current income tax liability		3.5	8.4
		278.0	**310.6**
TOTAL LIABILITIES		**439.9**	**459.7**
TOTAL EQUITY AND LIABILITIES		**1,340.7**	**1,345.8**

[1]The split of the Group's total equity between different non-distributable reserves has been restated. See Notes 14 and 15.

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Share capital	Own share reserve	Other reserves (restated)[1]	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2020	**9.2**	**(0.3)**	**8.0**	**2.1**	**592.7**	**611.7**	**-**	**611.7**
Profit for the year	-	-	-	-	105.5	105.5	(0.2)	105.3
Exchange movements on translation of subsidiary undertakings	-	-	-	0.7	-	0.7	-	0.7
Other comprehensive income	-	-	-	**0.7**	-	**0.7**	-	**0.7**
Total comprehensive income	-	-	-	**0.7**	**105.5**	**106.2**	**(0.2)**	**106.0**
Issuance of ordinary shares as consideration for a business combination, net of transaction costs and tax (restated)[1]	1.9	-	242.1	-	-	244.0	-	244.0
Vesting of ordinary shares and options	-	0.2	-	-	-	0.2	-	0.2
Dividends paid	-	-	-	-	(83.9)	(83.9)	-	(83.9)
Purchase of shares by EBT	-	(0.1)	-	-	(10.6)	(10.7)	-	(10.7)
Share-based payments	-	-	-	-	19.8	19.8	-	19.8
Deferred tax	-	-	-	-	(1.0)	(1.0)	-	(1.0)
Total transactions with owners (restated)[1]	**1.9**	**0.1**	**242.1**	-	**(75.7)**	**168.4**	-	**168.4**
At 31 December 2020 (restated)[1]	**11.1**	**(0.2)**	**250.1**	**2.8**	**622.5**	**886.3**	**(0.2)**	**886.1**
Profit for the year	-	-	-	-	149.4	149.4	0.2	149.6
Exchange movements on translation of subsidiary undertakings	-	-	-	(2.5)	-	(2.5)	-	(2.5)
Other comprehensive loss	**-**	**-**	**-**	**(2.5)**	**-**	**(2.5)**	**-**	**(2.5)**
Total comprehensive income	-	-	-	**(2.5)**	**149.4**	**146.9**	**0.2**	**147.1**
Vesting of ordinary shares and options	-	0.1	-	-	-	0.1	-	0.1
Dividends paid	-	-	-	-	(109.8)	(109.8)	-	(109.8)
Purchase of shares by EBT	-	(0.3)	-	-	(48.2)	(48.5)	-	(48.5)
Share-based payments	-	-	-	-	25.5	25.5	-	25.5
Current tax	-	-	-	-	0.1	0.1	-	0.1
Deferred tax	-	-	-	-	0.2	0.2	-	0.2
Total transactions with owners	**-**	**(0.2)**	**-**	**-**	**(132.2)**	**(132.4)**	**-**	**(132.4)**
At 31 December 2021	**11.1**	**(0.4)**	**250.1**	**0.3**	**639.7**	**900.8**	**-**	**900.8**
Notes	14	15	15	15	15			

[1] The split of the Group's total equity between different non-distributable reserves has been restated in the line 'Issuance of ordinary shares as consideration for a business combination, net of transaction costs and tax (restated)' for 2020. See Notes 14 and 15.

Consolidated statement of cash flows

for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Cash flows from operating activities			
Cash generated from operations	17	237.5	131.8
Income tax paid		(48.6)	(27.2)
Net cash inflows from operating activities		**188.9**	**104.6**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(1.4)	(1.3)
Purchase of intangible assets	9	(2.1)	(1.3)
Purchase of financial assets at fair value through profit or loss (FVTPL)		(190.4)	(251.5)
Proceeds from disposals of financial assets at FVTPL		184.9	249.0
Cash movement from funds no longer consolidated		(4.1)	-
Net cash received from acquisitions		-	68.2
Dividend income received		1.1	0.8
Net cash (outflows)/inflows from investing activities		**(12.0)**	**63.9**
Cash flow from financing activities			
Proceeds from debt issued	13	-	49.0
Repayment of borrowing	13	-	(111.0)
Dividends paid	16	(109.8)	(83.9)
Purchase of shares by EBT		(48.5)	(10.7)
Finance costs paid		(5.1)	(0.6)
Cash paid in respect of lease arrangements		(5.2)	(6.7)
Third-party subscriptions into consolidated funds		31.5	53.2
Third-party redemptions from consolidated funds		(28.7)	(47.5)
Distributions paid by consolidated funds		(1.9)	(1.6)
Net cash outflows from financing activities		**(167.7)**	**(159.8)**
Net increase in cash and cash equivalents		**9.2**	**8.7**
Cash and cash equivalents at beginning of year		188.1	179.4
Cash and cash equivalents at end of year	12	**197.3**	**188.1**

Notes to the Group financial statements

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, ICAVs, ICVCs, OEICs, investment trust companies, pension funds and other specialist funds. At 31 December 2021, the Group had offices in the United Kingdom, Ireland, Austria, Germany, Hong Kong, Italy, Luxembourg, Singapore, Spain, Sweden, Switzerland and the United States.

The impact of exceptional items on the financial statements

The Group has presented certain items as exceptional in 2020 and 2021. These items principally relate to the Merian Global Investors Limited (Merian) acquisition in 2020. Further details of all items that are deemed exceptional in 2020 and 2021 are explained below, as well as within the relevant notes to the accounts and in the Management statement.

The use of exceptional items and underlying profit measures

In the Management statement of this document, the Group makes use of a number of APMs, including 'Underlying profit before tax'. The use of such measures means that financial results referred to in that section of this document may not be equal to the statutory results reported in the financial statements. Guidelines issued by the European Securities and Markets Authority require such differences to be reconciled (see pages 34 to 36). As a result of the Merian acquisition, there was a significant difference between 'Underlying profit before tax' and the statutory profit before tax in 2020 due to the recognition of material acquisition and integration costs. In 2021, the majority of the exceptional items relate to items initially recognised in 2020 where the relevant accounting charges are required to be recognised over multiple accounting periods.

In addition, in 2020 and 2021, the Group has earned significant levels of net performance fee income. These items are included in Revenue and Administrative expenses in the Group's results. Such income is not exceptional as it is likely to recur, although the amounts earned can vary from being extremely significant in size to being immaterial. In their analysis of the results, professional users of the Group's accounts generally assign different values to recurring management fees than to potentially non-recurring net performance fees. Similarly, due to their inherent variability, results are presented both before and after net performance fees for internal management information purposes.

'Underlying profit before tax' is equal to the statutory profit before tax less exceptional items. Exceptional items are defined on page 36. The financial statements do not refer to or use such measures, but the table below provides a reconciliation, indicating in which note or notes to the statutory accounts the exceptional items are recorded. Further detail on these items can be found in the relevant notes.

	Notes	2021 £m	2020 £m
Underlying profit before tax (page 1)		**216.7**	**179.0**
Exceptional items, included within the following notes:			
Net revenue	1	-	10.0
Administrative expenses	3	(14.2)	(47.0)
Intangible assets	9	(18.8)	(9.4)
Statutory profit before tax (page 8)		**183.7**	**132.6**

Disclosure of relevant accounting information relating to the acquisition

Disclosures relating to the Merian acquisition in 2020 can be found in Note 5.4 of the Group's 2020 Annual Report and Accounts.

1. Revenue

The Group's primary source of recurring revenue is management fees. Management fees are charged for investment management or administrative services and are normally based on an agreed percentage of the assets under management (AUM). Initial charges and commissions are for additional administrative services at the beginning of a client relationship, as well as ongoing administrative costs. Performance fees may be 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.

	2021 £m	2020 £m
Management fees	501.5	426.6
Initial charges and commissions	3.3	0.3
Performance fees	113.0	73.6
Revenue	**617.8**	**500.5**
Fee and commission expenses relating to management fees	(47.8)	(42.6)
Fee and commission expenses relating to initial charges and commissions	(1.4)	(0.1)
Net revenue	**568.6**	**457.8**

In 2020, exceptional items of performance fee revenue of £10.0m were reported within revenue in the Management statement. This fee revenue related to an indemnification of certain deferred awards to former shareholders of Merian who were also fund managers. The performance fees were disclosed as exceptional items to offset the exceptional cost of the deferred earn out awards that would not have been recorded as a cost to the Group if the indemnification by TA Associates were required to be fulfilled.

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. 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. In contrast, segregated mandates are generally established in accordance with the requirements of a specific institutional investor.

	2021 £m	2020 £m
Revenue by product type		
Pooled funds	591.9	462.2
Segregated mandates	25.9	38.3
Revenue	**617.8**	**500.5**

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 profit for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

	2021 £m	2020 £m
Revenue by location of clients		
UK	494.7	374.9
Continental Europe	78.8	77.3
Asia	22.5	20.6
Rest of the world	21.8	27.7
Revenue by location	**617.8**	**500.5**

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

Non-current assets for the Group (excluding financial instruments and deferred tax assets) are domiciled in the UK, continental Europe and Asia, as set out below:

	2021 £m	2020 £m
Non-current assets for the Group		
UK	664.5	686.2
Continental Europe	1.4	1.9
Asia	0.6	0.8
Rest of the world	0.3	-
Non-current assets by location	**666.8**	**688.9**

3. Administrative expenses

Administrative expenses of £353.1m (2020: £312.1m) include staff costs of £227.2m (2020: £181.9m). Staff costs consist of:

	2021 £m	2020 £m
Wages and salaries	166.0	127.3
Share-based payments	25.5	19.8
Social security costs	26.2	16.6
Pension costs	5.7	6.2
Redundancy costs	6.5	12.9
Staff costs before gains arising from the economic hedging of fund units	**229.9**	**182.8**
Net gains on instruments held to provide an economic hedge for fund awards	(2.7)	(0.9)
Staff costs	**227.2**	**181.9**

The Management statement refers to £14.2m (2020: £20.0m) of staff costs that are described as exceptional, comprising £7.7m (2020: £16.0m) relating to the acquisition of Merian and £6.5m (2020: £4.0m) relating to a redundancy programme. In both 2020 and 2021, these chiefly comprise cash and share-based deferred earn out (DEO) awards and redundancy costs. The redundancy costs in both years relate to a restructuring programme of the Jupiter business post-integration which started in 2020 and redundancies relating specifically to the Merian acquisition.

4. Other (losses)/gains

Other (losses)/gains in 2021 relate principally to net losses (2020: net gains) made on a hedging instrument purchased to mitigate the Group's exposure to pricing movements in its own shares in respect of share-based awards it has granted and on the Group's seed investment portfolio and derivative instruments held to provide economic hedges against that portfolio. The portfolio and derivatives are held at fair value through profit or loss (see Note 11). Gain and losses on these investments comprise both realised and unrealised amounts.

	2021 £m	2020 £m
Dividend income	1.1	0.8
Gains on financial instruments designated at fair value through profit or loss upon initial recognition	9.7	14.3
Losses on financial instruments at fair value through profit or loss	(15.2)	(11.8)
Other (losses)/gains	**(4.4)**	**3.3**

5. Finance costs

Finance costs principally relate to interest payable on Tier 2 subordinated debt notes (see Note 13) and the unwinding of the discount applied to lease liabilities. Finance costs also include ancillary charges for commitment fees and arrangement fees associated with the revolving credit facility. Interest payable is charged on an accrual basis using the effective interest method.

	2021 £m	2020 £m
Interest on subordinated debt	4.7	3.1
Interest on lease liabilities	1.6	1.8
Finance cost on the revolving credit facility	0.3	0.2
Interest charged on bank deposits	0.2	-
	6.8	**5.1**

6. Income tax expense

Analysis of charge in the year	2021 £m	2020 £m
Current tax		
Tax on profits for the year	45.0	27.7
Adjustments in respect of prior years	(1.3)	(0.3)
	43.7	**27.4**
Deferred tax		
Origination and reversal of temporary differences	(9.8)	(0.5)
Adjustments in respect of prior years	0.2	0.4
	(9.6)	**(0.1)**
Income tax expense	**34.1**	**27.3**

The corporation tax rate for 2021 was 19% (2020: 19%). The tax charge in the year is lower (2020: higher) than the standard rate of corporation tax in the UK and the differences are explained below:

Factors affecting tax expense for the year	2021 £m	2020 £m
Profit before taxation	183.7	132.6
Taxation at the standard corporation tax rate (19%; 2020: 19%)	34.9	25.2
Non-taxable expenditure	-	1.6
Other permanent differences	(1.4)	0.3
Adjustments in respect of prior years	(1.1)	0.1
Effect of differences in overseas tax rates	0.3	0.1
Impact of tax rate change on deferred tax balances	1.4	-
Total tax expense	**34.1**	**27.3**

7. 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.

The weighted average number of ordinary shares used in the calculation of EPS is as follows:

Weighted average number of shares	2021 Number m	2020 Number m
Issued share capital[1]	553.1	505.4
Less time apportioned own shares held	(10.6)	(10.5)
Weighted average number of ordinary shares for the purpose of basic EPS	**542.5**	**494.9**
Add back weighted average number of dilutive potential shares	12.9	10.6
Weighted average number of ordinary shares for the purpose of diluted EPS	**555.4**	**505.5**

Earnings per share	2021 p	2020 p
Basic	27.6	21.3
Diluted	26.9	20.8

[1]The Group issued 95.4m ordinary shares on 1 July 2020.

8. Goodwill

Goodwill relates to the 2007 acquisition of Knightsbridge Asset Management Limited (£341.2m) and the 2020 acquisition of Merian (£229.4m).

	2021 £m	2020 £m
Goodwill	570.6	570.6
	570.6	**570.6**

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, using the value in use approach, and compares this to the carrying value.

The recoverable amount for the goodwill asset 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 over a period of five years, long-term growth rates of 3% (2020: 4%) based on dividend history and forecasts, and a cost of capital of 11% (2020: 10%), which is based on the Group's weighted average cost of capital. A significant headroom was noted, and therefore no impairment was implied. Applying stressed scenarios, such as increasing the cost of capital to 20% and/or reducing growth projections to nil would not result in the recognition of impairment losses.

No impairment losses have been recognised in the current or preceding years.

9. Intangible assets

Intangible assets principally comprise investment management contracts acquired in the 2020 acquisition of Merian. The useful lives of these contracts were assessed as being finite and are amortised over their useful economic lives. The useful economic lives of the contracts acquired were assessed as a maximum of four years. The amortisation expense on intangible assets with finite lives has been recognised in the consolidated income statement on a straight-line basis.

The other intangible assets recognised are computer software. During the year, the Group acquired computer software of £2.1m (2020: £1.3m) and disposed of £0.2m (2020: £nil).

The amortisation charge for intangible assets was £20.6m (2020: £11.3m).

The Directors have reviewed the intangible assets as at 31 December 2021 and have concluded there are no indicators of impairment (2020: same).

	2021 £m	2020 £m
Intangible assets	52.1	70.8
	52.1	**70.8**

10. Property, plant and equipment

The net book value of property, plant and equipment at 31 December 2021 was £44.1m (2020: £47.4m). Additions to the right-of-use assets during the 2021 financial year were £0.9m (2020: £15.9m, including right-of-use assets acquired as part of the business combination). The Group purchased other items of property, plant and equipment of £1.4m during the year (2020: £1.3m). The depreciation charge was £5.6m (2020: £6.0m).

11. 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 2021	Financial assets at FVTPL £m	Financial assets at amortised cost £m	Financial liabilities at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Goodwill	-	-	-	-	-	570.6	**570.6**
Intangible assets	-	-	-	-	-	52.1	**52.1**
Property, plant and equipment	-	-	-	-	-	44.1	**44.1**
Deferred tax assets	-	-	-	-	-	27.6	**27.6**
Non-current trade and other receivables[1]	-	0.5	-	-	0.5	-	**0.5**
Financial assets at FVTPL	303.5	-	-	-	303.5	-	**303.5**
Current trade and other receivables[1]	-	135.4	-	-	135.4	9.6	**145.0**
Cash and cash equivalents	-	197.3	-	-	197.3	-	**197.3**
Non-current loans and borrowings	-	-	-	(49.3)	(49.3)	-	**(49.3)**
Non-current trade and other payables[1]	-	-	-	(89.0)	(89.0)	(13.3)	**(102.3)**
Deferred tax liabilities	-	-	-	-	-	(10.3)	**(10.3)**
Financial liabilities at FVTPL	-	-	(52.3)	-	(52.3)	-	**(52.3)**
Current trade and other payables[1]	-	-	-	(203.4)	(203.4)	(18.8)	**(222.2)**
Current income tax liability	-	-	-	-	-	(3.5)	**(3.5)**
Total	**303.5**	**333.2**	**(52.3)**	**(341.7)**	**242.7**	**658.1**	**900.8**

[1] Prepayments, contract liabilities, deferred acquisition and commission costs and social security and other taxes do not meet the definition of financial instruments.

As at 31 December 2020	Financial assets at FVTPL £m	Financial assets at amortised cost £m	Financial liabilities at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Goodwill	-	-	-	-	-	570.6	570.6
Intangible assets	-	-	-	-	-	70.8	70.8
Property, plant and equipment	-	-	-	-	-	47.4	47.4
Deferred tax assets	-	-	-	-	-	20.0	20.0
Non-current trade and other receivables[1]	-	0.4	-	-	0.4	0.1	0.5
Financial assets at FVTPL	261.1	-	-	-	261.1	-	261.1
Current trade and other receivables[1]	-	175.9	-	-	175.9	11.4	187.3
Cash and cash equivalents	-	188.1	-	-	188.1	-	188.1
Non-current loans and borrowings	-	-	-	(49.2)	(49.2)	-	(49.2)
Non-current trade and other payables[1]	-	-	-	(80.1)	(80.1)	(7.3)	(87.4)
Deferred tax liabilities	-	-	-	-	-	(12.5)	(12.5)
Financial liabilities at FVTPL	-	-	(89.4)	-	(89.4)	-	(89.4)
Current trade and other payables[1]	-	-	-	(195.6)	(195.6)	(17.2)	(212.8)
Current income tax liability	-	-	-	-	-	(8.4)	(8.4)
Total	261.1	364.4	(89.4)	(324.9)	211.2	674.9	886.1

[1] Prepayments, contract liabilities, deferred acquisition and commission costs and social security and other taxes do not meet the definition of financial instruments.

For financial instruments held at 31 December 2021, issued subordinated debt, recorded within non-current loans and borrowings above, had a fair value of £58.8m (2020: £54.0m), less unamortised expenses of £0.3m (2020: £0.4m).

12. Cash and cash equivalents

	2021 £m	2020 £m
Cash at bank and in hand	193.5	179.7
Cash held by the EBT and seed investment subsidiaries	3.8	8.4
Total cash and cash equivalents	**197.3**	**188.1**

Cash and cash equivalents have an original maturity of three months or less.

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 the EBT and seed investment subsidiaries is not available for use by the Group.

13. Loans and borrowings

On 27 April 2020 the Group issued £50.0m of Tier 2 subordinated debt notes at a discount of £0.5m. Issue costs were £0.5m and the net proceeds were therefore £49.0m. These notes will mature on 27 July 2030 and bear interest at a rate of 8.875% per annum to 27 July 2025, and at a reset rate thereafter. The Group has the option to redeem all of the notes from 27 April 2025 onwards. The fair value of the notes as at 31 December 2021 was £58.8m (2020: £54.0m).

As part of the Merian acquisition on 1 July 2020, the Group acquired £111.0m of bank loans. These loans were repaid in full on 1 July 2020.

	2021 £m	2020 £m
Non-current subordinated debt in issue	**49.3**	**49.2**

14. Share capital and share premium (restated)

Share capital	2021 Shares m	2020 Shares m	2021 £m	2020 £m
Ordinary shares of 2p each	553.1	553.1	11.1	11.1
	553.1	**553.1**	**11.1**	**11.1**

	Number of ordinary shares		Par value	
	2021 m	2020 m	2021 £m	2020 £m
Movement in ordinary shares				
At 1 January	553.1	457.7	11.1	9.2
Shares issued relating to acquisition of subsidiary	-	95.4	-	1.9
At 31 December	**553.1**	**553.1**	**11.1**	**11.1**

Restatement of 2020 share premium reserve

In the Group's 2020 Annual Report and Accounts, the difference between the fair and nominal values of the 95.4m shares issued relating to the acquisition of Merian Global Investors Limited was credited to a share premium account. However, as the share issue related to an acquisition where at least 90% of the total consideration took the form of equity, under Section 612 of the Companies Act 2006, it is mandatory for merger relief to be applied to such issues. As a result, in these financial statements, the Group has restated the amount recorded in 2020 as 'Share premium' from £242.1m to nil and has increased the amount recorded within 'Other reserves' from £8.0m to £250.1m.

15. Reserves

(i) **Own share reserve**

The Group operates an EBT for the purpose of satisfying certain retention awards to employees. The holdings of this trust, which is funded by the Group, include shares in Jupiter Fund Management plc that have not vested unconditionally to employees of the Group. These shares are recorded at cost and are classified as own shares. The shares are used to settle obligations that arise from the granting of share-based awards.

At 31 December 2021, 18.5m ordinary shares (2020: 7.2m), with a par value of £0.4m (2020: £0.2m), were held as own shares within the Group's EBT for the purpose of satisfying share option obligations to employees.

(ii) **Other reserves (restated)**

Other reserves comprise the merger relief reserve of £242.1m (2020 restated: £242.1m) formed on the acquisition of Merian Global Investors Limited in 2020 (this amount has been restated - see Note 14) and £8.0m (2020: £8.0m) that relates to the conversion of Tier 2 preference shares in 2010.

(iii) **Foreign currency translation reserve**

The foreign currency translation reserve of £0.3m (2020: £2.8m) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(iv) **Retained earnings**

Retained earnings of £639.7m (2020: £622.5m) are the amount of earnings that are retained within the Group after dividend payments and other transactions with owners.

16. Dividends

	2021 £m	2020 £m
Final dividend (9.2p per ordinary share) (2020: Full-year dividend 9.2p per ordinary share)	50.4	40.8
Interim dividend (7.9p per ordinary share) (2020: 7.9p per ordinary share)	42.9	43.1
Special dividend (3.0p per ordinary share) (2020: nil per ordinary share)	16.5	-
	109.8	**83.9**

Final/full-year and special dividends are paid out of profits recognised in the year prior to the year in which the dividends are proposed/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 2021 were £1.4m (2020: £1.9m).

A final dividend for 2021 of 9.2p per share (2020: 9.2p) has been proposed by the Directors. This dividend amounts to £50.9m (before adjusting for any dividends waived on shares in the EBT) and will be accounted for in 2022. Including the interim dividend for 2021 of 7.9p per share (2020: 7.9p), this gives a total dividend per share of 17.1p (2020: 20.1p (including a special dividend of 3.0p per share)).

17. Cash flows from operating activities

	Notes	2021 £m	2020 £m
Operating profit		190.5	137.7
Adjustments for:			
Amortisation of intangible assets	9	20.6	11.3
Depreciation of property, plant and equipment	10	5.6	6.0
Other net gains		(9.4)	(7.0)
Fund unit hedges		(7.7)	(0.9)
Share-based payments		25.5	19.8
Cash inflows on exercise of share options		0.1	0.2
Performance fee receivable in shares		(55.5)	-
Decrease/(increase) in trade and other receivables		39.1	(53.2)
Increase in trade and other payables		28.7	17.9
Cash generated from operations		**237.5**	**131.8**

18. Changes in liabilities arising from financing activities

	2021				2020			
	Financial liabilities at FVTPL £m	Loans and borrowings £m	Leases £m	Total £m	Financial liabilities at FVTPL £m	Loans and borrowings £m	Leases £m	Total (restated)[1] £m
Brought forward at 1 January	89.2	49.2	54.2	192.6	74.9	-	57.5	132.4
New leases	-	-	0.2	0.2	-	-	17.1	17.1
Issue of subordinated debt	-	-	-	-	-	49.0	-	49.0
Changes from financing cash flows	2.8	-	(5.2)	(2.4)	5.7	-	(6.7)	(1.0)
Changes arising from obtaining or losing control of consolidated funds	(47.0)	-	-	(47.0)	-	-	-	-
Changes in fair value	7.3	-	-	7.3	8.6	-	-	8.6
Interest expense	-	0.1	1.6	1.7	-	0.2	1.8	2.0
Lease reassignment and modifications	-	-	0.3	0.3	-	-	(15.5)	(15.5)
Liabilities arising from financing activities carried forward at 31 December	**52.3**	**49.3**	**51.1**	**152.7**	**89.2**	**49.2**	**54.2**	**192.6**
Notes		13				13		

[1] Comparative data relating to 2020 has been restated to incorporate cash flows relating to lease liabilities. The impact of this restatement is to increase the brought forward balance by £54.2m.

19. Basis of preparation and other accounting policies

The financial information set out does not constitute the Company's statutory accounts for the years ended 31 December 2021 or 2020, but is derived from those accounts. The Auditors have reported on the 2021 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 2020 have been delivered to the Registrar of Companies and those for 2021 will be delivered in due course.

The Group financial statements have been prepared in accordance with UK-adopted international financial reporting standards (IFRS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on a going concern basis using the historical cost convention modified by the revaluation of certain financial assets and financial liabilities (including derivatives) that have been measured at fair value. After reviewing the Group's current plans and forecasts and financing arrangements, as well as the current trading activities of the Group, the Directors consider that the Group has adequate resources to continue operating for a period of at least 12 months from the date of signing.

In preparing the financial statements, we have considered the impact of climate change. There has not been a material impact on the financial reporting judgements and estimates arising from our considerations.

Changes in the composition of the Group

In February 2020, as part of a strategic partnership announced in December 2019, the Group acquired 25% of the share capital of NZS Capital LLC, which is considered to be a subsidiary undertaking of the Group on account of the extent of the power the Group has over the operations and financing of the entity as well as the revenue and profit sharing arrangements to which it is entitled through its investment in the entity. A further payment of £0.8m was made on 25 February 2021.

On 1 July 2020, the Group acquired 100% of the issued share capital of Merian Global Investors Limited, an investment management company registered in Jersey.

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 2020:

Included in consolidation (as a result of investments)
Jupiter Global Fund SICAV: Global Sustainable Equities

Excluded from consolidation
Jupiter Global Sustainable Equities

Excluded and subsequently included in consolidation in the period (as a result of redemptions by other investors)
Jupiter European Smaller Companies

Accounting policies

The accounting policies applied are consistent with those applied in the Group's annual financial statements for the year ended 31 December 2020.

20. Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices on the balance sheet date. Derivatives held at fair value are carried at a value which represents the price to exit the instruments at the balance sheet date.

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).

Where funds are consolidated, we look through to the underlying instruments and assign a level in accordance with the definitions above. Where funds are not consolidated, we do not apply a look through and these funds are classified as level 1 as the prices of these funds are quoted in active markets.

As at 31 December 2021, the Group held the following financial instruments measured at fair value:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at FVTPL – funds	194.6	52.4	-	247.0
Financial assets at FVTPL - fees receivable in shares	55.5	-	-	55.5
Financial assets at FVTPL – derivatives	-	1.0	-	1.0
Financial liabilities at FVTPL	(52.3)	-	-	(52.3)
	197.8	53.4	-	251.2

As at 31 December 2020, the Group held the following financial instruments measured at fair value:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at FVTPL – funds	183.2	74.2	-	257.4
Financial assets at FVTPL – derivatives	-	3.7	-	3.7
Financial liabilities at FVTPL	(89.2)	-	-	(89.2)
Financial liabilities at FVTPL – derivatives	-	(0.2)	-	(0.2)
	94.0	77.7	-	171.7

21. Estimates and judgements

There have been no significant changes to estimates and judgements in the year.

22. Related parties

The Group consolidated Jupiter Global Fund SICAV: Global Sustainable Equities (as set out in Note 19 above) in the period, and removed Jupiter Global Sustainable Equities as the reduction in the percentage held by the Group did not enable it to exercise control over the fund.

The Group manages a number of investment trusts, unit trusts, OEICs, SICAVs, ICVCs, an ICAV (which was closed in 2021), a hedge fund and a Delaware LP 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.

The Group acts as manager for 38 (2020: 38) authorised unit trusts and 12 (2020: 12) OEICs. Each unit trust is jointly administered with the trustees, Northern Trust Global Services SE. The aggregate total value of transactions for the year was £1,912m (2020: £2,360m) for unit trust creations and £3,692m (2020: £5,295m) for unit trust redemptions. The actual aggregate amount due from (2020: to) the trustees at the end of the accounting year in respect of transactions awaiting settlement was £2.6m (2020: £1.5m). The Group also acts as the management company for the Jupiter Global Fund and Jupiter Merlin Fund SICAVs, made up of 19 sub-funds (2020: 18) and four sub-funds (2020: four) respectively as well as Jupiter Investment Management Series II, the Jupiter Asset Management Series plc and the Jupiter Investment Funds Series II, made up of 12 (2020: 12), 21 (2020: 21) and nil (2020: one) sub-funds respectively.

The amounts received in respect of gross management, registration and performance fee charges were £283.6m (2020: £274.9m) for unit trusts, £87.0m (2020: £42.0m) for OEICs, £122.8m (2020: £110.5m) for SICAVs, £48.2m (2020: £56.7m) for ICVCs, £nil (2020: £0.3m) for the ICAV, £119.5m (2020: £38.3m) for investment trusts and £25.9m (2020: £25.0m) for segregated mandates. At the end of the year, there was £31.2m (2020: £32.9m) accrued for annual management fees, £3.2m (2020: £3.1m) in respect of registration fees and £113.0m (2020: £72.9m) in respect of performance fees.

Included within financial instruments (see Note 11) are seed investments and hedges of awards in fund units in mutual funds and investment trusts managed by the Group. At 31 December 2021, the Group had a total net investment in such funds of £202.7m (2020: £168.2m) and received distributions of £1.1m (2020: £0.8m). During 2021, it invested £70.8m (2020: £46.7m) in these funds and made disposals of £69.4m (2020: £51.1m).

Three members of key management personnel (2020: three) have invested in the Group's subordinated debt issued in 2020 in the sum of £1.6m (2020: £1.6m). These were made on terms equivalent to those that prevail in arms' length transactions.

Key management compensation

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

	2021 £m	2020 £m
Short-term employee benefits	5.5	5.6
Share-based payments	6.9	5.4
Post-employment benefits	-	0.4
Other long-term benefits	0.4	0.4
	12.8	11.8

Statement of Directors' responsibilities

Statements relating to the preparation of the Financial Statements

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 Accounting Standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group Financial Statements in accordance with UK-adopted International Financial Reporting Standards (IFRS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Directors' review of the Financial Statements

The Directors undertook a detailed review of the Financial Statements in February 2022. Following this examination, the Board was satisfied that the Financial Statements for 2021 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 and prudent; and
- where applicable International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been adopted and, for the Group, UK-adopted IFRS, have been followed and that there were no material departures.

The Directors' review of going concern

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.

The Directors' review of current position, prospects and principal risks

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 operates 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 December. 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' responsibility for accounting records

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors' responsibility for the safekeeping of assets

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' responsibility for information

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.

Statement of Directors' responsibilities

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 Group's and Company's position and performance, business model and strategy.

Each of the Directors confirm that, to the best of their knowledge:

- the Group and Company Financial Statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group 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 and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

On behalf of the Board

Wayne Mepham
Chief Financial Officer
24 February 2022

Principal risks and mitigations

The Board and executive management are responsible for establishing and maintaining a strong risk management and compliance culture that embeds and supports a high level of risk awareness and a strong internal control environment. This is achieved through leadership behaviours which establish the tone from the top, our governance structure, a clear definition of roles and responsibilities, and a robust risk management framework.

The Group has a comprehensive approach to identifying, monitoring, managing and mitigating risk.

Our approach to risk management

The Group operates a three-tier risk governance framework, generally known as the Lines of Defence model, which distinguishes between risk management and risk oversight. This approach provides a clear and concise separation of duties, roles, and responsibilities.

The Enterprise Risk Management Framework (ERMF) clearly defines the roles and responsibilities for risk management and provides a process for escalation through our governance structure, which enables ongoing and robust oversight.

The ERMF enables Jupiter to identify and manage the material risks to which it is exposed. The ERMF supports the effective management of risks to ensure that the Group's risk profile remains within its risk appetite, protects and enhances stakeholder value by contributing to the achievement of our objectives, and informs the Three Lines of Defence to ensure effective escalation of material risk issues.

Risk appetite

The Group's risk appetite defines the level and type of risk that the Group is prepared to accept in pursuit of its strategic objectives and business strategy, taking into account the interests of its clients, shareholders and other stakeholders, as well as capital and other regulatory requirements.

An important part of the Board's remit is to determine the Group's risk appetite, taking into account its strategic plans, the business environment and the current and likely future condition of our business and operations.

Top-down risk assessment (TDRA)

The TDRA identifies the Group's material risks and monitors the profile of these risks. It is informed by relevant data and information pertinent to the specific risk category, which is used to assess the residual risk impact and the likelihood of the residual risk crystalising.

The individual residual ratings applied to each risk, and the qualitative rationale, are utilised to create a consolidated view of the Group's risk profile which is presented to the Risk and Finance Committee for their oversight and approval, before being presented to the Audit and Risk Committee.

Risk and control self-assessment (RCSA)

The detailed, bottom-up identification and assessment of operational risk is performed by individual organisational units via an RCSA. The assessment identifies and monitors material risks and associated key controls by considering the operating environment, processes, roles and responsibilities, as well as risk incidents. Risks are assessed on both an inherent and a residual basis with ratings determined for potential impact and likelihood. Where processes or controls are seen to be insufficiently robust, line management is required to take appropriate action and define improvements to the operating environment to ensure they pose a minimal (or acceptable) level of risk to the Group.

Operational risk scenario analysis

Operational risk scenario analysis is a forward-looking assessment of exposures to severe but plausible operational risk events. It is used by the Group to identify and quantify the material risks that have the potential to impact Jupiter, based on the experience and opinions of internal subject matter experts. These are collated via a series of workshops and are further supported by internal and external event histories. A variety of scenarios (differing in nature, severity and duration) is used to estimate the impact of events on capital requirements. The Group also uses scenario analysis to ensure that we understand our exposure to high-severity events and implement mitigating actions, in line with our risk appetite.

Risk incidents

A risk incident is a failure of process, people or system which results in an actual or potential impact. Incidents are reported, recorded and investigated to determine root causes, impacts (e.g., financial losses, regulatory/legal breaches, etc.), themes and to ensure appropriate remediation work is completed to enhance the process, improve the control environment, and make good any negative outcomes that have resulted from the failure. Incidents are monitored and captured across the business and independently reviewed to ensure completeness and accuracy. Analysis of incidents is used to support our TDRA, RCSA and Operational Risk Scenario Analysis processes.

Key risk indicators (KRIs)

KRIs are used by the Group to provide an early signal of changing risk exposure. We set thresholds and use them to monitor those exposures, which informs our overall assessment of the risk.

Leading and lagging KRIs are employed to help identify trends and emerging risks which are used to inform and support management decision making.

The Group's suite of KRIs is a key input into the TDRA, as their performance helps in determining the view of the Group's risk profile.

Risk reporting

Our view of the risk profile of the Group is reported regularly through our governance structure to ensure it receives an appropriately high level of senior management and Board attention. The Board takes action where a risk is deemed to be outside of appetite.

Emerging risks

Emerging risks are a condition, situation or trend that could significantly affect the Group's financial strength, competitive position or reputation. These risks are raised by the business and challenged to consider likelihood, impact and action required.

Emerging risks are captured through the quarterly TDRA process, as well as the RCSAs, to ensure that we are fully prepared should they begin to crystallise.

2021 enhancements

During 2021, a number of initiatives were undertaken to enhance the way we monitor, assess and manage risk. These included:

- Enhancement of our Enterprise Risk Taxonomy to ensure a consistent methodology and approach for the assessment and reporting of risks;
- Further development of the qualitative components of our Risk Appetite Statement;
- Redevelopment of our TDRA process;
- Further enhancement of our framework for the management of liquidity risk;
- Building our framework to support the assessment of ESG risks; and
- Development of our processes to support operational resilience.

Risk profile

The Group is exposed to various risk types in pursuing its business objectives which can be driven by internal and external factors. Understanding and managing these risks is both a business imperative and a regulatory requirement. Our taxonomy defines and describes these risks, providing a consistent methodology for assessment and reporting.

Some risks are pursued to support the business plan, such as the risks relating to investment performance. Other risks are inherent in routine business activities, such as the risk of financial crime. The differing risks faced by the Group are documented within our taxonomy and managed through the Group's ERMF in line with risk appetite.

The type and severity of the risks we face can change quickly in a complex and competitive environment, therefore the framework for managing these risks is dynamic and forward looking to ensure it considers both current and emerging risks which could potentially impact the Group.

Enterprise risk taxonomy

As an asset management firm, Jupiter's most material risk exposures are in the strategic, market and operational (including regulatory) risk categories. However, our exposure to capital adequacy, liquidity, and credit/counterparty risks is also monitored to ensure they are managed on a prudent basis and remain within regulatory requirements and the Group's risk appetite.

In addition, the Group is exposed to transversal risks, including ESG, Operational Resilience, Reputational and Conduct. These risks, and associated harm, can crystalise across multiple areas within our taxonomy. We assess these risks as part of the TDRA, RCSAs and risk incidents.

ESG risk

The Group defines ESG risk as the risk that we do not meet our ESG obligations. The Group is committed to managing the direct impacts of its activities on the environment and has sought to embed ESG considerations into the broader governance ethos and culture of the Group.

Our wider approach to ESG and Stewardship and our approach to the management of potential material climate risks is described within the Strategic Report of the 2021 Annual Report and Accounts.

Operational resilience risk

The Group defines operational resilience as the Group's ability to prevent, adapt, respond to, recover, and learn from operational disruption. Operational resilience addresses how the continuity of the services that the Group provides are maintained regardless of the cause of disruption and helps to ensure that it is prepared for the inevitability of disruption, rather than only trying to minimise the probability of disruption occurring. It includes preventative measures and the capabilities in terms of people, processes and organisational culture to adapt and recover when things go wrong.

Reputational risk

The Group defines reputational risk as the risk of loss or other adverse impact arising from unfavourable perception of the firm on the part of customers, counterparties, employees, regulators, shareholders, other stakeholders, the media or the general public.

For example, reputational risk can arise as a result of operational risk incidents, strategic decisions, or generally as a result of inappropriate behaviour of the Group, as perceived by various stakeholder groups.

Conduct risk

The Group defines conduct risks as those which can arise from action, or inaction, which results in customer detriment, negative impact to market stability or restricts effective competition. The Group takes steps to mitigate the occurrence of conduct risks that could have a detrimental impact on our clients, markets or Jupiter itself.

Harm

The Group recognises that harm can be the result of the crystallisation of any of the risks to which it is exposed and takes steps to mitigate the impact on our clients, the markets in which we operate and on Jupiter itself. The ERMF considers both financial and non-financial impacts, which provides important insight when considering these three elements of harm.

Principal risks

The following section sets out the principal risk types to which the Group is exposed (as defined within our taxonomy) based on the potential impact and likelihood of them crystallising. We monitor all risks within the taxonomy, as well as additional transversal risks, through our regular TDRAs of our risk profile.

Overall, our risk profile remained stable during 2021, despite the ongoing headwinds from Covid-19 and we remain well-placed to adapt to further geo-political challenges and the pace of global change.

Technology and Information Security risk, and particularly the potential threat of a cyber-attack, remains one of our most material risks; however, the perceived likelihood of this risk has remained stable from 2020, as we continue to invest in our control environment and seek to reduce vulnerabilities where possible.

Regulatory risk remains an area of focus, linked to continuing regulatory change, and has increased during the year. The firm's regulatory footprint continues to evolve in line with our strategic activity, increasing in both complexity and geography, however this area remains well understood and managed.

Our exposure to market risk remains stable and arises on seed investments which are hedged for beta risk, where it is possible to do so. Gains and losses therefore generally arise from under or overperformance against a fund's benchmark.

Understanding and managing our people risk is essential to the success of our business, and this risk remained broadly stable during the year. 2021 continued to be challenging as we moved from the relaxation of Covid-19 restrictions into our new hybrid working model, which was launched in September 2021.

Further details on the assessment of each risk are included in the tables on the following pages.

Strategic risk

- The risk to our business as a result of matters inherent in the nature of our business model or the financial and competitive markets in which we operate.
- This risk type includes the risk of underperformance of funds managed by the Group relative to benchmarks, objectives or competition.

Potential impact

- Failure to grow AUM
- Loss in client confidence
- Reputational damage
- Loss of revenue

Mitigation

- The Board sets the strategy and ensures the organisation has the right structure, leadership, culture and resources to execute it.
- The Board and Executive Committee regularly review the strategic plan, opportunities and threats, budgets and targets.
- Independent second line oversight of investment risks.
- Progress is monitored and, where required, corrective action is taken.

2021 summary

Overall investment performance over three years has been positive with 58% of our mutual fund AUM performing above the median peer group. We remain committed to delivering superior long-term investment performance and monitor this closely in order to ensure that we understand and challenge appropriately and are able to take prompt actions as necessary. We have seen continued uncertainty in markets during 2021, but believe we are well-placed to weather the increasing likelihood of further geo-political events, as we have a diverse range of products, distribution channels and flexibility in our business model to respond to significant market disruption. Our Investment Risk team continued to work closely with fund managers to challenge fund risk profiles, and independently assess portfolio risk. We continued to diversify the business in 2021 across regions and asset classes as we successfully implemented initiatives to enter new markets that provide further growth opportunities and reduce our reliance on individual markets, supported by enhanced monitoring of the related risks.

Market risk

- The risk of loss arising from market movements. This includes the risk that any market risk mitigation techniques prove less effective than expected.
- As an active asset manager, the Group is mainly exposed to market movements through its seed investment in funds, foreign currency exposures and interest rates on its cash deposits.

Potential impact

- Unexpected losses from seed investments.

Mitigation

- Hedge investment to limit relative volatility across the seed capital portfolio.
- Seed investments, redemptions and hedging are reviewed and approved by the Seed Capital Committee.

2021 summary

The Board continues to set aside an amount of seed capital to be used to invest in Jupiter funds to support and grow our investment offering. We monitor these positions regularly, and maintain appropriate hedges and limits, linked to our risk appetite, to ensure that our capital is not put at undue risk.

Operational risk

- The risk of actual or potential loss and or client harm emanating from weaknesses or failures in our systems and controls, related to people, systems or processes, or from external events. These include risks arising from failing to properly manage key outsourced relationships and cyber-security.
- Regulatory (failure to comply with regulatory obligations) and legal risk are included in this definition.

Potential impact

- Impact on the Group's operating environment which in turn can lead to client dissatisfaction or harm.
- Financial implications.
- Reputational damage.
- Increased regulatory scrutiny if a theme or systemic failure is identified.

Mitigation

- We continue to invest in our control environment and maintain efficient and well-controlled processes. We operate a comprehensive ERMF which enables the business to understand where risks lie and focus its efforts on key activities.
- Regular review of control environment with corrective action taken where required.
- We maintain a robust risk and compliance culture and require all employees to undertake training on relevant risk matters.

People risk

- The risk of failures or poor practices relating to people management.

2021 summary

Jupiter prides itself on its culture, the quality of its workforce and ensuring that all staff feel valued and rewarded. Our culture is a key differentiator, enabling us to attract, motivate and retain talented individuals. We give autonomy, coupled with personal accountability, and encourage independence of thought and challenge. We actively manage succession and succession plans are in place for critical staff.

We have embedded diversity and inclusion goals and continue to invest in the development of our culture and staff. We remain committed to supporting our staff through the Covid-19 pandemic and have rolled out initiatives such as the hybrid working model to provide additional flexibility.

Client and fiduciary risk

- The risk of inadequate client management including sales misrepresentation, suitability assessments, on-boarding, client service obligations and Treating Customers Fairly. Ensuring that our products are both suitable and appropriately represented to clients is key to ensuring that they can make informed decisions on the funds they invest in.

2021 summary

The Group undertakes market testing to ensure the products we are creating and distributing meet client needs and demand. We have a robust suite of policies and procedures to manage client and fiduciary duty risk, which must be followed by the business. Remote working continues to provide a challenging backdrop to maintaining client engagement; however, we have adapted our engagement model and developed our use of technology to ensure we remain connected to our clients and understand their needs.

Execution processing and reporting risk

- The risk of failures related to transaction capture, execution, maintenance, and reporting.

2021 summary

We continue to invest in people, systems and processes to ensure that we are able to efficiently provide the quality of services our clients expect, as well as meet our ongoing regulatory requirements. Our operating model was strengthened during the year by consolidating a number of services and platforms, allowing us to better support future growth opportunities and to ensure that we are appropriately operationally resilient.

Product risk

- The risk of product flaws or defects, or failure to adhere to specification.

2021 summary

Throughout 2021 we continued to review our product offering to assess performance in line with client expectations. We have developed a robust framework and governance structure to support the implementation of the SFDR framework and new article classifications, including both existing and the launch of new SFDR-compliant funds. As the requirements of the UK Directive become clearer, we will further develop and enhance our framework, evolving where necessary.

Model risk

- The risk of poor design or implementation of models.

2021 summary

Models are used throughout the organisation to help support decision making and oversight of key activities. Where investment models are used, we continually challenge the controls, governance oversight and resilience to ensure appropriate validation is performed and the output is consistent and accurate.

Data management risk

- A data risk is a potential for business loss related to the governance, management, and security of data.

2021 summary

Ongoing work has been undertaken to ensure that we remain able to appropriately govern and manage our data and that of our clients. This has included projects to enhance our processes and systems across product types and clients, as well as a review of our enterprise-wide data warehouse and the development of the ESG Hub. We continue to invest in industry-leading tools and cloud-based data solutions, managed by a dedicated Data Governance team.

Technology and information security risk

- The risk of deliberate attacks or accidental events that have a disruptive effect on interconnected technologies (excluding third-party failures, which are covered under Outsourcing and Supplier).

2021 summary

Our strategy for the management of information security and cyber security continues to evolve, to ensure that vulnerabilities are identified and remedied as quickly as possible. We have invested in ongoing training and awareness on the risks of phishing and similar attacks, and we continue to work with our third-party suppliers to ensure that they are able to demonstrate compliance with Group standards and internationally recognised good practice. Jupiter is certified in accordance with the UK government-backed Cyber Essential Plus scheme, demonstrating our ongoing commitment to reducing the likelihood of a successful cyber security attack, despite the rising number of external attacks seen across the industry.

Outsourcing and supplier risk

- The risk of incidents or failure of providers of services to deliver on their obligations, or inadequate selection or oversight of providers.

2021 summary

Work has continued to ensure that our overarching framework for the delegation of activities to third parties remains in line with regulatory requirements. Third-party outsourcing remains a key part of Jupiter's business model, and we successfully completed two significant migrations during the year in order to consolidate support for our UK and European funds. During the year, we developed a new supplier management framework, incorporating an enhanced approach to third-party risk assessments, in order to ensure that we are able to identify, manage and monitor our outsourced arrangements in line with internal and external expectations.

Regulatory risk

- The risk of failing to comply with our regulatory obligations. This includes failures to implement changes required to meet new regulatory requirements.

2021 summary

Regulatory change remains significant as we continue to see a high volume of regulatory activity across the industry alongside our expansion into new markets which further increases our regulatory footprint. To ensure we remain well placed to meet these challenges, we continue to invest in education and training and a robust second line function. We have a cohesive and holistic approach to managing the evolving landscape of regulatory risk across jurisdictions and utilise industry insight and specialist expertise as required.

Legal risk

- The risk of failing to comply with our legal obligations.

2021 summary

New funds, strategies and jurisdictions have increased the quantum and complexity of the legal risk Jupiter faces, specifically with our increasing presence in the US. Through our dedicated and experienced legal support team, we are able to continue to support the business to navigate through these new challenges and strike a balance between maintaining a standardised business model whilst meeting both client and local geographic needs.

Financial crime risk

- The risk of financial crime such as money laundering and terrorist financing, bribery and corruption, fraud, market abuse or tax evasion.

2021 summary

Regulatory change, delegation to third parties and geographical distribution continue to increase the complexity of the financial crime requirements with which we must comply. We continue to enhance our capabilities through changes to our operating model and greater use of technology where appropriate.

ESG risk

Our ESG risk is increasing as a result of the uncertainty around regulatory requirements, client focus and industry challenges on data. Management of ESG risk is built on a combination of effective monitoring of significant holdings, application of expertise to identify risks and awareness of wider implications from a communication and client perspective. In the first line, individual fund managers are supported by experienced ESG Investment Directors, as well as the Stewardship team. Oversight is conducted by the CIO's office and Risk and Compliance to ensure the supporting framework remains relevant and robust.

The Group completed several regulatory initiatives to ensure that we adapted to the evolving ESG-related regulatory and legal risk brought about by developments in local and overseas environments. Amongst these initiatives were developments in our SFDR product framework, transitioning of several products from SFDR Article 6 to Article 8, continuing development of our proprietary ESG data hub, and publicly disclosing the Group's net zero target framework under the NZAM initiative.

Conduct risk

We have evolved our approach to conduct risk, linking it to individual and corporate behaviours, supported by monitoring by Internal Audit and the Risk and Compliance department. Our assessment of conduct risk has remained stable during 2021 and the Group continues to take steps to mitigate conduct risks that could have a detrimental impact on our risk profile. We believe that all staff should act with integrity and have developed senior management accountabilities and governance framework to promote appropriate behaviours. We have developed our organisational visions and values to further these outcomes and reduce the potential for detrimental impact to our clients, the Group or the markets in which we operate.

Alternative performance measures

The use of alternative performance measures (APMs)

The Group uses APMs for two principal reasons:

- We use ratios to provide metrics for users of the accounts; and
- We use revenue, expense and profitability-based APMs to explain the Group's underlying profitability.

Ratios

The Group calculates ratios to provide comparable metrics for users of the accounts. These ratios are derived from other APMs that measure underlying revenue and expenditure data.

In this document, we have used the following ratios:

	APM	2021	2020	Definition	Reconciliation
1	Net management fee margin	76 bps	79 bps	Net management fees divided by average AUM	See table 1 below
2	Operating margin	39%	41%	Operating profit (before exceptional items) divided by Adjusted net revenue	
3	Operating margin (before exceptional items and performance fee profits)	38%	39%	Operating profit (before exceptional items and performance fee profits) divided by Net revenue before performance fees	
4	Underlying EPS	31.7p	28.7p	Underlying profit after tax divided by average issued share capital	
5	Underlying pay-out ratio	54%	60%	Total ordinary dividend per share divided by underlying EPS	

Reconciliations and calculations: table 1

	APM	2021 £m	2020 £m
Management fees (page 13)		501.5	426.6
Less: Fees and commissions relating to management fees (page 13)		(47.8)	(42.6)
Net management fees		**453.7**	**384.0**
Average AUM (£bn)		**59.7**	**47.8**
Net management fee margin	*1*	*76 bps*	*79 bps*
Operating profit (page 8)		190.5	137.7
Exceptional items (page 12)		33.0	46.4
Operating profit (before exceptional items)		**223.5**	**184.1**
Net revenue (page 8)		568.6	457.8
Less: Performance fees classified as exceptional items (page 13)		-	(10.0)
Adjusted net revenue		**568.6**	**447.8**
Operating margin	*2*	*39%*	*41%*
Operating profit (before exceptional items) (see above)		223.5	184.1
Performance fee profits (page 5)		(52.1)	(35.9)
Operating profit (before exceptional items and performance fees profits)		**171.4**	**148.2**
Net revenue before performance fees (page 5)		**455.6**	**384.2**
Operating margin (before exceptional items and performance fee profits)	*3*	*38%*	*39%*
Statutory profit before tax (page 8)		183.7	132.6
Exceptional items (see above)		33.0	46.4
Underlying profit before tax (page 1)		**216.7**	**179.0**
Tax at average statutory rate of 19%		(41.2)	(34.0)
Underlying profit after tax		**175.5**	**145.0**
Average issued share capital (m) (page 19)		553.1	505.4
Underlying EPS	*4*	*31.7p*	*28.7p*
Total ordinary dividend per share (page 20)		17.1p	17.1p
Underlying EPS (see above)		31.7p	28.7p
Underlying pay-out ratio	*5*	*54%*	*60%*

Revenue, expense and profit-related measures

1. Asset managers commonly draw out subtotals of revenues less cost of sales, taking into account items such as fee expenses, including commissions payable, without which a proportion of the revenues would not have been earned. Such net subtotals can also be presented after deducting non-recurring exceptional items.

2. The Group uses expense-based APMs to identify and separate out non-recurring exceptional items or recurring items that are of significant size in order to provide useful information for users of the accounts who wish to determine the underlying cost base of the Group. To further assist in this, we also provide breakdowns of administrative expenses below the level required to be disclosed in the statutory accounts, for example, distinguishing between variable and fixed compensation, as well as non-compensation expenditure. These subdivisions of expenditure are also presented before and after exceptional items and after accounting for the impact of performance fee pay-aways to fund managers.

3. Profitability-based APMs are effectively the sum of the above revenue and expense-based APMs and are provided for the same purpose - to separate out non-recurring exceptional items or recurring items that are of significant size in order to provide useful information for users of the accounts who wish to determine the underlying profitability of the Group.
4. Underlying profit after tax is, in addition, used to calculate underlying EPS which determines the Group's ordinary dividend per share and is used in one of the criteria for measuring the vesting rates of share-based awards that have performance conditions attached.

In this document, we have used the following measures which are reconciled or cross-referenced in table 1:

Measure	Rationale for use of measure
Net management fees	1
Operating profit	3
Exceptional items[1]	1, 2
Net revenue	1
Adjusted net revenue	1
Performance fee profits	3
Fixed staff costs before exceptional items	2
Variable staff costs before exceptional items	2
Underlying profit before tax	3
Underlying profit after tax	3, 4

[1] Defined as items of income or expenditure that are significant in size and which are not expected to repeat over the short to medium term.

As stated in 2 above, the Group presents a breakdown of administrative expenses below the level required to be disclosed in the statutory accounts, distinguishing between variable and fixed compensation, as well as non-compensation expenditure. The relevant amounts are set out in the table on page 5.

Changes in use of APMs since 2020

In 2020 and 2021, the Group has earned significant levels of net performance fee income. Such income is not exceptional as it is likely to recur, although the amounts earned can vary from being extremely significant in size to being immaterial. In their analysis of the results, professional users of the Group's accounts generally assign different values to recurring management fees than to potentially non-recurring net performance fees and therefore separate such amounts out. Similarly, for internal management information purposes, results are presented both before and after net performance fees.

As a result, in order to show various performance measures both before and after performance fees, we have introduced new APMs for:

- Operating margin (before exceptional items and performance fee profits); and
- Performance fee profits.