

Results for the year ended 31 December 2022

24 February 2023

- Over the year, macro-economic events significantly impacted market valuations and investor sentiment, which also impacted our financial results.
- Underlying profit before tax was £77.6m (2021: £216.7m). Statutory profit before tax was £58.0m (2021: £183.7m).
- Assets under management (AUM) decreased by 17% to £50.2bn.
- Gross flows remained strong at £15.1bn. Total net outflows of £3.5bn, with small positive net flows in the second half.
- Total dividend of 8.4p per share (2021: 17.1p per share) and an extension of up to £16m to the share buyback programme bringing, once complete, the total amount of shares repurchased to £26m.

	Year ended 31 December 2022	Year ended 31 December 2021	% change
AUM (£bn)	50.2	60.5	(17)%
Net outflows (£bn)	(3.5)	(3.8)	8%
Net management fees ¹ (£m)	384.8	453.7	(15)%
Statutory profit before tax (£m)	58.0	183.7	(68)%
Basic earnings per share (p)	8.9	27.6	(68)%
Underlying profit before tax ¹ (£m)	77.6	216.7	(64)%
Underlying earnings per share ¹ (p)	11.3	31.7	(64)%
Total dividends per share (p)	8.4	17.1	(51)%
Cost:income ratio ¹	69%	61%	

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

Matthew Beesley, Chief Executive, commented:

“The past year has clearly been difficult, with macro-economic events significantly impacting investor sentiment and asset valuations. While challenging market conditions persisted throughout 2022, Jupiter had a stronger second half, recording positive net flows for the last six months of the year and for the first time since 2017.”

“Gross flows held up well despite the market backdrop, and were only slightly down on the previous year, at £15.1bn, and net flows improved slightly with outflows slowing to £3.5bn. We have seen notable success and momentum in the institutional channel over the year, with net positive flows at record levels of £2.0bn, as our investment in this area has begun to deliver results.”

“Although the macro-economic environment looks set to remain uncertain in the short term, we are focused on addressing the areas that we can control and delivering on what we promised. Since I was appointed as CEO, we have taken decisive action to simplify the business, deliver efficiencies and create capacity to build scale in strategically important areas. Our strategy to return Jupiter to growth is underway; focused on increasing scale, decreasing undue complexity, broadening appeal to clients, and deepening relationships with stakeholders.”

Board changes

Chris Parkin, a Non-Executive Director and representative of one of our major shareholders, TA Associates, has confirmed he will not seek re-election as a Director at the 2023 AGM. Chris joined the Board following the acquisition of Merian from TA Associates in 2020 and has played an important role in the integration and future strategy of the enlarged group. Although TA Associates retain the right to appoint an individual to the Board while they hold 10% or more of the issued share capital, this provision will be waived and it is not proposed to replace Chris on the Board.

Nichola Pease, Chair of Jupiter, said:

“Chris joined the Board following the acquisition of Merian from TA Associates in 2020 and has played an important role in the integration and future strategy of the enlarged group. I would like to take the opportunity to thank Chris for the support throughout the integration and for his sharp strategic insights provided during his tenure.”

Analyst presentation

There will be an analyst presentation at 9:00am GMT on 24 February 2023.

The presentation will be held at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ and will also be accessible via a live webcast. The webcast is available at <https://secure.emincote.com/client/jupiter/jfm031>. Please note that questions can be asked either in-person at the presentation or via the webcast.

The results announcement and the presentation will be available at <https://www.jupiteram.com/investor-relations>. Copies may also be obtained from the registered office of the Company at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ.

The Annual Report will be published in March 2023 and will be available at <https://www.jupiteram.com/investor-relations>.

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Forward-looking statements

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

Management statement

2022 was a challenging year for the global economy and by extension therefore all financial markets.

There were already inflationary concerns at the start of the year, but in many cases this was thought to be transitory, given the post-pandemic imbalances across global supply chains. That all changed with Russia's invasion of Ukraine in February, and the soaring inflation and market turmoil that followed.

Inevitably, these external factors have had an impact on our results this year.

The unusually high degree of correlation between equity and fixed income in the first half of the year, as both asset classes moved downwards together, brought uncertainty for our clients who faced difficult allocation decisions.

Although there are many areas that as a management team we cannot control, such as macro-economic shocks, we are absolutely focused on those that we can. In 2022, we have reviewed our entire operating model to drive efficiencies and to create capacity for future growth.

We have initiated a fund rationalisation programme, to ensure that our proposition is clear and differentiated. We have undertaken a restructuring programme, right-sizing the business and improving our management structures. Today, we have launched an evolved strategy to drive growth, building on the investment we have already made but making clear changes to our approach to delivering growth. Our focus is on increasing scale, decreasing undue complexity, broadening our appeal to clients, and deepening relationships with our stakeholders.

Our assets under management (AUM) ended the year at £50.2bn (2021: £60.5bn), driven by a £6.8bn decline from markets and net outflows of £3.5bn.

Although gross inflows remained strong at £15.1bn, we again saw net outflows. Although this is not where we want to be, we are encouraged by a strong turnaround in the second half which saw slightly net positive inflows of £0.1bn. This was driven by success in our institutional client channel, where we generated £3.1bn of gross flows and £2.0bn of net inflows, both of which are a record for Jupiter in any year.

This decline in AUM led to a 30% decrease in net revenue to £397.3m (2021: £568.6m). Despite careful cost control, underlying profit before tax decreased 64% to £77.6m (2021: £216.7m).

Earlier this year, we said we would honour our commitment of returning at least 70% of cumulative earnings over the last two years to shareholders. We have delivered this today with the Board recommending a final dividend of 0.5p per share, bringing the total dividend for the year to 8.4p per share. We have also announced an extension of the share buyback programme, of up to £16m bringing the total to £26m when complete.

Building on our foundations and making space for growth

At Jupiter we have strong foundations in place to allow us to adapt to changing market conditions and to ensure we can meet our clients' evolving and growing needs.

However, industry pressures demand that we must be relentless in our pursuit of efficiency and scalability across our entire business. We took a number of actions through 2022 to ensure that we are optimally set up to capture these growth opportunities.

We instigated a restructuring of our fund range, recognising that we had too many sub-scale, non-differentiated funds that were diluting our active proposition. In total, through a series of closures, mergers and repositionings, changes have been made to almost a third of the fund range. Once the changes are completed later in 2023, we will have around 25% fewer funds. Importantly, because these endeavours have been focused on our sub-scale funds, only 4% of overall group AUM has been impacted and total outflow as a result of these changes to date is estimated to be substantially lower than this at 0.3%, or around £140m.

We also focused on simplifying our operating structure, reducing our headcount, and reviewing our geographical footprint as we look to build an increasingly efficient and scalable model. We initiated a restructuring programme that led to a reduction in our planned headcount of around 15% and simplified our management structures to deliver faster, more effective decision-making processes.

Our strategic focus

The areas of strategic growth that Jupiter had previously focused on were both appropriate and necessary. However, they were unlikely to be sufficient to drive us forward to fully realise our growth ambitions.

As we look forward, we will therefore focus our attention on four key strategic objectives, which are to:

- **Increase scale** in select geographies and channels;
- **Decrease undue complexity** with costs managed carefully through a relentless pursuit of efficiency;
- **Broaden our appeal to clients** with new and existing investment strategies, while also exploring additional methods of delivery; and
- **Deepen relationships with all stakeholders** with purpose and sustainability embedded in all we do.

Increase scale...in select geographies and channels

We will incrementally invest to scale up our business in select geographies. As we scale up, we will look to grow our market share, increase our AUM, and significantly improve both the profit contribution and profitability from these focus markets.

We will continue to invest to grow and scale up our institutional business. We now have 18 consultant 'Buy' ratings, our pipeline of late-stage opportunities is larger than it ever has been and we generated record gross and net flows this year. Our rolling three-year growth rate in assets under management from institutional clients is at 20%, and we are focused on delivering ongoing growth in this client base.

We will continue to build critical mass and scale across a range of new and emerging franchises. We have 26 funds and mandates that have been launched less than five years ago where individual AUM is also less than £1bn. Total AUM in these funds is almost £4bn and they generated almost £700m of net inflows in 2022, having seen inflows of more than £900m in 2021. We are focused on growing AUM in these newer strategies through 2023 and beyond.

Decrease undue complexity...with costs managed carefully through a relentless pursuit of efficiency

We remain relentless in our pursuit of efficiency across the business. Costs will always be carefully managed, with a zero-budget based mentality applied across our business.

We will also continue with our review of our operating model and where possible, we will seek to increase automation, using technology to improve efficiency.

Over the longer term, we will focus on appropriately managing our cost:income ratio, with each of the above areas likely to positively impact this important KPI.

Broaden our appeal to clients... with a curated product offering, while also exploring new methods of delivery

We will continue to carefully curate our product range to ensure that our offering remains distinctive and differentiated.

Products we launched in the last three years represent 13% of our current fund range by number. With ongoing product development, we would expect this figure to remain at around 10% over the medium term.

Building relationships with new clients and deepening existing strategic relationships will remain a key focus. We obtain independent feedback through a survey of a portion of our client base each year and will use this feedback to measure our success towards this goal.

Our top 20 clients currently account for nearly £20bn of AUM or 39% of Group AUM. We aim to concurrently increase that absolute level of AUM but decrease the percentage as we grow business with our key clients but continue to diversify and broaden our client base.

Deepen relationships with all stakeholders...with purpose and sustainability embedded in all we do

Sustainability is already woven through the fabric of our firm. As we move forward, we will endeavour to ensure that it remains thoughtfully and authentically embedded, and appropriately measured, in all that we do. Whilst there is no single measure of success here, we'll look at a range of measures aligned to sustainability, taking account of investor sentiment, including ratings and commendations from independent third parties, grow AUM within our sustainability-focused products and continue on our journey towards net zero.

It's crucial that we attract and retain talented employees, and build a diverse workforce that is representative of both our clients and the communities in which we operate.

We conduct an annual employee survey, for which our engagement score improved year on year. We are working hard to improve the diversity of our employee base, not just in terms of gender, but also across other areas including ethnicity and socio-economic backgrounds.

We will continue to build and deepen our relationships with our shareholders, understanding what they want to see from the company in which they ultimately have an ownership interest. And in turn, we want to deliver for them strong returns through a healthy share price and a clear capital allocation framework.

An improving flow picture

The challenging backdrop for the industry was similarly reflected in our experience of client behaviour this year. The first half of the year saw net outflows of £3.6bn as both equity and fixed income markets retreated. Encouragingly, we saw a marked improvement in the second half, generating slightly net positive inflows of £0.1bn, with strong institutional inflows and retail outflows slowing to less than half of what we saw in the first two quarters. Overall, we saw total net outflows for the year of £3.5bn, an improving picture from the previous year. AUM declined by 17% to end the year at £50.2bn (2021: £60.5bn). Average AUM was £52.4bn, a decrease of 12% on 2021.

We saw particular success in the institutional channel this year as the focus over the last three years began to come through in terms of new mandates funding. We generated gross flows of £3.1bn from institutional clients and net new business of £2.0bn, both of which were records for Jupiter. Our total AUM in this channel increased to £6.8bn, which represents 14% of the Group.

From an investment capability perspective, we saw outflows from areas that were out of favour with clients, such as UK and European equities, and from some growth strategies as the market rotated towards a more value-focused style. Unconstrained fixed income also saw outflows this year, most notably in the first half.

Conversely, we saw strong flows into our Asian Income capability, Global Sustainable Equities strategy and our Strategic Absolute Return Bond fund. Collectively, these three strategies saw total net inflows of just under £1bn. We also saw a strong turnaround in performance in the Global Equity Absolute Return fund, which now has first quartile performance across most time periods and moved into small net positive sales.

While the outlook for the year ahead remains uncertain, we are encouraged by what we see as an increasing alignment between client needs and our differentiated and distinctive investment capabilities.

Movement in AUM by client channel								
	31 December 2021 £bn	Q1 net flows £bn	Q2 net flows £bn	Q3 net flows £bn	Q4 net flows £bn	Full-year net flows £bn	Market returns £bn	31 December 2022 £bn
Retail, wholesale & Investment trusts	55.4	(1.8)	(2.0)	(1.1)	(0.6)	(5.5)	(6.5)	43.4
Institutional	5.1	0.2	-	0.5	1.3	2.0	(0.3)	6.8
Total	60.5	(1.6)	(2.0)	(0.6)	0.7	(3.5)	(6.8)	50.2
<i>Of which is invested in mutual funds</i>	50.9	(1.9)	(1.6)	(1.3)	(0.9)	(5.7)	(5.9)	39.3

Financial performance impacted by market backdrop

The macro-economic environment inevitably weighed upon our financial results this year.

Overall, underlying profit before tax decreased 64% to £77.6m (2021: £216.7m). Statutory profit before tax was down 68% to £58.0m (2021: £183.7m) after the deduction of exceptional items of £19.6m (2021: £33.0m). Underlying earnings per share fell 64% to 11.3p (2021: 31.7p), in line with the decrease in profitability, with statutory basic earnings per share down by 68% to 8.9p (2021: 27.6p).

Net revenues were £397.3m (2021: £568.6m). 60% of this decline was due to the decrease in performance fees after unusually high performance fees in 2021. This year, they contributed £10.3m (2021: £113.0m).

Our average net management fee margin reduced from 76.0bps in 2021 to 73.5bps for 2022. This reduction was in line with our expectations, driven by an increase in AUM in lower margin business, including significant net inflows into our institutional business.

Against a backdrop of price inflation and lower revenues, cost control was a key focus during the year and we undertook a review of our entire operating model.

Total administrative expenses of the Group were £302.3m, down from £353.1m in 2021, of which £0.8m related to exceptional items (2021: £14.2m) and £33.9m were in respect of costs relating to performance fee revenues (2021: £60.9m). Expenses this year also included £6.0m relating to a restructuring programme, which are not expected to recur but are included within underlying profits.

Fixed staff costs increased from £73.0m in 2021 to £82.4m in 2022, of which £4.1m relates to the restructuring programme. Variable staff costs were £104.5m (2021: £140.0m), of which £33.9m related to performance fees. Our total compensation ratio before performance fee losses was 40% (2021: before performance fee profits 33%).

Non-compensation costs were 9% lower this year at £114.6m (2021: £125.9m), driven by targeted cost savings and a reduction in costs linked to AUM levels.

There were exceptional items of £19.6m (2021: £33.0m), which relate to the 2020 acquisition of Merian Global Investors. The prior year also included costs relating to a restructuring programme.

£m	2022			2021		
	Before exceptional items and performance fees	Performance fee losses	Total	Before exceptional items and performance fees	Performance fee profits	Total
Net revenue	387.0	10.3	397.3	455.6	113.0	568.6
Fixed staff costs	(82.4)	-	(82.4)	(73.0)	-	(73.0)
Variable staff costs ¹	(70.6)	(33.9)	(104.5)	(79.1)	(60.9)	(140.0)
Non-compensation costs	(114.6)	-	(114.6)	(125.9)	-	(125.9)
Administrative expenses²	(267.6)	(33.9)	(301.5)	(278.0)	(60.9)	(338.9)
Other losses	(9.7)	-	(9.7)	(4.4)	-	(4.4)
Amortisation of intangible assets ³	(2.2)	-	(2.2)	(1.8)	-	(1.8)
Operating profit before exceptional items	107.5	(23.6)	83.9	171.4	52.1	223.5
Net finance costs	(6.3)	-	(6.3)	(6.8)	-	(6.8)
Profit before taxation and exceptional items	101.2	(23.6)	77.6	164.6	52.1	216.7
Statutory profit before tax	81.6	(23.6)	58.0	131.6	52.1	183.7

¹ Variable costs in respect of performance fee (losses)/profits mainly relate to the accounting charge for deferred bonus awards made in respect of 2021 performance fee revenues.

² Administrative expenses exclude £0.8m classified as exceptional (2021: £14.2m).

³ Amortisation of intangible assets excludes £18.8m classified as exceptional (2021: £18.8m).

Active, high-conviction investing

Recent market dynamics have created a challenging backdrop for our range of investment capabilities. Markets have been highly correlated and the dispersion of returns relatively low compared to history, which have limited the ability for those management strategies focused on bottom-up individual asset selection.

In some cases, style headwinds for certain of our investment capabilities have been particularly strong. In aggregate, this has led to a weaker overall investment performance outcome than we would expect. For the three years to the end of December 2022, 51% of our mutual fund AUM was above the median within their respective peer groups, which is down from 58% at the end of 2021. The one-year figure is 49% (2021: 80%) and the five-year figure is 53% (2021: 68%).

These figures are not where we would hope to be, but they have been driven by a small number of large funds moving below their peer group median through the year. This includes Dynamic Bond, UK Mid Cap and the European fund, which have all moved below median over the period and collectively account for some 25 percentage points reduction in the overall figure. The majority of our mutual funds with over £1bn of AUM are outperforming their peer group over one, three and five years.

Segregated mandates and investment trusts make up £10.9bn or 22% of our AUM. At the year end, 59% of AUM in segregated mandates and investment trusts were above their benchmarks over three years (31 December 2021: 46%).

Returning capital to shareholders

We previously committed to a target of returning at least 70% of cumulative underlying earnings per share for 2021 and 2022. In view of that target, the Board has proposed a final ordinary dividend of 0.5p, taking total full year dividends to 8.4p. The Board has also announced an extension to the buyback and cancellation programme of up to £16.0m which will commence later in 2023. Payment of the final dividend is subject to approval by shareholders at the AGM and, if approved, will be paid on 19 May 2023 to shareholders on the register at the close of business on 21 April 2023.

In October 2022 we announced a change to our ordinary dividend policy which was reset to 50% of pre-performance fee underlying earnings and no longer subject to a minimum of the prior year amount. In line with our historical approach, the

Board's capital allocation policy remains to make additional returns to shareholders on a periodic basis, based on the capital needs of the business for growth and a healthy regulatory surplus.

This revised policy, as part of our overall capital allocation framework, allows us to return capital to shareholders on a clear, sustainable basis and, where there are no capital needs, we expect to return additional capital to shareholders at the appropriate time.

Looking forward to 2023

2022 has been challenging for all stakeholders but we believe our plans to evolve our strategic focus will put us in a strong position, building on the success of early strategic initiatives that have already made a difference.

During the year we have reconfirmed our commitment to building our institutional client base and growing our international presence in select countries. We also undertook a fund rationalisation programme which provides capacity for future product and investment capability innovation which will support broader relationships with our clients.

I want to thank our clients for their ongoing support, our shareholders for their patience and our colleagues for their efforts in embracing change to ensure the future success of Jupiter.

Although the short-term outlook is uncertain, our business is well-positioned for growth over the medium term and I am proud to be leading this company forward.

Matthew Beesley
Chief Executive Officer
23 February 2023

Consolidated income statement

for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Revenue	1, 2	443.5	617.8
Fee and commission expenses	1	(46.2)	(49.2)
Net revenue	1	397.3	568.6
Administrative expenses	3	(302.3)	(353.1)
Other losses	4	(9.7)	(4.4)
Amortisation of intangible assets	9	(21.0)	(20.6)
Operating profit		64.3	190.5
Net finance costs	5	(6.3)	(6.8)
Profit before taxation		58.0	183.7
Income tax expense	6	(10.1)	(34.1)
Profit for the year¹		47.9	149.6
Earnings per share			
Basic	7	8.9p	27.6p
Diluted	7	8.8p	26.9p

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

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	2022 £m	2021 £m
Profit for the year	47.9	149.6
Items that may be reclassified subsequently to profit or loss		
Exchange movements on translation of subsidiary undertakings	3.4	(2.5)
Other comprehensive income/(loss) for the year net of tax	3.4	(2.5)
Total comprehensive income for the year net of tax	51.3	147.1

Consolidated balance sheet

at 31 December 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Goodwill	8	570.6	570.6
Intangible assets	9	35.2	52.1
Property, plant and equipment	10	40.9	44.1
Deferred tax assets		19.4	27.6
Trade and other receivables		0.4	0.5
		666.5	694.9
Current assets			
Financial assets at fair value through profit or loss		167.8	303.5
Trade and other receivables		124.1	145.0
Cash and cash equivalents	12	280.3	197.3
Current tax asset		3.3	-
		575.5	645.8
Total assets		1,242.0	1,340.7
Equity attributable to shareholders			
Share capital	14	10.9	11.1
Own share reserve	15	(0.5)	(0.4)
Other reserves	15	250.3	250.1
Foreign currency translation reserve	15	3.7	0.3
Retained earnings	15	578.9	639.7
Capital and reserves attributable to owners of Jupiter Fund Management plc		843.3	900.8
Non-controlling interests		0.6	-
TOTAL EQUITY		843.9	900.8
Non-current liabilities			
Loans and borrowings	13	49.5	49.3
Trade and other payables		87.5	102.3
Deferred tax liabilities		6.7	10.3
		143.7	161.9
Current liabilities			
Financial liabilities at fair value through profit or loss		49.2	52.3
Trade and other payables		205.2	222.2
Current income tax liability		-	3.5
		254.4	278.0
Total liabilities		398.1	439.9
Total equity and liabilities		1,242.0	1,340.7

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Share capital	Own share reserve	Other reserves	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2021	11.1	(0.2)	250.1	2.8	622.5	886.3	(0.2)	886.1
Profit for the year	-	-	-	-	149.4	149.4	0.2	149.6
Exchange movements on translation of subsidiary undertakings	-	-	-	(2.5)	-	(2.5)	-	(2.5)
Other comprehensive loss	-	-	-	(2.5)	-	(2.5)	-	(2.5)
Total comprehensive income	-	-	-	(2.5)	149.4	146.9	0.2	147.1
Vesting of ordinary shares and options	-	0.1	-	-	-	0.1	-	0.1
Dividends paid	-	-	-	-	(109.8)	(109.8)	-	(109.8)
Purchase of shares by employee benefit trust (EBT)	-	(0.3)	-	-	(48.2)	(48.5)	-	(48.5)
Share-based payments	-	-	-	-	25.5	25.5	-	25.5
Current tax	-	-	-	-	0.1	0.1	-	0.1
Deferred tax	-	-	-	-	0.2	0.2	-	0.2
Total transactions with owners	-	(0.2)	-	-	(132.2)	(132.4)	-	(132.4)
At 31 December 2021	11.1	(0.4)	250.1	0.3	639.7	900.8	-	900.8
Profit for the year	-	-	-	-	47.3	47.3	0.6	47.9
Exchange movements on translation of subsidiary undertakings	-	-	-	3.4	-	3.4	-	3.4
Other comprehensive income	-	-	-	3.4	-	3.4	-	3.4
Total comprehensive income	-	-	-	3.4	47.3	50.7	0.6	51.3
Vesting of ordinary shares and options	-	0.1	-	-	(0.1)	-	-	-
Share repurchases and cancellations	(0.2)	-	0.2	-	(10.0)	(10.0)	-	(10.0)
Dividends paid	-	-	-	-	(90.2)	(90.2)	-	(90.2)
Purchase of shares by EBT	-	(0.2)	-	-	(21.2)	(21.4)	-	(21.4)
Share-based payments	-	-	-	-	13.6	13.6	-	13.6
Deferred tax	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Total transactions with owners	(0.2)	(0.1)	0.2	-	(108.1)	(108.2)	-	(108.2)
At 31 December 2022	10.9	(0.5)	250.3	3.7	578.9	843.3	0.6	843.9
Notes	14	15	15	15	15			

Consolidated statement of cash flows

for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Cash flows from operating activities			
Cash generated from operations	17	175.1	237.5
Income tax paid		(12.8)	(48.6)
Net cash inflows from operating activities		162.3	188.9
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(1.2)	(1.4)
Purchase of intangible assets	9	(4.1)	(2.1)
Purchase of financial assets at fair value through profit or loss (FVTPL) ¹		(188.2)	(190.4)
Proceeds from disposals of financial assets at FVTPL ²		233.3	184.9
Cash movement from funds no longer consolidated ³		(6.0)	(4.1)
Cash movement from funds re-consolidated ⁴		0.3	-
Dividend income received		1.0	1.1
Net cash inflows/(outflows) from investing activities		35.1	(12.0)
Cash flow from financing activities			
Dividends paid	16	(90.2)	(109.8)
Purchase of shares by EBT		(21.4)	(48.5)
Purchase of shares for cancellation	14	(8.0)	-
Net finance costs paid		(4.5)	(5.1)
Cash paid in respect of lease arrangements		(7.8)	(5.2)
Third-party subscriptions into consolidated funds		31.7	31.5
Third-party redemptions from consolidated funds		(13.0)	(28.7)
Distributions paid by consolidated funds		(3.8)	(1.9)
Net cash outflows from financing activities		(117.0)	(167.7)
Net increase in cash and cash equivalents		80.4	9.2
Cash and cash equivalents at beginning of year		197.3	188.1
Effects of exchange rates on cash and cash equivalents ⁵		2.6	-
Cash and cash equivalents at end of year	12	280.3	197.3

¹Includes purchases of seed investments and fund units used as a hedge against compensation awards linked to the value of those funds and, where the Group's investment in seed is judged to give it control of a fund, purchases of financial assets by that fund.

²Includes proceeds from disposals of seed investments and, where the Group's investment in seed is judged to give it control of a fund, disposals of financial assets by that fund.

³Comprises cash and cash equivalents held by a fund at the point that the Group ceases to control the fund and it is no longer consolidated.

⁴Comprises cash and cash equivalents held by a fund at the point that control passes to the Group and the fund is consolidated.

⁵The effects of foreign exchange movements on cash and cash equivalents in prior periods were judged to be immaterial to those periods and were therefore not separately disclosed.

Notes to the Group financial statements

Introduction

Jupiter Fund Management plc (the Company) and its subsidiaries (together, the Group) offer a range of asset management products. Through its subsidiaries, the Group acts as an investment manager to authorised unit trusts, SICAVs, ICVCs, OEICs, investment trust companies, pension funds and other specialist funds. At 31 December 2022, the Group had offices in the United Kingdom, Ireland, Germany, Hong Kong, Italy, Luxembourg, Singapore, Spain, Sweden, Switzerland and the United States.

The impact of exceptional items on the financial statements

The Group has presented certain items as exceptional in 2022 and 2021. These items principally relate to the Merian Global Investors Limited (Merian) acquisition in 2020. Further details of all items that are deemed exceptional in 2022 and 2021 are explained below, as well as within the relevant notes to the accounts and in the Management statement.

The use of exceptional items and underlying profit measures

In the Management statement of this document, the Group makes use of a number of APMs, including 'Underlying profit before tax'. The use of such measures means that financial results referred to in that section of this document may not be equal to the statutory results reported in the financial statements. Guidelines issued by the Financial Reporting Council require such differences to be reconciled (see pages 34 to 36). There was a significant difference between 'Underlying profit before tax' and the statutory profit before tax in both 2022 and 2021 due to the recognition of relevant accounting charges related to the Merian acquisition in 2020 where these are required to be recognised over multiple accounting periods.

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

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

	Notes	2022 £m	2021 £m
Underlying profit before tax (page 7)		77.6	216.7
Exceptional items, included within the following notes:			
Administrative expenses	3	(0.8)	(14.2)
Intangible assets	9	(18.8)	(18.8)
Statutory profit before tax (page 9)		58.0	183.7

1. Revenue

The Group's primary source of recurring revenue is management fees. Management fees are charged for investment management or administrative services and are normally based on an agreed percentage of the assets under management (AUM). Initial charges and commissions are for additional administrative services at the beginning of a client relationship, as well as ongoing administrative costs. Performance fees may be earned from some funds when agreed performance conditions are met. Net revenue is stated after fee and commission expenses to intermediaries for ongoing services under distribution agreements.

	2022 £m	2021 £m
Management fees	430.1	501.5
Initial charges and commissions	3.1	3.3
Performance fees	10.3	113.0
Revenue	443.5	617.8
Fee and commission expenses relating to management fees	(45.3)	(47.8)
Fee and commission expenses relating to initial charges and commissions	(0.9)	(1.4)
Net revenue	397.3	568.6

Disaggregation of revenue

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

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

	2022 £m	2021 £m
Revenue by product type		
Pooled funds	417.2	591.9
Segregated mandates	26.3	25.9
Revenue	443.5	617.8

2. Segmental reporting

The Group offers a range of products and services through different distribution channels. All financial, business and strategic decisions are made centrally by the Board of Directors (the Board), which determines the key performance indicators of the Group. Information is reported to the chief operating decision maker, the Board, on a single-segment basis. While the Group has the ability to analyse its underlying information in different ways, for example by product type, this information is only used to allocate resources and assess performance for the Group as a whole. On this basis, the Group considers itself to be a single-segment investment management business.

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

Geographical information

	2022 £m	2021 £m
Revenue by location of clients		
UK	334.4	495.6
EMEA ¹	77.7	88.6
Asia	18.2	22.9
Rest of the world	13.2	10.7
Revenue by location	443.5	617.8

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

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

	2022 £m	2021 ¹ £m
Non-current assets for the Group		
UK	644.3	664.5
EMEA ¹	1.1	1.4
Asia	1.0	0.6
Rest of the world	0.3	0.3
Non-current assets by location	646.7	666.8

¹In order to align the Group's reporting throughout this document, EMEA (Europe, Middle East and Africa) has been inserted as a new region in 2022, replacing Continental Europe. Prior year amounts have been amended to reflect this change.

3. Administrative expenses

Administrative expenses of £302.3m (2021: £353.1m) include staff costs of £187.7m (2021: £227.2m). Staff costs consist of:

	2022 £m	2021 £m
Wages and salaries	98.3	166.0
Share-based payments	13.6	25.5
Social security costs	11.1	26.2
Pension costs	6.2	5.7
Redundancy costs	3.4	6.5
Staff costs before losses/(gains) arising from the economic hedging of fund units	132.6	229.9
Net losses/(gains) on instruments held to provide an economic hedge for fund awards	55.1	(2.7)
Staff costs	187.7	227.2

The Management statement refers to £0.8m (2021: £14.2m) of staff costs that are described as exceptional, comprising £0.8m (2021: £7.7m) relating to the acquisition of Merian and £nil (2021: £6.5m) relating to a redundancy programme. In both 2021 and 2022, these chiefly comprise cash and share-based deferred earn out (DEO) awards. In 2021, the redundancy costs related to a restructuring programme of the Jupiter business post-integration which started in 2020 and redundancies relating specifically to the Merian acquisition.

4. Other losses

Other losses relate principally to net losses made on the Group's seed investment portfolio and derivative instruments held to provide economic hedges against that portfolio. The portfolio and derivatives are held at FVTPL (see Note 11). Gain and losses on these investments comprise both realised and unrealised amounts.

	2022 £m	2021 £m
Dividend income	1.0	1.1
(Losses)/gains on financial instruments designated at FVTPL upon initial recognition	(24.7)	9.7
Gain/(losses) on financial instruments at FVTPL	14.0	(15.2)
Other losses	(9.7)	(4.4)

5. Net finance costs

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

	2022 £m	2021 £m
Interest on subordinated debt	4.7	4.7
Interest on lease liabilities	1.6	1.6
Finance cost on the revolving credit facility	0.3	0.3
Interest (income)/costs charged on bank deposits	(0.3)	0.2
	<u>6.3</u>	<u>6.8</u>

6. Income tax expense

	2022 £m	2021 £m
Analysis of charge in the year		
Current tax		
Tax on profits for the year	9.5	45.0
Adjustments in respect of prior years	(3.8)	(1.3)
Total current tax	<u>5.7</u>	<u>43.7</u>
Deferred tax		
Origination and reversal of temporary differences	3.8	(9.8)
Adjustments in respect of prior years	0.6	0.2
Total deferred tax	<u>4.4</u>	<u>(9.6)</u>
Income tax expense	<u>10.1</u>	<u>34.1</u>

The corporation tax rate for 2022 was 19% (2021: 19%). The tax charge in the year is lower (2021: lower) than the standard rate of corporation tax in the UK and the differences are explained below:

	2022 £m	2021 £m
Factors affecting tax expense for the year		
Profit before taxation	<u>58.0</u>	<u>183.7</u>
Taxation at the standard corporation tax rate (19%; 2021: 19%)	11.0	34.9
Non-taxable expenditure	0.4	-
Other permanent differences	1.6	(1.4)
Adjustments in respect of prior years	(3.2)	(1.1)
Effect of differences in overseas tax rates	0.3	0.3
Impact of tax rate change on deferred tax balances	-	1.4
Total tax expense	<u>10.1</u>	<u>34.1</u>

7. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to equity holders of Jupiter Fund Management plc (the parent company of the Group) by the weighted average number of ordinary shares outstanding and contingently issuable during the year less the weighted average number of own shares held. Own shares are shares held in an EBT for the benefit of employees under the vesting, lock-in and other incentive arrangements in place.

Diluted EPS is calculated by dividing the profit for the year (as used in the calculation of basic EPS) by the weighted average number of ordinary shares outstanding during the year for the purpose of basic EPS plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	2022 Number m	2021 Number m
Weighted average number of shares		
Issued share capital ¹	552.4	553.1
Add contingently issuable shares ²	1.7	-
Less time apportioned own shares held	(24.5)	(10.6)
Weighted average number of ordinary shares for the purpose of basic EPS	529.6	542.5
Add back weighted average number of dilutive potential shares	9.3	12.9
Weighted average number of ordinary shares for the purpose of diluted EPS	538.9	555.4

	2022 p	2021 p
Earnings per share		
Basic	8.9	27.6
Diluted	8.8	26.9

¹The Group purchased and cancelled 6.7m ordinary shares during 2022 (see Note14), resulting in a weighted average issued share capital of 552.4m.

²Contingently issuable shares relate to vested but unexercised share-based payment awards at the balance sheet date.

8. 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. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing, with the allocation to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Impairment losses on goodwill are not reversed.

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

	2022 £m	2021 £m
Goodwill	570.6	570.6
	570.6	570.6

The Group operates as a single asset management business segment and does not allocate costs between investment strategies or individual funds. The Group's goodwill originally arose in 2007 through KAML and was increased in 2020 through the acquisition of Merian. The Merian acquisition largely comprised revenues and incremental costs and therefore increased the scale of the existing business, improving the headroom over goodwill arising on acquisitions. Both businesses are fully integrated and are not separately measured or monitored. It is not possible to assign the reduction in the Group's profitability in 2022 between KAML and Merian, and therefore we adopt a single CGU and consider our impairment test based on Group-wide cash generation to calculate the recoverable amount of the goodwill, using the higher of the value in use and fair value less costs of disposal, and comparing this to the carrying value of the asset.

For the impairment test, the recoverable amount for the goodwill asset was calculated using a value in use approach, based on the net present value of the Group's future earnings. The net present value was calculated using a discounted cash flow model, with the following key assumptions:

- The Group's projected base case forecast cash flows over a period of five years, which include an assumption of annual revenue growth based on our expectations of AUM growth, client fee rates and performance fees. The data is taken from the five-year plan, which was approved by the Board in December 2022 and is aligned with the strategic focus set out in the Management statement;
- Long-term growth rates of 2% (2021: 3%) were used to calculate terminal value; and
- A cost of capital of 12.8% (2021: 10.7%) was calculated using the capital asset pricing model, weighted to take into account the Group's subordinated debt.

The impairment test performed indicates positive headroom of recoverable amount over carrying value of £212m at 31 December 2022, down from £422m at 30 June 2022 and £1.5bn at 31 December 2021. The headroom has declined as the scale of the Group has reduced, decreasing the overall profitability of the business, primarily through a 15% decrease in the Group's net revenues (before performance fees) resulting from lower average AUM in the year. The value in use of the asset is higher than its fair value less costs of disposal. Our conclusion therefore is that the Group's goodwill asset is not currently impaired.

The sensitivity of the Group's current headroom position to changes in key metrics and assumptions is shown in the table below, which discloses the stresses that would have to be applied to the value in use calculation in order for the headroom to be completely removed.

Measure	Assumption used in base case	Movement required to remove all headroom
Compound average annualised revenue growth over a five-year period	Board-approved 5 year strategic plan	Decrease by 3.2% ¹
Discount rate movement (post tax) ²	12.8%	Increase to 16.1%
Terminal growth rate movement	2.0%	Decrease to -3.1%

¹This percentage is a reduction in average annual revenue growth over a five-year period; it does not imply a linear year-on-year reduction.

²Using pre-tax discount rates on pre-tax profitability and cash flows does not produce a materially different result.

The impact on headroom of reasonably possible adverse movements in key inputs to the Group's impairment testing is as follows:

Key variable	Reasonably possible adverse movement	Reduction in headroom £m
Discount rate	+1%	77
Terminal growth rate movement	-1%	55
Decrease in revenue	-10%	87

The sensitivities modelled make no allowance for actions management would take should the Group experience future reductions in AUM or profitability.

Neither the Group's regulatory capital or liquidity resources nor its regulatory requirements would be directly impacted by impairment charges relating to the Group's goodwill asset.

The Group continues to monitor its market capitalisation against implied internal valuations and adjust its internal models on a regular basis to reflect the impacts of market information and its own profitability levels.

9. Intangible assets

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

The other intangible assets recognised are computer software. During the year, the Group acquired computer software of £4.1m (2021: £2.1m) and disposed of £nil (2021: £0.2m).

The amortisation charge for intangible assets was £21.0m (2021: £20.6m).

The Directors have reviewed the intangible assets as at 31 December 2022 and have concluded there are no indicators of impairment (2021: same).

	2022 £m	2021 £m
Intangible assets	35.2	52.1
	35.2	52.1

10. Property, plant and equipment

The net book value of property, plant and equipment at 31 December 2022 was £40.9m (2021: £44.1m). Additions to the right-of-use assets in 2022 were £1.4m (2021: £0.9m). The Group purchased other items of property, plant and equipment of £1.2m during the year (2021: £1.4m). The depreciation charge was £5.8m (2021: £5.6m).

11. Financial instruments

Financial instruments by category

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

As at 31 December 2022

	Financial assets at FVTPL £m	Financial assets at amortised cost £m	Financial liabilities at FVTPL £m	Other financial liabilities £m	Total financial instruments £m	Non-financial instruments £m	Total £m
Goodwill	-	-	-	-	-	570.6	570.6
Intangible assets	-	-	-	-	-	35.2	35.2
Property, plant and equipment	-	-	-	-	-	40.9	40.9
Deferred tax assets	-	-	-	-	-	19.4	19.4
Non-current trade and other receivables ¹	-	0.4	-	-	0.4	-	0.4
Financial assets at FVTPL	167.8	-	-	-	167.8	-	167.8
Current trade and other receivables ¹	-	113.9	-	-	113.9	10.2	124.1
Cash and cash equivalents	-	280.3	-	-	280.3	-	280.3
Current income tax assets ¹	-	-	-	-	-	3.3	3.3
Non-current loans and borrowings	-	-	-	(49.5)	(49.5)	-	(49.5)
Non-current trade and other payables ¹	-	-	-	(77.2)	(77.2)	(10.3)	(87.5)
Deferred tax liabilities	-	-	-	-	-	(6.7)	(6.7)
Financial liabilities at FVTPL	-	-	(49.2)	-	(49.2)	-	(49.2)
Current trade and other payables ¹	-	-	-	(188.4)	(188.4)	(16.8)	(205.2)
Total	167.8	394.6	(49.2)	(315.1)	198.1	645.8	843.9

¹ Prepayments, contract assets, contract liabilities, current income tax assets and social security and other taxes do not meet the definition of financial instruments.

As at 31 December 2021

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

¹ Prepayments, contract assets, contract liabilities and social security and other taxes do not meet the definition of financial instruments.

For financial instruments held at 31 December 2022, issued subordinated debt, recorded within non-current loans and borrowings above, had a fair value of £51.0m (2021: £58.8m), less unamortised expenses of £0.2m (2021: £0.3m).

12. Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank and in hand	276.8	193.5
Cash held by the EBT and seed investment subsidiaries	3.5	3.8
Total cash and cash equivalents	280.3	197.3

Cash and cash equivalents have an original maturity of three months or less. Cash at bank earns interest at the current prevailing daily bank rates.

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

13. Loans and borrowings

On 27 April 2020 the Group issued £50.0m of Tier 2 subordinated debt notes at a discount of £0.5m. Issue costs were £0.5m and the net proceeds were therefore £49.0m. These notes will mature on 27 July 2030 and bear interest at a rate of 8.875% per annum to 27 July 2025, and at a reset rate thereafter. The Group has the option to redeem all of the notes from 27 April 2025 onwards. The fair value of the notes as at 31 December 2022 was £51.0m (2021: £58.8m).

	2022 £m	2021 £m
Non-current subordinated debt in issue	49.5	49.3

14. Share capital

During the year, the Group announced a £10.0m share buyback and cancellation programme. At 31 December 2022, the Group had purchased and cancelled 6.7m ordinary shares at a cost of £8.0m, and had irrevocably committed to £2.0m of further purchases. The programme was completed in January 2023, with the further purchase and cancellation of 1.4m shares. On cancellation of the shares, an amount equal to their nominal value was transferred to a capital redemption reserve which forms part of 'Other reserves', as detailed in Note 15. Shares cancelled during the year represent 2% of issued share capital as at 31 December 2022.

	2022 Number of shares m	2021 Number of shares m	2022 £m	2021 £m
Share capital				
Ordinary shares of 2p each	546.4	553.1	10.9	11.1
	546.4	553.1	10.9	11.1

	Number of shares 2022 m	2021 m	Par value 2022 £m	2021 £m
Movement in ordinary shares				
At 1 January	553.1	553.1	11.1	11.1
Shares cancelled	(6.7)	-	(0.2)	-
At 31 December	546.4	553.1	10.9	11.1

15. Reserves

(i) Own share reserve

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

During the year, the Group purchased 10.4m (2021: 18.2m) ordinary shares with a par value of £0.2m (2021: £0.4m) for the purpose of satisfying share option obligations to employees. The full cost of the purchases was £21.4m (2021: £48.5m). The Group disposed of 7.2m (2021: 6.6m) own shares to employees in satisfaction of share-based awards with a nominal value of £0.1m (2021: £0.2m). At 31 December 2022, 22.9m (2021: 19.7m; 2020: 8.7m) ordinary shares, with a par value of £0.5m (2021: £0.4m; 2020: £0.2m), were held as own shares within the Group's EBT.

(ii) Other reserves

Other reserves comprise the merger relief reserve of £242.1m (2021: £242.1m) formed on the acquisition of Merian in 2020, £8.0m (2021: £8.0m) that relates to the conversion of Tier 2 preference shares in 2010 and £0.2m (2021: £nil) of capital redemption reserve that was transferred from share capital on the cancellation of shares that had been repurchased in 2022 (see Note 14).

(iii) Foreign currency translation reserve

The foreign currency translation reserve of £3.7m (2021: £0.3m) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(iv) Retained earnings

Retained earnings of £578.9m (2021: £639.7m) are the amount of earnings that are retained within the Group after dividend payments and other transactions with owners, including share repurchases. During the year ended 31 December 2022, the Company spent £8.0m on the repurchase of 6.7m shares (2021: £nil) at an average price of 119p per share (2021: nil).

16. Dividends

	2022 £m	2021 £m
Final dividend (9.2p per ordinary share) (2021: 9.2p per ordinary share)	48.6	50.4
Interim dividend (7.9p per ordinary share) (2021: 7.9p per ordinary share)	41.6	42.9
Special dividend (nil) (2021: 3.0p per ordinary share)	-	16.5
	90.2	109.8

Final and special dividends are paid out of profits recognised in the year prior to the year in which the dividends are proposed, declared and reported.

The EBT has waived its right to receive future dividends on shares held in the trust. Dividends waived on shares held in the EBT in 2022 were £4.3m (2021: £1.4m).

A final dividend for 2022 of 0.5p per share (2021: 9.2p) has been proposed by the Directors. This dividend amounts to £2.7m (before adjusting for any dividends waived on shares in the EBT) and will be accounted for in 2023. Including the interim dividend for 2022 of 7.9p per share (2021: 7.9p), this gives a total dividend per share of 8.4p (2021: 17.1p).

17. Cash flows from operating activities

	Notes	2022 £m	2021 £m
Operating profit		64.3	190.5
Adjustments for:			
Amortisation of intangible assets	9	21.0	20.6
Depreciation of property, plant and equipment	10	5.8	5.6
Other net losses/(gains) ¹		28.2	(9.4)
Losses/(gains) on fund unit hedges ²		55.1	(7.7)
Share-based payments		13.6	25.5
Cash inflows on exercise of share options		-	0.1
Performance fee receivable in shares ³		-	(55.5)
Decrease in trade and other receivables ⁴		12.2	39.1
(Decrease)/increase in trade and other payables ⁴		(25.1)	28.7
Cash generated from operations		175.1	237.5

¹Comprises the reversal of items included in 'Other losses' in the income statement that relate either to unrealised gains or losses, or to cash flows relating to the disposal of financial assets other than derivative contracts. Cash flows relating to disposals are included in the Cash flow statement within 'Proceeds from disposals of financial assets at fair value through profit or loss'.

²Comprises the reversal of net losses/(gains) on financial instruments held to provide an economic hedge for funds awards that are recognised within Administrative expenses (Note 3). Cash flows arising from the disposals of such instruments are included in the Cash flow statement, in line with footnote 1 above.

³The decrease in performance fee receivable in shares was settled as a non-cash transaction in 2022.

⁴Amounts reported in these lines can differ from the movement in the balance sheet where cash flows that form part of that movement are separately reported in a different line of the Cash flow statement or its notes. In 2021 and 2022, these differences are principally in respect of cash flow movements relating to consolidated funds. For trade and other payables, additionally, cash flows arising from movements in lease liabilities are presented on the face of the Cash flow statement.

18. Changes in liabilities arising from financing activities

	2022				2021			
	Financial liabilities at FVTPL £m	Loans and borrowings ¹ £m	Leases £m	Total £m	Financial liabilities at FVTPL £m	Loans and borrowings ¹ £m	Leases £m	Total £m
Brought forward at 1 January	52.3	49.3	51.1	152.7	89.2	49.2	54.2	192.6
New leases	-	-	1.4	1.4	-	-	0.2	0.2
Changes from financing cash flows	18.7 ²	-	(7.8)	10.9	2.8 ²	-	(5.2)	(2.4)
Changes arising from obtaining or losing control of consolidated funds	(14.4)	-	-	(14.4)	(47.0)	-	-	(47.0)
Changes in fair value	(8.0)	-	-	(8.0)	7.3	-	-	7.3
Interest expense	-	0.2	1.6	1.8	-	0.1	1.6	1.7
Lease reassignment and modifications	-	-	-	-	-	-	0.3	0.3
Liabilities arising from financing activities carried forward at 31 December	48.6	49.5	46.3	144.4	52.3	49.3	51.1	152.7
Notes		13				13		

¹Accrued interest on loans and borrowings is recorded within 'Trade and other payables' and is therefore not included in this analysis. The interest expense above comprises the charge arising from unwinding the discount applied in calculating the amortised cost of the subordinated debt.

²Comprises cash flows from third-party subscriptions redemptions into consolidated funds, net of redemptions (see Cash flow statement).

19. Basis of preparation and other accounting policies

The financial information set out does not constitute the Company's statutory accounts for the years ended 31 December 2022 or 2021, but is derived from those accounts. The Auditors have reported on the 2022 accounts; their report was unqualified, unmodified and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. Statutory accounts for 2021 have been delivered to the Registrar of Companies and those for 2022 will be delivered in due course.

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

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

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

Changes in the composition of the Group

The Group is required to consolidate seed capital investments if it is deemed to control them. The following changes have been made to the consolidation of the Group since 31 December 2021:

Included in consolidation (as a result of investments)

Jupiter Global Emerging Markets Focus Fund
 Jupiter Global Fund SICAV: Global Ecology Bond
 Jupiter Global Sustainable Equities Fund

Excluded from consolidation

Jupiter Global Fund SICAV: Flexible Income
 Jupiter Global Fund SICAV: Flexible Macro

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

Jupiter European Smaller Companies

Accounting policies

The accounting policies applied are consistent with those applied in the Group's annual financial statements for the year ended 31 December 2022.

20. Financial instruments

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

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

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

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

As at 31 December 2022, the Group held the following financial instruments measured at fair value:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at FVTPL – funds	116.5	51.0	0.3	167.8
Financial liabilities at FVTPL	(48.6)	-	-	(48.6)
Other financial liabilities at FVTPL - derivatives	-	(0.6)	-	(0.6)
	67.9	50.4	0.3	118.6

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

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

21. Estimates and judgements

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

22. Related parties

During the year, the group consolidated Jupiter Global Emerging Markets Focus Fund, Jupiter Global Fund SICAV: Global Ecology Bond and Jupiter Global Sustainable Equities Fund (as set out in Note 19 above). Jupiter Global Fund SICAV: Flexible Income and Jupiter Global Fund SICAV: Flexible Macro have been removed as the funds were closed.

The Group manages a number of investment trusts, unit trusts, OEICs, SICAVs, ICVCs, an ICAV (closed in 2021), a hedge fund (closed in 2022) and Delaware LPs and receives management and, in some instances, performance fees for providing this service. The precise fee arrangements are disclosed within the financial statements of each investment management subsidiary of the Group or within other publicly available information. By virtue of the investment management agreements in place between the Group and the collective investment vehicles it manages, such funds may be considered to be related parties. Investment management and performance fees are disclosed in Note 1.

The Group acts as manager for 34 (2021: 38) authorised unit trusts and 12 (2021: 12) OEICs. Each unit trust is jointly administered with the trustees, Northern Trust Global Services SE. The aggregate total value of transactions for the year was £2,714m (2021: £1,912m) for unit trust creations and £3,570m (2021: £3,692m) for unit trust redemptions/liquidations. The actual aggregate amount due from (2021: from) the trustees at the end of the accounting year in respect of transactions awaiting settlement was £24.0m (2021: £2.6m). The Group also acts as the management company for the Jupiter Global Fund and Jupiter Investment (formally Merlin) Fund SICAVs, made up of 20 sub-funds (2021: 19) and four sub-funds (2021: four) respectively as well as the Jupiter Investment Management Series II (previously known as the Merian Investment Fund Series II) and the Jupiter Asset Management Series plc (previously known as the Merian Global Investors Series plc), made up of 12 (2021: 12) and 18 (2021: 21) sub-funds respectively.

The amounts received in respect of gross management, registration and performance fee charges were £254.8m (2021: £283.6m) for unit trusts, £60.9m (2021: £87.0m) for OEICs, £100.8m (2021: £122.8m) for SICAVs, £49.9m (2021: £48.2m) for ICVCs, £6.4m (2021: £119.5m) for investment trusts and £27.0m (2021: £25.9m) for segregated mandates. At the end of the year, there was £28.9m (2021: £31.2m) accrued for annual management fees, £1.4m (2021: £3.2m) in respect of registration fees and £9.7m (2021: £113.0m) in respect of performance fees.

Included within financial instruments (see Note 11) are seed investments and hedges of awards in fund units in mutual funds and investment trusts managed, but not controlled, by the Group. At 31 December 2022, the Group had a total net investment in such funds of £53.1m (2021: £131.6m) and received distributions of £1.0m (2021: £1.1m). During 2022, it invested £24.1m (2021: £57.5m) in these funds and made disposals of £86.6m (2021: £66.2m).

At 31 December 2022, none of the Group's key management personnel had invested in the Group's subordinated debt issued in 2020. In 2021, three members of key management personnel had invested in the sum of £1.6m. The investments were made on terms equivalent to those that prevail in arm's length transactions.

Key management compensation

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

	2022	2021
	£m	£m
Short-term employee benefits	3.8	5.5
Share-based payments	1.6	6.9
Other long-term benefits	1.7	0.4
	7.1	12.8

Statement of Directors' responsibilities

Statements relating to the preparation of the Financial Statements

The Directors are responsible for preparing the Annual Report, the Remuneration Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group and Company Financial Statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group Financial Statements in accordance with UK-adopted IAS and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Directors' review of the Financial Statements

The Directors undertook a detailed review of the Financial Statements in February 2023. Following this examination, the Board was satisfied that the Financial Statements for 2022 give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. Before approving the Financial Statements, the Board satisfied itself that in preparing the statements:

- suitable accounting policies had been selected and consistently applied;
- the judgements and accounting estimates that have been made were reasonable and prudent; and
- where applicable International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been adopted and, for the Group, UK-adopted IAS, have been followed and that there were no material departures.

The Directors' review of going concern

The Financial Statements have been prepared on the going concern basis, the Directors having determined that the Company is likely to continue in business for at least 12 months from the date of this report.

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

Supported by the Audit and Risk Committee, the Directors have completed a robust review and assessment of the principal risks in the business making use of the Enterprise Risk Management Framework which operates in all areas of the Company. The framework ensures that the relevant risks are identified and managed and that information is shared at an appropriate level. Full details of these risks are provided in the Risks to our Strategy pages of the Strategic report. The Board subjected the Enterprise Risk Management Framework to a detailed review in December. The Directors found it was an effective mechanism through which the principal risks and the Company's risk appetite and tolerances could be tested and challenged.

The Directors' responsibility for accounting records

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

The Directors' responsibility for the safekeeping of assets

The Directors have examined the steps in place for ensuring the prevention and detection of fraud and other irregularities. The procedure is examined and tested on a regular basis. The Board is satisfied it is understood and is operated well, and accordingly that the assets of the Company are safeguarded and protected from fraud and other irregularities.

The Directors' responsibility for information

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

Statement of Directors' responsibilities

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

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

- the Group and Company Financial Statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group and profit of the Company; and
- the Directors' report contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

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

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

On behalf of the Board

Wayne Mepham
Chief Financial Officer
23 February 2023

Principal risks and mitigations

The Board and executive management are responsible for establishing and maintaining a strong risk management and compliance culture that embeds and supports a high level of risk awareness and a sound internal control environment.

This is achieved through leadership behaviours which establish the tone from the top, our governance structure, a clear definition of roles and responsibilities and a robust risk management framework.

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

Risk governance and responsibilities

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

The Board has ultimate responsibility for oversight of the risks of the Group and for determining the risk appetite limits within which the Group must operate. It delegates day-to-day responsibility of risk management and control activities to the Chief Executive Officer, supported by the Executive Committee and the Risk, Compliance and Capital Committee, with oversight from the Audit and Risk Committee.

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

Risk appetite

The Group's risk appetite defines the level and type of risk that the Group is prepared to accept in pursuit of its strategic objectives and business strategy, taking into account the interests of its clients, shareholders and other stakeholders, as well as capital and other regulatory requirements. An important part of the Board's remit is to determine the Group's risk appetite, taking into account its strategic plans, the business environment, and the current and likely future condition of our business and operations.

Risk and Control Self-Assessment (RCSA)

The bottom-up identification and assessment of Operational risk is performed by teams across the business via an RCSA. The assessment identifies and monitors material risks and associated key controls by considering the operating environment, processes, roles and responsibilities, as well as risk incidents. Risks are assessed on both an inherent and a residual basis, with ratings determined for potential impact and likelihood. Where processes or controls are identified as insufficient, line management is required to take appropriate action to ensure they are improved in order to pose a minimal (or acceptable) level of risk to the Group.

Operational Risk Scenario Analysis (ORSA)

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

Top down Risk Assessment (TDRA)

The TDRA identifies the Group's material risks and monitors their profile. It is informed by data and information pertinent to each risk category, which is used to assess the residual risk impact and the likelihood of the risk crystallising. The consolidated view of the Group's risk profile is presented to the Risk, Compliance and Capital Committee for their approval, before being presented to the Audit and Risk Committee.

Risk incidents

A risk incident is a failure of process, people or systems which results in an actual or potential impact. Incidents are reported, recorded and investigated to determine the root cause, impact, theme and to ensure that appropriate remediation work is completed as required. Incidents are monitored and captured across the business and independently reviewed to ensure completeness and accuracy. Analysis of incidents is used to support our TDRA, RCSA and ORSA processes.

Key Risk Indicators (KRIs)

KRIs are used by the Group to provide an early sign of changing risk exposures, enabling us to identify trends and emerging risks which are used to inform and support management decision making. Our KRIs form a fundamental part of our TDRA process.

Risk reporting

Our view of the risk profile is reported regularly through our governance structure to ensure it receives an appropriately high level of senior management and Board attention at both a Group and Regulated Entity level. The Boards take action, as required, where a risk is deemed to be outside of appetite.

Emerging risks

Emerging risks are a condition, situation or trend that could significantly affect the Group's risk profile. They are raised by the business through the TDRA and RCSA process. Each one is challenged to consider likelihood, impact and any action required to ensure we are fully prepared should they begin to crystallise.

2022 ERMF enhancements

During 2022, a number of initiatives were undertaken to enhance the way we monitor, assess and manage risk. These included:

- Embedding of the areas of the framework enhanced during 2021, specifically our risk appetite and TDRA.
- Further enhancement of our framework for the management of Liquidity risk.
- Building our framework to support the assessment of Environmental, Social and Governance (ESG) risks.
- Development of processes to support our Operational Resilience.
- Focusing on embedding our assessment of the material harm which we could potentially cause to clients, the market or the firm.
- Completion of our first Internal Capital Adequacy Risk Assessment (ICARA), ensuring that we have adequate capital and liquidity and ensuring compliance with the Investment Firms Prudential Regime (IFPR).
- The continued embedding and enhancement of our Conduct processes and controls, including staff training and the development of the KRIs which provide a view on potential Conduct issues.
- Further developments to our Risk system for capturing RCSAs and risk incidents.

Risk profile

The Group is exposed to various risk types in pursuing its business objectives which can be driven by internal and external factors. Understanding and managing these risks is both a business imperative and a regulatory requirement. Our taxonomy defines and describes these risks, providing a consistent methodology for assessment and reporting. Some risks are pursued to support the business plan, such as the risks relating to investment performance. Other risks are inherent in routine business activities, such as the risk of Financial Crime. The differing risks faced by the Group are documented within our taxonomy and managed through the Group's ERMF in line with risk appetite. The type and severity of the risks we face can change quickly in a complex and competitive environment, therefore the framework for managing these risks is dynamic and forward-looking to ensure it considers both current and emerging risks which could potentially impact the Group.

As an investment management firm, Jupiter's most material risk exposures are in the Strategic, Market and Operational (including regulatory) risk categories. However, our exposure to Capital Adequacy, Liquidity, and Credit/Counterparty risks is also monitored to ensure they are managed on a prudent basis and remain within regulatory requirements and the Group's risk appetite.

The Group is also exposed to Sustainability, Operational Resilience, Reputational and Conduct risks and their associated harms. We consider these risk types to be pervasive throughout our taxonomy.

Sustainability risk

Sustainability risk is the failure to identify, assess, manage and report on ESG issues that could cause actual or potential material negative impacts on our core business activities.

Sustainability risk can crystallise through investment decisions that fail to adequately assess ESG materiality which impact the firm's financial performance and reputation, investment decisions that fail to adequately assess ESG materiality that create headline risk resulting in reputational damage, or operational risk including physical risks such as the increasing likelihood of extreme weather events which have the potential to place pressure on our operating environment and in extreme cases our Operational Resilience. Risks of this nature result from different areas of our enterprise risk taxonomy which are monitored and assessed through the ERMF to minimise the potential for client dissatisfaction or harm.

The Group has established a sustainability governance structure to oversee the management of Sustainability risk. The structure is centred around the Sustainability Committee and the Investment Review Forum that feeds into the Investment Oversight Committee. The Risk Compliance and Capital Committee oversee the risk profile of the Group through our TDRA, where Sustainability risk is specifically considered.

Reputational risk

The Group defines Reputational risk as the risk of loss or other adverse impact arising from unfavourable perception of the firm on the part of customers, counterparties, employees, regulators, shareholders, other stakeholders, the media or the general public. For example, Reputational risk can arise as a result of operational risk incidents, strategic decisions, or generally as a result of inappropriate behaviour of the Group, as perceived by various stakeholder groups.

Operational resilience risk

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

During 2022, significant focus has been placed on complying with the regulatory requirements relating to Operational resilience. This has involved the identification of the Important Business Services (IBS) which could cause intolerable harm to clients, markets or Jupiter itself, understanding any vulnerabilities from a people, systems, premises and supplier perspective from delivering those services and setting appropriate impact tolerances for each IBS through testing against a broad range of severe but plausible scenarios to ensure that we understand the required resources to ensure our service remains robust.

As we move forward into 2023, focus will move to embedding this framework to ensure that we continue to challenge our ability to remain within our impact tolerances and enhance our Operational resilience through ongoing assessment and assurance testing.

Conduct risk

The Group defines Conduct risks as those which can arise from action (or inaction) on an individual and/or firm level which results in customer detriment, a negative impact to market stability, or restricting effective competition. Conduct is considered in all aspects of the way the Group operates, including in relation to the Group's culture and values and how those influence an individual's behaviour.

The Group recognises that Conduct risk issues can crystallise across various parts of the business and can be strategic, financial, infrastructural or behavioural in their nature. Conduct risks can arise on both an individual and Group basis. Jupiter has continued to review and evolve its Conduct risk management approach in 2022.

Conduct risk is monitored through the Conduct Risk Dashboard. The dashboard is designed to provide a lens into Conduct risk from which the relevant Committees can review and investigate both potential and actual Conduct risk issues within the Group. The Conduct Risk Dashboard has continued to be reviewed and has been enhanced during 2022.

We have also continued to focus on educating employees on the importance of good conduct, with a specific training programme rolled out to all employees.

Principal risks

The following section sets out the principal risk types to which the Group is exposed (as defined within our taxonomy) based on the potential impact and likelihood of them crystallising. We monitor all risks within the taxonomy, including Sustainability, Operational Resilience, Reputational and Conduct risks, through the quarterly review of our risk profile.

Overall, our risk profile increased during 2022, as a result of a number of external challenges.

Our increasing risk direction for Strategic risk reflects the disruption in markets following the invasion of Ukraine, which prompted increased volatility and operational risk. The corresponding changing global sanctions regimes have increased our Financial Crime risk. Whilst the landscape continues to evolve, we believe that the Group has taken appropriate action and is well positioned and equipped to respond in a way that continues to mitigate risk and protect our client interests.

Jupiter's regulatory footprint has increased, driven by changes to the regulatory landscape, increasing regulatory divergence and an increase in communication with regulatory bodies in the post-pandemic environment. We continue to engage with our regulators in an open and transparent manner.

Technology and Information Security risk has also increased due to the potential for a cyber-attack. We continue to invest in our control environment in this area of the business, reducing vulnerabilities where possible.

Outsourcing remains a key component of our business strategy and we rely on our third-party relationships to deliver our business services.

Understanding and managing our People risk is essential to the success of our business. A full review of the resourcing requirements and capabilities required has been undertaken to ensure staffing levels reflect the size and complexity of the business, whilst also meeting our evolving business, operational and regulatory requirements.

Further details on the assessment of our most material risks are included below.

Strategic risk

- We consider Strategic risk to be the risk to our business as a result of matters inherent in the nature of our business model or the financial and competitive markets in which we operate.
- Key areas of focus during 2022 included the ongoing global inflationary landscape and market volatility, alongside a continued focus on sustainability.
- Europe and the UK has been impacted by market uncertainty as a result of the war in Ukraine and the impact of the Covid-19 stimulus. In addition, the UK was hit by political instability which contributed to the continued weakening of Sterling.
- The combination of a worsening macro-economic backdrop, continued geopolitical challenges and inflationary concerns weighed upon investor sentiment during 2022. Despite this, Jupiter reported improved flows from the start of H2.

Mitigation

- The Board sets the strategy and ensures the organisation has the right structure, leadership, culture and resources to execute it.
- The Board and Executive Committee regularly review the strategic plan, opportunities and threats, budgets and targets.
- Senior Management Team created to ensure effective execution and delivery of strategy.
- Our risk appetite is aligned to our strategic objectives and is set and monitored by the Board.
- Independent second line oversight of our risk profile.
- We continue efforts to diversify across both regions and asset classes. Our strategy is to defend our existing UK positions where prudent to do so, whilst increasing the scale of our international and institutional businesses.

Market risk

- We consider Market risk to be the risk of loss arising from market movements, including the risk that any market risk mitigation techniques used by the Group prove less effective than expected.
- The Group is mainly exposed to market movements through the effect of asset values increasing or decreasing the level of AUM, impacting future revenue generation, foreign currency exposure, seed investments in funds and unfunded client subscriptions.
- The Board continues to set aside an amount of seed capital to be used to invest in Jupiter funds to support and grow our investment offering.

Mitigation

- During 2022 we have ensured we are fully compliant with IFPR regulations. We undertake rigorous stress testing to ensure that we remain adequately capitalised under severe but plausible adverse scenarios.
- The Group aims to hedge investments to limit relative volatility across the seed capital portfolio. Seed investments, redemptions and hedging are reviewed and approved by the Seeding Committee.
- We monitor investment positions and maintain appropriate hedges and limits, linked to our risk appetite, to ensure that our capital is not put at undue risk.

Outsourcing and supplier risk

- We consider Outsourcing and Supplier risk to be the risk arising from incidents or failure of providers of services to deliver on their obligations, or inadequate selection or oversight of providers.
- We continue to review and assess our appetite for outsourcing to ensure that it remains effective in relation to the size and scale of our business.
- We continue to work closely with our critical third-party suppliers to ensure that the services they provide remain resilient.

Mitigation

- Our framework for the delegation of activities to third parties is continually reviewed, in line with regulatory requirements and market risks to ensure effectiveness.
- Third-party outsourcing remains a key part of Jupiter's strategic approach, which is reflected through our risk appetite.

Regulatory risk

- We consider Regulatory risk to be the risk of failing to comply with our regulatory obligations. This includes failures to implement changes required to meet new regulatory requirements.
- Jupiter's regulatory footprint has increased, driven by changes to the regulatory landscape, increasing regulatory divergence and an increase in communication with regulatory bodies in the post-pandemic environment.
- Regulatory change remains significant as we continue to see a high volume of regulatory activity (Sustainability, Consumer Duty and Operational Resilience) across the industry alongside our focus on growing the scale in our international business, which further increases our regulatory footprint.

Mitigation

- To ensure we remain well placed to meet all regulatory challenges, we continue to pro-actively engage with our regulators in an open and transparent manner while investing in education, training and a robust second line function.
- We have a cohesive and holistic approach to managing the evolving landscape of regulatory risk across jurisdictions and utilise industry insight and specialist expertise as required.

Financial crime risk

- We consider Financial Crime risk to be the risk of financial crime activities, such as money laundering and terrorist financing, sanctions, proliferation financing, bribery and corruption, fraud, tax evasion or market abuse.
- The geopolitical events following the invasion of Ukraine disrupted markets which increased volatility and operational risk. The corresponding changing global sanctions regimes increased our financial crime risk. Whilst the sanctions landscape stabilises, ongoing challenges such as greater regulatory focus and a widening geographical distribution of some products have resulted in an increasing level of Financial Crime risk.

Mitigation

- We aim to limit Financial Crime risk by adopting robust procedures and controls and ensuring adequate expert resources are in place.
- We have a dedicated UK-based Financial Crime Compliance team, supported by local Compliance teams who provide guidance and training to the Group on financial crime related matters along with reviewing industry developments and changes to financial crime related legislation.
- The Group implemented use of an automated anti-money laundering risk assessment tool to enhance oversight of this key Financial Crime risk.

People risk

- We consider People risk to be the risk of failures or poor practices relating to people management.
- Focused recruitment, talent and learning programmes are in place supported by robust HR policies and procedures which comply with all relevant rules, regulations, and guidelines.
- Resourcing requirements and capabilities continue to be reviewed to ensure staffing levels reflect the size and complexity of the business, whilst meeting our evolving operational, regulatory and sustainability requirements.
- Steps have been taken to ensure that the working environment created supports the career development and wellbeing of all staff.

Mitigation

- Our high-conviction investment approach is fundamental to the way we think. We understand the positive impact we can have on our clients.
- We respect and celebrate different perspectives and experiences.
- In line with our risk appetite, we give autonomy, coupled with personal accountability, and encourage independence of thought and challenge.
- We actively manage succession and succession plans are in place for critical staff.
- We have embedded diversity and inclusion goals and continue to invest in the development of our culture and staff.
- Following the global pandemic, we have continued to promote flexible working arrangements, alongside supporting our employees' wellbeing through a number of initiatives.

Technology and Information Security risk

- We consider Technology and Information Security risk to be the risk of deliberate attacks or accidental events that have a disruptive effect on interconnected technologies.
- The threat of a cyber event has remained elevated during 2022 due to a number of factors, including flexible working arrangements and the Russian invasion of Ukraine. While no significant cyber events have impacted Jupiter, we take a proactive approach to cyber event monitoring, which has thus remained a key focus throughout the year.
- Jupiter is certified in accordance with the UK government-backed Cyber Essentials Plus scheme, demonstrating our ongoing commitment to reducing the likelihood of a successful cyber event, despite the rising number of external attacks seen across the industry.

Mitigation

- We continue to make investments in our security systems to identify and reduce vulnerabilities as quickly as possible.
- We have invested in ongoing training and awareness on the risks of phishing and similar attacks, and we continue to work with our third-party suppliers to ensure that they are able to demonstrate compliance with Group standards and internationally-recognised good practice.
- A crisis management test, facilitated by a third party, to simulate a cyber incident has been conducted with no material issues identified. Following the conclusion of this test we reviewed and enhanced our Crisis Management Plan.

Alternative performance measures

The use of alternative performance measures (APMs)

The Group uses APMs for two principal reasons:

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

Ratios

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

In this document, we have used the following ratios:

	APM	2022	2021	Definition	Reconciliation
1	Cost:income ratio	69%	61%	Administrative expenses before exceptional items and performance fees divided by Net revenue before exceptional items and performance fees	See table 1 below
2	Net management fee margin	73.5 bps	76.0 bps	Net management fees divided by average AUM	
3	Total compensation ratio before performance fees	40%	33%	Fixed staff costs before exceptional items plus Variable staff costs before exceptional items and performance fees as a proportion of Net revenue before performance fees	
4	Underlying EPS	11.3p	31.7p	Underlying profit after tax attributable to equity holders of the parent divided by average issued share capital	

Reconciliations and calculations: table 1

	APM	2022 £m	2021 £m
Administrative expenses (page 9)		302.3	353.1
Less: Performance fees costs (page 7)		(33.9)	(60.9)
Less: Exceptional items included in administrative expenses (page 13)		(0.8)	(14.2)
Administrative expenses before exceptional items and performance fees		267.6	278.0
Net revenue (page 9)		397.3	568.6
Less: Performance fees (page 14)		(10.3)	(113.0)
Net revenue before performance fees		387.0	455.6
Cost:income ratio	1	69%	61%
Management fees (page 14)		430.1	501.5
Less: Fees and commissions relating to management fees (page 14)		(45.3)	(47.8)
Net management fees		384.8	453.7
Average AUM (£bn) (page 5)		52.4	59.7
Net management fee margin	2	73.5 bps	76.0 bps
Fixed staff costs before exceptional items (page 7)		82.4	73.0
Variable staff costs before exceptional items and performance fees (page 7)		70.6	79.1
Total		153.0	152.1
Net revenue before performance fees (see above)		387.0	455.6
Total compensation ratio before net performance fees	3	40%	33%
Statutory profit before tax (page 9)		58.0	183.7
Exceptional items (page 13)		19.6	33.0
Underlying profit before tax (page 13)		77.6	216.7
Tax at average statutory rate of 19% ¹		(14.7)	(41.2)
Underlying profit after tax		62.9	175.5
Profit attributable to non-controlling interests (page 11)		(0.6)	(0.2)
Underlying profit after tax attributable to equity shareholders of the parent		62.3	175.3
Average issued share capital (m) (page 17)		552.4	553.1
Underlying EPS	4	11.3p	31.7p

¹Actual effective tax rates applicable to underlying profit before tax were 17.0% in 2022 and 18.3% in 2021.

Revenue, expense and profit-related measures

1. Asset managers commonly draw out subtotals of revenues less cost of sales, taking into account items such as fee expenses, including commissions payable, without which a proportion of the revenues would not have been earned. Such net subtotals can also be presented after deducting non-recurring exceptional items.
2. The Group uses expense-based APMs to identify and separate out non-recurring exceptional items or recurring items that are of significant size in order to provide useful information for users of the accounts who wish to determine the underlying cost base of the Group. To further assist in this, we also provide breakdowns of administrative expenses below the level required to be disclosed in the statutory accounts, for example, distinguishing between variable and fixed compensation, as well as non-compensation expenditure. These subdivisions of expenditure are also presented before and after exceptional items and after accounting for the impact of performance fee pay-aways to fund managers.
3. Profitability-based APMs are effectively the sum of the above revenue and expense-based APMs and are provided for the same purpose - to separate out non-recurring exceptional items or recurring items that are of significant size in order to provide useful information for users of the accounts who wish to determine the underlying profitability of the Group.
4. Underlying profit after tax is, in addition, used to calculate underlying EPS which determines the Group's ordinary dividend per share and is used in one of the criteria for measuring the vesting rates of share-based awards that have performance conditions attached.

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

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

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

As stated in 2 above, the Group presents a breakdown of administrative expenses below the level required to be disclosed in the statutory accounts, distinguishing between variable and fixed compensation, as well as non-compensation expenditure. The relevant amounts are set out in the table on page 7.

Changes in use of APMs since 2021

In 2022, we have changed from using operating margin as a measure of operational efficiency to using a cost:income ratio. The former includes gains and losses on seed investments which we do not believe are relevant metrics in determining our ability to manage costs and drive growth. By using a cost:income ratio instead, we are comparing underlying administrative expenses with underlying revenue, which we believe to be a cleaner measure. This ratio is one of our four financial KPIs used in the Group's 2022 Annual Report and Accounts.

Additionally, the Group has not used the following APMs in this report:

- Adjusted net revenue
- Underlying pay-out ratio