

J O Hambro Capital Management Limited
Annual Report

2020

Financial Statements
for the year ended 30 September 2020
Registered No: 02176004

Company information

Registered Number

02176004

Bankers

HSBC
8 Canada Square
London E14 5HQ

Directors

J T Finn (Non-Executive/Chairman)
A M Altinger
J S Leach (Non-Executive)
S D Lynn
B V Wright (Non-Executive)

Solicitors

Allen & Overy LLP
One Bishops Square
London E1 6AD

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Registered Office

Level 3
1 St James's Market
London SW1Y 4AH

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Strategic report

for the year ended 30 September 2020

The Strategic report for JOHCLM has been prepared by the Directors in accordance with Section 414A to D of the Companies Act 2006 ('CA2006'). It sets out a balanced and comprehensive analysis of the development and performance of the Company's business during the year and the position of the Company at the year end consistent with the size and complexity of the Company's business. The purpose is to provide the shareholder with information that will enable it to assess how the Directors have performed their duty to promote the success of the Company.

The Company has utilised the exemption from the obligation to prepare and deliver group financial statements pursuant to section 401 of the CA2006. These financial statements are prepared on a standalone basis and include the results and financial position of the Company only.

Fair review of the business

The Company is a wholly owned subsidiary of J O Hambro Capital Management Holdings Limited ('JOHCLM') and forms part of the J O Hambro Capital Management Group ('JOHCLMG' or 'the Group'). During the year J O Hambro Capital Management Umbrella Fund plc, an Irish-domiciled undertakings for Collective Investment in Transferable Securities ('UCITS'), ceased to be managed by the Company and is now managed by JOHCLM Funds (Ireland) Limited, another wholly-owned subsidiary of the ultimate parent (Pendal Group Limited). Investment management sub-advisory services, administration and other support services are provided by JOHCLM Funds (Ireland) Limited under agreements entered into with the Company, other Group entities and third parties. These changes enable the management of the UCITS to continue on an ongoing basis in the relevant markets following the formal withdrawal of the United Kingdom from the European Union, with limited impact on the operations of the Company.

The turnover for the Company decreased to £74.5 million for the year ended 30 September 2020 (2019: £107.4 million) and profit after taxation for the year ended 30 September 2020 was £58.2 million (2019: £75.3 million). The decrease in both turnover and profit was driven by net outflows in the OEIC product ranges and lower average markets for the financial year. Additionally, following the commencement of trading of

JOHCLM, the offshore OEIC management fees are now recognised in JOHCLM. AUM as at 30 September 2020 was £26.4 billion (2019: £28.3 billion).

The Company continues to be primarily an active manager of equities with an investment-led culture managing long-only equity portfolios across US, UK, European, Asian, Japanese, Global, International and Emerging Markets investment strategies and operating the same business model in all its activities. The Company caps strategy AUM in order to help preserve portfolio performance.

Future developments

The Company continues to seek growth and diversification in its investment management business.

Section 172 Statement

The revised UK Corporate Governance Code was published in July 2018 and applies to accounting periods beginning on or after 1 January 2019. The Companies (Miscellaneous Reporting) Regulation 2018 requires Directors to explain how they considered the interest of key stakeholders and the broader matters set out in section 172 (1) (a) to (f) during the current year.

The S172 statement focuses on matters of strategic importance to J O Hambro Capital Management Limited and the level of information disclosed is consistent with the size and complexity of the business.

Stakeholder engagement

COVID-19

The Directors are mindful of the significant impact to the Company's stakeholders as detailed in the Directors' report within these financial statements. As set out in this report, the Company operates a robust engagement strategy with key stakeholders, including clients, employees and regulators. The Company's management team has been in active dialogue throughout this period with its key stakeholders, which has informed the way critical decisions have been undertaken in order to allow the business to be able to navigate through this crisis. This dialogue will remain active and continue to inform the way the Company operates and emerges from the crisis.

Engagement with employees

The Company's performance is largely dependent on attracting, engaging, developing and retaining talent. The hire and development of talented people supports the retention of existing business and drives future growth.

Strategic report continued

Engagement with employees (continued)

Alongside competitive remuneration structures and long-term retention plans, the Company has a number of initiatives designed to promote an attractive workplace.

JOHCMG has flexible work and leave policies and practices across all levels of the Company. A number of employee surveys designed to support engagement and retention have been conducted during the year. Performance management processes are also in place to help develop and grow employees.

During the year, JOHCMG established a Diversity Committee. This committee will help lead the Group's ongoing efforts towards a truly diverse and inclusive workplace and will focus on diversity in all its forms; socioeconomic, cultural, religious, race, ethnicity, physical ability and sexual orientation. The committee is chaired by the JOHCM CEO – UK, Europe and Asia.

JOHCMG is also a member of the Investment 20/20 scheme which is part of the Investment Association. The scheme provides access to school leaver and graduate trainee programmes across partner companies with the goal of bringing more diverse talent to the industry.

Additionally, specific measures to ensure the wellbeing of employees during the period where offices have been closed and employees have been working remotely, have been introduced.

Customers

Understanding and meeting the investment and client service needs of clients is key for the Company. JOHCMG has sales and client relations teams, with extensive experience of the requirements of investors. Gaining a deep understanding of our clients' needs and working collaboratively with them, helps to deliver a positive investment experience and ensures that JOHCMG can offer solutions for different client requirements.

Delivered through small, autonomous investment teams, the investment emphasis is on providing high alpha-generating, high conviction, long-only equities strategies and a global multi-asset strategy using robust, consistent investment processes that avoid style drift.

JOHCMG has a long-standing policy of managing investment capacity in order to preserve investment performance.

A key example of the Company's engagement strategy with clients was demonstrated during the market turmoil at the outset of the COVID-19 pandemic. During this period a concerted effort was made to stay close to clients, ensuring frequent touch points and delivering an unprecedented amount of marketing content. In addition, the investment teams held a number of one-on-one client conference calls. We consider these actions were a contributory factor to the relatively low investment outflows experienced, as compared to other investment groups.

Suppliers and Outsourced Providers

JOHCMG's payment terms are that the Company should aim to pay suppliers for their goods and services within 30 business days from the date of receipt of their invoices. The Company regularly monitors how long it takes to pay suppliers and is satisfied that a high percentage of suppliers are paid within these terms. The Company is required to report on its payment practices every six months. These reports have shown that the number of suppliers paid within 30 days has increased during the current year.

The Company recognises that there is a significant risk of loss or reputation damage from inadequate supplier selection and oversight processes. The Company has a number of key outsourced providers, particularly with respect to fund administration and custody services. Key suppliers are regularly monitored and reviewed against service level agreements and performance standards. There is regular communication and meetings with key suppliers across JOHCMG.

Our engagement with stakeholders is primarily led by management and engagement is across all areas and levels of the business, with reporting and escalation to the Board as appropriate.

Community and environment impact

The Company recognises the benefit of identifying material Environmental, Social and Governance ('ESG') matters, not only in our investments, but in managing these within our business operations as well.

Strategic report continued

Community and environment impact (continued)

JOHCMG's fund managers aim to understand industry dynamics and structural changes as well as any company-specific issues for each of the companies in which they invest. They then use best practice in governance (capital allocation and the remuneration structures which drive those decisions), social policies (encouraging companies to work with all their stakeholders) and environmental factors (improving the environment in which they operate) to support value-creative growth in that company over the long-term.

JOHCMG's Investment Director and Risk team provide comprehensive oversight of the investment teams and their strategies. On a quarterly basis, there is a formal review that incorporates an analysis of the performance, decision-making, risk profile, fund liquidity, compliance and the ESG characteristics of the holdings, such as flags which indicate changing ESG performance.

Each team of JOHCMG fund managers has several ESG tools available on which they can draw to carry out their analyses. The JOHCMG approach is that ESG analysis is not something separate from the investment process, and therefore these tools do not replace fundamental and integrated analysis.

JOHCMG uses MSCI's ESG analysis and Sustainalytics to monitor potential areas of concern pertaining to holdings. These tools also allow analysis of the profile of each investment strategy against its investment benchmark and access detailed analysis from these providers. Companies which fall into the lowest category on MSCI's Business Involvement Screening Research are reviewed for justification of the holding by the fund manager and ratings downgrades are monitored to ensure the changing risk profiles of investments are captured. This analysis is incorporated into the regular quarterly review of each strategy conducted by JOHCMG's Investment Director. The rate and nature of change is often as important as the level of the ESG rating itself.

Much of the engagement by JOHCMG fund managers is with companies where we have a concern with an ESG matter with a view to helping them improve their practices, in particular risk management.

JOHCMG fund managers frequently discuss a variety of issues with executive and non-executive officers, informed by the company analysis, including ESG assessments. Where any ESG concerns are identified, depending on the type, urgency and severity, the fund manager will initiate engagement with a company's board, executive management and/or its advisers. A number of examples of where JOHCMG fund managers were in close contact with boards of a range of companies, primarily seeking to improve management behaviour, incentives and strategic decisions can be found under the Stewardship Policy section on the website www.johcm.com.

During the year JOHCMG hired a Global Equity Impact investment team to capture a fast growing segment of the market. The Global Equity Impact strategy is to be launched in the UK and European markets under the Regnan brand, as part of the strategic development of Regnan into a globally-recognised responsible investment management business. Pandal Group acquired full ownership of Regnan in February 2019 in order to establish an autonomous unit within the Group focused on delivering innovative and credible ESG and impact investment solutions. The strategy is expected to launch early in the next financial year. It will be a high conviction, diversified, global multi-cap approach with low portfolio turnover and a strong emphasis on driving impact through engagement. The team will aim to generate long-term outperformance by investing in mission-driven companies that generate value for investors by providing solutions for the growing unmet sustainability needs of society and the environment, using the United Nations Sustainable Development Goals ('SDGs') as an investment lens.

JOHCMG has established a Charity Committee and is committed to supporting charities where funding can be seen to have a meaningful and measurable impact. This includes providing financial support to registered local and national charities. JOHCMG aims to encourage and support employees' philanthropic activities with charities and personal causes, as well as those selected on a corporate level. There have been a number of corporate donations and donations via the employee-matched giving scheme during the year.

Strategic report continued

High standards of business conduct

The Company recognises the importance of keeping up to date with industry regulations and best practices. The Company maintains regular interaction with key regulatory bodies such as the Financial Conduct Authority ('FCA') and the approach is to maintain an open and flexible relationship with regulatory bodies that have an interest in the Company's operations.

The Company's ultimate parent entity, Pandal Group Limited, has a Code of Conduct which draws from and expands on Pandal Group's core values of integrity, honesty, respect, teamwork and high performance. The Code of Conduct applies to all directors and employees across the Pandal Group and is designed to assist with decision making and behaviour. It is supported by a number of detailed policies and regular training sessions on specific topics. As an example, during the year employees have received training on the Senior Managers and Certification Regime requirements and Modern Slavery.

Governance

The Board of Directors are fully aware of their duties under Section 172, along with other director duties in the Companies Act 2006. The Board has a clear framework for determining matters within its remit and has approved the Terms of Reference for matters delegated to its committees. Financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. The Board operates to a charter, which sets out the delegation and approval process across the broader business.

The Board delegates authority for day to day management of the Company to a committee of the Executive Management team, and engage management in setting, approving and overseeing the execution of the business strategy and related policies. The executive committee regularly engages with various stakeholder groups and reports back to the Board. At every meeting the Board receives reports on matters including governance, legal and compliance, financial and operational performance, sales and marketing, new business developments, key risks and stakeholder related matters.

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to matters under Section 172 (1) (a) – (f). To ensure the Board and its executive committee has requisite information for effective and compliant decision making, comprehensive board papers are provided on at least a quarterly basis, and the Board is supported by the company secretariat. At least one member of the secretariat is present at every meeting to offer advice and support as needed, as well as take minutes.

Acting fairly between members of the Company

The Company's Board of Directors includes a representative from Pandal Group Limited. The Company maintains an open relationship with Pandal Group where ideas and strategic objectives are exchanged and shared.

Principal risks and uncertainties

The Company's income includes fees for investment management, performance, and advisory which the Directors consider to be key performance indicators. Additionally, the Directors consider AUM, subscription and redemption rates to be key performance indicators. The business is subject to risks associated with the volatility of the equity markets, tax and regulatory regimes within which its business operates and with attracting and retaining the services of key investment executives.

We explain our risk management objectives in the disclosure we are required to make under Pillar 3 of the European Capital Adequacy Directive, which can be viewed at www.johcm.com. In the disclosure we address our policies for managing business risks. The Company's Risk Committee reports to the Board and oversees risk management issues. Market risk matters continue to be controlled by the Investment Director, investment teams and their oversight procedures.

As an asset management business, day to day performance of back and middle office operations is a key attribute.

Strategic report continued

Principle risks and uncertainties (continued)

Trading on behalf of clients takes place only with approved counterparties. The daily administration, accounting and custody of assets are delegated to a number of key third party providers. There are outsourcing service level agreements in place with each and their activities are monitored and evaluated on a regular basis. The assets managed by the Company are subject to varying degrees of financial risk (market, credit and liquidity). These risks could result in financial loss or gain and are fully borne by, or fall to the benefit of, the clients. However, as the majority of the Company's management fees are quantified as a percentage of AUM, the Company's revenues are affected by movements in client assets, which are as a result of exposure to financial risk. Changes in the financial services industry present additional challenges for the Company. Any important regulatory changes are identified at the earliest opportunity with the impact assessed to ensure practical guidance for the Board for interpretation and adoption of changes relevant to the business.

COVID-19

All markets have incurred increased volatility and uncertainty since the onset of the pandemic. The Board has also noted the operational risks that are posed to the Company and its service providers due to global and local movement restrictions that have been enacted by various governments. The COVID-19 pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak. The Board will continue to monitor this situation.

Brexit

With effect from 1 November 2019, J O Hambro Capital Management Umbrella Fund plc, an Irish domiciled UCITS, has been managed by JOHCM

Funds (Ireland) Limited, another wholly-owned subsidiary of the ultimate parent (Pendal Group Limited). The Company continues to provide investment management services and other support services, but now does so to JOHCM Funds (Ireland) Limited rather than directly to the fund. These changes enable the management of the UCITS to continue on an ongoing basis in the relevant markets following the formal withdrawal of the United Kingdom from the European Union, with limited impact on the operations of the Company. The Company continues to monitor the other potential impacts of Brexit and is preparing contingencies accordingly.

Financial Risk Management

The Company is exposed to a number of financial risks. The key financial risks are market risk (including foreign exchange ('FX') risk), credit risk and liquidity risk.

Market risk

This is the risk of loss arising from fluctuations in the value of assets and revenue. This arises from both AUM and investments made directly by the Company for which prices are uncertain. The majority of the Company's revenue consists of fees derived from AUM, and exposure to securities' price risk could result in fluctuations in AUM that would impact the Company's profitability. Exposure to price risk also exists from directly held equity securities in funds managed by the Company.

The Company operates internationally and is exposed to FX risk arising from various currency exposures (primarily US dollars and euros). FX risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. No specific assets and liabilities are hedged directly. The level of FX risk is monitored on an ongoing basis.

Strategic report continued

Credit risk

This risk arises as a result of loss due to the default of a counterparty or non-recovery of a receivable. Credit risk exposures are monitored regularly. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Liquidity risk

Liquidity risk in either the corporate or a fund is the risk that (a) payments may not be able to be met as they fall due, and (b) asset illiquidity causing financial loss.

Funds can face a mismatch between the assets they own and the demand of investors to redeem their capital. For example, the UCITS funds offer their shareholders the ability to subscribe or redeem their capital daily. If the assets held within the fund cannot be sold quickly to meet redemption requests, there could be severe issues in paying redeeming investors. This can be exacerbated in times of stress when investors may look to redeem en masse whilst the market for the assets is drying up. All strategies are formed reviewed on a quarterly basis and monitored on a daily basis.

For the corporate liquidity risk is divided into two types funding liquidity risk (cash-flow risk) and market liquidity risk (asset risk):

- funding (cash flow) liquidity risk, is the risk that the company may not be able to pay its debts as and when they fall due; and
- market (asset) liquidity risk is asset illiquidity. This is an inability to easily exit a position; for example, with respect to the seed held on the balance sheet, in the event of a down turn, the company may not be able to sell this for market value or the market value itself may fall.

The Strategic Report was approved by the Board on 28 October 2020 and signed on its behalf by:



J T Firn
Chairman
28 October 2020

Directors' report

for the year ended 30 September 2020

The Directors present their report and audited financial statements for the year ended 30 September 2020 for JOHCM.

Dividends

Interim dividends of £85.1 million have been paid by the Company during the year (2019: £61.8 million). Dividends are paid to the owners entitled to receive them. The Directors do not recommend the declaration of a final dividend for the year (2019: £nil).

Regulatory capital

The Company is authorised and regulated by the FCA in the conduct of its investment business. Information on the Company's regulatory capital disclosures can be found at www.johcm.com.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The financial position of the Company, its cash flows and liquidity position are reflected on the statement of financial position. In addition, the Pillar 3 disclosures, which are available at www.johcm.com, describe the risk management objectives and policies, capital resources and approach to assessing the adequacy of its internal capital to support current and future activities.

The Company has significant financial resources and ongoing investment management contracts in place in relation to the management of funds and investment mandates. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they have concluded that there is no material uncertainty regarding the appropriateness of the going concern basis of accounting for the preparation of the financial statements.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A M Altinger
J T Firn (Non-Executive Director)
J S Leach (Non-Executive Director)
S D Lynn
B V Wright (Non-Executive Director)

Changes in directors for the year are set out below:

Director	Date of appointment	Period
A M Altinger	11 December 2019	Part year: Appointed on 11 December 2019
J T Firn	Appointed to the Board on 23 June 2020. Appointed Chairman on 23 June 2020	Part year: Appointed on 23 June 2020
E Gonzalez	Appointed to the Board on 19 December 2017. Appointed Chairman on 5 February 2018. Resigned as Chairman on 23 June 2020	Part year: Resigned on 29 July 2020
J S Leach	23 October 2019	Part year: Appointed on 23 October 2019
S D Lynn	15 February 2018	Full year
B V Wright	11 February 2013	Full year

Directors' report continued

Streamlined Energy and Carbon Reporting

In accordance with the mandatory Streamlined Energy and Carbon Reporting (SECR) regulation introduced by the UK Government, with effect from 01 April 2019, the Company is obliged to report its UK energy use and associated greenhouse gas ('GHG') emissions. As such this information is included in the Directors Report for the first time.

The goal within JOHCMG is to conduct current and future operations in a sustainable manner, which helps create a better future for the environment. The Company adheres to the wider sustainability and environmental ethos of Pandal Group.

Pandal Group is a member of the Investor Group on Climate Change (IGCC) and a member of the IGCC's management committee. Pandal Group recognises the role it plays in the deployment of clients' capital and the impact this can have on sustainability of the environment and broader society. Pandal Group's sustainability report which sets out its approach to all aspects of ESG is included in the financial statements, which can be accessed at www.pandalgroup.com

Energy efficiency action taken

The largest environmental impact from the Company's direct operations comes from the energy used in its offices and from business travel.

In October 2018, the Company relocated its Head Office to a more energy efficient building in Central London. The Directors also recognise the impact of Covid-19 in the second half of its financial year, due to staff operating from home and absence of business travel, and anticipate this will lead to a significant reduction in the Company's carbon footprint for 2020.

Data

This section of the Director's report discloses the Company's energy use. As this is the first year of reporting, no prior year comparative data has been included. As part of the JOHCMG ESG project the Company will look to enhance the disclosure in future years. An estimate of the Company's energy use during the year from the London office is provided below:

	kWh
Electricity	361,549
Heating and Cooling	178,946

Insurance

Throughout the year the Company maintained insurance to provide protection to clients against losses arising from negligence or dishonesty of the Company's employees. Directors' and Officers' liability insurance was maintained throughout the year as permitted by section 233 of the CA2006.

Conflicts of interest

The Board has a process for the proper management of confidential information when a Director is conflicted and for the approach to be adopted in such circumstances. The Company has a Conflicts of interest policy and process for dealing with conflicts of interest within the Company.

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements (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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' report continued**Directors' responsibilities (continued)**

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the CA2006.

Disclosure of information to the auditors

So far as each Director of the Company at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow Directors and the Company's auditors, each Director has taken all the steps that he or she is obliged to take as a Director in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

In accordance with section 487(2) of the CA2006 and, in the absence of a notice proposing that the appointment be terminated at a general meeting, the current auditors, PricewaterhouseCoopers LLP, is deemed to be reappointed for the next year.

On behalf of the Board



J T Firn
Chairman
28 October 2020

Independent auditors' report

to the members of J O Hambro Capital Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, J O Hambro Capital Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 30 September 2020; the statement of comprehensive income; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report
to the members of J O Hambro Capital Management Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

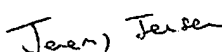
Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jeremy Jensen (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers
LLP Chartered Accountants and Statutory
Auditors London

30 October 2020

Statement of comprehensive income

for the year ended 30 September 2020

	Note	2020 £m	2019 £m
Investment management fees and advisory fees		74.2	106.2
Investment performance fees		0.3	1.2
Turnover	2	74.5	107.4
Administrative expenses		(59.9)	(67.7)
Operating profit	3	14.6	39.7
Income from shares held in controlled entities	11(a)	44.0	40.7
Realised gain on financial assets		12.2	-
Unrealised (losses)/gains on financial assets/liabilities at fair value		(11.6)	3.0
Profit before interest and dividends		59.2	83.4
Interest receivable and similar income		0.0	0.1
Dividends received		0.9	1.2
Profit before tax		60.1	84.7
Tax on profit	7	(1.9)	(9.4)
Total comprehensive income for the year		58.2	75.3

All activities relate to continuing operations.

The notes on pages 17 to 34 form an integral part of the financial statements.

Statement of financial position

at 30 September 2020

	Note	2020 £m	2019 £m
NON-CURRENT ASSETS			
Tangible assets	8	3.8	3.9
Investments in subsidiaries	11	0.3	0.3
Financial assets at fair value through profit or loss	11	1.5	4.9
Deferred tax asset	9	2.1	2.5
		7.7	11.6
CURRENT ASSETS			
Debtors	10	72.5	69.0
Financial assets at fair value through profit and loss	11	32.6	68.3
Cash and cash equivalents		39.9	37.0
Deferred tax asset	9	-	3.4
		145.0	177.7
Creditors: amounts falling due within one year	12	(82.8)	(89.7)
Provisions for liabilities		(0.8)	-
Deferred tax liability	9	(0.2)	-
		61.2	88.0
NET CURRENT ASSETS		61.2	88.0
Total assets less current liabilities		68.9	99.6
Creditors: amounts falling due in greater than one year	12	(0.1)	(2.2)
Provisions for liabilities		-	(1.7)
NET ASSETS		68.8	95.7
CAPITAL AND RESERVES			
Called up share capital	13	0.6	0.6
Share based payment reserve ('SBPR')	15, 16	36.0	36.0
Other reserves	14	23.3	23.3
Retained earnings		8.9	35.8
TOTAL EQUITY		68.8	95.7

These financial statements on pages 14 to 34 were approved by the Board on 28 October 2020 and signed on its behalf by:



J T Firn
Chairman

The notes on pages 17 to 34 form an integral part of the financial statements.

Statement of changes in equity

for the year ended 30 September 2020

	Note	Called up share capital £m	Contributed equity £m	Share based payment reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 October 2019		0.6	-	36.0	23.3	35.8	95.7
Profit for the year		-	-	-	-	58.2	58.2
Total comprehensive income for the year		-	-	-	-	58.2	58.2
<i>Transactions with owners</i>							
Share Based Payment Expense ('SBPE')	16	-	8.8	-	-	-	8.8
Capital repatriation		-	(8.8)	-	-	-	(8.8)
Dividends		-	-	-	-	(85.1)	(85.1)
		-	-	-	-	(85.1)	(85.1)
Balance at 30 September 2020		0.6	-	36.0	23.3	8.9	68.8
Balance at 1 October 2018		0.6	-	36.0	23.3	22.3	82.2
Profit for the year		-	-	-	-	75.3	75.3
Total comprehensive income for the year		-	-	-	-	75.3	75.3
<i>Transactions with owners</i>							
Share Based Payment Expense ('SBPE')	16	-	15.2	-	-	-	15.2
Capital repatriation		-	(15.2)	-	-	-	(15.2)
Dividends		-	-	-	-	(61.8)	(61.8)
		-	-	-	-	(61.8)	(61.8)
Balance at 30 September 2019		0.6	-	36.0	23.3	35.8	95.7

The notes on pages 17 to 34 form an integral part of the financial statements.

Notes to the financial statements

for the year ended 30 September 2020

1. Accounting policies

General information

The Company's principal activity during the year was the provision of investment management services.

The Company is incorporated in The United Kingdom as a private limited company and its registered office is Level 3, 1 St James's Market, London SW1Y 4AH.

Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including 'FRS 102' and the CA2006.

Basis of accounting

These financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with the CA2006 and FRS 102. The accounting policies have been applied consistently throughout the year.

Group financial statements

The Company has utilised the exemption from the obligation to prepare and deliver group financial statements pursuant to section 401 of the CA2006. These financial statements are prepared on a standalone basis and include the results and financial position of the Company only.

The name of the parent undertaking which prepares Group financial statements is Pandal Group Limited, incorporated in Australia. Pursuant to section 401(f) of the CA2006, a copy of the group financial statements for the year will be filed with the Registrar of Companies within the period for filing the financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Statement of cash flows

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. The company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity, and the statement of cash flows included in the consolidated financial statements of the parent, include the company's cash flows.

Related parties

The ultimate controlling parent is Pandal Group Limited, incorporated in Australia, and the Company has taken advantage of the exemption contained in section 33 of FRS 102 and has therefore not disclosed details of related party transactions entered into between other wholly owned members of the Pandal Group.

Turnover

The Company's revenue consists of investment management and performance fees. Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services supplied, net of discounts and rebates allowed by the Company and value added taxes ('VAT'). The Company recognises revenue when (a) the amount of revenue can be measured reliably; (b) it is probable that the economic benefits associated with the transaction will flow to the entity; (c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and (d) the costs incurred for the transaction and the cost to complete the transaction can be measured reliably.

Specifically, investment management fees are recognised in the period in which the service is performed, are based on the value of the AUM and are in accordance with the terms of any individual management agreements in place. Performance fees are only recognised when the prescribed performance hurdles have been achieved at the relevant fund's year end and the fee has crystallised as a result.

Notes to the financial statements continued

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are carried at cost less provision for any impairment in value. Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Financial instruments

Under FRS 102 the Company has chosen to adopt the provisions of IAS 39 Financial Instruments: Recognition and Measurement as amended by IFRS 9.

Financial assets

Financial asset investments during the period consisted of investments in listed funds and equities. These are categorised at initial recognition as financial assets at fair value through profit or loss. Assets are initially recognised at fair value and continued to be carried at fair value at subsequent reporting dates, with gains and losses arising in the change in fair value recognised through profit or loss.

The fair values of quoted investments in active markets are based on current bid price. If the market for the financial asset is not active then the Company uses valuation techniques to establish the fair value.

Financial liabilities

Financial liabilities represent the amounts payable in relation to performance fees received and are initially recognised at fair value and continue to be carried at fair value at subsequent reporting dates with gains and losses arising in the change in fair value recognised at fair value through profit or loss within other income or other expenses.

Investments in subsidiaries

Under FRS 102 the company has elected to record its investments in subsidiaries at cost less impairment.

Trade and other debtors

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at fair value using transaction price and are subsequently reviewed for collectability on an ongoing basis with debts known to be uncollectible written-off. A provision for impairment for receivables is established when there is objective evidence that the Company will not be able to collect all amounts due.

Trade and other creditors

Basic financial liabilities, including trade and other payables, are initially recognised at fair value using transaction price. Basic financial liabilities are subsequently carried at amortised cost, using the effective interest rate method.

Financial instruments are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Provisions

A provision is recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that there is a requirement to transfer economic benefit and the amount of the obligation can be estimated reliably. Provisions will be recognised as a liability in the statement of financial position, and an expense through profit or loss unless it meets the definition of an asset such as inventory or Property, plant and equipment.

Notes to the financial statements continued

1. Accounting policies (continued)

Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated using cash flows discounted at the most recent borrowing rate. Any impairment losses arising as a result of this review are recognised in the statement of comprehensive income. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Depreciation and residual values

Office furniture and equipment are depreciated at a rate of between 10 per cent and 25 per cent per annum and leasehold improvements on a straight line basis to write off the cost of the assets over their anticipated useful economic lives. The assets' residual values and useful lives are reviewed, and adjusted, where appropriate at the end of each reporting period.

Dividends

Dividends distributed to the owners are recognised directly in equity in the year in which the dividend is approved.

Dividends received by the Company are recognised directly in the statement of comprehensive income in the year in which received.

Tax

The tax expense for the year comprises of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income.

Corporation tax payable is provided on taxable profits at the current blended rate under that entity's jurisdiction.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end in the jurisdiction of the entity. Current tax is not discounted.

Deferred tax

Deferred tax arises from timing differences that are the differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax on permanent differences, being those types of income or expense that are non-taxable or disallowable, or because certain tax charges or allowances are greater or smaller than the corresponding income or expense in the financial statements, are not recognised.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference, and have not been discounted.

Notes to the financial statements continued

1. Accounting policies (continued)

Foreign currencies

The financial statements are presented in pounds sterling and rounded to the nearest hundred thousand. The Company's functional and presentation currency is the pound sterling.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Operating leases

Rentals payable under operating leases are charged in the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised on a straight line basis over the period of the lease term.

Share Capital

Ordinary shares are recognised at the amount paid per ordinary share, net of directly attributable issue costs.

Share based payments

The Company's ultimate holding company, Pandal Group Limited, operates share based payment schemes in which employees of the Company participate. The awards are issued by Pandal Group Limited and the Company cash settles the amortisation recognised in respect of these awards, with Pandal Group Limited, on a regular basis throughout the year.

The Company is required to expense equity-settled arrangements at the fair value of the equity grants at the grant date over the vesting period. The Company has no cash-settled share based payment arrangements. The fair value is expensed over the vesting period. Details of vesting periods and fair value calculation are disclosed in note 16.

Deferred compensation

The Company offers an incentive scheme in which employees may become entitled to a cash award which is payable over a number of periods. Where cash awards are deferred, the amount awarded is expensed over the deferral period.

Pension costs: defined contribution scheme

The Company offers a defined contribution pension. The assets of all these schemes are held separately from those of the Company in independently administered funds. The pension cost disclosed in note 6 represents contributions payable by the Company to these funds or other self-invested personal pension schemes.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company measures the cost of equity-settled securities allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. Whereby the equity instrument has a vesting hurdle, the fair value is determined using the Binomial/Monte-Carlo simulation valuation techniques and other market based valuation techniques, taking into account the terms and conditions upon which the equity instruments were granted. The fair value calculation is performed by an external valuer. The valuation methodologies involve a number of judgements and assumptions which may impact the share based payment expense taken to profit or loss and equity.

Notes to the financial statements continued

2. Turnover

The geographical split of turnover has been defined in relation to the manner in which the Company's activities are organised. All turnover is deemed to be in the UK.

3. Operating profit

This is stated after charging/(crediting):

	Note	2020 £m	2019 £m
Auditors' remuneration and expenses:			
Audit services		0.3	0.3
Non-audit services		0.1	0.2
Depreciation	8	0.8	0.6
Operating leases		2.7	1.0
Directors' remuneration	4	1.3	0.5
Derecognition/disposal of fixed assets	8	0.2	0.3
Onerous contract provision		-	1.7
Foreign exchange loss (gain)		0.8	(0.4)

Notes to the financial statements continued

4. Directors' remuneration

The Directors' remuneration for this financial year was £1.3m (2019: £0.5m). No remuneration is included for Directors that are employees of Pendal Group Limited as they are not paid by the Company and it is not possible to identify separately the amount of remuneration that relates to services to the Company.

The remuneration of the highest paid Director was £0.8m (2019: £0.5m).

The Company made contributions for two directors (2019: one) to a defined contribution scheme. No directors (2019: none) were members of defined benefit schemes.

Two directors are accruing benefits under a long-term incentive scheme (2019: one).

The Non-Executive Directors were remunerated a total of £0.1m for this financial year (2019: £0.0m), which is included in the total Directors' remuneration figure above.

5. Key management personnel compensation

The key management personnel of the Company are the Directors and the Executive Committee of JOHCMG. The total remuneration for key management personnel for this financial year was £4.4m (2019: £3.3m).

6. Staff costs

	2020 £m	2019 £m
Wages and salaries	28.6	29.2
Social security costs	3.9	4.2
Other pension costs	0.9	0.7
SBPE	8.8	15.2
	42.2	49.3

Other pension costs relate to the Company's contributions to the defined contribution pension scheme and other self-invested personal pension schemes for the benefit of employees.

The average monthly number of employees (including Directors) during the year, analysed by category, was as follows:

	2020 No.	2019 No.
Directors and Executive Committee	9	10
Fund managers and analysts	29	26
Support functions	97	83
	135	119

Notes to the financial statements continued

7. Tax on profit

(a) Tax on profit:

The tax charge is made up as follows:

	2020 £m	2019 £m
Current tax:		
(credit)/ charge for the year	(3.1)	9.4
prior year adjustments	(0.1)	(0.3)
Foreign tax:		
withholding tax on US dividends	0.9	0.5
charge for the year	0.2	-
Total current tax for the year	(2.1)	9.6
Deferred tax		
Prior period adjustment	0.1	(0.1)
Origination on reversal due to timing differences	4.2	(0.2)
Movement due to change in the tax rate	(0.3)	0.1
Total deferred tax for the year	4.0	(0.2)
Total tax charge for the year	1.9	9.4

Notes to the financial statements continued

7. Tax on profit (continued)**(b) Reconciliation of tax charge:**

The tax assessed for the year is lower than (2019:lower) the current blended rate of corporation tax in the UK for the year of 19.0 per cent (2019: 19.0 per cent).

The differences are explained below:

	2020 £m	2019 £m
Profit before tax	60.1	84.7
Profit before tax multiplied by the current blended rate of corporation tax in the UK of 19.0% (year ended 30 September 2019: 19.0%)	11.4	16.1
Effects of:		
Disallowable expenses	0.2	0.3
SBPE	(2.3)	0.7
Prior year adjustment	-	(0.4)
Chargeable gain	0.5	-
Withholding tax on US dividends	0.9	0.5
Effect of rate change	(0.3)	0.2
Franked investment income	(8.5)	(8.0)
Total Current tax charge for the year (note 7(a))	1.9	9.4

At 30 September 2020, there was £nil unrecognised deferred tax asset (2019: £nil).

(c) Tax rate changes:

The main rate of UK corporation tax in the year was 19.0 per cent which was effective from 1 April 2017. The UK Government previously announced as part of the Finance Act 2016, that the main rate of corporation tax rate would be reduced from 19.0 per cent to 17.0 per cent effective from 1 April 2020. The March 2020 budget announced that the UK rate of corporation tax will now remain at 19.0 per cent from 1 April 2020. This rate was substantively enacted on 17 March 2020 as part of a budget resolution passed to provide statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

Notes to the financial statements continued

8. Tangible assets

	Leasehold improvements £m	Office furniture and equipment £m	Total £m
Cost:			
At 1 October 2019	2.8	2.3	5.1
Additions	-	0.8	0.8
Disposals	-	(0.8)	(0.8)
At 30 September 2020	2.8	2.3	5.1
Accumulated depreciation:			
At 1 October 2019	(0.2)	(1.0)	(1.2)
Charge for the year	(0.3)	(0.5)	(0.8)
Disposals/Derecognitions	-	0.7	0.7
At 30 September 2020	(0.5)	(0.8)	(1.3)
Net book value:			
At 30 September 2020	2.3	1.5	3.8
At 30 September 2019	2.6	1.3	3.9

There were £nil capital commitments at the end of the year (2019: £nil).

Notes to the financial statements continued

9. Deferred tax

The movements in the deferred tax during the current and previous year are as follows:

	Note	2020 £m	2019 £m
SBPE		3.8	9.0
AFS financial assets		(1.7)	(3.0)
Decelerated capital allowances		(0.2)	(0.1)
		1.9	5.9
At 1 October		5.9	5.7
(Charge)/credit to profit and loss for the year	7a	(4.0)	0.2
At 30 September		1.9	5.9

The deferred tax liability payable within one year is £0.2m (2019: deferred tax Asset of £3.4m). The deferred tax asset realisable in greater than one year is £2.1m (2019: £2.5m).

10. Debtors

	2020 £m	2019 £m
Recoverable in less than one year:		
Trade debtors	4.8	8.7
Amounts owed by parent	44.0	42.8
Amounts owed by Group Undertakings	2.7	-
Tax debtors	0.7	1.0
Corporation Tax Receivable	3.5	-
Prepayments and accrued income	16.8	16.5
	72.5	69.0

Amounts owed by parent and controlled entities are unsecured, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provision for impairment of £nil (2019: £nil).

Notes to the financial statements continued

11. Financial instruments

	2020 £m	2019 £m
Financial assets at cost		
<i>Non-current assets</i>		
Investment in subsidiaries	0.3	0.3
Financial assets at fair value through profit or loss		
<i>Non-current assets</i>		
Partnership interests in James Hambro & Partners LLP ('JH&P')	1.4	1.6
Amounts invested for performance fees received	0.1	3.3
<i>Current assets</i>		
Market value of seed investments	29.8	65.0
Amounts invested for performance fees received	2.8	3.3
Financial liabilities at fair value through profit or loss		
<i>Amounts falling due within one year</i>		
Amounts owing in relation to performance fees received	2.6	2.9
<i>Amounts falling due in greater than one year</i>		
Amounts owing in relation to performance fees received	-	2.2

Amounts invested for performance fees received are held on behalf of fund managers in relation to performance fees received in accordance with deferral agreements, and are used by the Company to meet a liability payable to fund managers. If all of the above investments were disposed of, the maximum amount of UK tax payable on the gains at the current tax rate is estimated to be £1.7m (2019: £2.8m).

Notes to the financial statements continued

11. Financial instruments (continued)

(a) The undertakings in which the Company has direct interests are set out below together with their most recent audited net assets and results. All interests are in ordinary shares and are all held directly.

Company	Interest (%)	Registered in	Activity
JOHCMS	100	Singapore, Singapore	Investment Advisor
JOHCMU	100	Delaware, US	Investment Advisor

Company	Capital and reserves 30 September		Post tax results 30 September	
	2020 £m	2019 £m	2020 £m	2019 £m
JOHCMS	32.0	28.9	30.4	27.2
JOHCMU	3.0	7.2	13.2	9.4

During the year the Company received £44.0m of dividend income (2019: £40.7m).

The registered address for JOHCMS is 138 Market Street, #15-04, CapitaGreen, Singapore, 048946.

The registered address for JOHCMU is 53 State Street, 13th floor, Boston, MA 02109.

Notes to the financial statements continued

11. Financial instruments (continued)

(b) Further undertakings in which the Company has direct interests which it does not control and which are not included in these financial statements are set out below.

Fund name	Registered in	Currency	Class of shares	Carrying value £m	Ownership %
James Hambro & Partners LLP	United Kingdom	GBP	Partnership	1.4	3.78
Asia ex Japan Fund	Republic of Ireland	EUR	Retail	0.0	0.95
Asia ex Japan Fund	Republic of Ireland	EUR	Institutional	0.3	9.37
GEM Opportunities Fund	Republic of Ireland	EUR	Institutional	0.2	2.55
GEM Opportunities Fund	Republic of Ireland	EUR	Retail	0.0	7.21
Global Income Builder Fund	Republic of Ireland	EUR	A Class	0.0	0.19
Global Income Builder Fund	Republic of Ireland	EUR	B Class	0.0	4.72
Global Opportunities Fund	Republic of Ireland	EUR	Non Dist X Class	0.0	0.00
UK Growth Fund	Republic of Ireland	GBP	X Class	0.0	0.57
UK Growth Fund	Republic of Ireland	EUR	Non Dist X Class	0.0	0.00
UK Growth Fund	Republic of Ireland	EUR	Hedged Non Dist X Class	0.0	0.19
UK Growth Fund	Republic of Ireland	EUR	Non Dist R Class	0.0	99.97
UK Growth Fund	Republic of Ireland	USD	Non Dist X Class	0.0	0.00
UK Growth Fund	Republic of Ireland	USD	Non Dist R Class	0.0	99.98
AIT - Global Income Builder	United States of America	USD	Class II	0.0	1.22
AIT - International Opportunities	United States of America	USD	Seed	1.8	78.63
AIT - JOHCM Emerging Markets Small Mid Cap Equity Fund	United States of America	USD	Institutional	21.5	93.69
AIT - JOHCM Emerging Markets Small Mid Cap Equity Fund	United States of America	USD	Class I	0.0	0.09
Qinvest JOHCM Sharia A Fund	United States of America	USD	Seed	6.0	60.04
Ryder Court Emerging Markets Small Cap	United States of America	USD	Seed	0.0	0.00
Total				31.2	

The registered address for the above funds can be obtained from the Company Secretary, Pandal Group Limited, Level 14, The Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia.

Notes to the financial statements continued

12. Creditors

	2020 £m	2019 £m
Amounts falling due within one year		
Pension contributions payable	0.1	0.1
Other creditors	2.9	4.1
Other taxation and social security	0.5	0.5
Corporation tax payable	-	4.2
Amounts owed to group undertakings	49.9	48.2
Amounts owed to parent	0.2	1.0
Accruals and deferred income	29.2	31.6
	82.8	89.7
Amounts falling due in greater than one year		
Other creditors	0.1	2.2
	0.1	2.2

Amounts owing to parent, group and controlled entities are unsecured, have no fixed date of repayment and are repayable on demand. Other creditors include amounts owing in relation to performance fees received due to fund managers.

Trade creditors are stated after provision for impairment of £nil (2019: £nil).

13. Called up share capital

	No.	2020 £m	No.	2019 £m
Ordinary shares of £1 each	599,001	0.6	599,001	0.6
	599,001	0.6	599,001	0.6

	2020 £m	2019 £m
Contributed equity		
At 1 October	-	-
SBPE	8.8	15.2
Capital repatriation	(8.8)	(15.2)
At 30 September	-	-

The FY20 group share based payment expenses were repatriated to Pendal Group Limited during the year (see note 15).

Notes to the financial statements continued

14. Other reserves

	2020 £m	2019 £m
Pre-acquisition reserve		
At 1 October and 30 September	23.3	23.3

The reserve was created out of the share premium and capital redemption reserves in May 2011 prior to the acquisition of the Company by Pandal Group. The pre-acquisition reserves of the Company are distributable.

15. Share based payment reserve

	2020 £m	2019 £m
Share based payment reserve		
At 1 October and 30 September	36.0	36.0

The share based payment reserve relates to the amortised portion of the fair value of equity instruments granted to employees for no consideration, recognised as an expense. The 2020 Financial Year amortised portion was repatriated directly to Pandal Group Limited and therefore not reflected in the share based payment reserve. The share based payment reserve is non-distributable.

Notes to the financial statements continued

16. Share-based payments**(a) Long-term incentive plans**

The Group has three long-term incentive plans which are aimed at driving performance by delivering value, which is linked to specific performance hurdles and staff retention. Under these plans eligible employees are granted either nil cost options ('NCO') or performance share rights in Pandal Group Limited, which when exercised convert to Pandal Group Limited ordinary shares on a one-to-one basis.

Scheme	Description	Vesting conditions	Vesting period
JOHCMG Performance Reward Schemes ('JOHCM PRS')	This scheme gives the employee the right to receive Pandal Group Limited ordinary shares at a future point in time upon meeting specified vesting conditions, with no amount payable. They are granted at no consideration and carry no dividend entitlement or voting rights until they vest. However, there will be a dividend-equivalent payment made for dividends attributable to performance share rights that vest at the end of the performance period.	Continued employment and performance hurdles based on TSR, and Cash EPS.	Three years
JOHCMG Long Term Retention Equity – nil cost options ('LTR – NCO')	As part of the acquisition of JOHCMG in October 2011, JOHCMG fund managers were awarded NCO which will vest and be exercised into Pandal Group Limited ordinary shares, on a one-to-one basis.	Continued employment and AUM retention.	Up to one year post fund manager departure
JOHCMG Long Term Retention Equity ('NCO')	Following the JOHCMG acquisition additional awards were made. The number of other NCO awarded is determined with reference to individual performance each year, through the performance period ending 30 September.	Continued employment.	Up to four years

Number and weighted average exercise price ('WAEP') at date of exercise and grant date fair value of NCO and performance share rights awarded during the year:

	JOHCM PRS		LTR – NCOs		NCOs	
	Rights No.	WAEP £	Rights No.	WAEP £	Rights No.	WAEP £
2020						
Outstanding at 1 October	607,497	-	4,029,901	-	9,875,194	-
Granted	490,924	3.89	-	-	1,119,954	4.18
Vested/exercised	-	-	(681,343)	4.33	(8,673,612)	4.39
Forfeited	(56,439)	-	-	-	-	-
Expired	(180,022)	-	-	-	-	-
Outstanding at 30 September	861,960	-	3,348,558	-	2,321,536	-
Exercisable at 30 September	-	-	681,336	-	-	-
2019						
Outstanding at 1 October	540,741	-	4,937,282	-	8,254,286	-
Granted	297,219	3.87	-	-	1,620,908	4.62
Vested/exercised	(93,078)	-	(681,343)	4.71	-	-
Forfeited	(44,285)	-	(226,038)	-	-	-
Expired	(93,100)	-	-	-	-	-
Outstanding at 30 September	607,497	-	4,029,901	-	9,875,194	-
Exercisable at 30 September	-	-	681,337	-	8,254,286	-

Notes to the financial statements continued

16. Share-based payments (continued)**Fair value of nil cost options granted during the year**

The fair value of the options is valued with reference to the Pendal Group Limited share price at grant date. The fair value at grant date of the NCO's issued during the year was £4.18 [\$8.06] (2019: £4.62 [\$8.18]). The weighted average remaining contractual life of outstanding NCO's at 30 September 2020 was 2.0 years (2019: 0.8 years).

Fair value of performance share rights awarded during the year

The fair value of the performance share rights linked to Cash EPS are valued with reference to the Pendal Group Limited share price at grant date and the fair value of performance share rights linked to TSR are determined using a Monte Carlo simulation pricing model with the following inputs:

- Risk free interest rate 0.69% (2019: 2.07%)
- Volatility 28% (2019: 30.00%)
- Dividend yield 0.00% (2019: 0.00%)

The fair value at grant date of the performance share rights issued during the year was £3.22 [\$5.86] (2019: £2.94 [\$5.33]) for the TSR performance share rights and £4.57 [\$8.33] (2019: £4.80 [\$8.70]) for the Cash EPS performance share rights. The weighted average remaining contractual life of outstanding performance share rights at 30 September 2020 was 1.3 years (2019: 1.2 years).

(b) Equity grants

The Group has a number of short term incentive schemes, under which ongoing equity grants are made to employees and key management personnel.

Number and weighted average grant date fair value of equity grants awarded during the year:

	Equity grants 2020 Number	Fair value 2020 £	Equity grants 2019 Number	Fair value 2019 £
Total	606,843	4.18	614,723	4.62

Fair value of equity grants awarded during the year

The fair value of the equity grants was estimated by taking Pendal Group Limited's share price on grant date and a discount rate reflecting the expected dividend yield over the vesting periods.

Amortisation

The total amortisation expense on share based payments during the year was £8.8m (2019: £15.2m).

Notes to the financial statements continued

17. Other financial commitments

At 30 September the Company had future minimum lease payments under non-cancellable operating leases as set out below:

	2020 £m	2019 £m
Operating leases which expire:		
Within one year	2.8	2.0
Later than one year but not later than five years	10.0	10.4
Later than five years	6.5	9.0
	19.3	21.4

During financial year 2018, a 10 year lease was entered into for a new London office to accommodate recent and future growth in the business. The Ryder Court premises was vacated from 26 November 2018 and remains unlet. The lease can be terminated on 26 November 2020. As there is currently no prospect of being let, JOHCML has recognised an onerous contract provision of £0.5m (2019: £1.7m), representing the future amounts payable under the existing lease.

18. Contingent Liabilities

The company was the subject of an investigation by its UK regulator relating to the eligibility of certain services paid for out of dealing commissions between 2006 and 2016. During the year, the regulator closed the investigation with no further action taken.

19. Related party transactions

J D Hambro was Deputy Chairman of JOHCMH, until his resignation effective 30 September 2019. He was also a member and had a significant interest, held directly and indirectly, in JH&P, of which JOHCML holds a 3.78% interest (2019: 5.13%).

J D Hambro was also a director and substantial shareholder of Runnall Limited, and a director and shareholder of JH&P Holdings Limited, which were both members of JH&P.

J D Hambro holds an equity interest in Barnham Broom Holdings Limited which holds the trademark licences for the "J O Hambro" name. JOHCML holds a licence to use the "J O Hambro" trademark until 26 October 2025, for an annual fee of £150,000 to October 2022, and £250,000 for each of the remaining 3 years.

The company has not entered into any related party transactions during the reporting period that require disclosure.

20. Ultimate parent undertaking and controlling party

Pendal Group Limited, a company incorporated in Australia, is the ultimate controlling parent and is the largest and smallest group of companies that consolidates these financial statements at 30 September 2020.

The consolidated financial statements of the ultimate parent for the year ended 30 September 2020, can be obtained from the Company Secretary, Pendal Group Limited, Level 14, The Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia.

The intermediate parent is JOHCMH, incorporated in England.

Glossary

ACD	Authorised Corporate Director	JOHCMI	JOHCM Funds (Ireland) Limited
AFS	Available-for-sale	JOHCML	J O Hambro Capital Management Limited
AUM	Assets under management	JOHCMS	JOHCM (Singapore) PTE Limited
bn	Billions	JOHCMU	JOHCM (USA) Inc
Bps	Basis points	KMP	Key management personnel
CA2006	Companies Act 2006	LTI	Long term incentive
CAGR	Compound annual growth rate	LTR	Long term retention
Company	JOHCML	m	Millions
EPS	Earnings per share	MAS	Monetary Authority of Singapore
ESG	Environmental, Social & Governance	MiFID II	Markets in Financial Instruments Directive
FCA	Financial Conduct Authority	NCO's	Nil cost options
FCTR	Foreign currency translation reserve	NPAT	Net profit after tax
FLE	Fund linked equity	OEIC	Open ended investment company
FRS 102	The financial reporting standard applicable in the United Kingdom and the Republic of Ireland	Pendal Group	Pendal Group Limited and subsidiaries
FTSE	Financial Times Stock Exchange	Pendal (Australia)	The Australian business
FX	Foreign exchange	Pendal Group Limited	Pendal Group Limited
FY19	Financial year ended 30 September 2019	PRS	Performance reward schemes
FY20	Financial year ended 30 September 2020	SBPE	Share based payment expense
GAAP	Generally accepted accounting practise	SBPR	Share based payment reserve
GBP	Great British pounds	SEC	Securities and Exchange Commission
Group	JOHCML and its controlled entities	Soft closed	Strategies closed to new investors but which remain open to existing investors on existing terms
IAS	International accounting standards	TSR	Total shareholder return
ISA	International standards on auditing	UCITS	Undertakings for Collective Investment in Transferable Securities
JH&P	James Hambro & Partners LLP	VAT	Value added taxes
JOHCM	Registered trade mark owned by JOHCML	WAEP	Weighted average exercise price
JOHCMG	JOHCML and its controlled entities		
JOHCMH	J O Hambro Capital Management Holdings Limited, the immediate parent company of JOHCML		

J O Hambro Capital Management Limited

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