Jupiter Fund Management plc

Annual Report & Accounts 2010

Contents

Introduction

01-06

Highlights

2010 was another successful year for Jupiter with a strong performance for both clients and shareholders.

£24.1bn	**Assets under management** (2009: £19.5bn)
£2.3bn	**Net sales** (2009: £1.8bn)
£124.6m	**EBITDA** (2009: £91.2m)
£42.4m	**Profit before tax** (2009: £7.2m)
17.6p	**Underlying EPS** (2009: 11.4p)
4.7p	**Total dividend per share** (2009: nil)

Jamie Dundas Chairman

Chairman's statement

These are our first full year results since our Listing on the London Stock Exchange last summer.

We delivered strong performance in 2010. More than 50 per cent. of our mutual funds, by AUM, were ranked in the first quartile in terms of three year investment performance at the year end. Net sales of £2.3bn combined with market levels ending the year in positive territory to lift AUM from £19.5bn to £24.1bn. This underpinned EBITDA for the year of £124.6m. Full details of our performance and results are set out in the financial review and in the financial statements which follow.

Listing

The Listing, launched in volatile markets, was nonetheless very well supported. We were pleased to broaden our shareholder base, with the participation of many new investors who saw the value and growth potential in our business model and in the strategy set out in our Listing prospectus. At the same time, the Listing enabled us to simplify and strengthen our capital structure, exchanging high coupon preference capital for ordinary equity thereby substantially reducing net debt. This has provided a solid platform for future performance.

At the time of the Listing we indicated that we expected to pay a final dividend in respect of 2010, following announcement of our results. The Board has recommended a dividend of 4.7p per ordinary share.

Governance

Over the past two years we have reviewed and strengthened our governance arrangements, both at Board and executive level. Our past growth, future aspirations and obligations to clients, counterparties and regulators all dictate the need for very high standards of governance. Ensuring we meet those standards is a continuing process, on which we intend to remain very focused. Ahead of the Listing, we welcomed Liz Airey and Lorraine Trainer as new non-executive Directors. Liz is our Senior Independent Director and Chairman of the Audit Committee; Lorraine will become Chairman of the Remuneration Committee following our AGM in May, taking over from me. At Listing the number of executive Directors on the Board reduced, with Adrian Creedy and Anthony Nutt stepping down but continuing as members of the Executive Committee. Jonathan Carey also stepped down at Listing and retired in December after more than 23 years of distinguished service with the Group.

Chris Parkin, who had joined the Board following the 2007 MBO as a nominee of TA Associates Inc., also retired from the Board at Listing. TA Associates Inc. continues to be a significant shareholder and Michael Wilson and Richard Morris remain as TA Associates Inc.'s representatives on the Board.

Employees

The quality and performance of our people is of the highest importance for Jupiter. The Group's success is dependent on its ability to recruit, motivate and retain talented individuals whose skills are often very much in demand in a competitive market, and to that end we need to maintain a competitive remuneration policy that also aligns the interests of clients, shareholders and staff. Since Listing we have worked hard to develop and implement the remuneration policy set out in our Prospectus, and to ensure that it is consistent with the above objectives and compliant with the FSA's Remuneration Code. 2010's strong corporate performance was underpinned by the great commitment and professionalism of our staff in all roles, and on behalf of the Board I would like to thank all of them for their contribution.

Outlook

Looking ahead, the market for our investment products and services is large and growing steadily. We see considerable opportunities for growth which we intend to pursue, both in our core UK retail market and in the other markets and geographies in which we have been building capacity.

Jamie Dundas
Chairman
8 April 2011

Edward Bonham Carter Chief Executive

Chief Executive's statement

Our approach to developing our business sees us well positioned to deliver growth in the future.

Stock markets endured significant volatility in 2010. Concerns over European sovereign debts and GDP growth drove markets down during the first half of the year, while the re-emergence of quantitative easing in the US, combined with robust corporate earnings, boosted sentiment as the end of the year approached. The FTSE 100 Index ended the year at 5,900, some 9 per cent. above the 2009 close of 5,413.

During 2010, we saw a number of changes that have strengthened our business. Our Listing on the London Stock Exchange in June allowed us to restructure our balance sheet, redeem our outstanding non-bank debt and pay down some bank debt. It was also pleasing to have developed our investment team with several key hires, enabling us to launch funds in areas we believe will help provide growth, such as convertible bonds and emerging markets. Furthermore, we undertook a rationalisation of our support functions by outsourcing our unit trust administration to IFDS (International Financial Data Services) who have provided our unit trust administration systems for many years. This led us to consolidate our UK office onto one site during the first quarter of 2011.

Business overview

We believe the key to our continued success lies primarily in the strength of our investment culture. This has enabled us to attract, nurture and retain talented fund managers for the long term. Despite the competitive nature of the industry, 17 of our 39 fund managers have stayed with the Group for over 10 years.

Giving these talented individuals freedom to pursue their own individual investment approaches has, we believe, helped many of them build strong reputations and industry recognition in their respective sectors and enabled us to build our track record of medium to long-term investment outperformance. Over the three years to 31 December 2010, 22 of our mutual funds representing approximately 66 per cent. of mutual fund AUM, delivered first and second quartile investment performance, up from 19 mutual funds representing approximately 60 per cent. of mutual fund AUM at the end of 2009. We have also seen an encouraging improvement in our one year performance record with 55 per cent. of mutual fund AUM above median at the end of the year under review, an increase from 46 per cent. at the end of 2009.

This outperformance helped drive net inflows of £2.3bn which, together with investment appreciation, lifted our AUM 24 per cent. from £19.5bn at the end of 2009 to £24.1bn at the end of 2010, which compares favourably with the 9 per cent. rise in the FTSE 100 over the same period. Such a result is pleasing given the volatile market backdrop and lower net retail sales across the industry, amidst uncertainty over the UK political and tax environment. Some £1.9bn of these inflows were delivered by our mutual fund operation, with our UK fund of funds range particularly popular among fund buyers. We also benefited from three product launches during the year, an increased contribution from our international flows and positive inflows from our institutional product.

Financial result

Profit before tax for the period was £42.4m, £35.2m ahead of 2009's £7.2m. Net revenue for the period was £230.5m, 27 per cent. ahead of the £182.1m achieved in 2009. Administrative expenses of £115.1m were £22.8m higher than 2009 primarily as a result of increased variable compensation costs.

EBITDA was £124.6m for the year, 37 per cent. ahead of the £91.2m we achieved in 2009, reflecting both strong growth in net management fees from higher market levels and net inflows. Our EBITDA margin rose to 54 per cent. (2009: 50 per cent.), primarily as a result of the scalability of our business model; while net revenues increased, fixed costs remained stable.

Dividend

The recommended final dividend of 4.7p per ordinary share will result in a charge of £20.7m in 2011's result.

Strategy

Our focus remains on providing active management to a broad range of investors. We intend to grow by applying our investment skills efficiently across a wide range of products and broadening our offering where we feel we can add value for clients and where there is scope for meaningful inflows. Ageing populations and the decline in state-funded and corporate provision of pensions provide an attractive opportunity for us and the challenge is to capture the revenue opportunity to the benefit of shareholders via a scalable operating model.

Outlook

As the recent turmoil in the Middle East and the devastating tragedy in Japan serve to demonstrate, the future is always uncertain. The impact of these events, which are still unfolding, only compounds the difficulty and danger of forecasting. Nonetheless, high debt levels in the Western world combined with above average unemployment makes an anaemic economic recovery in mature economies the likely outcome. Rising resource prices and inflationary pressures in the high growth economies are increasing the probability of stagflationary conditions in the mature countries.

Such issues can cause significant short-term volatility and markets are likely to remain range bound over the medium-term as a result. These conditions, which have predominated over the past decade, present investors with challenges and opportunities. While greater volatility is to be expected, equities look more attractive than other asset classes, such as property and cash. Our fund managers, with a strong reputation for successful stock picking, have the potential to outperform equity indices, just as many did throughout the last 10 years, by investing in those companies that will grow our clients' assets over the medium-term through varying economic conditions.

Edward Bonham Carter
Chief Executive
8 April 2011

Figure 1

Since Listing our share price has performed well against the wider market.

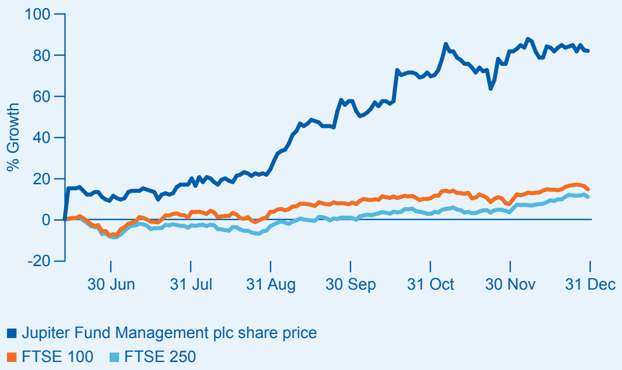
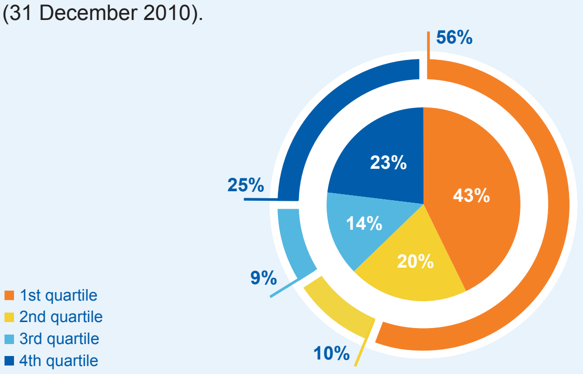


Figure 2

3 year mutual fund investment performance, quartile rankings (31 December 2010).



Source: Financial Express; pie chart in centre: performance weighted by number of funds; ring around pie chart: performance weighted by AUM.

Forward-looking statements

This document contains forward-looking statements and forecasts 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, or forecasts whether as a result of new information, future events or otherwise. Nothing in this document should be construed as a profit forecast.

Who we are

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Jupiter in brief

Our business

Since our formation, we have focused primarily on our core competency of managing equity investments on behalf of private and institutional investors across a wide range of products. These have included UK and offshore mutual funds, multi-manager and fund of funds products, segregated mandates and investment trusts. This core strength is complemented by capabilities in fixed income, hedge and absolute return funds.

Our aim is to deliver investment outperformance for our clients over the long term and we seek to achieve this by allowing talented fund managers the freedom to pursue their own individual investment approaches. We believe it is this culture that has helped us build a strong long-term track record of investment outperformance. We also actively encourage fund managers to invest their own money into our funds. This means our fund managers' interests are aligned with those of our clients.

Our main operations are centred in London, where all our fund managers and the majority of our support staff are located. As at 31 December 2010, we employed 402 staff of whom 386 were based in the UK.

Our reputation for delivering long-term investment outperformance has earned us over 100 awards in the last five years, including the What Investment 'Best Group' award for 2010 and 2009 and the Old Broad Street Research Ltd 'Outstanding Investment House' Honour for 2009.

Our history

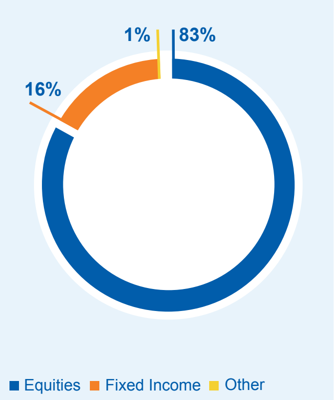
Launched in 1985 as a specialist boutique, Jupiter has become one of the UK's most respected and successful fund management groups. From our origins as a manager primarily of investment trusts and private client portfolios, we expanded into institutional fund management before mutual funds became the key engine of growth.

In 1991, the holding company of the Group, Jupiter Investment Management Group, was listed on the London Stock Exchange. Commerzbank AG acquired a 75 per cent. controlling interest in the Group in 1995 and acquired the remaining 25 per cent. from management and employees in 2000.

In 2007, Commerzbank AG sold the Group to its employees through an MBO supported by private equity firm TA Associates, Inc, and other minority investors. All employees were given the opportunity to acquire shares in the Company and 98 per cent. of staff had an interest in the Company at Listing.

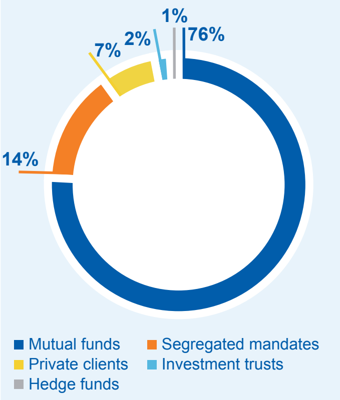
Jupiter employees continue to own 38 per cent. of the equity after Listing. This culture of employee ownership has been reinforced by the successful launch of our Sharesave scheme in the second half of the year, with 76 per cent. of our eligible employees choosing to subscribe.

Asset class



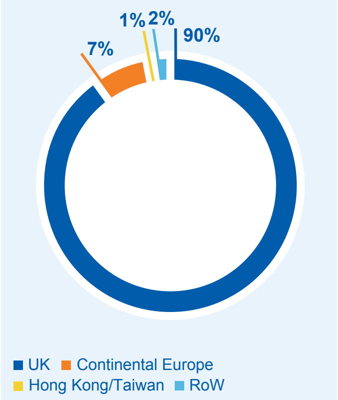
Equity focus

Product type



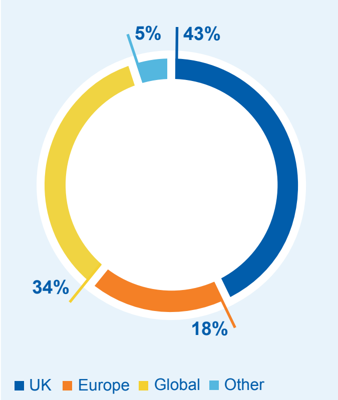
Retail focus

Client geography



UK client base

Invested assets geography



International exposure

All graphs as at 31 December 2010.

Our beliefs

We are an active fund manager seeking to add value to clients through successful stock selection. We believe that successful delivery against our core strategy will result in investment outperformance for clients over the medium to long term, acquisition of new flows and attractive returns to our shareholders. This strategy is defined across the following three objectives:

1. Preserving our investment culture and generating investment outperformance
2. Selling our investment expertise to clients through products suited to our distribution strengths
3. Leveraging our investment and distribution capabilities to deliver attractive economic returns and generate shareholder value

Our strengths

Equity-focused asset manager

We are focused primarily on managing equity investments, which represented 83 per cent. of AUM at 31 December 2010. We do not seek to grow simply to increase or diversify AUM; rather we look to expand into markets where we feel we have the capabilities to add value to our clients and where there is scope for meaningful flow growth. During 2010, we established new funds in the absolute return, global convertibles and global emerging markets sectors.

Leading position in the UK retail market

We have built our market share on the back of a long-term track record of investment outperformance and a multi-channel distribution approach. In each of the last five calendar years, we have ranked consistently within the top seven best selling fund management groups by net sales in the UK retail mutual fund market.

Strong investment culture and consistent long-term investment outperformance

We have a long-term track record of investment outperformance which has allowed us both to retain clients and to grow our business by attracting additional assets from new and existing clients. We believe our investment culture, which gives fund managers the freedom to pursue their own individual investment approaches with the support of a larger team environment, enables us to attract and retain talented investment professionals for the long term: 17 of our fund managers have been with the Group for over 10 years.

Established and recognised brand

We benefit from a well-established and recognised brand in the UK retail mutual fund market. In each of the last five calendar years, we have been ranked among the top five fund management groups for overall brand awareness and advertising recall among intermediaries.

Strong record of net new business generation with resilient flows across the cycle

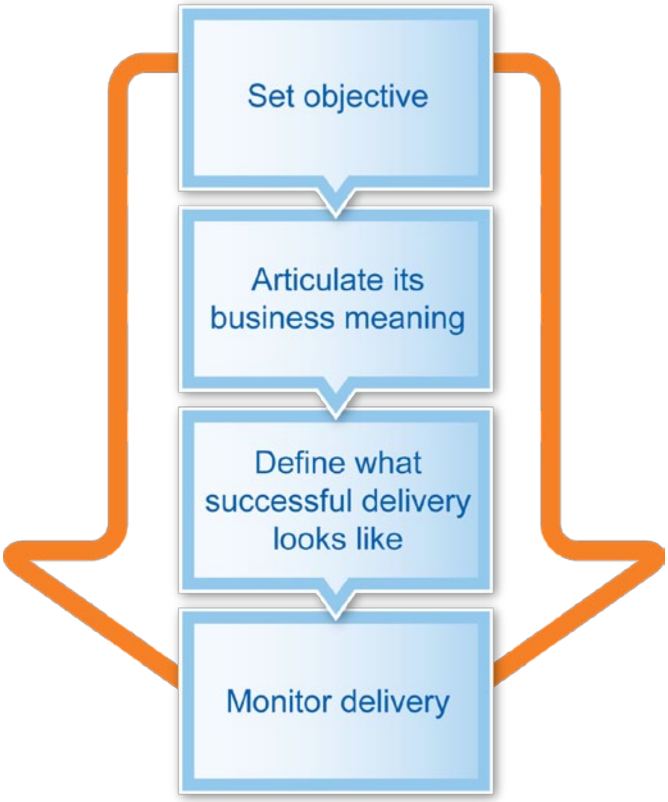
We have experienced positive net sales of UK mutual funds for every individual quarter since 1 January 2000. This was achieved through periods of ownership uncertainty, during the bear market of 2000 to 2003, and the difficult financial conditions of the past four years. This consistency has driven our AUM from £10.8bn to £24.1bn over the past six years and our mutual fund business from AUM of £6.5bn at 31 December 2004 to £18.4bn at 31 December 2010.

Scalable operating platform to capitalise on growth opportunities

We operate through a single investment platform in London, with managers running a variety of funds or mandates. We also use a common marketing infrastructure to support our distribution teams, which are typically specialist in nature and focused on specific markets or client segments. This commonality allows us to apply our investment skills efficiently across a wide range of products, channels and markets. As a result, where we add new mandates or funds this can, in almost all cases, be done with limited additional fixed cost.

Strategy & key performance indicators

We believe that for any business to be successful a strategy and key objectives need to be set in a framework to ensure delivery.



We follow the methodology above, establishing a broader meaning for each objective, a definition of what constitutes successful delivery and a number of key performance indicators which we use to monitor delivery.

1 Preserving our investment culture and generating investment outperformance

Our business is centred on the strength of our investment team and is reliant on the quality and reputation of our fund managers. We are focused on preserving a culture of investment freedom, individuality and accountability, which we believe will continue to contribute to the Group's success in maintaining and developing an experienced and talented team of fund managers.

2 Selling our investment expertise to clients through products suited to our distribution strengths

Our investment expertise is provided to clients under a single brand through a range of products and various distribution channels. We seek to offer and develop products that are suited to the distribution channels and markets in which we have, or can establish, a strong position – in particular, the UK and retail mutual fund markets.

Our goal is to maintain our market position in the UK retail mutual fund market and develop our international presence, in terms of both sales and AUM through investment outperformance and continued investment in our well-established brand.

3 Leveraging our investment and distribution capabilities to deliver attractive economic returns and generate shareholder value

Our business model benefits from economies of scale. We believe our existing investment, distribution and administrative platforms are capable of supporting significantly higher levels of AUM at proportionately lower levels of incremental cost. However, to grow the business substantially over the long term, we need to continue developing our people, brand and operations.

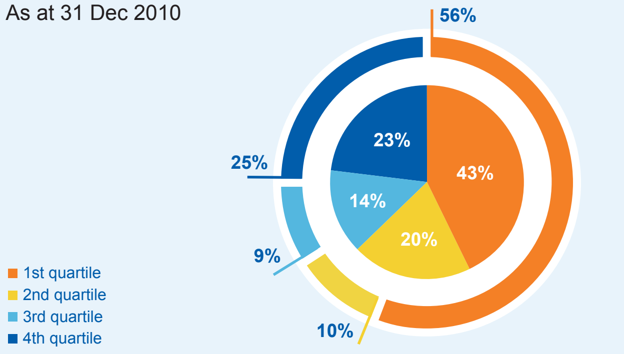
While we will continue to strengthen our investment and distribution capabilities where appropriate, our goal is to ensure that fixed costs grow at a lower rate than AUM and revenues. Over time this will lead to EBITDA and profits attributable to shareholders growing at a higher rate than revenues, thereby generating shareholder value.

Delivering on this objective requires us to continue providing our clients with investment outperformance over the medium to long term.

Investment performance has remained strong with 22 mutual funds, representing approximately 66 per cent. of mutual fund AUM, delivering first and second quartile performance over the three year period to 31 December 2010. (2009: 19 mutual funds representing 60 per cent. of mutual fund AUM).

KPI – 3 year investment performance

As at 31 Dec 2010



Source: Financial Express; pie chart in centre: performance weighted by number of funds; ring around pie chart: performance weighted by AUM.

Delivering on this objective requires us to offer attractive investment strategies which meet our clients' needs, without a reliance on the same strategies each year. This should result in continued healthy inflows across our product range.

Our sales growth in 2010 has been primarily generated in mutual funds. This reflects net inflows into our funds of fund and European ranges, increasing sales from our international distribution channels and beneficial launch effects from new funds.

KPI – Net inflows by product

	2010 £m	2009 £m
Mutual funds	1,886	1,747
Segregated mandates	383	(129)
Private clients	121	286
Investment trusts	(46)	(32)
Hedge funds	(24)	(68)
TOTAL	**2,320**	**1,804**

We are delivering on this objective if we can mantain a healthy gap between the rate of growth of revenues and the rate of growth of fixed costs.

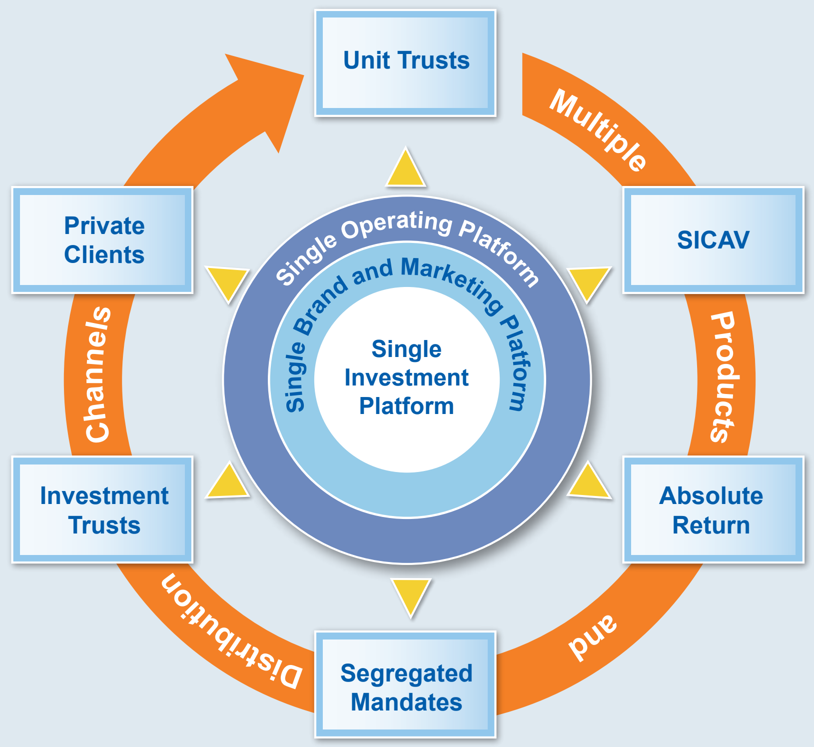
During 2010, we continued to demonstrate the scalability of our business via the EBITDA margin increasing to 54 per cent. compared to 50 per cent. in 2009.

KPI – EBITDA margin

Operational review

We operate on a single platform which gives us the ability to provide a flexible range of investment products across a variety of distribution channels at limited incremental cost.

Our operating model



The above is a graphical representation of our operating platform where our investment capabilities, marketing platform and infrastructure integrate together to support the overall business model. It demonstrates both the inter-dependence of the operational architecture and the scalability of our operations whereby none of our investment products or distribution channels is disaggregated from the rest of the model.

To deliver on our strategy, we allocate our resources across three interlinked layers which form our overall model.

1 **Fund management:** responsible for investing client funds and delivering the investment performance which is crucial to our clients and our business.

2 **Distribution and marketing:** responsible for marketing and selling our full range of products to clients and ensuring our brand and performance message is understood by intermediaries, advisers and clients.

3 **Infrastructure/operations:** via a single unified platform, this supports both fund management and distribution and marketing. It ensures they have the tools to do their jobs, providing executive management with the information required to manage the business appropriately, as well as monitoring risks and performance within the business. It also supports the requirements of external stakeholders such as clients, investors and regulators.

Fund management

We have a single investment platform comprising 39 fund managers based in London, who are responsible for managing our range of funds across different client segments and products. Fund managers may manage a number of portfolios across our various product lines including mutual funds, segregated mandates, investment trusts and hedge funds. Private client assets are managed separately by 11 private client fund managers.

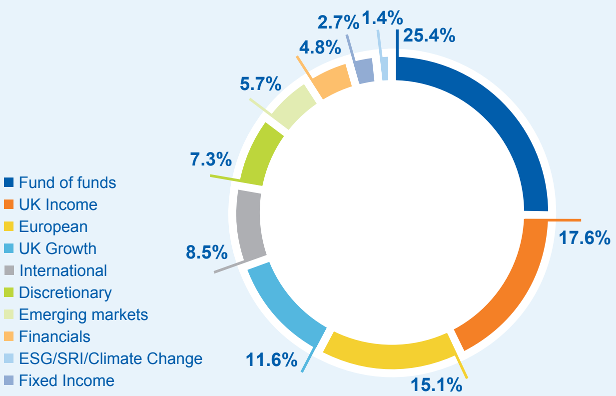
Although we are predominantly an equities-focused investment manager, our investment capabilities span a broad range of themes. These cover different aspects of investing in UK equities, including growth and income styles, European and emerging markets equities and specialist areas, such as financial sector equities. As well as these long-only equity styles, we also have capabilities in fund of funds, absolute return and fixed income.

Philosophy and culture

Our investment philosophy is to seek to generate investment outperformance against relevant benchmarks over the medium to long term without exposing our clients to unnecessary risk. We believe that talented fund managers perform best if they are given the freedom to invest as they see fit, subject to the constraints set by each fund's investment objectives. While our fund managers work as a closely knit team, sharing stock ideas and debating market prospects, each manager has individual responsibility for their own portfolios and is held accountable for the investment performance of the funds they manage. Our investment process is not run by a committee and there is no house view on markets, asset allocation or core lists of stocks. We believe that such committee-based approaches can result in investment decisions that move towards consensus and result in weak compromises and mediocre performance. Instead, our fund managers take an active approach to managing their investments and have considerable scope to adopt investment positions against prevailing consensus in the market and the portfolio's benchmark in order to achieve investment outperformance for our clients. Our fund managers tend to emphasise stock selection, rather than specifically targeting relative sector or geographic weightings. In addition to making fund managers clearly accountable for investment performance, we encourage them to invest personally in the funds they and their colleagues manage in order to align their interests with those of our clients. A number of fund managers have substantial personal investments in our funds.

A considerable proportion of our fund managers have worked together at Jupiter for a number of years, with 17 individuals having been with us for 10 years or more. A significant number of our fund managers have achieved recognition in the industry, reflecting their investment expertise and performance records.

Figure 1
This chart shows the breakdown of Jupiter's AUM as at 31 December 2010 by investment franchise, demonstrating a broad spread across strategies, thus providing a positive level of diversification within our business model.



Distribution and marketing

We operate across a number of different geographies and markets, each of which has its own characteristics. While we look to maintain a consistent brand and distribution approach across these markets, for example, structuring our distribution on a product neutral basis, we also recognise their differences and tailor our approach accordingly.

Our core market is the UK, due both to the history of the Group's location and its development. We believe that the sale of mutual funds within the UK long-term savings market contains attractive growth opportunities for asset managers. As a market, the UK mutual fund market looks different to the rest of Europe. While it relies on a combination of client awareness and intermediary advice to end clients, the intermediary segment is largely populated by independent financial advisers rather than the retail and private banks that dominate the rest of Europe.

Our brand message has been built through a sustained long-term investment in marketing which includes national, trade press and digital advertisements and outdoor media. Advertising is focused on emphasising our performance, supported by specific messages for key products. This contributes, in our view, to the ongoing enhancement of our brand. The success of this approach is, in part, demonstrated by the results of industry surveys. We consistently rank in the top five UK asset managers for overall brand awareness and advertising recall among intermediaries (source: Consensus Research, Investment Funds Survey 2010). We are also consistently ranked in the top five fund managers in the UK unit trust/OEIC category in the Press Watch survey for positive press mentions in national newspapers, having ranked 2nd in 2008, 3rd in 2009 and 3rd in 2010.

We have also been expanding our presence in the European mutual fund market. As mentioned above, the European market not only has different characteristics to the UK, but also has distinct national characteristics, although the EU's drive for product portability through the UCITS regime has made Europe a more open market across which to distribute products.

We are positioned as a high performance, independent asset manager, selling our London based asset management skills to European wealth management buyers, primarily through our SICAV product range. This range is designed to largely mirror our UK unit trust range, for ease of fund management input, simplification of the assessment of performance for clients and to maintain our philosophy of scalability.

In the last four years we have been building our international team and we have established a local presence in Germany, Holland, Jersey and France. This involves either employing local salespeople to sell into specific countries, such as our Munich office which targets sales into Germany, Austria and Switzerland, or by establishing relationships with local third party distribution partners, such as in France, where we feel they have greater expertise than we can provide in-house.

We are also expanding our distribution in Asia and opened our Singapore office in late 2009 to improve the servicing of our existing Asian clients and to develop new relationships in the region. We expect these efforts to result in greater fund flows over time.

While maintaining a common fund management approach, and single unified infrastructure approach, our sales are categorised across five product types:

Mutual funds

This comprises our UK domiciled unit trusts and Luxembourg domiciled SICAV. In the UK, our funds are primarily sold through IFAs while internationally, our funds are sold mainly through wealth management buyers. At 31 December 2010, 76 per cent. of our total AUM (£18.4bn) was invested into mutual funds.

Segregated mandates

We manage segregated mandates on behalf of pension funds, banks, insurance companies, multi-managers and endowment funds. At 31 December 2010, 14 per cent. of our total AUM (£3.3bn) was invested into these products.

Private clients

We offer a discretionary investment management service to high net worth individuals, family offices, trusts and charities, managing individual portfolios of securities and mutual funds (both Jupiter funds and external products). At 31 December 2010, this product line comprised 7 per cent. of our total AUM (£1.7bn). The private client market in the UK is highly fragmented with personal relationships being seen as key to success. As a result, we focus on providing the level of personal service that our clients expect.

Investment trusts

Investment trusts are closed-ended, listed investment structures. We currently manage five investment trusts with an aggregate AUM of £0.5bn. All the companies incorporate the Jupiter name so as to assist with brand promotion. We do not have any plans to increase our range in the near term; instead our efforts are focused on generating demand for the trusts' shares from retail investors and intermediaries in the secondary market.

Hedge funds

As at 31 December 2010, we managed four single hedge fund strategies with a total AUM of £0.2bn. Our hedge fund sales effort is part of the international sales team who are able to include this range within the suite of products offered to professional fund buyers.

Infrastructure / Operations

Our operational environment covers a number of different departments, ranging from those that directly support the fund management activity, such as back office operations and central client services, to those that also have a wider, corporate level brief alongside their front office support roles such as finance, IT, human resources and compliance.

The strategy for our operating platform is to support the scalable growth of the business and its governance requirements while continually looking for operational efficiencies, including outsourcing or improved technologies. This helps contribute to our objective of generating attractive economic returns and value for shareholders.

While the majority of our infrastructure operates in-house, we have also outsourced a number of processes. During 2010, we outsourced our unit trust administration function to IFDS, resulting in 75 people leaving our West Malling office. This decision was based on the greater efficiency offered by the outsourced solution, both on a client service basis and the future cost savings available. Furthermore, we took a decision to give notice on our office in West Malling and, in February 2011, relocated the remaining employees to London. This will generate further savings in future years through reduced accommodation costs.

Directors' report

Market review

Product demand in 2010 among investors reflected both the divergent growth prospects around the world and historically low interest rates.

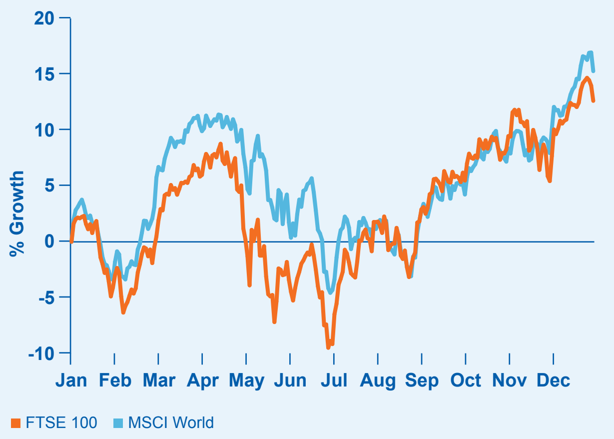
Financial markets

Equity, bond, currency and commodity markets were all affected by concerns over sovereign debts and growth prospects to a varying degree during 2010, with the re-emergence of quantitative easing in the second half of the year boosting sentiment as the end of the year approached. However, while European markets declined, many other major equity markets produced positive returns for sterling investors over the year. The FTSE 100 Index ended the year at 5,900, some 9 per cent. above the 2009 close of 5,413. The euro fell sharply against most currencies over the year, but recovered some losses towards the end of the period after the unveiling of a €750bn bailout package and publication of optimistic European bank stress test results.

Most western governments are expected to cut public spending and raise taxes in order to reduce their public deficits. This is likely to increase unemployment and reduce consumer spending, hurting economic growth in developed countries. However, this does not necessarily mean that there will be a double dip recession or that global asset prices will necessarily underperform. Equity markets continue to look attractively valued on a historical basis and against bond markets.

As recent world events serve to demonstrate, the future is always uncertain. The impact of these events, which are still unfolding, only compound the difficulty and danger of forecasting. Such issues can cause significant short-term volatility and markets are likely to remain range bound over the medium-term as a result. Although volatile markets often create some of the best investment opportunities for active fund managers, the challenge of beating benchmarks after fees on an active fund remains significant for the industry in a low interest rate and inflation environment.

Figure 1
FTSE 100 and MSCI World Indices during 2010



UK market

We sell our investment expertise across a number of distinct geographical markets, the main one being the long-term savings market in the UK. We continue to believe that this market contains attractive secular dynamics which we believe will benefit retail mutual funds to a greater degree than other long-term savings products.

Within both the UK and the wider global marketplace, individuals are increasingly aware that they will need to make improved provision for their own retirement, if they are to attain the post retirement lifestyle to which they aspire. This increased saving may be through defined contribution schemes or alternative long-term savings vehicles such as mutual funds.

In the personal savings market, consumers continue to maintain high cash balances, despite the very low returns available. Cash tends to be the initial product of choice as the savings rate rises but, if the current interest rate environment persists, we are likely to see a greater proportion of savers seeking higher return alternative products such as corporate bond or equity income funds. This may help drive greater usage of mutual funds as a core savings vehicle.

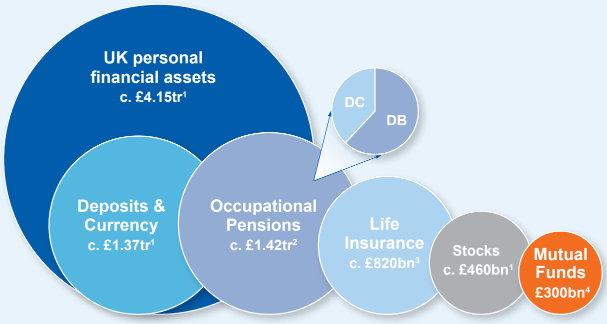
Occupational pensions remain dominated by defined benefit pension schemes and the amount of money within defined benefit schemes remains significant; some of these assets are seeking quasi-retail high alpha vehicles – an area our institutional distribution team is targeting. However, we expect that defined contribution schemes will see far more substantial growth in coming years and that a proportion of these assets will be self-invested into mutual funds.

Life insurance comprises a significant proportion of the UK market, mostly due to historic asset acquisition success. The £820bn of assets in this segment provides two opportunities for companies like ourselves. Firstly, it gives some indication of the size of the retirement savings of a previous generation and, hence, provides a base for estimating how much might be saved in the future – albeit into a different product environment where mutual funds might play a far larger role. Secondly, many of these products have experienced lower returns over the past decade and disenchantment with current providers has been rising. This has allowed mutual fund providers to penetrate a wider market than was previously available.

The orange circle in Figure 2 represents the true retail mutual funds market, excluding cross-investment from other areas. This is still a relatively small part of the overall savings market, but one we believe offers particularly attractive growth. Due to the trends shown in Figure 3, we believe that retail mutual funds are well-placed to prosper from changes in future savings behaviour. Figure 4 shows that this shift has been under way for quite some time now, and that mutual funds have grown considerably on the back of consistent net inflows.

Figure 2

The chart below shows the balance of UK ex-housing savings as at the end of 2009.



Sources: [1]Office of National Statistics, Blue Book (2009) – excludes housing market [2]AON Consulting Dec 09, PPF7800 Index Dec 09 [3]Company estimate [4]IMA (Retail mutual funds only).

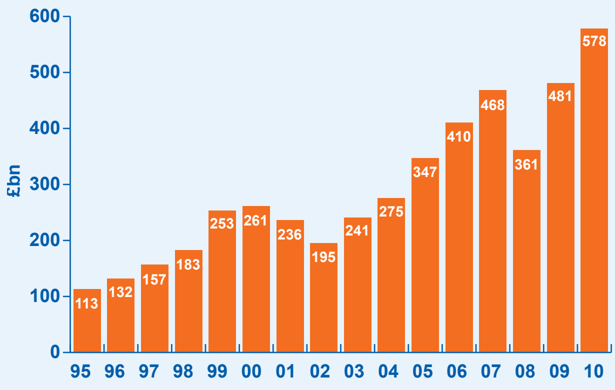
Figure 3

The key trends which we see influencing these markets going forward are:

- Demographics
- Increased savings rate
- State withdrawal from pension provision
- Move from DB to DC
- Shift towards transparent products
- Pressure on insurance products
- Some inflation protection
- Tax changes

Figure 4

Despite the volatile markets of the last three years, mutual fund assets continue to grow.



Source: IMA

Distribution

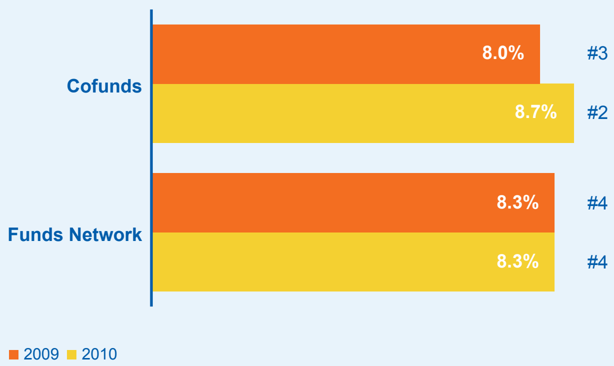
Distribution of any marginally complex financial services product in the UK (which, in practice, covers any financial product except cash deposits and general insurance) is dominated by intermediaries, which for most consumers means turning to an IFA for advice on purchasing decisions.

Our current UK distribution effort is primarily focused on the intermediary, with our advertising effort designed to reach both intermediaries and end clients. Over 60 per cent. of our gross sales come from IFAs (when we aggregate individual IFAs and platforms), or nearly 80 per cent. when we consider that the life companies we deal with are often simply providing a different wrapper for IFAs to buy our funds. Our market share is particularly strong among IFAs and on platforms. In 2010, fund platforms accounted for over 40 per cent. of UK net retail sales across the whole industry. This compares with Jupiter where 69 per cent. of equivalent net sales come via platforms. We expect this trend of purchasing via platforms to grow further over the next few years as they provide ease of administration for IFAs and end clients. The graph in Figure 5 shows how we rank on a number of the leading platforms in the market.

The impact of the Retail Distribution Review in the UK remains uncertain. The FSA continues to consult on the implementation of this, which is scheduled to be from 1 January 2013. We have representation on the IMA steering committee for this. We have also established an internal working group to manage any consequences.

Figure 5

We consistently rank in the top five in terms of sales through leading market platforms.



Flow dynamics

The UK has seen significant long term growth in mutual fund assets despite the relatively low level of growth in equity markets over the last decade.

Sales over the past two years have been consistently strong at around £2bn in almost all months. This conflicts with the previous industry experience of a lag of six to nine months after equity market rises before any flows gain meaningful traction. This might be explained by the current low interest rate environment.

Net retail sales of mutual funds in the UK during 2010 were just shy of £24bn, slightly below the £26bn recorded in 2009, according to the IMA. Product demand among investors reflected both the divergent growth prospects around the world and historically low interest rates. With growth prospects for the world economy effectively split into two (highly indebted, low growth western markets on the one side and low debt, high growth emerging markets on the other), product demand was equally polarised. After falling behind sales of bond funds in 2008, equity funds returned to the top spot in 2010, followed closely by bond funds. Concerns over sovereign debts in Europe and muted growth prospects across western economies dampened investors' appetite for mature market equities. Demand for cautiously managed funds was high, benefiting strategic and global bond fund sectors as well as absolute return and cautious managed sectors. At the other end of the scale, demand for global growth funds remained high, along with emerging market equity products, reflecting the better growth prospects for these nascent economies.

Although difficult to prove at this stage of the cycle, and given there is no past history in the UK of such low interest rates, the trend of using mutual funds as a source of returns over cash deposit equivalents can only be helpful to the industry, and Jupiter, provided investment performance remains strong. Across the year, investor appetite for risk returned and the IMA reported that the UK net retail flows into equities during 2010 totalled £7bn.

This growth underlines the strength of demand for equities, where we have a significant presence. This can, in turn, fuel further growth. However, prospective flows are hard to predict, both in absolute terms and which sectors investors will favour. The key factors affecting these have been, and are likely to remain, recent returns, relative growth prospects, inflation, interest rates and disposable income. In any short-term period, these factors may result in different flow dynamics than the longer-term trends outlined above.

Figure 6

UK net retail sales by month since January 2008

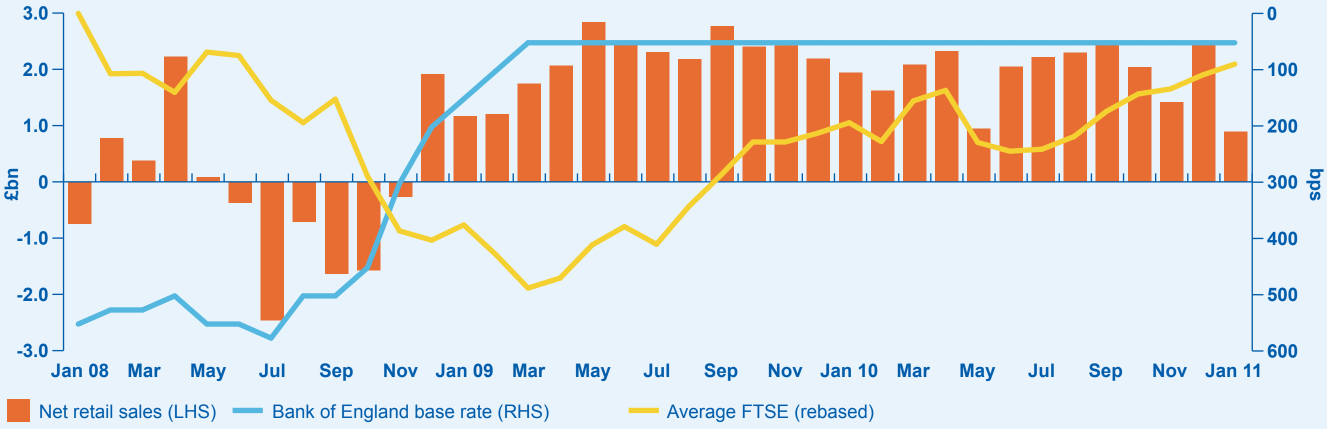
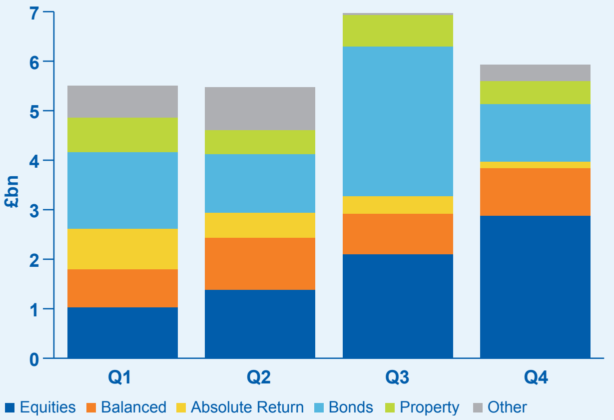


Figure 7

2010 UK net retail sales by asset class



Source: IMA

Financial review

2010 saw us deliver improved profits and strengthen our balance sheet.

Figure 1
Mutual funds remain our largest product line
AUM as at 31 December 2010

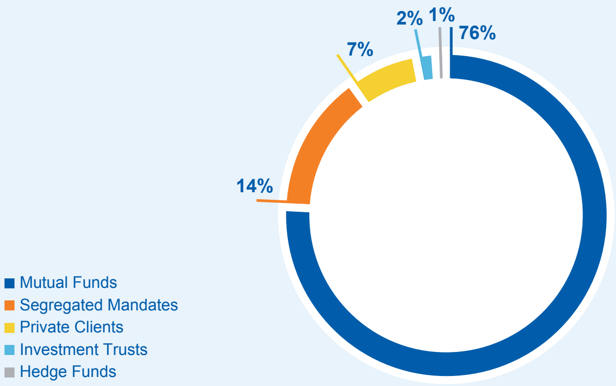


Figure 2
Growth in AUM in 2010 was greater than market increases

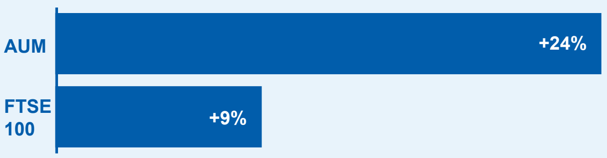


Figure 3
Net flows increased by 29%.

Overview

We finished the year with our overall AUM at an all-time high, record net inflows and increased EBITDA of £124.6m, driven by higher revenues alongside modest fixed costs growth. This EBITDA performance combined with reduced financing costs after the Listing to drive profit before tax up substantially on the prior year.

	2010	2009
Assets under management £bn	24.1	19.5
Net flows £m	2.3	1.8
Net revenue £m	230.5	182.1
EBITDA £m	124.6	91.2
EBITDA margin per cent.	54.0	50.0
Profit before tax £m	42.4	7.2
Final dividend p/share	4.7	–

A partial debt repayment of £80.0m was made post year end. Following the repayment, the Group's outstanding bank debt is £203.0m, reduced from a balance of £363.0m at the start of 2010.

Sales

We achieved £2.3bn of net inflows into our funds during the year ended 31 December 2010, and continued our trend of positive net sales of UK mutual funds for every quarter from 1 January 2000.

Net inflows (outflows) by product	2010 £m	2009 £m
Mutual funds	1,886	1,747
Segregated mandates	383	(129)
Private clients	121	286
Investment trusts	(46)	(32)
Hedge funds	(24)	(68)
TOTAL	**2,320**	**1,804**

Mutual funds were the main product contributor with net sales of £1.9bn, reflecting net inflows into our fund of funds and European ranges, increasing sales from our International distribution channels and the launch effect from the Jupiter Absolute Return unit trust and the Jupiter Global Convertible and Jupiter Strategic Total Return SICAV products.

Figure 4
Mutual Fund flows were consistent across 2010

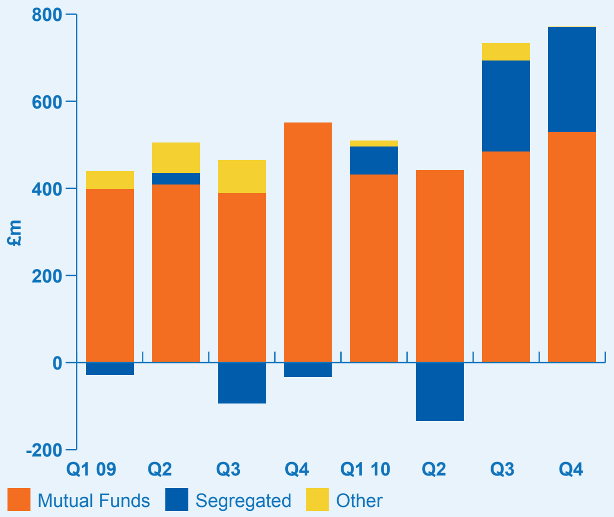
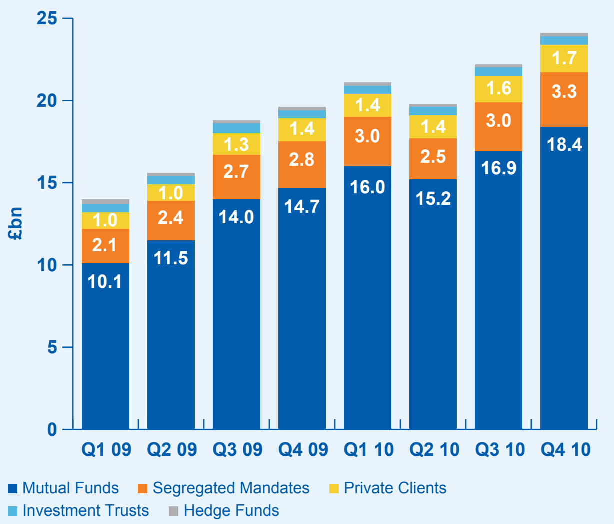


Figure 5
2010 saw steady growth in AUM



KPIs
The group performance and the key performance indicators of the Group are also discussed within the Strategy & key performance indicators section within Who we are.

During the year, segregated mandate net inflows were £0.4bn, driven by new mandate wins and additional assets from existing customers. Private clients flows of £0.1bn were behind the previous year, primarily as a result of the one-off effects associated with hiring new managers during 2009. Investment trusts saw a £46m outflow related to the restructuring of the Jupiter Dividend & Growth Trust plc. None of the investment trusts which we manage reaches the end of its planned life before 2014.

Net sales:
(2009: £1.8bn)

£2.3bn

AUM

As at 31 December 2010, we had increased our AUM to £24.1bn (31 December 2009: £19.5bn).

AUM by product	31 December 2010 £m	31 December 2009 £m
Mutual funds	18,418	14,692
Segregated mandates	3,259	2,754
Private clients	1,693	1,355
Investment trusts	527	546
Hedge funds	181	175
TOTAL	**24,078**	**19,522**

The Group's AUM is predominantly made up of mutual funds, which at 31 December 2010 increased to £18.4bn (31 December 2009: £14.7bn), representing 76 per cent. of total AUM (31 December 2009: 75 per cent.). We were the fifth largest fund manager of UK retail mutual funds by AUM at 31 December 2010.

Investment performance

Investment performance has remained strong for the majority of our funds and products. At 31 December 2010, 22 mutual funds representing approximately 66 per cent. of mutual funds, by AUM, had delivered first and second quartile investment performance over a three year period (31 December 2009: 19 mutual funds representing approximately 60 per cent. of mutual fund AUM). We saw an encouraging improvement in the one year record, as 55 per cent. of mutual funds at the year end were above median (31 December 2009: 46 per cent.).

EBITDA

EBITDA was £124.6m for the period (2009: £91.2m), 37 per cent. up on the prior year, primarily as a result of the scalability of our business model as net revenues rose sharply alongside a modest increase in fixed costs. As a result, the Group's EBITDA margin rose to 54 per cent. (2009: 50 per cent.). The Group's disclosed EBITDA includes a £2.0m charge in relation to the closure of our West Malling office after the outsourcing of our unit trust administration operations to IFDS in August.

Net revenue

	2010 £m	2009 £m
Net management fees	204.7	158.4
Net initial charge	20.1	18.5
Net performance fees	5.7	5.2
TOTAL	**230.5**	**182.1**

Figure 6
Net management fees up 29%

Figure 7
Underlying fixed costs up 6%

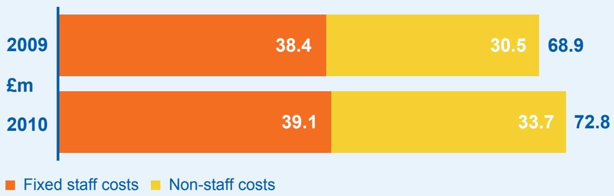


Figure 8
Variable staff costs increased while the variable compensation ratio remained stable

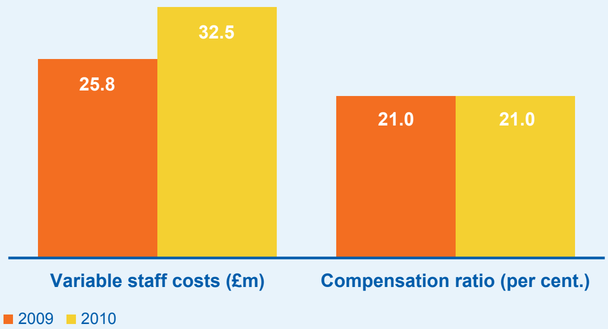
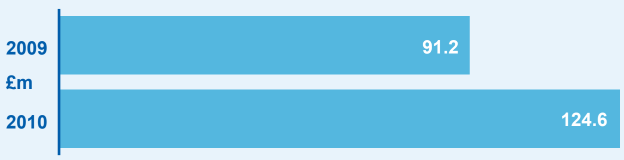


Figure 9
EBITDA up 37%



Net revenue for the period was £230.5m (2009: £182.1m), 27 per cent. ahead of 2009. This was mainly due to an increase of 29 per cent. in net management fees, reflecting 20 per cent. higher average FTSE 100 levels at 5,465 (2009: 4,541) and the contribution from net inflows over the last two years. The net management fee margin for the year was 98 basis points, slightly above the full year 2009 margin. This was due to the increased proportion of mutual funds as a percentage of average AUM (76 per cent. versus 74 per cent. in 2009), as these assets typically tend to have a higher margin.

However, we expect net management fee margins to decline slowly over time, as distributors take an increasing share of fees and the Retail Distribution Review alters industry pricing structures, although the rate and angle of decline is uncertain.

Net management fee margin	2010	2009
Average FTSE	5,465	4,541
Average AUM £bn	21.1	16.3
Net management fee margin bps	98	97

Net initial charges and commissions increased by £1.6m to £20.1m (2009: £18.5m), reflecting higher levels of gross sales and redemptions versus 2009, driving higher box profits. Performance fees of £5.7m (2009: £5.2m) are in line with the previous year. Approximately £3.2bn of our AUM attracts a performance fee, the majority of which has a calculation period ending in the second half of the financial year.

Administrative expenses

	2010 £m	2009 £m
Fixed staff costs	39.1	38.4
Other expenses	35.7	28.1
Total fixed costs	**74.8**	**66.5**
Variable staff costs	32.5	25.8
Charge for options over pre-Listing shares	7.8	–
Administrative expenses	**115.1**	**92.3**

Administrative expenses of £115.1m were £22.8m higher than 2009 as a result of increased variable compensation costs arising from improved profitability in 2010 and charges for options over pre-Listing shares. Fixed staff costs of £39.1m remained stable (2009: £38.4m), with headcount reduced by 75 in August as a result of the outsourcing of UTA operations to IFDS. This has improved operational scalability within the business and moved our fixed cost base to being more aligned with our activity levels. Occupancy costs were increased by £2.0m for a provision for the closure of our West Malling office after the UTA outsource in 2010 but were also reduced in 2009 by a non-recurring lease provision release of £2.4m which relates to 4 Grosvenor Place. Excluding these two items, underlying fixed costs of £72.8m (2009: £68.9m) were 6 per cent. up on the prior year.

Variable staff costs increased in line with the higher profitability of the business in 2010. Variable compensation as a proportion of pre-variable compensation operating earnings was 21 per cent. (2009: 21 per cent.). This excludes a £7.8m charge for 2010 in respect of options granted prior to the Listing over the remaining shares in the pool established for employees at the time of the MBO in June 2007. We expect the variable compensation ratio outlined above to rise to the high twenty per cents over the medium-term as the incentive schemes put in place as part of our Listing build to maturity.

Other gains/losses

Other gains were £1.7m, arising from a £1.0m one-off gain on the part disposal of our stake in Cofunds and a small net increase in the market value of our seed capital investments. This is £0.7m lower than the £2.4m in 2009.

Amortisation of intangible assets

Amortisation of £39.8m (2009: £39.8m) included £38.7m (2009: £38.7m) relating to intangible assets acquired as part of the MBO on 19 June 2007. These assets relate to the acquired investment management contracts and the Jupiter brand name, and are amortised on a straight line basis over seven and ten years respectively.

Exceptional costs

The Financial Services Compensation Scheme announced on 20 January 2011 that a second interim levy for 2010/11 would be imposed on the industry for the costs of major investment failures such as Keydata Investment Services Limited. The cost to the Group is £5.2m and the full amount has been recognised in 2010. This charge did not arise from any action taken or omission by the Group.

The Group also recognised an exceptional cost for the year of £1.6m (2009: £nil) which relates to expenses associated with the Listing. Of the overall cost of Listing of £15.7m, £10.3m relating to the issue of new equity was written off against the share premium account and £3.8m of loan amendment fees are included within finance expense in the income statement.

Finance expense

Finance expenses decreased by £17.4m to £29.0m (2009: £46.4m). This includes £12.5m of non-recurring expenses relating to the MBO capital structure and £3.8m of expenses incurred to modify the terms of the bank loan in order to facilitate the Listing. After our Listing, finance costs have only been incurred on our £283.0m bank loan. Interest on this is paid at a margin of 3.75 per cent. over 3 month LIBOR, although the Group fixed its interest rate on £70m of the debt via swaps over three and four year periods with effect from 1 November 2010.

Figure 10
Finance expense reduced due to balance sheet restructuring

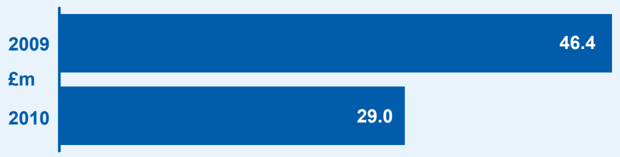
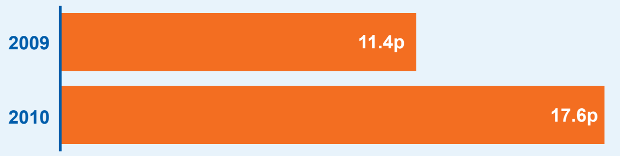


Figure 11
Underlying EPS increased in line with increased profitability



Profit before tax

PBT for the year was £42.4m (2009: £7.2m). This increase was driven by increased operating earnings and a reduction in finance expenses in the second half of the year.

Profit before tax for the year (2009: £7.2m)
£42.4m

Tax expense

The effective tax charge for 2010 is 23 per cent. (2009: tax credit 19 per cent.). The effective tax rate for 2010 is lower than the standard rate of corporation tax of 28 per cent. due to the utilisation of brought forward capital losses on gains made on disposal of investments during the year and the effect of restating closing deferred tax balances in light of the forthcoming changes to the standard rate of corporation tax. The impact of these on the effective tax rate was magnified by PBT being a relatively low number in 2010 due to the pre-Listing finance charges.

EPS

In 2010 the Group's basic and diluted EPS measures were 10.8p and 7.6p respectively. Comparisons with the prior period are not meaningful because of the different capital structures and the Listing consequences.

The Board has also developed an underlying earnings per share measure which it believes provides a more useful representation of the Group's trading performance as the statutory EPS measures are affected by various accounting treatments, including the Listing, the unwinding of the MBO capital structure and management's share vesting and lock-in agreements.

Underlying EPS*	2010 £m	2009 £m
Profit before tax	42.4	7.2
Adjustments:		
Amortisation of acquired intangibles	38.7	38.7
Charge for options over pre-Listing shares	7.8	–
Exceptional Listing cost	1.6	–
FSCS levy exceptional cost	5.2	–
Pre-Listing loan amendment fees	3.8	–
Finance expense relating to pre-Listing capital structure	12.5	26.8
Underlying profit before tax	**112.0**	**72.7**
Tax effect @ statutory rate 28%	(31.4)	(20.4)
Underlying profit after tax	**80.6**	**52.3**
Actual shares on post vesting basis/m	457.7	457.7
Underlying EPS	**17.6p**	**11.4p**

**Underlying EPS is a non-GAAP measure which the Group uses to assess its performance.*

The 2010 underlying EPS was 17.6p (2009: 11.4p). This increase is the result of the improved trading performance of the Group.

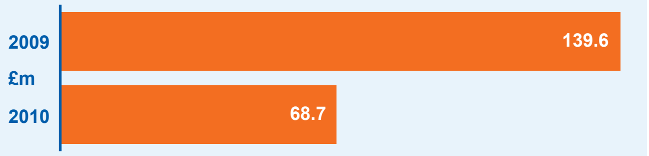
Cash and net debt

During 2010, the Group's cash decreased by £3.1m to £220.3m (2009: £223.4m) as cash generated from operating activities was used for the payment of £50m of Preferred Finance Securities capital and interest in March 2010 and £50m of bank debt at Listing. The primary proceeds of the Listing and associated capital restructuring have strengthened our balance sheet to a level we believe will be beneficial to the business, clients and shareholders over the long term. As at 31 December 2010, the Group's net debt level had reduced to £62.7m (2009: £139.6m), which comprised the gross outstanding bank debt of £283.0m and gross cash of £220.3m. When net debt is compared with EBITDA, this produces a leverage ratio which has fallen to 0.5 times as at 31 December 2010.

The Group's bank facility remains attractive in the light of current available financing in both rate and terms. It contains no financial covenants and is not due for repayment until June 2015. Despite this long time horizon, we believe it would be sensible to pay down the debt in tranches ahead of 2015; there are no penalties for early repayment. The Group will continue to monitor the level of debt in combination with the level of cash generated.

Figure 12
Gross bank debt outstanding reduced through paying down the loan

Figure 13
Net debt outstanding reduced through cash generation



Seed capital investments

The Group deploys seed capital into funds to assist them in building a track record from launch or to give small but strongly performing funds sufficient scale to attract external money. As at 31 December 2010, we had a total investment of £53.2m in our own funds (2009: £50.9m). These investments are shown on the Group's balance sheet under the appropriate heading for the relevant level of ownership in each fund. The Group only invests into liquid funds and chooses to hedge market and currency risk on the majority of its holdings of seed capital investments, with 99 per cent. of seed capital hedged or invested in absolute return products. As a result, the value of these investments is stable and readily available to improve the Group's cash balances and liquidity if required.

Shareholders' equity

Share capital before the Listing of £60m comprised £1.25m A shares, £31m Tier 1 preference shares, £24m Tier 2 preference shares and £3.75m B shares. The Tier 2 preference shares and the B shares were classified as loans and borrowings under IFRS as their underlying characteristics were those of debt instruments.

Immediately prior to Listing, the Company's share capital was restructured with the A shares and B shares being sub-divided into 50 shares of 2p each and converted into, and re-designated as, ordinary shares. The Tier 1 preference shares and Tier 2 preference shares were subdivided into 50 shares of 2p each. Of these, a proportion was converted into ordinary shares such that the value was equal to the aggregate entitlement of the Tier 1 and Tier 2 preference shares at the date of Listing, including the catch-up entitlement of £10.4m on the Tier 1 preference shares and the accrued cumulative fixed dividend of £8.0m on the Tier 2 preference shares. The Tier 1 catch-up entitlement represents a transaction solely within equity and is therefore not recorded in the financial statements, other than as a deduction to net profit attributable to ordinary equity holders of the parent in calculating earnings per share. The settlement of the £8.0m accrued cumulative fixed dividend on the Tier 2 preference shares with ordinary shares has been recognised in other reserves as part of the capital reorganisation. The remainder of the sub-divided Tier 1 and Tier 2 preference shares representing the balance of the pre-Listing legal share capital of £54.1m were converted into, and re-designated as, deferred shares. Subsequent to Listing, the deferred shares were purchased for an aggregate cost of £1 and cancelled, and the £54.1m re-designated as capital redemption reserve.
On Listing a further 133.5 million new ordinary shares were issued and 29.7m new ordinary shares were issued as consideration for the acquisition of a portion of the Preferred Finance Securities, with an associated £266.0m of share premium being recognised. £10.3m of Listing expenses are deducted from this in order to derive the share premium account balance of £255.7m.

As at 31 December 2010, 130.2m ordinary shares beneficially owned by senior employees were subject to restrictions which, in some circumstances, require the Group to repurchase the shares at their nominal value. The liability to repay the nominal value is shown within loans and borrowings. The shares on which these restrictions are attached vest over the next four years. These shares are held within the EBT and, together with a further 16.7m shares held for the purpose of satisfying share option obligations to employees, are treated as own shares with a cost of £2.9m being deducted from equity in the own shares reserve.

The available for sale reserve increase results from the positive revaluation of available for sale assets held by the Group. The foreign currency translation reserve is used to show the exchange movement on translation of subsidiary undertakings. The increase in retained earnings during 2010 is a result of the profit recognised through the income statement.

Dividend

The Board recommends a final dividend for the year of 4.7p per share to ordinary shareholders, which is also the total payment for the year. Although we did not pay an interim dividend in 2010 because of the timing of the Listing, we would have expected our theoretical split to have been one-third / two-thirds between the interim and final dividend. We intend to implement a progressive dividend policy, with dividends determined taking into account historic and anticipated profits, cash flow and balance sheet position, with the split between the interim and final dividend weighted towards the final dividend.

This payment is subject to shareholders' approval at the Annual General Meeting and, if approved, will be paid on 24 May 2011 to shareholders on the register on 15 April 2011.

Final dividend: **4.7p**

Awards in 2010

In the last five years, we have won over 100 awards in the asset management industry, demonstrating the strength of our investment culture and reputation for outperformance.

On the planet to perform

We continue to achieve recognition for our fund management expertise and, in February 2011, industry newspaper Financial News reported that we had 11 fund managers in the list of the top 10 per cent. of UK fund managers according to Trustnet, a data and research provider.

In the UK, we won consumer magazine What Investment's Best Group 2010 award – the second year in a row we have achieved this accolade. We also received Money Marketing's Best Multi-Manager Provider award for 2010 – the second year in succession we have won this prestigious award.

The success of our Listing was recognised later in the year by the Financial News. Chief Executive Edward Bonham Carter was awarded 'CEO of the Year' while the Group won the 'Deal of the Year' award. We also won this accolade in 2007 for our management buy out.

2010 was also an important year for our international business, with our fund managers receiving a number of awards in various jurisdictions. In Hong Kong, we won the Lipper Best Group over three years award while in Germany, the Jupiter European Growth fund won the respected Sauren Golden Award 2010. This premier award is a distinction highlighting noteworthy management achievements.

Our private client team achieved recognition during October, winning the 'Best Medium-sized Firm' and 'Best Aggressive Portfolio' in the Citywire Wealth Manager Investment Performance Awards 2010.

These awards underpin our reputation as a highly respected and world class investment management business. The strength of our investment culture and our ability to attract and retain some of the most talented fund managers in the UK ensures our focus remains on delivering significant value to our investors and shareholders.

Award provider	Award
Investment week	**Winner: Fund Manager of the Year Award** Jupiter European and Jupiter European Growth SICAV
What Investment	**Winner: Best Group Award**
Financial News	**CEO of the Year** Edward Bonham Carter **'Deal of the Year' for successful IPO** Jupiter Fund Management plc
Money Marketing	**Winner: Best multi manager provider**
Citywire Wealth Manager Investment Performance Awards	**Medium firm 2010**
Lipper Fund Awards 2010 (Hong Kong)	**Best Group over 3 Years**
OBSR (Old Broad Street Research Ltd)	**2010 Rising Talent Honours Award**
Sauren Golden award	**European Equity Management 2010**
Sauren: Two gold medals	**Excellent fund management** European Equity European Equity including UK sector **Outstanding fund management** Eastern European Equity
Sauren: Three gold medals	**Outstanding fund management** Absolute Returns Financial Equity category

Key risks and mitigations

The management of risk is embedded in our culture and throughout the organisation.

Managing risk

As an active asset management business we are exposed to a range of risks, some of which are inherent in our business.

In order to succeed as an active asset manager we are in the business of seeking a return on risks taken on behalf of our clients. Risks, if not managed properly, increase the possibility that we will not be able to meet our objectives.

The senior management team takes the lead role in ensuring that appropriate controls are in place across the business to maintain the quality standards expected by clients and regulators. It is the responsibility of all employees to ensure that the control culture is embedded within our working practices.

Individual risks are managed in a variety of different ways depending on the nature of the risks and their potential impacts to mitigate adverse consequences. We continuously look to upgrade our risk control processes and technological support tools to increase their effectiveness and reduce any potential impact on the business.

The main risks facing our business and the ways in which we mitigate them are set out opposite.

Market risk

We hold investments as both principal and agent. Market risk arises from market movements which can cause a fall in the value of principal investments and a decline in the value of assets under management. Revenues and new business are also at risk from a loss of confidence in markets that can affect investors in a period of falling markets.

As principal, our assets are predominantly held in short dated cash deposits such that principal exposure to financial markets is limited. Seed capital investments in our own funds are monitored within internally set limits and to minimise market risk, are hedged where appropriate. The Executive Committee regularly reviews all principal investments.

As an agent there is exposure in respect of the assets we manage on behalf of our clients and the related revenue. At an overall level, our geographically diversified, broad product range enables us to provide clients with solutions tailored to a variety of market conditions and serves to diversify individual market dependencies.

Investment performance risk

Investment performance risk is the risk that portfolios will not meet their investment objectives. We adhere to a clearly defined investment process which seeks to meet investment targets within stated risk parameters. Individual portfolio performance, valuations and risk profiles are monitored by fund managers and management on a regular basis, allowing issues to be indentified and mitigated. We use tools and governance principles within our investment risk framework and we review performance that lies outside expectations.

Fund performance is monitored as part of the investment performance risk management process and is formally overseen by a Monitoring Committee and the Portfolio Review Committee both of which meet quarterly.

Liquidity risk

As with market risk, we face liquidity risk issues on two levels: the corporate level and fund level.

At the corporate level, we face the risk that either the Group as a whole or the individual entities within it may not have access to sufficient liquid funds to trade solvently or meet trading liabilities. The major liability facing the Group is its fixed term debt facility which expires in June 2015 and which the Group would currently be unable to repay out of its liquid assets. This particular risk is mitigated by the conditions attaching to the loan, whereby there are no financial covenants which would force a repayment prior to maturity, as long as the Group can meet the interest costs associated with the loan. Across the business, the Group has a policy of holding sufficient cash or cash equivalents to allow it to meet a minimum period of fixed cost expenditure as well as regularly monitoring its cash generative profitability against both fixed costs and interest costs.

At the fund level, we face the risk that cash flows cannot be generated to meet investor redemptions or other obligations as they arise. Liquidity issues can also arise as a result of market conditions or through inherently illiquid investments. To mitigate this risk within client portfolios, we seek to match, where possible, the liquidity of a portfolio's underlying investments with its liquidity requirements. We actively monitor the market for indicators of declines in liquidity to enable pre-emptive actions to be taken. We also review products and portfolios to identify capacity constraints.

Credit risk

We face credit risk as a result of counterparty exposure in the management of the Group's liquid assets. In order to manage this risk we actively monitor counterparty creditworthiness and operate with limits expressed in terms of value and term to maturity. We seek to diversify our exposure across different counterparties. All counterparties are reviewed on a regular basis and limits are amended following any relevant changes to their financial performance. We actively monitor market data and rating agency outputs in assessing counterparties.

Key contracts

The Group has the following key contracts with third parties for the provision of certain services.

IFDS provides a number of services, including dealing and registration processing, box management, agent and distributor services, enquiries handling, client accounting and reconciliations, distribution processing, and tax and regulatory reporting.

Facility agreement: The Group entered into a facility agreement with The Royal Bank of Scotland plc on 17 March 2007. Further details of this agreement can be found in the loans and borrowings note in the financial statements.

Operational risk

Operational risk is the risk of loss caused by weakness or failure in the Group's systems and controls. These include risks arising from failing properly to manage key outsourced relationships.

We are reliant on technology and qualified professionals to maintain our infrastructure. Our technology is partly outsourced and our platform utilises well-established, tested technology from outsourcers judged to be financially stable and able to provide the required level of service. Outsourced suppliers are an important part of our business model and we work with our outsourced suppliers to maintain the quality and continuity of service. Detailed due diligence is undertaken before entering into new arrangements, and performance is reviewed on an ongoing basis.

We rely on efficient and well-controlled processes. The potential impact and likelihood of processes failing and operational risks materialising is assessed by the head of each operational area on a regular basis, and where these likelihoods are felt to be outside of our appetite for risk, management actions and/or control improvements are identified in order to bring each potential risk back to within acceptable levels.

Continuity and business resumption planning is in place across the business. Alternative premises equipped with all key portfolio management and support systems are accessible by the firm within four hours of our normal business premises becoming unavailable.

All third parties to whom we outsource material aspects of our business are subject to ongoing oversight, ensuring we can maintain assurance that they are of the required standard.

Distribution risk

Distribution risks arise from relationship management across different distribution channels and products. We distribute through three principal channels namely, retail clients, intermediated through banks, brokers and independent advisers; institutional clients, often advised by consultants; and private clients. The broad range of distribution channels and a diversified client base mitigates against a key dependency on any particular channel or client.

People risk

We are a human capital business and our staff are a significant component of successfully executing our strategy. We believe that high levels of employee engagement and equity ownership drive business outperformance and we strive to ensure we have an attractive working environment and a competitive remuneration structure. We also externally develop, monitor and maintain succession planning for all key roles throughout the organisation.

Product risk

Product risk arises from the complexity inherent within our product range and in the development of new products to meet changes in client demand. Product risk can also arise from changes in the legal and regulatory landscape. We have dedicated product development resource as well as an inter-disciplinary new product approval and product review procedure.

Product risk can also arise from capacity constraints where demand for a particular product can exceed the availability of suitable investments capable of delivering the desired strategy and return. We actively monitor potential capacity constraints and mitigate these by restricting new investment in such products.

Corporate responsibility report

We have a long-standing commitment to the field of sustainable and green investment, having run our flagship fund, the Jupiter Ecology Fund for over 20 years.

We believe that corporate responsibility and commercial success are compatible and we are committed, wherever practicable, to implement environmental good practice throughout our business activities.

At Jupiter, we aim to act in the best interests of all our stakeholders by engaging with the companies that we invest in, and by exercising our voting rights with care. Not only is this commensurate with good market practice, it goes hand in hand with ensuring the responsible investment of our clients' assets. Equally, we ask companies to present us with their plans for maintaining social and environmental sustainability within their business.

As appropriate, we will engage and vote on issues affecting the long-term value of a company in which we are invested. Issues may include, but are not limited to, business strategy, acquisitions and disposals, capital raisings and financing operations, internal controls, risk management, board succession, shareholder rights, corporate and social responsibility and remuneration.

Governance structure

The Board is responsible for corporate governance and corporate responsibility within the Group.

1

Marketplace:
As a leading asset manager, we believe it is important to integrate environmental and social issues into our corporate governance and voting policy through a programme of constructive dialogue and engagement across our investment portfolios.

Number of companies engaged with on environmental, social and governance issues. **168**

2

Workplace:
As a people focused business whose success is directly related to the quality and competence of our employees, we believe it is important that we are an organisation that people want to work for and want to be associated with. We have a high level of employee share ownership.

Percentage of employees taking up the 2010 Sharesave scheme. **76%**

3

Environment:
As a major UK corporate we believe it is important that we understand our impact on the wider environment and look to reduce this wherever possible. To help us assess this we have commissioned a 2011 study of our carbon footprint.

We will review this area following the results of the study. **2011 study**

4

Community:
We believe in a bottom-up approach to charitable giving with our strategy for contributions building on this belief. Our giving is driven by individual employee choice with all employees eligible to join a matched giving payroll scheme. The majority of our giving comes through matching employee contributions to this scheme, which empowers employees to direct donations to their nominated charities and ensures that it is spread across a wide range of charitable activities.

Percentage of employees taking part in the Give As You Earn Scheme. **24%**

1 Marketplace

Transparency, accountability and sustainability are essential to the success of our business and have become increasingly prominent in the light of market events in recent years. Treating customers fairly is an important principle for our business. In providing solutions to address our clients' investment needs, we seek to communicate clearly the services we offer and to be transparent in our relationships with them.

Our customers

We are committed to dealing with investors in our products and our discretionary clients honestly, openly, competently and with integrity. All employees are required to comply with our Treating Customers Fairly policy, which is written in accordance with FSA requirements. This includes delivering appropriate products, marketing them appropriately, servicing and administering them professionally and having adequate management information in place to identify customer concerns and any administrative shortcomings.

Stewardship

As appropriate, we will engage and vote on issues affecting the long-term value of a company in which we have invested. Issues may include, but are not limited to, business strategy, acquisitions and disposals, capital raisings and financing operations, internal controls, risk management, board succession, shareholder rights, corporate and social responsibility and remuneration.

We support the aims and principles of the UK Stewardship Code and an explanation of our compliance with the Code is published on our website at **www.jupiteronline.co.uk/about us**

As a leading asset management group, we recognise our responsibility in ensuring that we engage with companies to assess not only the financial risks but also the environmental, social and governance risks that can impact long-term value. Details of our policy in this area can be found in the Corporate Governance and Voting Policy section of our website at **www.jupiteronline.co.uk/about us**

We are also a signatory to the United Nations Principles for Responsible Investment which serves to reinforce our commitment to integrating ESG issues into our investment decision making. We participate in a number of joint investor networks and initiatives to promote sustainable investment and good governance, including the following:

- **Carbon disclosure project** We are a founding signatory of CDP,which was launched in 2000 and conducted its first survey in 2003. CDP conducts a survey which charts how the world's largest companies are addressing the challenges of climate change. The survey rates companies on the depth and scope of their disclosures and the quality of their reporting.

- **CDP water disclosure project** We are a founding signatory to this new project that aims to help institutional investors better understand the business risks and opportunities associated with water scarcity and other water-related issues by increasing the availability of high quality information on this issue. The CDP Water Disclosure 2010 information request was sent to more than 300 of the world's largest companies in sectors that are water intensive or are particularly exposed to water-related risk.

- **Investor statement on a global agreement on climate change** This statement was launched by the Institutional Investors Group on Climate Change in 2006 and we became a signatory in 2008. The statement, supported by investment institutions, concludes that clear, credible long-term policy signals are critical for investors to integrate climate change considerations into their decision-making process and to support investment flows into a low-carbon economy.

- **Climate communiqués** Bali 2007; Poznan 2008; Copenhagen 2009, Cancun 2010 – Jupiter has been a signatory of all four communiqués, which call on world leaders to agree "an ambitious, robust and equitable global deal on climate change that responds credibly to the scale and urgency of the crisis facing the world today".

We also participate in corporate or multi-stakeholder initiatives and networks to bring about more sustainable government policies and corporate practice. On a related note, we have recently become a funding partner for a new research programme run by the Cambridge Programme for Sustainability Leadership – the Cambridge Ecosystems and Natural Capital Programme. The ambition for the programme is to work with a number of international businesses to identify and address the risks and opportunities faced by business, society and investors from the depletion of the world's natural resources.

ESG research into the corporate responsibility performance of companies is incorporated in our investment process and we engage with companies where their ESG practices fall short of acceptable standards.

During 2010, we voted at 2,140 meetings and engaged with a total of 168 companies on sustainability and governance issues. Full details of our voting and engagement activity can be found in our Voting and Engagement reports which are available on our website at **www.jupiteronline.co.uk/about us**

2 Workplace

As a people business, we value our employees and aim to create a positive environment in which employees can work and develop their skills. Our culture gives employees the opportunity to perform and develop as individuals within a structured control and governance framework. We look to reward outperformance and to encourage good performers to remain with the business and provide a long term service to customers. Our culture has proved attractive in recruiting and retaining key talent. This is reflected in the number of employees who have been with Jupiter for a significant part of their career.

Remuneration

We offer employees a competitive salary and benefits package, and this has been an important factor in ensuring low levels of staff turnover in recent years. All employees are eligible for participation in the bonus scheme. Bonus payments are discretionary and based on employee performance and contribution to Jupiter, including risk management. For most senior employees, a proportion of their bonus is deferred for a three year period.

All executives and the majority of employees have an interest in Jupiter shares. These holdings give employees a long term interest in Jupiter's business and align their interests with clients.

Diversity

We have an equal opportunities policy and it is the Company's policy to treat all job applicants and employees in the same way. We aim to support staff with families through enhanced maternity pay and childcare vouchers. We also offer the option of additional unpaid time off.

Personal development/training

We place a high value on personal development and we are keen to encourage the ongoing training and development of our employees.

All employees take part in our six-monthly appraisal process, during which training and development needs are identified. Where regulatory and legal requirements stipulate specific training, we provide tailored programmes to meet these requirements and employees are regularly assessed to ensure they have maintained their Continued Professional Development and have demonstrated competence for the role they perform.

In this way, we are able to equip employees with the necessary tools to allow them to maximise their performance in their role and assist them in the achievement of objectives. We also support employees who wish to gain a relevant professional qualification, both through on the job training and through sponsorship of external courses.

Health and safety

The Board has the responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions which are safe and healthy, and that comply with all statutory requirements and all legally binding codes of practice.

Our Health and Safety policy aims to prevent accidents and to maintain the health of employees whilst at work. The prime responsibility for a safe and healthy place to work rests with the Company, however, each employee also has a personal responsibility in this respect.

The Company, as a responsible employer, will endeavour to meet any legal obligation arising under the Health and Safety legislation.

3 Environment

We believe that environmental responsibility and commercial success are compatible and we are committed, wherever practicable, to environmental good practice throughout our business activities.

In common with service industry companies in general, the direct environmental effects of our operations largely relate to facilities management.

In 2006, we commissioned the Carbon Neutral Company and the Edinburgh Centre for Carbon Management to assess our carbon footprint. The study looked at both our London and West Malling operations, as well as the effect of our employees commuting to work and travelling for business. As a result, various energy-saving and recycling initiatives were introduced as part of our commitment to minimise the negative environmental impact of our operations.

During 2010, we made a number of key improvements to help minimise our environmental impact. These include the following:

- our London office has undergone a refurbishment programme, which has included the replacement of light fittings and light tubes with more energy efficient products;
- energy efficient hand dryers have been installed in all toilet areas;
- Jupiter owned air conditioning units have been replaced with more modern, energy efficient units;
- we now participate in our Landlord's recycling scheme which not only reduces our costs, but also reduces associated transport impacts as the number of journeys involved in collections has been streamlined;
- office furniture such as desks, chairs and filing cabinets are recycled; and
- we have seen an increase in the number of employees cycling to work, partly as result of improved shower facilities and the continued participation in the 'cycle to work' scheme.

We have recently commissioned an updated study of our carbon footprint.

4 Community

Charitable giving

Our charitable giving is focused on employees being able to direct giving rather than being driven by corporate level decisions. We operate a company wide matched giving scheme, for which all UK employees are eligible. We empower our employees to make direct contributions to their nominated charities. This has the additional benefit of ensuring our giving is spread across a wide range of charitable activities and organisations.

Our matched giving programme operates through both a GAYE scheme and by matching funds raised through participating in fund raising events for charity. In 2010, donations totalled £64k (2009: £117k).

Customer interaction

As a customer focused business, we believe that it is important to clearly present to customers the services we are providing and our ongoing responsibilities to them. This is reinforced by the regulatory environment within which we operate. We have a TCF policy which is overseen by a designated management committee. This committee makes use of available management information and other resources to ensure our customers are treated fairly.

1 Policy

We are committed to dealing with investors in our products and our discretionary clients honestly, openly, competently and with integrity. Where appropriate, we have an informed understanding of their needs.

2 Approach

Product design

Products are designed to suit our target customer markets and distribution is tailored accordingly in the following ways:

- fund literature provides guidance as to the intended target market and outlines in a transparent manner the potential risks and benefits to the end customer; and
- where appropriate, new product concepts are tested prior to launch to ensure that they are suitable for the target audience.

Marketing and intermediary assistance

Customers are provided with clear information about our products and are kept appropriately informed. The following steps are taken to ensure that intermediaries understand how our products work:

- sales and marketing material is set out in a manner which can be both understood and acted upon;
- intermediaries are provided with sufficient information to fully understand our products in order to give suitable advice to their customers;
- fund information is clear, fair and not misleading. It balances the potential benefits of the product against the risks of investment;
- where required, we provide training and additional material to intermediaries to aid their understanding of our products; and
- feedback is sought periodically on the effectiveness and clarity of the Group's product design and communications and service delivery.

After sales support

Customers are kept regularly informed about their investments:

- professional intermediaries advising clients have access to monthly manager reports and fund factsheets;
- investors in Jupiter funds and discretionary clients are issued with periodic valuation statements to keep them up to date with the progress of their investments;
- investors in Jupiter funds and discretionary clients can review their portfolios online;
- client investment profiles are issued to discretionary clients each year to ensure ongoing suitability of management. Service review meetings are also offered to clients;
- complaints are investigated and addressed in a consistent, professional and impartial manner. Where a complaint is not resolved to the customer's satisfaction, the customer is directed to the Financial Ombudsman Service; and
- errors made in the processing of customer transactions are identified, escalated and rectified in a timely manner. Compensation is paid where appropriate.

3 Responsibilities

It is the responsibility of each member of staff to undertake their role in observance with this policy and to notify the compliance department of any activity undertaken which in their opinion is not compliant with this policy.

Directors’ report

Governance

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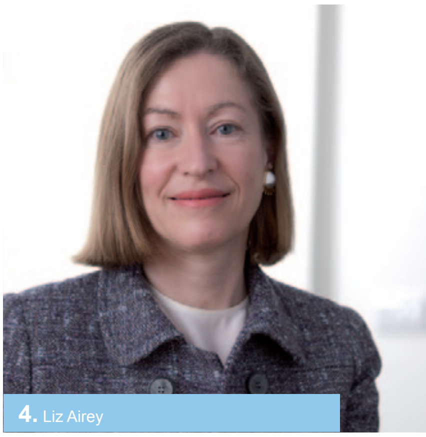
Directors' profiles



1 Jamie Dundas

Chairman+^

Jamie Dundas was appointed as Chairman of the Group in January 2008. Jamie is a non-executive Director of Standard Chartered PLC and is Chairman of its Board Risk Committee. He was a non-executive Director of J Sainsbury plc between 2000 and 2007 and of Drax Group plc between 2005 and 2010. After being called to the Bar, Jamie's early career was in banking at Morgan Grenfell, where he became Head of Corporate and International Banking. He was subsequently Finance Director of the Hong Kong Airport Authority, and Chief Executive of UK-based property company, MEPC. He is deputy President (formerly Chairman) of Macmillan Cancer Support.

2 Edward Bonham Carter

Group Chief Executive

Edward Bonham Carter joined Jupiter in 1994 as a UK fund manager after working at both Schroders (1982-1986) and Electra Investment Trust (1986-1994). Edward was appointed Chief Investment Officer in 1999 and Joint Group Chief Executive of Jupiter Investment Management Group Limited in May 2000. Edward became Group Chief Executive of the Company in June 2007 and relinquished his role as Chief Investment Officer in February 2010.

3 John Chatfeild-Roberts

Chief Investment Officer

John Chatfeild-Roberts joined Jupiter in March 2001 to establish and lead the team running the Jupiter Merlin portfolios; he also took over as lead manager of the Jupiter Global Managed Fund in November 2001. He started his fund management career at Henderson Administration plc (1990-1995) where he latterly ran the fund of funds unit. This was followed by a move to Lazard Brothers Asset Management; here he established their multi manager team before joining Jupiter. John was appointed Chief Investment Officer in February 2010.

4 Liz Airey

Non-executive
Senior Independent Director*^

Liz Airey was appointed as the non-executive senior independent Director of the Company in May 2010. She served as Finance Director of Monument Oil and Gas plc from 1990 to 1999, when it was sold to Lasmo plc. She is currently a non-executive Director and Chairman of the JP Morgan European Smaller Companies Trust PLC, a non-executive Director and Chairman of the audit committee of Tate & Lyle PLC and Dunedin Enterprise Investment Trust PLC and Chairman of the Unilever UK Pension Fund.

5 Lorraine Trainer

Independent non-executive Director*+

Lorraine Trainer was appointed as a non-executive Director of the Company in May 2010 and has been a non-executive Director of the Board of Aegis Group plc since August 2005. She has held a number of human resource leadership roles in international organisations, focusing on performance and development. These include Citibank NA, the London Stock Exchange and Coutts, then part of the NatWest Group. She currently runs a business in board advisory work and development.

6 Matteo Dante Perruccio

Independent non-executive Director*+

Matteo Dante Perruccio was appointed a non-executive Director of the Company in October 2008. He started his career in financial services in 1986, spending six years at San Paolo IMI before moving to American Express Bank in 1992 as Executive Director, Head of EMEA.
In 2000, he moved to Pioneer Investment Management to head up the firm's international business before moving to work in Milan, a posting that culminated in his appointment in 2005 as CEO International/CEO Pioneer Investment Management SGR, Milan. Matteo left Pioneer in 2006 to take up the role of Co-Chief Executive at Olympia Capital Management in Paris and left in 2008 to found Hermes BPK Partners LLP, where he is currently Chief Executive.

7 Michael Wilson

Non-executive Director+^

Michael Wilson was appointed a non-executive Director of the Company in 2007 having been nominated by TA Associates, Inc. He is a Managing Director of TA Associates, Inc. and formerly served on the Boards of Advisory Research, Chartered Marketing Services, EYP Mission Critical Facilities, K2 Advisors and United Pet Group. Prior to joining TA Associates, Inc. in 1992, Michael worked in Morgan Stanley's Telecommunications Group. In 1994, he joined Affiliated Managers Group, a TA-backed asset management platform company, as Vice President and a member of the founding management team. Michael currently also serves on the Boards of Cardtronics and Numeric Investors.

8 Philip Johnson

Chief Financial Officer

Philip Johnson joined Jupiter as Chief Financial Officer in October 2009, with responsibility for finance, tax, treasury, compliance, risk and investor relations.
He started his career at Coopers & Lybrand, where he qualified as a chartered accountant. He left in 1996 to work in Prudential plc's group head office before transferring to M&G in 2000. He spent eight years at M&G Limited, with the last five as Group Finance Director, after which he worked at Marshall Wace LLP as Finance Director for a year before joining Jupiter.

9 Richard I. Morris Jr.

Non-executive Director

Richard Morris was appointed a non-executive Director of the Company in 2007 having been nominated by TA Associates, Inc. He was previously Chief Operating Officer, President, and finally Vice Chairman of Putnam Lovell Securities Inc. (now part of Jefferies International) which he joined in 1997. Prior to joining Putnam Lovell, Richard served as President and Chief Executive Officer of Cursitor Alliance LLC, a unit of Alliance Capital Management LP (now AllianceBernstein LP). Richard is currently a non-executive Director of Arrowstreet Capital LP and serves as an adviser to TA Associates, Inc.

*+Member of the Remuneration Committee. *Member of the Audit Committee. ^Member of the Nomination Committee*

Corporate governance report

The Board is responsible for the proper management of the Company and maintains high standards of corporate governance.

Jupiter's shares were admitted to trading on the London Stock Exchange on 21 June 2010. As a result, this is the Board's first governance report to shareholders since Listing and it describes the corporate governance framework of the Company and how it has developed during the year.

Since Listing, the Corporate Governance rules that applied to the Company are contained in The Combined Code on Corporate Governance (the 'Code'), as adopted by the Financial Reporting Council in 2008 (**www.frc.org.uk/corporate**). The Financial Services Authority's listing rules require the Company to set out how it has applied the main principles of the Code and explain any non-compliance. In May 2010, the FRC published a new code, The UK Corporate Governance Code, which will replace the Code for financial years beginning on or after 29 June 2010.

This report, including the reports from the Audit Committee, Remuneration Committee and Nomination Committee, describes how the Board has applied the principles of the Code during the year.

Statement of compliance

Since Listing, the Company has applied the main principles and complied with the provisions of the Code, with the following exceptions:

- The Code recommends that at least half the members of the Board (excluding the Chairman) should comprise independent non-executive Directors. The Board currently consists of nine members, being three executive and six non-executive Directors, three of whom (excluding the Chairman) are regarded as independent. The Board do not consider Richard I. Morris, Jr. and Michael Wilson to be independent under A.3.1 of the Code.
- The Code recommends that non-executive Directors should be appointed for specified terms. However, Richard I. Morris, Jr. and Michael Wilson, who were both nominated by TA Associates, Inc., have been appointed as non-executive Directors of the Company for indefinite periods, subject to three months' notice of termination by either the Company or the non-executive Director.
- The Code recommends that the Chairman of the Board should not be the Chairman of the Remuneration Committee. Jamie Dundas chairs the Remuneration Committee in addition to being Chairman of the Board. It is the Company's intention that Lorraine Trainer will replace Jamie Dundas as Chairman of the Remuneration Committee in May 2011, following the Annual General Meeting.

The Board

Role

The Board is responsible for the leadership and success of the Company. It provides entrepreneurial leadership within a framework of effective controls which allows risk to be assessed and managed. The Board has ultimate responsibility for setting the overall strategy and long-term direction of the Company. It has a formal schedule of matters reserved for its decision. The roles of the Chairman and Chief Executive are separate and there is a clear division of responsibilities between the two roles. The Chairman is primarily responsible for leading the Board, ensuring its effectiveness and setting its agenda, whereas the Chief Executive is responsible for the day-to-day management of the Company's business.

Composition

The Board is made up of nine members, comprising the Chairman, three executive Directors and five other non-executive Directors. The biographical details of the Directors appear in the Directors' profiles section. Three members of the Board – Liz Airey, Lorraine Trainer and Matteo Dante Perruccio – have been identified as independent, as was the Chairman on appointment, for the purposes of the Code.

Richard I. Morris, Jr. and Michael Wilson, each of whom was nominated by TA Associates, Inc. (which held 22.3 per cent. of the issued share capital of the Company as at 8 April 2011) are the only non-executive Directors who do not meet the criteria of independence set out in the Code. Liz Airey and Lorraine Trainer were appointed to the Board as non-executive Directors on 17 May 2010 and Liz Airey was appointed as the Senior Independent Director. Jonathan Carey, Adrian Creedy, Anthony Nutt and Chris Parkin stepped down from the Board on 1 June 2010.

The Board considers each of its non-executive Directors to be independent in both character and judgement and no one individual or group of individuals dominates the Board's decision-making. The non-executive Directors constructively challenge and help develop proposals on strategy, and bring strong independent judgement, knowledge and experience to the Board's deliberations.

Beneath the Board there is in place a clear and appropriate apportionment of responsibilities amongst the executive Directors and senior managers so that the business can be effectively managed and monitored.

Operation of the Board and meeting attendance

The Board meets regularly during the year, as well as on an ad hoc basis as necessary. A rolling 12-month programme of items for discussion by the Board is prepared to ensure that all key issues and statutory matters are considered during the year, which includes approving the Group's strategy and annual budget. The Board met 16 times during the year, four times since Listing.

To enable the Board to function effectively and to assist Directors to discharge their responsibilities, a comprehensive set of papers is provided for Board and Committee meetings. These include regular business progress reports, budgets, financial statements and shareholder information. In addition, non-executive Directors meet with senior management on a regular basis. The Company Secretary manages the provision of information to the Board, in consultation with the Chairman and Chief Executive.

The Board requires all Directors to devote sufficient time to their duties and to use their best endeavours to attend meetings.

The attendance of each Director at Board and Committee meetings since Listing in June 2010 is detailed in Table 1.

Conflicts of interest

The Articles of Association permit the Board to consider, and if thought fit, to authorise situations where a Director has a conflict or potential conflict of interest in relation to the Group. The Board has established a formal system whereby conflicts, and potential conflicts, can be recorded by each Director and authorised by the Board. Conflicts of interest are included as an agenda item at each Board meeting. When authorising conflicts or potential conflicts of interest, the Director concerned is required not to take part in the Board's decision making. Non-conflicted Directors are required to act in a way they consider would be in the best interests of the Company and most likely to promote the success of the Company.

Board committees

Audit, Remuneration and Nomination Committees

The Board has established a committee structure to assist in the discharge of its responsibilities. Details of each of the Audit, Remuneration and Nomination Committees, and the members, roles and activities thereof are detailed in separate reports. Each Committee reports to, and has terms of reference approved by, the Board. The minutes of the Committee meetings, where appropriate, are circulated to, and reviewed by, the Board.

The current members of the Audit Committee are Liz Airey, Lorraine Trainer and Matteo Dante Perruccio, all being independent non-executive Directors. Liz Airey is Chairman of the Committee. The current members of the Committee were appointed on 26 May 2010, prior to Listing. The attendance of the individual Committee members at Audit Committee meetings since Listing in June 2010 is detailed in Table 1.

The Remuneration Committee comprises four non-executive Directors, namely Lorraine Trainer, Matteo Dante Perruccio and Jamie Dundas, the Group's Chairman (who was independent at the time of appointment, for the purposes of the Code) and Michael Wilson, a non-executive Director nominated by TA Associates, Inc. Lorraine Trainer will replace Jamie Dundas as Chairman of the Committee in May 2011 after the Annual General Meeting. The attendance of the individual Committee members at Remuneration Committee meetings since Listing in June 2010 is detailed in Table 1.

The Nomination Committee was established immediately prior to Listing and the current members are Jamie Dundas (who was independent on appointment, for the purposes of the Code) Liz Airey and Michael Wilson, a non-executive Director nominated by TA Associates, Inc. The attendance of the individual Committee members at Nomination Committee meetings during 2010 is detailed in Table 1.

The terms of reference of the Audit, Remuneration and Nomination Committees are available on the Company's website **www.investorsjupiteronline.co.uk.**

Table 1

Number of meetings	Board 4	Audit 3	Remuneration 4	Nomination 1
Jamie Dundas	4(4)	–	4(4)	1(1)
Liz Airey	4(4)	3(3)	–	1(1)
Edward Bonham Carter	4(4)	–	–	–
John Chatfeild-Roberts	4(4)	–	–	–
Philip Johnson	4(4)	–	–	–
Matteo Dante Perruccio	4(4)	3(3)	4(4)	–
Lorraine Trainer	4(4)	3(3)	4(4)	–
Richard I. Morris, Jr.	4(4)	–	–	–
Michael Wilson	4(4)	–	4(4)	1(1)

Note: maximum possible number of meetings to be attended in brackets.

Induction and continuing development

All new Directors receive a tailored induction on joining the Board, including meetings with senior management and advisers. The Chairman is responsible for reviewing the development needs of each individual Director and training opportunities are identified during the year as appropriate.

The Directors have access to independent professional advice at the Company's expense where they judge this to be necessary to discharge their responsibilities as Directors. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with, and to the Chairman on matters of corporate governance.

Evaluation of performance

In respect of 2010, given that the Board in its present form had come together shortly before Listing in June, an internal evaluation of the operation of the Board and its Committees was undertaken in December 2010, by way of a questionnaire. Practical suggestions concerning the updating of the Board's rolling agenda and the format and content of papers have been acted on. Following the questionnaire and Nomination Committee consideration of the effectiveness of individual Directors, the Directors were satisfied that the Board, its Committees and individual Directors operated effectively. The Board will conduct a formal evaluation process of its own performance and that of its Committees and individual Directors in 2011 and will report to shareholders in the next Annual Report.

Director re-election

All Directors appointed by the Board are required by the Company's Articles of Association and the Code to be elected by shareholders at the first Annual General Meeting following their appointment. Subsequently, all Directors are subject to re-election by shareholders at least every three years. Liz Airey and Lorraine Trainer will seek election at the Annual General Meeting having been appointed to the Board during the year. In addition and in accordance with the UK Corporate Governance Code, all the remaining Directors will seek re-election at the Annual General Meeting. Following the evaluation described above, the Board believes that the individuals demonstrate commitment to their roles and that their respective skills complement each other to enhance the overall operation of the Board.

Shareholder relations

Communication with shareholders is given a high priority and the Company undertakes a regular dialogue with major shareholders, fund managers and analysts. The Chief Executive and the Chief Financial Officer meet with major shareholders, as appropriate, during the course of the year, in particular following the announcement of the year-end and interim financial results. The Chairman stands ready to maintain a dialogue with shareholders on strategy, corporate governance and Directors' remuneration, as required. Presentations to analysts are simultaneously posted on the Company's website at **www.investorsjupiteronline.co.uk**. The Senior Independent Director is available to meet shareholders on request if they have concerns which contact through the normal channels of communication through the Chairman has failed to resolve, or for which such contact is inappropriate.

The Annual General Meeting provides the Board with an opportunity to communicate with, and answer questions from, private and institutional shareholders and the majority of the Board will be available at the meeting for shareholders to ask questions. The Chairman of each of the Audit, Remuneration and Nomination Committees will be available at the Annual General Meeting to answer questions.

Internal control and risk management

The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness on a regular basis. A report describing the existing systems of internal control the Group has in place is set out in the Risk Management and Internal Control report. Such systems have been in place throughout the year and up to 8 April 2011, the date of approval of the Annual Report and Accounts.

Remuneration report

2010 was a mixed year for markets with considerable volatility in the first half, followed by strong growth in the second half against a backdrop of global economic uncertainty.

Despite such uncertainty, we had a successful year in terms of asset gathering, overall fund performance, recruitment of talent and launching new products all achieved in a year of considerable activity associated with our Listing.

The financial crisis over the last few years has resulted in additional scrutiny of financial services pay and the introduction of regulation for asset management remuneration in the form of the FSA Remuneration Code. Jupiter has for many years adopted the approach of rewarding good performance and ensuring that employee rewards are in line with achievements. To this end, fixed pay at Jupiter is targeted at the market median with reward for good performance coming through variable pay (bonus) and equity participation through the retention LTIP. The bonus pool is funded out of profits each year and it has long been Jupiter's practice to defer a significant element of large bonuses. The net result of our established remuneration approach is that very little change has had to be made to the remuneration structure to meet the requirements of the FSA Remuneration Code.

Our emphasis on variable pay through the bonus scheme and employee equity participation has served us well for many years. We believe that it will continue to motivate and retain our employees, support the delivery of our strategic growth objectives and help to attract additional talent.

This report describes Jupiter's remuneration policy and gives details of the compensation arrangements for Directors for the year ended 31 December 2010. It is the first remuneration report of the Company following Listing in June 2010. This report has been prepared on behalf of the Board in accordance with the requirements of the Companies Act 2006, Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Combined Code on Corporate Governance (the "Code").

Role, Composition and Practice of the Remuneration Committee

Role of the Remuneration Committee

The Committee assists the Board in discharging its responsibilities in relation to remuneration, including:

- determining and agreeing with the Board the overarching policy for the remuneration of the Group's employees and ensuring it is structured in a way that aligns reward with performance and shareholder interests and promotes effective risk management;
- determining the overall size of the annual incentive pool, taking into account all relevant factors, including the profitability of the business, the performance of the Group, the assessment of the Group's financial and non-financial performance against targets and any constraints around total remuneration spend. These factors include the level of risk taken to achieve performance;
- approving the design of, determining targets for and monitoring the operation of, the performance related pay schemes operated by the Group and approving the total annual payments made under such schemes;
- determining the individual remuneration and benefits package of each of the Chairman of the Company, the executive Directors, each member of the Executive Committee and such other senior executives and fund managers as the Remuneration Committee may designate; and
- setting objectives, considering performance and approving bonus proposals for FSA Remuneration Code Staff. FSA Remuneration Code Staff include senior management, heads of control functions and other significant risk-takers, including those registered with the FSA as persons who perform a Significant Influence Function (as defined in the FSA Rules).

The remuneration of all non-executive Directors other than the Chairman is a matter for the Chairman and the executive members of the Board.

The Committee's terms of reference are available on the Company's website and the Chairman of the Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Composition of the Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors (namely, Matteo Dante Perruccio and Lorraine Trainer), Jamie Dundas, the Company's Chairman (who at the time of appointment was independent for the purposes of the Code), and Michael Wilson, a non-executive Director nominated by TA Associates, Inc. Jamie Dundas is the Chairman of the Remuneration Committee at present. Lorraine Trainer will be appointed in his place following the 2011 Annual General Meeting.

Edward Bonham Carter and Adrian Creedy were members of the Remuneration Committee until 1 June 2010 when they stepped down from the Committee in anticipation of Listing.

Frequency of meetings

From Listing to 31 December 2010 the Remuneration Committee held 4 meetings. Going forward, the Committee's normal agenda and activities have been formulated on the basis of five scheduled meetings in each year.

Details of attendance at the Remuneration Committee meetings are set out in the Corporate Governance report.

Advisers

The Committee does not currently have external advisers, but is authorised to appoint such advisers if it considers this appropriate.

Remuneration policy

Remuneration policy

Jupiter recognises the importance of its employees to the success of the business. Consequently, Jupiter's remuneration policy is designed to be market competitive in order to motivate, aid staff retention, improve individual and corporate performance and align employee behaviour with the interests of shareholders. The remuneration policy is, therefore, a key driver of performance and a central element of corporate strategy. Benchmarking is used to ensure that total compensation is market competitive. Total cash (base salary plus annual bonus) and total compensation (total cash plus long-term incentive) are benchmarked to between market median and upper quartile. A range of benchmark data is used based on comparable investment management businesses.

Jupiter's remuneration philosophy has a strong focus on variable compensation because the Directors believe that employees' and shareholders' interests are best served by containing fixed costs and increasing the proportion of total compensation that is directly performance-related and, therefore, aligned with shareholders' interests. Risk is an important factor in the performance review process and is taken account of in the measurement of individuals' performance. In setting Directors' remuneration, the Committee also takes into account the pay and employment conditions of all Jupiter employees.

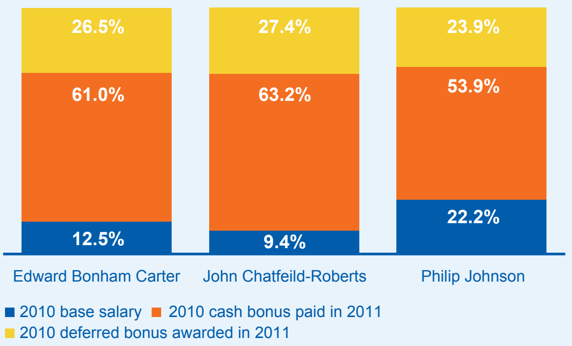
The Remuneration Committee has considered the Environmental, Social and Governance (ESG) implications of the remuneration policy and is satisfied that it does not lead to irresponsible behaviour.

The remuneration policy, which applies to Directors and employees and is intended to apply to 2011 and subsequent years (subject to the Remuneration Committee having the right to amend it if it considers this is necessary), is based on the following key principles:

- a single remuneration policy is applied across the Group;
- alignment to effective risk management;
- the need to provide market competitive total compensation;
- differentiation by merit and performance;
- an emphasis on variable, performance-driven remuneration to ensure affordability with salary generally at market median and bonus payments funded from retained profits;
- consistency with the FSA Remuneration Code;
- alignment with shareholders' interests through significant and widespread equity ownership; and
- clarity, transparency and fairness of process.

To illustrate how the remuneration policy works in practice, Figure 1 identifies the executive Directors' 2010 remuneration split between fixed and variable elements and identifies that part of the remuneration which is deferred. The chart shows only salary, cash bonus and Deferred Bonus Plan awards and excludes one-off awards which are referred to in this report.

Figure 1



Elements of Reward

Consistent with these principles, the elements of Jupiter's total compensation package are:

Base salaries

The emphasis on variable pay will continue at Jupiter, with the aim of positioning base salaries at, generally, no more than what the Directors believe is median in the market. Salaries are reviewed annually against market benchmarks. Jupiter has a general policy of capping base salaries at £250,000 per annum, with competitive positioning of total compensation achieved through the use of short and long-term incentives.

Annual bonus

Jupiter does not explicitly link incentive awards to a multiple of base salary, believing that any such linkage provides an incentive to increase base salaries, and thus fixed costs. The annual bonus policy is, and will continue to be, sufficiently flexible to allow for years of good and poor performance. Jupiter's policy is that the size of the bonus pool should be based on Jupiter's profitability. The Directors believe that this provides transparency and certainty to shareholders and employees, as well as ensuring that bonuses are affordable and linked to performance. Accordingly, Jupiter's policy allows for the payment of no bonus should the performance of Jupiter or individuals require this. However, it also allows the Board to take essential steps to retain key staff if necessary to protect the Group's interests.

Individual bonuses for all employees are determined based on a number of factors relating to the individual's role and performance. These include, where appropriate, risk and compliance behaviour, financial and non-financial measures, sales performance, including net fees and net sales (for sales staff), investment performance (for fund managers), other factors including profitability and cost control and individual, departmental and corporate performance against objectives and strategic goals.

Deferrals will be effected through the Deferred Bonus Plan ("DBP") or as otherwise determined by the Remuneration Committee. Under the DBP significant proportions of senior management bonuses are deferred into interests in ordinary shares or units in Jupiter's funds to ensure alignment of future risk exposure between management and shareholders, subject to remaining competitive with market practice. Awards will fully vest three years after the date of grant subject to a continuing employment requirement. No further performance conditions apply to DBP awards as, in making the awards, the Remuneration Committee has been satisfied that performance objectives have been met. DBP awards in respect of ordinary shares are intended to be settled by the transfer or issue of ordinary shares to DBP participants after vesting of the awards.

The percentage of bonus which is deferred is determined by the Remuneration Committee. For all staff, for the financial year ended 31 December 2010, there was a mandatory deferral of 100 per cent. of bonus between £100,000 and £150,000 and 30 per cent. of bonus in excess of £150,000.

Performance fee incentives

A number of fund managers have a contractual entitlement to a share of any performance fees they generate on the funds they run aligning the interests of the Group, its clients and fund managers. No Director is eligible to receive performance fee incentives.

Long-term incentives
During the autumn and winter of 2010, and in early 2011, the Remuneration Committee met on several occasions to develop the policy framework described above and to consider its application to bonus and LTIP awards which were announced in March 2011.

The retention long-term incentive plan
The LTIP was adopted by the Board in June 2010, prior to Listing.

All employees, including Directors of Jupiter, are eligible to participate in the LTIP. Awards are made at the discretion of the Remuneration Committee and may be granted in the form of options (either at market value or nil-cost), restricted shares or conditional share awards over ordinary shares. Awards will normally vest on or after the third anniversary of the date of grant subject to a continuing employment requirement and, in the case of Directors and senior managers, the satisfaction of performance conditions. Any performance conditions will be set at the date of grant of the award by the Remuneration Committee and may comprise a combination of corporate and individual measures. The first such awards are expected to be made in April 2011 and will be settled by the issue of new shares.

The 2011 LTIP awards to the executive Directors will be subject to performance conditions which are under consultation with major shareholders at present. It is anticipated these will include conditions relating to EPS, net sales and strategic goals.

In determining new awards (bonus and LTIP) in 2011, the Remuneration Committee sought primarily to reward and incentivise strong performance, but also to complement and extend the alignment and retention benefits arising from existing unvested shareholdings. Thus, the Committee decided that all DBP and LTIP awards made in 2011 would be made in the form of nil-cost options in respect of shares in the Company and, in making LTIP awards, focused in particular on extending long-term retention across key staff.

Sharesave plan
The Group's management has always promoted an entrepreneurial spirit among its employees and emphasised the importance of widespread employee ownership in building a strong corporate culture. To encourage share ownership among employees generally, Jupiter introduced the Sharesave Plan following Listing for which all UK tax resident employees are eligible.

Under the Sharesave Plan, employees who wish to participate must enter into a savings contract under which they will contribute payments of between £10 and £250 per month. Participants are granted an option to acquire ordinary shares out of the repayment made under that contract. The Sharesave Plan has been approved by HMRC and the first invitations were issued to employees in September 2010. 76 per cent. of eligible employees accepted the invitation to participate in this plan.

Pre-Listing Share Plan
Prior to Listing on 21 June 2010, the Company operated a plan (the "Pre-Listing Share Plan") pursuant to which employees were granted options and/or restricted or contingent share awards. At Listing, approximately 98 per cent. of employees held Jupiter shares or options that had been granted under that scheme. The Company does not intend to make any further grants under this scheme.

As noted above, the Committee considers that significant employee share ownership is important in aligning the interests of senior management, employees and shareholders. Under the arrangements set out in the Prospectus issued in connection with Listing, senior Jupiter employees hold shares which will vest in equal instalments in June 2011, June 2012 and June 2013, and a proportion of such employees also hold options or shares exercisable in the period up to 2015, subject to performance conditions. Pre-Listing Share Plan awards made prior to 2010 were subject to performance conditions, which were largely satisfied at Listing.

Pre-Listing retention bonus plan
Prior to Listing, the Group operated a retention bonus plan whereby a proportion of larger bonus amounts was deferred for two years. The retention bonus award took the form of units in a Jupiter unit trust or cash. One third of the award vested after one year and the balance after two years.

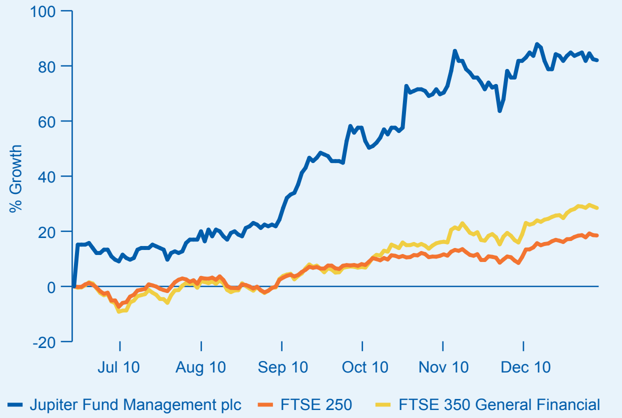
Pension contributions
All UK employees who have been with Jupiter for at least 6 months are eligible to participate in a defined contribution (money purchase) pension scheme, the Jupiter Pension Scheme. Employer contributions to the scheme are at the rate of 15 per cent. of base salary.

Although the other executive Directors receive the benefit of the employer contributions into the Jupiter Pension Scheme, a pension allowance in lieu of pension contributions is payable directly to Edward Bonham Carter (net of employer's national insurance) rather than into a pension scheme, because he has previously reached the lifetime allowance.

Other benefits
Jupiter provides its employees with a number of other benefits, including private medical cover, life assurance, dependants' pension and an income protection scheme to cover long-term illness.

Figure 2
Share price performance

The graph shows the Company's share price performance compared with the movement of the FTSE 250 Index and the FTSE 350 General Financial Index. These two indices were chosen, as the Company is in the FTSE 250 and the FTSE 350 General Financial Index includes UK listed financial stocks, including asset managers.



Source: Bloomberg, Financial Express 15.06.10. to 31.12.10.

Directors' service agreements, emoluments and share interests

Directors' service agreements and letters of appointment
The Company entered into service agreements on 1 June 2010 with each of the executive Directors, being Edward Bonham Carter, John Chatfeild-Roberts and Philip Johnson. None of the service agreements has a fixed term and each is terminable by not less than six months' written notice by either party.

The Committee's policy is that service agreements for executive Directors should not contain any provision for compensation on early termination and that the Company and its Directors should instead each rely on the position under law. In the event that compensation for early termination is payable, the Committee's policy is to seek to keep such compensation to an appropriate level. There are no specific provisions in the service agreements providing for compensation payable by the Company on termination without cause or on change of control.

For Jamie Dundas, Liz Airey, Matteo Dante Perruccio and Lorraine Trainer, the appointments are for a fixed term of three years from the respective commencement dates unless renewed or unless terminated by either party on three months' written notice.

For Richard I. Morris, Jr. and Michael Wilson, the appointments are for an indefinite period unless terminated by each of these Directors on three months' written notice to the Company at any time, or by the Company on three months' written notice to the Director which may be given at any time if: (1) in respect of Richard I. Morris, Jr., the percentage of the ordinary shares of the Company in issue from time to time owned by TA Associates, Inc (together with its Associates) on an aggregated basis falls below 15 per cent; and (2) in respect of Michael Wilson, the percentage of the ordinary shares of the Company in issue from time to time owned by TA Associates, Inc (together with its Associates) on an aggregated basis falls below 10 per cent.

Directors' share interests

Prior to 25 May 2010, the shares in the Company were divided into four classes: A ordinary shares, B ordinary shares, Tier 1 preference shares and Tier 2 preference shares, each with a nominal value of £1. Pursuant to the Listing share capital reorganisation, each A share and each B share was sub-divided and converted into 50 ordinary shares of 2p each and each Tier 1 and Tier 2 preference share was sub-divided and converted into ordinary shares such that the value was equal to the aggregate entitlement of the Tier 1 and Tier 2 preference shares at the date of Listing. In the interests of simplicity, all of the shareholdings given in this report are stated on the basis of the capital structure following the Listing share capital reorganisation despite the fact that this did not occur until immediately prior to Listing.

The majority of the shares held by the executive Directors are subject to vesting and lock-in arrangements pursuant to which shares vest and are released from the lock-in arrangements on the first, second and third anniversaries of Listing. Shares held by Jamie Dundas and Matteo Dante Perruccio are subject to lock-in obligations over the same timescale.

The interests of the Directors and their connected persons in shares of the Company at 31 December 2010 are set out in Table 2.

Details of the terms of appointment of the non-executive Directors are set out in Table 1.

Table 1

Terms of appointment of non-executive Directors

Name	Title	Date of appointment	Annual fee immediately before 21 June 2010	Annual fee from 21 June 2010	Committee responsibilities
Jamie Dundas[1]	Independent Chairman	28 January 2008	£100,000	£150,000	Remuneration Nomination
Liz Airey	Independent non-executive Director	17 May 2010	£60,000	£65,000	Audit Nomination Senior Independent Director
Matteo Dante Perruccio[2]	Independent non-executive Director	9 September 2008	£35,000	£55,000	Audit Remuneration
Lorraine Trainer	Independent non-executive Director	17 May 2010	£50,000	£55,000	Audit Remuneration
Richard I. Morris Jr.	Non-executive Director	19 June 2007	nil	£45,000	–
Michael Wilson	Non-executive Director	19 June 2007	nil	nil	Remuneration Nomination

1. Prior to 1 June 2010, Jamie Dundas' annual fee was £50,000. From 1 June 2010 this increased to £100,000. Jamie Dundas also received one-off additional fees of £50,000 during 2010 for work related to Listing. 2. At his request, Matteo Dante Perruccio's fees have been paid to Hermes BPK Partners LLP rather than to him personally.

Table 2

Interests in shares

	Ordinary shares held at 31 December 2010	Options over ordinary shares held at 31 December 2010
Jamie Dundas	1,250,000	–
Edward Bonham Carter	14,555,103	4,663
John Chatfeild-Roberts[1]	8,372,743	1,562,500
Philip Johnson	1,760,000	4,663
Liz Airey	45,450	–
Matteo Dante Perruccio	250,000	–
Lorraine Trainer	24,242	–
Richard I. Morris Jr.	653,645	–
Michael Wilson	217,978	–

1. Includes connected person's holding

There have been no changes to the above interests between the year-end and 8 April 2011 (the latest practicable date before the printing of the Annual Report and Accounts).

Audited section of the Remuneration Report

Table 3

Directors' emoluments

The aggregate remuneration, excluding awards subject to vesting conditions as shown in the pre-Listing retention bonus plan award table below, and benefits in kind receivable by each of the Directors and former Directors of the Company in respect of the year under review were as follows:

Current Directors	2010 Base salary/fee	2010 Cash bonus (paid in 2011)	Recruitment Bonus[2]	Benefits in kind[3]	2010 Allowances[4]	Total 2010	2010 Pension contributions	Total 2009	2009 Pension contributions
	£	£	£	£	£	£	£	£	£
Jamie Dundas	153,077	–	–	–	–	153,077	–	50,000	–
Edward Bonham Carter	250,000	1,220,000	–	1,751	33,245	1,504,996	–	1,702,977	–
John Chatfeild-Roberts	246,154	1,675,000	–	1,751	–	1,922,905	36,923	1,750,826	37,212
Philip Johnson	200,000	485,000	135,000	–	–	820,000	30,000	224,247	5,887
Liz Airey[1]	40,192	–	–	–	–	40,192	–	–	–
Matteo Dante Perruccio	45,000	–	–	–	–	45,000	–	35,000	–
Lorraine Trainer[1]	33,936	–	–	–	–	33,936	–	–	–
Richard I. Morris Jr.	23,885	–	–	–	–	23,885	–	–	–
Michael Wilson	–	–	–	–	–	–	–	–	–
TOTAL current Directors	**992,244**	**3,380,000**	**135,000**	**3,502**	**33,245**	**4,543,991**	**66,923**	**3,763,050**	**43,099**

Former Directors	2010 Base salary/fee	2010 Cash bonus (paid in 2011)	Recruitment Bonus	Benefits in kind[3]	2010 Allowances[4]	Total 2010	2010 Pension contributions	Total 2009	2009 Pension contributions
	£	£	£	£	£	£	£	£	£
Jonathan Carey[5]	62,500	12,500	–	730	8,311	84,041	–	247,272	–
Adrian Creedy[5]	83,780	216,667	–	730	–	301,177	12,567	788,635	31,012
Anthony Nutt[5]	104,167	–	–	730	13,852	118,749	–	2,187,036	–
Chris Parkin	–	–	–	–	–	–	–	–	–
TOTAL former Directors	**250,447**	**229,167**	**–**	**2,190**	**22,163**	**503,967**	**12,567**	**3,222,943**	**31,012**
TOTAL all Directors	**1,242,691**	**3,609,167**	**135,000**	**5,692**	**55,408**	**5,047,958**	**79,490**	**6,985,993**	**74,111**

1. Appointed 17 May 2010. 2. Recruitment bonus paid in March 2010. 3. BUPA. 4. Pension allowances. 5. 2010 figures have been pro-rated to the end of Directorship on 1 June 2010.

Total 2009 relates to the full year's remuneration.

Apart from John Chatfeild-Roberts, no Director agreed to waive any emoluments in 2010 and/or for any future years. John Chatfeild-Roberts waived (i) £5,000 in respect of his 2009 bonus and (ii) a performance fee share in relation to the Jupiter Merlin Absolute Return Portfolio fund he co-managed in 2010.

Table 4

Pre-Listing retention bonus plan awards	Fund awards held as at 1 January 2010	2010 fund awards made in respect of 2009[1]	Fund awards held as at 31 December 2010	Price per unit at grant date	Latest vesting date
	£	£	£		
Current Directors					
Edward Bonham Carter	–	375,000	375,000	103.98p	March 2012
John Chatfeild-Roberts	–	750,000	750,000	103.98p	March 2012
Philip Johnson	–	–	–	–	–
Former Directors					
Jonathan Carey[2]	–	–	–	–	–
Adrian Creedy[2]	–	275,000	275,000	103.98p	March 2012
Anthony Nutt[2]	–	125,000	125,000	103.98p	March 2012
Total	**–**	**1,525,000**	**1,525,000**		

1. Retention awards made in the form of Jupiter Merlin Balanced Portfolio Accumulation units. 2. Directorship ended on 1 June 2010.

Table 5

DBP awards	DBP awards in respect of 2010[1]	Latest vesting date
	£	
Directors		
Edward Bonham Carter	530,000	March 2014
John Chatfeild-Roberts	725,000	March 2014
Philip Johnson	215,000	March 2014
Former Directors		
Jonathan Carey	–	–
Adrian Creedy[2]	95,833	March 2014
Anthony Nutt	–	–
Total	**1,565,833**	

1. The number of share options in relation to the Deferred Bonus Plan awards stated in the above table will be determined at grant date. 2. Pro rata to the end of Directorship on 1 June 2010.

Long-term incentive schemes

Table 6

Directors' interests in shares under Pre-Listing Share Plan

Directors	Ordinary shares as at 1 January 2010 subject to vesting (excluding connected persons)	Ordinary shares awarded during 2010	Sale of shares prior to Listing[1]	Ordinary shares vested during 2010[2]	Ordinary shares as at 31 December 2010 subject to vesting (excluding connected persons)	Ordinary shares vesting on 21 June 2011	Ordinary shares vesting on 21 June 2012	Ordinary shares vesting on 21 June 2013
Edward Bonham Carter	19,687,500	–	3,937,500	3,937,500	11,812,500	3,937,500	3,937,500	3,937,500
John Chatfeild-Roberts	8,437,500	–	–	1,687,500	6,750,000	2,250,000	2,250,000	2,250,000
Philip Johnson	2,000,000	–	–	400,000	1,600,000	533,333	533,333	533,334

Table 7

Former Directors	Ordinary shares as at 1 January 2010 subject to vesting (excluding connected persons)	Ordinary shares awarded during 2010	Sale of shares prior to Listing	Ordinary shares vested during 2010[2]	Ordinary shares as at 1 June 2010 (end of Directorship)	Ordinary shares vesting on 21 June 2011	Ordinary shares vesting on 21 June 2012	Ordinary shares vesting on 21 June 2013
Jonathan Carey	1,687,500	–	–	337,500	1,350,000	450,000	450,000	450,000
Adrian Creedy	5,625,000	–	–	1,125,000	4,500,000	1,500,000	1,500,000	1,500,000
Anthony Nutt	24,375,000	–	–	4,875,000	19,500,000	6,500,000	6,500,000	6,500,000

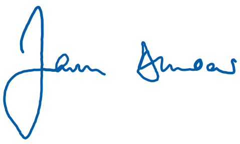
1. In April 2010, Edward Bonham Carter sold at nominal value 3,937,500 ordinary shares to the Jupiter Employee Benefit Trust.
2. The Company was not listed at the date of grant nor at the date of vesting. The shares were listed on 21 June 2010 following an initial public offering at £1.65.

Table 8

Directors' interests in Options under Pre-Listing Share Plan and Sharesave plan

Directors	Number of options held as at 1 January 2010	Number of options awarded during year	Number of options exercised during year	Number of unexercised options lapsed during year	Number of options held as at 31 December 2010	Exercise price	Earliest exercise date	Latest exercise date
Edward Bonham Carter[1]	–	4,663	–	–	4,663	£1.93	1 Dec 2013	31 May 2014
John Chatfeild-Roberts[2]	–	1,562,500 split as follows:	–	–	1,562,500 split as follows:	None		21 Jun 2014
		250,000			250,000		21 June 2011	
		333,375			333,375		21 June 2012	
		333,375			333,375		21 June 2013	
		645,750			645,750		21 June 2014	
Philip Johnson[1]	–	4,663	–	–	4,663	£1.93	1 Dec 2013	31 May 2014

1. By virtue of their participation in the Sharesave Plan (in relation to which each is saving £250 per month over a 3-year term) each of Edward Bonham Carter and Philip Johnson has options over an additional 4,663 ordinary shares. Provided they remain employed by Jupiter at the end of the 3-year term and maintain their monthly contributions, those options become exercisable between December 2013 and June 2014 at a cost of £1.93 per ordinary share. 2. Prior to Listing, John Chatfeild-Roberts was granted options under the Pre-Listing Share Plan over 1,562,500 ordinary shares which, subject to satisfaction of performance conditions in respect of 20% of such shares relating to the performance and level of the funds he manages, together with his overall performance during the period from grant to 21 June 2014, become exercisable between 21 June 2011 and 21 June 2014 at nil cost. The price paid was 2p per share (£31,250 in total). The performance conditions focus on the key deliverables of fund performance and asset growth as well as his wider contribution to Jupiter. They will be measured by the Remuneration Committee with reference to the performance of the funds John Chatfeild-Roberts manages, the growth in assets and his wider contribution as Chief Investment Officer and as a Director of the Company.



Jamie Dundas
Chairman of the Remuneration Committee
8 April 2011

Audit Committee report

The Audit Committee composition and focus fell into two distinct halves in 2010.

Committee composition

The current Audit Committee members are Liz Airey (Chairman), Matteo Dante Perruccio and Lorraine Trainer, all of whom are independent non-executive Directors and who were appointed prior to Listing. All the members of the Committee are considered as being appropriately experienced and qualified to fulfil their duties. Liz Airey is the Chairman and is considered by the Board to have recent and relevant financial experience.

Year in review

The Audit Committee's composition and focus fell into two distinct halves in 2010. During the early part of the year, the Committee concentrated on overseeing the conversion of the Group's accounts onto IFRS and the preparation of the three year track record for inclusion in the Listing prospectus. The nature of the Listing required a substantial proportion of the control, compliance and risk oversight, which would normally fall to the Committee, to be undertaken at the main Board level due to the responsibilities of all Directors for the contents of the Listing prospectus.

Following the Listing, the new Chairman and other Committee members initially focused on ensuring the external reporting processes for the Group were properly followed in line with its new status, alongside increasing their knowledge and understanding of the business and its control environment. The Committee has also agreed a formal calendar of items for consideration at each meeting and within the annual audit cycle to ensure that its work is in line with the Code and other regulatory requirements. The Committee has not yet completed its first cycle of work and has, therefore, concluded that it will undertake its first formal annual effectiveness review during 2011. However, an internal evaluation of the Committee was undertaken in December 2010 and its members were satisfied that the Committee was operating effectively.

Role

The Audit Committee assists the Board in discharging its responsibilities by:

- overseeing the Group's financial reporting processes;
- reviewing the critical accounting policies, financial reporting issues and judgements, including going concern, made in relation to the annual and half-year financial statements, together with the reports on them from the external auditors;
- reviewing Interim Management Statements and trading updates prior to their release;
- receiving reports from management on the effectiveness of the internal control, regulatory compliance and risk management environments;
- regularly reviewing the external and internal audit work plans, their findings, their effectiveness and considering their re-appointment;
- overseeing the appointment, remuneration, independence and performance of the Group's internal and external auditors; and
- reviewing the Group's internal capital adequacy assessment process.

The ultimate responsibility for reviewing and approving the Annual and half-year financial statements remains with the Board.

The Committee's terms of reference are available on the Company's website and the Chairman of the Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Meetings of the committee

The work cycle agreed by the Committee requires it to meet at least four times a year to carry out its routine work and it meets otherwise as necessary. While only members of the Committee have the right to attend Committee meetings, representatives of the Group's external and internal auditors, the Chief Financial Officer, the Compliance Director, the Head of Operational Risk and other relevant members of the senior management team as appropriate, are usually required to attend all routine meetings and (unless otherwise specifically determined) ad hoc meetings of the Committee. In addition, the Chief Executive, the Chief Investment Officer and the Chief Operating Officer are invited to attend all or relevant parts of the meetings of the Committee. The Chairman of the Board has a standing invitation to attend all Committee meetings.

As detailed within the Corporate Governance report, the Committee held three meetings since Listing. The Committee also met with the internal and external auditors without Jupiter management present.

Internal audit function

Ernst & Young LLP were appointed to provide the Group's internal audit function in the second half of 2008. The current internal audit plan runs until December 2011, in advance of which date the Committee will consider the continued appointment of Ernst & Young LLP as the Group's internal auditors.

The internal auditors report directly to the Audit Committee and, in addition to submitting status papers for each Committee meeting, provide the Committee members with copies of any individual, department specific reports completed between meetings. The Committee works with the internal auditors to help ensure that their work is co-ordinated with that of the external auditors.

The Committee continues to review the effectiveness of the internal audit function, but is currently of the view that outsourcing this to a specialist independent provider is appropriate and helps to ensure that the function is adequately resourced.

External auditors

The Group's external auditors are PricewaterhouseCoopers LLP. During the year, the Committee reviewed and approved the terms of engagement and the proposed audit fee for the 2010 audit.

The Committee has reviewed the relationship with the external auditors. The requirement for listed companies is that no individual should act as lead audit partner for more than five years. Following the Listing, the Committee resolved that the lead audit partner (who had at that time been in that role for more than five years) should be replaced and a new partner was appointed to this role with effect from 19 October 2010. In line with its annual work cycle, a full review of the effectiveness of the external auditors will be carried out by the Committee following the 2010 audit.

Following Listing, the Committee has developed and implemented a policy to safeguard the objectivity and independence of the external auditors. This policy sets out certain disclosure requirements by the external auditors to the Committee, restrictions on the employment of the external auditors' former employees, partner rotation and procedures for the approval of non-audit services provided by the auditors. The Committee now receives a regular report setting out the non-audit services provided by the external auditors during the year and the fees charged. Due to the nature of the work on Listing, non-audit fees were unusually high in 2010, but the Committee was satisfied that this work was best performed by the external auditors, was non-recurring in nature and did not prejudice their independence during the year. An analysis of fees paid in respect of audit and non-audit services provided by PricewaterhouseCoopers LLP is provided within the administrative expenses note of the Financial statements.

The Committee has recommended to the Board that PricewaterhouseCoopers LLP continue to act as the Group's auditors and that a resolution be proposed to the shareholders at the Annual General Meeting that they be re-appointed as the Group's external auditors for 2011.

Liz Airey

Liz Airey
Chairman of the Audit Committee
8 April 2011

Nomination Committee report

The Nomination Committee was established on 26 May 2010, shortly before Listing. The members comprise two independent non-executive Directors, namely Jamie Dundas (who was independent at the time of appointment to the Board, for the purposes of the Code) and Liz Airey, together with Michael Wilson, a non-executive Director appointed by TA Associates, Inc. Jamie Dundas is the Chairman. The Committee has formal terms of reference which are available for inspection on the Company's website **www.investorsjupiteronline.co.uk.**

The Committee's responsibilities include:

- reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to any changes;
- considering succession planning for Directors and other senior executives;
- identifying and nominating, for approval by the Board, candidates to fill Board vacancies as and when they arise;
- evaluating the balance and skills, knowledge and experience on the Board and identifying the capabilities required for a particular appointment;
- keeping under review the leadership needs of the Group, both executive and non-executive, and
- reviewing annually the time required from non-executive Directors.

As this was its first year of operation, the Committee met once in 2010 following Listing to review the structure, size and composition of the Board and to plan the 2011 meetings. As stated in the Committee's terms of reference, it will meet at least twice a year in future. The Nomination Committee formally reports to the Board on its proceedings and will make recommendations where it deems appropriate on any area within its remit where action or improvement is needed.

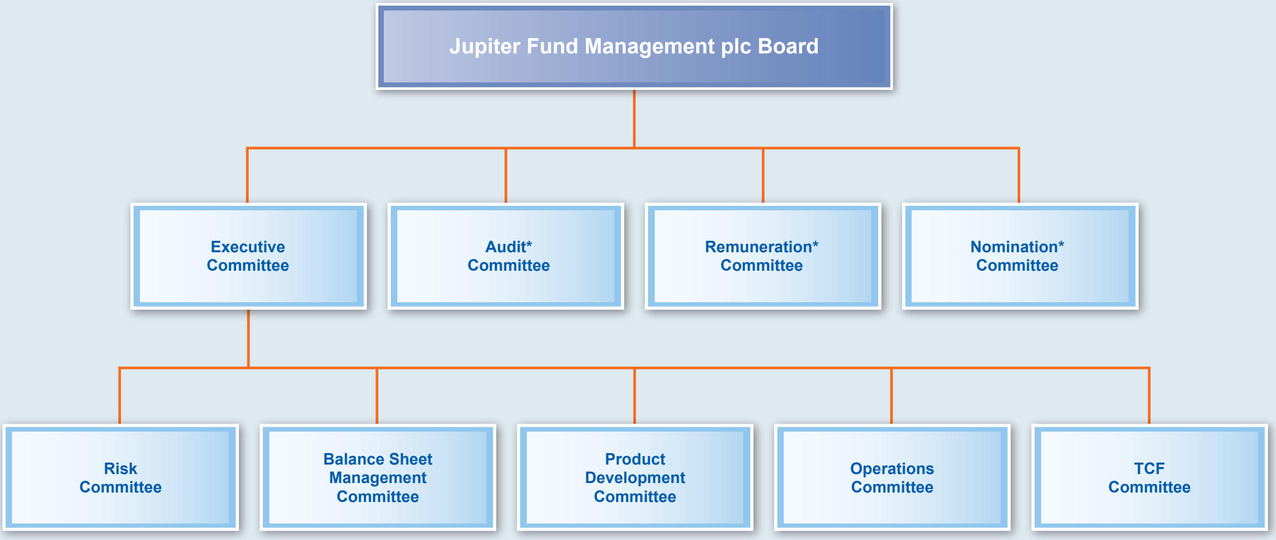
The Committee has the right to appoint external advisers where it believes that to be appropriate. This includes legal and professional advice. It may also seek any information that it requires from any officer or employee of the Group.

Jamie Dundas
Chairman
8 April 2011

Risk management and internal control report

The Board is accountable for risk and is responsible for oversight of the risk management process.

Jupiter's Corporate Governance Framework



Board committees composed of non-executive Directors of Jupiter Fund Management plc.

Risk management framework

The Board is accountable for risk and is responsible for oversight of the risk management process. The Board has ultimate responsibility for the risk strategy of the Group and for determining an appropriate risk appetite and tolerance levels within which the Group must operate. By defining these, the Board demonstrates that it is aware of and, where appropriate, has taken steps to mitigate the impact of risks that may have a material impact on the Group.

The Executive Committee reviews the key corporate risks facing the Group. The Chief Financial Officer has responsibility for the risk and control framework within the Group and the independent monitoring and reporting of risk and controls. The Chief Financial Officer, through a Risk Committee, manages the ongoing development of the Group's risk and control framework. Jupiter embeds risk management within the business, with independent oversight and challenge being provided by the risk function.

Governance arrangements

Overall framework

In terms of risk within this structure, as per the chart above, the Board has ultimate responsibility for risk strategy and risk appetite. The Board delegates the review and challenge of the effectiveness of risk management arrangements within the Group to the Audit Committee.

Jupiter has an outsourced internal audit function, supplied by Ernst & Young LLP, which provides the Audit Committee with an assessment of internal systems and controls. Its approach is undertaken in accordance with a risk-based audit plan, taking into consideration information provided by the Operational Risk and Compliance departments as well as any other concerns identified through discussions with senior management and Audit Committee members.

Committee structure

A description of each of the individual committees assisting the Board with discharging its responsibilities in respect of risk monitoring and mitigation is set out below.

Executive Committee
Risk Committee
Balance Sheet Management Committee
Product Development Committee
Operations Committee
TCF Committee

Executive Committee

The purpose of the Committee is to provide an efficient forum for discussion and decision making regarding the development of the business in accordance with the strategy and objectives set by the Board. The minutes from this meeting are made available to the Chairman of the Board. The Committee meets weekly with one meeting every fortnight having a formal agenda and minutes. The following committees report to the Executive Committee.

- Risk Committee
- Balance Sheet Management Committee
- Product Development Committee
- Operations Committee
- TCF Committee

Risk committee

The Committee provides support to the Executive Committee on the establishment, implementation and maintenance of adequate risk management policies and procedures. In particular, it advises the Executive Committee on:

- the appropriate level of risk to be tolerated by the Group ("risk appetite/tolerance");
- the management of risks within the determined risk tolerances; and
- the effectiveness of risk management processes across the business, including compliance with such policies and remedial action.

The Committee reviews the Group's primary risk exposures (with consideration of impact and probability assessments) in the context of the Board's tolerance thresholds and ensure that the governance arrangements within the Group are effective in the mitigation of risk.

The scope of the Committee's remit encompasses risk control issues facing the Group in relation to operational risk, investment risk (including counterparty) and new product risks (competency and capacity aspects).

The Risk Committee is supported by the Operational Risk department, which provides assurance to internal and external stakeholders on the Group's risk management activities. It is an independent function that supports and challenges the business on their assessment of risks and controls.

Balance sheet management committee

The Balance Sheet Management Committee provides support to the Executive Committee on the establishment, implementation and maintenance of adequate balance sheet management policies and procedures. It advises the Executive Committee, on both a current and forecast basis, on the areas under its remit, as well as reviewing the risk and control issues facing the Group in those areas.

Product development committee

The purpose of the Committee is to ensure that the proposals submitted for approval have been adequately considered to enable a decision in principle to proceed or not proceed, as the case may be. TCF is an integral part of the Committee's deliberations in respect of sign off, implementation and post launch analysis. This applies to Jupiter's product range, including UK unit trusts, SICAVs, hedge funds and investment companies.

Operations committee

The purpose of the Committee is to provide a forum through which senior management can discuss ongoing and proposed operational changes to the business and consider any implications across departments. The Committee reviews Health & Safety practices and any material risks or incidents occurring.

The Committee considers any significant errors occurring during the year and any pertinent risk assessment findings from the Operational Risk function.

TCF committee

The purpose of the Committee is to consider how UK unit trust and SICAV product launches and enhancements have been executed, including Legal, Operational, Marketing, Funding and PR from a TCF perspective.

Pre-launch TCF issues are considered and documented through the completion of new product/product enhancement forms. Post-launch/implementation, the TCF Committee will look at available management information (including performance, target audience, distribution approach, market share analysis, subscription and redemption patterns, administration statistics and complaint data) to consider whether the products continue to meet the general needs of the target audience that they were designed for. They will also consider whether performance is in line with what was expected and communicated to the distributor at the time of sale.

Approach to risk

The Board determines the appropriate tolerance approach to its risks within which the Group must operate. Risk tolerances are the Group's actual boundaries and limits through which the business monitors and, if appropriate, escalates concerns to the Board. Risks and our attitude to them are considered and monitored in six categories:

1 **Strategic risk:** the risk that the Group is unable to meet its strategic objectives due to matters inherent in the nature of our business or the markets in which we operate.

2 **Operational risk:** the risk of loss caused by weaknesses or failures in the Group's systems and controls, related to people, systems and process. These include risks arising from failing properly to manage key outsourced relationships.

3 **Liquidity risk:** the risk that the Group may be unable to meet its financial obligations.

4 **Capital risk:** the risk that the Group may lack sufficient capital to be able to continue to operate as a going concern.

5 **Counterparty/credit risk:** the risk of loss caused by the corporate failure of one of the trade, prime brokerage or treasury counterparties to which the Group may be exposed, or by a custodial institution with which the Group has a relationship.

6 **Regulatory/reputational risk:** the risk of censure due to the Group's failure to meet its regulatory obligations, which may lead to reputational damage, a monetary fine or ultimately the withdrawal of its licence to carry out business.

Depending on the risk category, the monitoring of these internally will be owned by the Risk Committee or the Balance Sheet Management Committee. If the latter has any concerns, these will then be considered by the Risk Committee as well.

Internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system can provide only reasonable and not absolute assurance against material financial misstatement or loss and is designed to mitigate, not eliminate, risk.

The Board, with the assistance of the Audit Committee, carried out its annual assessment of the effectiveness of internal controls during 2010 using the following to support its conclusion:

- reports from the Compliance Director on the control environment within the Group, highlighting any major instances of non-compliance and the actions being taken to remedy such non-compliance;
- reports provided by the Compliance Director setting out the key risks faced by the Group, and where appropriate quantifying these exposures and the corresponding control mitigation in place within the Group;
- reports from the Group General Counsel outlining the Group's legal and litigation risks;
- reports from the Internal Audit function on key control and governance issues arising from their review programme;
- an annual report from the MLRO on the anti-money laundering and fraud prevention (financial crime) measures in place within the Group;
- a report from the external audit function on the internal control framework in place within the Group (AAF01/06);
- reports from the internal audit function on the control environment in place within the Group and on the effectiveness of the risk management and assurance processes; and
- an annual ICAAP report providing assessment of the capital required to support the business. This includes a series of stress tests designed to address the potential impact of the material risks facing the Group.

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the Group's significant risks that:

- was in place for the year ended 31 December 2010 and up to the date of approval of the Annual Report and Financial Statements;
- is regularly reviewed by the Board and complies with the Financial Reporting Council's revised guidance for Directors on internal control.

The Board is also of the view that:

- necessary actions have been, or are being, taken to remedy any significant failings identified as part of the ongoing risk management process.
- no significant weaknesses were identified during the year.

Assurance process

The control environment in place across the Group is reviewed during the course of a year by one or more of the four assurance functions (Compliance, Operational Risk, Internal Audit and External Audit) and assurance reports provided to senior management, the Board and Audit Committee as appropriate.

On an annual basis, Jupiter commissions an independent firm of external auditors to perform testing of the integrity of the Group-wide control environment. Jupiter reports against the framework set out in the technical release AAF 01/06 issued by the Audit and Assurance Faculty of the Institute of Chartered Accountants of England and Wales. The results of this testing, including any exceptions identified, are made available to our institutional clients.

Other governance and statutory information

Company Number 6150195

Company name

The Company changed its name from Jupiter Investment Management Holdings Limited to Jupiter Fund Management plc on 1 June 2010 and re-registered as a public company on the same date in preparation for Listing.

Share capital and voting rights

As at 8 April 2011 there were 457,699,916 fully paid ordinary shares of 2p each in issue and listed on the Official List maintained by the FSA in its capacity as the UK Listing Authority.

The share capital of the Company changed during the year under review.

Prior to Listing, the Company's issued share capital comprised 1,250,000 A ordinary shares of £1.00 each, 3,750,000 B ordinary shares of £1.00 each, 31,000,000 non-cumulative non-redeemable preference shares of £1.00 each (Tier 1 preference shares) and 24,000,000 10 per cent. cumulative redeemable preference shares of £1.00 each (Tier 2 preference shares).

In preparation for Listing, approval from shareholders was obtained on 25 May 2010 for the share capital reorganisation and the adoption of new Articles of Association. Each A ordinary share and B ordinary share was sub-divided into 50 shares of 2p each and re-designated as an ordinary share. Each Tier 1 preference share and each Tier 2 preference share was sub-divided into 50 shares of 2p each and such number of the resulting shares, as was produced by multiplying each shareholder's holding of Tier 1 preference shares and Tier 2 preference shares by the fraction 1.3350733 (the nominal value of such shares plus accrued dividends and catch-up amount) and dividing it by £1.65 (the offer price per ordinary share at Listing), was converted into ordinary shares. The remaining sub-divided shares (including any fractions resulting from the above calculation) were converted into deferred shares.

2,705,497,660 deferred shares resulted from the conversions of Tier 1 and Tier 2 preference shares into ordinary shares described above and these were repurchased on 22 December 2010 for the sum of £1 in aggregate and subsequently cancelled.

As a result of the share capital reorganisation, there were 294,502,340 ordinary shares in issue. A further 133,500,607 ordinary shares were issued on 21 June 2010 to new subscribers in connection with Listing. In addition, 29,515,151 ordinary shares were issued to Jupiter Acquisitions Sarl and 181,818 ordinary shares were issued to Richard I. Morris, Jr. on 21 June 2010 as consideration for the acquisition of Preferred Finance Securities in Jupiter Fund Management Group Limited, the Company's subsidiary.

On 25 May 2010, the Company passed a resolution authorising the cancellation of the whole of the amount standing to the credit of its share premium account following the issue of ordinary shares in connection with Listing. At the Annual General Meeting, a resolution will be proposed seeking shareholders' approval of the cancellation of the whole of the amount standing to the credit of the capital redemption reserve which arose as a result of the repurchase by the Company and cancellation on 22 December 2010 of the 2,705,497,660 deferred shares referred to above. If the resolution is passed at the Annual General Meeting, the Company will apply to the Court for confirmation of the cancellation of the capital redemption reserve at the same time as it applies for confirmation of cancellation of its share premium account. If the Court sanctions the cancellation of the share premium account and the capital redemption reserve, such cancellations will take effect on registration of the Order of the Court with the Registrar of Companies. The purpose of these cancellations is to create a special reserve, which would constitute distributable profits and which could, subject to the terms of the undertaking to be given to the Court to protect creditors, be used by the Company at its discretion for general corporate purposes.

The Company's ordinary shares carry the right to attend, speak and vote at general meetings of the Company. In addition, the holders of ordinary shares have the right to receive dividends according to their respective rights and interests in the profits of the Company and to the return of capital on a winding-up of the Company.

Appointment and replacement of Directors

The rights and obligations attaching to the Company's ordinary shares, as well as the powers of the Company's Directors, are set out in detail in the Company's Articles of Association.

The Articles of Association of the Company provide that Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director holds office only until the next Annual General Meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation.

At each Annual General Meeting of the Company, any Directors appointed by the Board since the last Annual General Meeting shall retire. In addition, one-third of the remaining Directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office by rotation. If there are fewer than three Directors, one Director shall retire from office.

At each Annual General Meeting, any Director who was last elected or last re-elected at or before the Annual General Meeting held in the third calendar year before the current year shall retire by rotation. If the number of Directors so retiring is less than the minimum number of Directors who are required to retire by rotation, additional Directors up to that number shall retire (namely, those Directors who are subject to rotation but who wish to retire and not offer themselves for re-election and those Directors who have been Directors longest since their appointment or last re-appointment (and, as between those who have been in office an equal length of time, those to retire shall, unless they otherwise agree, be determined by lot).

Any Director (other than the Chairman and any Director holding executive office) who would not otherwise be required to retire shall also retire if he has been with the Company for a continuous period of nine years or more at the date of the meeting and shall not be taken into account when deciding which and how many Directors should retire by rotation at the Annual General Meeting.

In addition to any powers under the Companies Act 2006 to remove directors from office, the Company may, by-passing an ordinary resolution, remove any Director from the Board before the expiration of his or her period in office. The Company may, subject to the Articles of Association, by ordinary resolution appoint another person who is willing to be a Director in his or her place.

Substantial share interests

As at 29 March 2011, the Company had received notifications from the following substantial shareholders (3 per cent. or more) of their interests in the ordinary share capital of the Company, in accordance with the Disclosure Rules and Transparency Rules of the UK Listing Authority:

Name	Number of shares held	Percentage of issued voting share capital
TA Funds	102,079,760	22.30%
BlackRock*	26,542,342	5.80%
Anthony Nutt**	20,505,710	4.48%
Lansdowne Partners*	14,700,384	3.21%
Edward Bonham Carter**	14,555,103	3.18%
Philip Gibbs**	14,304,560	3.13%

**Indirect holdings. **Direct and indirect holdings.*

The Directors are not aware of any other material interests amounting to 3 per cent. or more in the share capital of the Company.

Directors' interests

The interests of the Directors in shares of the Company at 31 December 2010 are set out in the Remuneration report.

CREST

The Company's ordinary shares are in CREST, the settlement system for stocks and shares traded on the London Stock Exchange.

Restrictions on transfer of shares

At the time of Listing certain employees undertook, through lock-in agreements, not to sell or transfer any ordinary shares to which they were beneficially entitled during the 12 months following Listing. These undertakings expire on 21 June 2011. In addition, certain employees (beneficially owning approximately 35 per cent. of the Company's issued ordinary shares) agreed to restrictions on the sale and transfer of their ordinary shares during the three years following Listing. The overall effect of these arrangements is that:

- following the first anniversary of Listing, approximately 15 per cent. of the ordinary shares in issue will be capable of being sold by such persons,
- following the second anniversary of Listing, approximately a further 10 per cent. of the ordinary shares in issue will be capable of being sold, and
- following the third anniversary of Listing, approximately a further 10 per cent. of the ordinary shares will be capable of being sold.

There are no restrictions on the voting rights attached to the Company's ordinary shares or any other restrictions on the transfer of securities in the Company.

Other relevant disclosure requirements of section 992 of the Act are included in the Corporate governance report and the Remuneration report and the notes to the financial statements.

TA relationship agreement

On 2 June 2010, the Company and TA Associates, Inc. entered into an agreement which regulates the ongoing relationship between the Company and TA Associates, Inc. (the 'Relationship Agreement'). TA Associates, Inc. and the Company have agreed, inter alia, that TA Associates, Inc. is entitled to nominate for appointment, (i) two non-executive Directors to the Board whilst it (and/or any of its associates) owns, on an aggregated basis, 15 per cent. or more of the ordinary shares in issue from time to time, and (ii) one non-executive Director to the Board whilst it (and/or any of its associates) owns, on an aggregated basis, 10 per cent. or more of the ordinary shares in issue from time to time.

In addition, TA Associates, Inc. is entitled to nominate one such non-executive Director to each of the Nomination Committee and Remuneration Committee during the period from 2 June 2010 to the earlier of (i) the date on which TA Associates, Inc. (and/or any of its associates) ceases to own, on an aggregated basis, 10 per cent. or more of the ordinary shares in issue from time to time, and (ii) 24 months after Listing.

The Relationship Agreement will terminate once the aggregate interest of TA Associates, Inc. and its associates in ordinary shares falls below 10 per cent.

Employees

Details of the Company's employment practices can be found in the corporate responsibility section of the Business review.

Dividends

The Directors have recommended a final dividend of 4.7p per ordinary share. This payment is subject to approval by shareholders at the Annual General Meeting and, if approved, will be paid on 24 May 2011 to shareholders on the register at 15 April 2011.

Authority to issue shares

A special resolution was passed on 25 May 2010 authorising the Directors to allot new ordinary shares. The Directors intend to seek shareholders' approval for the renewal of this authority at the Annual General Meeting to allot and grant rights to subscribe for ordinary shares up to an aggregate nominal amount of £6,102,664, representing approximately two-thirds of the Company's issued share capital as at 8 April 2011, of which an aggregate nominal value of £3,051,332 (representing approximately one-third of the Company's issued share capital) may only be allotted pursuant to a fully pre-emptive rights issue. If approved, this authority will expire at the conclusion of the Annual General Meeting in 2012 or, if earlier, on 29 June 2012.

Subject to the terms of the authority noted above, a resolution will also be proposed at the Annual General Meeting to empower the Directors to allot equity securities for cash other than pro rata to existing shareholders, until the Annual General Meeting to be held in 2012 or, if earlier, until 29 June 2012. This authority will be limited to the allotment of equity securities for cash, up to an aggregate nominal amount of £457,699, being 5 per cent. of the share capital issued at the date of this report. The Directors currently have no intention to issue ordinary shares, other than pursuant to the Company's employee share schemes and any share dividend alternatives.

Authority to purchase shares

In certain circumstances, it may be advantageous for the Company to purchase its own ordinary shares and a special resolution will be proposed at the Annual General Meeting to renew the Directors' limited authority, granted by a special resolution on 25 May 2010, to purchase the Company's ordinary shares. The authority will be limited to a maximum of 45,769,991 ordinary shares (approximately 10 per cent. of the Company's issued share capital at the date of this report) and sets out the minimum and maximum prices which may be paid for any such purchase by the Company.

Independent auditors and audit information

PricewaterhouseCoopers LLP are willing to continue as the Group's auditors and resolutions concerning their re-appointment and the determination of their remuneration will be proposed at the Annual General Meeting.

In accordance with section 418 of the Companies Act 2006 the Directors who held office at the date of approval of the Directors' Report confirm that, so far as each of them is aware, there is no relevant audit information (as defined by section 418(3) of the Act) of which the Group's auditors are unaware and each Director has taken all 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 auditors are aware of that information.

Going concern

The business review discusses the Group's business activities, together with the factors likely to affect its future development, performance and position. In addition, it sets out the financial position, its cash flows, liquidity position and borrowing facilities. The financial risk management note of the financial statements sets out the Group's objectives, policies and processes for managing capital and its financial risk management objectives, together with details of financial instruments and exposure to credit and liquidity risk.

The Group has access to the financial resources required to run the business efficiently and a strong gross cash position. The Group's forecasts and projections, which are subject to rigorous sensitivity analysis, show that the Group will be able to operate within its available resources.

As a consequence, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Change of control

The Company does not have agreements with any Director that would provide compensation for loss of office or employment resulting from a change of control following a takeover bid, except that provisions of the Company's share schemes may cause options and awards granted under such schemes to vest in those circumstances.

Creditor payment policy

It is the Group's payment policy to obtain the best terms for all business and, therefore, there is no consistent policy as to the terms used. In general, the Group agrees with its suppliers the terms on which business will take place and it is our policy to abide by these terms. Unit trust creditors are settled within four working days. The average number of trade creditor days for the Group was 27.4 (2009: 25.9).

Directors' indemnities

The Company's articles of association permit the provision of indemnities to the Directors. In accordance with its Articles of Association, the Company granted a deed of indemnity to each Director on 1 June 2010, pursuant to which each Director was granted the right to indemnification as permitted under the Act. These arrangements were in place throughout the year. In addition, during the year the Company has maintained liability insurance for Directors.

Charitable and other donations

The Group made contributions of £64,387 during the year (2009: £116,775) for charitable purposes. No political donations were made in 2010 (2009: nil).

Post-balance sheet events

Details of the post-balance sheet events are included in the note to the financial statements – Post-balance sheet events.

Annual general meeting

The Annual General Meeting will take place on 18 May 2011. All shareholders are invited to attend and will have the opportunity to put questions to the Board. The Notice of the Annual General Meeting will be circulated to all shareholders at least 20 working days before the meeting and the details of the resolutions to be proposed will be detailed in that Notice. This document will be available on the Company's website at **www.investorsjupiteronline.co.uk**.

Adrian Creedy

For and on behalf of the Board
Adrian Creedy
Company Secretary
8 April 2011

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and Accounts, the Directors' 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 parent Company financial statements in accordance with IFRS as adopted by the EU.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the Company and the Group and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS, as adopted by the EU, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Company and the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

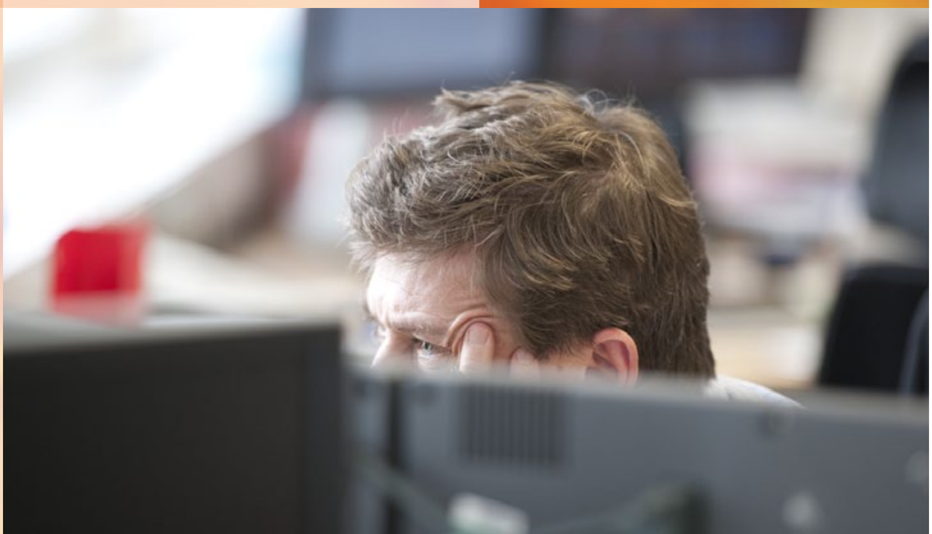
Each of the Directors, whose names are listed in the Directors' profiles, confirms that, to the best of his or her knowledge:

- the financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group; and
- the business review includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Philip Johnson
Chief Financial Officer
8 April 2011

Financial statements



Independent Auditors' report

to the Members of Jupiter Fund Management plc

We have audited the financial statements of Jupiter Fund Management plc for the year ended 31 December 2010 which comprise the consolidated income statement, the statement of other comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibility statement set out on page 53, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2010 and of the Group's profit and Group's and parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, in relation to going concern;
- the parts of the Corporate governance statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Sandra Dowling
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

8 April 2011

Consolidated income statement

for the year ended 31 December 2010

	Notes	2010 £m	2009 £m
Revenue		271.1	214.6
Commissions and fees payable		(40.6)	(32.5)
Net revenue	4	230.5	182.1
Administrative expenses	5	(115.1)	(92.3)
Operating earnings	2	115.4	89.8
Other gains	11	1.7	2.4
Amortisation of intangible assets	15	(39.8)	(39.8)
Operating profit before exceptional costs		**77.3**	**52.4**
Exceptional costs	6	(6.8)	–
Operating profit		**70.5**	**52.4**
Finance income	9	0.9	1.2
Finance expense	10	(29.0)	(46.4)
Profit before taxation		**42.4**	**7.2**
Income tax (expense)/credit	12	(9.9)	1.4
Profit for the financial year attributable to owners of the parent		**32.5**	**8.6**
Earnings per share			
Basic	32	10.8p	10.6p
Diluted	32	7.6p	3.2p

Statement of other comprehensive income

for the year ended 31 December 2010

	Notes	2010 £m	2009 £m
Profit for the year		**32.5**	**8.6**
Other comprehensive income:			
Exchange movements on translation of subsidiary undertakings	30	0.2	(2.9)
Changes in the fair value of available for sale assets	18	10.3	–
Other comprehensive income/(loss) for the year		**10.5**	**(2.9)**
Total comprehensive income for the year attributable to owners of the parent		**43.0**	**5.7**

Consolidated balance sheet

as at 31 December 2010

	Notes	2010 £m	2009 £m
Non-current assets			
Goodwill	14	341.2	341.2
Intangible assets	15	142.4	181.7
Property, plant and equipment	16	1.1	1.6
Available for sale investments	18	20.2	13.2
Deferred tax assets	21	11.0	13.0
Trade and other receivables	20	11.2	14.4
Total non-current assets		**527.1**	**565.1**
Current assets			
Investments in associates	18	13.6	27.6
Financial assets at fair value through profit or loss	18	45.3	23.3
Derivative financial instruments	18	0.9	–
Current income tax assets		–	10.2
Trade and other receivables	20	110.5	71.3
Cash and cash equivalents	22	220.3	223.4
Total current assets		**390.6**	**355.8**
Total assets		**917.7**	**920.9**
Equity attributable to the owners of the parent			
Share capital	27	9.2	32.3
Share premium	28	255.7	–
Capital redemption reserve	30	54.1	–
Own share reserve	30	(2.9)	–
Other reserve	30	8.0	–
Available for sale reserve	30	10.3	–
Foreign currency translation reserve	30	7.5	7.3
Retained earnings	30	48.8	6.9
Total equity		**390.7**	**46.5**
Non-current liabilities			
Loans and borrowings	24	281.5	627.7
Trade and other payables	23	17.1	27.3
Deferred income tax liabilities	21	39.6	54.4
Total non-current liabilities		**338.2**	**709.4**
Current liabilities			
Financial liabilities at fair value through profit or loss	18	7.0	–
Trade and other payables	23	170.6	156.3
Provisions	26	2.0	–
Current income tax liabilities		9.2	–
Derivative financial instruments	18	–	8.7
Total current liabilities		**188.8**	**165.0**
Total liabilities		**527.0**	**874.4**
Total equity and liabilities		**917.7**	**920.9**

The financial statements were approved by the Board of Directors and authorised for issue on 8 April 2011. They were signed on its behalf by:

Philip Johnson
Chief Financial Officer

Company balance sheet

as at 31 December 2010

	Notes	2010 £m	2009 £m
Non-current assets			
Investment in subsidiary undertakings	17	97.8	61.7
Total non-current assets		**97.8**	**61.7**
Current assets			
Trade and other receivables	20	263.7	–
Cash and cash equivalents	22	28.3	–
Total current assets		**292.0**	**–**
Total assets		**389.8**	**61.7**
Equity capital and reserves			
Share capital	27	9.2	32.3
Share premium	28	255.7	–
Capital redemption reserve	30	54.1	–
Own share reserve	30	(2.9)	–
Other reserve	30	8.0	–
Retained earnings	30	62.7	(7.1)
Total equity		**386.8**	**25.2**
Non-current liabilities			
Loans and borrowings	24	2.6	27.8
Total non-current liabilities		**2.6**	**27.8**
Current liabilities			
Trade and other payables	23	0.4	8.7
Total current liabilities		**0.4**	**8.7**
Total liabilities		**3.0**	**36.5**
Total equity and liabilities		**389.8**	**61.7**

The financial statements of Jupiter Fund Management plc (registered number 6150195) were approved by the Board of Directors and authorised for issue on 8 April 2011. They were signed on its behalf by:

Philip Johnson
Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 31 December 2010

Attributable to equity holders of the parent	Ordinary share capital £m	Share premium £m	Deferred share capital £m	Capital redemption reserve £m	Own share reserve £m	Other reserve £m	Available for sale reserve £m	Foreign currency translation reserve £m	Retained earnings £m	Total £m
Balance at 1 January 2009	**32.3**	**–**	**–**	**–**	**–**	**–**	**–**	**10.2**	**(1.9)**	**40.6**
Comprehensive income										
Profit for the year	–	–	–	–	–	–	–	–	8.6	8.6
Other comprehensive income										
Currency translation differences	–	–	–	–	–	–	–	(2.9)	–	(2.9)
Total other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.9)**	**–**	**(2.9)**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.9)**	**8.6**	**5.7**
Transactions with owners										
Proceeds from shares issued	–	–	–	–	–	–	–	–	0.3	0.3
Share issue expenses	–	–	–	–	–	–	–	–	(0.4)	(0.4)
Share based payments	–	–	–	–	–	–	–	–	0.3	0.3
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	0.2	0.2
Balance at 31 December 2009	**32.3**	**–**	**–**	**–**	**–**	**–**	**–**	**7.3**	**6.9**	**46.5**
Comprehensive income										
Profit for the year	–	–	–	–	–	–	–	–	32.5	32.5
Other comprehensive income										
Currency translation differences	–	–	–	–	–	–	–	0.2	–	0.2
Changes in the fair value of available for sale assets	–	–	–	–	–	–	10.3	–	–	10.3
Total other comprehensive income	–	–	–	–	–	–	10.3	0.2	–	10.5
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**10.3**	**0.2**	**32.5**	**43.0**
Transactions with owners										
B shares conversion	3.7	–	–	–	(2.9)	–	–	–	–	0.8
Tier 1 preference share conversion	(30.5)	–	30.5	–	–	–	–	–	–	–
Tier 2 preference share conversion	0.4	–	23.6	–	–	8.0	–	–	–	32.0
Acquisition of Preferred Finance Securities	0.6	48.4	–	–	–	–	–	–	–	49.0
New ordinary shares issued	2.7	217.6	–	–	–	–	–	–	–	220.3
Share issue expenses	–	(10.3)	–	–	–	–	–	–	–	(10.3)
Cancellation of deferred shares	–	–	(54.1)	54.1	–	–	–	–	–	–
Deferred tax	–	–	–	–	–	–	–	–	1.6	1.6
Share based payments	–	–	–	–	–	–	–	–	7.8	7.8
Total transactions with owners	(23.1)	255.7	–	54.1	(2.9)	8.0	–	–	9.4	301.2
Balance at 31 December 2010	**9.2**	**255.7**	**–**	**54.1**	**(2.9)**	**8.0**	**10.3**	**7.5**	**48.8**	**390.7**

Company statement of changes in equity

for the year ended 31 December 2010

Attributable to equity holders of the parent	Ordinary share capital £m	Share premium £m	Deferred share capital £m	Capital redemption reserve £m	Own share reserve £m	Other reserve £m	Retained earnings £m	Total £m
Balance at 1 January 2009	**32.3**	**–**	**–**	**–**	**–**	**–**	**(3.8)**	**28.5**
Comprehensive income								
Loss for the year	–	–	–	–	–	–	(2.9)	(2.9)
Other comprehensive income	–	–	–	–	–	–	–	–
Total other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**(2.9)**	**(2.9)**
Transactions with owners								
Share issue expenses	–	–	–	–	–	–	(0.4)	(0.4)
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
Balance at 31 December 2009	**32.3**	**–**	**–**	**–**	**–**	**–**	**(7.1)**	**25.2**
Comprehensive income								
Profit for the year	–	–	–	–	–	–	62.0	62.0
Other comprehensive income	–	–	–	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**62.0**	**62.0**
Transactions with owners								
B shares conversion	3.7	–	–	–	(2.9)	–	–	0.8
Tier 1 preference share conversion	(30.5)	–	30.5	–	–	–	–	–
Tier 2 preference share conversion	0.4	–	23.6	–	–	8.0	–	32.0
Acquisition of Preferred Finance Securities	0.6	48.4	–	–	–	–	–	49.0
New ordinary shares issued	2.7	217.6	–	–	–	–	–	220.3
Share issue expenses	–	(10.3)	–	–	–	–	–	(10.3)
Cancellation of deferred shares	–	–	(54.1)	54.1	–	–	–	–
Share based payments	–	–	–	–	–	–	7.8	7.8
Total transactions with owners	(23.1)	255.7	–	54.1	(2.9)	8.0	7.8	299.6
Balance at 31 December 2010	**9.2**	**255.7**	**–**	**54.1**	**(2.9)**	**8.0**	**62.7**	**386.8**

Consolidated statement of cash flows

for the year ended 31 December 2010

Cash flows from operating activities	Notes	2010 £m	2009 £m
Cash generated from operations	37	116.6	57.8
Finance expense paid		(56.2)	(24.4)
Income tax paid		(1.7)	(16.2)
Net cash inflows from operating activities		**58.7**	**17.2**
Cash flows from investing activities			
Purchases of property, plant and equipment		(0.9)	(0.5)
Proceeds from sale of property, plant and equipment		–	0.2
Purchase of intangible assets		(0.5)	(0.6)
Proceeds from sale of available for sale investments		4.3	–
Finance income received		0.8	1.1
Dividend income received		–	0.1
Net cash inflows from investing activities		**3.7**	**0.3**
Cash flows from financing activities			
Net proceeds on issue of ordinary shares		220.3	–
Net proceeds on issue of B shares		–	0.1
Proceeds from issue of Tier 1 preference shares		–	0.3
Net proceeds from issue of Tier 2 preference shares		–	0.3
Net (payments)/proceeds on redemption of the Preferred Finance Securities		(192.9)	2.3
Repayment of bank loans		(80.0)	(12.0)
Listing and equity issuance expenses		(11.9)	–
Net cash outflows from financing activities		**(64.5)**	**(9.0)**
Net (decrease)/increase in cash and cash equivalents		**(2.1)**	**8.5**
Cash and cash equivalents at beginning of year		223.4	216.4
Exchange loss on cash and cash equivalents		(1.0)	(1.5)
Cash and cash equivalents at end of year		**220.3**	**223.4**

Company statement of cash flows

for the year ended 31 December 2010

Cash flows from operating activities	Notes	2010 £m	2009 £m
Cash used by operations	37	(2.4)	–
Net cash outflows from operating activities		**(2.4)**	**–**
Cash flows from investing activities			
Acquisition of subsidiary undertakings, net of cash acquired		(30.0)	–
Dividend income received		25.0	–
Net cash outflows from investing activities		**(5.0)**	**–**
Cash flows from financing activities			
Net proceeds on issue of ordinary shares		220.3	–
Payment to subsidiary undertaking		(172.7)	–
Listing and equity issuance expenses		(11.9)	–
Net cash inflows from financing activities		**35.7**	**–**
Net increase in cash and cash equivalents		**28.3**	**–**
Cash and cash equivalents at beginning of year		–	–
Exchange loss on cash and cash equivalents		–	–
Cash and cash equivalents at end of year		**28.3**	**–**

Notes to the financial statements – Group and Company

1. Introduction

The principal activity of Jupiter Fund Management plc (the "Company") is to act as a holding company for a group of investment management companies. The Company and its subsidiaries (together the "Group") offer a range of asset management products. Through its subsidiaries, the Group acts as investment manager to authorised unit trusts, SICAVs, investment trust companies, pension funds, private clients, hedge funds and other specialist funds. The Group has offices in the United Kingdom, Bermuda, Germany, Jersey and Singapore. The principal operating subsidiaries within the Group during the year ended 31 December 2010 are disclosed in the principal group undertakings note. Jupiter Fund Management plc is a company incorporated and domiciled in the United Kingdom and is the ultimate parent of the Group.

2. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and IFRIC Interpretations ("IFRS as adopted by the EU") and with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies have been applied consistently to all periods presented in the financial statements.

The financial statements have been prepared on a going concern basis using the historical cost convention modified by the revaluation of certain available for sale financial assets, financial assets and financial liabilities (including derivative financial instruments) that have been measured at fair value through the statement of other comprehensive income and the profit or loss respectively. 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 the foreseeable future.

Basis of accounting

The consolidated financial information for the year ended 31 December 2010 includes the consolidated financial statements of the Company and its subsidiaries for the years ended 31 December 2009 and 31 December 2010. The accounting policies that follow set out those policies that have been applied consistently in preparing the financial statements, with no new policies adopted for the year ended 31 December 2010. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

Change of Company name

The Company changed its name from Jupiter Investment Management Holdings Limited to Jupiter Fund Management plc on 1 June 2010 and re-registered as a public company on that same date in preparation for Listing on the London Stock Exchange.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities, generally accompanying a shareholding of more than one half of the voting rights. Seed capital investments in closed-ended funds, open-ended investment companies and unit trusts are accounted for as subsidiaries, associates or other financial investments depending on the holdings of the Group and on the level of influence and control that the Group exercises. The transactions and balances of subsidiaries are consolidated in these financial statements from the date that control commences until the date that control ceases.

Uniform accounting policies are applied across all Group companies and intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Group holds a controlling interest in certain mutual funds, unit trusts and similar entities which are accounted for as subsidiaries. The funds have issued redeemable shares to the Group and external investors who have the ability to put the redeemable shares back to the funds. In accordance with IAS 32, puttable financial instruments and obligations arising on liquidation, non-controlling interests in redeemable shares issued by these funds accounted for as subsidiaries represent the portion of profit or loss and net assets that is not held by the Group or its subsidiaries and are included within other gains/(losses) in the consolidated income statement and as liabilities at fair value through profit or loss in the consolidated balance sheet. This is due to the ability of the external shareholders in these funds to put the shares back to the funds. Such instruments are liabilities of the group in accordance with IAS 32, Financial instruments: presentation.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies and are usually accompanied with a shareholding between 20 per cent. and 50 per cent. of the voting rights. Investments that are held as part of the Group's investment portfolio in mutual funds, unit trusts and similar entities are carried in the balance sheet at fair value even though the Group may have significant influence over those companies as permitted by IAS 28, Investment in Associates, with changes in fair value recognised in the consolidated income statement. The fair value of investments in associates is determined by reference to the quoted market bid prices or net asset value of the underlying investments at the close of business on the balance sheet date. The Group has no investment in associates other than these and, therefore, no associates are currently equity accounted.

2. Accounting policies continued

Revenue recognition

Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of investment management services. Revenue is shown net of any value added tax, rebates and discounts. Revenue primarily consists of the following:

- **Management fees,** recognised in the period in which the service is performed and calculated as a percentage of net fund assets managed, in accordance with individual management agreements.

- **Performance fees,** calculated as a percentage of the appreciation in the net asset value of a fund above a defined hurdle. These are recognised when the fee amount can be estimated reliably and it is probable that the fee will be receivable. Such fees are normally recognised at the end of the relevant performance period.

- **Initial charges on sales of unit trusts,** are deferred and amortised over the anticipated period of the provision of investment management services. Initial charges also include income from the sale of units and profits earned on dealing within the unit trust manager's box, calculated as the difference between the cost of purchasing redeemed units at cancellation prices and reselling them at creation prices. Such box profits are recognised when the related transaction occurs.

Interest on cash and cash equivalents is recognised on an accruals basis using the effective interest rate method.

Dividend income from investments is recognised on the date when shareholders' rights to receive payment have been established.

Gains and losses on financial assets at fair value through profit or loss are recognised in the consolidated income statement as other gains/(losses).

Gains and losses on revaluation of available for sale investments are initially recognised through the consolidated statement of other comprehensive income. Upon disposal, any gain or loss previously taken through other comprehensive income is reversed and the full gain or loss since purchase, after any impairment charge previously recognised, is reclassified to the consolidated income statement.

Net revenue is stated after deducting commissions and fees payable to intermediaries for ongoing services under distribution agreements.

Operating segment

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment as well as making strategic decisions, has been identified as the Board.

Operating earnings

Operating earnings are defined as net revenue less administrative expenses and do not include investment income and returns, other gains/(losses), amortisation of intangible assets or exceptional costs. These are items which the Group considers are not indicative of the ongoing income and costs of its operations. The Group believes that operating earnings, while not a GAAP measure, gives relevant information on the profitability of the Group and its ongoing operations. Operating earnings may not be comparable with similarly titled measures used by other companies.

Commission expenses

Commission payments made to third parties for ongoing services under distribution agreements are charged to the consolidated income statement over the period in which the service is expected to be provided. The services provided include the provision of access to a basket of fund products, information on financial products, promotional materials, ongoing services to customers and transaction processing.

Other gains/(losses)

Other gains/(losses) comprise gains and losses on:
- financial assets and investments in associates held at fair value through profit or loss; and
- total return swap contracts held to hedge against losses on some of the Group's seed capital investments.

Finance expense

Interest payable is charged on an accruals basis using the effective interest method. Dividends on Tier 2 preference shares are treated as interest payable following from the treatment of these shares as debt rather than equity. Debt issue costs relating to the raising of loans and borrowings are deducted from the carrying value of the loans and borrowings and are amortised over the term of the loan using the effective interest method. Finance costs, reported within finance expense, include ancillary charges for commitment fees, non-utilisation fees and margin reduction fees that are charged as incurred.

Employee benefits

Pension costs

The Group provides employees with retirement benefits through defined contribution schemes. Contributions made by the Group are charged to the consolidated income statement as they become payable in accordance with the rules of the schemes.

Incentive plans

The Group recognises a provision for bonuses, based on a formula that takes into consideration the operating profitability of the Group. At the end of each financial year, the Group recognises a liability for bonuses accrued but not yet paid, in respect of service attributable to that year. Retention bonus expense is recognised in the income statement over the appropriate performance and vesting period, with a corresponding liability being recognised in the Group's balance sheet.

In certain periods prior to the Group's Listing, the Group made retention awards to employees by making payments to the Group's employee benefit trust, which were used to buy assets on behalf of the employee. These transactions do not constitute share based payments. The assets, which vest after the satisfaction of certain conditions, are recognised on the Group's balance sheet until vesting. The expense is recognised in the income statement over the appropriate performance and vesting period.

Share based payment transactions

The Group engages in equity settled share based payment transactions in respect of services receivable from certain employees, by granting the right to acquire either shares or options over shares, subject to certain vesting conditions.

The difference between the fair value of the employee services received in respect of the shares or share options granted and the price payable is recognised as an expense over the appropriate performance and vesting period. The corresponding credit is recognised in retained earnings within total equity. The fair value of services is calculated using the market value on the date of award, discounted for dividends foregone over the holding period of the award, and is adjusted for expected and actual levels of vesting. Where options lapse they are credited to the income statement in the year in which they lapse.

Business combinations

Under the requirements of IFRS 3, Business combinations, all business combinations are accounted for using the purchase method (acquisition accounting). The cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets

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given, liabilities incurred or assumed, equity instruments issued by the acquirer and any costs directly attributable to the business combination. This cost is allocated at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, at their fair values at that date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. Where acquisitions are made in future, IFRS 3 revised and IAS 27 revised will apply.

Goodwill

Goodwill arising on acquisitions, being the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is capitalised in the consolidated balance sheet. The carrying value of goodwill is not amortised but is tested annually for impairment or more frequently if any indicators of impairment arise.

Impairment of goodwill and non-financial assets

An impairment loss is recognised in the consolidated income statement whenever the carrying value of an asset exceeds its recoverable value, or, where the asset does not generate cash flows that are largely independent of those from other assets, its carrying value is greater than the recoverable value of its cash generating unit. Any impairment is recognised immediately through administrative expenses in the consolidated income statement. An asset or CGU's recoverable amount is the higher of its value in use and its fair value less costs to sell. The Group has determined that the integrated nature of its investment management activities is such that it is made up of a single CGU.

Property, plant and equipment

Property, plant and equipment is stated at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenditures are charged to the consolidated income statement during the financial period when they were incurred. Depreciation is calculated on a straight line basis to allocate the cost of each asset over its estimated useful life as follows:

1.	Motor vehicles	4 years
2.	Office furniture and equipment	3-5 years
3.	Leasehold property / improvements	Shorter of 10 years and the remaining period of the lease

The assets' useful economic lives and residual values are reviewed at each financial period end and adjusted if appropriate.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the consolidated income statement in the year the item is sold or retired.

Intangible assets

Computer software licences acquired are capitalised at the cost incurred to bring the software into use and are amortised on a straight line basis over their estimated useful lives, which are estimated as being between three and five years. Costs associated with developing or maintaining computer software programmes that do not meet the capitalisation criteria under IAS 16 are recognised as an expense as incurred.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The intangible assets currently recognised by the Group are its trade name and individual management contracts. In both cases, the useful lives are assessed as being finite and they are, therefore, amortised over their useful economic lives and assessed for impairment whenever there is an indication of impairment. The amortisation period and the amortisation method for these assets is reviewed at least at each financial year end. The useful economic lives of the trade name and individual management contracts acquired are currently assessed as a maximum of ten years and seven years, respectively. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement on a straight line basis.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying value of the asset.
The difference is then recognised in the consolidated income statement.

Financial instruments

Financial assets and liabilities are recognised in the consolidated financial statements, when the Group becomes party to the contractual provisions of an instrument, at fair value adjusted for transaction costs, except for financial assets classified at fair value through profit or loss where transaction costs are immediately recognised in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability has been discharged, cancelled or has expired.

Financial assets

Financial assets within the scope of IAS 39 can be classified as either financial assets at fair value through profit or loss, loans and receivables, available for sale financial assets or as derivatives designated as hedging instruments in an effective hedge. The classification adopted by the Group depends on the purpose for which the financial assets were acquired and is determined at initial recognition.

The Group's financial assets include cash and short term deposits, trade and other receivables, loans to employees and other receivables, quoted and unquoted financial instruments and derivative financial instruments (that are not designated as hedges).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include investments in closed ended funds, open ended investment companies and unit trusts which are designated as fair value through profit or loss, as they are managed and evaluated on a fair value basis, in accordance with documented strategy. A financial asset is classified in this category if it has been acquired principally for the purpose of selling in the short term. This category also includes those derivative financial instruments entered into by the Group.

Financial assets at fair value through profit or loss are carried in the consolidated balance sheet at fair value with gains and losses recognised in the consolidated income statement within other gains/(losses) in the period in which they arise.

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The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables, including loans to employees, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where they have maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When a trade receivable is uncollectible, it is written off against trade receivables and the amount of the loss is recognised in the consolidated income statement. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement.

Available for sale investments

Available for sale investments are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management actively intends to dispose of the investment within 12 months of the balance sheet date.

Gains and losses arising from changes in fair value are recognised directly in other comprehensive income until the security is disposed of or is impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the consolidated income statement for the accounting period.

Where a fall in the value of an equity investment is deemed to be significant or prolonged, this is considered an indication of impairment under IAS 39, Financial Instruments: Recognition and Measurement. In such an event, the investment is written down to fair value and the amounts previously recognised in equity in respect of market value movement on the investment are recognised in the consolidated income statement as an impairment charge. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

For unquoted available for sale investments, the Group establishes fair value using valuation techniques such as using recent arm's length market transactions, reference to current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. A financial liability is derecognised when the obligation under the liability has been discharged, cancelled or has expired.

Loans and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Certain share awards made to employees including conditions which, prior to them vesting, may require the Group to repurchase the shares at nominal value. Accordingly, these amounts are shown within loans and borrowings.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Derivative financial instruments

The Group has entered into a total return swap contract over part of its investment portfolio. Gains or losses on the swap are recognised in the consolidated income statement in accordance with the fair value movements in the swap over the period of the contract. At the balance sheet date, any cash settlement due from, or to, the counterparty is recorded within current assets or current liabilities as appropriate.

The Group has also entered into interest rate swap contracts in order to reduce its exposure to movements in interest rates on its bank facility loan exposure. Gains or losses on such contracts are recognised within finance expense in the income statement.

Investment in subsidiary undertakings

Investment in subsidiary undertakings are held at cost, unless there has been an impairment in value.

Cash and cash equivalents

Cash amounts represent cash in hand and short term deposits. Cash equivalents are short term deposits which have an original maturity of 90 days or less.

Provisions

Provisions which are liabilities of uncertain timing or amount, are recognised when; the Group has a present obligation, as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Taxation

The Group provides for current tax according to the tax laws of each jurisdiction in which it operates, using tax rates that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the liability method, on temporary differences at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A deferred tax asset is recognised when it is considered

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recoverable and, therefore, recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis. Current and deferred tax relating to items recognised in other comprehensive income is recognised in other comprehensive income and not in the consolidated income statement. Deferred tax that has arisen in respect of equity items is recognised in equity and not in the consolidated income statement.

Expenses and assets are recognised net of the amount of value added tax, except where this tax is not recoverable, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of expenses. Receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

Foreign currency

Functional and presentational currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in sterling ('£'), which is both the Company's functional and presentational currency as well as the currency in which the majority of the Group's revenue streams, assets and liabilities are denominated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement within administrative expenses.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated income statement as part of other gains/(losses).

Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Operating leases

Operating leases are leases where the lessor retains substantially all the risks and benefits of ownership of the asset. All of the Group's leases are operating leases and rental payments are charged to the consolidated income statement on a straight line basis over the term of the lease.

Own shares

The Group operates an employee benefit trust for the purpose of satisfying certain retention awards to employees. The holdings of this trust include certain shares that have not vested unconditionally in employees of the Group. These shares are classified as own shares. They are held for the short term to meet future award requirements and are recorded, at cost, as own shares.

Dividend recognition

Dividend distributions to the Company's shareholders are recognised in the accounting period in which the dividends are paid and, in the case of final dividends, when these are approved by the Company's shareholders.

Exceptional items

Exceptional items are those significant items which are required to be separately disclosed due to their size or incidence in order to enable a better understanding of the Group's financial performance.

Critical accounting estimates, judgements and assumptions

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the financial information, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The areas where assumptions and estimates are significant to the Group financial statements are discussed in the goodwill note.

Impairment of goodwill

Goodwill is reviewed for impairment annually, or more frequently if changes in circumstances indicate that the carrying value may be impaired. For this purpose, management prepares a value in use calculation which is based on the approved budget for the following year and then extrapolated for expected future growth rates and discounted at the Group's pre tax equity cost of capital. The judgement exercised by management in arriving at this valuation includes the selection of market growth rates, fund flow assumptions, expected margins and costs. The carrying amount of goodwill is detailed in the goodwill note.

Impairment of available for sale financial investments

Available for sale financial assets are reviewed for impairment in accordance with the guidance on impairment set out in IAS 39. In specific cases, where a quoted market price or fair value is not available, significant judgement is exercised by management in determining the extent of impairment of available for sale financial assets. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, as well as the financial health of and business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow.

Accrued income and expenses

Accrued income and expenses are based on latest available information and therefore involve a degree of estimation. The most significant expense accruals at year end relate to bonus and other variable remuneration scheme costs.

Deferred income tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and the level of future taxable profits with future tax planning strategies.

Impairment of acquired intangibles

An assessment is made at each reporting date as to whether there is any indication that an asset in use may be impaired. If any

2. Accounting policies continued

such indication exists and the carrying values exceed the estimated recoverable amount at that time, then the assets are written down to their recoverable amount. The recoverable amount is measured as the greater of fair value less costs to sell.

Share based payments

The charge to the income statement in respect of share based payments is calculated using assumptions over the number of eligible employees leaving the Group and the number of employees satisfying the relevant performance conditions. These estimates are reviewed regularly and the charge to the income statement is adjusted appropriately. At a minimum, this is adjusted at the end of the relevant scheme.

New standards and interpretations not applied

The Group has continued to apply the accounting policies used for its 2009 accounts and as disclosed in the Company's Listing prospectus. The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods, but the Group has decided not to early adopt them:

	Not yet endorsed	Effective for period beginning on or after
IFRS 9	Financial Assets	1 January 2013
	Endorsed and available for early adoption	
IFRIC 14 amendment	Prepayments of a Minimum Funding Requirement	1 January 2011
IAS 24 revised	Related Party Disclosures	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2011

Other amendments and improvements that will come into force will not have an impact on the Group. The Directors do not anticipate that the adoption of these standards and interpretations would have a material impact on the financial statements in the period of initial application, except for IFRS 9, Financial Instruments on Classification and Measurement, which is the first part of a new standard on classification and measurement of financial instruments that will replace IAS 39. IFRS 9 has three measurement categories: amortised cost; fair value through profit and loss; and fair value through other comprehensive income. All equity instruments are measured at fair value but fair value movements can be taken to profit or loss or other comprehensive income based on an irrevocable one time instrument by instrument designation. A debt instrument is valued at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest; otherwise it is at fair value through profit or loss. Accordingly, investments classified as available for sale in the consolidated balance sheet will have to be classified as financial assets at fair value through profit or loss or for equities only at fair value through other comprehensive income. IFRS 9 has not yet been endorsed by the European Union. The impact of the new standard will be determined by the Group's decision as to how it wishes to reclassify its available for sale assets.

Other future developments include the International Accounting Standards Board (IASB) undertaking a comprehensive review of existing IFRS which, in June 2010, it prioritised into those IFRS that it expects to issue by 30 June 2011. The IASB also plans to issue new standards on offsetting, consolidation, fair value measurement, the presentation of other comprehensive income and revenue recognition. The Group will consider the financial impact of these new standards as they are finalised.

3. Segmental reporting

The Group operates only as a single operating segment: investment management.

The Group acts as an investment manager to authorised unit trusts, SICAVs, investment trusts, pension funds, private clients, hedge funds and other specialist funds and has offices in the United Kingdom, Bermuda, Germany, Jersey, and Singapore.

The Group offers different fund products 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, this information is not used by the Board to make decisions on an aggregated basis. The information used to allocate resources and assess performance is reviewed for the Group as a whole. On this basis, the Group considers itself to be a single-segment investment management business.

Revenue by product and services	2010 £m	2009 £m
Management fees – external	238.6	185.2
Performance fees – external	5.7	5.2
Total revenue by product and services	**244.3**	**190.4**

Management monitors the operating earnings of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

Net revenue by location of clients	2010 £m	2009 £m
UK	208.2	163.3
Continental Europe	15.5	10.9
Bermuda	6.6	7.7
Rest of the world	0.2	0.2
Total net revenue by location	**230.5**	**182.1**

The net revenue information above is based on the location of the customer. The Group did not have any single customer or distributor contributing more than 10 per cent. of net revenues during the year (2009: nil).

Non-current assets by domicile	2010 £m	2009 £m
UK	495.8	538.8
Bermuda	0.1	0.1
	495.9	**538.9**
UK – financial instruments	20.2	13.2
UK – deferred income tax	11.0	13.0
Total non-current assets by domicile	**527.1**	**565.1**

4. Net revenue

	2010 £m	2009 £m
Management fees	238.6	185.2
Initial charges and commissions	26.8	24.2
Performance fees	5.7	5.2
Fees and commission expense	(40.6)	(32.5)
Total net revenue	**230.5**	**182.1**

5. Administrative expenses

	2010 £m	2009 £m
Fixed staff costs	39.1	38.4
Other expenses	35.7	28.1
Total fixed costs	**74.8**	**66.5**
Variable staff costs	32.5	25.8
Charge for options over pre-Listing shares	7.8	–
Total administrative expenses	**115.1**	**92.3**

Variable staff costs comprise payments to employees relating to bonuses, share based payments and profit sharing based on performance fees earned by the Group and associated social security costs. All other employee costs are considered to be fixed staff costs and include salaries and wages, related benefits and social security costs of employees.

	2010 £m	2009 £m
The following items have been included in administrative expenses:		
Staff costs (see staff costs note)	79.4	64.1
Depreciation of property, plant and equipment (see property, plant and equipment note)	1.4	1.4
Operating lease rentals: land and buildings	2.7	3.3

The operating leases which the Group holds do not contain any sub-leases or contingent rents.

Auditors' remuneration

	2010 £m	2009 £m
The Group obtained the following services from the auditors, PricewaterhouseCoopers LLP:		
Fees payable to the Group's auditor for the audit of the Company and the Group's annual consolidated financial statements	0.2	0.3
Audit of the Company's subsidiaries pursuant to legislation	0.2	0.3
Other services pursuant to legislation*	0.2	0.2
Other assurance services*	0.1	0.1
Other services related to taxation*	0.1	0.1
Other services*	0.1	0.1
Total auditors' remuneration included within administrative expenses	**0.9**	**1.1**
Other services (included in exceptional costs)	0.6	–
Other services (included within share premium account)	0.4	–
Total auditors' remuneration	**1.9**	**1.1**

**Other services include work in relation to the Group's Listing and remuneration advice.*

6. Exceptional costs

The Group recognised an exceptional cost for the year of £1.6m (2009: £nil) which relates to expenses associated with the Listing. A further cost of £10.3m (2009: £nil) relating to the issue of new equity was written off against the share premium account. Together with £3.8m of loan amendment fees disclosed within finance expenses, these comprise a total of £15.7m Listing costs.

The Financial Services Compensation Scheme announced on 20 January 2011 that a levy would be imposed on the Investment management industry for the costs of major investment failures relating to Keydata Investment Services Limited, Wills & Co and other investment intermediary firms. This resulted in an exceptional cost to the Group of £5.2m (2009: £nil) in 2010. This charge does not arise from any act or omission of the Group.

7. Staff costs

Group employment costs, including executive Directors, during the year:	2010 £m	2009 £m
Wages and salaries	61.3	54.0
Social security costs	6.8	6.2
Share based payment charge	7.8	0.3
Defined contribution pension costs	3.5	3.6
Total staff costs	**79.4**	**64.1**

Pension arrangements

The Group contributes to a number of defined contribution pension schemes for the benefit of its employees. Contributions in respect of the UK employees (at the rate of 15 per cent. of gross salary) are made into the Jupiter Pension Scheme whose financial statements are available from the trustees at the registered office of the Company. No liability is included in the balance sheet as no obligations were outstanding at the balance sheet date.

The monthly average number of persons employed by the Group during the period, including executive Directors, by activity:	2010	2009
Fund management	65	62
Distribution and marketing	73	64
Infrastructure and operations	306	348
Average headcount	**444**	**474**

The headcount reduction in infrastructure and operations was the result of the outsourcing in 2010 of Unit Trust Administration to IFDS.

8. Directors' emoluments and key management personnel

The emoluments of the Directors are provided in the audited section of the Directors' Remuneration report.

Key management emoluments

Key management is defined as the executive Directors together with the other members of the Executive Committee. The aggregate compensation paid or payable to key management for employee services is shown below:

	2010 £m	2009 £m
Short-term employee benefits	5.8	3.4
Share based payments	1.2	–
Post employment benefits	0.1	0.1
Other long-term benefits	0.4	0.7
Total key management emoluments	**7.5**	**4.2**

9. Finance income

	2010 £m	2009 £m
Interest on bank deposits	0.8	1.1
Dividend income	0.1	0.1
Total finance income	**0.9**	**1.2**

10. Finance expense

	2010 £m	2009 £m
Interest payable on bank borrowings	19.9	23.1
Amortisation of senior debt issue costs	2.3	1.4
Interest on Preferred Finance Securities	10.9	24.1
Finance cost (dividends) on Tier 2 preference shares	1.6	2.7
Bank facility fees	0.1	0.2
Loan amendment costs	3.8	1.1
Other finance costs	–	0.3
Fair value movement on interest rate swaps	(9.6)	(6.5)
Total finance expense	**29.0**	**46.4**

Interest rate swap

In 2007, the Group entered into a £300m amortising interest rate swap agreement with The Royal Bank of Scotland plc, at an interest rate of 6.2475 per cent. The notional amount of the swap was £275m from 26 November 2008 until 26 February 2009, £225m until 26 May 2009 and £212.5m until maturity on 26 August 2010.

In November 2010, the Group entered into two swap transaction agreements with Credit Suisse for periods of three and four years. Under the terms of the agreements, the Group has agreed to pay a fixed interest rate of 1.33 per cent. on a notional amount of £35m and 1.6175 per cent. on a further notional amount of £35m, settling quarterly.

Preferred Finance Securities

Interest was payable on the Preferred Finance Securities at the rate of 10 per cent. per annum from the date of issue on 19 June 2007. Interest was due to be paid to the holders on 31 March each year otherwise compound interest was charged on the 31 March balance each year until payment had been made. During the period, the Preferred Finance Securities were paid down on two occasions. A payment of £25.4m of the capital balance outstanding was made to holders on 31 March 2010 and on Listing a further £167.5m was repaid. The remaining £49.0m was acquired by the Company in consideration of the issue of ordinary shares (see share capital note).

Tier 2 preference shares

The Tier 2 preference shares carried the right to a fixed preferential dividend at a rate of 10 per cent. of the issue price per share (£1) accruing daily from the date of issue. The dividend accrued up to 31 December each year was payable annually on 31 March otherwise compound dividend entitlements were charged on the missed Tier 2 preference share dividends each year until payment had been made. The Tier 2 preference shares were classified as loans and borrowings under IFRS and the related dividend entitlement presented as a finance expense. In June 2010, the Tier 2 preference shares, including all dividends due to the payment date, were converted into ordinary and deferred shares (see share capital note).

11. Other gains

	2010 £m	2009 £m
Gain/(loss) on disposal of investments	0.3	(2.1)
Change in fair value of trading investments held at year end	1.4	4.5
Total other gains	**1.7**	**2.4**

12. Income tax expense/(credit)

Tax expense/(credit) for the period	2010 £m	2009 £m
Current taxation		
UK corporation tax:		
Current period	21.4	2.1
Prior period adjustment	(0.3)	(6.6)
	21.1	**(4.5)**
Deferred taxation		
Origination and reversal of temporary differences (see deferred tax note)	(10.6)	3.1
Prior period adjustment	(0.6)	–
Total tax expense/(credit)	**9.9**	**(1.4)**

The UK corporation tax rate for the period ended 31 December 2010 was 28 per cent. (2009: 28 per cent.). The tax charge in the period is lower (2009: lower) than the standard rate of corporation tax in the UK and the differences are explained below:

Factors affecting tax expense/(credit) for the period	2010 £m	2009 £m
Profit before taxation	42.4	7.2
Taxation at the standard corporation tax rate	11.9	2.0
Other permanent differences	(1.9)	(1.7)
Non taxable income	(0.3)	(0.9)
Disallowable expenses	2.0	1.2
Adjustment to tax charge in respect of prior years (current tax)	(0.3)	(6.7)
Adjustment to tax charge in respect of prior years (deferred income tax)	(0.6)	4.7
Impact of tax rate change on deferred tax balances	(0.9)	–
Total tax expense/(credit)	**9.9**	**(1.4)**

In the year ended 31 December 2010, subsidiaries of the Group have unused capital tax losses for which no deferred income tax asset has been recognised in the balance sheet amounting to £nil (2009: £5.2m).

13. Dividends

There were no interim dividends paid in 2010 (2009: nil). A final dividend of £20.7m (4.7p per share) in respect of the year ended 31 December 2010 (2009: nil) will be proposed at the Annual General Meeting on 18 May 2011.

14. Goodwill

Group

On 19 June 2007, the Group acquired the entire share capital of Comasman Limited (formerly Commerz Asset Management (UK) plc) which gave rise to a goodwill asset being recognised.

Goodwill arising on acquisition of Comasman Limited	2010 £m	2009 £m
At 1 January	341.2	341.2
Total goodwill at 31 December	**341.2**	**341.2**

No additional goodwill was acquired in the period (2009: £nil).

Impairment review for goodwill

The Group has determined that it has a single CGU for the purpose of assessing the carrying value of goodwill and intangible assets. The Directors have reviewed the total goodwill amount at 31 December 2010 for indicators of impairment and conclude that there are no indicators of impairment.

The recoverable amount of goodwill at year end has been determined from a value in use calculation which uses a cash flow projection based on the Group's approved three year forecast and a terminal value. The key assumptions include cost inflation of 2 per cent. per annum throughout and a discount rate of 9.32 per cent. per annum. The discount rate has been calculated using a CAPM and a WACC model in line with industry practice. The cash flow projection was also compared against external analyst models to ensure that assumptions were reasonable.

The impairment review included a sensitivity analysis which concluded that the discount rate would need to reach 35.5 per cent. before the final value in use fell to equal the carrying value of goodwill.

15. Intangible assets

Group

Net carrying values of intangible assets	2010 £m	2009 £m
Computer software	2.6	3.2
Investment management contracts and trade name arising on acquisition of Comasman Limited	139.8	178.5
Total intangible assets at 31 December	**142.4**	**181.7**

The intangible asset which relates to investment management contracts is amortised over seven years on a straight line basis from the date of acquisition of Comasman Limited on 19 June 2007. The Directors consider this to be an appropriate period. The intangible asset relating to the valuation of the trade name is being amortised on a straight line basis over ten years.

The amortisation charge for the year was £39.8m for investment management contracts, brand name and software in the period (2009: £39.8m). No additional investment management contracts were acquired in the year (2009: £nil).

Test for impairment

The Directors have reviewed the acquired intangible assets as at 31 December 2010 for indicators of impairment as per IAS 36 and have concluded that there are no indicators of impairment.

15. Intangible assets continued

Investment management contracts and trade name arising on acquisition of Comasman Limited	2010 £m	2009 £m
Cost		
At 1 January and at 31 December	276.7	276.7
Amortisation		
At 1 January	**98.2**	**59.5**
Amortisation charge	38.7	38.7
At 31 December	**136.9**	**98.2**
Net book value at 31 December	**139.8**	**178.5**

Computer software	2010 £m	2009 £m
Cost		
At 1 January	5.8	5.2
Additions	0.5	0.6
Disposals	–	–
At 31 December	**6.3**	**5.8**
Amortisation		
At 1 January	2.6	1.5
Amortisation charge	1.1	1.1
Disposals	–	–
At 31 December	**3.7**	**2.6**
Net book value at 31 December	**2.6**	**3.2**

During the year, the Group acquired software with a value of £0.5m (2009: £0.6m). No disposals of software were made during the year.

16. Property, plant and equipment

Group	Motor vehicles £m	Leasehold property/ improvements £m	Office furniture & equipment £m	Total £m
Cost				
At 1 January 2009	0.4	2.2	2.6	5.2
Additions	–	0.2	0.3	0.5
Disposals	(0.3)	–	–	(0.3)
At 31 December 2009	**0.1**	**2.4**	**2.9**	**5.4**
Accumulated depreciation				
At 1 January 2009	0.1	1.1	1.3	2.5
Charge for the year	0.1	0.6	0.7	1.4
Disposals	(0.1)	–	–	(0.1)
At 31 December 2009	**0.1**	**1.7**	**2.0**	**3.8**
Net book value at 31 December 2009	**–**	**0.7**	**0.9**	**1.6**

Group	Motor vehicles £m	Leasehold property/ improvements £m	Office furniture & equipment £m	Total £m
Cost				
At 1 January 2010	0.1	2.4	2.9	5.4
Additions	0.1	0.5	0.3	0.9
Disposals	(0.1)	–	(0.1)	(0.2)
At 31 December 2010	**0.1**	**2.9**	**3.1**	**6.1**
Accumulated depreciation				
At 1 January 2010	0.1	1.7	2.0	3.8
Charge for the year	0.1	0.8	0.5	1.4
Disposals	(0.1)	–	(0.1)	(0.2)
At 31 December 2010	**0.1**	**2.5**	**2.4**	**5.0**
Net book value at 31 December 2010	**–**	**0.4**	**0.7**	**1.1**

There were no contractual commitments for the purchase of property, plant and equipment entered into at the balance sheet date.

17. Investment in subsidiary undertakings

Company	2010 £m	2009 £m
At 1 January 2010	61.7	60.0
Additions	37.8	–
Preferred Finance Securities	(1.7)	1.7
At 31 December 2010	**97.8**	**61.7**

The basis on which the fixed asset investments are stated in these financial statements is detailed in the accounting policies. In the opinion of the Directors, the investment in subsidiary is not worth less than the carrying value of £97.8m at 31 December 2010 (2009: £61.7m).

Included within additions is an amount of £7.8m (2009: £nil) relating to share based payments made to employees of subsidiary companies (see share based payment note).

18. Financial instruments

Financial instruments by category

Group

The carrying values of the financial instruments of the Group at 31 December is shown below:

As at 31 December 2009	Loans and receivables £m	Designated as financial assets at fair value through profit or loss £m	Available for sale £m
Financial assets			
Available for sale investments	–	–	13.2
Investment in associates	–	27.6	–
Financial assets at fair value through profit or loss	–	23.3	–
Trade and other receivables (excluding prepayments and deferred acquisition and commission costs)	55.0	–	–
Cash and cash equivalents	223.4	–	–
Total financial assets	**278.4**	**50.9**	**13.2**

As at 31 December 2009	Financial liabilities at fair value through profit and loss – held for trading £m	Other financial liabilities at amortised cost £m
Financial liabilities		
Loans and borrowings	–	627.7
Trade and other payables (excluding deferred income)	–	144.2
Derivative financial instruments	8.7	–
Total financial liabilities	**8.7**	**771.9**

As at 31 December 2010	Loans and receivables £m	Designated as financial assets at fair value through profit or loss £m	Available for sale £m
Financial assets			
Available for sale investments	–	–	20.2
Investment in associates	–	13.6	–
Financial assets at fair value through profit or loss	–	45.3	–
Derivative financial instruments	–	0.9	–
Trade and other receivables (excluding prepayments and deferred acquisition and commission costs)	83.1	–	–
Cash and cash equivalents	220.3	–	–
Total financial assets	**303.4**	**59.8**	**20.2**

18. Financial instruments continued

As at 31 December 2010	Financial liabilities at fair value through profit and loss – held for trading £m	Other financial liabilities at amortised cost £m
Financial liabilities		
Loans and borrowings	–	281.5
Liabilities at fair value through profit or loss	7.0	–
Trade and other payables (excluding deferred income)	–	144.6
Total financial liabilities	**7.0**	**426.1**

Included within financial liabilities at fair value through profit and loss are the Group's non-controlling interests.

The Group fair value of long-term borrowings is given in the loans and borrowings note.

Financial instruments by category

Company

The carrying values of the financial instruments of the Company at 31 December are shown below:

As at 31 December 2009	Other financial liabilities at amortised cost £m
Financial liabilities	
Loans and borrowings	27.8
Trade and other payables (excluding deferred income)	8.7
Total financial liabilities	**36.5**

As at 31 December 2010	Loans and receivables £m
Financial assets	
Trade and other receivables (excluding prepayments and deferred acquisition and commission costs)	263.7
Cash and cash equivalents	28.3
Total financial assets	**292.0**

As at 31 December 2010	Other financial liabilities at amortised cost £m
Financial liabilities	
Loans and borrowings	2.6
Trade and other payables (excluding deferred income)	0.4
Total financial liabilities	**3.0**

The Company fair value of long term borrowings is given in the loans and borrowings note.

18. Financial instruments continued

Group

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

Level 1: quoted (unadjusted) prices 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 based on unobservable market data.

As at 31 December 2009, the Group held the following financial instruments measured at fair value.

As at 31 December 2009	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Financial assets at fair value through profit or loss				
Quoted investments	23.3	–	–	23.3
Unquoted investments	–	–	–	–
Investment in associates				
Quoted investments	26.4	–	–	26.4
Unquoted investments	–	1.2	–	1.2
Available for sale investments				
Unquoted investments	–	–	13.2	13.2
Total financial assets	**49.7**	**1.2**	**13.2**	**64.1**
Financial liabilities				
Interest rate swaps	–	8.7	–	8.7
Total financial liabilities	**–**	**8.7**	**–**	**8.7**

18. Financial instruments continued

As at 31 December 2010, the Group held the following financial instruments measured at fair value:

As at 31 December 2010	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Financial assets at fair value through profit or loss				
Quoted investments	45.3	–	–	45.3
Unquoted investments	–	–	–	–
Investment in associates				
Quoted investments	13.2	–	–	13.2
Unquoted investments	–	0.4	–	0.4
Available for sale investments				
Unquoted investments	–	–	20.2	20.2
Derivative financial instrument				
Interest rate swaps	–	0.9	–	0.9
Total financial assets	**58.5**	**1.3**	**20.2**	**80.0**

Company

As at 31 December 2009 and 2010, the Company did not hold any financial instruments measured at fair value.

Group

During the years ended 31 December 2009 and 31 December 2010, there were no transfers between level 1, level 2 and level 3 for Group or Company.

The following tables show a reconciliation of all movements in the fair value of financial instruments categorised within level 3 between the beginning and the end of the year ended 31 December 2009 and 2010.

31 December 2009	Financial assets at fair value through profit or loss 2009 £m	Available for sale investments 2009 £m
Opening balance	–	13.2
Arising on acquisition	–	–
Purchases	–	–
Sales	–	–
Transfer in/(out) of level 3	–	–
Revaluation	–	–
Closing balance	–	13.2

18. Financial instruments continued

31 December 2010	Financial assets at fair value through profit or loss 2010 £m	Available for sale investments 2010 £m
Opening balance	–	**13.2**
Arising on acquisition	–	–
Purchases	–	–
Sales	–	(3.3)
Transfer in/(out) of level 3	–	–
Revaluation	–	10.3
Closing balance	–	**20.2**

Investments

Available for sale investments

As at 1 January 2010, the Group owned 12.89 per cent. of the “A” ordinary shares in Cofunds. During the year 13,186,760 “A” ordinary shares were disposed of leaving a holding of 9.68 per cent. of the “A” ordinary shares as at 31 December 2010. At year end the Group revalued the 9.68 per cent. holding and a £10.3m (2009: £nil) gain was recognised through the available for sale reserve.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include seed capital investments in funds and investments made through a subsidiary undertaking, Jupiter Investment Management Group Limited.

The fair values of quoted equity shares classified under level 1 are determined by reference to published price quotations in an active market. Investments classified under level 2 are investments in non-quoted investment funds. The fair value of a fund’s unit is determined to be a proportion of the net asset value of the fund. If there are significant liquidity discounts applied (e.g. when the funds have redemption gates or lock-up periods), the effect of the adjustments will be to put the fair value in level 3. There is no such indication in investments classified under level 2 in 2010 for Group or Company.

The Group does not trade in derivatives. Derivatives are held to hedge specific exposures and have maturities designed to match the exposures they are hedging. It is the intention to hold both the financial instruments giving rise to the exposure and the derivative hedging them until maturity and therefore no net gain or loss is expected to be realised. The derivatives are held at fair value which represents the price to exit the instruments at the balance sheet date. Movements in the fair value are included in the consolidated income statement.

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its interest bearing loans and borrowings. The fair value of these contracts is recorded in the balance sheet and is determined by discounting future cash flows at the prevailing market rates at the balance sheet date. No contracts are designated as hedging instruments, as defined in IAS 39, and consequently all changes in fair value are taken to the consolidated income statement.

In 2007, the Group entered into a £300m amortising interest rate swap agreement with The Royal Bank of Scotland plc, at an interest rate of 6.2475 per cent. The notional amount of the swap was £275m from 26 November 2008 until 26 February 2009, £225m until 26 May 2009 and £212.5m until maturity on 26 August 2010.

In November 2010, the Group entered into two swap transaction agreements with Credit Suisse for periods of three and four years. Under the terms of the agreements, the Group has agreed to pay a fixed interest rate of 1.33 per cent. on a notional amount of £35m and 1.6175 per cent. on a further notional amount of £35m, settling quarterly.

At 31 December 2010, the notional amount of outstanding interest rate swaps is £70.0m (2009: £212.5m).

Total return swap

The Group has entered into a total return swap arrangement with Bank of America Merrill Lynch over certain of its holdings of investments in seed funds. Gains and losses on the swap contracts are recognised and settled monthly in accordance with the terms of the contract. At 31 December 2010, the notional value of the swap was £38.7m (2009: £40.3m). As the swap is settled and reset monthly, the fair value of the swap at 31 December 2010 was £nil (2009: £nil).

19. Principal Group undertakings

The following are the principal subsidiaries and associates of the Group. All subsidiaries (other than the sub-portfolios of The Jupiter Global Fund, which have a year end of 30 September) have identical reporting dates and periods of reporting to the parent company.

Principal Group subsidiaries	Country of incorporation & operation	Principal activities	Percentage of issued ordinary shares held in subsidiary companies	
			At 31 Dec 2010	At 31 Dec 2009
Jupiter Fund Management Group Limited**	England	Investment holding company	100	100
Jupiter Asset Management Group Limited	England	Investment holding company	100	100
Jupiter Investment Management Group Limited	England	Investment holding company	100	100
Jupiter Asset Management Limited	England	Investment management	100	100
Jupiter Unit Trust Managers Limited	England	Unit trust activities	100	100
Jupiter Administration Services Limited	England	Corporate services	100	100
Jupiter Asset Management (Bermuda) Limited*	Bermuda	Investment management	100	100
Jupiter Global Fund SICAV: Jupiter North American***	Luxembourg	Sub-portfolio	15	100
Jupiter Global Fund SICAV: Jupiter Asia Pacific***	Luxembourg	Sub-portfolio	54	49.8

Associates	Country of incorporation & operation	Accounting treatment	Year end reporting date	Principal activities	Percentage of associate equity held by Group	
					At 31 Dec 2010	At 31 Dec 2009
Alon Technology Ventures Limited*	British Virgin Islands	At fair value through profit or loss	31 December	Investment company	40.1	40.1
Jupiter Global Fund SICAV: Jupiter European Absolute Return***	Luxembourg	At fair value through profit or loss	30 September	Sub-portfolio	24.6	–
Jupiter Global Fund SICAV: Jupiter European Opportunities***	Luxembourg	At fair value through profit or loss	30 September	Sub-portfolio	17.0	37.1
Jupiter Global Emerging Markets Fund	England	At fair value through profit or loss	31 December	Unit trust	30.0	–

**Common shares. **Direct subsidiary of the Company. ***Redeemable shares of no par value.*

Summarised financial information for associates which are seed capital investments in funds and are classified as investments in associates and held at fair value through profit or loss are shown below.

	2010 £m	2009 £m
Aggregate losses of associates	(1.2)	(1.6)
Net assets	46.2	75.9

20. Trade and other receivables

Current	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
Trade receivables	83.1	53.6	0.1	–
Deferred acquisition and commission costs	13.8	5.6	–	–
Loans to employees	–	0.1	–	–
Prepayments and accrued income	13.6	12.0	0.1	–
Amounts owed from subsidiaries	–	–	263.5	–
Total current trade and other receivables	**110.5**	**71.3**	**263.7**	**–**

Non-current	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
Trade receivables	–	0.9	–	–
Deferred acquisition and commission costs	11.2	13.2	–	–
Loans to employees	–	0.3	–	–
Total non-current trade and other receivables	**11.2**	**14.4**	**–**	**–**

The fair value of the above assets is equivalent to their above carrying value. For details on related party receivables, refer to the note on related parties.

Interest bearing loans to employees amounted to £nil in 2010 (2009: £0.4m).

Trade receivables are non-interest bearing and are generally collected within four working days. See below for the ageing analysis of trade and other receivables.

		Past due but not impaired				
	Neither past due nor impaired £m	< 30 days £m	30 – 60 days £m	61 – 90 days £m	Over 90 days £m	Total
2009	47.0	5.4	0.7	0.4	1.5	55.0
2010	**66.3**	**13.5**	**–**	**0.6**	**2.7**	**83.1**

21. Deferred tax assets and liabilities

The analysis of Group deferred tax assets and deferred tax liabilities is as follows:

Group	2010 £m	2009 £m
Deferred income tax assets:		
to be recovered within 12 months	–	2.4
to be recovered after more than 12 months	11.0	10.6
Total deferred income tax assets	**11.0**	**13.0**
Deferred income tax liabilities:		
to be recovered within 12 months	–	(11.3)
to be recovered after more than 12 months	(39.6)	(43.1)
Total deferred income tax liabilities	**(39.6)**	**(54.4)**

Deferred tax assets have been recognised on the basis that it is probable they will be recoverable in future periods.

Group	Intangible assets £m	Interest costs £m	Retention bonus £m	Deferred income/ expenses £m	Debt issue costs £m	Share based payments £m	Others £m	Total £m
Assets	–	0.6	2.0	5.8	–	–	4.6	13.0
Liabilities	(50.0)	–	–	–	(1.8)	–	(2.6)	(54.4)
At 31 December 2009	**(50.0)**	**0.6**	**2.0**	**5.8**	**(1.8)**	**–**	**2.0**	**(41.4)**
Assets	–	–	2.2	5.0	–	3.2	0.6	11.0
Liabilities	(38.0)	–	–	–	(1.1)	–	(0.5)	(39.6)
At 31 December 2010	**(38.0)**	**–**	**2.2**	**5.0**	**(1.1)**	**3.2**	**0.1**	**(28.6)**

Movements in temporary differences between the balance sheet dates have been reflected in the statement of other comprehensive income, the consolidated income statement or the consolidated statement of changes in equity, as follows:

Group	Intangible assets £m	Interest costs £m	Retention bonus £m	Deferred income/ expenses £m	Debt issue costs £m	Share based payments £m	Others £m	Total £m
At 1 January 2009	(60.8)	7.4	6.4	6.8	(2.2)	–	4.0	(38.4)
(Charged)/credited to the income statement	10.8	(6.8)	(4.4)	(1.0)	0.4	–	(2.0)	(3.0)
At 31 December 2009 and at 1 January 2010	**(50.0)**	**0.6**	**2.0**	**5.8**	**(1.8)**	**–**	**2.0**	**(41.4)**
(Charged)/credited to the income statement	12.0	(0.6)	0.2	(0.8)	0.7	1.6	(1.9)	11.2
(Charged)/credited to equity	–	–	–	–	–	1.6	–	1.6
At 31 December 2010	**(38.0)**	**–**	**2.2**	**5.0**	**(1.1)**	**3.2**	**0.1**	**(28.6)**

Other temporary differences primarily relate to unrealised movements on investments, economic hedging transactions at fair value and differences between depreciation and capital allowances.

21. Deferred tax assets and liabilities continued

A number of changes to the UK corporation tax system were announced in the June 2010 budget statement. The Finance (No 2) Act 2010 which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28 per cent. to 27 per cent. from 1 April 2011. The deferred tax balances as at 31 December 2010 are therefore stated at 27 per cent. Further reductions to the main rate were announced during the March 2011 budget statement to reduce the rate further to 26 per cent. from 1 April 2011 then by 1 per cent. per annum to 23 per cent. by 1 April 2014. These proposed reductions are expected to be enacted separately each year. The overall effect of the further changes if applied to the deferred tax balance at 31 December 2010, would be to reduce the deferred tax liability by £1.6m (being £1.4m recognised in 2011, £0.3m recognised in 2012 and a £0.1m credit recognised in 2013). As these changes to the main rate of corporation tax were not substantively enacted at the balance sheet date, their impact is not included within the closing deferred tax balances.

22. Cash and cash equivalents

	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
Cash at bank and in hand	24.1	27.0	8.3	–
Cash held by employee benefit trust and fund subsidiaries	0.4	1.4	–	–
Short term deposits	195.8	195.0	20.0	–
Total cash and cash equivalents	**220.3**	**223.4**	**28.3**	**–**

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

Cash held by the employee benefit trust and by fund subsidiaries in the table above is restricted in its use by the Group.

23. Trade and other payables

Current	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
Trade payables	82.1	48.6	–	–
Deferred income	27.0	12.7	–	–
Other payables	17.5	36.8	0.3	–
Social security and other taxes	4.5	5.8	–	–
Accruals	39.5	52.4	0.1	7.1
Amounts owed to subsidiaries	–	–	–	1.6
Total current trade and other payables	**170.6**	**156.3**	**0.4**	**8.7**
Non-current				
Deferred income	16.1	26.7	–	–
Other payables	1.0	0.6	–	–
Total non-current trade and other payables	**17.1**	**27.3**	**–**	**–**

24. Loans and borrowings

	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
Bank loan	278.9	356.6	–	–
Preferred Finance Securities	–	243.5	–	–
Tier 2 preference shares	–	24.0	–	24.0
Repayable to employees in respect to share awards	2.6	3.6	2.6	3.8
Total loans and borrowings	**281.5**	**627.7**	**2.6**	**27.8**

The carrying value of the above loans and borrowings is equivalent to their fair value.

Bank loan

The Group has a syndicated loan which is repayable on or before 19 June 2015. The facility agent for the loan is The Royal Bank of Scotland plc. The loan is secured by a charge over the assets of a subsidiary company, Jupiter Asset Management Group Limited. The restrictions which arise under the terms of the loan facility prevent intercompany loans between certain subsidiaries and prohibit assets being sold, leased or disposed of other than in the ordinary course of business.

A portion of the proceeds of the Listing and the Group's pre-existing cash resources were used to repay £80.0m of the bank loan on 24 June 2010. The current loan balance repayable of £283.0m (2009: £363.0m) is disclosed net of £4.1m (2009: £6.4m) in respect of unamortised debt issue costs. Interest was payable at a rate per annum of 3 month LIBOR plus a margin of 2.125 per cent. until the Listing and is now payable at a rate per annum of 3 month LIBOR plus a margin of 3.75 per cent.

Under the facility agreement, the Group also has access to a revolving credit facility of £10m. This was not utilised during the year.

Interest rate swap

In November 2010, the Group entered into two swap transaction agreements with Credit Suisse for periods of three and four years respectively. Under the terms of the agreements, the Group has agreed to pay a fixed interest rate of 1.33 per cent. for £35m and 1.6175 per cent. for another £35m settling quarterly. At 31 December 2010, the fair value of the arrangements was a profit position of £0.9m.

The interest rate swap arrangement with The Royal Bank of Scotland, which the Group entered into in 2007, came to an end on 26 August 2010. Under the terms of the agreement, the Group had agreed to pay a fixed interest rate of 6.2475 per cent. settling quarterly.

Preferred Finance Securities

During the period, the Preferred Finance Securities were paid down on two occasions. A payment of £25.4m of the capital balance outstanding was made to holders on 31 March 2010 and on Listing a further £167.5m was repaid. The remaining £49.0m was acquired by the Company in consideration of the issue of ordinary shares (see share capital note).

Tier 2 preference shares and B shares

Immediately prior to the Listing, each of the remaining Tier 2 preference shares was subdivided into 50 shares and a proportion were re-designated and converted into ordinary shares with the balance being converted into deferred shares. Each B share was subdivided into 50 shares of 2p each and each subdivided share was converted into and re-designated as an ordinary share (see share capital note).

Repayable to employees in respect of share awards

Conditions were attached to certain of the B shares which would in some circumstances have required the Company to repurchase the shares at the original cost of issue; these conditions were carried over to certain of the ordinary shares, which resulted from the conversion of the B shares and the liability recognised in loans and borrowings. As at 31 December 2010, 130.2m (2009: nil) ordinary shares were subject to these restrictions.

25. Employee benefit trust

The Group sponsors an employee benefit trust ("EBT") for Group employees. The trust holds 40.2m ordinary shares (2009: nil) beneficially owned by senior employees, together with a further 16.7m ordinary shares held for the purpose of satisfying share option obligations to employees.

26. Provisions

Group	2010 £m	2009 £m
At 1 January	–	2.4
Release of onerous lease during the year	–	(2.4)
Provision for onerous lease and associated dilapidation costs	2.0	–
At 31 December	**2.0**	**–**

The Group has an office space in West Malling which is underutilised with a break clause having been exercised in 2010 such that the lease will expire at the end of 2011. This has resulted in the Group taking a provision of £2.0m (2009: £nil) against onerous lease charges for the vacant space and the dilapidations costs payable on the exit of the lease.

27. Share capital

Group and Company	2010 Number m	2009 Number m
Authorised		
Ordinary shares 2p each	457.7	–
A shares of £1 each	–	1.3
Tier 1 preference shares of £1 each	–	31.0
	457.7	**32.3**
Issued, allotted and fully paid		
Ordinary shares 2p each	457.7	–
A shares of £1 each	–	1.3
Tier 1 preference shares of £1 each	–	31.0
As at 31 December	**457.7**	**32.3**

Group and Company	2010 £m	2009 £m
Authorised		
Ordinary shares 2p each	9.2	–
A shares of £1 each	–	1.3
Tier 1 preference shares of £1 each	–	31.0
	9.2	**32.3**
Issued, allotted and fully paid		
Ordinary shares 2p each	9.2	–
A shares of £1 each	–	1.3
Tier 1 preference shares of £1 each	–	31.0
As at 31 December	**9.2**	**32.3**

Share capital before Listing of £60m comprised £1.25m A shares, £31m Tier 1 preference shares, £24m Tier 2 preference shares and £3.75m B shares. The Tier 2 preference shares and the B shares were classified as loans and borrowings under IFRS due to their underlying characteristics being those of debt instruments.

Immediately prior to Listing, the Company's share capital was restructured with the A shares and B shares being subdivided into 50 shares of 2p each and converted into, and re-designated as, ordinary shares. The Tier 1 preference shares and Tier 2 preference shares were subdivided into 50 shares of 2p each. Of these, a proportion was converted into ordinary shares such that the value was equal to the aggregate entitlement of the Tier 1 and Tier 2 preference shares at the date of Listing, including the catch-up entitlement of £10.4m on the Tier 1 preference shares and the accrued cumulative fixed dividend of £8.0m on the Tier 2 preference shares. The Tier 1 catch-up entitlement represents a transaction solely within equity and is therefore not recorded in the financial statements, other than as a deduction to net profit attributable to ordinary equity holders of the parent in calculating earnings per share. The settlement of the £8.0m accrued cumulative fixed dividend on the Tier 2 preference shares with ordinary shares has been recognised in other reserves as part of the capital reorganisation. The remainder of the sub-divided Tier 1 and Tier 2 preference shares representing the balance of the pre-Listing legal share price of £54.1m were converted into and re-designated as deferred shares. Subsequent to Listing, the deferred shares were purchased for an aggregate cost of £1 and cancelled, and the £54.1m re-designated as capital redemption reserve. On Listing a further 133.5m new ordinary shares were issued and 29.7m new ordinary shares were issued as consideration for the acquisition of a portion of the Preferred Finance Securities, with an associated £266.0m of share premium being recognised. £10.3m of Listing expenses are deducted from this in order to derive the share premium account balance of £255.7m.

27. Share capital continued

In the course of preparing the year end financial statements it has been determined that the following adjustment should be made to the share capital and reserves shown in the 2010 Half Yearly Report to reflect the above reorganisation.

	As reported in the Half Yearly Report £m	Pre-Listing Adjustment £m	Restatement of Half Yearly Report £m
Share premium	328.1	(72.5)	255.6
Deferred share capital	–	54.1	54.1
Other reserves	–	8.0	8.0
Retained earnings	7.4	10.4	17.8
Total	**335.5**	**–**	**335.5**

During the second half of the year, allowable deductions of £0.1m which were accrued against the share premium accounts were no longer considered payable, which increased the share premium account to £255.7m as at 31 December 2010. The deferred shares were purchased and cancelled on 22 December 2010 and the deferred share capital was transferred to the capital redemption reserve.

28. Share premium

Group and Company	2010 £m	2009 £m
Balance at 1 January	–	–
Premium arising on issue of ordinary shares on acquisition on Preferred Finance Securities	48.4	–
Premium arising on issue of ordinary shares to new subscribers	217.6	–
Less: expenses arising on issue of equity shares	(10.3)	–
At 31 December	**255.7**	**–**

The share premium account represents amounts received on the issue of share capital in excess of nominal value and is not a distributable reserve. As disclosed in the exceptional costs note, the Listing expenses written off against share premium were £10.3m.

29. Deferred share capital

Group and Company	2010 £m	2009 £m
At 1 January	–	–
Tier 1 preference shares conversion	30.5	–
Tier 2 preference shares conversion	23.6	–
Cancellation of deferred shares	(54.1)	–
At 31 December	**–**	**–**

As discussed in the share capital note, deferred shares to the value of £54.1m were created as part of the Company's capital reorganisation. These shares were purchased and cancelled on 22 December 2010 and the deferred share capital was transferred to the capital redemption reserve.

30. Reserves

Capital redemption reserve	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
At 1 January	–	–	–	–
Cancellation of deferred shares	54.1	–	54.1	–
At 31 December	**54.1**	**–**	**54.1**	**–**

Own shares reserve	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
At 1 January	–	–	–	–
B shares conversion	(2.9)	–	(2.9)	–
At 31 December	**(2.9)**	**–**	**(2.9)**	**–**

As at 31 December 2010, 130.2m (2009: nil) ordinary shares beneficially owned by senior employees were subject to restrictions which, in some circumstances, require the Group to repurchase the shares at their nominal value, and this liability is shown within loans and borrowings. The shares on which these restrictions are attached vest over the next four years. These shares, are held either within or in nominee accounts, and together with a further 16.7m ordinary shares held within the Group's employee benefit trust for the purpose of satisfying share option obligations to employees, are treated as own shares with a cost of £2.9m.

Other reserve	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
At 1 January	–	–	–	–
Tier 2 preference share conversion	8.0	–	8.0	–
At 31 December	**8.0**	**–**	**8.0**	**–**

Available for sale reserve	2010 Group £m	2009 Group £m
At 1 January	–	–
Changes in fair value of available for sale assets	10.3	–
At 31 December	**10.3**	**–**

The available for sale reserve relates to the uplift in the fair value of the Group's holdings in investments classified as available for sale.

Foreign currency translation reserve	2010 Group £m	2009 Group £m
At 1 January	7.3	10.2
Exchange movement on translation of subsidiary undertakings	0.2	(2.9)
At 31 December	**7.5**	**7.3**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

30. Reserves continued

Retained earnings	2010 Group £m	2009 Group £m	2010 Company £m	2009 Company £m
At 1 January	6.9	(1.9)	(7.1)	(3.8)
Profit/(loss) for the year	32.5	8.6	62.0	(2.9)
Deferred tax on share based payments	1.6	–	–	–
Proceeds from shares issued	–	0.3	–	–
Share based payments	7.8	0.3	7.8	–
Share issue expenses	–	(0.4)	–	(0.4)
At 31 December	**48.8**	**6.9**	**62.7**	**(7.1)**

As permitted by section 408 of the Companies Act 2006 a separate income statement and statement of other comprehensive income has not been presented for the Company.

31. Financial commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows, taking into consideration any early break clauses exercisable by the Group.

	2010 £m	2009 £m
Not later than one year	1.0	2.7
Later than one year and not later than five years	–	0.8
Total financial commitments	**1.0**	**3.5**

There are no special terms of renewal or purchase options for the Group’s leasehold property, nor are there any restrictions on dividends, additional debt or further leasing imposed from the leasing arrangements.

32. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit or loss for the period attributable to ordinary equity holders of the parent, after the deduction of the catch up entitlement of £10.4m on the Tier 1 preference share conversion, by the weighted average number of ordinary shares outstanding during the period, less the weighted average number of own shares held of the catch-up entitlement of £10.4m on the Tier 1 preference share conversion.

Diluted earnings per share amounts are calculated by dividing the net profit or loss for the period attributable to ordinary equity holders of the parent, after the deduction of the catch up entitlement of £10.4m on the Tier 1 preference share conversion, by the weighted average number of ordinary shares outstanding during that period 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. (Both calculations are performed after taking retrospective account of the restructuring of the Company’s share capital.)

	2010 £m	2009 £m
Net profit attributable to ordinary equity holders of the parent for basic earnings, after the deduction of the catch up entitlement of £10.4m on the Tier 1 preference share conversion	22.1	8.6
Total	**22.1**	**8.6**

32. Earnings per share continued

After the Listing the number of ordinary shares in issue is 457.7m. For the purposes of calculating EPS, the share capital of the Company is calculated as the weighted average number of ordinary shares in issue over the periods reported. The weighted average number of ordinary shares outstanding during the period used for the purposes of calculating EPS is as follows:

Weighted average:	2010 Number m	2009 Number m
Issued share capital	368.7	268.8
Less own shares held (conditional awards)	(164.2)	(187.5)
Weighted average number of ordinary shares after share restructuring for the purpose of basic earnings per share	204.5	81.3
Add back weighted average number of dilutive shares	88.2	187.5
Weighted average number of ordinary shares after share restructuring for the purpose of diluted earnings per share	292.7	268.8

The weighted average number of own shares is deducted from the weighted average number of ordinary shares. Own shares are shares held in an employee benefit trust for the benefit of employees under the vesting, lock-in and other incentive arrangements in place.

	2010 Pence	2009 Pence
Basic	**10.8**	10.6
Diluted	**7.6**	3.2

33. Share based payments

Group

The Group engages in equity settled share based payment transactions in respect of services receivable from certain employees, granting employees the right to acquire either shares or options over shares, subject to certain vesting conditions.

Prior to the Listing in June 2010, these transactions were in respect of B shares, which were then converted into ordinary shares at a ratio of one to fifty. Following the Listing the transactions were in respect of ordinary shares. Shares and options vest on the occurrence of a specified event under the rules of the plan. Certain shares and options are subject to performance conditions.

The share based payment arrangements shown within these accounts are:

Options granted over B shares

These options were granted to certain employees prior to Listing in June 2010 and allow them to acquire shares at nominal value subject to satisfying certain vesting and performance conditions. The terms of the options allow individuals to make a payment to the Company entitling them to take up rights to shares between one and five years after the grant date, depending on the individual award. The expense, excluding national insurance, recognised in the Group's accounts in respect of 2010 is £5.8m (2009: £nil).

Sharesave Plan 2010

All eligible UK employees may participate in the Group's Sharesave Plan, which was introduced in 2010. Under the terms of this scheme, employees may enter into contracts to save up to £250 per month and, at the expiry of a fixed three or five year term, have the option to use these savings to acquire shares in the Company at a discounted price, calculated under the rules of the scheme (currently 20 per cent. discount to the market price at the date of award). Participants in the scheme have six months from the date of vesting to exercise their option. The expense, excluding national insurance, recognised in the Group's accounts in respect of 2010 is £0.1m (2009: £nil).

Share awards

Certain employees were awarded rights to shares during 2010, which subject to certain performance conditions, vest over the three years following the date of grant. The expense, excluding national insurance, recognised in the Group accounts in respect of 2010 is £0.4m (2009: £0.3m).

Deferred Bonus Plan

All employees of the Group who are eligible for a bonus over a certain level, as determined by the Remuneration Committee, are required to participate in the Deferred Bonus Plan which, for retention purposes, provides for compulsory deferral of a proportion of bonus. The deferred award is granted on nil cost options over the Company's shares, at a price calculated as the market price immediately prior to the date of the award. The awards in respect of this plan will be granted after the year end and, as such, there are no options shown in the below tables as being in existence at the balance sheet date. The expense, excluding national insurance, recognised in the Group's accounts in respect of 2010 is £1.5m (2009: £nil).

33. Share based payments continued

The weighted average fair value per option granted/share award during the year is calculated as follows:

The options granted over B shares were granted at the nominal price of the B shares which gives them the characteristics of nil cost options and therefore the fair value of these awards is based on the derived market price as at the date of the award.

The fair value recognised in the results for the Sharesave Plan 2010 has been calculated at the date of grant using a Black-Scholes model with inputs as at that date, making reasonable assumptions over the proportion of options not vesting due to leaver conditions not being satisfied.

The fair value recognised in the results for the Deferred Bonus Plan has been estimated using a Black-Scholes model with inputs as at 31 December 2010, in advance of the options being granted, making reasonable assumptions over the proportion of options not vesting due to leaver or performance conditions not being satisfied. This estimate will be revised in the following year's results following the actual grant date, and any adjustment required will be applied to that year's result.

The fair value recognised in the results for the share awards in 2010 has been calculated at the date of grant using a European barrier and vanilla option model with inputs as at that date, making reasonable assumptions over the proportion of options not vesting due to leaver and/or performance conditions not being satisfied.

The movement in the number of share options outstanding and their relative weighted average exercise prices are as follows:

Options granted over B shares

Group

The following table illustrates the number and weighted average exercise price of, and movement in, share options during the year:

	2010 Number	WAEP £	2009 Number	WAEP £
Outstanding at 1 January	16,569	1.00	15,384	1.00
Granted prior to Listing	329,600	1.00	2,345	1.00
Forfeited prior to Listing	(1,325)	1.00	(1,160)	1.00
Total prior to Listing	**344,844**	**1.00**	**16,569**	**1.00**
Conversion on Listing to ordinary shares	17,242,200	0.02	–	–
Exercised post Listing*	(342,100)	0.02	–	–
Forfeited post Listing	(17,000)	0.02	–	–
Outstanding at 31 December	**16,883,100**	**0.02**	**16,569**	**1.00**
Exercisable at 31 December	**91,000**	**0.02**	**–**	–

**The weighted average share price at the date of exercise of these options was £1.92 per ordinary share.*

The weighted average fair value of options granted during the year was £1.50 per ordinary share (2009: £2.72 per B share).

The weighted average remaining contractual life for the share options outstanding as at 31 December 2010 is 2.5 years (2009: 1 year). The weighted average fair value of shares and options granted during the year was £29.0m (2009: £0.6m) to be charged over the vesting period. The exercise price for options outstanding at the end of the year was £nil per ordinary share (2009: £nil per B share).

Sharesave Plan 2010

Group

The following table illustrates the number and weighted average exercise price of, and movement in, share options during the year:

	2010 Number	WAEP £	2009 Number	WAEP £
Outstanding at 1 January	–	–	–	–
Granted post Listing	1,164,528	1.93	–	–
Outstanding at 31 December	**1,164,528**	**1.93**	**–**	**–**
Exercisable at 31 December	**–**	**–**	**–**	–

The weighted average fair value of options granted during the year was £0.96 per ordinary share.

33. Share based payments continued

The weighted average remaining contractual life for the share options outstanding as at 31 December 2010 is 3.7 years. The exercise price for options outstanding at the end of the year was £1.93.

The following share awards have been made by the Group:

	Number of B/ordinary shares
As at 1 January 2009	3,449,281
Awarded during the year	203,080
Forfeited during the year	(58,767)
As at 31 December 2009	**3,593,594**
As at 1 January 2010	3,593,594
Awarded prior to Listing	25,000
Forfeited prior to Listing	(214,994)
Prior to Listing	**3,403,600**
Conversion on Listing to ordinary shares	170,180,000
Granted post Listing	–
Exercised post Listing	–
Forfeited post Listing	(31,974,956)
As at 31 December 2010	**138,205,044**

The weighted average fair value of share awards during the year was £0.07 per ordinary share (2009: £2.72 per B share).

The fair value of services received as consideration for the share and option awards has been measured by reference to the fair value of the shares and options at the date of award. Shares awarded in 2010 had a subscription price of £0.02 per ordinary share (2009: £1 per B share). The shares and option awards expense for the year (excluding national insurance contributions) of £7.8m (2009: £0.3m) is recognised in employee costs with a corresponding credit to reserves. Shares and options were forfeited at £0.02 per ordinary share during the year (2009: £1 per B share). The estimate of the fair value of services received includes assumptions for employee forfeiture rates and satisfaction of performance conditions.

Company

The share based payments in the Company's equity are recognised as an investment in subsidiary undertakings in the Company on the basis that the beneficiaries are the employees of the subsidiaries in which the Company is the ultimate parent undertaking. (See investment in subsidiary undertakings note.)

34. Financial risk management

Financial risk management objectives and policies

The Group is subject to a number of financial risks throughout its business, being market risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board is accountable for risk and is responsible for oversight of the risk management process. The Board has ultimate responsibility for the risk strategy of the Group and for determining an appropriate risk appetite and tolerance levels within which the Group must operate. By defining these, the Board demonstrates that it is aware of and, where appropriate, has taken steps to mitigate the impact of risks that may have a material impact on the Group.

The Executive Committee reviews the key corporate risks facing the Group. The Chief Financial Officer has responsibility for the risk and control framework within the Group and the independent monitoring and reporting of risk and controls. The Chief Financial Officer through a Risk Committee manages the ongoing development of the Group's risk and control framework. Jupiter embeds risk management within the business, with independent oversight and challenge being provided by the risk function.

Market price risk

Group

Market price risk is the risk that a decline in the value of assets will adversely impact the profitability of the Group. Management has identified price risk as the exposure in the value of financial assets held by the Group, resulting in a loss recognised in the consolidated income statement. The Group is not exposed to commodity price risk.

34. Financial risk management continued

The Group holds equity investments in its seed capital portfolio and is exposed to the risk of changes in the equity markets that will reduce the value of the Group's investments. At 31 December 2010, the exposure to unlisted equity securities at fair value was £20.2m (2009: £13.2m) and the exposure to securities at fair value was £58.9m (2009: £50.9m).

The Group's policy is to hedge the equity market and currency exposure of its seed capital investments depending on the fund mandate and whether such transactions available are cost effective. As at 31 December 2010, the Group has a total return swap arrangement over certain of its holdings in seed fund investment. The notional value of the swap was £38.7m (2009: £40.3m). (See the financial instruments note.)

A fall in value of an available for sale investment which is significant or prolonged is considered to be an indication of impairment under IAS 39. In such an event, the available for sale investment is written down to fair value and the amounts of previously recognised equity, in respect of market value are recognised in the consolidated income statement as an impairment charge.

There was no market price risk for the Company.

Price risk sensitivity analysis on financial assets

The Group estimates an increase or decrease of 10 per cent. on the market index (FTSE All share applied to the Group's financial assets) would have the following impact on the profit before taxation and equity of the Group:

	Market value movement +/- 10%	
	Consolidated income statement £m	Equity £m
31 December 2009	1.1	1.1
31 December 2010	**2.0**	**2.0**

The sensitivity analysis takes account of the relevant derivative transactions the Group has entered into in order to provide a hedge against such movements.

Foreign exchange risk

Foreign exchange risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. As the Group predominately operates in the UK with some transactions from overseas third parties in foreign currencies, this then impacts its exposure to non-sterling income and expenses. The Group's policy is to hold minimum currency to cover operational needs and therefore to convert foreign currency on receipt. Direct exposures are limited to operational cash held in overseas subsidiaries and short term outstanding currency fee debts at any time. The Group does not normally hedge this risk. Foreign currency risk is managed by the finance function (incorporating treasury operations), whereby foreign currency balances are monitored closely.

Interest rate risk

Interest rate risk is the risk that the Group will sustain losses from the fair value or future cash flow of adverse movements in interest bearing assets and liabilities and so reduce profitability.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates (see loans and borrowings note). Cash held by the operating companies are held in fixed rates for no longer than three months.

The Group manages its interest rate risk by having a combination of fixed and variable rate loans and borrowings. As explained further in the loans and borrowings note, the Group has entered into swap arrangements to effectively fix the rate payable on a portion of its variable debt.

Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. In such circumstances, the Group raises long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

At 31 December 2010, after taking into account the effect of interest rate swaps, approximately 25 per cent. of the Group's borrowings are at a fixed rate of interest (2009: 59 per cent.). The Group is also exposed to interest rates on banking deposits held in the ordinary course of business. The Group's finance function monitors the Group's interest rate cash flow risks and returns.

The Company did not have any liabilities for which interest was accruing in 2010. In 2009, the Company had fixed rate borrowings which were subsequently repaid in 2010.

34. Financial risk management continued

Interest rate risk sensitivity analysis

Interest rate risk sensitivity analysis on the consolidated income statement has been performed on the basis of a 50 bps rise in interest rates at the beginning of the year.

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is only an immaterial impact on the Group's equity.

	31 December 2010		31 December 2009	
	Increase/decrease in basis points bps	Effect on profit before tax £m	Increase/decrease in basis points bps	Effect on profit before tax £m
LIBOR	50	1.6	50	1.1

The sensitivity analysis takes account of the relevant derivative transactions the Group has entered into in order to provide a hedge against such movements and takes into account the economic cash flow impact.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss in its operating activities.

The Group is exposed to credit risk primarily for trade receivables and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Fee receivables arise principally within the Group's investment management business and amounts are monitored regularly. Historically, default levels have been insignificant and the Group's maximum exposure to credit risk is represented by the carrying value of its financial assets (see the trade and other receivables note). Trade and other receivables that are past due are not considered to be impaired.

The Group's exposure to credit risk at 31 December is shown below:

Group	31 December 2010 £m	31 December 2009 £m
Derivative financial instruments	0.9	–
Trade and other receivables (excluding prepayments and deferred acquisition and commission costs)	83.1	55.0
Cash and cash equivalents	220.3	223.4
Total credit risk exposure	**304.3**	**278.4**

Company	31 December 2010 £m	31 December 2009 £m
Trade and other receivables (excluding prepayments and deferred acquisition and commission costs)	263.7	–
Cash and cash equivalents	28.3	–
Total credit risk exposure	**292.0**	**–**

34. Financial risk management continued

With regard to credit risk related to financial instruments and cash deposits, the Group's policy is to place deposits only with financial institutions, which satisfy minimum ratings and other criteria set by the Balance Sheet Management Committee. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The Risk Committee monitors the Group's counterparty exposures. The Group's maximum exposure to credit risk for the components of the balance sheet at 31 December 2010 and 31 December 2009 is the carrying amounts as illustrated in the cash and cash equivalents note and in the trade and other receivables note.

The table below contains an analysis of current and overdue financial assets for the Group:

	At 31 December 2010				At 31 December 2009			
Financial assets	Derivative financial instruments £m	Trade and other receivables £m	Cash and cash equivalents £m	Total £m	Derivative financial instruments £m	Trade and other receivables £m	Cash and cash equivalents £m	Total £m
Not past due	0.9	66.3	220.3	287.5	–	47.1	223.4	270.5
0-3 months past due	–	14.1	–	14.1	–	6.5	–	6.5
3-6 months past due	–	2.7	–	2.7	–	1.4	–	1.4
6-12 months past due	–	–	–	–	–	–	–	–
Greater than 12 months past due	–	–	–	–	–	–	–	–
Total	**0.9**	**83.1**	**220.3**	**304.3**	**–**	**55.0**	**223.4**	**278.4**

The table below contains an analysis of financial assets as rated by Fitch Ratings for the Group.

	At 31 December 2010				At 31 December 2009			
Financial assets	Derivative financial instruments £m	Trade and other receivables £m	Cash and cash equivalents £m	Total £m	Derivative financial instruments £m	Trade and other receivables £m	Cash and cash equivalents £m	Total £m
AAA	–	–	–	–	–	–	–	–
AA	0.9	–	174.0	174.9	–	–	211.7	211.7
A	–	–	46.3	46.3	–	–	11.7	11.7
BBB	–	–	–	–	–	–	–	–
Not rated	–	83.1	–	83.1	–	55.0	–	55.0
Total	**0.9**	**83.1**	**220.3**	**304.3**	**–**	**55.0**	**223.4**	**278.4**

The financial assets are predominately graded A or better and the portfolio has no exposure to emerging markets, sub-investment grade assets or any asset-backed securities.

Trade and other receivables which are not rated comprise of fees receivable for fund management.

34. Financial risk management continued

The table below contains an analysis of current and overdue financial assets for the Company:

	At 31 December 2010				At 31 December 2009			
Financial assets	Derivative financial instruments £m	Trade and other receivables £m	Cash and cash equivalents £m	Total £m	Derivative financial instruments £m	Trade and other receivables £m	Cash and cash equivalents £m	Total £m
Not past due	–	263.7	28.3	292.0	–	–	–	–
0-3 months past due	–	–	–	–	–	–	–	–
3-6 months past due	–	–	–	–	–	–	–	–
6-12 months past due	–	–	–	–	–	–	–	–
Greater than 12 months past due	–	–	–	–	–	–	–	–
Total	**–**	**263.7**	**28.3**	**292.0**	**–**	**–**	**–**	**–**

The table below contains an analysis of financial assets as rated by Fitch Ratings for the Group.

	At 31 December 2010				At 31 December 2009			
Financial assets	Derivative financial instruments £m	Trade and other receivables £m	Cash and cash equivalents £m	Total £m	Derivative financial instruments £m	Trade and other receivables £m	Cash and cash equivalents £m	Total £m
AAA	–	–	–	–	–	–	–	–
AA	–	–	8.3	8.3	–	–	–	–
A	–	–	20.0	20.0	–	–	–	–
BBB	–	–	–	–	–	–	–	–
Not rated	–	263.7	–	263.7	–	–	–	–
Total	**–**	**263.7**	**28.3**	**292.0**	**–**	**–**	**–**	**–**

The Company's trade and other receivables are made up of intercompany balances.

34. Financial risk management continued

Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations as they fall due or at a significantly higher cost. The Group produces a cash flow forecast to ensure all assets and liabilities are managed efficiently.

The Group's objectives are:

- ensuring both the Group as a whole and individual entities within the Group have access to sufficient liquid funds to trade solvently and meet trading liabilities as they fall due;
- allowing the Group to maintain a flexible dividend policy, taking reference to prior year and prospective profitability, cash flow and balance sheet; and
- providing the Group with appropriate flexibility over the transferability of its capital and cash balances.

Surplus cash held by the operating entities over and above balance required for working capital management is held in interest bearing deposits of up to 90 days and the regulated companies in particular ensure that, sufficient capital is kept to meet regulatory requirements.

The Group currently has access to a revolving credit facility of £10m (2009: £10m) which is unutilised.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2009 and 2010 based on contractual undiscounted payments:

	At 31 December 2010				At 31 December 2009			
Financial liabilities	Within 1 year or repayable on demand £m	1-5 years £m	> 5 years £m	Total £m	Within 1 year or repayable on demand £m	1-5 years £m	> 5 years £m	Total £m
Loans and borrowings*	–	281.5	–	281.5	17.5	38.1	4,813.3	4,868.9
Trade and other payables	143.6	1.0	–	144.6	143.6	0.6	–	144.2
Financial liabilities at fair value through profit or loss	7.0	–	–	7.0	–	–	–	–
Derivative financial instruments	–	–	–	–	8.7	–	–	8.7
Total	**150.6**	**282.5**	**–**	**433.1**	**169.8**	**38.7**	**4,813.3**	**5,021.8**

**Includes bank loans, Preferred Finance Securities and restricted ordinary shares.*

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2009 and 2010 based on contractual undiscounted payments:

	At 31 December 2010				At 31 December 2009			
Financial liabilities	Within 1 year or repayable on demand £m	1-5 years £m	> 5 years £m	Total £m	Within 1 year or repayable on demand £m	1-5 years £m	> 5 years £m	Total £m
Loans and borrowings*	0.8	1.8	–	2.6	–	–	27.8	27.8
Trade and other payables	0.4	–	–	0.4	–	8.7	–	8.7
Total	**1.2**	**1.8**	**–**	**3.0**	**–**	**8.7**	**27.8**	**36.5**

**Includes bank loans, Preferred Finance Securities and restricted ordinary shares.*

34. Financial risk management continued

Capital management

The Group's objective when managing its capital and funding structure is to safeguard the Group's ability to continue as a going concern, maintain appropriate financial resources, maximise shareholder value, to maintain an optimal capital structure to reduce the cost of capital and to meet working capital requirements.

Group	2010 £m	2009 Restated £m
Gross loans and borrowings	283.0	630.5
Less cash and short term deposits	(220.3)	(223.4)
Net debt	**62.7**	**407.1**
Equity	334.4	32.3
Retained earnings and foreign exchange reserve as per statement of changes in equity	56.3	14.2
Total capital	**390.7**	**46.5**

Certain information relating to 2009 has been restated to conform to current year presentation.

Company	2010 £m	2009 £m
Gross loans and borrowings	–	24.0
Less cash and short term deposits	(28.3)	–
Net debt/(funds)	**(28.3)**	**24.0**
Equity	324.1	32.3
Retained earnings and foreign exchange reserve as per statement of changes in equity	62.7	(7.1)
Total capital	**386.8**	**25.2**

Regulatory capital requirements

The Group considers its share capital and retained earnings to constitute its total capital. The subsidiaries within the Group which are regulated are required to maintain liquid capital resources to comply with the regulatory capital requirements of the Financial Services Authority and other global financial regulators. All regulated entities within the Group complied with the externally imposed regulatory capital requirement.

In addition to the capital held to meet the regulatory capital requirements, the Group maintains sufficient cash resources to meet its liabilities as and when they fall due, taking into account cash forecasts. The Group performs regular cash flow forecasts, modelling both normal and stressed conditions. Liquidity risk is mitigated by the long-term nature of the Group's principal borrowings and the high levels of cash balances in the business.

35. Related parties

The Group

The Group manages, through its subsidiaries, a number of investment trusts, unit trusts and overseas funds. The subsidiary companies receive management fees from these entities for managing the assets and in some instances receive performance fees. The precise fee arrangements for the different entities are disclosed within the financial statements of each entity or within other information which is publicly available.

The Group manages a number of collective investment vehicles and by virtue of the investment management agreements in place between the Group and these vehicles, they may be considered to be related parties. The Group acts as manager for 35 (2009: 34) authorised unit trusts. Each unit trust is jointly administered with the trustees, The Royal Bank of Scotland plc. The aggregate total value of transactions for the period was £3,237.2m (2009: £2,796.6m) for unit trust creations and £1,744.8m (2009: £978.0m) for unit trust redemptions. The actual aggregate amount due to the trustees at the end of the accounting year in respect of transactions awaiting settlement was £10.0m (2009: £34.5m).

The amount received in respect of gross management and registration charges was £269.8m (2009: £200.8m). At the end of the year, there was £6.5m (2009: £4.7m) outstanding for annual management fees and £1.0m (2009: £0.8m) in respect of registration fees.

The Group has a total net investment in collective investment vehicles of £53.2m (2009: £50.9m) and received distributions of £0.1m (2009: £0.1m) and investment management and performance fees of £244.3m (2009: £190.4m).

The majority of the Directors of the investment trusts are independent of the Group.

Included within the financial instruments note are seed capital investments in funds managed by the Group.

The Group also considers transactions with its key management personnel as related party transactions. Key management personnel are considered to be members of the Executive Committee who manage the main operating activities of the Group. The emoluments of key management personnel are shown in the Directors' emoluments and key management personnel note and further disclosure on Directors is within the Remuneration report. Except for those that have been disclosed, there are no other transactions, arrangements or agreements made for persons who were Directors of the Group during the period. For members of key management personnel, payments in relation to previously held Preferred Finance Securities amounted to £15.8m (2009: £nil). Preference share holdings by key management personnel of £4.1m were converted to 2.5m of ordinary shares in June 2010.

TA Associates Inc. are also considered a related party of the Group. Transactions with TA Associates Inc. in relation to the repayment by the Group of Preferred Finance Securities amounted to £201.0m. £152.3m of this was paid in cash and the remaining £48.7m was converted into ordinary shares. £0.6m of this is shown within share capital and £48.1m is shown as part of share premium.

Company

Details of transactions between the Company and its subsidiaries, which are related parties of the Company, are disclosed below:

	2010 £m	2009 £m
Dividends received	65.0	–
Amounts owed to related parties	–	1.7
Amounts owed by related parties	263.5	–

36. Post balance sheet events

On 18 March 2011, the Group announced its intention to make an £80.0m partial repayment of the bank loan facility during 2011. This repayment was made on 31 March 2011.

37. Cash flow from operating activities

Consolidated

Cash flows from operating activities	2010 £m	2009 £m
Profit on ordinary activities before taxation	42.4	7.2
Adjustments for:		
Depreciation	1.4	1.4
Amortisation	39.8	39.8
Net amortisation of initial charges and initial commissions	(2.5)	(3.8)
Share based payments	7.8	0.3
Gains on derivative financial instruments	(9.6)	(6.5)
Losses on total return swap	6.2	8.2
Fair value gains on financial assets at fair value through profit or loss	(10.2)	(10.7)
Finance income	(0.8)	(1.2)
Finance expense	38.6	52.9
Foreign exchange losses/(gains)	0.6	(0.1)
Increase/(decrease) in provisions	2.0	(2.3)
Exceptional costs	6.8	–
Changes in working capital:		
Increase in trade and other receivables	(29.7)	(21.5)
Increase in trade and other payables	25.2	17.4
Financial assets at fair value through profit or loss	(4.2)	(20.5)
Fair value loss on investment in associates	0.5	0.4
Fair value losses/(gains) on liabilities at fair value through profit or loss	2.3	(3.2)
Cash generated from operations	**116.6**	**57.8**

Company

Cash flows from operating activities	2010 £m	2009 £m
Profit on ordinary activities before taxation	62.0	(3.3)
Adjustments for:		
Dividend income	(65.0)	–
Finance expense	1.6	2.7
Changes in working capital:		
Increase in trade and other receivables	(0.5)	–
Decrease/(increase) and other payables	(0.5)	0.6
Cash used by operations	**(2.4)**	**–**

Other information

Historical summary

The historical summary is not part of the audited financial statements.

	2010 £m	2009 £m	2008 £m
Revenue	271.1	214.6	236.9
Commissions and fees payable	(40.6)	(32.5)	(36.3)
Net revenue	230.5	182.1	200.6
Administrative expenses	(115.1)	(92.3)	(111.0)
Operating earnings	115.4	89.8	89.6
Other gains/(losses)	1.7	2.4	(9.6)
Amortisation of intangible assets	(39.8)	(39.8)	(39.7)
Operating profit before exceptional items	**77.3**	**52.4**	**40.3**
Exceptional costs	(6.8)	–	–
Operating profit	**70.5**	**52.4**	**40.3**
Finance income	0.9	1.2	8.4
Finance expense	(29.0)	(46.4)	(64.6)
Profit before taxation	**42.4**	**7.2**	**(15.9)**
Income tax (expense)/credit	(9.9)	1.4	0.3
Profit/(loss) for the financial period attributable to equity holders of the parent	**32.5**	**8.6**	**(15.6)**
Earnings per share			
Basic	10.8p	10.6p	(16.1)p
Diluted	7.6p	3.2p	(16.1)p
Assets under management at year end (£bn)	24.1	19.5	16.6
Average headcount	444	474	496

Operating earnings to EBITDA reconciliation			
Operating earnings	115.4	89.8	89.6
Add: charge for options over pre-Listing shares	7.8	–	–
Add: depreciation	1.4	1.4	1.9
EBITDA	**124.6**	**91.2**	**91.5**

Shareholder information

Shareholder enquiries

All enquiries relating to holdings of shares in Jupiter Fund Management plc, including notification of change of address, queries regarding dividend/interest payments or the loss of a certificate, should be addressed to the Company's registrars:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel: 0871 664 0300

Other shareholder queries should be addressed to the Company Secretary.

Calls cost 10p per minute plus network extras; lines are open 8.30am-5.30pm Monday to Friday

Share dealing service

There is a share dealing service offered by the Registrar. It is a simple way to buy and sell shares via the internet or telephone with quick settlement. For further information visit: www.capitadeal.com

For telephone purchases:
Tel: 0871 664 0445 (UK only) between 8.00am and 4.30pm, Monday to Friday.

Financial calendar

Event	Date
Ex-dividend date for final dividend	13 April 2011
Record date for dividend	15 April 2011
Interim Management Statement	18 April 2011
Annual General Meeting	18 May 2011
Dividend payment date	24 May 2011
Interim results	19 August 2011
Ex-dividend date for interim dividend	31 August 2011
Interim dividend payment date	30 September 2011
Interim Management Statement	14 October 2011

Company details and principal office

Jupiter Fund Management plc
1 Grosvenor Place
London SW1X 7JJ

Registered number: 6150195

Company Secretary:
Adrian Creedy

Tel: 020 7412 0703

Website

The Company has a corporate website, which holds, amongst other information, copies of our latest annual report and copies of all press announcements released over the past 12 months. This site can be found at:

www.investorsjupiteronline.co.uk.

Share information

The Company's ordinary shares are traded on the London Stock Exchange:

ISIN	GB00B53P2009
SEDOL	B53P200
TICKER	JUP.LN

Company information

Independent auditors	**PricewaterhouseCoopers LLP** Chartered Accountants and Statutory Auditor 1 Embankment Place London WC2N 6RH
Stockbrokers	**JP Morgan Cazenove** 125 London Wall London EC2Y 5AJ **Numis Securities Limited** The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Legal advisers	**Norton Rose LLP** 3 More London Riverside London SE1 2AQ
Principal bankers	**The Royal Bank of Scotland plc** 135 Bishopsgate London EC2M 3UR

Glossary of terms

A-B

Act – the Companies Act 2006

AGM – Annual General Meeting

AUM – Assets under management

Bps – one one-hundredth of a percentage point (0.01 per cent.)

Board – the Board of Directors of the Company

Box profits – profit on dealings in mutual funds by the Group representing the difference between the cost of purchasing redeemed units at cancellation prices and re-selling those units at higher creation prices on the same day (rather than cancelling those units), in each case after brokerage fees

C-E

CAPM – Capital asset pricing model

CDP – Carbon disclosure project

CGU – cash generating unit

Code – the Combined Code on Corporate Governance adopted by the Financial Reporting Council in June 2008

Company – Jupiter Fund Management plc

CPD – continued professional development

CREST – the system for paperless settlement of trades in listed securities, of which Euroclear UK & Ireland Limited is the operator

DB – Defined benefit pension scheme

DBP – Deferred Bonus Plan

DC – Defined contribution pension scheme

EBITDA – Earnings Before Interest, Tax, Depreciation and Amortisation is a non-GAAP measure which the Group uses to assess its performance. It is defined as operating earnings excluding the effect of depreciation and the charge for options over pre-Listing shares.

EBT – the Jupiter employee benefit trust established pursuant to a trust deed dated 22 April 2004

EPS – Earnings per share

EU – The European Union

F-G

Financial Services Act – the Financial Services Act 2010

FSA – the Financial Services Authority of the United Kingdom

FSA Remuneration Code – the Code whereby firms regulated by the FSA are required to establish, implement and maintain remuneration policies consistent with effective risk management

FSA Rules – the FSA Handbook of Rules and Guidance made by the FSA under FSMA for firm regulated by the FSA

FSCS – Financial Services Compensation Scheme

FSMA – the Financial Services and Markets Act 2000, (as amended, supplemented or replaced from time to time)

FRC – Financial Reporting Council

GAAP – Generally Accepted Accounting Principles

GAYE – Give as you earn scheme

Group – the Company and all of its subsidiaries

I-J

IAS – International Accounting Standard(s)

IASB – International Accounting Standards Board

ICAAP – internal capital adequacy assessment process

IFA – Independent financial adviser

IFDS – International Financial Data Services

IFRIC – International Financial Reporting Interpretations Committee

IFRS – International Financial Reporting Standard(s)

IMA – Investment Management Association

ISA – individual savings account

JAMB – Jupiter Asset Management (Bermuda) Limited

JAMG – Jupiter Asset Management Group Limited

JIMG – Jupiter Investment Management Group Limited

Jupiter – the Company and all of its subsidiaries

K-M

KPI – Key performance indicator

Leverage ratio – represents net debt divided by trailing twelve month EBITDA

LIBOR – London Interbank Offered Rate

Listing – the Company Listing on the London Stock Exchange on 21 June 2010

LTIP – Long term incentive plan for retention

MBO – purchase of Company by management and other parties in 2007

MLRO – Money laundering reporting officer

Mutual funds – collective investments where a group of investors pool their money (buying units or a portion of the mutual fund)

N-O

Net borrowings – net debt is defined as the gross bank debt outstanding less gross cash

Overseas Regulated Entities – JAMB and Jupiter Asset Managers (Jersey) Ltd

Glossary of terms continued

P-R

PBT – Profit before tax

PFS – Preferred Finance Securities in Jupiter Fund Management Group Limited

Platform – service provider that enables investors to buy and hold in a single place a range of investments from multiple providers with different tax wrappers

Prospectus – the prospectus issued by the Company in connection with the Listing on 21 June 2010

RDR – the FSA's Retail Distribution Review launched in June 2006

Registrar – Capita Registrars Limited

S-T

SEDOL – Stock Exchange Daily Official List

Segregated mandates – An investment strategy run exclusively for institutional clients

SICAV – Société D'Investissement à Capital Variable; an open-ended collective investment scheme that derives its value by the number of participating investors

TCF – treating customers fairly

U

UCITS – Undertaking for Collective Investment in Transferable Securities as defined by EC Council Directive 85/611/EEC, as amended

UTA – Unit Trust Administration

WACC – weighted average cost of capital

WAEP – weighted average exercise price

JUPITER

Registered address: 1 Grosvenor Place, London SW1X 7JJ

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