

**Jupiter Fund Management plc**

Annual Report & Accounts 2012



# Contents

What's inside this report

## ● Introduction

- 1 Chairman's statement
- 2 Jupiter in brief
- 3 Highlights
- 4 Chief Executive's statement

## ● Business review

- 6 The asset management business model
- 7 How value flows to shareholders
- 8 Our operating model
- 10 Delivery against objectives
- 11 Key performance indicators
- 12 Principal risks and mitigations
- 14 Market review
- 17 Operational review
- 19 Financial review
- 22 Corporate responsibility report

## ● Governance

- 28 Risk management and internal controls report
- 31 Directors' responsibility statement
- 32 Directors' profiles
- 34 Corporate governance report
- 38 Remuneration report
- 55 Audit Committee report
- 57 Nomination Committee report
- 58 Directors' report

## ● Financial statements – Group

- 62 Section 1: Results for the year
- 72 Section 2: Consolidated statement of cash flows
- 74 Section 3: Assets and liabilities
- 83 Section 4: Equity
- 85 Section 5: Other notes

## ● Financial statements – Company

- 96 Section 6: Company financial statements
- 102 Independent auditors' report on the financial statements of the Group and Company

## ● Other information

- 104 Historical summary (unaudited)
- 105 Shareholder information
- 106 Glossary of terms



“2012 was another positive year for Jupiter as we continued to position the business for growth.”

Jamie Dundas  
Chairman

I am pleased to introduce our Annual Report for 2012. We have made changes to the format of the Report this year to improve the description of our business model, strategy and performance, and to enhance the alignment of the Financial Review commentary with the Financial Statements. I trust you will find these helpful.

In 2012, Jupiter has maintained its record of delivering value to its clients over the medium to long term, with 79 per cent. of mutual fund AUM above median over the past three years. Our positive operational performance has underpinned satisfactory financial results and enabled us to further strengthen our balance sheet. Underlying EPS was 19.0p per share, and the Board has recommended a final dividend of 6.3p which, if approved at the Annual General Meeting, will bring the total dividend for the year to 8.8p, a 13 per cent. increase on 2011.

The details of our performance are set out in the Chief Executive's report and the pages which follow. I shall be brief therefore, and focus on some important points on which the Board has been engaged and will continue to prioritise.

Our strategy is built around the delivery for our clients of investment outperformance over the medium and long term. Much flows from this, not least the need for depth and breadth of fund manager talent, careful succession planning, and sound policies that align staff interests with the company and other stakeholders. The Board and its Committees spent considerable time on these issues in 2012. Our talent pipeline has been strengthened through both external hiring and internal moves, and a number of our younger fund managers have stepped into larger roles. We need to continue to monitor these processes and to ensure that Jupiter remains an attractive place to work for talented individuals. With that in mind, during the year the Remuneration Committee led a comprehensive review of our compensation policies to satisfy itself that they continue to be effective, appropriate and aligned with long term shareholder value.

The Board and the Executive leadership have also been looking closely at the linked issues of our product mix and our distribution. Jupiter's offering is anchored by core strengths in equity funds and sales in the UK retail market. We have always been more diverse than that, however, and have become much more so in the last three years as we have developed our position in other product and client sectors, such as fixed income and SICAV ranges. There is

ample evidence that Jupiter's proposition can be attractive to wider markets than we currently serve. Our new Distribution and Strategy Director, Maarten Slendebroek, was appointed in September 2012. Given the importance of this new role, I am pleased that Maarten has joined the Board as an Executive Director.

I referred above to the strengthening of our balance sheet and to the dividend recommendation. We repaid a further £65.0m of remaining debt during 2012, and had net cash of £69.0m at the year end. Our aspiration will be to strike the right balance between investing in the growth of the business, while delivering year on year performance to support our progressive dividend policy. Subject always to factors beyond our control, Jupiter clearly has the capacity to deliver both sides of this equation.

A final point that is high on the Board's agenda is ensuring that we maintain the culture and behaviour that underpins our brand, and that our clients, regulators and shareholders have a right to expect from us. This is not just about regulatory compliance, though that receives the fullest attention, but also about the reputation and the sustainability of the business. We should never claim that this is easy, but we take it very seriously, and devoted considerable Board time to it during 2012. We will continue to do so, and expect to make further investment in 2013 in the systems and support functions that are essential to our sound development as we pursue further growth in the business.

My thanks to our clients, to our investors, to our staff and all who have supported us over the past year.

A handwritten signature in blue ink that reads 'Jamie Dundas'. The signature is fluid and cursive, with the first name 'Jamie' and last name 'Dundas' clearly distinguishable.

Jamie Dundas  
Chairman

27 February 2013

## Jupiter in brief

A focused, active fund manager with a well-known brand and a reputation for delivering investment outperformance

Our vision:



Value creation through long-term outperformance

### Delivery against objectives

- Strong investment performance with 79 per cent. of our mutual fund assets above median over three years.
- Net mutual fund inflows of £1.6bn driven by this outperformance due to the strength of this performance, our recognised brand and international distribution reach.
- Record assets under management at the year end of £26.3bn.
- Underlying EPS down one per cent. as benefits of deleveraging the balance sheet reinvested for future business growth.
- A robust balance sheet with net cash of £69.0m at year end.
- Final dividend increased by 19 per cent. to 6.3p, reflecting the improved balance sheet and confidence in future growth prospects.

### Our business model

We are focused on delivering investment outperformance after fees to our clients over the medium to long term. We achieve this through the active management of a broad range of equity, fixed income and multi-asset products.



#### Investment outperformance

Our strong investment performance is built on a distinctive investment culture which allows talented fund managers the freedom to pursue their own individual approaches. This culture has helped us build a strong track record, with 65 per cent. of our mutual fund assets having first quartile performance over three years.



#### Effective distribution

We have a clear focus on mutual funds, largely distributed to the UK long term savings market. In recent years we have grown our distribution presence in continental Europe and Asia. Our strong investment performance, multi-channel distribution approach and recognised brand has led to £6.5 billion of mutual fund net inflows over the past five years.



#### Efficient operations

Our scalable operating platform allows us to grow our revenues over the cycle without increasing our fixed costs at the same rate. This combines with a high rate of cash conversion in our business to allow us to maintain a robust balance sheet at the same time as delivering attractive returns to shareholders.

# Highlights

Robust balance sheet  
and positive growth momentum

	2010	2011	2012
Assets under management	£24.1bn	£22.8bn	<b>£26.3bn</b>
Net inflows	£2.3bn	£0.7bn	<b>£1.0bn</b>
EBITDA*	£124.6m	£134.9m	<b>£124.2m</b>
EBITDA margin*	54%	54%	<b>51%</b>
Profit before tax	£42.4m	£70.3m	<b>£73.6m</b>
Underlying EPS*	17.6p	19.1p	<b>19.0p</b>
Net cash	net debt £62.7m	net cash £7.4m	<b>£69.0m</b>
Total dividend per share	4.7p	7.8p	<b>8.8p</b>

\*non-GAAP

# Chief Executive's statement



“Our strong investment performance, brand and distribution capabilities have helped Jupiter steer a steady course through another challenging year for financial markets.”

Edward Bonham Carter  
Chief Executive

## Introduction

During 2012, we have continued to deliver value to clients and shareholders, via the successful execution of our business model through investment outperformance, effective distribution and efficient operations.

## Investment outperformance

While equity markets posted positive gains for the year, this performance masked significant underlying volatility, particularly during the first half of the year, as investors grappled with continued turmoil in the Eurozone.

Our focus on investing in quality companies which we believe are able to deliver strong results throughout the market cycle typically results in stronger performance in challenging market conditions. The majority of our funds outperformed over the three year period typically used by financial advisers, as well as over one year. Over the three years to 31 December 2012, 79 per cent. of mutual fund AUM was above median with 56 per cent. above median over one year. Furthermore, our institutional clients saw excellent returns last year with all mandates beating their benchmarks.

Our managers continue to be recognised for their investment skills, and in October, Jupiter won S&P Capital IQ's Diversified Group of the Year 2012. We also continue to have a high number of funds recommended by independent analysts and financial advisers. Financial Express, for example, awarded 'Alpha' manager status to 12 Jupiter managers in 2012 – more than any other asset manager in the UK.

## Effective distribution

While the overall environment for savings remained below historic levels and flow patterns were unfavourable in our core UK and European markets, 2012 was another good year for net inflows into Jupiter products. The Group recorded net inflows of £1.0bn in 2012, up from £0.7m in 2011 which, combined with market movements, led to record assets under management of £26.3bn at year end. Mutual fund net inflows in the year were particularly strong at £1.6bn, driven by our strong investment performance, recognised brand, increasingly diverse product set and international distribution reach. This is shown by AUM in fixed income and convertible bond products totalling £2.6bn at 31 December 2012, and our SICAV range, sold predominantly to international clients, having AUM of £1.9bn. Our overall flows were, however, held back by the withdrawal of a single large segregated mandate of £0.6bn.

In September 2012, Maarten Slendebroek joined Jupiter in the newly created role of Distribution and Strategy Director. He has many years' experience of building asset management operations and will play a key role in building further on our increasingly diversified distribution capabilities in the UK and abroad.

## Efficient operations

Our scalable operating platform allowed us to deliver steady results in 2012. EBITDA margins remained above 50 per cent. and underlying EPS was down one per cent. at 19.0p after reinvesting the savings from deleveraging our balance sheet in our people, platform and distribution reach. Continued cash generation has seen us reduce our gross debt to £78m and we have an increasingly robust balance sheet with a net cash position of £69m at year end. This has allowed us to raise the total dividend by 13 per cent. to 8.8p, reflecting the Board's confidence in the Group's growth prospects.

## Outlook

It is possible the current rally in financial markets will be sustained, assuming the ECB continues to support weaker economies and the US recovery is not derailed. However, in reality, not much has changed from a year ago and markets are still facing several long term challenges.

While savers across Europe remain squeezed in the short term due to low wage growth and increases in the cost of living, the structural growth drivers for the savings market remain intact. Jupiter is renowned for its brand strength and ability to deliver outperformance over the long term and we are looking forward to capitalising on the growth opportunities available to us, both in the UK and internationally, in order to deliver strong returns for clients and shareholders.

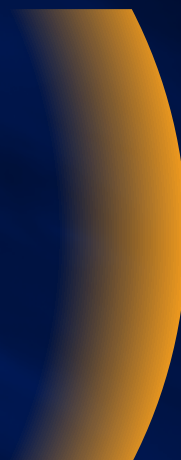
A handwritten signature in blue ink that reads "Edward Bonham Carter".

Edward Bonham Carter  
Chief Executive

27 February 2013

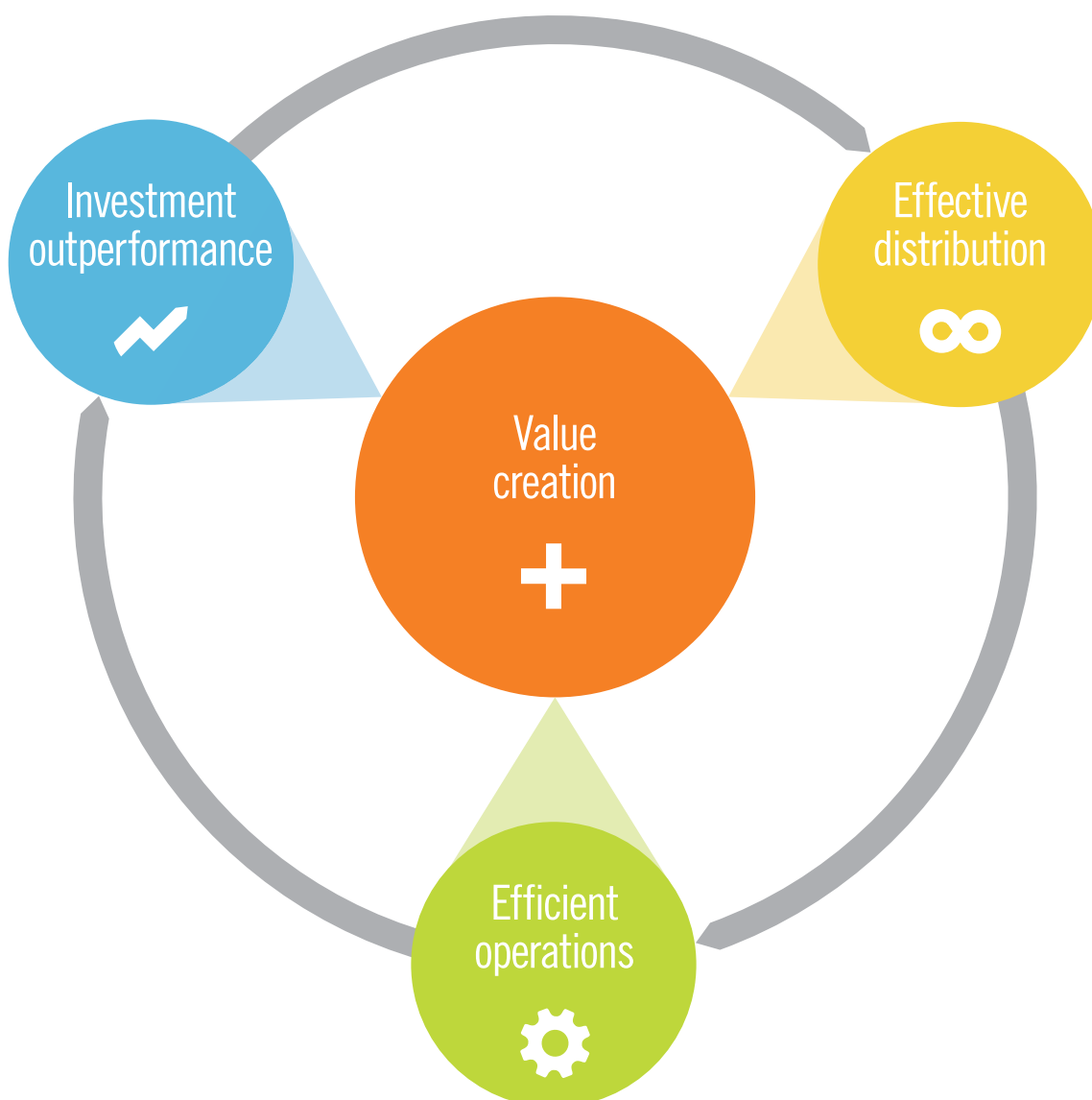
# Business review

- 6 The asset management business model
- 7 How value flows to shareholders
- 8 Our operating model
- 10 Delivery against objectives
- 11 Key performance indicators
- 12 Principal risks and mitigations
- 14 Market review
- 17 Operational review
- 19 Financial review
- 22 Corporate responsibility report







# The asset management business model

Successful managers build on three mutually supportive objectives to deliver overall value creation



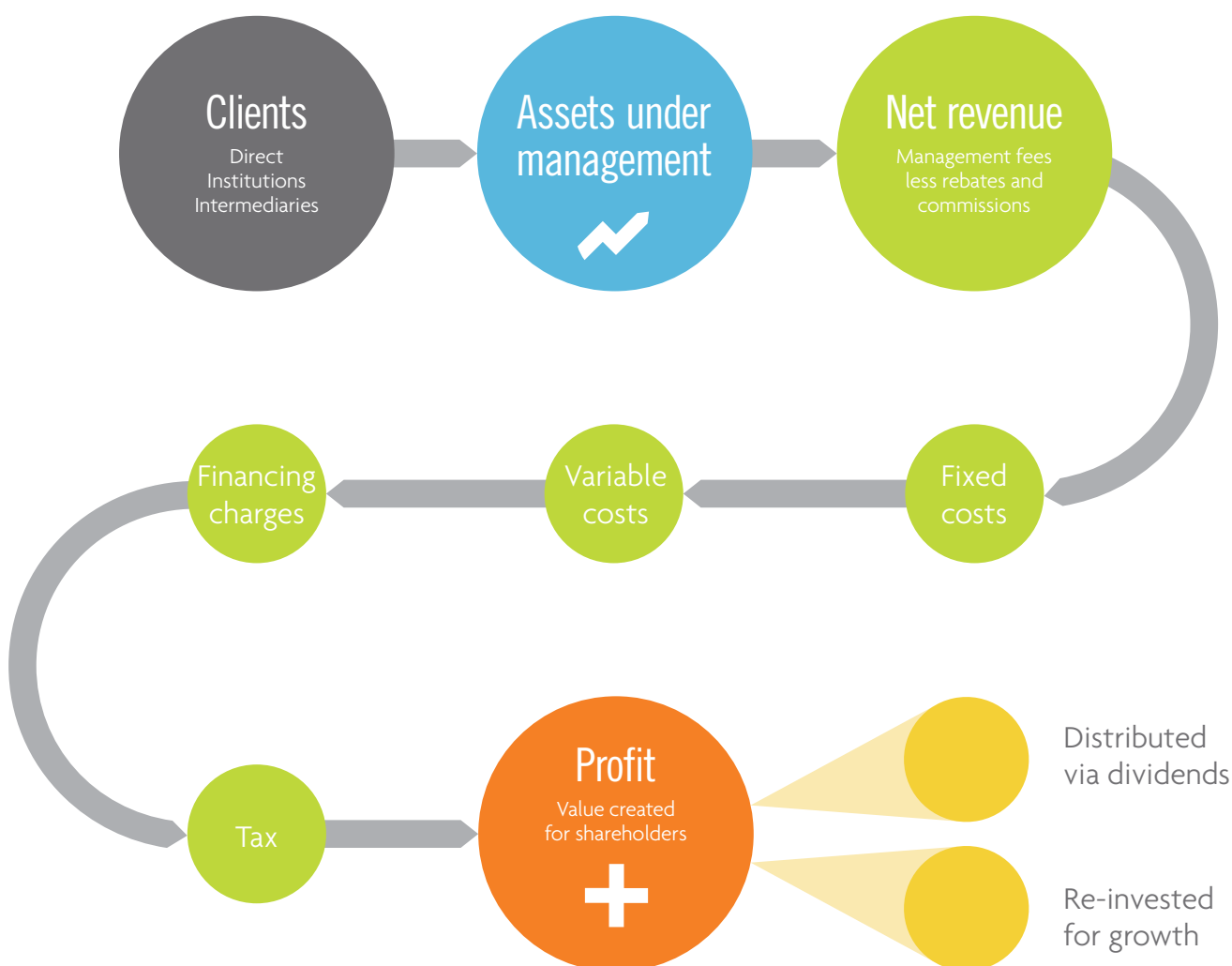
Success in asset management:

Expressed simply, the theoretical model of how to create value in an asset manager is straightforward. While the approach to execution differs across the industry, success relies on:

	<b>Investment outperformance</b>	Creating value after fees for clients, leading to further demand for investment products;
	<b>Effective distribution</b>	Providing these products to the right clients, leading to inward asset flows into the manager, with revenue growth being a direct function of asset growth;
	<b>Efficient operations</b>	Maintaining efficient operations through a scalable platform, thereby creating earnings growth and cash generation, allowing both continued investment in the business and returns to shareholders;
	<b>Value creation</b>	The successful interaction of these three factors ensures both value creation for clients, via the “alpha” of above market returns after fees, and value creation for shareholders via growing distributions and capital appreciation.

# How value flows to shareholders

Our earnings are dependent on the successful execution of our business model



## How value is created

We manage client assets with the aim of adding value by outperforming the market. We collect fees from clients, based on a percentage of the assets we manage, a proportion of which are paid to our distributors for the services they perform on behalf of their clients. Our net revenues are, therefore, the proportion of fees we retain. On a small number of funds, we also earn a performance fee where returns are above agreed targets.

This revenue is used to meet our expenses. First, we pay our fixed costs which include salaries and those costs associated with the operating platform and support infrastructure. Out of the residual earnings that result, we then pay variable costs such as bonuses, as well as interest to service our debt and corporation tax.

Of the remaining profits, a portion is distributed to shareholders via dividends with the remainder being used to pay down debt and for re-investment within the Group to grow the business and provide capital growth for shareholders.

# Our operating model

Jupiter's operating model is aligned to the business model



## Investment outperformance

We have a single investment platform comprising 39 fund managers who manage a range of funds for a variety of clients. Private client assets are managed separately by 13 dedicated private client managers. Our investment philosophy seeks to generate investment outperformance against relevant benchmarks over the medium to long term without exposing our clients to unnecessary risk.

While our fund managers work as a closely knit team, sharing stock ideas and debating market prospects, we believe that each manager has individual responsibility for their own portfolios and is therefore held accountable for the investment performance of the funds they manage. We also believe that fund management is an industry where experience counts and we are always looking to balance the requirement for experience with the necessary focus on the development of fresh talent.



## Effective distribution

While we operate across a number of different geographies and markets, each of which has its own characteristics, we maintain a consistent brand and distribution approach and structure our distribution efforts on a product neutral basis. This allows us to maximise our distribution reach and the ability of different clients to access our investment expertise.

Our current UK distribution effort is primarily focused on intermediaries, with our advertising effort designed to build brand awareness with both these agents and end clients. Our market share is particularly strong among IFAs and on fund platforms. Given the predominance of bank distribution internationally, our approach outside the UK is focused on building relationships with wealth managers in our chosen territories, such as France, Germany and Switzerland.



## Efficient operations

We operate a single infrastructure platform, designed to support a growing business and its governance requirements while implementing operational efficiencies where appropriate, such as outsourcing or improved technologies.

This platform allows the fund management, distribution and marketing areas the appropriate tools with which to do their jobs, provides executive management with the performance and risk monitoring information required to manage the business and supports the requirements of external stakeholders such as clients, shareholders and regulators.

The scalable nature of our platform ensures that our shareholders share in the benefits of the revenue growth and cash generation associated with increases in AUM.

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## What differentiates us

### Clear focus

We have a clear focus on the management of mutual funds for retail and institutional clients. Our strategy is to offer products where we can deliver superior returns to our clients over the medium to long term.

### Investment culture

Our distinct investment culture focuses on allowing talented fund managers the freedom to pursue their own individual investment approach. This culture has helped build a strong track record of investment outperformance with 79 per cent. of our assets above median over three years.

### Track record

We are well-established as one of the leading fund groups in the UK retail market due to consistent investment outperformance, strong brand and a multi-channel distribution approach. We have a record of attracting flows across the market cycle, with net inflows of £6.6bn over the last five years. This has allowed us to grow our revenues significantly ahead of comparable market growth.

### Scalable platform

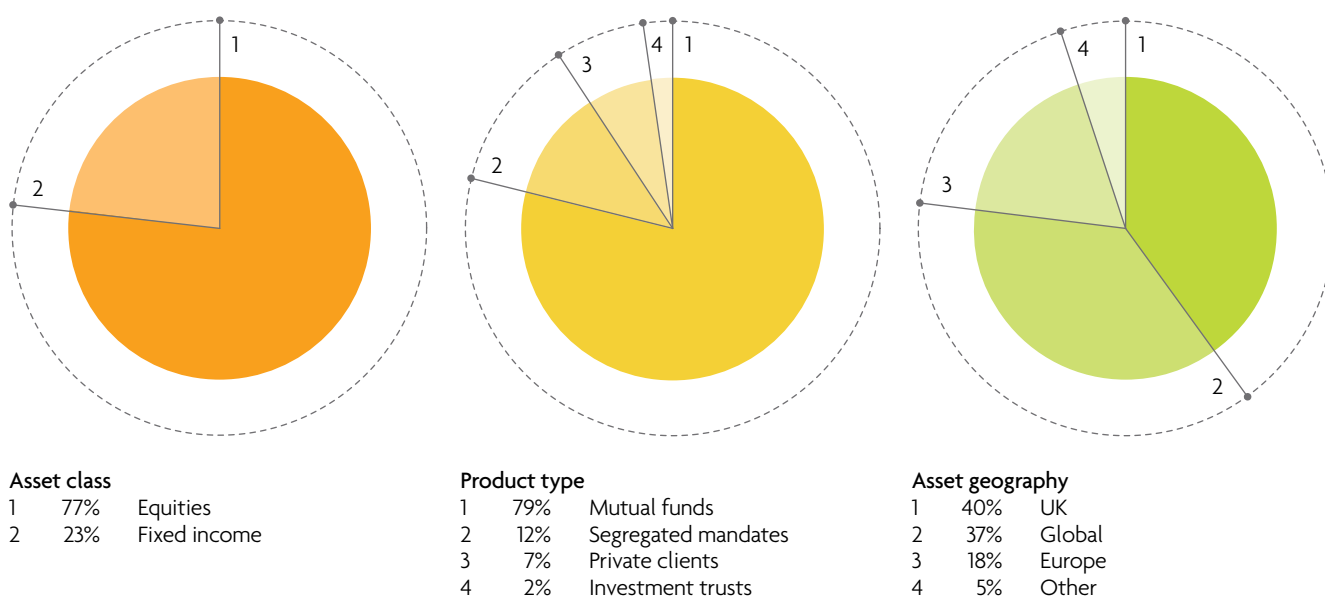
Our scalable operating platform and consistent focus on business efficiency allows us to grow our revenues without having to increase our fixed costs at the same rate. This allows us to provide attractive returns to our shareholders.

### Shareholder value

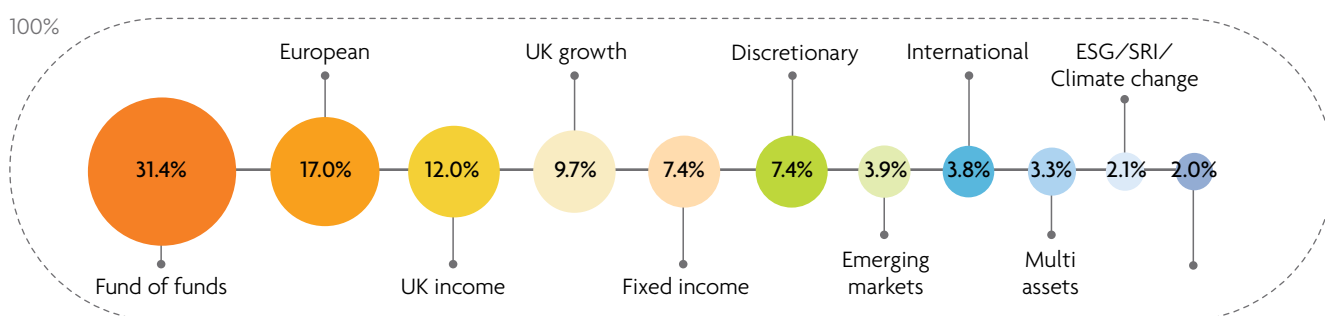
Our aim of holding net cash over the cycle with a robust balance sheet has seen us pay down £205m of debt post-Listing, while increasing dividends to shareholders to 8.8p per share.

## A diversified asset base

### Split of AUM at 31 December 2012 – £26.3bn



### AUM breakdown



This chart shows the breakdown of Jupiter's AUM as at 31 December 2012 by investment franchise, demonstrating a broad spread across strategies, providing a positive level of diversification within our business model.

# Delivery against objectives

Our focus on delivering value to clients and shareholders over the long term translates into our four strategic objectives



## Value creation for clients

Our business is centred on the strength of our investment team and is reliant on the quality and reputation of our fund managers and their ability to deliver long-term outperformance after fees. Our approach to maximising performance is focused on preserving a culture of investment freedom, individual responsibility and accountability. The key metric in this area is investment performance over a three year period.



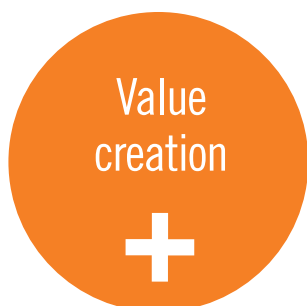
## Delivering our expertise to clients

Our investment expertise is provided to clients under a single brand through a range of products and a variety of 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 presence. Our goal is to generate net inflows by building out our market position in the UK investment market and developing our international distribution capabilities.



## Capturing the rewards of growth

Our business model benefits from economies of scale, resulting in attractive EBITDA margins. Our existing platform is capable of supporting significantly higher levels of AUM at proportionately lower levels of incremental cost. To grow the business substantially over the long term, we target selective investments in developing our people, brand and operations according to market conditions and income levels at the time. The key metric in this area is EBITDA margin.

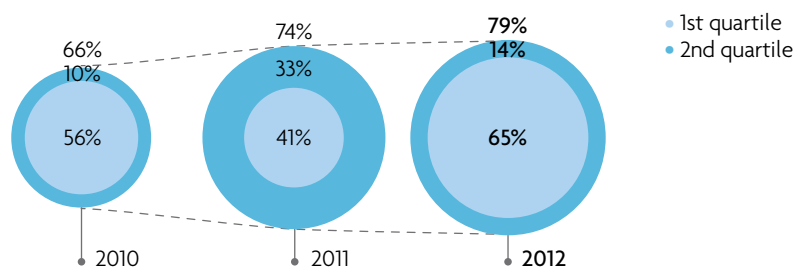


## Returns to shareholders

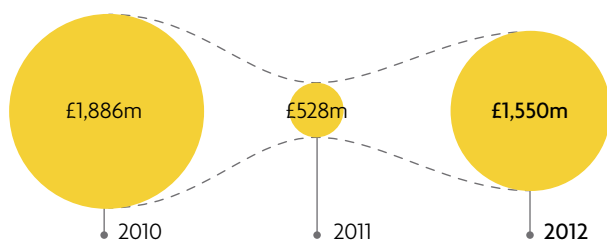
Our dividend policy is progressive. We look to balance the requirements of delivering a long term return to shareholders alongside deleveraging our balance sheet and investing in the business for future growth. The level of dividend paid per share ("DPS") measures the immediate return of value to shareholders for the year under review.

# Key performance indicators

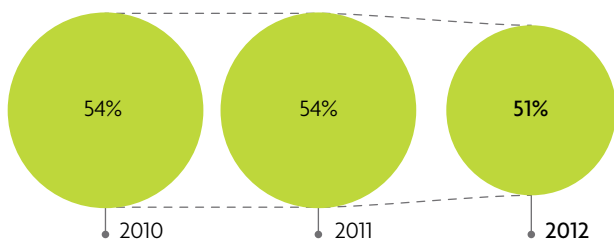
## 3 year investment performance - percentage of our AUM above median



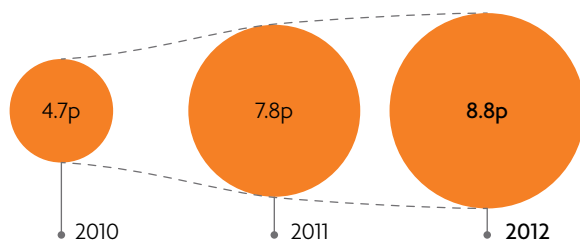
## Mutual fund net inflows



## EBITDA margin



## Dividends per share



# Principal risks and mitigations

The robust management of risk is fundamental to Jupiter's culture

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## Risk

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### Sustained underperformance

There is a risk that our clients' portfolios will not meet their investment objectives due to underperformance.

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### Failure to retain key staff

We are a human capital business and our staff are a significant component of successfully executing our strategy.

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### Significant mandate breach

Our funds are managed in accordance with investment mandates and restrictions agreed with our clients. Failure to adhere to these mandates would reflect a poor level of client service and may jeopardise relationships with our clients.

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### Regulatory non-compliance

A significant regulatory investigation or action against the firm could have a detrimental effect on our reputation and business.

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### Changes in distribution and product trends

The risks reflect potential future changes in our fee structures, or in the appetite of clients to invest in our products.

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### Operational error or fraud

A material error in the execution of a key business process, or a fraud being successfully carried out against us or our clients.

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### Failure of third party supplier

The failure of a provider to which we have outsourced key business processing activities may lead to our not delivering the required level of service to our clients and shareholders or fulfilling our regulatory obligations.

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### Business continuity incident

Business operations, systems and processes are liable to disruption from fire, power loss, systems failure or external events.

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### Counterparty failure

The failure of a trading or depository counterparty with which we have a relationship.

Impact	Mitigation/Controls
Poor investment performance may lead to our products being uncompetitive, resulting in a decline in Group AUM and revenues.	Our investment process seeks to meet investment targets within clearly stated risk parameters. 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 portfolio review committee which meets quarterly.
The departure of a high profile fund manager could lead to a significant level of redemptions from their funds, having a material impact on our levels of AUM and revenues.	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 develop, monitor and maintain succession planning for all key roles.
If investments are made or managed in breach of an investment mandate, we may be required to unwind the relevant transactions and could be liable for any losses suffered by an affected party in doing so.	All Jupiter's portfolios are monitored on an ongoing basis by our Compliance and Portfolio Analytics departments, with functionality coded into the order management system to allow the pre and post trade checking of investment activity. Portfolios are subject to peer reviews and periodic valuation checks, and undergo formal scrutiny at the Portfolio Risk Committee in addition to being subject to review by trustees and/or administrators.
Regulatory censure and the related adverse publicity may lead to a loss of confidence by our clients as well as having a negative impact on our ability to generate new business.	Our Compliance department conducts a robust programme of internal monitoring to ensure that regulatory controls are adhered to. Our risk governance structure and whistleblowing policy are designed to ensure that any regulatory issues can be escalated to senior management in an open and timely way, ensuring the maximum appropriate amount of regulatory protection for clients.
Our ability to generate flows may be jeopardised by fundamental changes in distribution patterns or by a sustained market appetite for products Jupiter does not offer.	We undertake ongoing analysis of the markets in which we operate in order to ensure that we maintain a diverse suite of products that continue to appeal to our existing and potential future customers. A well-defined product development process enables us to deliver new products or enhancements to target client groups in a timely and efficient manner.
A significant error or successful fraud may lead to negative financial impact on the Group due to the cost of redressing any issues.	We rely on efficient and well-controlled processes. The potential impact and likelihood of processes failing and operational risks (including fraud) materialising is assessed by each operational area on a regular basis. Where these likelihoods are felt to be outside our appetite for risk, management actions and/or control improvements are identified in order to bring each potential risk back to within acceptable levels.
Our relationships with key stakeholders may be jeopardised in the event of our providing an inadequate level of service, resulting in the loss of clients or regulatory/financial censure.	All third parties to whom we outsource material aspects of our business are subject to ongoing oversight, providing assurance that they are of the required standard.
Inability to carry out our business activities	Continuity and business resumption planning is in place across our business in support of all of our key activities. Alternative premises, including a dedicated office suite equipped with all key portfolio management and support systems, should our normal business systems or premises become unavailable.
The loss of or inability to access material amounts of our or our clients' funds.	We seek to diversify our exposures across different counterparties and actively monitor their creditworthiness using a suite of key risk indicators including market data and credit agency ratings. Any deposits are placed according to agreed limits which may be amended in the context of any relevant changes.

# Market review

A better year than many had expected

## Financial markets

2012 was a much better year for financial markets than many investors had expected given continued instability in the Eurozone.

Much of the credit for this positive outcome is due to action taken by the head of the European Central Bank, Mario Draghi, to support Europe's banks and weaker economies, as well as improving economic data from the US and political change in several major markets.

The introduction of the Long Term Refinancing Operation ("LTRO") by Mario Draghi in December 2011 was the first step to restoring the market's confidence in the ECB, helping thaw the lending 'freeze' in the interbank lending market, which had previously made banks unwilling to lend to each other in case one of them collapsed.

Thanks to LTRO, banks were able to borrow again and markets responded by staging a sharp rally, especially in bank shares and other sectors that typically benefit from cyclical upturns in the market. Positive economic data from the US, particularly better than expected employment figures, also boosted confidence. However, tensions in the Middle East pushed up the oil price (any rise acts as a tax on consumption) and evidence emerged that growth in developing economies such as China and India had started to slow. In response, the authorities in these areas swiftly cut interest rates. Japan took the unusual step of setting an inflation target for the first time, offering investors hope that it would one day emerge from its decade-long deflation trap.

However, strains in financial markets re-emerged in the second quarter amid intense political uncertainty and speculation that Greece would leave the euro, together with growing concerns over Spain's financial sector. The rescue of Bankia did little to quell the nervousness as France voted in Francois Hollande, its first socialist leader since the 1980s, and the Greek elections resulted in a strong boost for anti-austerity parties. Despite some post-EU summit euphoria and further action by the central banks at the start of July, it took a speech by Mario Draghi at the end of the month, stating that he would 'do whatever it takes' to protect the Eurozone from collapse, to stabilise markets.

Anticipation that his words would be followed by ECB action in September kept investors in a state of optimism over the summer and, despite bouts of volatility as global growth prospects weakened, markets crept upwards. In early September, these expectations were rewarded after the ECB announced it would institute a bond-buying programme for the debt of troubled Eurozone nations. Bond yields of countries such as Spain and Italy fell back from crisis levels.

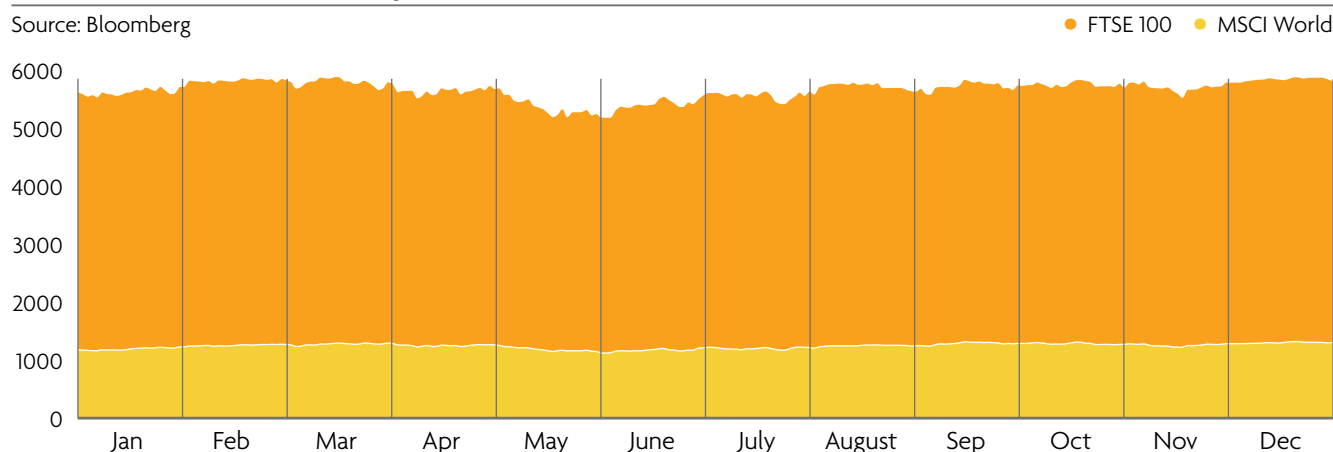
Federal Reserve Chairman Ben Bernanke's unveiling of a further \$40bn of quantitative easing each month until the American economy recovered and his comment that interest rates would remain at historically low levels until 2015 also buoyed markets. The Bank of Japan reacted to the US announcement with its own quantitative easing programme to reduce the pressure on the yen (and Japanese exporters) that was likely to result from a weaker US dollar.

While equity markets took a pause for breath on the back of mixed company results and growing concerns about global growth in October, the ECB's bond buying programme and the US Federal Reserve's quantitative easing programme soon restored confidence. The US economy continued to grow, but fears that the looming fiscal cliff could plunge the country back into recession in early 2013 weighed on sentiment. Following President Obama's election to a second term, negotiations to avert this crisis got underway.

Significant political change also took place in the Far East. In November, Xi Jinping was revealed as China's new leader. He will formally replace Hu Jintao, under whose leadership China experienced a decade of strong growth, in March 2013. Japan too, found itself under new leadership after its Prime Minister dissolved Parliament in November. Shinzo Abe was elected as the new president in December with a landslide victory. This was received positively by the markets, thanks chiefly to his support for introducing an inflation target. Japan has been caught in a deflationary trap for a long time and many believe that a return to inflation is essential to unlocking the potential in its equity markets.

## FTSE 100 and MSCI World Indices during 2012

Source: Bloomberg



While the ECB's strong show of support during the year steadied investors' nerves, confirmation during the fourth quarter that the Eurozone had returned to recession reminded us all that Europe's crisis is far from over. The UK, however, managed to claw its way out of recession in time for the Chancellor's Autumn Statement. This revealed that more borrowing would be required for longer than had been anticipated to cope with the weakness of the economy and ratings agencies such as Fitch confirmed the UK's triple A rating was under threat as a result – not welcome news for Bank of Canada governor Mark Carney, who was appointed as the replacement for outgoing Bank of England governor Mervyn King at the end of November.

Despite sharp falls during the period, major equity markets rose over the year as a whole with the MSCI World Index recording a US dollar gain of 13.2 per cent. The FTSE 100 was one of the weaker performers, climbing 5.8 per cent. to end 2012 at 5,897.81. This was in contrast to the 22.9 per cent. (local currency) posted by the Nikkei 225 and a gain of 13.4 per cent. for the S&P 500.

#### Savings environment

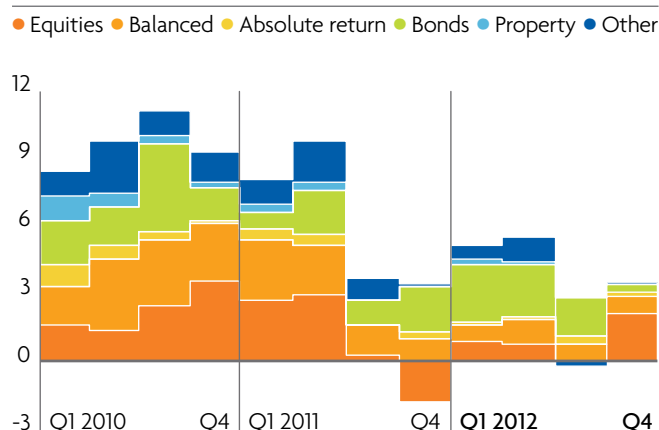
With the finances of many mature economies remaining in a parlous state, austerity measures imposed by many governments remain in place, economic growth is low, or negative, and wage growth remains constrained. At the same time, interest rates remain at historically low levels and inflation continues to eat away at the purchasing power of people's take home pay.

These factors are impacting on individuals' propensity to save. In the UK, the savings ratio rose during the recession as consumers have become more risk averse and banks have reined in lending. However, the savings ratio (7.7 per cent. in Q3 2012) has not risen to the same levels as in the 1990-1992 recession because of the longer term squeeze on real incomes and low interest rates, which act as a disincentive to save.

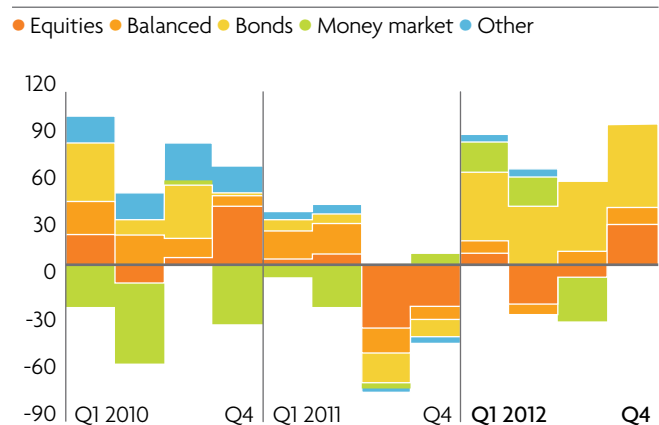
The savings rate in Europe is higher, currently 13.0 per cent. (Q3 2012). The savings rate has remained consistently around this level for a year, down from the peak of 15.7 per cent. recorded in Q1 2009. As usual, retail flow patterns lagged improving confidence in financial markets. The early months of 2012 saw flows concentrated in bond products in both the UK and Europe, before equity product appetite picked up in the last four months of the year. Over the full year, the UK industry saw its worst net flow performance since 2008. European flows did however improve and, in contrast, saw their best (excluding money market) flows into UCITS funds for five years, albeit this was almost entirely into bonds.

Looking at the UK in more detail, the Investment Management Association ("IMA") recorded positive net retail sales for every month of the year. However, sales were markedly below those recorded in 2011 with flows directed mainly towards fixed interest assets, highlighting the cautious stance being adopted by investors. Sales of equity funds were at low levels for most of the year and, in addition, flows into tax efficient Individual Savings Accounts (ISAs) were particularly weak, reaching just £553m between 1 March 2012 and 5 April 2012, down from £974m in the previous year.

UK: net retail sales by asset class (£bn)



Europe: net UCITS sales by asset class (£bn)



Source: IMA (UK); EFAMA (Europe)

## Market review continued

However, having reached a nadir of just £37.5m in August, net retail sales recovered markedly in the third quarter, encouraged no doubt by the rally that followed ECB president Mario Draghi's statement of support for weaker European nations. Overall, net retail sales for the calendar year totalled £13.7bn compared with £18.1bn for the 2011 calendar year.

A key focus for the UK's investment industry in 2012 was gearing up for the introduction of the first stage of the Retail Distribution Review ("RDR") on 31 December 2012, which bans independent financial advisers from receiving commission from fund managers. With some aspects of the new rules still to be finalised, their long term impact on asset managers remains uncertain. However, we believe the impact on distributor and platform business models will be significant. The IFA sector will consolidate, platforms and execution only channels will increase their market share and low-value investors may not be able to access advice at a reasonable cost.

The direct impact on manufacturers such as Jupiter is expected to be more limited. Asset management fees will be unbundled and paying intermediaries will become more complex. Wealth managers will be particularly well placed in the new regime and branding will become increasingly important with the challenge from passive/ETF providers rising while demand for active alpha is there to continue.

Flows into UCITS funds across Europe were positive in 2012, reversing the net outflows experienced in the second half of 2011 although they were highly concentrated in bonds. European investment funds trade association EFAMA reported net sales for the industry of €234bn of long-term UCITS funds. This compares with net outflows of €57bn for 2011 overall. Outflows were recorded for two months in 2012 and while sales of bond funds totalled €201bn in 2012, sales of equity funds only reached €2bn despite their recovery towards the end of the year.

# Operational review

Continued progress against a volatile backdrop

Despite the continued challenging market conditions in 2012, our strong investment outperformance combined with the effective distribution of our products, has seen us broaden our business offering as well as investing in further platform efficiencies.

## Investment performance

Achieving investment outperformance across our product range is a pivotal component of delivering on our commitment to generating value for both clients and shareholders.

In the key three year investment period, at 31 December 2012, 33 mutual funds representing approximately 79 per cent. of mutual funds by AUM, had delivered above median investment performance (31 December 2011: 26 mutual funds representing approximately 74 per cent. of mutual fund AUM). Looking across the shorter term period of 2012 only, in a period of continued market instability, our funds continued to perform well with 28 mutual funds above median over one year, representing 56 per cent. of mutual fund AUM as at the year end (31 December 2011: 26 funds representing 82 per cent. of AUM).

This strong result highlights how our focus on investing in quality companies we believe are able to deliver growth throughout the market cycle typically results in stronger performance in challenging market conditions. However, this strategy may mean that performance of our funds lags during strong market rallies.

During the year, as part of our succession planning to maintain delivery of long term outperformance, we continued to implement our strategy of developing talent. In December 2012, we announced Anthony Nutt's plans to retire in 2014. Both Ben Whitmore, who has taken on the management of the Jupiter Income Trust from January 2013, and Philip Matthews, who will take on management of the Jupiter High Income Fund from July 2013, have worked at Jupiter for a number of years and have developed strong track records in their own right. In February 2012, we announced the promotion of Gregory Herbert to Fund Manager to manage the European portfolio of the Jupiter Global Managed Fund and in March 2012, we appointed Rhys Petheram and Alastair Gunn as lead managers of the Jupiter Distribution Fund.

The increasing overlap between our fixed interest, multi asset and global convertibles offerings, and the increase in assets being managed in this space to some £2bn led, in July, to us merging our teams in this area into a combined Fixed Interest and Multi Asset team headed by Miles Geldard.

We also continued to develop our fund range during the year to support our growth plans, extending our highly successful fund of funds range with the launch of the Jupiter Merlin Conservative Portfolio, adding the Jupiter Strategic Reserve Fund as an onshore version of the Jupiter Strategic Reserve SICAV and taking our growing strategic bond franchise offshore through the launch of the Jupiter Dynamic Bond Fund SICAV.

## Effective distribution

Continuing to distribute appropriate products effectively to clients in relevant marketplaces remains core to meeting our aim of growing assets under management.

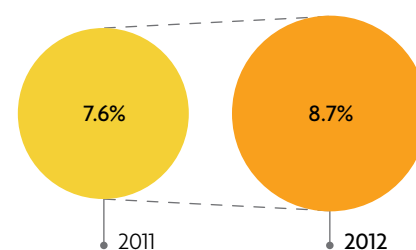
While the overall environment for savings remained below historic levels and flow patterns were unfavourable in our core UK and European markets, 2012 saw another good year for net inflows into Jupiter products. Mutual fund net inflows in the year were particularly strong at £1.6bn, partially offset in the first half of the year by a single segregated outflow of £0.6bn. Flows in Private Clients were similarly held back by the withdrawal of a single large portfolio. As a result, overall net inflows were £1bn for the year, leading to record assets under management of £26.3bn at year end.

Net inflows/(outflows) by product (£m)		
	31 December 2012	31 December 2011
Mutual funds	1,550	528
Segregated mandates	(568)	96
Private clients	(16)	122
<b>Total</b>	<b>966</b>	<b>746</b>

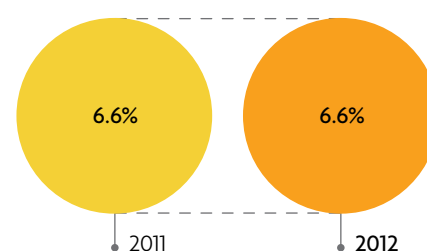
Mutual fund inflows were into funds positioned towards the cautious end of the risk spectrum, such as Merlin Income and Strategic Bond, and we also experienced inflows into top-performing equity funds, such as UK Special Situations and the European Growth SICAV.

Our core UK mutual fund offering continues to be distributed mainly to clients through platforms, which make up nearly 80 per cent. of our gross sales. During 2012 we maintained a strong market share on the main UK platforms.

## Cofunds – market share of gross sales



## FundsNetwork – market share of gross sales



# Operational review continued

In September 2012, we announced the appointment of Maarten Slendebroek to the Board of Jupiter Fund Management plc in the newly created role of Distribution and Strategy Director. Maarten has extensive experience of running cross-border asset management operations and, in his role, will help us build further on our increasingly diversified distribution capabilities in the UK and abroad.

We have expanded our presence in Europe by opening a sales office in Zurich and are currently working on plans to extend our operations in Asia, following the opening of our office in Singapore during 2009.

We also recruited Andrew Clark to head up Private clients and charities as part of our plans to further extend our offering to private clients and charities. This team has doubled its assets under management in the last four years and we believe that current trends in the wealth management sector will help the team grow assets and revenues.

## **Efficient operations**

The efficiency of our scalable platform is demonstrated by our operating margins, which allow us to deliver attractive returns to shareholders while continuing to invest in the business to deliver growth and operational efficiencies.

As part of maintaining the efficiency of the platform we are continually looking to balance investment to support business growth while managing the current infrastructure model to drive benefits from economies of scale, outsourcing or technology.

In early 2012, we closed our Bermuda office due to a significant reduction in the amount of administration required locally following the rationalisation of our hedge fund range.

In May 2012, we announced the outsourcing of private client administration and servicing to a third party provider. This partnering solution, due to take place in 2013, will provide our private client managers with a single, scalable system to meet changing regulatory requirements and increasing business activity.

During the year we continued targeted investment in our IT platform by incepting a programme, lasting into 2014, to rationalise our server estate as well as upgrading our business continuity readiness.

In June 2012, [www.jupiteronline.com](http://www.jupiteronline.com) was updated and relaunched to support the global distribution of Jupiter products.

# Financial review

Generating value for shareholders

## Results for the year

The financial performance of the Group is discussed below.

### Net revenue

Net revenue (£m)	2012	2011
Net management fees	225.7	226.0
Net initial charge	14.3	17.2
Net performance fees	4.5	5.3
<b>Total</b>	<b>244.5</b>	<b>248.5</b>

Net revenues for the year were £244.5m (2011: £248.5m), two per cent. behind 2011. While net management fees remained flat, broadly in line with average market levels (the FTSE 100 averaged 5,742 compared to 5,680 in 2011), net revenues fell due to lower initial charges and performance fees. The reduction in initial charges was due to a less favourable pattern of sales versus redemption activity across individual funds and the expected reduction in net amortised front end fees.

Net management fees	2012	2011
Net management fees (£m)	225.7	226.0
Average AUM (£bn)	24.2	23.8
Net management fee margin (bps)	93	95

Net management fees continue to contribute the majority of our net revenues (2012: 92 per cent., 2011: 91 per cent.). The net management fee margin for the year was 93 basis points, slightly below the 2011 margin of 95 basis points, but in line with our expectations and previous market guidance.

We continue to expect net management fee margins to decline slowly over time, although the rate and angle of any such decline continues to be uncertain.

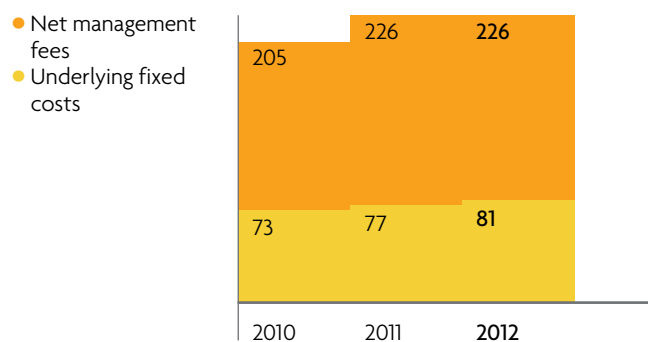
### Administrative expenses

Costs by category (£m)	2012	2011
Fixed staff costs	39.5	38.7
Other expenses	41.5	38.7
<b>Total fixed costs</b>	<b>81.0</b>	<b>77.4</b>
Variable staff costs	40.1	36.8
Charge for options over pre-Listing shares	7.3	9.6
<b>Administrative expenses</b>	<b>128.4</b>	<b>123.8</b>

Administrative expenses of £128.4m (2011: £123.8m) rose by four per cent. Total fixed costs of £81.0m (2011: £77.4m) were five per cent. above the prior year as we reinvested the savings from deleveraging our balance sheet in our people, platform and distribution reach. Throughout the uncertain external environment during the last 18 months, we have continued to exercise careful cost discipline, mindful of both prevailing market conditions and our desire to grow the business over time.

Fixed staff costs of £39.5m (2011: £38.7m) increased due to investment in our distribution and operating platforms during the year. We also continued to seek further efficiencies in our operating platform, closing the Bermuda office and signing a contract to outsource the administration of our private client accounts. This will enhance the services proposition to our private client investors and establish a more efficient and scalable platform for future growth once complete in 2013.

### Net management fees v Underlying fixed costs (£m)



Variable staff costs (£m)	2012	2011
Cash bonus	30.0	30.9
Deferred bonus	5.4	3.4
LTIP and SAYE	4.5	1.5
Pre-IPO deferral scheme	0.2	1.0
<b>Total</b>	<b>40.1</b>	<b>36.8</b>
<b>Variable compensation ratio</b>	<b>25%</b>	<b>22%</b>

Variable staff costs of £40.1m (2011: £36.8m) increased by nine per cent. due to the continuing roll out of the post-Listing compensation structure. The primary drivers of this were a further year of awards under the LTIP scheme and the third full year of the accounting charge for the Deferred Bonus Plan. This was partially offset by a reduction in the cash bonus charge in line with reduced earnings and lower performance fees, and the run off of the pre-IPO deferral scheme during the year.

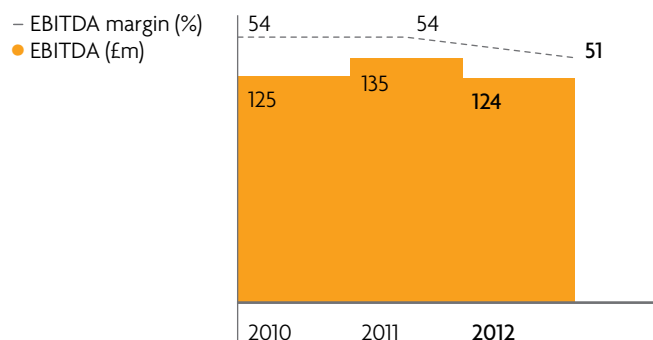
Variable compensation as a proportion of pre-variable compensation operating earnings was 25 per cent. (2011: 22 per cent.). This excludes a £7.3m charge (2011: £9.6m) in respect of options granted prior to the Listing over the remaining shares in the pool established for employees at the time of the MBO in June 2007. We expect the variable compensation ratio to remain in the mid to high 20 per cents. range over the medium-term as the incentive schemes put in place as part of our Listing build to maturity.

## Financial review continued

### EBITDA

EBITDA was £124.2m for the year (2011: £134.9m), an eight per cent. decrease on the prior year, primarily as a result of the reduction in amortised front end fees and the anticipated increase in variable costs. Despite this, the Group's EBITDA margin remained above 50 per cent.

### EBITDA



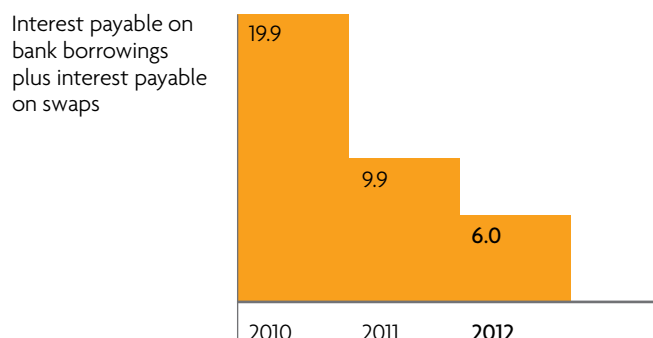
### Other income statement movements

Amortisation of £39.7m (2011: £39.9m) included £38.7m (2011: £38.7m) relating to intangible assets acquired as part of the MBO on 19 June 2007, at a value of £276.7m. These assets relate to investment management contracts (acquired for £258.0m) and the Jupiter brand name (acquired for £18.7m), amortised on a straight line basis through to June 2014 and June 2017 respectively. The remaining £1.0m relates to the amortisation of acquired computer software.

During 2012, the Group recognised an exceptional gain of £5.0m in relation to a refund received from the Financial Services Compensation Scheme ("FSCS") for a levy that was recognised as an exceptional cost in 2010.

Finance expenses of £7.4m (2011: £14.3m) decreased by 48 per cent., primarily due to a decrease in interest payable on the bank loan from £9.5m in 2011 to £5.6m in 2012. This was due to the outstanding bank loan being paid down from £283.0m at the start of 2011 to £78.0m at the end of 2012. The positive effect of the loan repayments was partially offset by an acceleration in the recognition of the debt issuance costs of £0.5m (2011: £1.6m). Finance expenses were further reduced due to a £0.3m reduction in the fair value of the swap in 2012, compared to a £1.6m reduction in 2011.

### Interest payable (£m)



### Profit before tax

PBT for the year was £73.6m (2011: £70.3m). This increase of five per cent. was driven by the reduction in finance expense and the recognition of exceptional income in 2012, partially offset by reduced operating earnings.

The effective tax rate for 2012 is 24 per cent. (2011: 27 per cent.). This is lower than the standard rate of corporation tax of 24.5 per cent. mainly due to capital gains in the year being offset by prior year capital losses and the effect of adjusting the opening deferred tax balances in light of the forthcoming changes to the standard rate of corporation tax.

### Underlying profits and underlying earnings per share ("EPS")

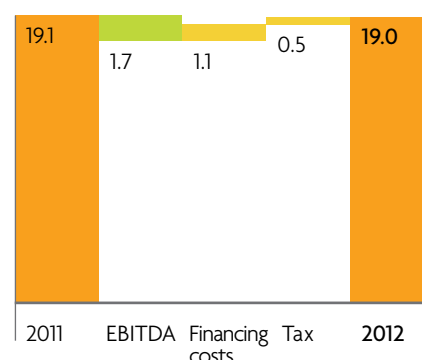
Underlying profit before tax and underlying EPS are non-GAAP measures which the Board believes provide a more useful representation of the Group's trading performance than the statutory presentation. The Group's basic and diluted EPS measures were 14.9p and 14.2p respectively in 2012, compared to 15.6p and 15.0p in 2011.

Underlying EPS*	2012	2011
Profit before tax (£m)	73.6	70.3
Adjustments:		
Amortisation of acquired investment management contracts and trade name (£m)	38.7	38.7
Charges for options over pre-Listing shares (£m)	7.3	9.6
Loss taken to the income statement on available for sale investments (£m)	0.7	–
FSCS Levy exceptional income (£m)	(5.0)	–
	41.7	48.3
Underlying profit before tax (£m)	115.3	118.6
Tax at statutory rate of 24.5 per cent. (2011: 26.5 per cent.) (£m)	(28.2)	(31.4)
Underlying profit after tax (£m)	87.1	87.2
Actual shares on post vesting basis (m)	457.7	457.7
Underlying EPS	19.0p	19.1p

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

The 2012 underlying EPS was 19.0p (2011: 19.1p). This one per cent. fall came as lower operating earnings were mostly offset by reduced finance expenses and the lower statutory tax rate.

### Underlying EPS (p)



## Cash flow

The Group has a high conversion rate of operating earnings to cash, generating positive operating cashflows after tax in 2012 of £110.6m (2011: 107.1m). This cash was primarily used for payments of £33.9m in respect of the interim and final dividends to shareholders and repayments of £65.0m of bank debt, thereby reducing future interest charges. In addition, a net £6.8m was invested in seed capital investments during the year, returning this balance to its targeted level of around £50m. As a result of these movements, overall cash held decreased slightly by £3.4m to £147.0m (2011: £150.4m), though this position is flattered by £11m of client settlement balances shown on the balance sheet at the year end.

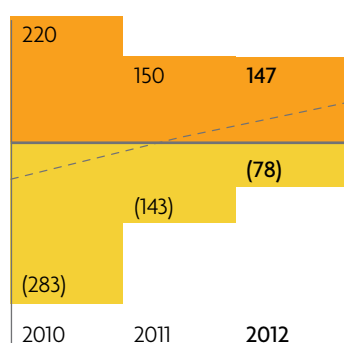
## Assets and liabilities

Helped by reduced financing costs from the deleveraging of the balance sheet during 2010 and 2011 alongside the generation of significant cash amounts through trading, the Group strengthened its net cash position at 31 December 2012 to £69.0m (2011: net cash of £7.4m). This balance was flattered by £11m of cash from unsettled client trades, in the absence of which net cash would have been £58.0m.

The bank facility contains no financial covenants and is not due for repayment until June 2015. Despite this horizon, we expect to pay down the debt in tranches ahead of 2015 as there are no penalties for early repayment. Accordingly, repayments were made in June, October and December 2012 of £33.0m, £18.0m and £14.0m respectively. There is no specific timetable for any further repayments and the Board will continue to monitor the level of debt in combination with the level of cash generated.

### Cash (£m)

- Gross cash
- Net (debt)/cash
- Gross bank loan



We deploy seed capital into funds to assist us 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 2012, we had a total investment of £53.8m in our own funds (2011: £39.1m) as seed capital returned to targeted levels. 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 either hedged or invested in absolute return products. As a result, the value of these investments is stable and available to improve the Group's cash balances and liquidity if required.

## Equity and capital management

Total shareholders' equity increased by £34.4m to £459.0m as a result of the Group's continued profitability, partially offset by the final and interim dividends.

In February 2012, the Group was granted a new investment firm consolidation waiver. This will run for the three years from June 2012 to June 2015. The FSA's policy is not to grant waivers in respect of periods where projections do not support the requirement. However, the FSA have confirmed that should market or other conditions change prior to June 2015 such that a consolidation waiver may be required, a new application would be considered in the usual way.

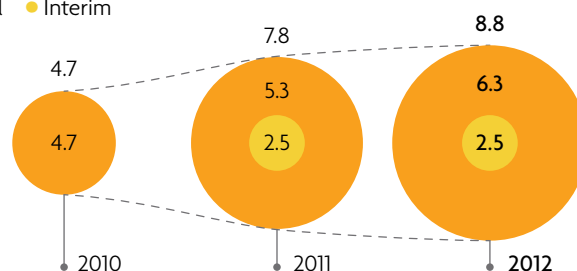
The Board has implemented a progressive dividend policy, with dividends determined by taking into account historic and anticipated profits, cash flow and balance sheet position, with the split between the interim and final dividend weighted towards the final dividend.

Due to the Group's increasingly robust balance sheet and the Board's confidence in Jupiter's growth prospects, the Board is recommending an increased final dividend for the year of 6.3p (2011: 5.3p) per share to ordinary shareholders, making a total payment for the year of 8.8p (2011: 7.8p).

This payment is subject to shareholders' approval at the Annual General Meeting and, if approved, will be paid on 23 April 2013 to shareholders on the register on 8 March 2013.

### Dividends (p)

- Final
- Interim



# Corporate responsibility report

We believe that corporate responsibility is integral to commercial success

We appreciate the role that we play as a company in:

- reducing the impact of our business on the environment;
- ensuring quality of service to our customers;
- engaging with the companies in which we invest and exercising our voting rights with care;
- providing support to the community through charitable giving; and
- providing a healthy and rewarding working environment for employees.

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

Overall responsibility for environmental and corporate responsibility resides with Edward Bonham Carter, our Group Chief Executive.

## 1. Marketplace

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

## 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 to be an organisation where people want to work and with which they want to be associated. We have a high level of employee share ownership.

## 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 study of our carbon footprint in 2012 as a follow-up to our study last year so that we can assess progress and set appropriate targets.

## 4. Community

Our charitable giving is driven by individual employee choice with all employees eligible to join a matched giving payroll scheme. The majority of our charitable 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.

132

companies

Number of companies engaged with on governance and/or sustainability issues in 2012. These meetings included fund managers and/or members of Jupiter's Sustainable Investment and Governance team.

78

per cent.

Percentage of employees participating in the Sharesave plan.

2012

study

We will review this area following the results of the 2012 study to see if there are areas for improvement prior to any future office move to new London offices.

30

per cent.

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

## 1. Marketplace

Our core purpose is to deliver long-term investment outperformance for clients through active management. We consider that this focus is key to delivering shareholder returns. We tend to invest for the long term in concentrated portfolios of securities and emphasise positive engagement with the companies in which we invest.

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.

### Our customers

As a customer-focused business, we believe it is important to present clearly 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 are committed to dealing with investors in our products and our clients honestly, openly, competently and with integrity. Where appropriate, we have an informed understanding of their needs.

Treating customers fairly ("TCF") is a core FSA principle intended to promote the fair treatment of customers from product inception, through to post-sales support. We have worked hard to embed TCF into our culture and we want all our employees to think about TCF, not as a regulatory requirement initiative, but as a fundamental principle.

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.

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 presented in a manner which can be both understood and acted upon easily;
- intermediaries are provided with sufficient information to 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.

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 receive bi-annual statements and private and institutional clients are issued with periodic valuation statements to keep them up to date with the progress of their investments;
- investment profiles are issued to private and institutional clients each year to ensure continued suitability. Service review meetings are also offered to private 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.

### Stewardship

At Jupiter, we aim to act in the best interests of all our stakeholders by engaging with the companies in which we invest 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 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 effectiveness and succession, shareholder rights, corporate responsibility, culture and values and remuneration.

An amended version of the UK Stewardship Code, which encourages investors to engage with the companies in which they have invested and, where necessary, hold them to account, was published in September. We support the aims and principles of the UK Stewardship Code and an explanation of our compliance with the updated guidelines will shortly be published on our website at [www.jupiteronline.com](http://www.jupiteronline.com).

As a leading asset management group, we recognise our responsibility in ensuring that we engage with companies to assess not only financial risks, but also the environmental, social and governance ("ESG") 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.com](http://www.jupiteronline.com).

We continue to believe our engagement with companies enhances our understanding of key long-term strategic issues, as well as providing the appropriate platforms for addressing our concerns where it is in the interests of our clients.

During 2012, Jupiter voted at over 2,200 shareholder meetings worldwide (approximately 970 in the UK and 1,240 overseas). Jupiter voted against management, or abstained, on at least one resolution at 20 per cent. of UK meetings. We engaged with a total of 132 companies on sustainability and governance issues. Full details of our voting and engagement activity can be found in our Voting and Engagement report which is available on our website at [www.jupiteronline.com](http://www.jupiteronline.com).

Our stewardship activities in 2012 saw us continue to engage not only with the companies in which we invest, but also with policy makers, where appropriate. Most notably, we contributed to consultations on narrative reporting (which aims to improve the quality and relevance of information in company reports), executive remuneration and the Kay Review of UK Equity Markets and Long-Term Decision Making, which was launched in June 2011 and published its report in July 2012.

Many of the proposals in the Kay Review play to Jupiter's strengths. As an active manager tending to invest for the long term in concentrated portfolios of stocks and with an emphasis on positive engagement with the companies in which we invest, we would welcome any moves to address the negative impact of short termism in the City.

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 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; and
- **Climate communiqués** Bali 2007; Poznan 2008; Copenhagen 2009; Cancun 2010, 2°C Challenge 2011 and Carbon Price 2012 – Jupiter has been a signatory of all six 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”.

Jupiter is also active in building multi-stakeholder initiatives in relation to good corporate practice, for example, in relation to the issue of diversity and women on boards through our involvement in the 30% Club investors group. We are also members of the Corporate Sustainability Reporting Coalition which is made up of financial institutions, professional bodies, NGOs and investors managing assets of approximately \$2 trillion. The coalition aims to make sustainability reporting integral to companies' reports and accounts.

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.

## 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.

### Diversity

We believe that a diverse workforce is better able to service the needs of our clients. We have an equal opportunities policy and it is the Company's policy to treat all job applicants and employees fairly and equally, irrespective of gender, marital or civil partnership status, race, colour, national or ethnic origin, disability, religious belief, sexual orientation or age. We aim to support staff with families through enhanced maternity and paternity pay and childcare vouchers. We also offer the option of additional unpaid time off. 39 per cent. of Jupiter's total workforce is female, with approximately 22 per cent. in senior executive positions.

In 2012, we reviewed our work placement scheme. With the backdrop of the UK's current youth unemployment crisis we intend to participate in an industry traineeship programme in 2013. This aims to give school leavers and recent graduates from diverse backgrounds training and employment for up to one year.

### Talent management

We place a high value on talent development and performance management. We encourage the ongoing training and development of all our employees to allow them to maximise their performance in their roles, assist them in the achievement of corporate objectives and to reach their potential. All employees take part in a six-monthly appraisal process where feedback is sought, performance assessed and training and development needs identified. In addition, the Company regularly provides employees with updates on Company performance, strategy and other information that concerns them through the quarterly staff newsletter and staff meetings. Our remuneration policy is designed to motivate, aid retention, improve individual and corporate performance and align employee behaviour with the interests of shareholders.

There has been an increased focus on talent development since the Board considered this topic in December 2011. In 2012, we commenced a series of talent management initiatives, including executive coaching, recruitment and selection training and the introduction of improved management assessment tools aimed at enhancing the people management skills of our senior management. The aim of this investment in talent management is to continue to identify, develop and retain our talent so that we can maintain outperformance for clients, good returns for shareholders and the long term growth of the business.

### Health and safety

The Board has the responsibility of ensuring 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 while at work. The prime responsibility for a safe and healthy place to work rests with the Company. In addition, each employee also has a personal responsibility in this respect.

## 3. Environment

In common with service industry companies in general, the direct environmental effects of our operations largely relate to facilities management and travel. However, until we move into new London premises, there is a limit to how much we can achieve in the area of building management. Environmental performance is one of the key criteria in our search for new premises. In 2012, we carried out an employee survey to obtain employees views on the criteria for selecting new premises and 95 per cent. of permanent employees responded to the survey.

Pending a move to new London premises, we have introduced a range of initiatives to help minimise our impact on the environment. These include the introduction of a printer management system, video and audio conferencing and the provision of facilities to encourage employees to cycle to work. The employee survey showed that 14 per cent. of respondents cycle as part of their commute to work.

**Carbon survey:** We have recently commissioned a 2012 carbon footprint study. This will help us to minimise our carbon emissions and see if there are areas for improvement prior to a move to new London offices.

## 4. Community

### Charitable giving

Our charitable giving is focused on enabling employees 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. Jupiter matches the employee contribution. We encourage our employees to make direct contributions to their nominated charities. This has the benefit of ensuring our giving is spread across a wide range of charitable activities and organisations with which our employees have a close affinity.

Our matched giving programme operates both through a Give As You Earn Scheme and by matching funds raised through employees participating in fund raising events for charity. Over 100 employees currently participate in our Give As You Earn Scheme. We are extending the double matching scheme into the 2013/14 tax year and this will enable employees to double-match charitable donations up to a total contribution from Jupiter of £800 per employee per year.

In 2012, Jupiter employees worked together to raise funds for many charities. Jupiter's Movember team raised over £84,000 for the Movember charity, placing them second out of 31,991 teams in the UK. Employees were also involved with initiatives as diverse as the Jupiter Bake-Off, Macmillan, the London Poppy Day Appeal and the Citywire Charity Run and pub quiz. Along with our regular programme of activity, including the Crisis at Christmas Card Challenge and Jeans for Genes, in 2012 donations totalled £96,000 (2011: £86,000).

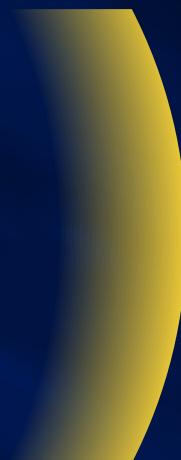
Jupiter is proud to be a long term sponsor of The Orchestra of the Age of Enlightenment, having sponsored the Orchestra since 1999. Over the past 13 years we have established a successful relationship based on our shared strengths of quality and innovation. Jupiter has also been involved as a category sponsor of the Observer Ethical Awards since 2008. We are currently sponsoring the Business Initiative award which champions those large or small businesses who are taking sustainability to the next level, creating the new breakthrough business model.

Jupiter is planning to send three executives on a London Business School Programme 'The Good Business' in 2013. The programme focuses on the ethics and challenges facing businesses and is intended to lead to specific steps that can be taken by Jupiter to respond to these challenges.



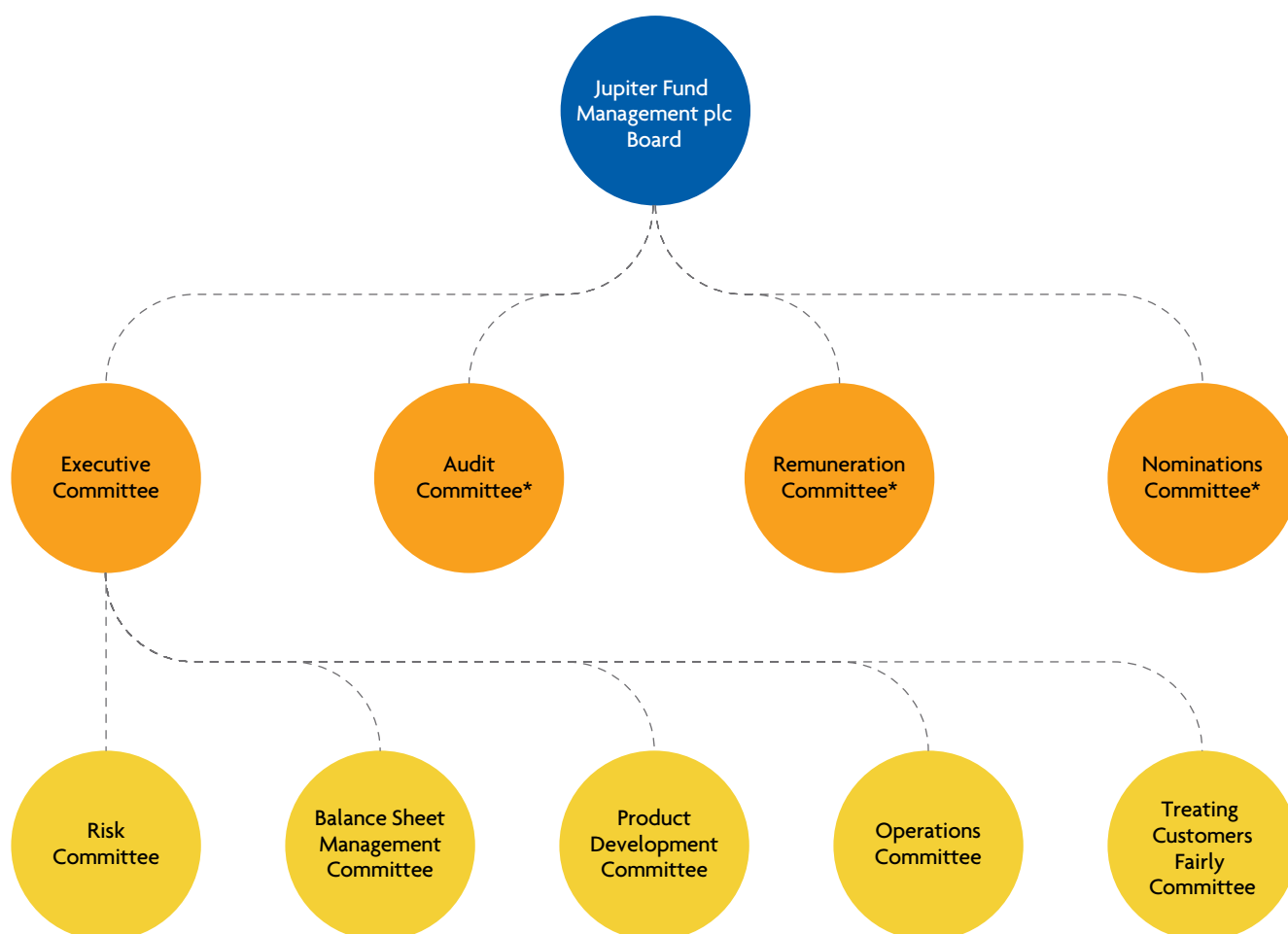
# Governance

28	Risk management and internal controls report
31	Directors' responsibility statement
32	Directors' profiles
34	Corporate governance report
38	Remuneration report
55	Audit Committee report
57	Nomination Committee report
58	Directors' report



# Risk management and internal controls report

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



\* Board Committees composed of non-executive Directors of Jupiter Fund Management plc.

## Risk management framework

The Board has ultimate responsibility for the risk strategy of the Group and for determining an appropriate risk appetite, as well as the 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 Board has established a committee structure to assist in the discharge of its responsibilities, namely the Audit, Remuneration and Nomination Committees. Details of each of these Board Committees and the members, roles and activities thereof are detailed in separate reports within this Annual Report. 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 Board has delegated authority for all aspects of executive management to the Group Chief Executive. He is assisted by the Executive Committee, which has operational responsibilities for developing the business in accordance with the strategy and objectives set by the Board. To assist with its oversight of risk, the Committee has formed an executive Risk Committee chaired by the Chief Financial Officer.

The Risk Committee is attended by all members of the Executive Committee, together with the Heads of Compliance, Operational Risk and Investment Risk and is responsible for the oversight of strategic, operational, investment and counterparty risks within a coherent and manageable structure.

### Executive committee structure

A description of each of the individual executive committees involved in the oversight of risk is set out below.

#### 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 any remedial action, where required.

The Committee reviews the Group's primary risk exposures (with consideration of impact and likelihood assessments and the effectiveness of existing controls) in the context of the Board's tolerance thresholds and ensures 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 any aspects of risk as categorised in the Group's risk management framework, as described further below. The Risk Committee is supported in its role by a number of focused sub-committees, namely the Portfolio Review, Monitoring and Conflicts Committees and the Counterparty Review Group.

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 all of Jupiter's product range, including UK unit trusts, SICAVs and investment companies.

#### Operations Committee

The purpose of the Committee is to provide a forum through which senior operational management from across the business can discuss operational issues and changes to the business. The Committee considers any significant errors occurring during the year and any pertinent risk assessment findings from the Operational Risk function. The Committee reviews Health & Safety risks and practices and any incidents that have occurred.

#### TCF Committee

Through its sub-committees, the Committee seeks to ensure that funds managed by the Group and services provided to private clients are operated and undertaken in a manner consistent with TCF obligations. The TCF (Funds) sub-committee considers the extent to which product launches and enhancements have met the Group's TCF obligations. It meets quarterly and considers available management information (including performance, target audience, distribution approach, market share analysis, subscription and redemption patterns, administrative statistics and complaint data) to consider whether the products continue to meet the general needs of the target audience they were designed for, and whether the performance is in line with what we expected and communicated to distributors at the time of sale. The TCF (Clients) sub-committee considers the private client reporting arrangements to ensure that the services being provided to private clients are consistent with TCF objectives and that poor customer outcomes are being avoided. It meets quarterly and receives a pre-determined suite of reports and management information.

#### Approach to risk

The Board determines the appropriate tolerance approach to 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 or process. These include risks arising from failing to properly 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;

# Risk management and internal controls report continued

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; and
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 on 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 mis-statement 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 2012, including operational, financial, and compliance controls, 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 Operational Risk function and Risk Committee 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;
- an annual report from the Compliance Director on the effectiveness of the risk assurance arrangements in place within the Group;
- a review of the respective roles of the Board, Audit and Executive Risk Committees in relation to risk and assurance;
- reports from the Group General Counsel outlining the Group's legal and litigation risks;
- a report outlining the design and operating effectiveness of the Group's '3 lines of defence' model and the manner in which the assurance functions and risk committees interact with each other in supporting the risk management framework;
- 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; and
- a report from an external audit firm on the internal control framework in place within the Group (AAF01/06).

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 2012 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 (Turnbull).

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; and
- no significant weaknesses were identified during the year.

## Key contracts

Jupiter has three material outsourced relationships with third-party organisations: The Northern Trust Company ("Northern Trust"), International Financial Data Services ("IFDS") and HSBC Securities Services ("HSBC").

HSBC provides services relating to trading, reconciliation, reporting and record keeping, foreign exchange, corporate action and income entitlement activities.

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.

Northern Trust provides custody and transfer agency services.

The activities of these third parties are defined in service level agreements and the organisations are closely monitored to ensure that service delivery standards are met.

Additionally, the Group entered into a facilities 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.

## Assurance process

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

On an annual basis, Jupiter commissions the external audit firm to perform testing of integrity of aspects of the Group-wide control environment. Jupiter has adopted the International Standard on Assurance Engagements ("ISAE") 3402 together with AAF 01/06 as recommended by the Institute of Chartered Accountants of England and Wales in the November 2010 technical release of AAF 01/06. The results of this testing, including any exceptions identified, are made available to our institutional and investment company clients.

# 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 International Financial Reporting Standards ("IFRSs") as adopted by the European Union. In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board ("IASB").

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 state of affairs of the Group and the Company and of the profit or loss of the Group 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 applicable IFRSs, as adopted by the European Union and IFRSs issued by IASB, 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 that 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 and functions are listed in the Directors' profiles, confirms that, to the best of his or her knowledge:

- the Group and Company 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 of the Company and the Group; and
- the Directors' report contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

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

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



**Philip Johnson**  
Chief Financial Officer

27 February 2013

# Directors' profiles



**Jamie Dundas**  
Non-executive  
Chairman



**Edward Bonham Carter**  
Group Chief  
Executive



**John Chatfeild-Roberts**  
Chief Investment  
Officer



**Philip Johnson**  
Chief Financial  
Officer



**Maarten Slendebroek**  
Distribution &  
Strategy Director

## Term of office

Jamie Dundas was appointed as non-executive Chairman of the Group in January 2008.

Edward Bonham Carter was appointed Group Chief Executive in June 2007.

John Chatfeild-Roberts was appointed Chief Investment Officer in February 2010.

Philip Johnson joined Jupiter as Chief Financial Officer in October 2009.

Maarten Slendebroek joined Jupiter in September 2012 as Distribution and Strategy Director.

## Biography

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.

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 relinquished his role as Chief Investment Officer in February 2010.

John Chatfeild-Roberts joined Jupiter in March 2001 to establish and lead the team running the Jupiter Merlin portfolios. His earlier career in fund management was at Lazard Brothers Asset Management (1995–2001) and Henderson Administration (1990–1995). He held a Short Service Commission in the British Army in the 1980's.

Philip 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, with the last five as Group Finance Director, after which he joined Marshall Wace LLP as Finance Director in 2008. Philip is responsible for finance, treasury, information technology, compliance, risk and investor relations.

Prior to joining Jupiter, Maarten had an 18 year career at Blackrock, latterly as Head of International Retail. He has extensive experience of running cross-border asset management operations. Earlier in his career he worked as an investment analyst as Enskilda Securities, Morgan Grenfell and Wesselius.

## Committee membership

Member of the  
Nomination Committee  
(Chairman)  
Member of the  
Remuneration Committee



**Liz Airey**  
Senior Independent  
non-executive  
Director



**Matteo Dante Perruccio**  
Independent  
non-executive  
Director



**Lorraine Trainer**  
Independent  
non-executive  
Director



**Jon Little**  
Independent  
non-executive  
Director



**Michael Wilson**  
Non-executive  
Director



**Richard I. Morris, Jr.**  
Non-executive  
Director

Liz Airey was appointed as the non-executive Senior Independent Director of the Company in May 2010.

Matteo Dante Perruccio was appointed a non-executive Director of the Company in October 2008.

Lorraine Trainer was appointed as a non-executive Director of the Company in May 2010.

Jon Little was appointed a non-executive Director of the Company in September 2011.

Michael Wilson was appointed a non-executive Director of the Company in 2007 having been nominated by TA Associates, L.P.

Richard Morris, Jr. was appointed a non-executive Director of the Company in 2007 having been nominated by TA Associates, L.P.

Liz 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 audit committee of Tate & Lyle PLC and Dunedin Enterprise Investment Trust PLC and Chairman of the Unilever UK Pension Fund.

Matteo 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. He is now Chief Executive Officer of Rebacapital, a renewable energy fund investment management company based in London.

In her executive career Lorraine 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. In addition to her board work she works in the area of director development at and around board level for a variety of international groups. She has been a non-executive Director of the Board of Aegis Group plc since August 2005.

Jon is a Partner in Northill Capital - a private investment business backed by one of Europe's wealthiest families. From 2000 until 2010 he was Vice Chairman of BNY Mellon Asset Management and, as part of that role, he held a number of positions including Chairman of Dreyfus - one of the US's oldest mutual fund companies, Chairman of Insight Investments and of West LB Mellon Asset Management. In addition, he was also a director of other asset managers in the group including Newton, Walter Scott, Alcentra and Pareto Partners. From 1997-2000, Jon was at JP Morgan Investment Management where he was Vice President and Head of Distribution responsible for International Funds and from 1991-1997 he was at Fidelity Investments latterly as Director of UK Business Development. Jon is also a director of Alpha Strategic PLC, an AIM listed investor in hedge fund managers.

After serving as a managing director from 2005-2012, Michael reduced his time commitment in 2013 and became an advisor of TA Associates, L.P. He 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, L.P. 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 Board of Numeric Investors, LLC.

Richard 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, DNCA Finance SA and serving as an adviser to TA Associates, L.P.

Member of the  
Audit Committee  
(Chairman)  
Member of the  
Nomination Committee  
Member of the  
Remuneration Committee

Member of the  
Remuneration Committee

Member of the  
Remuneration Committee  
(Chairman)  
Member of the  
Nomination Committee  
Member of the  
Audit Committee

Member of the Audit  
Committee

# Corporate governance report

Jupiter's ordinary shares are listed on the London Stock Exchange. The corporate governance rules that applied to the Company during the year are contained in the UK Corporate Governance Code, as adopted by the Financial Reporting Council ("FRC") in June 2010 (the "Code") ([www.frc.org.uk/corporate](http://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. We have also considered the new edition of the code, published in September 2012, applicable for the 2013 financial year, and are working to ensure compliance with its provisions during the forthcoming financial year.

The 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

Throughout the year, 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 non-executive Directors determined by the Board to be independent. The Board currently consists of eleven members, being four executive and seven non-executive Directors, four of whom (excluding the Chairman) are regarded as independent. The Board does not consider Richard I. Morris, Jr. and Michael Wilson to be independent under B.1.1 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, L.P., 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 Board should establish a Remuneration Committee of at least three independent non-executive Directors. Following the appointment of Liz Airey on 24 April 2012 and Michael Wilson stepping down as a member of the Committee on the same date, the Remuneration Committee comprised three independent non-executive Directors and the Chairman of the Board (and therefore became compliant with the Code from that date); and
- the Code recommends that the Board should establish a Nomination Committee the majority of which should be independent non-executive Directors. Following the appointment of Lorraine Trainer on 24 April 2012 and Michael Wilson stepping down as a member of the Committee on the same date, the Nomination Committee comprised two independent non-executive Directors and the Chairman (and therefore became compliant with the Code from that date).

Where the Company has not complied with the Code, the Board considers that it is not practical to do so, given the provisions of the Relationship Agreement between the Company and TA Associates, L.P. as summarised in the Directors' Report.

## The Board

### Role

The Board is responsible for the leadership and success of the Company. 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 which include, but are not limited to:

- the Group's long-term commercial objectives and strategy;
- major acquisitions, disposals and investments;
- the Group's annual and interim reports and financial statements;
- interim dividend and recommendation of final dividend;
- annual budgets and forecast updates;
- significant capital expenditure and/or borrowings; and
- the effectiveness of internal controls.

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 execution of strategy and day-to-day management of the Company's business. Certain responsibilities are delegated to Board committees which assist the Board in carrying out its functions.

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.

### Board balance and independence

The Board is made up of eleven members, comprising the Chairman, four executive Directors and six other non-executive Directors. Maarten Slendebroek was appointed as an executive Director on 4 September 2012. Four members of the Board – Liz Airey, Jon Little, Lorraine Trainer and Matteo Dante Perruccio – are free of any relationship which could materially interfere with the exercise of their independent judgement and have been identified as independent, as was the Chairman on appointment, for the purposes of the Code. Liz Airey is the Senior Independent Director and, as such, is available to shareholders in appropriate circumstances.

Richard I. Morris, Jr. and Michael Wilson, each of whom was nominated by TA Associates, L.P. (which held 19.0 per cent. of the Company's issued share capital as at 18 February 2013) are the only non-executive Directors who do not meet the criteria of independence set out in the Code.

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.

### Diversity

It is seen as a prerequisite that each member of the Board must have the skills, experience and character that will enable him or her to contribute individually, and as part of the Board team, to the effectiveness of the Board and the success of the Company. Subject to that overriding principle, diversity of background, experience and approach, including gender diversity, amongst Board members is of great value, and it is the Board's settled policy to give careful

consideration to issues of overall Board balance and diversity in making new appointments to the Board. Women Directors currently constitute just under 20 per cent. of the Board. Subject to overriding principles and other factors, the Board will aim to maintain female representation on the Board at least at the current level, and increase the level if appropriate candidates are available when Board vacancies arise. A copy of the full statement on Board Diversity is available at [www.jupiteronline.com](http://www.jupiteronline.com).

#### 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. The Board held eight scheduled meetings during the year.

To enable the Board to function effectively and to assist Directors in discharging 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. He facilitates the induction of new Directors and assists with their personal development as required. He also seeks to ensure Board procedures are complied with, that applicable rules and regulations are followed and reports to the Chairman on matters of corporate governance.

The Board requires all Directors to devote sufficient time to their duties and to use their best endeavours to attend meetings. The terms of appointment of the non-executive Directors require a commitment to the business of up to 30 days a year, excluding any additional days when chairing a committee of the Board. The attendance of each Director at scheduled Board meetings and Committee meetings in 2012 is detailed in Table 1. The Chairman held two meetings during the year with the non-executive Directors without the executive Directors present.

#### Conflicts of interest

The Company's 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, if appropriate, 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. These procedures on conflicts of interest have been followed throughout the year and the Board considers that they have operated effectively.

#### 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, Jon Little and Lorraine Trainer, all being independent non-executive Directors. Liz Airey is Chairman of the Committee. The attendance of the individual Committee members at Audit Committee meetings in 2012 is detailed in Table 1.

The Remuneration Committee comprises four non-executive Directors, namely Lorraine Trainer, Matteo Dante Perruccio, Jamie Dundas, the Chairman of the Board, and Liz Airey, who was appointed on 24 April 2012 to replace Michael Wilson who stepped down on that date. The attendance of the individual Committee members at Remuneration Committee meetings in 2012 is detailed in Table 1.

Number of meetings (Table 1)

	Board (8)	Audit (6)	Remuneration (4)	Nomination (5)
Jamie Dundas	●●●●●●●●	—	●●●●	●●●●●
Liz Airey <sup>(1)</sup>	●●●●●●●○	●●●●●●	●●	●●●●●○
Edward Bonham Carter	●●●●●●●●	—	—	—
John Chatfeild-Roberts	●●●●●●●●	—	—	—
Philip Johnson	●●●●●●●●	—	—	—
Jon Little	●●●●●●●●	●●●●●○	—	—
Richard I. Morris, Jr.	●●●●●●●●	—	—	—
Matteo Dante Perruccio	●●●●●●●●	—	●●●●	—
Maarten Slendebroek <sup>(2)</sup>	●●●●●●●●	—	—	—
Lorraine Trainer <sup>(3)</sup>	●●●●●●●○	●●●●●○	●●●●	●●
Michael Wilson <sup>(4)</sup>	●●●●●●●●	—	●●	●●●●

● Meetings eligible to attend ○ Meetings not attended

(1) Appointed as a member of the Remuneration Committee on 24 April 2012

(2) Appointed to the Board on 4 September 2012

(3) Appointed as a member of the Nomination Committee on 24 April 2012

(4) Stepped down as Remuneration and Nomination Committee member on 24 April 2012

The Nomination Committee comprises three non-executive Directors, namely Jamie Dundas, Liz Airey and Lorraine Trainer, who was appointed on 24 April 2012 to replace Michael Wilson who stepped down on that date. The attendance of the individual Committee members at Nomination Committee meetings in 2012 is detailed in Table 1.

The terms of reference of the Audit, Remuneration and Nomination Committees are available on the Company's website [www.jupiteronline.com](http://www.jupiteronline.com).

## Board effectiveness

### Appointments

There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. Candidates are identified and selected on merit against objective criteria, and with due regard to the benefits of diversity on the Board, including gender. This process was followed during the recruitment of Maarten Slendebroek, as described in the Nomination Committee report.

### Induction and development

On appointment, Directors are given a full, formal and tailored introduction to the business, including meetings with senior management and advisers. The Chairman is responsible for ensuring that induction and training programmes are provided. Specific training requirements of Directors are met either directly or by the Company through legal/regulatory updates. Non-executive Directors also have access to externally run programmes. Individual Directors are also expected to take responsibility for identifying their training needs and take steps to ensure that they are adequately informed about the Company and their responsibilities as a Director. The Chairman regularly reviews and agrees with each Director his or her training and development needs.

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

The Board recognises that a continuous and constructively critical evaluation of its performance is an important component of the Group's success.

In 2011, the Board commissioned an externally facilitated review of its own effectiveness. Several themes for improvement emerged from the review, including maximising the effectiveness of the annual strategy development process, alignment between executive risk management and Board approved risk appetite, and Board involvement in succession planning and talent management. An action plan based on the findings was implemented and completed during 2012.

In 2012, the Board conducted an internal evaluation of its effectiveness and of the principal Board Committees using an internal questionnaire. The questionnaire covered a number of areas including Board communication, the Board programme and agenda content. The responses were analysed and the principal findings considered by the Board.

With regard to the performance of individual Directors, relevant input from the Chairman's meetings with individual non-executive Directors was fed in to the review by the Nomination Committee. The Chairman's performance was reviewed by non-executive Directors, led by the Senior Independent Director and took into account the views of the executive Directors. These processes fully supported the recommendations that all Directors should be proposed for re-election at the forthcoming Annual General Meeting.

## Succession planning and Board appointments

The Nomination Committee is responsible for both executive and non-executive Director succession planning and recommends new appointments to the Board. When making Board appointments, the Board seeks to ensure that there is a diverse range of skills, background and experience, including industry experience.

### 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 by the Board. Maarten Slendebroek will seek election at the Annual General Meeting having been appointed to the Board during the year. In addition, and in accordance with the Code, all the remaining Directors will seek re-election at the Annual General Meeting. Following the evaluation described above, the Chairman believes that the individuals' performance continues to be effective and to 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 interim and year-end financial results. The Chairman stands ready to maintain a dialogue with shareholders on strategy, corporate governance and Directors' remuneration, as required, and has attended post results meetings with a number of shareholders as part of the process of ensuring that good channels of communication are in place, and in order to maintain an understanding of the views of the major shareholders about the Company.

Presentations to analysts are simultaneously posted on the Company's website at [www.jupiteronline.com](http://www.jupiteronline.com). The Senior Independent Director is available to meet shareholders on request if they have concerns that contact through the normal channel or communication through the Chairman has failed to resolve, or for which such a contact is inappropriate.

The Directors receive a report at Board meetings giving information on the changes in shareholders and any feedback from the Company's brokers and investors.

The Annual General Meeting provides the Board with an opportunity to communicate with, and answer questions from, private and institutional shareholders and 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.

# Remuneration report

## Introduction by the Chairman of the Committee

I am pleased to present the Remuneration report for 2012. This introduction is intended to provide a summary of key events during 2012 from a Remuneration Committee perspective and to give further insight into the workings of the Committee and its approach. A detailed description of the Jupiter remuneration policy follows in the main body of the report.

The culture of Jupiter is core to its success. Effective performance management linked to reward has a long history within Jupiter. Base salaries at Jupiter have always been targeted at median for the market and senior employees do not automatically receive inflationary salary increases on an annual basis. Variable pay provides the opportunity to reward high performers and reinforce the behaviours consistent with achieving our strategic goals.

In June 2012, approximately two years after Jupiter's Listing, the Remuneration Committee undertook an extensive review of the remuneration policy at Jupiter. The Committee concluded that the remuneration policy remains aligned with the strategic objectives of the business: investment outperformance; effective distribution; efficient operations and value creation. These objectives are outlined in the Business review section of the Annual Report & Accounts 2012. The Committee also endorsed key elements of the remuneration policy, as follows:

- base salaries remain subject to a cap of £250,000 per annum; and
- employees will continue to be rewarded for their contribution to the success of Jupiter through variable pay (the bonus scheme and employee equity participation).

Jupiter's bonus pool will continue to be calculated by reference to profits, with sufficient flexibility to adjust the bonus pool up or down in exceptional circumstances. As part of the bonus approval process, the Remuneration Committee considers information provided by both the Compliance Director and the Portfolio Analytics Director to ensure compliance and risk are given sufficient weighting in determining individual bonus amounts.

While the broad principles of the remuneration policy remain unchanged following the June 2012 review, the following changes were approved by the Committee:

- clawback arrangements will apply to awards granted under the Deferred Bonus Plan ("DBP") from 2013 onwards; and
- the performance conditions applicable to awards granted to Executive Committee members under the Long-Term Incentive Plan ("LTIP") from 2013 onwards will include a new investment outperformance condition - to create further alignment with the investment outperformance objective of the business.

The Committee decided that for DBP awards granted from 2013 onwards, employees would be given the choice to receive up to 50 per cent. of the award granted in the form of units in Jupiter funds. This possibility was provided for in the Prospectus issued at the time of Listing, but the practice for DBP awards granted in 2011 and 2012 was for the award to be granted only over shares in the Company. The Remuneration Committee consider that allowing up to 50 per cent. of DBP awards to be granted over fund units will further align fund managers with fund unit holders and, therefore, this change will ultimately benefit shareholders. A minimum of 50 per cent. of DBP awards will continue to be granted over shares in the Company.

As part of the remuneration policy review in 2012, the Committee also approved the implementation of an HMRC approved Share Incentive Plan, to encourage further the culture of employee share ownership at Jupiter. The Jupiter Share Incentive Plan is due to be introduced during 2013.

At the time of the remuneration policy review, the Committee also considered the remuneration practices at Jupiter and concluded that the remuneration practices are in accordance with the remuneration policy.

During 2012, Jupiter appointed Maarten Slendebroek to the newly created role of Distribution and Strategy Director. Details of Maarten Slendebroek's remuneration package are provided in the section of the Remuneration report entitled 'Remuneration arrangements for Maarten Slendebroek'.

Finally, it is important to note that a number of senior employees, including the executive Directors, have large equity holdings under pre-Listing arrangements. These pre-Listing holdings derive from the Management Buy-Out of the Company in 2007 ("MBO") and represent personal at-risk investment by the employees concerned. Employees paid an amount equal to the market value of the shares at the time of the MBO. While vesting conditions still exist for some individuals (as a result of voluntarily entering into an extended vesting and lock-in agreement prior to the Listing), we do not consider any value derived from these shares as being part of listed company remuneration. For the sake of clarity, the MBO shares (Tables 7 and 8) and post-Listing LTIP (Table 9) are separately identified in the report for this reason.

I trust that you will find the Remuneration report informative.

**Lorraine Trainer**  
Chairman of the Remuneration Committee

This report has been prepared on behalf of (and approved by) 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 UK Corporate Governance Code June 2010 (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, as well as promoting 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 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 the Chairman of the Company, each of the executive Directors, each member of the Executive Committee and such other senior executives and fund managers as the Remuneration Committee may designate; and
- reviewing 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 Directors.

The Committee’s terms of reference are available on the Company’s website [www.jupiteronline.com](http://www.jupiteronline.com) 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

Lorraine Trainer is the chairman of the Remuneration Committee. The Remuneration Committee comprises three non-executive Directors who have been identified as independent (namely, Lorraine Trainer, Matteo Dante Perruccio and Liz Airey) and Jamie Dundas, the Company’s Chairman (who was independent at the time of appointment for the purposes of the Code). Michael Wilson, a non-executive Director nominated by TA Associates, L.P., was a member of the Remuneration Committee until 24 April 2012, when he stepped down and was replaced by Liz Airey.

### Frequency of meetings

In the year to 31 December 2012, the Remuneration Committee held four meetings. The Committee’s normal agenda and activities are planned on the basis of four scheduled meetings in each year.

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

### Advisers

Deloitte LLP has been appointed by the Committee, as advisers to the Committee, effective from January 2013, following a selection process which took place during Q4 of 2012. The Committee considers that it will benefit from receiving advice from external advisers who will provide valuable expertise. Deloitte LLP is a member of the Remuneration Consultants’ Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. Deloitte LLP also provides advice relating to IFRS 2 accounting valuations to the Company.

## Remuneration policy

Jupiter’s remuneration philosophy has a strong focus on variable compensation, because the Directors believe that shareholders’ interests are best served by containing fixed costs and ensuring that a significant proportion of total compensation is performance-related.

Given the importance of its employees to the success of the business, 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, strongly linked to performance and corporate strategy, in particular in respect of the performance conditions applicable to LTIP awards granted to Executive Committee members. Benchmarking data from comparable investment management businesses is used to ensure that total compensation is market competitive. Total cash (base salary plus annual cash bonus) and total compensation (total cash plus long-term incentives) are targeted at between market median and upper quartile, with the actual level determined based on the performance of the individual and the Group.

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 is based on the following key principles:

- the terms of the remuneration policy are applied consistently across the Group;
- alignment to effective risk management;
- the need to provide market competitive total compensation;
- differentiation by performance;
- an emphasis on variable, performance-driven remuneration to ensure affordability with salary generally at market median levels and bonus payments funded from retained profits;
- consistency with the FSA’s Remuneration Code;
- alignment with shareholders’ interests through long-term arrangements and significant and widespread share ownership; and
- clarity and consistency of process.

In setting Directors’ remuneration, the Committee also takes into account the pay and employment conditions of all Jupiter employees. In particular, this includes considering the bonus pool split between all functions of the Group.

# Remuneration report continued

## Elements of reward

The following table summarises each of the elements of Jupiter's total compensation package and the ongoing remuneration policy, with additional information provided in the sections following the table:

	Purpose and link to strategy	Maximum opportunity
Base salary	Jupiter aims to keep fixed costs low. This is reflected in the salary cap applicable to all employees and the policy of positioning base salaries at, generally, no more than what the Directors believe is median in the market. Salaries are reviewed annually.	Jupiter has a policy of capping base salaries at £250,000 per annum.
Annual bonus	The annual bonus rewards good performance of the Company and individual employees. As the bonus pool is based on Jupiter's profits, the Directors believe that this ensures that bonuses are affordable. When the performance of Jupiter, or of an individual, is such that no bonus is merited, then no bonus is paid.	The total bonus pool is calculated by reference to profits, with flexibility to allow for years of good and poor performance. Jupiter does not explicitly link incentive awards to a multiple of base salary or cap awards to individuals. This is to ensure that high performers can be rewarded in line with the market on a total cash (salary plus bonus) basis. This also reduces the need to increase base salaries and thereby increase fixed costs.
DBP	The DBP provides a deferral element to bonuses above a certain level, to ensure a link to longer term performance. The DBP offers deferrals into awards over ordinary shares in the Company, or into units in Jupiter funds, to ensure alignment of future risk exposure between management and shareholders, and clients in the case of deferral into fund units. Awards vest three years after the date of grant subject to a continuing employment requirement.	Awards under the DBP are calculated on a formulaic basis such that a proportion of larger annual bonuses (over £100,000) take the form of an award under the DBP. There is no matching element to awards under the DBP.
LTIP	The LTIP is intended to provide long-term reward, incentivise strong performance and retain key employees. Awards vest three, four or five years after the date of grant subject to a continuing employment requirement and performance conditions.	The total value of the LTIP pool (which determines the value of LTIP awards granted in any year) is calculated by reference to profits, with flexibility to allow for years of exceptional and poorer performance.
All-employee share plans	Jupiter encourages employee share ownership and, following Listing, has operated an HMRC approved Sharesave plan.	Under the Sharesave Plan, employees can save the maximum permitted under the relevant legislation of £250 per month and are offered options with the maximum permitted discount to the exercise price, 20 per cent.
Benefits	All employees have the same range of benefits available to them on the same basis, including private medical cover, life assurance, dependants' pension and an income protection scheme to cover long-term illness.	Employer pension contributions are made at a rate of 15 per cent. of base salary in respect of all employees who are members of the Jupiter pension scheme. Employees are eligible to join the Jupiter pension scheme once they have been with Jupiter for six months.

Performance metrics	Changes during 2012
N/A	No changes to the policy.
Individual bonuses for all employees are determined based on a number of factors relating to the individual's role and performance. These include role specific measures such as investment performance for fund managers and sales performance for sales staff. Other measures are also applied more widely and, where appropriate, include financial and non-financial measures, including profitability and cost control and individual, departmental and corporate performance against objectives and strategic goals. Risk and compliance behaviour is also considered in detail for relevant roles and factored into the assessment of performance and the determination of the bonus amount payable. The Compliance Director attends at least two Remuneration Committee meetings each year to provide input on risk and compliance. The Portfolio Analytics Director also provides analysis on investment performance to the Remuneration Committee for its consideration when determining bonuses for fund managers.	No changes to the policy.
No further performance conditions apply to DBP awards as, in determining the original bonus amount, the Remuneration Committee has been satisfied that performance objectives have been met.	Clawback provisions have been introduced for DBP awards to be granted in 2013 (in respect of 2012 performance) and beyond, where an issue later comes to light that has, or would have had, a material impact on the bonus pool for the year in respect of which the DBP award was granted.
Executive Committee members (applicable to 100 per cent. of the award): <ul style="list-style-type: none"> <li>• for awards granted in 2011 and 2012 (one third of the award each): underlying EPS; net sales; and strategic goals.</li> <li>• for awards granted from 2013 onwards (25 per cent. of the award each): underlying EPS; net sales; investment outperformance; and strategic goals.</li> </ul> Other employees (applicable to up to 25 per cent. of the LTIP award): <ul style="list-style-type: none"> <li>• personal performance, based on particular measures relevant to the individual's role.</li> </ul>	Performance conditions for grants to Executive Committee members are to be changed for awards granted from 2013 onwards (see the "Elements of reward - additional details" section below for further information).
Options under the Sharesave Plan are not subject to performance conditions.	No changes to the Sharesave Plan. A new Share Incentive Plan to be introduced from 2013 onwards.
N/A	No changes to the policy.

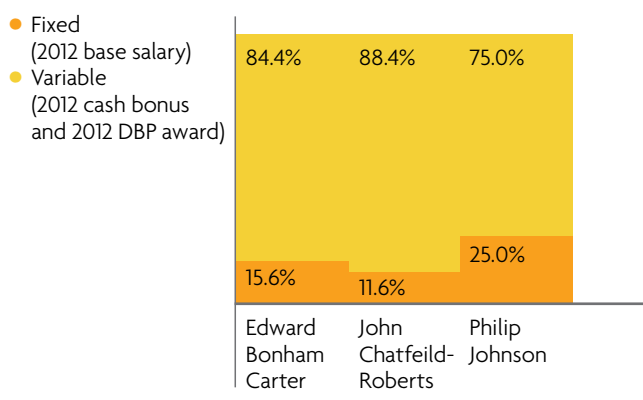
# Remuneration report continued

To illustrate how the remuneration policy works in practice, Figure 1 identifies the 2012 remuneration split between fixed and variable elements for the executive Directors who were employed for a full year of service in 2012. The chart shows 2012 base salary (fixed) and cash bonus and DBP awards (variable) in respect of 2012.

## Single figure for remuneration

To provide further information on how the remuneration policy works in practice the table below shows the single figures for 2012 remuneration of Edward Bonham Carter, John Chatfeild-Roberts, Philip Johnson and Maarten Slendebroek (who was appointed to the Board on 4 September 2012), based on the requirements due to be implemented under the revised remuneration reporting regulations proposed by the Department for Business Innovation & Skills.

**Figure 1 2012 Remuneration**



Director	Base salary £	2012 cash bonus (paid in 2013) £	2012 DBP award (to be granted in 2013) £	Benefits in kind £	2012 allowance in lieu of pension contributions £	2012 pension contributions £	LTIP awards vesting in respect of 2012 £	Total £
Edward Bonham Carter	250,000	940,000	410,000	1,124	32,733	—	—	1,633,857
John Chatfeild-Roberts	239,423	1,325,000	575,000	1,124	—	35,913	—	2,176,460
Philip Johnson	200,000	415,000	185,000	352	—	30,000	—	830,352
Maarten Slendebroek	81,730	1,168,000	—	369	—	12,259	—	1,262,358

## Elements of reward – additional details

### DBP

Following Listing, deferrals have been effected through the DBP and deferrals will continue to be effected through the DBP or as otherwise determined by the Remuneration Committee. Under the DBP a significant proportion of senior management bonuses are deferred.

The percentage of bonus which is deferred is determined by the Remuneration Committee. For bonuses paid in respect of the financial year ended 31 December 2012, there is 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.

The awards granted under the DBP in 2012 (in respect of 2011 performance) took the form of nil cost options to acquire shares in the Company, which are exercisable for three months following the vesting date. As permitted in the provisions outlined in the Prospectus issued at the time of Listing, for awards granted under the DBP in 2013 (in respect of 2012 performance), employees will be offered the opportunity to elect to receive up to 50 per cent. of their award in the form of options over units in Jupiter funds.

## 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 manage. To avoid duplication of reward, funds where a fund manager is entitled to a share of any performance fee are excluded in determining fund manager bonuses. Performance fee sharing arrangements align the interests of the Group, its clients and fund managers. No Director is eligible to receive performance fee incentives.

## LTIP

All employees, including executive 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, restricted shares or conditional share awards over ordinary shares. Performance conditions are set at the date of grant of the award by the Remuneration Committee and generally comprise a combination of corporate and individual measures. As per the Prospectus issued on Listing, the overall dilution limit over which LTIP, DBP and Sharesave awards may be granted in any 10 year period is 15 per cent. of the Company's issued share capital.

The LTIP awards granted in 2012 took the form of nominal cost options to acquire shares in the Company. The awards vest (i.e. become exercisable) three or more years from the date of grant. Once vested, the LTIP awards are exercisable for two years.

As for 2011, in determining the level of the LTIP awards granted in 2012, a notional LTIP pool was determined by reference to the profits of the Company, to establish the total initial value of awards that would be granted. The value of the notional LTIP pool was then distributed. The Remuneration Committee approves LTIP awards, with the aim of rewarding and incentivising strong performance and maintaining the long-term retention of key employees.

The Remuneration Committee considers the retention value of awards held by key employees and has a policy for such individuals to be granted awards such that they hold unvested awards with a retention value at any one time of at least 100 per cent. of annual salary.

The performance conditions attached to the 2012 LTIP awards granted to Executive Committee members are underlying EPS, net sales and strategic goals (see below for further details). These were determined after consultation with major shareholders and were chosen as it is considered that delivery against these conditions would be in line with shareholder's interests.

The performance conditions attached to the LTIP awards granted to Executive Committee members, including the executive Directors, in 2012 apply as follows:

Proportion of award	Performance condition	Details	
One third	Jupiter's underlying EPS performance against a comparator index  The comparator index will be determined by the Remuneration Committee based on a weighted average of the markets in which the AUM of the Company is invested throughout the performance period.	<i>Excess of Jupiter's underlying compounded EPS change over the change in the comparator index</i>	<i>Proportion of the award subject to the EPS performance condition that will vest</i>
		Less than 5 per cent. per annum	0 per cent.
		5 per cent. per annum	30 per cent.
		Between 5 per cent. and 10 per cent. per annum	Pro rata between 30 per cent. and 100 per cent.
		10 per cent. or more per annum	100 per cent.
One third	Jupiter's net sales against net sales performance targets  The net sales target for each year has been, or will be, set by the Remuneration Committee, with reference to the net sales target in the budget prepared by the Board. The net sales target is intended to be stretching.	<i>Jupiter's net sales compared against net sales targets</i>	<i>Proportion of the award subject to the net sales performance condition that will vest</i>
		Less than 80 per cent. of target	0 per cent.
		80 per cent. of target	30 per cent.
		Between 80 per cent. and 100 per cent. of target	Pro rata between 30 per cent. and 65 per cent.
		100 per cent. of target	65 per cent.
		Between 100 per cent. and 125 per cent. of target	Pro rata between 65 per cent. and 100 per cent.
One third	Strategic goals  There are four strategic goals. Of the shares subject to the strategic goals performance condition, 25 per cent. will vest for each of the strategic goals, although the Remuneration Committee retain the discretion to determine that none of the shares subject to the strategic goals performance condition would vest if an appropriate risk control environment has not been maintained.	(i) Maintaining an appropriate risk control environment.	
		(ii) Maintaining long-term investment performance.	
		(iii) Developing existing employees and recruiting new talent to provide the performance, products and service required by clients.	
		(iv) Broadening the client base in the UK and internationally.	

# Remuneration report continued

These performance conditions will be assessed by the Remuneration Committee, based on performance over three financial years, beginning with the financial year in which the relevant award is granted. Information on the performance against these conditions will be provided in the relevant Remuneration report following the assessment of performance by the Remuneration Committee.

Given the importance of investment performance to the success of Jupiter, the Remuneration Committee has concluded that it would be beneficial to introduce a new investment outperformance condition that will apply to 25 per cent. of the Shares under Option for LTIP awards granted to Executive Committee members from 2013 onwards. As a result of this change, investment performance will, therefore, no longer be one of the four constituent parts of the strategic goals performance condition. As well as improving the alignment of the performance conditions with the strategic objectives of the Company, this change will mean that a greater proportion of the performance conditions will be measurable financial metrics.

The investment outperformance condition is intended to be structured based on investment outperformance over a three year period. Using a three year period matches the minimum vesting period for the awards but, more importantly, is a key period over which the Company and investors measure the performance of our funds. The extent to which the condition is met will depend on the proportion of Jupiter funds that are in the first or second quartile when performance is compared against the appropriate quartile rankings for those funds. It is proposed that, for the purposes of measuring the condition, the proportion of funds with first or second quartile performance is weighted by AUM to ensure that appropriate weighting is given to the performance of larger funds.

In addition, a change will also be made to the net sales performance condition for LTIP awards granted to Executive Committee members from 2013 onwards. For such awards, the Remuneration Committee will continue to set the net sales target, but will also have the discretion to make a formulaic adjustment, up or down, to the net sales target based on net sales in the market (from publicly available data from the Investment Management Association and the European Fund and Asset Management Association). This will avoid over reward when the market environment is much better than anticipated at the time of setting the net sales target and of under reward where the market is more difficult.

Major non-employee shareholders (i.e. those holding in excess of 1 per cent. of the Company's issued share capital) were consulted on the change to the LTIP performance conditions and those who responded were supportive of the changes proposed.

## All-employee share plans

The Group's management has always promoted an entrepreneurial spirit among its employees and emphasised the importance of widespread employee share ownership in building a strong corporate culture. To encourage share ownership among employees, Jupiter introduced the HMRC approved 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 shares in the Company out of the repayment made under that contract.

Invitations have been issued to employees in 2010, 2011 and 2012. Following the 2012 invitation, 78 per cent. of eligible employees participate in the Sharesave Plan.

Jupiter will also be introducing a further all-employee share plan in 2013, an HMRC approved Share Incentive Plan. Awards under this plan will not be settled with newly issued or treasury shares.

## Pre-Listing Share Plan

Prior to Listing on 21 June 2010, the Company operated a plan (the "pre-Listing Share Plan"). It was under this plan that many employees acquired shares in the MBO in 2007 ("MBO Shares"), which were held subject to vesting restrictions. In addition to the MBO Shares, the pre-Listing Share Plan was also used to grant employees options and/or restricted or contingent share awards.

The Company does not intend to make any further grants under this plan.

Under the arrangements set out in the Prospectus issued in connection with Listing, senior employees hold shares which are subject to post-Listing vesting. The first two tranches vested in June 2011 and June 2012 with the majority of the remainder due to vest in June 2013. Some of these senior employees also hold options which become exercisable in the period up to 2015, a proportion of which are subject to performance conditions. Pre-Listing Share Plan awards made prior to 2010 were subject to performance conditions, the majority of which were tested and 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 were deferred for two years. The retention bonus award took the form of units in a Jupiter unit trust or cash. The final balance of awards outstanding at the start of 2012 vested in March 2012.

#### Pension contributions

All UK employees who have been with Jupiter for at least six 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 same rate for all UK employees (including executive Directors), a 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 cash allowance in lieu of pension contributions is payable directly to Edward Bonham Carter (net of employer's national insurance) rather than into the Jupiter pension scheme. This is because he has previously reached the lifetime allowance.

#### Other benefits

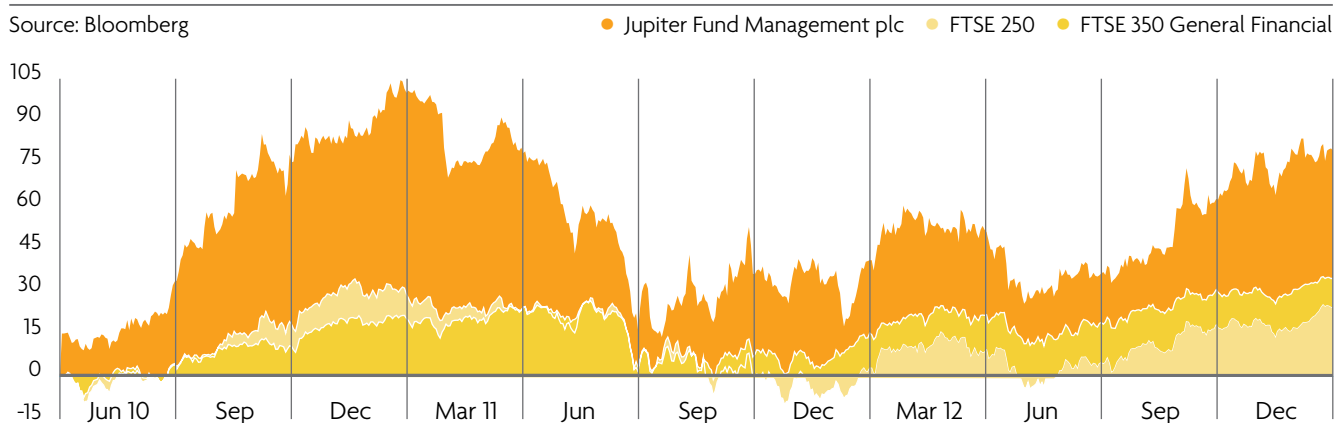
Jupiter provides all of its employees with a number of other benefits, including private medical cover, life assurance, dependants' pension and an income protection scheme to cover long-term illness.

#### Directors' shareholding requirement

The Remuneration Committee has a policy that executive Directors should maintain a significant holding of shares in the Company. The policy provides that executive Directors should hold shares in the Company with a value equivalent to 150 per cent. of base salary. With the exception of Maarten Slendebroek (who only joined the Board on 4 September 2012), each of the executive Directors currently holds shares with a value significantly in excess of 150 per cent. of base salary. It is anticipated that Maarten Slendebroek will build up the required holding over a timeframe of three to five years.

**Figure 2 Share price performance (total shareholder return) (per cent.)**

Source: Bloomberg



The graph shows the Company's share price performance (based on total shareholder return, with dividends reinvested net of tax) 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.

# Remuneration report continued

## Remuneration arrangements for Maarten Slendebroek

Maarten Slendebroek joined the Board on 4 September 2012 to take up the new role of Distribution and Strategy Director. His appointment was made in order to build further on Jupiter's increasingly diversified distribution capabilities in the UK and internationally.

As would be expected in the recruitment of a senior and experienced executive, it was necessary to agree various arrangements in respect of his remuneration and offer a buy-out package that would mirror the package due to be foregone. The approach taken was to ensure that the buy-out package fitted with Jupiter's remuneration policy as far as possible and that the buy-out awards should be on no more favourable terms than the awards which they were buying out, in particular in respect of the:

- quantum of the award;
- timing of delivery;
- form of award; and
- existence of performance conditions.

Using the available documentation, an analysis of Maarten Slendebroek's package at his previous employer was carried out to ensure that each element of the proposed package was appropriate. At the time of the recruitment discussions with Maarten Slendebroek, the value of the package to be foregone was determined to ensure that the buy-out package was equivalent to the package foregone at his previous employer and that no additional value was being delivered. Consideration was also given to the requirements of the Listing Rules and the FSA's Remuneration Code to ensure that the proposed package met all of the relevant requirements. Once this analysis was carried out, the package was approved by the Remuneration Committee.

Each of the elements of Maarten Slendebroek's remuneration package is discussed in more detail below.

### Base salary

Maarten Slendebroek has been appointed with a base salary of £250,000 per annum, in accordance with Jupiter's policy of capping base salaries at this level.

### Guaranteed bonus

A one-off guaranteed cash bonus of £1,168,000 was agreed, payable in April 2013. This amount was agreed based on the remuneration package at his previous employer to give an appropriate payment in respect of amounts foregone as a result of his resignation to join Jupiter which would have paid out in the first quarter of 2013. In accordance with Jupiter's remuneration policy and the provisions of the FSA's Remuneration Code, no guaranteed bonuses extend beyond a period of 12 months.

### Buy-out awards

The grant of share awards was also agreed to buy out share awards that lapsed on Maarten Slendebroek's resignation from his previous employer. The buy-out awards were granted based on the structure (in terms of vesting period, performance conditions and delivery mechanism) of the awards forfeited. These awards have been granted in the form of options over shares in the Company, to ensure alignment with the interests of shareholders. Furthermore, the long vesting periods attached to the various tranches of the awards (the latest vesting is in 2018) will contribute to the retention effect of the awards and further increase alignment with shareholders.

A proportion of these awards was granted under the LTIP. Further one-off awards were granted under a stand-alone plan (the "Joiner Plan") to buy out awards with a vesting period of less than three years (which it was not possible to grant under the existing LTIP rules), pursuant to Listing Rule 9.4.2(2). The Joiner Plan did not require shareholder approval because of the application of Listing Rule 9.4.2(2). Further details of the Joiner Plan awards are disclosed below:

- the Joiner Plan awards comprise options to acquire shares in the Company;
- the options have been granted over a total of 363,203 shares and no further grants may be made under the Joiner Plan;
- the Joiner Plan options vest and become exercisable for a period of two years (with an exercise price payable of £0.02 per share) as follows:
  - 31 January 2014: 320,649 shares; and
  - 31 January 2015: 42,554 shares.
- to the extent that they are unvested, the options granted under the Joiner Plan will lapse if Maarten Slendebroek ceases to be employed by Jupiter;
- any gains arising on the exercise of options granted under the Joiner Plan will not be regarded as pensionable salary;
- the shares used to settle the exercise of the Joiner Plan options will not be newly issued or treasury shares; and
- the terms of the Joiner Plan cannot be altered to the material advantage of Maarten Slendebroek without prior approval of shareholders in general meeting.

Further buy-out awards have been granted under the LTIP and one further buy-out award will be granted under the LTIP in March or April 2013. Awards granted under the LTIP will be subject to 100 per cent. performance conditions (on a similar basis to other Executive Committee members). The current intention is that these LTIP awards will be settled with newly issued shares.

In addition to the buy-out awards, Maarten Slendebroek will also be eligible to be considered for forward-looking LTIP awards as part of the usual grant cycle after April 2013.

The following table summarises the elements of Maarten Slendebroek's buy-out package described above:

Award date	Value (equivalent to value foregone, as determined at time of recruitment)	Form of award	Payable/vesting date
	£1,168,000	Cash bonus	April 2013
6 September 2012	£723,383 (320,649 shares)	Joiner Plan, options over shares in the Company – will not be settled with newly issued shares	31 January 2014
	£96,000 (42,554 shares)		31 January 2015
6 September 2012	£174,667 (77,424 shares)	LTIP award, options over shares in the Company	31 January 2016
	£174,666 (77,423 shares)		31 January 2017
	£174,667 (77,424 shares)		31 January 2018
March/April 2013	£349,334	LTIP award, options over shares in the Company	March/April 2016
	£237,833		March/April 2017
	£237,833		March/April 2018

## Directors' service agreements and emoluments

### Directors' service agreements and letters of appointment

The current executive Directors' service agreements are summarised below:

**Table 1 Terms of executive Directors' service agreements**

Provision	Details
Term	Not fixed
Notice period	Not less than six months' written notice from either party
Service agreement dates	1 June 2010 for Edward Bonham Carter, John Chatfeild-Roberts and Philip Johnson, and 30 March 2012 for Maarten Slendebroek
Termination arrangements	No provisions for compensation on early termination, other than those provided by 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.

# Remuneration report continued

Details of the terms of appointment of the non-executive Directors are set out in Table 2.

**Table 2 Terms of appointment of non-executive Directors**

Director	Title	Date of appointment	Annual fee as at 31 December 2012	Roles and Committee responsibilities
Jamie Dundas	Independent Chairman	28 January 2008, renewed 1 June 2010	£200,000	Remuneration Nomination
Liz Airey	Independent non-executive Director	17 May 2010	£70,000	Audit Nomination Senior Independent Director Remuneration (from 24 April 2012)
Matteo Dante Perruccio <sup>(1)</sup>	Independent non-executive Director	9 September 2008, renewed 1 June 2010	£50,000	Remuneration
Lorraine Trainer	Independent non-executive Director	17 May 2010	£65,000	Remuneration Audit Nomination (from 24 April 2012)
Jon Little	Independent non-executive Director	12 September 2011	£50,000	Audit
Michael Wilson	Non-executive Director	19 June 2007	Nil	Remuneration (to 24 April 2012) Nomination (to 24 April 2012)
Richard I. Morris, Jr.	Non-executive Director	19 June 2007	£45,000	—

(1) At his request, up to 31 December 2012, Matteo Dante Perruccio's fees have been paid to Hermes BPK Partners LLP rather than to him personally.

For Jamie Dundas, Liz Airey, Matteo Dante Perruccio, Lorraine Trainer and Jon Little, the appointments are for a fixed term of three years from the respective date of appointment or (where applicable) renewed, 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 the Director on three months' written notice to the Company, 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 Company's issued ordinary shares from time to time owned by TA Associates, L.P. (together with its Associates) on an aggregated basis falls below 15 per cent.; and (2) in respect of Michael Wilson, the percentage of the Company's issued ordinary shares from time to time owned by TA Associates, L.P. (together with its Associates) on an aggregated basis falls below 10 per cent.).

The Chairman's fees are reviewed annually by the Remuneration Committee. Having reviewed market data, the Remuneration Committee determined that it was appropriate to increase the Chairman's annual fees to £200,000, with effect from 1 July 2012.

Non-executive Director fee levels are reviewed annually by the Chairman and executive Directors, but were not increased during 2012. The current annual fees comprise the following elements:

- Basic fee: £45,000
- Senior Independent Director: £5,000
- Audit Committee chairman: £10,000 (plus member fee)
- Remuneration Committee chairman: £10,000 (plus member fee)
- Audit Committee member: £5,000
- Remuneration Committee member: £5,000

## Directors' share interests

A proportion of the shares held by the executive Directors derive from the MBO and represent personal at-risk investment by the Directors concerned. Such shares remain subject to vesting and lock-in arrangements (as a result of voluntarily entering into an extended vesting and lock-in agreement prior to the Listing), pursuant to which shares vest and are released from the lock-in arrangements on each anniversary of the Listing, up to the third anniversary. Therefore, a proportion of these shares were released from lock-in during 2012, on the second anniversary of the Listing (21 June 2012). Shares held by Jamie Dundas and Matteo Dante Perruccio are subject to lock-in obligations over the same timescale, as they were awarded in relation to their pre-Listing service.

The interests of the Directors and their connected persons in shares of the Company at 31 December 2012 are set out in Table 3.

**Table 3 Interests in shares**

Director	Ordinary shares held at 31 December 2011	Options over ordinary shares held at 31 December 2011	Ordinary shares held at 31 December 2012	Options over ordinary shares held at 31 December 2012
Jamie Dundas	1,250,000	—	1,250,000	—
Edward Bonham Carter	14,000,000	190,321	13,750,000	479,647
John Chatfeild-Roberts <sup>(1)</sup>	5,303,750	1,816,467	4,975,000	2,231,132
Philip Johnson	1,700,000	255,127	1,600,000	437,914
Maarten Slendebroek	N/A	N/A	—	595,474
Liz Airey	45,450	—	45,450	—
Matteo Dante Perruccio	133,333	—	83,333	—
Lorraine Trainer	24,242	—	24,242	—
Jon Little	—	—	—	—
Michael Wilson <sup>(2)</sup>	185,947	—	185,947	—
Richard I. Morris, Jr.	653,645	—	653,645	—

(1) Includes connected person's holding

(2) Shares in which Michael Wilson has a pecuniary interest

Table 7 indicates the number of ordinary shares shown in Table 3 above which are subject to vesting conditions.

Tables 8 and 9 provide further information on the options over ordinary shares shown in Table 3 above.

There have been no changes to the above interests between the year end and 18 February 2013 (the latest practicable date before the printing of the Annual Report and Accounts).

# Remuneration report continued

## Audited section of the Remuneration report

### Share price

As at 31 December 2012, the Company's share price was £2.78. The highest closing price during 2012 was £2.85 and the lowest was £1.88.

### Summary of LTIP performance conditions

The performance conditions attached to the LTIP awards granted during 2012 apply as follows:

- the vesting of one third is dependent upon Jupiter's underlying EPS performance against a comparator index;
- the vesting of one third is dependent upon Jupiter's net sales against net sales performance targets; and
- the vesting of one third is dependent upon meeting strategic goals.

## Directors' emoluments

**Table 4 Directors' emoluments**

The aggregate remuneration (excluding awards subject to vesting conditions as shown in Table 5 and Table 6 below), and benefits in kind receivable by each of the Directors of the Company in respect of the year under review were as follows:

Director	2012 base pay/fee £	2012 cash bonus (paid in 2013) <sup>(1)</sup> £	Benefits in kind <sup>(2)</sup> £	2012 allowances <sup>(3)</sup> £	Total 2012 £	2012 pension contributions £	Total 2011 £	2011 pension contributions £
Jamie Dundas	175,000	—	—	—	175,000	—	150,000	—
Edward Bonham Carter	250,000	940,000	1,124	32,733	1,223,857	—	1,330,324	—
John Chatfeild-Roberts	239,423	1,325,000	1,124	—	1,565,547	35,913	1,996,117	37,356
Philip Johnson	200,000	415,000	352	—	615,352	30,000	650,000	30,000
Maarten Slendebroek <sup>(4)</sup>	81,730	1,168,000	369	—	1,250,099	12,259	N/A	N/A
Liz Airey <sup>(5)</sup>	68,429	—	—	—	68,429	—	65,000	—
Matteo Dante Perruccio	50,000	—	—	—	50,000	—	53,925	—
Lorraine Trainer	65,000	—	—	—	65,000	—	62,013	—
Jon Little	50,000	—	—	—	50,000	—	14,814	—
Michael Wilson <sup>(6)</sup>	—	—	—	—	—	—	—	—
Richard I. Morris, Jr.	45,000	—	—	—	45,000	—	45,000	—
<b>Total</b>	<b>1,224,582</b>	<b>3,848,000</b>	<b>2,969</b>	<b>32,733</b>	<b>5,108,284</b>	<b>78,172</b>	<b>4,367,193</b>	<b>67,356</b>

(1) In addition to the 2012 cash bonus, the deferred portion of the 2012 bonus is £410,000 for Edward Bonham Carter, £575,000 for John Chatfeild-Roberts and £185,000 for Philip Johnson, as disclosed in Table 6. As a result, the total emoluments including the deferred portion of the 2012 bonus are £1,633,857 for Edward Bonham Carter, £2,140,547 for John Chatfeild-Roberts and £800,352 for Philip Johnson

(2) Private medical cover

(3) Allowance in lieu of pension contributions

(4) Appointed to the Board on 4 September 2012

(5) Member of the Remuneration Committee from 24 April 2012

(6) Member of the Remuneration Committee until 24 April 2012

No Director has agreed to waive any emoluments in 2012 and/or for any future years.

## Long-term incentive schemes

**Table 5 Pre-Listing retention bonus plan awards, not listed company remuneration**

Director	Fund awards held as at 1 January 2012 <sup>(1)</sup> £	Fund awards vesting in 2012 <sup>(2)</sup> £	Fund awards held as at 31 December 2012 £	Price per unit at grant date	Latest vesting date
Edward Bonham Carter	250,000	250,000	–	103.98p	March 2012
John Chatfeild-Roberts	500,000	500,000	–	103.98p	March 2012

(1) Retention awards made in the form of Jupiter Merlin Balanced Portfolio accumulation units.

(2) The figures shown in Table 5 above are the gross of tax and NIC figures, whereas only the net of tax and NIC amount was invested in Jupiter Merlin Balanced Portfolio accumulation units in 2010 when the pre-Listing retention bonus plan awards were made. This resulted in units worth £164,196 vesting in 2012 for Edward Bonham Carter and units worth £328,392 vesting in 2012 for John Chatfeild-Roberts.

**Table 6 DBP awards**

Director	DBP awards in respect of 2012 <sup>(1)</sup> £	Latest vesting date
Edward Bonham Carter	410,000	April 2016
John Chatfeild-Roberts	575,000	April 2016
Philip Johnson	185,000	April 2016

(1) The number of shares and fund units (if applicable) over which options will be granted under the DBP in respect of the awards stated in the above table will be determined at the grant date, (expected to be no later than mid-April 2013), based on the average closing share price over the three days preceding the grant date and the relevant fund unit price on the day preceding the grant date (if applicable).

# Remuneration report continued

**Table 7 Pre-Listing: Directors' interests in shares under the pre-Listing Share Plan, not listed company remuneration**

Director	Ordinary shares held as at 1 January 2012 subject to vesting (excluding connected persons)	Ordinary shares awarded during 2012	Ordinary shares vested during 2012	Ordinary shares held as at 31 December 2012 subject to vesting (excluding connected persons)	Shares vesting on 21 June 2013
Edward Bonham Carter <sup>(1)</sup>	7,875,000	—	3,937,500	3,937,500	3,937,500
John Chatfeild-Roberts <sup>(1)</sup>	4,500,000	—	2,250,000	2,250,000	2,250,000
Philip Johnson <sup>(1)</sup>	1,066,667	—	533,333	533,334	533,334

The vesting of the shares shown in Table 7 above is no longer dependent upon the satisfaction of performance conditions.

(1) These shares are restricted shares that are derived from B ordinary shares acquired in the Management Buy-Out in 2007 (or in 2009 on joining the Company in the case of Philip Johnson) for £1 per B ordinary share (equivalent to £0.02 per ordinary share), which was equal to the market value of the B ordinary shares at that time. Therefore, as they represent a significant "at risk" investment in the business and the vesting terms were voluntarily extended at the time of the Listing, these shares should not be considered as listed company remuneration in the year of their eventual vesting.

**Table 8 Pre-Listing: Directors' interests in options under the pre-Listing Share Plan, not listed company remuneration**

Director	Plan	Number of options held as at 1 January 2012	Number of options awarded during the year	Number of options exercised during the year	Number of unexercised options lapsed during the year	Number of options held at 31 December 2012	Exercise price	Earliest exercise date	Latest exercise date
John Chatfeild-Roberts <sup>(1)</sup>	Pre-Listing Share Plan	250,000	—	—	—	250,000	£0.02	21 June 2011	—
	Pre-Listing Share Plan <sup>(2)</sup>	333,375	—	—	—	333,375	£0.02	21 June 2012	—
	Pre-Listing Share Plan	333,375	—	—	—	333,375	£0.02	21 June 2013	—
	Pre-listing share plan	645,750	—	—	—	645,750	£0.02	21 June 2014	—

(1) Prior to Listing, John Chatfeild-Roberts was granted an option under the pre-Listing Share Plan over 1,562,500 ordinary shares which become exercisable between 21 June 2011 and 21 June 2014. The vesting of 20 per cent. of the shares under option (312,500 shares, vesting on 21 June 2014) is subject to the satisfaction of performance conditions. The performance conditions 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. The exercise price of 2p per share was paid on the grant of the option (£31,250 in total).

(2) For the options that vested during the year, the closing share price on the date of vesting, 21 June 2012, was £2.13.

Table 9 Post-Listing: Directors' interests in options under the DBP, LTIP and Sharesave Plan

Director	Plan	Number of options held as at 1 January 2012	Market value at date of grant	Number of options awarded during the year <sup>(2)</sup>	Number of options exercised during the year	Number of unexercised options lapsed during the year	Number of options held at 31 December 2012	Exercise price	Earliest exercise date	Latest exercise date
Edward Bonham Carter <sup>(1)</sup>	Sharesave	4,663	£2.41	—	—	—	4,663	£1.93	1 December 2013	31 May 2014
	DBP (2011 grant in respect of 2010)	185,658	£2.85	—	—	—	185,658	£0.00	18 April 2014	18 July 2014
	DBP (2012 grant in respect of 2011)	—	£2.39	190,098	—	—	190,098	£0.00	2 April 2015	2 July 2015
	LTIP (2012)	—	£2.39	99,228	—	—	99,228	£0.02	2 April 2015	2 April 2017
John Chatfeild-Roberts	DBP (2011 grant in respect of 2010)	253,967	£2.85	—	—	—	253,967	£0.00	18 April 2014	18 July 2014
	DBP (2012 grant in respect of 2011)	—	£2.39	315,437	—	—	315,437	£0.00	2 April 2015	2 July 2015
	LTIP (2012)	—	£2.39	99,228	—	—	99,228	£0.02	2 April 2015	2 April 2017
Philip Johnson <sup>(1)</sup>	Sharesave	4,663	£2.41	—	—	—	4,663	£1.93	1 December 2013	31 May 2014
	DBP (2011 grant in respect of 2010)	75,314	£2.85	—	—	—	75,314	£0.00	18 April 2014	18 July 2014
	DBP (2012 grant in respect of 2011)	—	£2.39	83,559	—	—	83,559	£0.00	2 April 2015	2 July 2015
	LTIP (2011)	87,575	£2.85	—	—	—	87,575	£0.02	18 April 2014	18 April 2016
	LTIP (2011)	87,575	£2.85	—	—	—	87,575	£0.02	18 April 2015	18 April 2017
	LTIP (2012)	—	£2.39	99,228	—	—	99,228	£0.02	2 April 2015	2 April 2017

# Remuneration report continued

**Table 9 Post-listing: Directors' interests in options under the DBP, LTIP and Sharesave Plan continued**

Director	Plan	Number of options held as at 1 January 2012	Market value at date of grant	Number of options awarded during the year <sup>(2)</sup>	Number of options exercised during the year	Number of unexercised options lapsed during the year	Number of options held at 31 December 2012	Exercise price	Earliest exercise date	Latest exercise date
Maarten Slendebroek	Joiner Plan <sup>(3)</sup>	—	£2.26	320,649	—	—	320,649	£0.02	31 January 2014	31 January 2016
	Joiner Plan <sup>(3)</sup>	—	£2.26	42,554	—	—	42,554	£0.02	31 January 2015	31 January 2017
	LTIP (2012) <sup>(4)</sup>	—	£2.26	77,424	—	—	77,424	£0.02	31 January 2016	31 January 2018
	LTIP (2012) <sup>(4)</sup>	—	£2.26	77,423	—	—	77,423	£0.02	31 January 2017	31 January 2019
	LTIP (2012) <sup>(4)</sup>	—	£2.26	77,424	—	—	77,424	£0.02	31 January 2018	31 January 2020

(1) By virtue of their participation in the Sharesave Plan (in relation to which each is saving £250 per month over a three year period), each of Edward Bonham Carter and Philip Johnson has an option over an additional 4,663 ordinary shares. Provided they remain employed by Jupiter at the end of the three year period and maintain their monthly contributions, those options become exercisable between December 2013 and May 2014 at a cost of £1.93 per ordinary share.

(2) The options awarded during the year comprise options granted under the DBP (in respect of 2011) and LTIP to Edward Bonham Carter, John Chatfeild-Roberts and Philip Johnson and options granted under the Joiner Plan and LTIP to Maarten Slendebroek.

(3) The Joiner Plan options are one-off awards made as a buy-out of awards foregone by Maarten Slendebroek on resignation from his previous employer in order to join Jupiter.

(4) These awards under the LTIP are awards made as a buy-out of awards foregone by Maarten Slendebroek on resignation from his previous employer in order to join Jupiter.

On behalf of the Board

**Lorraine Trainer**  
Chairman of the Remuneration Committee

27 February 2013

## Year in review

During the period under review, the Audit Committee completed its cycle of work in line with the agreed calendar of items for consideration, the UK Corporate Governance Code and other regulatory requirements. This included oversight of the Group's complete external reporting cycle, its internal assurance functions and responsibility for the reappointment of both internal and external auditors. A fuller list of the Committee's activities is included later in this report.

The Audit Committee combines its regular annual programme of work with specific reviews of topics of particular interest that are determined by the Committee on a rolling basis throughout the year. This process helps deepen the Committee's understanding of the business and its control environment and also supports the objective of raising awareness in the business of the Committee's activities and increase its exposure to key management at all levels across the Group. The topics covered in 2012 are described further below.

In its formal annual review of its effectiveness during 2012, the Committee concluded that it had carried out its duties in an effective manner and had built on the findings of its effectiveness review in 2011. Enhancements were identified for 2013 and beyond to ensure an effective process is adopted for reviewing topics of interest during the year, and to establish further an awareness of the importance of the Audit Committee's activities within the business. The Committee also reviewed its terms of reference and associated meeting procedures and identified some minor improvements to be made as well as updating them to reflect the revised version of the UK Corporate Governance Code published on 28 September 2012.

## Summary of the Committee's work during the year

The Audit Committee's role is to assist the Board in discharging its responsibilities by:

- overseeing the Group's financial reporting processes;
- reviewing the Group's internal controls and risk management systems;
- reviewing the external and internal audit work plans, their findings and their effectiveness; and
- overseeing the appointment, remuneration, independence and performance of the Group's internal and external auditors.

In fulfilling this role, during 2012 the Audit Committee reviewed:

- 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. The main areas of judgement identified by the Committee (on which the Committee reviewed and satisfied itself with the specific supporting work underpinning the judgements) were:
  - assessing the potential for impairment of goodwill, acquired intangibles and available for sale assets; and
  - the valuation of accrued income, accrued expenses and share based payments;
- Interim Management Statements and trading updates prior to their release;
- the effectiveness of the internal control, regulatory compliance and risk management environments in light of reports thereon from internal audit and the management; and
- the Group's ICAAP, prior to its submission to the Board.

The ultimate responsibility for reviewing and approving the annual and half-year financial statements remains with the Board. The Board did not request the Audit Committee to advise as to whether or not the annual report and accounts for the year ended 31 December 2012, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

In addition to its routine annual activities, during the year the Committee also identified topics of focus for review. These largely related to key features of the Group's operating model, areas of internal or external change or regulatory focus. The main topics covered during 2012 were:

- the Group's processes for the management of investment risk;
- the suitability processes and procedures for the Group's private clients;
- the Group's plans in the event of a Eurozone currency breakup;
- the processes for managing the Group's major outsourced contracts;
- out of office dealing arrangements;
- the controls in place to ensure the Group's compliance with regulation on Treating Customers Fairly and to govern the Group's product development; and
- the Group's readiness to meet the business change requirements resulting from the Retail Distribution Review regulation.

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 Audit 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 Chief Operating 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 Group Chief Executive, the Chief Investment Officer and the Distribution and Strategy Director 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 six meetings during the period under review with two of those meetings being single agenda items concerning a proposed trading update and Interim Management Statement respectively. The Committee also met with the internal and external auditors without Jupiter management present.

The current Audit Committee members are Liz Airey (Chairman), Jon Little and Lorraine Trainer, all of whom have been identified as independent non-executive Directors. All the members of the Committee (whose profiles, provided earlier, provide further details of their qualifications) 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.

# Audit Committee report continued

## Internal audit function

Ernst & Young LLP were appointed to provide the Group's internal audit function in the second half of 2008. During the period under review, the Audit Committee reviewed the performance and effectiveness of the internal auditors. The current internal audit plan runs until December 2013, 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 its work is embedded in the business, as well as co-ordinated with that of the external auditors.

The Committee continues to review the effectiveness of the internal audit function on an annual basis, and 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 remain PricewaterhouseCoopers LLP, who were appointed as such in 2001 (since which date no tender has been conducted for this work). Following the recent change in the UK Corporate Governance Code, requiring FTSE 350 companies to put their external audit out to tender every ten years or explain why they have not, the Committee anticipates that it will conduct a tender for the external audit in line with the guidance on transitional arrangements set out by the Financial Reporting Council.

During the year, the Audit Committee reviewed and approved the terms of engagement and the proposed audit fee for the 2012 audit. In addition, in line with its annual work cycle, a full review of the effectiveness of the external auditors was carried out by the Committee following the 2011 audit, and as part of the process the Smith guidelines were followed in looking at the following four areas of external auditor performance: (i) qualification; (ii) expertise and resources; (iii) effectiveness; and (iv) independence. As a result of the review, the Committee is satisfied that PricewaterhouseCoopers LLP have the necessary qualification, expertise, resources and independence to perform the Jupiter audit. Accordingly, although this is always kept under review and (other than in respect of the appointment of Ernst & Young LLP as Jupiter's internal auditors) there are no contractual obligations restricting Jupiter's choice of external auditor, the Committee has not considered it necessary to instigate any competitive tender for the audit work.

In conjunction with the Committee, the Company has developed and implemented a policy to safeguard the objectivity and independence of the external auditors. This policy is reviewed regularly and 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; an analysis of fees paid in respect of audit and non-audit-services provided by PricewaterhouseCoopers LLP is provided within the administrative services note of the financial statements. During the period under review, the majority of non-audit fees paid to the external auditors came from five main pieces of work: (i) the half yearly review; (ii) the Jupiter Report on Controls in accordance with ISAE 3402 together with AAF 01/06;

(iii) client money audit and client money and assets training; (iv) sign-offs on bank lending certificates; and (v) pensions and remuneration advice. The Committee is satisfied that the external auditors were best placed to provide these services because of their familiarity with the relevant areas of Jupiter's business and that the arrangements in place between Jupiter and the external auditors are sufficient to ensure that PricewaterhouseCoopers LLP's objectivity and independence have been safeguarded.

The policy referred to in the preceding paragraph provides that certain types of non-audit services are pre-approved, whilst others are prohibited and not permitted under any circumstances – the prohibited services being those where the associated threats to auditor independence are considered unacceptable. Those services which are pre-approved are those in relation to which the threats to auditor independence are considered low but, nonetheless, still need the Committee's approval if the expected fee exceeds £50,000. Any proposed services which are neither pre-approved nor prohibited need to be approved by the Committee in advance and in such circumstances, the Committee will need to be persuaded that it is in Jupiter's best interests for the external auditors to be appointed and that the use of the external auditors will not impair their independence and objectivity. In its reports to the Board in relation to the provision of non-audit services by the external auditors, the Committee has not identified any matters in respect of which it considers that action or improvement is needed.

Based on the satisfactory conclusions of the work described above carried out by the Committee to assess the performance of the auditors and safeguard their independence, the Committee considers that it is in the best interests of the Group that PricewaterhouseCoopers LLP continue to act as the Group's auditors and has recommended this to the Board. Accordingly, a resolution will be proposed to the shareholders at the Annual General Meeting that they be reappointed as the Group's external auditors for 2013.

**Liz Airey**  
Chairman of the Audit Committee

27 February 2013

# Nomination Committee report

The Nomination Committee comprises Jamie Dundas, Liz Airey and Lorraine Trainer (appointed 24 April 2012). Michael Wilson stepped down as a Committee member on 24 April 2012. Jamie Dundas is the Chairman of the Committee. Other than Lorraine Trainer, all other current members served on the Committee throughout the year. The Committee has formal terms of reference which are available for inspection on the Company's website [www.jupiteronline.com](http://www.jupiteronline.com).

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; and
- keeping under review the leadership needs of the Group, both executive and non-executive, with a view to the Group's continued ability to compete effectively in the market place.

During 2012, the Nomination Committee met formally on five occasions. The Committee has maintained a focus on the structure, size and composition of the Board on a rolling basis during the year. The Committee led the search for, and appointment of, an additional executive director to fill the position of Distribution and Strategy Director. Following a thorough search using external headhunters, the Committee recommended that the Board should appoint Maarten Slendebroek, and he subsequently joined the Board on 4 September 2012.

As part of the Board effectiveness review, and following conversations between the Chairman and each individual Director, the Committee has reviewed the performance of all Directors (except the Chairman, whose performance review was led by the Senior Independent Director) and has recommended to the Board that all Directors should be proposed by the Board for re-election at the forthcoming Annual General Meeting.

The Committee continued its review of executive succession planning and the processes supporting this. During 2012, this covered both Executive Committee posts and senior management roles. The Committee continued to work with the Chief Executive and HR leadership to bring additional rigour to this agenda. This is linked to the Board's involvement in considering the development of a more structured talent management process.

Other activities during the year included reviews of this report for inclusion in the Annual Report and Accounts, the Committee's performance, composition and terms of reference, Directors' conflicts of interest and the time spent on Company business by non-executive Directors. Details of attendance at Committee meetings are set out in the Corporate governance report.

The 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.



**Jamie Dundas**  
Chairman

27 February 2013

# Directors' report

## Principal activities, business review and results

The principal activity of 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 and other specialist funds. The Group has offices in the United Kingdom, Germany, Jersey, Singapore and Hong Kong. The Company is incorporated and domiciled in England and Wales and is the holding company of the Group.

The information contained in the Business review and Governance section of this Annual Report and Accounts, together with the financial risk management note of the financial statements, form part of this Directors' report.

**Company Number 6150195**

## Share capital and voting rights

As at 31 December 2012 and 18 February 2013 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. There have been no changes to the share capital during the year.

The Company has one class of ordinary shares which 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 participate in dividends and other distributions 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. Full details regarding the exercise of voting rights in respect of the resolutions to be considered at the Annual General Meeting to be held on 18 April 2013 are set out in the Notice of Annual General Meeting. To be valid, the appointment of a proxy to vote at a general meeting must be received not less than 48 hours before the time appointed for holding the meeting.

## 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 Company's Articles of Association 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. The Articles of Association have detailed provisions regarding the retirement of Directors by rotation. However, in accordance with the requirements of the Code, all Directors will offer themselves for election or re-election at the Annual General Meeting in April 2013.

In addition to any powers under the Act 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. The Company's Articles of Association may be amended by special resolution of the shareholders.

## Substantial share interests

As shown in the table below, the Company had received notifications from the following substantial shareholders (3 per cent. or more) of their indirect and/or direct interests in the ordinary share capital of the Company, in accordance with the Disclosure Rules and Transparency Rules of the UK Listing Authority.

## Directors' interests

The interests of the Directors in shares of the Company 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 the Company's Listing in 2010, 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 expired on 21 June 2011. In addition, certain employees (beneficially owning approximately 35 per cent. of the Company's issued ordinary shares at that time) 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 (21 June 2011), approximately 15 per cent. of the ordinary shares in issue became capable of being sold by such persons;
- following the second anniversary of Listing (21 June 2012), approximately a further 10 per cent. of the ordinary shares in issue became capable of being sold; and
- following the third anniversary of Listing (21 June 2013), approximately a further 10 per cent. of the ordinary shares will be capable of being sold.

Following the third anniversary of Listing in 2013, a small number of shares (less than 0.5 per cent.) will continue to be subject to the lock-ins described above.

## Substantial share interests

Name	Number of shares held as at 31 December 2012	Percentage interest	Number of shares as at 18 February 2013	Percentage interest
TA Funds	87,079,760	19.03	87,079,760	19.03
BlackRock Inc	41,476,692	9.06	44,023,712	9.62
Jupiter Employee Benefit Trust*	35,395,106	7.73	35,250,584	7.70
Edward Bonham Carter	13,750,000	3.00	13,750,000	3.00

\*held by Royal Bank of Canada

No member is entitled to vote at any general meeting or class meeting in respect of any shares held by him or her if any call or other sum then payable by him or her in respect of that share remains unpaid, or if he or she has failed to give the Company the information required in a notice under section 793 of the Act (unless the Board has determined that the sanctions under the Company's Articles of Association as to voting should not apply). Currently, all shares are fully paid. Save as described above, there are no restrictions on the voting rights attached to the Company's ordinary shares or any other restrictions on the transfer of the securities in the Company.

#### **TA relationship agreement**

The Company and TA Associates, L.P. have entered into an agreement which regulates the ongoing relationship between the Company and TA Associates, L.P. (the "Relationship Agreement"). TA Associates, L.P. and the Company have agreed, inter alia, that TA Associates, L.P. 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, L.P. was entitled to nominate one such non-executive Director to each of the Nomination Committee and Remuneration Committee until 21 June 2012 (24 months after Listing). Mike Wilson stepped down as a member of the Nomination and Remuneration Committee on 24 April 2012.

The Relationship Agreement will terminate once the aggregate interest of TA Associates, L.P. 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.

The Group gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever possible.

#### **Dividends**

The Directors have recommended a final dividend of 6.3p per ordinary share amounting to £28.8m in total. This payment is subject to approval by shareholders at the Annual General Meeting and, if approved, will be paid on 23 April 2013 to shareholders on the register at the close of business on 8 March 2013.

#### **Authority to allot shares**

An ordinary resolution was passed at the Annual General Meeting in 2012 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 18 February 2013, 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 2014 or, if earlier, on 30 June 2014.

Subject to the terms of the authority noted above, a special 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 2014 or, if earlier, until 30 June 2014. This authority will be limited to the allotment of equity securities, up to an aggregate nominal amount of £457,699, being 5 per cent. of the Company's issued 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**

At the Annual General Meeting in 2012, shareholders approved a resolution authorising the Company to make purchases of its own shares up to a maximum of 45,769,991 ordinary shares. As at 18 February 2013, the Directors have not used this authority. A special resolution will be proposed at the Annual General Meeting to renew the Company's limited authority to purchase its own 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 will set out the minimum and maximum prices which may be paid for any such purchase by the Company. If approved, this authority will expire at the conclusion of the Annual General Meeting in 2014 or, if earlier, on 30 June 2014.

#### **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(2) of the Act, the Directors who held office at the time 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 he or she ought to have taken as a director in order to make himself or herself 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 Group's financial position, 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 has 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 or employee 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 Company'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 Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by these terms. Unit trust creditors are settled within four working days. The average number of trade creditor days for the Company was 24.0 (2011: 28.2).

#### Directors' indemnities

The Company's Articles of Association permit the provision of indemnities to the Directors. In accordance with the Articles of Association, the Company has entered into a deed of indemnity in favour of each Director (which is a qualifying third party indemnity provision under the Act) pursuant to which the Director has been granted the right to indemnification as permitted under the Act. These arrangements were in place throughout the year and up to the date of approval of this report. In addition, during the year the Company has maintained liability insurance for Directors.

#### Charitable and other donations

The Group made contributions of approximately £96,000 during the year (2011: £86,000) for charitable purposes. The principal charitable donation was to the Charities Aid Foundation in respect of matched giving (£62,000).

#### Annual General Meeting

The Annual General Meeting will take place on 18 April 2013. 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 set out in that Notice. This document will be available on the Company's website at [www.jupiteronline.com](http://www.jupiteronline.com).



For and on behalf of the Board  
**Adrian Creedy**  
Company Secretary

27 February 2013

# Financial statements

## Group

- 62 Section 1: Results for the year
  - Consolidated income statement
  - Consolidated statement of comprehensive income
- 72 Section 2: Consolidated statement of cash flows
  - Consolidated statement of cash flows
- 74 Section 3: Assets and liabilities
  - Consolidated balance sheet
- 83 Section 4: Equity
  - Consolidated statement of changes in equity
- 85 Section 5: Other notes
- 102 Independent auditors' report on the financial statements of the Group and Company

## Section 1: Results for the year

### Consolidated income statement

For the year ended 31 December 2012

	Notes	2012 £m	2011 £m
Revenue	1.1	346.4	346.9
Fee and commission expenses	1.1	(101.9)	(98.4)
<b>Net revenue</b>	<b>1.1, 1.2</b>	<b>244.5</b>	<b>248.5</b>
Administrative expenses	1.3	(128.4)	(123.8)
<b>Operating earnings</b>	<b>1.6</b>	<b>116.1</b>	<b>124.7</b>
Other losses		(0.9)	(1.2)
Amortisation of intangible assets	3.2	(39.7)	(39.9)
<b>Operating profit before exceptional items</b>		<b>75.5</b>	<b>83.6</b>
Exceptional income	1.7	5.0	–
<b>Operating profit</b>		<b>80.5</b>	<b>83.6</b>
Finance income	1.8	0.5	1.0
Finance expense	1.9	(7.4)	(14.3)
<b>Profit before taxation</b>		<b>73.6</b>	<b>70.3</b>
Income tax expense	1.10	(17.4)	(18.9)
<b>Profit for the year</b>		<b>56.2</b>	<b>51.4</b>
<b>Earnings per share</b>			
Basic	1.11	14.9p	15.6p
Diluted	1.11	14.2p	15.0p

### Consolidated statement of comprehensive income

For the year ended 31 December 2012

	Notes	2012 £m	2011 £m
Profit for the year		56.2	51.4
<b>Other comprehensive (expense)/income</b>			
Exchange movements on translation of subsidiary undertakings		(0.3)	(0.1)
Changes in the fair value of available for sale investments	3.4	(5.5)	1.1
Reclassified to the consolidated income statement	3.4	0.7	–
<b>Other comprehensive (expense)/income for the year net of tax</b>		<b>(5.1)</b>	<b>1.0</b>
<b>Total comprehensive income for the year net of tax</b>		<b>51.1</b>	<b>52.4</b>

# Notes to the Group financial statements – Income statement

## Introduction

The Group's financial statements have been split into sections to assist with their navigation and align with the Financial Review. Accounting policies are contained within relevant notes and highlighted in blue, with the basis of preparation and general policies collected in Section 5.

## 1.1. Net revenue

The Group's primary source of revenue is management fees. Management fees are based on an agreed percentage of the assets under management. Performance fees are earned from some funds when agreed performance conditions are met. Other revenue items include initial charges, which are based on a set percentage of inflows to our funds, and commissions earned on box profits and private client dealing charges. Net revenue is stated after fee and commission expenses to intermediaries for ongoing services under distribution agreements.

## 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 are 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;
- initial charges and commissions 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; and
- 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 reporting period of the fund.

## Fee and commission expenses

These are paid to third parties for ongoing services under distribution agreements and are charged to the 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.

	2012 £m	2011 £m
Management fees	320.4	316.8
Initial charges and commissions	21.5	24.8
Performance fees	4.5	5.3
Fee and commission expenses	(101.9)	(98.4)
<b>Total net revenue</b>	<b>244.5</b>	<b>248.5</b>

## 1.2. Segmental reporting

The Group offers a range of products and services through different distribution channels. All financial, business and strategic decisions are made centrally by the Board of Directors (the "Board"), which determines the key performance indicators of the Group. Information is reported to the chief operating decision maker, the Board, on a single segment basis. While the Group has the ability to analyse its underlying information in different ways, 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.

Management monitors operating earnings, a non-GAAP measure, for the purpose of making decisions about resource allocation and performance assessment.

## Geographical information

Net revenue by location of clients	2012 £m	2011 £m
UK	225.0	223.6
Continental Europe	14.7	18.3
Rest of the world	4.4	1.0
Bermuda	0.4	5.6
<b>Total net revenue by location</b>	<b>244.5</b>	<b>248.5</b>

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 (2011: none).

All non-current assets for the Group are domiciled in the UK (2011: all in the UK).

# Section 1: Results for the year

## Notes to the Group financial statements – Income statement continued

### 1.3. Administrative expenses

The largest administrative expense is staff costs. The other operating expenses category includes certain significant costs such as administration fees, marketing and IT costs.

#### 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 income statement on a straight line basis over the term of the lease.

Administrative expenses consists of the following items:

	2012 £m	2011 £m
Staff costs (Note 1.4)	86.9	85.1
Depreciation of property, plant and equipment (Note 3.3)	0.8	0.6
Auditors' remuneration (see below)	0.7	0.8
Operating lease rentals for land and buildings	2.0	1.9
Other operating expenses	38.0	35.4
<b>Total administrative expenses</b>	<b>128.4</b>	<b>123.8</b>

Auditors' remuneration	2012 £m	2011 £m
Fees payable to the Company's auditors and their associates for the audit of the Company's consolidated annual accounts	0.1	0.1
Fees payable to the Company's auditors and their associates for other services to the Group:		
Audit of the Company's subsidiaries pursuant to legislation	0.3	0.3
Audit related assurance services	0.1	0.1
Tax advisory services	0.1	0.1
Other non-audit services	0.1	0.2
<b>Total auditors' remuneration</b>	<b>0.7</b>	<b>0.8</b>

### 1.4. Staff costs

Staff costs include wages and salaries, share-based payments and pension costs and are recognised on an accruals basis as services are provided to the Company.

#### Pension costs

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.

Contributions made by the Group are charged to the consolidated income statement as they become payable in accordance with the rules of the schemes.

	2012 £m	2011 £m
Wages and salaries	58.6	59.3
Share-based payments (Note 1.5)	13.7	12.7
Social security costs	10.6	8.8
Pension costs	3.7	3.6
Redundancy costs	0.3	0.7
	<b>86.9</b>	<b>85.1</b>

#### 1.4. Staff costs continued

The monthly average number of persons employed by the Group during the period, including executive Directors, by activity are:

	2012	2011
Fund management	69	70
Distribution and marketing	83	74
Infrastructure and operations	280	265
	<b>432</b>	<b>409</b>

Information regarding Directors' emoluments is given in the Remuneration Report.

#### 1.5. Share-based payments

The Group engages in 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. These have been accounted for as equity settled share-based payments.

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 which includes estimating 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. As a minimum, this is adjusted at the end of the relevant scheme. Shares and options vest on the occurrence of a specified event under the rules of the relevant plan.

The fair value of shares and options granted during the year to be charged over the vesting period was £15.8m (2011: £13.6m).

A summary of the charge taken to the income statement (excluding social security) for each share-based payment arrangement is shown below:

	2012 £m	2011 £m
Interests in options under pre-Listing Share Plan	5.3	8.2
Deferred Bonus Plan	4.6	3.1
Long-term Incentive Plan	3.5	1.1
Sharesave Plan	0.3	0.3
<b>Total (Note 1.4)</b>	<b>13.7</b>	<b>12.7</b>

# Section 1: Results for the year

## Notes to the Group financial statements – Income statement continued

### 1.5. Share-based payments continued

The fair value of the services received has been calculated indirectly by reference to the fair value of the equity instruments granted, as the Group has rebutted the presumption that the fair value of services can be estimated reliably. Fair value amounts for the options granted under the DBP, LTIP and SAYE schemes were determined using a Black Scholes option-pricing method and the following assumptions:

	2012			2011		
	DBP 2011	LTIP 2012	SAYE 2012	DBP 2010	LTIP 2011	SAYE 2011
Weighted average share price (£)	2.47	2.43	2.52	2.91	2.58	2.06
Exercise price (£)	–	0.02	1.97	–	0.02	1.69
Weighted average expected volatility (%)	35.0	34.4	33.3	48.3	43.8	45.7
Weighted average option life (years)	3.1	4.3	3.4	3.3	4.7	3.9
Weighted average dividend yield (%)	3.2	3.2	3.1	2.3	2.8	3.5
Weighted average risk-free interest rate (%)	0.6	0.8	0.4	1.8	2.2	1.2

Expected volatility for options granted in 2012 has been calculated using the historical volatility of the Group. Expected volatility for options granted in 2011 were calculated using the historical volatility of a comparator group of companies.

Where relevant, assumptions have also been made for the proportion of options not vesting due to performance and service conditions not being met.

The numbers above in relation to the LTIP 2012 include the Joiner Plan as both schemes have a similar structure.

#### (i) Interests in options under pre-Listing Share Plan

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 interests in options under pre-Listing Share Plan were granted at the nominal price of £0.02, which gives them the characteristics of nil cost options, and therefore, the fair value of these awards is based on the market price at the date of the award.

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

Options outstanding	2012		2011	
	Number	WAEP £	Number	WAEP £
At 1 January	15,460,528	0.02	16,883,100	0.02
Exercised	(594,578)	0.02	(1,392,572)	0.02
Forfeited	(67,334)	0.02	(30,000)	0.02
At 31 December	14,798,616	0.02	15,460,528	0.02
Exercisable at 31 December	2,015,705		641,067	

The weighted average share price at the date of exercise of these options was £2.18 (2011: £2.40) per ordinary share.

No options were granted under this plan in 2012 or 2011. For the options granted in 2010, the weighted average fair value of options granted was £1.50.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2012 is 1.2 years (31 December 2011: 1.8 years).

## 1.5. Share-based payments continued

### (ii) Deferred Bonus Plan ("DBP")

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 DBP which provides for compulsory deferral of a proportion of bonus into either options over the Company's shares or units in the Group's funds. The awards in respect of this plan are granted after the year end to which they relate. The first year of this award was related to 2010 performance, with the first options granted in April 2011. The awards made in 2012 in relation to 2011 performance were granted in the form of nil cost options over the Company's shares, at a price calculated as the market price immediately prior to the date of the award. Awards will also be made in 2013 in relation to 2012 performance, thus a charge for these awards has been taken to the income statement in 2012.

Options outstanding	2012		2011	
	Number	WAEP £	Number	WAEP £
At 1 January	2,479,034	—	—	—
Granted	3,240,824	—	2,497,599	—
Exercised	(40,915)	—	—	—
Forfeited	—	—	(18,565)	—
<b>At 31 December</b>	<b>5,678,943</b>	<b>—</b>	<b>2,479,034</b>	<b>—</b>
<b>Exercisable at 31 December</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

The weighted average fair value of options granted under this plan during the year was £2.11 (2011: £2.70).

The weighted average remaining contractual life of the share options outstanding under this plan at 31 December 2012 was 1.9 years (31 December 2011: 2.3 years).

### (iii) Long-term Incentive Plan ("LTIP")

All employees 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, nominal value or nil-cost), restricted shares or conditional share awards over the Company's shares. The LTIP awards granted in 2012 and 2011 took the form of nominal cost options over the Company's shares.

Options outstanding	2012		2011	
	Number	WAEP £	Number	WAEP £
At 1 January	3,372,695	0.02	—	—
Granted	4,499,184	0.02	3,393,713	0.02
Forfeited	—	—	(21,018)	0.02
<b>At 31 December</b>	<b>7,871,879</b>	<b>0.02</b>	<b>3,372,695</b>	<b>0.02</b>
<b>Exercisable at 31 December</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

The weighted average fair value of options granted under this plan during the year was £2.10 (2011: £2.22).

The weighted average remaining contractual life of the share options outstanding under this plan at 31 December 2012 was 2.5 years (31 December 2011: 3.2 years).

# Section 1: Results for the year

## Notes to the Group financial statements – Income statement continued

### 1.5. Share-based payments continued

#### (iv) Sharesave Plan

All eligible UK employees may participate in the Group's Sharesave Plan, which was introduced in 2010. Under the terms of this plan, 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 plan (currently a 20 per cent. discount to the market price at the date of award). Participants in the plan have six months from the date of vesting to exercise their option.

Options outstanding	2012		2011	
	Number	WAEP £	Number	WAEP £
At 1 January	1,390,653	1.86	1,164,528	1.93
Granted	135,050	1.97	972,532	1.69
Exercised	(2,720)	1.93	(3,960)	1.93
Forfeited/converted to 2012/2011 scheme	(93,207)	1.82	(742,447)	1.93
<b>At 31 December</b>	<b>1,429,776</b>	<b>1.78</b>	<b>1,390,653</b>	<b>1.86</b>
<b>Exercisable at 31 December</b>	<b>–</b>		<b>–</b>	

The weighted average fair value of the options granted under this scheme during the year was £0.68 (2011: £0.68).

The weighted average remaining contractual life of the share options outstanding under this plan at 31 December 2012 was 2.1 years (31 December 2011: 3.0 years).

### 1.6. 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/income. 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.

### 1.7. Exceptional income

Exceptional items consist of those significant income and expenses 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.

During 2010, a charge of £5.2m was recognised in relation to the contribution made to the Financial Services Compensation Scheme ("FSCS") second interim levy for 2010/11. In 2012, £5.0m of this levy was refunded and recognised as exceptional income.

There was no income arising in 2011 which the Group considers to be exceptional.

	2012 £m	2011 £m
FSCS levy refund	5.0	–
	<b>5.0</b>	<b>–</b>

### 1.8. Finance income

The Group earns income as a result of holding cash in bank deposits. It also receives distributions from seed capital investments.

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.

	2012 £m	2011 £m
Interest on bank deposits	0.4	0.8
Dividend income	0.1	0.2
	<b>0.5</b>	<b>1.0</b>

### 1.9. Finance expense

The majority of the finance expense relates to interest on the bank loan.

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

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.

	2012 £m	2011 £m
Interest payable on bank borrowings	5.6	9.5
Amortisation of debt issue costs (Note 3.8)	0.9	2.5
Fair value movement on interest rate swaps	0.3	1.6
Interest payable on interest rate swaps	0.4	0.4
Other finance costs	0.2	0.3
	<b>7.4</b>	<b>14.3</b>

During the year, £65.0m (2011: £140.0m) of the senior debt was repaid. This resulted in an acceleration of £0.5m (2011: £1.6m) in the amortisation of the debt issue costs.

#### Interest rate swaps

In November 2010, the Group entered into two interest rate swaps, both with a notional value of £35.0m with interest settling quarterly. One is for a period of three years paying a fixed interest rate of 1.33 per cent., the other is for a period of four years paying a fixed interest rate of 1.6175 per cent.

### 1.10. Income tax expense

The Group's headquarters are based in the UK. It pays taxes according to the rates applicable in the countries in which it operates. Most taxes are recorded in the income statement and relate to taxes payable for the reporting period (current taxation), but there is also a charge relating to tax payable for future periods due to income or expenses being recognised in a different period for tax and accounting purposes (deferred tax). Deferred tax is charged to equity when the deferred tax benefit exceeds the cumulative income statement expense on share plans.

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 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.

# Section 1: Results for the year

## Notes to the Group financial statements – Income statement continued

### 1.10. Income tax expense continued

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. Current and deferred tax relating to items recognised in other comprehensive income is recognised in other comprehensive income and not in the income statement. Deferred tax that has arisen in respect of equity items is recognised in equity and not in the income statement.

	2012 £m	2011 £m
<b>Current taxation – UK corporation tax</b>		
Tax on profits for the year	30.1	33.3
Adjustment in respect of prior years	(0.1)	–
	<b>30.0</b>	<b>33.3</b>
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	(12.5)	(13.9)
Impact of changes in corporation tax rate	(0.1)	(1.7)
Adjustment in respect of prior years	–	1.2
<b>Total deferred tax (Note 3.5)</b>	<b>(12.6)</b>	<b>(14.4)</b>
	<b>17.4</b>	<b>18.9</b>

#### Total tax expense

With effect from 1 April 2012, the UK corporation tax rate changed from 26 per cent. to 24 per cent. The weighted average UK corporation tax rate for the year ended 31 December 2012 was therefore 24.5 per cent. (2011: 26.5 per cent.). The tax charge in the year is lower (2011: higher) than the standard rate of corporation tax in the UK and the differences are explained below:

Factors affecting tax expense for the period	2012 £m	2011 £m
Profit before taxation	73.6	70.3
Taxation at the standard corporation tax rate (2012: 24.5 per cent.; 2011: 26.5 per cent.)	18.0	18.6
Non-taxable income	(1.3)	(0.5)
Disallowable expenses	1.0	0.8
Other permanent differences	(0.1)	0.5
Adjustment to current tax charge in respect of prior years	(0.1)	–
Adjustment to deferred tax charge in respect of prior years	–	1.2
Impact of tax rate change on deferred tax balances	(0.1)	(1.7)
<b>Total tax expense</b>	<b>17.4</b>	<b>18.9</b>

A number of other changes to the UK corporation tax system was announced in the March 2012 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 24 per cent. to 23 per cent. from 1 April 2013 was included in the Finance Act 2012. A further reduction to the main rate is proposed to reduce the rate by 2 per cent. to 21 per cent. by 1 April 2014. This further change had not been substantively enacted at the balance sheet date and, therefore, is not included in this financial information. This proposed reduction of the main rate of corporation tax is expected to be enacted by July 2013.

### 1.11. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, less the weighted average number of own shares held.

Diluted EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during that year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For the purposes of calculating EPS, the share capital of the parent is calculated as the weighted average number of ordinary shares in issue over the years reported. The weighted average number of ordinary shares during the year used for the purposes of calculating EPS is as follows:

Weighted average number of shares	2012 Number m	2011 Number m
Issued share capital	457.7	457.7
Less own shares held	(80.0)	(129.1)
Weighted average number of ordinary shares for the purpose of basic EPS	377.7	328.6
Add back weighted average number of dilutive shares	18.1	13.2
<b>Weighted average number of ordinary shares for the purpose of diluted EPS</b>	<b>395.8</b>	<b>341.8</b>

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 ("EBT") for the benefit of employees under the vesting, lock-in and other incentive arrangements in place.

Earnings per share	2012 p	2011 p
Basic	14.9	15.6
Diluted	14.2	15.0

## Section 2: Consolidated statement of cash flows

### Consolidated statement of cash flows

For the year ended 31 December 2012

	Notes	2012 £m	2011 £m
<b>Cash flows from operating activities</b>			
Cash generated from operations	2.1	141.2	133.5
Income tax paid		(30.6)	(26.4)
<b>Net cash inflows from operating activities</b>		<b>110.6</b>	<b>107.1</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3.3	(0.8)	(1.1)
Purchase of intangible assets	3.2	(0.7)	(1.0)
Purchase of financial assets at FVTPL		(26.6)	–
Proceeds from disposal of financial assets at FVTPL		19.8	8.3
Purchase of available for sale investments		–	(3.3)
Finance income received		0.5	1.0
<b>Net cash (outflows)/inflows from investing activities</b>		<b>(7.8)</b>	<b>3.9</b>
<b>Cash flows from financing activities</b>			
Dividends paid	4.3	(33.9)	(31.7)
Finance expense paid		(7.3)	(9.2)
Repayment of bank loan	3.8	(65.0)	(140.0)
<b>Net cash outflows from financing activities</b>		<b>(106.2)</b>	<b>(180.9)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3.4)</b>	<b>(69.9)</b>
Cash and cash equivalents at beginning of year		150.4	220.3
<b>Cash and cash equivalents at end of year</b>	3.7	<b>147.0</b>	<b>150.4</b>

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

## 2.1. Cash flows from operating activities

	2012 £m	2011 £m
Operating profit	80.5	83.6
Adjustments for:		
Amortisation of intangible assets	39.7	39.9
Depreciation of property, plant and equipment	0.8	0.6
Other non-cash (gains)/losses	(4.8)	4.3
Share-based payments	13.7	12.7
(Increase)/decrease in trade and other receivables	(8.7)	25.9
Increase/(decrease) in trade and other payables	20.0	(31.5)
Decrease in provisions	–	(2.0)
<b>Cash generated from operations</b>	<b>141.2</b>	<b>133.5</b>

## Section 3: Assets and liabilities

### Consolidated balance sheet

At 31 December 2012

	Notes	2012 £m	2011 £m
<b>Non-current assets</b>			
Goodwill	3.1	341.2	341.2
Intangible assets	3.2	64.5	103.5
Property, plant and equipment	3.3	1.6	1.6
Available for sale investments	3.4	19.1	24.6
Deferred tax assets	3.5	15.3	11.3
Trade and other receivables	3.6	13.9	17.3
		<b>455.6</b>	<b>499.5</b>
<b>Current assets</b>			
Investments in associates	3.4	19.2	13.6
Financial assets at fair value through profit or loss	3.4	34.2	25.5
Trade and other receivables	3.6	90.6	78.6
Cash and cash equivalents	3.7	147.0	151.3
		<b>291.0</b>	<b>269.0</b>
<b>Total assets</b>		<b>746.6</b>	<b>768.5</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	4.1	9.2	9.2
Own share reserve	4.2	(1.3)	(2.1)
Other reserve	4.2	8.0	8.0
Available for sale reserve	4.2	6.6	11.4
Foreign currency translation reserve	4.2	7.1	7.4
Retained earnings	4.2	429.4	390.7
<b>Total equity</b>		<b>459.0</b>	<b>424.6</b>
<b>Non-current liabilities</b>			
Loans and borrowings	3.8	77.3	141.4
Trade and other payables	3.9	22.3	27.5
Deferred tax liabilities	3.5	14.5	25.8
		<b>114.1</b>	<b>194.7</b>
<b>Current liabilities</b>			
Financial liabilities at fair value through profit or loss	3.4	3.1	0.6
Trade and other payables	3.9	154.8	132.4
Current income tax liability		15.6	16.2
		<b>173.5</b>	<b>149.2</b>
<b>Total liabilities</b>		<b>287.6</b>	<b>343.9</b>
<b>Total equity and liabilities</b>		<b>746.6</b>	<b>768.5</b>

The financial statements on pages 62 to 94 were approved by the Board of Directors and authorised for issue on 27 February 2013. They were signed on its behalf by



**Philip Johnson**  
Chief Financial Officer

# Notes to the Group financial statements – Assets and liabilities

## 3.1. 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. Goodwill is carried at cost less provision for impairment. The carrying value of goodwill is not amortised but is tested annually for impairment or more frequently if any indicators of impairment arise. For this purpose, management prepares a calculation of the recoverable amount of the asset. Impairment losses on goodwill are not reversed.

On 19 June 2007, the Group acquired the entire share capital of Knightsbridge Asset Management Limited, giving rise to a goodwill asset being recognised.

	2012 £m	2011 £m
Goodwill	341.2	341.2
	341.2	341.2

No additional goodwill was recognised in the year (2011: £nil).

The Group has determined that it has a single cash generating unit ("CGU") for the purpose of assessing the carrying value of goodwill.

The recoverable amount for the acquired share capital was based on a fair value less costs to sell calculation using the Company's year end share price. No impairment was implied.

## 3.2. Intangible assets

In 2007, the Group acquired the entire share capital of Knightsbridge Asset Management Limited. This acquisition gave rise to the recognition of intangible assets relating to investment management contracts and trade name of the Group. The other intangible assets relate to computer software.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Intangible assets acquired separately are measured on initial recognition at cost. The intangible assets currently recognised by the Group are its trade name, individual management contracts and software.

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 provision for impairment.

In relation to the investment management contracts and the trade names, 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 are 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 remaining amortisation periods of the investment management contracts and trade names are 1.5 years and 4.5 years respectively. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement on a straight line basis.

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 five years. Costs associated with developing or maintaining computer software programs that do not meet the capitalisation criteria under IAS 38 are recognised as an expense as incurred.

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 income statement.

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 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 and value in use. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Directors have reviewed the intangible assets as at 31 December 2012 and have concluded there are no indicators of impairment.

## Section 3: Assets and liabilities

### Notes to the Group financial statements – Assets and liabilities continued

#### 3.2. Intangible assets continued

	2012				2011			
	Investment management contracts £m	Trade name £m	Computer software £m	Total £m	Investment management contracts £m	Trade name £m	Computer software £m	Total £m
<b>Cost</b>								
At 1 January	258.0	18.7	6.9	283.6	258.0	18.7	6.3	283.0
Additions	–	–	0.7	0.7	–	–	1.0	1.0
Disposals	–	–	(0.1)	(0.1)	–	–	(0.4)	(0.4)
At 31 December	258.0	18.7	7.5	284.2	258.0	18.7	6.9	283.6
<b>Accumulated amortisation</b>								
At 1 January	167.1	8.5	4.5	180.1	130.3	6.6	3.7	140.6
Charge for the year	36.8	1.9	1.0	39.7	36.8	1.9	1.2	39.9
Disposals	–	–	(0.1)	(0.1)	–	–	(0.4)	(0.4)
At 31 December	203.9	10.4	5.4	219.7	167.1	8.5	4.5	180.1
<b>Net book value</b>								
At 31 December	54.1	8.3	2.1	64.5	90.9	10.2	2.4	103.5

#### 3.3. Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for 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 income statement during the financial period in which they were incurred. Depreciation is calculated on a straight line basis to allocate the cost of each asset over its estimated useful lives as follows:

Leasehold improvements	Shorter of 10 years and the remaining period of the lease
Office furniture and equipment	3-5 years

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 income statement in the year the item is sold or retired.

	2012			2011		
	Leasehold improvements £m	Office furniture & equipment <sup>1</sup> £m	Total £m	Leasehold improvements £m	Office furniture & equipment <sup>1</sup> £m	Total £m
<b>Cost</b>						
At 1 January	0.6	3.9	4.5	2.9	3.2	6.1
Additions	–	0.8	0.8	0.1	1.0	1.1
Disposals	(0.1)	(0.2)	(0.3)	(2.4)	(0.3)	(2.7)
At 31 December	0.5	4.5	5.0	0.6	3.9	4.5
<b>Accumulated depreciation</b>						
At 1 January	0.3	2.6	2.9	2.5	2.5	5.0
Charge for the year	0.2	0.6	0.8	0.2	0.4	0.6
Disposals	(0.1)	(0.2)	(0.3)	(2.4)	(0.3)	(2.7)
At 31 December	0.4	3.0	3.4	0.3	2.6	2.9
<b>Net book value</b>						
At 31 December	0.1	1.5	1.6	0.3	1.3	1.6

<sup>1</sup> Motor vehicles are included within office furniture and equipment.

### 3.4. Financial instruments held at fair value

#### Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of an instrument, at fair value adjusted for transaction costs, except for financial assets classified as at fair value through profit or loss ("FVTPL") where transaction costs are immediately recognised in the 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

The Group's financial assets include cash and short term deposits, trade and other receivables, quoted and unquoted seed capital investments and derivative financial instruments. Financial assets are classified as at FVTPL (as held for trading or designated at FVTPL), loans and receivables or available for sale. The classification adopted by the Group depends on the purpose for which the financial assets were acquired and is determined at initial recognition.

#### Financial assets at fair value through profit or loss

Financial assets at FVTPL 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 the 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. Financial assets at FVTPL are carried at fair value, with gains and losses recognised in the income statement within other gains/(losses) in the period in which they arise. Assets in this category are classified as current assets.

#### 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 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 income statement as an impairment charge. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include derivative financial instruments entered into by the Group (that are not designated as hedges) and the minority interests in funds that have been consolidated as subsidiaries per the table below. Financial liabilities at FVTPL are carried at fair value with gains and losses recognised in the income statement within other gains/(losses) in the period in which they arise.

Where the Group holds more than 50 per cent. of the share capital, the investment is classified as an investment in subsidiary. Where the Group holds 20-50 per cent. of the share capital, the investment is classified as an investment in associate.

Details of the subsidiary and associate seed capital investments are given below:

Name	Country of incorporation	Principal activities	Percentage of ordinary shares held	
			2012	2011
Jupiter Strategic Reserve Fund	England & Wales	Unit trust	89	—
Jupiter Global Fund SICAV: Asia Pacific	Luxembourg	SICAV sub-fund	45	49
Jupiter Merlin Conservative Portfolio	England & Wales	Unit trust	39	—
Jupiter Global Emerging Markets Fund	England & Wales	Unit trust	28	27
Alon Technology Ventures Ltd	British Virgin Islands	Investment company	—	40

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs).

## Section 3: Assets and liabilities

### Notes to the Group financial statements – Assets and liabilities continued

#### 3.4. Financial instruments held at fair value continued

As at 31 December 2012, the Group held the following financial instruments measured at fair value:

2012	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Available for sale investments	–	–	19.1	19.1
Investments in associates	19.2	–	–	19.2
Financial assets at FVTPL	34.2	–	–	34.2
Financial liabilities at FVTPL	(2.2)	(0.9)	–	(3.1)
	51.2	(0.9)	19.1	69.4

As at 31 December 2011, the Group held the following financial instruments measured at fair value:

2011	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Available for sale investments	–	–	24.6	24.6
Investments in associates	13.3	0.3	–	13.6
Financial assets at FVTPL	25.5	–	–	25.5
Financial liabilities at FVTPL	–	(0.6)	–	(0.6)
	38.8	(0.3)	24.6	63.1

The table below reconciles the carrying values of Level 3 financial instruments at the beginning and end of the year:

	2012 £m	2011 £m
At 1 January	24.6	20.2
Purchases	–	3.3
Disposals	–	–
(Losses)/gains recognised in other comprehensive income	(4.8)	1.1
Losses recognised in consolidated income statement	(0.7)	–
<b>At 31 December</b>	<b>19.1</b>	<b>24.6</b>

The Level 3 financial instruments relate to investments in Cofunds Holdings Limited (“Cofunds”) and iO Adria Limited (formerly Jupiter Adria Limited). Both are available for sale investments.

At 31 December 2012 and 2011, the Group held 9.68 per cent. of the “A” ordinary shares in Cofunds. During the year no “A” ordinary shares were disposed of (2011: none). At 31 December 2012, the Group revalued the holding and a £5.5m loss (2011: £1.7m gain) was recognised in other comprehensive income.

During 2011, the Group invested in iO Adria Limited, a company investing in Croatian property. At year end, an impairment review was performed and a loss of £0.7m was taken to the consolidated income statement (2011: £0.6m loss recognised in other comprehensive income).

#### Calculation of fair value

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

#### Investments in associates and financial assets at FVTPL

These relate to seed capital investments in funds and investments made through subsidiary undertakings. The fair value of quoted equity shares classified as Level 1 is determined by reference to published price quotations in an active market. Investments classified as Level 2 are units in unquoted 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 are no such discounts applied at 31 December 2012 or 2011.

#### Available for sale

The fair value is based on an internally calculated value of the entity. This takes into account factors such as expected future cash flows or the net assets of the investment. Liquidity discounts are included where considered relevant.

### 3.4. Financial instruments held at fair value continued

#### Derivative financial instruments

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. 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 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 under the heading of financial assets or liabilities at fair value through profit or loss. No contracts are designated as hedging instruments, as defined in IAS 39, and consequently all changes in the fair value are taken to the income statement within finance expense.

The fair value is determined by discounting future cash flows at the prevailing market rates at the balance sheet date. Further information on the interest rate swaps is included in Note 1.9.

#### Total return swaps

The Group has entered into five total return swap arrangements to hedge certain of its seed capital investments. Gains and losses are recognised in the consolidated income statement within other losses in accordance with the fair value movements in the swap over the period of the contract and settled monthly in accordance with the terms 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.

At 31 December 2012, the notional value of the swaps was £26.5m (2011: £32.5m). The settlement amount at 31 December 2012 was £902,000 (2011: £39,000) and is included within trade and other payables.

### 3.5. Deferred tax

Analysis of the Group's deferred tax assets and liabilities is shown below:

	Intangible assets £m	Retention bonus £m	Deferred income/ expense £m	Debt issue costs £m	Share-based payments £m	Other £m	Total £m	Less than one year £m	More than one year £m
Assets	–	0.9	3.7	–	5.9	0.8	11.3	3.9	7.4
Liabilities	(25.4)	–	–	(0.4)	–	–	(25.8)	(9.9)	(15.9)
<b>At 31 December 2011</b>	<b>(25.4)</b>	<b>0.9</b>	<b>3.7</b>	<b>(0.4)</b>	<b>5.9</b>	<b>0.8</b>	<b>(14.5)</b>	<b>(6.0)</b>	<b>(8.5)</b>
Assets	–	0.7	2.7	–	11.4	0.5	15.3	3.8	11.5
Liabilities	(14.3)	–	–	(0.1)	–	(0.1)	(14.5)	(9.0)	(5.5)
<b>At 31 December 2012</b>	<b>(14.3)</b>	<b>0.7</b>	<b>2.7</b>	<b>(0.1)</b>	<b>11.4</b>	<b>0.4</b>	<b>0.8</b>	<b>(5.2)</b>	<b>6.0</b>

Movements in temporary differences between the balance sheet dates have been reflected in the income statement and the statement of changes in equity as follows:

	Intangible assets £m	Retention bonus £m	Deferred income/ expense £m	Debt issue costs £m	Share-based payments £m	Other £m	Total £m
<b>At 1 January 2011</b>	(38.0)	2.2	5.0	(1.1)	3.2	0.1	(28.6)
Credited/(charged) to the income statement	12.6	(1.3)	(1.3)	0.7	3.0	0.7	14.4
Charged to equity	–	–	–	–	(0.3)	–	(0.3)
<b>At 31 December 2011</b>	<b>(25.4)</b>	<b>0.9</b>	<b>3.7</b>	<b>(0.4)</b>	<b>5.9</b>	<b>0.8</b>	<b>(14.5)</b>
Credited/(charged) to the income statement	11.1	(0.2)	(1.0)	0.3	2.8	(0.4)	12.6
Charged to equity	–	–	–	–	2.7	–	2.7
<b>At 31 December 2012</b>	<b>(14.3)</b>	<b>0.7</b>	<b>2.7</b>	<b>(0.1)</b>	<b>11.4</b>	<b>0.4</b>	<b>0.8</b>

The other deferred tax assets at 31 December 2012 relate to differences between depreciation and capital allowances and deferred tax on the fair value of the interest rate swaps.

Information on changes in the tax rate is included in Note 1.10.

## Section 3: Assets and liabilities

### Notes to the Group financial statements – Assets and liabilities continued

#### 3.6. Trade and other receivables

Trade and other receivables 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 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 income statement. Subsequent recoveries of amounts previously written off are credited in the income statement.

Trade and other receivables, including loans to employees, 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.

Accrued income is based on the latest available information and therefore involves a degree of estimation.

	2012 £m	2011 £m
<b>Current</b>		
Trade receivables	65.8	57.4
Prepayments and accrued income	18.3	14.3
Deferred acquisition and commission costs	6.5	6.9
	<b>90.6</b>	<b>78.6</b>
<b>Non-current</b>		
Deferred acquisition and commission costs	13.9	17.3
	<b>13.9</b>	<b>17.3</b>

At 31 December 2012, cash collateral of £1.2m (2011: £0.6m) was pledged against a decrease in the fair value of the Group's interest rate swaps. Collateral is pledged when the fair value of the swaps falls below certain pre-defined levels. It is only returned to the Group when the liability reduces, subject to the same pre-defined levels as well as minimum repayment requirements. This amount has been included within trade receivables in the note above.

Trade receivables are non-interest bearing and are generally collected within four working days. An analysis of the ageing profile of trade receivables is disclosed in Note 5.3.

#### 3.7. Cash and cash equivalents

	2012 £m	2011 £m
Cash at bank and in hand	35.2	17.2
Short-term deposits	108.5	132.5
Cash held by EBT and seed capital subsidiaries	3.3	1.6
Cash and cash equivalents per the balance sheet	<b>147.0</b>	<b>151.3</b>
Overdraft (Note 3.9)	–	(0.9)
<b>Cash and cash equivalents for purposes of the statement of cash flows</b>	<b>147.0</b>	<b>150.4</b>

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. Overdrafts are included within trade and other payables.

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.

The overdraft in 2011 arose during the ordinary course of business and relates to a settlement timing difference over the year end.

### 3.8. Loans and borrowings

Borrowings are recognised initially at fair value, net of directly attributable 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 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.

	2012 £m	2011 £m
Bank loan	77.3	141.4
	<b>77.3</b>	<b>141.4</b>

The Group has a syndicated loan which is repayable on or before 19 June 2015. 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.

As shown below, the carrying value of the loan is disclosed net of unamortised debt issue costs which were capitalised on issue.

	2012 £m	2011 £m
Bank loan	78.0	143.0
Unamortised debt issue costs	(0.7)	(1.6)
	<b>77.3</b>	<b>141.4</b>

The movement on the carrying value of the loan is shown below:

	2012 £m	2011 £m
At 1 January	141.4	278.9
Voluntary prepayments made in the year	(65.0)	(140.0)
Amortisation of debt issue costs (Note 1.9)	0.9	2.5
<b>At 31 December</b>	<b>77.3</b>	<b>141.4</b>

Interest was payable at a rate per annum of three month LIBOR plus a margin of 3.75 per cent. The Group has two interest rate swaps in place to hedge its floating rate exposure. Details on these are given in Note 1.9.

## Section 3: Assets and liabilities

### Notes to the Group financial statements – Assets and liabilities continued

#### 3.9. Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently remeasured 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. Certain share awards made to employees include conditions which, prior to vesting, may require the Group to repurchase the shares at nominal value. Accordingly, these amounts are shown within trade and other payables.

Accruals are based on the latest information and, therefore, involve a degree of estimation. The most significant accruals at the year end relate to bonuses. 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. This provision is recognised within accrued expenses.

Current	2012 £m	2011 £m
Trade payables	92.8	67.5
Accrued expenses	37.7	42.0
Deferred income	10.7	12.5
Social security and other taxes	11.5	7.5
Amounts due to employees in respect of share and option awards	1.1	1.9
Overdraft	–	0.9
Other payables	1.0	0.1
	<b>154.8</b>	<b>132.4</b>

Amounts due to employees relates to conditions attached to some of the ordinary shares and options over ordinary shares. In certain circumstances these require the Group to repurchase the instruments at 2p, being the original issue cost. At 31 December 2012, 42.5m (2011: 82.5m) shares and 12.8m (2011: 14.8m) options were subject to these restrictions.

Non-current	2012 £m	2011 £m
Deferred income	21.5	26.6
Other payables	0.8	0.9
	<b>22.3</b>	<b>27.5</b>

## Section 4: Equity

### Consolidated statement of changes in equity

For the year ended 31 December 2012

	Share capital £m	Share premium £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
<b>At 1 January 2011</b>	<b>9.2</b>	<b>255.7</b>	<b>54.1</b>	<b>(2.9)</b>	<b>8.0</b>	<b>10.3</b>	<b>7.5</b>	<b>48.8</b>	<b>390.7</b>
Profit for the year	—	—	—	—	—	—	—	51.4	51.4
Other comprehensive income/(expense)	—	—	—	—	—	1.1	(0.1)	—	1.0
<b>Total comprehensive income/(expense)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1.1</b>	<b>(0.1)</b>	<b>51.4</b>	<b>52.4</b>
Cancellation of share premium and capital redemption reserve	—	(255.7)	(54.1)	—	—	—	—	309.8	—
Vesting of ordinary shares	—	—	—	0.8	—	—	—	—	0.8
Dividends paid	—	—	—	—	—	—	—	(31.7)	(31.7)
Share-based payments	—	—	—	—	—	—	—	12.7	12.7
Deferred tax on share-based payments	—	—	—	—	—	—	—	(0.3)	(0.3)
<b>Total transactions with owners</b>	<b>—</b>	<b>(255.7)</b>	<b>(54.1)</b>	<b>0.8</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>290.5</b>	<b>(18.5)</b>
<b>At 31 December 2011</b>	<b>9.2</b>	<b>—</b>	<b>—</b>	<b>(2.1)</b>	<b>8.0</b>	<b>11.4</b>	<b>7.4</b>	<b>390.7</b>	<b>424.6</b>
Profit for the year	—	—	—	—	—	—	—	56.2	56.2
Other comprehensive expense	—	—	—	—	—	(4.8)	(0.3)	—	(5.1)
<b>Total comprehensive income/(expense)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(4.8)</b>	<b>(0.3)</b>	<b>56.2</b>	<b>51.1</b>
Vesting of ordinary shares	—	—	—	0.8	—	—	—	—	0.8
Dividends paid	—	—	—	—	—	—	—	(33.9)	(33.9)
Share-based payments	—	—	—	—	—	—	—	13.7	13.7
Deferred tax on share-based payments	—	—	—	—	—	—	—	2.7	2.7
<b>Total transactions with owners</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.8</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(17.5)</b>	<b>(16.7)</b>
<b>At 31 December 2012</b>	<b>9.2</b>	<b>—</b>	<b>—</b>	<b>(1.3)</b>	<b>8.0</b>	<b>6.6</b>	<b>7.1</b>	<b>429.4</b>	<b>459.0</b>

## Section 4: Equity

### Notes to the Group financial statements – Equity

#### 4.1. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Issued, allotted, called-up and fully paid	2012 £m	2011 £m
457.7m ordinary shares of 2p each	9.2	9.2
	9.2	9.2

#### 4.2. Reserves

##### (i) Share premium

The share premium account represented amounts received on the issue of share capital in excess of nominal value and was not a distributable reserve. On 9 June 2011, the Company's share premium reserve was, with the sanction of the Court, cancelled and an amount of £255.7m was transferred to a distributable reserve.

##### (ii) Capital redemption reserve

On 9 June 2011, the Company's capital redemption reserve of £54.1m was, with the sanction of the Court, cancelled and an amount of £54.1m was transferred to a distributable reserve. Thus the balance on the Company's capital redemption reserve at 31 December 2012 and 2011 was £nil.

##### (iii) Own share reserve

The Group operates an employee benefit trust ("EBT") for the purpose of satisfying certain retention awards to employees. The holdings of this trust include certain shares that have not vested unconditionally to 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.

At 31 December 2012, 42.5m (2011: 82.5m) 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 current trade and other payables. These restrictions are released over the next three years with the majority being released in 2013. The shares are held within the Group's EBT and, together with a further 20.9m (2011: 20.9m) shares held for the purpose of satisfying share option obligations to employees, are treated as own shares with a cost of £1.3m (2011: £2.1m).

##### (iv) Other reserve

The other reserve of £8.0m (2011: £8.0m) relates to the conversion of Tier 2 preference shares in 2010.

##### (v) Available for sale reserve

The available for sale reserve of £6.6m (2011: £11.4m) relates to the uplift in the fair value of the Group's holdings in investments classified as available for sale.

##### (vi) Foreign currency translation reserve

The foreign currency translation reserve of £7.1m (2011: £7.4m) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

##### (vii) Retained earnings

Retained earnings of £429.4m (2011: £390.7m) are the amount of earnings that are retained within the Company after dividend payments and other transactions with owners.

#### 4.3. Dividends

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.

	2012 £m	2011 £m
Final dividend 2011 (5.3p per ordinary share) (2010: 4.7p per share)	24.3	21.5
Interim dividend 2012 (2.5p per ordinary share) (2011: 2.5p per share)	11.4	11.4
	35.7	32.9

Dividends of £1.8m (2011: £1.2m) were paid on shares held in the EBT, beneficially owned by the Company. Net dividends paid were therefore £33.9m (2011: £31.7m).

A final dividend for 2012 of 6.3p per share (2011: 5.3p) amounting to £28.8m will be proposed at the Annual General Meeting on 18 April 2013 and will be accounted for in 2013.

## Section 5: Other notes

### Notes to the Group financial statements – Other

#### 5.1. Basis of preparation and other 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 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 comprehensive income and the income statement 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 2012 includes the consolidated financial statements of the Company and its subsidiaries for the years ended 31 December 2011 and 31 December 2012. 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 2012. 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 later in this note within the section titled "Critical accounting estimates, judgements and assumptions".

##### Basis of consolidation

###### (i) 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. A list of principal subsidiaries can be seen in Note 6.3.

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

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.

When the Group holds controlling interests in certain mutual funds and similar entities, these 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, Financial Instruments: Presentation, 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 income statement and as liabilities at fair value through profit or loss in the balance sheet. This is due to the ability of the external shareholders in these funds to put the shares back to the funds.

###### (ii) 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 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 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.

## Section 5: Other notes

### Notes to the Group financial statements – Other continued

#### 5.1. Basis of preparation and other accounting policies continued

##### Foreign currency

##### (i) 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.

##### (ii) 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, such as equities held at fair value through profit or loss, are recognised in the consolidated income statement as part of other gains/(losses). Translation differences on non-financial assets, such as investments classified as available for sale, are included in other comprehensive income unless the change in the fair value taken to equity has been recycled to the income statement, in which case the foreign exchange gain or loss is also recycled to the income statement.

##### (iii) 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.

## 5.1. Basis of preparation and other accounting policies continued

### New standards and interpretations adopted for 2012

There were no new standards during the year which had a material impact on the Group. The Group has continued to apply the accounting policies used for its 2011 financial statements.

### New standards and interpretations not applied

The International Accounting Standards Board and IFRS Interpretations Committee have issued a number of new accounting standards, amendments to existing standards and interpretations. The following new standards are not applicable to these financial statements, but are expected to have an impact when they become effective. The Group plans to apply these standards in the reporting period in which they become effective.

Not yet endorsed	Summary	Effective for periods beginning on or after
IFRS 9 Financial Instruments: Classification and measurement	Proposes revised measurement and classification criteria for financial assets.	1 January 2015
Annual improvements 2011	These improvements address changes to: <ul style="list-style-type: none"> <li>• IFRS 1 First Time Adoption</li> <li>• IAS 1 Financial Statement Presentation</li> <li>• IAS 16 Property Plant and Equipment</li> <li>• IAS 32 Financial Instruments; Presentation</li> <li>• IAS 34 Interim Financial Reporting.</li> </ul>	1 January 2013
Endorsed and available for early adoption		
IAS 1 (revised) Presentation of Items of Other Comprehensive Income	Revises the way other comprehensive income is presented: requiring separate subtotals for those elements which may be 'recycled' to the income statement and those elements that will not.	1 July 2012
IFRS 10 Consolidated Financial Statements IAS 27 (revised) Separate Financial Statements	Defines the principle of control, and establishes control as the basis for consolidation in the preparation of consolidated financial statements.	1 January 2014
IFRS 12 Disclosures of Interests in Other Entities	Includes the disclosure requirements for all forms of interests in other entities, such as joint arrangements, associates and other off balance sheet vehicles	1 January 2014
IFRS 13 Fair Value Measurement	Aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.	1 January 2013
IAS 28 Investments in Associates and Joint Ventures	Prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2014
Amendment to IAS 32 Financial Instruments	These amendments clarify some of the requirements for offsetting financial assets and liabilities on the balance sheet.	1 January 2014

The Group is assessing the impact of the above standards on the Group's future financial statements.

### 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 following notes.

- 1.5 Share-based payments
- 3.1 Impairment of goodwill
- 3.2 Impairment of acquired intangibles
- 3.4 Impairment of available for sale financial investments
- 3.6 Accrued income
- 3.9 Accrued expenses

## Section 5: Other notes

### Notes to the Group financial statements – Other continued

#### 5.2. Financial commitments

The future aggregate minimum lease payments under non-cancellable operating leases on office properties are shown below.

	2012 £m	2011 £m
Not later than one year	1.5	2.5
Later than one year and not later than five years	0.1	0.2
	<b>1.6</b>	<b>2.7</b>

The commitments above take into account any early break clauses exercisable by the Group. There are no special terms for 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.

#### 5.3. Financial risk management

##### Financial instruments by category

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

	Available for sale £m	Financial assets designated at FVTPL £m	Loans and receivables £m	Financial liabilities at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non- financial instruments £m	Total £m
<b>2012</b>								
Goodwill	–	–	–	–	–	–	341.2	341.2
Intangible assets	–	–	–	–	–	–	64.5	64.5
Property, plant and equipment	–	–	–	–	–	–	1.6	1.6
Available for sale investments	19.1	–	–	–	–	19.1	–	19.1
Deferred tax assets	–	–	–	–	–	–	15.3	15.3
Non-current trade and other receivables*	–	–	–	–	–	–	13.9	13.9
Investments in associates	–	19.2	–	–	–	19.2	–	19.2
Financial assets at FVTPL	–	34.2	–	–	–	34.2	–	34.2
Current trade and other receivables*	–	–	80.8	–	–	80.8	9.8	90.6
Cash and cash equivalents	–	–	147.0	–	–	147.0	–	147.0
Loans and borrowings	–	–	–	–	(78.0)	(78.0)	0.7	(77.3)
Non-current trade and other payables*	–	–	–	–	(0.8)	(0.8)	(21.5)	(22.3)
Deferred tax liabilities	–	–	–	–	–	–	(14.5)	(14.5)
Current trade and other payables*	–	–	–	–	(132.6)	(132.6)	(22.2)	(154.8)
Current income tax liability	–	–	–	–	–	–	(15.6)	(15.6)
Financial liabilities at FVTPL	–	–	–	(3.1)	–	(3.1)	–	(3.1)
<b>Total</b>	<b>19.1</b>	<b>53.4</b>	<b>227.8</b>	<b>(3.1)</b>	<b>(211.4)</b>	<b>85.8</b>	<b>373.2</b>	<b>459.0</b>

## 5.3. Financial risk management continued

2011	Available for sale £m	Financial assets designated at FVTPL £m	Loans and receivables £m	Financial liabilities at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non- financial instruments £m	Total £m
Goodwill	—	—	—	—	—	—	341.2	341.2
Intangible assets	—	—	—	—	—	—	103.5	103.5
Property, plant and equipment	—	—	—	—	—	—	1.6	1.6
Available for sale investments	24.6	—	—	—	—	24.6	—	24.6
Deferred tax assets	—	—	—	—	—	—	11.3	11.3
Non-current trade and other receivables*	—	—	—	—	—	—	17.3	17.3
Investments in associates	—	13.6	—	—	—	13.6	—	13.6
Financial assets at FVTPL	—	25.5	—	—	—	25.5	—	25.5
Current trade and other receivables*	—	—	57.4	—	—	57.4	21.2	78.6
Cash and cash equivalents	—	—	151.3	—	—	151.3	—	151.3
Loans and borrowings	—	—	—	—	(143.0)	(143.0)	1.6	(141.4)
Non-current trade and other payables*	—	—	—	—	(0.9)	(0.9)	(26.6)	(27.5)
Deferred tax liabilities	—	—	—	—	—	—	(25.8)	(25.8)
Current trade and other payables*	—	—	—	—	(119.9)	(119.9)	(12.5)	(132.4)
Current income tax liability	—	—	—	—	—	—	(16.2)	(16.2)
Financial liabilities at FVTPL	—	—	—	(0.6)	—	(0.6)	—	(0.6)
<b>Total</b>	<b>24.6</b>	<b>39.1</b>	<b>208.7</b>	<b>(0.6)</b>	<b>(263.8)</b>	<b>8.0</b>	<b>416.6</b>	<b>424.6</b>

\*Financial instruments do not include prepayments, deferred income, deferred acquisition and commission costs or social security and other taxes as these are not financial instruments

For financial instruments held at 31 December 2012 and 2011, there was no material difference between the carrying value and fair value.

Gains and losses recognised in the income statement during the period to 31 December by category are shown below:

	2012					2011				
	Available for sale £m	Financial assets designated at FVTPL £m	Financial liabilities at FVTPL £m	Other income and expense £m	Total £m	Financial assets designated at FVTPL £m	Financial liabilities at FVTPL £m	Other income and expense £m	Total £m	
Revenue	—	—	—	346.4	346.4	—	—	346.9	346.9	
Fee and commission expenses	—	—	—	(101.9)	(101.9)	—	—	(98.4)	(98.4)	
Administrative expenses	—	—	—	(128.4)	(128.4)	—	—	(123.8)	(123.8)	
Other (losses)/gains	(0.7)	(0.2)	—	—	(0.9)	(1.9)	—	0.7	(1.2)	
Amortisation of intangible assets	—	—	—	(39.7)	(39.7)	—	—	(39.9)	(39.9)	
Exceptional income	—	—	—	5.0	5.0	—	—	—	—	
Finance income	—	—	—	0.5	0.5	—	—	1.0	1.0	
Finance expense	—	—	(0.3)	(7.1)	(7.4)	—	(1.6)	(12.7)	(14.3)	
Income tax expense	—	—	—	(17.4)	(17.4)	—	—	(18.9)	(18.9)	
	(0.7)	(0.2)	(0.3)	57.4	56.2	(1.9)	(1.6)	54.9	51.4	

During the year a loss of £4.8m (2011: £1.1m gain) was recognised directly in equity reflecting the net loss on available for sale investments.

## Section 5: Other notes

### Notes to the Group financial statements – Other continued

#### 5.3. Financial risk management continued

##### Financial risk management objectives and policies

The Group is subject to a number of financial risks throughout its business, the principal risks being market risk, (including price, foreign exchange and 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.

##### Price risk

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.

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 2012, the exposure to unlisted equity securities at fair value was £19.1m (2011: £24.6m) and the exposure to listed securities at fair value was £53.8m (2011: £39.1m).

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 available transactions are cost effective. As at 31 December 2012, the Group had a total return swap arrangement over certain of its holdings in seed fund investments.

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 previously recognised equity in respect of market value are recognised in the consolidated income statement as an impairment charge.

##### Price risk sensitivity analysis on financial assets

The Directors believe that 10 per cent. gives a reasonable measure of the Group's sensitivity to price risk. An increase or decrease of 10 per cent. in equity markets would have the following impact on the profit before taxation and equity of the Group:

Market value movement +/- 10 per cent.	2012 £m	2011 £m
Income statement	2.7	0.7
Equity	1.9	2.5

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 predominantly 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.

### 5.3. Financial risk management continued

#### 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 (Note 1.9). Cash held by the operating companies is held at 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 Note 1.9, 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 2012, after taking into account the effect of interest rate swaps, approximately 90 per cent. of the Group's borrowings are at a fixed rate of interest (2011: 49 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.

#### Interest rate sensitivity analysis

The Directors believe that a movement in interest rates of 50bps gives a reasonable measure of the Group's sensitivity to interest rate risk. 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 (mainly through the impact on floating rate borrowings). There is only an immaterial impact on the Group's equity.

Impact on the income statement of change in interest rates	2012 £m	2011 £m
+50 bps	0.7	0.3
-50 bps	(0.5)	(0.3)

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 on its 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 (Notes 3.6 and 3.7).

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

	2012 £m	2011 £m
Derivative financial instruments	—	—
Trade and other receivables (Note 3.6)	65.8	57.4
Cash and cash equivalents (Note 3.7)	147.0	151.3
	<b>212.8</b>	<b>208.7</b>

With regard to credit risk related to financial instruments, the Group's policy is to place deposits only with financial institutions which satisfy minimum ratings and other criteria set by the Counterparty Review Group ("CRG"). 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 CRG monitors the Group's counterparty exposures.

## Section 5: Other notes

### Notes to the Group financial statements – Other continued

#### 5.3. Financial risk management continued

The table below contains an ageing analysis of current and overdue trade receivables:

	2012 £m	2011 £m
Neither past due nor impaired	64.7	55.0
Days past due		
< 30	0.8	1.3
30-60	0.1	0.6
61-90	–	0.2
> 90	0.2	0.3
	<b>65.8</b>	<b>57.4</b>

None of the receivables which were past due were considered to be impaired.

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

	2012			2011		
	Trade and other receivables £m	Cash and cash equivalents £m	Total £m	Trade and other receivables £m	Cash and cash equivalents £m	Total £m
AAA	–	–	–	–	–	–
AA	–	16.0	16.0	–	32.6	32.6
A	1.2	131.0	132.2	0.6	118.7	119.3
BBB	–	–	–	–	–	–
Not rated	64.6	–	64.6	56.8	–	56.8
<b>Total</b>	<b>65.8</b>	<b>147.0</b>	<b>212.8</b>	<b>57.4</b>	<b>151.3</b>	<b>208.7</b>

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

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

#### 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 the balances 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.

### 5.3. Financial risk management continued

The Group currently has access to a revolving credit facility of £10m (2011: £10m), which is unutilised.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2012 and 31 December 2011 based on contractual undiscounted payments:

Financial liabilities	2012				2011			
	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	3.3	82.8	–	86.1	5.8	161.2	–	167.0
Trade and other payables	132.6	0.8	–	133.4	119.9	0.9	–	120.8
Financial liabilities at FVTPL	3.6	0.4	–	4.0	0.2	0.5	–	0.7
<b>Total</b>	<b>139.5</b>	<b>84.0</b>	<b>–</b>	<b>223.5</b>	<b>125.9</b>	<b>162.6</b>	<b>–</b>	<b>288.5</b>

Loans and borrowings includes expected cash flows in respect of interest payments on the senior debt.

#### Capital management

The Group's objectives when managing its capital and funding structure are 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.

	2012 £m	2011 £m
Loans and borrowings	(78.0)	(143.0)
Cash and short-term deposits	147.0	150.4
<b>Net cash</b>	<b>69.0</b>	<b>7.4</b>
Equity	22.5	26.5
Retained earnings and foreign currency translation reserve	436.5	398.1
<b>Total capital</b>	<b>459.0</b>	<b>424.6</b>

#### Regulatory capital requirements

The Group considers its share capital and reserves to constitute its total capital. The subsidiaries within the Group which are regulated are required to maintain 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. Headroom over regulatory capital is discussed at Balance Sheet Management Committee. Further information on the Balance Sheet Management Committee can be found in the Risk management and controls report within the Governance section.

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.

## Section 5: Other notes

### Notes to the Group financial statements – Other continued

#### 5.4. Related parties

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 38 (2011: 36) authorised unit trusts. Each unit trust is jointly administered with the trustees, National Westminster Bank plc. The aggregate total value of transactions for the year was £2,831.2m (2011: £2,572.8m) for unit trust creations and £1,819.4m (2011: £1,855.0m) 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 £11.5m (2011: £1.4m). The amount received in respect of gross management and registration charges was £301.3m (2011: £294.3m). At the end of the year, there was £8.4m (2011: £6.7m) outstanding for annual management fees and £1.3m (2011: £1.0m) in respect of registration fees.

Investment management and performance fees are disclosed in Note 11.

Included within the financial instruments note are seed capital investments in funds managed by the Group. At 31 December 2012, the Group had a total net investment in collective investment vehicles of £53.8m (2011: £39.1m) and received distributions of £0.1m (2011: £0.2m). During 2012, it invested £29.1m (2011: £nil) in seed capital investments and received £19.8m (2011: £8.3m) on disposal of them.

TA Associates, L.P. is also considered a related party of the Group. There were no transactions with TA Associates, L.P. in the year.

#### Key management compensation

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

	2012 £m	2011 £m
Short-term employee benefits	7.8	6.1
Share-based payments	2.3	1.8
Post employment benefits	0.1	0.1
Other long-term benefits	0.1	0.2
	<b>10.3</b>	<b>8.2</b>

# Financial statements

## Company

- 96 Section 6: Company financial statements
  - Company balance sheet
  - Company statement of cash flows
  - Company statement of changes in equity
- 102 Independent auditors' report on the financial statements of the Group and Company

## Section 6: Company financial statements

### Company balance sheet

At 31 December 2012

	Notes	2012 £m	2011 £m
<b>Non-current assets</b>			
Investment in subsidiary undertakings	6.2	124.2	110.5
		<b>124.2</b>	<b>110.5</b>
<b>Current assets</b>			
Trade and other receivables	6.4	219.7	256.0
Cash and cash equivalents	6.5	4.6	3.5
		<b>224.3</b>	<b>259.5</b>
<b>Total assets</b>		<b>348.5</b>	<b>370.0</b>
<b>Equity capital and reserves</b>			
Share capital	4.1	9.2	9.2
Own share reserve	4.2	(1.3)	(2.1)
Other reserve	4.2	8.0	8.0
Retained earnings		331.2	352.6
<b>Total equity</b>		<b>347.1</b>	<b>367.7</b>
<b>Current liabilities</b>			
Trade and other payables	6.7	1.4	2.3
		<b>1.4</b>	<b>2.3</b>
<b>Total liabilities</b>		<b>1.4</b>	<b>2.3</b>
<b>Total equity and liabilities</b>		<b>348.5</b>	<b>370.0</b>

The financial statements of Jupiter Fund Management plc (registered number 6150195) on pages 96 to 101 were approved by the Board of Directors and authorised for issue on 27 February 2013. They were signed on its behalf by



**Philip Johnson**  
Chief Financial Officer

## Section 6: Company financial statements

### Company statement of cash flows

For the year ended 31 December 2012

	Notes	2012 £m	2011 £m
<b>Cash flows from operating activities</b>			
Cash generated from operations	6.6	35.0	6.9
<b>Net cash inflows from operating activities</b>		<b>35.0</b>	<b>6.9</b>
<b>Cash flows from financing activities</b>			
Dividends paid	4.3	(33.9)	(31.7)
<b>Net cash outflows from financing activities</b>		<b>(33.9)</b>	<b>(31.7)</b>
Net increase/(decrease) in cash and cash equivalents		1.1	(24.8)
Cash and cash equivalents at beginning of year	6.5	3.5	28.3
<b>Cash and cash equivalents at end of year</b>	<b>6.5</b>	<b>4.6</b>	<b>3.5</b>

## Section 6: Company financial statements

### Company statement of changes in equity

For the year ended 31 December 2012

	Share capital £m	Share premium £m	Capital redemption reserve £m	Own share reserve £m	Other reserve £m	Retained earnings £m	Total £m
<b>At 1 January 2011</b>	9.2	255.7	54.1	(2.9)	8.0	62.7	386.8
Loss for the year	—	—	—	—	—	(0.9)	(0.9)
<b>Total comprehensive income</b>	—	—	—	—	—	(0.9)	(0.9)
Cancellation of share premium and capital redemption reserve	—	(255.7)	(54.1)	—	—	309.8	—
Vesting of ordinary shares	—	—	—	0.8	—	—	0.8
Dividends paid	—	—	—	—	—	(31.7)	(31.7)
Share-based payments	—	—	—	—	—	12.7	12.7
<b>Total transactions with owners</b>	—	(255.7)	(54.1)	0.8	—	290.8	(18.2)
<b>At 31 December 2011</b>	9.2	—	—	(2.1)	8.0	352.6	367.7
Loss for the year	—	—	—	—	—	(1.2)	(1.2)
<b>Total comprehensive income</b>	—	—	—	—	—	(1.2)	(1.2)
Vesting of ordinary shares	—	—	—	0.8	—	—	0.8
Dividends paid	—	—	—	—	—	(33.9)	(33.9)
Share-based payments	—	—	—	—	—	13.7	13.7
<b>Total transactions with owners</b>	—	—	—	0.8	—	(20.2)	(19.4)
<b>At 31 December 2012</b>	9.2	—	—	(1.3)	8.0	331.2	347.1

# Notes to the Company financial statements

## 6.1. Accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards which comprise standards and interpretations approved by either the International Accounting Standards Board or the International Financial Reporting Interpretations Committee or their predecessors, which had been approved by the European Union as at 31 December 2012.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to the investment in subsidiary undertakings, with a corresponding credit to equity in the Company financial statements.

The financial statements have been prepared on the historical cost basis. The Company has taken advantage of the exemption in section 408 of the Act not to present its own income statement. The principal accounting policies adopted are the same as those set out in Sections 1 - 5 of the Group's financial statements.

## 6.2. Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less provision for impairment.

	2012 £m	2011 £m
<b>At 1 January</b>	<b>110.5</b>	<b>97.8</b>
Share-based payments	13.7	12.7
<b>At 31 December</b>	<b>124.2</b>	<b>110.5</b>

During 2012 three (2011: three) subsidiary companies granted options to their employees over the shares of Jupiter Fund Management plc. This created an investment by the Company in those entities.

## 6.3. Principal group undertakings

The following information relates to the Company's operating subsidiaries which principally affected the profits or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted. A full list of subsidiary and associate undertakings will be annexed to the next annual return of Jupiter Fund Management plc to be filed with the Registrar of Companies. All subsidiaries have the same reporting dates and period of reporting as the parent Company. The parent held directly or indirectly all of the issued ordinary shares of all of the subsidiaries in 2012 and 2011.

Name	Country of incorporation	Principal activities
Jupiter Asset Management Group Limited	United Kingdom	Investment holding company
Jupiter Investment Management Group Limited	United Kingdom	Investment holding company
Jupiter Asset Management Limited	United Kingdom	Investment management
Jupiter Unit Trust Managers Limited	United Kingdom	Unit trust management

## 6.4. Trade and other receivables

	2012 £m	2011 £m
Prepayments and accrued income	0.1	0.1
Amounts owed from subsidiaries	219.6	255.8
Social security and other taxes	—	0.1
	<b>219.7</b>	<b>256.0</b>

## 6.5. Cash and cash equivalents

	2012 £m	2011 £m
Cash at bank and in hand	1.3	2.0
Cash held by EBT	3.3	1.5
	<b>4.6</b>	<b>3.5</b>

## Section 6: Company financial statements

### Notes to the Company financial statements continued

#### 6.6. Cash flows from operating activities

	2012 £m	2011 £m
Operating loss	(1.2)	(0.9)
Adjustments for:		
Decrease in trade and other receivables	36.3	7.7
(Decrease)/increase in trade and other payables	(0.1)	0.1
<b>Cash generated from operations</b>	<b>35.0</b>	<b>6.9</b>

#### 6.7. Trade and other payables

	2012 £m	2011 £m
Accruals	0.2	0.2
Due to employees in respect of share and option awards	1.1	1.9
Amounts due to subsidiary undertakings	0.1	0.2
	<b>1.4</b>	<b>2.3</b>

The amounts due to subsidiary undertakings are unsecured, interest free and are payable on demand.

#### 6.8. Financial instruments

##### Financial instruments by category

The carrying value of the financial instruments of the Company at 31 December is shown below:

	Loans and receivables £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
<b>2012</b>					
Investment in subsidiary undertaking	—	—	—	124.2	124.2
Current trade and other receivables	219.6	—	219.6	0.1	219.7
Cash and cash equivalents	4.6	—	4.6	—	4.6
Current trade and other payables	—	(1.4)	(1.4)	—	(1.4)
<b>Total</b>	<b>224.2</b>	<b>(1.4)</b>	<b>222.8</b>	<b>124.3</b>	<b>347.1</b>
<b>2011</b>					
Investment in subsidiary undertaking	—	—	—	110.5	110.5
Current trade and other receivables	255.9	—	255.9	0.1	256.0
Cash and cash equivalents	3.5	—	3.5	—	3.5
Current trade and other payables	—	(2.3)	(2.3)	—	(2.3)
<b>Total</b>	<b>259.4</b>	<b>(2.3)</b>	<b>257.1</b>	<b>110.6</b>	<b>367.7</b>

At 31 December 2012 and 2011 the Company did not hold any financial instruments measured at fair value. The Company's exposure to price, foreign exchange, interest rate, credit and liquidity risk is not considered to be material and, therefore, no further information is provided.

### 6.9. Related parties

Investment in subsidiary undertakings are disclosed in Note 6.2 and the amounts due to and from subsidiaries in Notes 6.4 and 6.7 respectively. During 2012, Jupiter Fund Management Group Ltd repaid the Company £36.2m (2011: £7.5m) of the intercompany loan.

#### Key management compensation

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

	2012 £m	2011 £m
Short-term employee benefits	1.6	1.2
Share-based payments	0.2	0.3
	<b>1.8</b>	<b>1.5</b>

With the exception of non-executive Directors, key management personnel compensation is paid for by a Group subsidiary and no recharge is made to the Company.

# Independent auditors' report on the financial statements of the Group and Company

We have audited the financial statements of Jupiter Fund Management plc for the year ended 31 December 2012 which comprise the consolidated income statement, the consolidated statement of 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 31, 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. In addition, we read all the financial and non-financial information in the Annual Report & Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## 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 2012 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 Directors' 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 Directors' 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, set out on page 60, in relation to going concern;
- the part of the Corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance 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

27 February 2013

## Other information

104	Historical summary (unaudited)
105	Shareholder information
106	Glossary of terms

# Historical summary (unaudited)

For the year ended 31 December 2012

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Net revenue	244.5	248.5	230.5	182.1	200.6
Administrative expenses	(128.4)	(123.8)	(115.1)	(92.3)	(111.0)
Operating earnings	116.1	124.7	115.4	89.8	89.6
Other (losses)/gains	(0.9)	(1.2)	1.7	2.4	(9.6)
Amortisation of intangible assets	(39.7)	(39.9)	(39.8)	(39.8)	(39.7)
<b>Operating profit before exceptional costs</b>	<b>75.5</b>	<b>83.6</b>	<b>77.3</b>	<b>52.4</b>	<b>40.3</b>
Exceptional items	5.0	–	(6.8)	–	–
<b>Operating profit</b>	<b>80.5</b>	<b>83.6</b>	<b>70.5</b>	<b>52.4</b>	<b>40.3</b>
Finance income	0.5	1.0	0.9	1.2	8.4
Finance expense	(7.4)	(14.3)	(29.0)	(46.4)	(64.6)
<b>Profit before taxation</b>	<b>73.6</b>	<b>70.3</b>	<b>42.4</b>	<b>7.2</b>	<b>(15.9)</b>
Income tax (expense)/credit	(17.4)	(18.9)	(9.9)	1.4	0.3
<b>Profit for the year</b>	<b>56.2</b>	<b>51.4</b>	<b>32.5</b>	<b>8.6</b>	<b>(15.6)</b>
<b>Earnings per share</b>					
Basic (p/share)	14.9	15.6	10.8	10.6	(16.1)
Diluted (p/share)	14.2	15.0	7.6	3.2	(16.1)
Assets under management at year end (£bn)	26.3	22.8	24.1	19.5	16.6
Average headcount (number)	432	409	444	474	496
<b>Operating earnings to EBITDA reconciliation</b>					
Operating earnings	116.1	124.7	115.4	89.8	89.6
Add: charge for options over pre-Listing shares	7.3	9.6	7.8	–	–
Add: depreciation	0.8	0.6	1.4	1.4	1.9
<b>EBITDA</b>	<b>124.2</b>	<b>134.9</b>	<b>124.6</b>	<b>91.2</b>	<b>91.5</b>

# 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 (Calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm Monday to Friday.)

Email: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)

Other shareholder queries should be addressed to the Company Secretary.

## 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 information visit: [www.capitadeal.com](http://www.capitadeal.com)

For telephone purchases:

Tel: 0871 664 0445 (UK only) between 8.00am and 4.30pm, Monday to Friday.

Calls cost 10p per minute plus network extras.

## Financial calendar

Event	Date
Ex-dividend date for final dividend	6 March 2013
Record date for final dividend	8 March 2013
Interim Management Statement	18 April 2013
Annual General Meeting	18 April 2013
Final dividend payment date	23 April 2013
Interim results announcement	1 August 2013
Ex-dividend date for interim dividend	7 August 2013
Record date for interim dividend	9 August 2013
Interim dividend payment date	30 August 2013
Interim Management Statement	17 October 2013

## 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. This site can be found at:

[www.jupiteronline.com](http://www.jupiteronline.com)

## Share information

The Company's ordinary shares are traded on the London Stock Exchange:

ISIN GB00B53P2009

SEDOL B53P200

TICKER JUP.LN

# Glossary of terms

## A

**Act**  
Companies Act 2006  
(as amended, supplemented or replaced from time to time)

**AGM**  
Annual General Meeting

**AUM**  
Assets under management

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## B

**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 reselling those units at higher creation prices on the same day (rather than cancelling those units), in each case after brokerage fees

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## C

**CAPM**  
Capital asset pricing model

**CDP**  
Carbon disclosure project

**CGU**  
Cash generating unit

**Code**  
UK Corporate Governance Code adopted by the Financial Reporting Council in 2010

**Company**  
Jupiter Fund Management plc

**CPD**  
Continuing professional development

**CREST**  
The system for paperless settlement of trades in listed securities, of which Euroclear UK & Ireland Limited is the operator

## D

**DB pension scheme**  
Defined benefit pension scheme

**DBP**  
Deferred Bonus Plan

**DC pension scheme**  
Defined contribution pension scheme

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## E

**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.

**EBITDA margin**  
Represents EBITDA divided by net revenue

**EBT**  
The Jupiter employee benefit trust established pursuant to a trust deed dated 22 April 2004

**EPS**  
Earnings per share

**EU**  
The European Union

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## F

**Financial Services Act**  
Financial Services Act 2010

**FRC**  
Financial Reporting Council

**FSA**  
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 firms regulated by the FSA

**FSCS**  
Financial Services Compensation Scheme

**FSMA**  
Financial Services and Markets Act 2000, (as amended, supplemented or replaced from time to time)

**FVTPL**  
Fair value through profit or loss

## G

**GAAP**  
Generally Accepted Accounting Principles

**GAYE**  
Give as you earn scheme

**Group**  
The Company and all of its subsidiaries

## I

**IAS**  
International Accounting Standard(s)

**IASB**  
International Accounting Standards Board

**ICAAP**  
Internal capital adequacy assessment process

**IFA**  
Independent financial advisor

**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

## J

**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

**KPI**  
Key performance indicator

## L

**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

## M

**MBO**  
Purchase by management and other parties in 2007 of the Group (as at that date)

**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

**Net debt/(net cash)**  
Net debt/(net cash) is defined as the gross bank debt outstanding less gross cash plus overdrafts

## O

**Overseas Regulated Entities**  
JAMB and Jupiter Asset Managers (Jersey) Ltd

## P

**PBT**  
Profit before tax

**Platforms**  
Service providers that enable 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

# Glossary of terms continued

## R

### **RDR**

The FSA's Retail Distribution Review launched in June 2006

### **Registrar**

Capita Registrars Limited

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## S

### **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

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## T

### **TA Associates, L.P.**

TA Associates, L.P. (formerly TA Associates, Inc)

### **TCF**

Treating customers fairly

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## U

### **UCITS**

Undertaking for Collective Investment in Transferable Securities as defined by EC Council Directive 85/611/EEC, as amended

### **UTA**

Unit Trust Administration

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## W

### **WACC**

Weighted average cost of capital

### **WAEP**

Weighted average exercise price



Registered address:  
1 Grosvenor Place, London SW1X 7JJ

[www.jupiteronline.com](http://www.jupiteronline.com)

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**JUPITER**