

## Trading Update and Notice of Results

17 October 2023

Jupiter Fund Management plc (“Jupiter”, the “Group”) today issues its trading update in respect of the three months to 30 September 2023.

### Key points

- Despite the ongoing macro-economic uncertainty weighing on retail demand, overall flows year to date remain within expectations
- Assets under management (AUM) finished the period at £50.8bn
- We are continuing to deliver against our strategic objectives, with investments in our clients, our people and our technology infrastructure

### Trading update

Macro-economic uncertainty continued to weigh on investor demand for risk assets through the third quarter, particularly with retail clients.

Overall, we saw net outflows since the start of the year of £1.0bn, all of which came through in the third quarter. Flows from Institutional clients were marginally positive in the third quarter, bringing the total year to date net flows to £1.7bn. The retail, wholesale and investment trust channel saw net outflows of £1.0bn over the three months. AUM finished the period at £50.8bn.

Assets from Institutional clients grew to £9.8bn. Net flows were positive for the fifth consecutive quarter, albeit marginally. We have previously stated that the profile of fundings from Institutional clients would not be linear and that we would not expect to see significant mandates funding through each discrete reporting period. However, our late-stage institutional pipeline remains strong and we are confident that we will see further mandates funding over subsequent reporting periods.

There were outflows from Retail and Wholesale clients in the third quarter of £1.0bn, broadly consistent with both the first half of 2023 and wider market trends. The areas of client demand remained relatively unchanged from the first half, with inflows into Asian Income and Japanese Equities not enough to offset outflows from unconstrained fixed income and UK and European equities.

Despite the challenging macro-economic backdrop and ongoing market uncertainty, we remain confident in our previously stated expectations of ‘modest outflows’ for the full year.

£bn	AUM at 30 June 2023	Q3 2023 net flows	Q3 2023 market returns	AUM at 30 September 2023
Retail, wholesale & investment trusts	42.1	(1.0)	(0.1)	41.0
Institutional	9.3	-	0.5	9.8
<b>Total</b>	<b>51.4</b>	<b>(1.0)</b>	<b>0.4</b>	<b>50.8</b>
<i>of which is invested in mutual funds</i>	<i>38.1</i>	<i>(1.1)</i>	<i>0.1</i>	<i>37.1</i>

### Matthew Beesley, Chief Executive Officer, commented:

*“Despite the challenging market environment, we expect our financial performance for the current year to be in line with expectations. During my first year as CEO, we have continued to make progress against our previously stated strategic objectives and I believe the continued investment in our clients, our technology and our people will deliver long-term value.*

*The future of the asset management industry will not be through the traditional model of simply ‘distributing’ products, but in forming deeper relationships with our clients. We have rationalised our fund range and right-sized the business and are investing to ensure the company is aligned with clients’ requirements which are fundamentally changing. Whilst progress will not be linear, the growth of our institutional and international businesses are encouraging indications of our ability to increase scale and grow our appeal to a broader range of clients”.*

## Continued strategic progress

At our full year 2022 results in February, we announced our strategy for delivering growth, focused on the four key strategic objectives of increasing scale, decreasing undue complexity, broadening our appeal to clients and deepening relationships with all our stakeholders. We continue to make good progress against each of these, including growing our institutional business, rationalising the fund range, developing new products and restructuring the operating model. Today we are announcing further actions consistent with these objectives which will help us to position the business for future growth through investments in our clients, in our technology, and in our people.

We have restructured our client-facing teams to better align with evolving client needs and to increase scale in key growth areas, such as institutional and international. Through engaging with an increasingly sophisticated client base, this newly-formed client group will move beyond a 'product-focused' mindset and consider alternative methods for clients to access our investment capabilities. Technology and increased automation will play a crucial role in this, reducing the undue complexity of manual processes, and we are investing in our content and data capabilities to improve both our client delivery and experience.

In order to reduce complexity and to broaden our appeal to clients, we have focused through the last year on carefully and strategically curating our product offering through the fund rationalisation programme, which is now almost complete, and the range of thematic funds, which will be launched shortly. Consistent with this strategic approach, we have also been reviewing our pricing structures to ensure that we are competitively positioned. In line with our commitment in this year's Assessment of Value report, we are implementing a tiered fee structure for clients investing in our UK Unit Trust and OEIC ranges. This will create better alignment between Jupiter and our clients and allow them to benefit from economies of scale as a fund's assets grow.

The new model will be implemented from early 2024 with basis point discounts taking effect as a fund reaches various levels of assets under management. The first threshold will be when a fund reaches £500m of assets, at which point a 2 basis point discount will be applied. Although we cannot forecast client flows and business mix, at our current AUM this would result in an additional decline in the overall net revenue margin through 2024 of between 1.5 bps and 2 bps.

In addition to investing in our clients and in our technology infrastructure, we are also investing in our people. In today's competitive market environment, we have worked hard to ensure our talented investment professionals are remunerated appropriately, based around performance criteria that ensures interests are aligned between Jupiter, our people and our clients. Our thoughtful and competitive retention policies are designed to support the growth of the firm in key strategic areas.

If the performance criteria are reached, and assuming that there is no material market recovery, this will have an impact on our total compensation ratio. Depending on market conditions, we can reasonably expect the compensation ratio to be within a range of mid to high '40%'s through 2024, which we believe is in line with observable trends across the peer group.

## Positioned for growth

As we manage the business in line with our four strategic objectives, key management actions have provided us with the space to invest across the business, in our clients, our people and our technology infrastructure. Our business is evolving to become a more attractive place for clients to form deep, long-term relationships and to share in economies of scale.

We are seeing momentum in key areas of strategic importance and we will seek to build on that, controlling those factors we can control and investing in the growth of the business to deliver long-term shareholder value.

### **Analyst presentation**

There will be a short virtual analyst presentation at 09:00 BST on 17 October 2023.

The presentation will be accessible via a live webcast, which will be available at: <https://secure.emincote.com/client/jupiter/jfm036>. Please note that questions can be asked via the webcast.

### **Notice of results**

Jupiter will be issuing full year results for the year to 31 December 2023 on 23 February 2024 and will host an analyst presentation to discuss the results.

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### **Forward-looking statements**

This announcement contains forward-looking statements with respect to the financial condition, results of operations and businesses of the Group. Such statements and forecasts involve risk and uncertainty because they relate to events and depend 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.

## Historic quarterly net flows and AUM

Flows and AUM by quarter								
	Q1 2022 £bn	Q2 2022 £bn	Q3 2022 £bn	Q4 2022 £bn	Q1 2023 £bn	Q2 2023 £bn	Q3 2023 £bn	Q4 2023 £bn
<b>Total</b>								
Opening AUM	60.5	55.3	48.8	47.4	50.2	50.8	51.4	
Gross inflows	3.8	3.1	3.8	4.4	3.2	4.5	2.4	
Gross outflows	(5.4)	(5.1)	(4.4)	(3.7)	(4.1)	(3.6)	(3.4)	
<b>Net flows</b>	<b>(1.6)</b>	<b>(2.0)</b>	<b>(0.6)</b>	<b>0.7</b>	<b>(0.9)</b>	<b>0.9</b>	<b>(1.0)</b>	
Market returns	(3.6)	(4.5)	(0.8)	2.1	1.5	(0.3)	0.4	
<b>Closing AUM</b>	<b>55.3</b>	<b>48.8</b>	<b>47.4</b>	<b>50.2</b>	<b>50.8</b>	<b>51.4</b>	<b>50.8</b>	
<b>Retail, wholesale &amp; Investment trusts</b>								
Opening AUM	55.4	50.2	44.0	42.3	43.4	43.5	42.1	
Gross inflows	3.4	2.8	2.8	2.9	2.8	2.7	2.1	
Gross outflows	(5.2)	(4.8)	(3.9)	(3.5)	(3.8)	(3.4)	(3.1)	
<b>Net flows</b>	<b>(1.8)</b>	<b>(2.0)</b>	<b>(1.1)</b>	<b>(0.6)</b>	<b>(1.0)</b>	<b>(0.7)</b>	<b>(1.0)</b>	
Market returns	(3.4)	(4.2)	(0.6)	1.7	1.1	(0.7)	(0.1)	
<b>Closing AUM</b>	<b>50.2</b>	<b>44.0</b>	<b>42.3</b>	<b>43.4</b>	<b>43.5</b>	<b>42.1</b>	<b>41.0</b>	
<b>Institutional</b>								
Opening AUM	5.1	5.1	4.8	5.1	6.8	7.3	9.3	
Gross inflows	0.4	0.3	1.0	1.6	0.4	1.8	0.3	
Gross outflows	(0.2)	(0.3)	(0.5)	(0.3)	(0.3)	(0.2)	(0.3)	
<b>Net flows</b>	<b>0.2</b>	<b>-</b>	<b>0.5</b>	<b>1.3</b>	<b>0.1</b>	<b>1.6</b>	<b>-</b>	
Market returns	(0.2)	(0.3)	(0.2)	0.4	0.4	0.4	0.5	
<b>Closing AUM</b>	<b>5.1</b>	<b>4.8</b>	<b>5.1</b>	<b>6.8</b>	<b>7.3</b>	<b>9.3</b>	<b>9.8</b>	