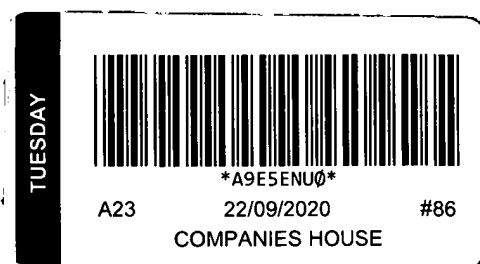
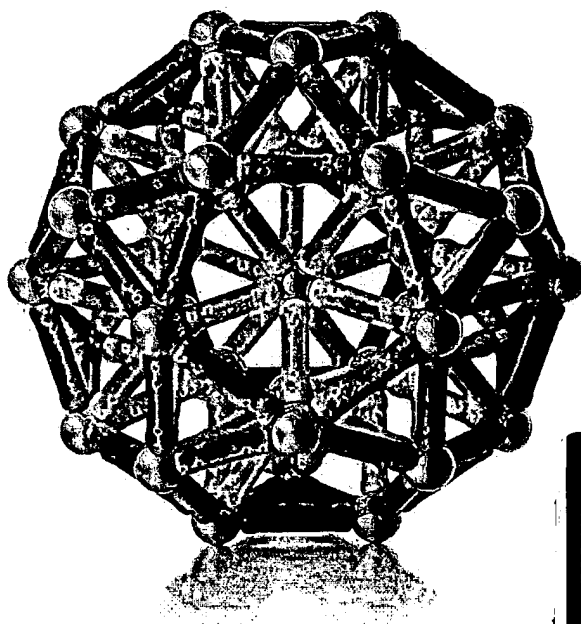


ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2019



Merian Global Investors (UK) Limited

Registered in England No. 02949554

Merian Global Investors (UK) Limited

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Merian Global Investors (UK) Limited

COMPANY INFORMATION

Directors	A Alentorn Farre R Buxton M J Gregory (Chief Executive Officer) I Heslop D J Nickols W Tonkinson R Watts
Secretary	Eversecretary Limited
Bankers	Citibank N.A London Branch Citigroup Centre 25 Canada Square London EC14 5LB National Westminster Bank Plc City of London Office 250 Bishopgate London EC2M 4AA
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Registered Office	Millennium Bridge House 2 Lambeth Hill London EC4P 4WR Telephone: 020 7332 7500 Website: www.merian.com Registered in England No. 02949554

Merian Global Investors (UK) Limited

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2019.

Review of the business

Merian Global Investors (UK) Limited "the Company" is part of the Merian Global Investors Limited group "the Group", and is authorised and regulated by the Financial Conduct Authority (FCA). The Company is wholly owned by Merian Global Investors (Holdings) Limited and its ultimate parent is Merian Global Investors Limited. Merian Global Investors Limited delivers strategic and governance oversight of the Company.

Merian Global Investors is a leading, independent, global asset management firm which utilises active high-conviction investment strategies. The key strategic aim of the Merian Global Investors business is to deliver strong investment performance through active investment management.

The Group's strategy is to seek to attract and retain talented investment professionals, who are experts in their particular fields, and to provide these professionals with the operational, risk management and distribution environment to deliver positive investment returns.

The Group operates in key international markets including the UK, Europe, Asia, the Americas as well as South Africa and the Middle East. The Group provides a number of specialist areas, offering a range of fundamental and systematic active fund strategies, with the largest strategies being global equities and UK equities both larger capitalisation companies and small and mid-cap companies. In addition, the Group has capabilities in European equities, fixed income, Asian equities, emerging markets and alternatives, notably in Gold and Silver and in dynamic asset allocation.

The principal activity of the Company is to act as the appointed investment advisor for all funds within the Merian Global Investors group. The funds are organised around both geographic regions and economic sectors and include both long only/short funds.

In December 2019 the Group's range of investment capabilities was broadened to nine with the addition of the Global Asset Allocation team which was acquired from Kestrel Investment Partners. The global asset allocation team uses a proprietary macro modelling system to produce economic forecasts, combined with fund manager discretionary control. The fund invests directly in highly liquid securities, including G5 sovereign debt and large- and mega-cap equities.

Subsequent to the £100m IPO of Merian Chrysalis Investment Company in 2018, it successfully raised additional gross proceeds of £275m in 2019 and the managers of the fund have built a portfolio of ten unlisted companies.

Merian Global Investors has continued to strengthen its Board of Directors. During the year a further independent non-executive director was appointed, and in March 2019, one of the non-executive directors, Mark Gregory was appointed CEO, as the previous CEO expressed his preference to retire from that role and focus on fund management.

Brexit

There is a risk that Brexit, other political developments, or developments otherwise affecting market confidence may result in outflows of assets from investment portfolios with exposure to the UK, which could include asset portfolios managed by the Group. Due to the size and importance of the UK economy in the global economy, particularly with respect to the UK economic relationship with the EU after Brexit, there may continue to be instability in the national and international financial markets, significant currency fluctuations and otherwise adverse effects on consumer confidence for the foreseeable future, following the UK's withdrawal from the EU. Europe is a core market for Merian Global Investors and will remain so post-Brexit. We are committed to servicing our existing European client base, which is primarily invested in our Ireland-domiciled fund range, and growing assets in the region.

In order to extend this presence, we obtained regulatory approval to establish an Irish management company. This entity, Merian Global Investors (Europe) Limited was appointed manager for funds domiciled in Ireland in 2019. We believe this model will allow the smooth continuation of operations in all foreseeable Brexit outcomes. Merian Global Investors (Europe) Limited is a fellow subsidiary of Merian Global Investors (UK) Limited and is wholly owned by Merian Global Investors (Holdings) Limited. Merian Global Investors (UK) Limited is the appointed investment advisor of the funds domiciled in Ireland.

Merian Global Investors (UK) Limited

STRATEGIC REPORT

Key Performance Indicators (KPIs)

	2019	2018
	£m	£m
Profit after tax	44.1	42.9
Market value of funds under management	2019	2018
	£bn	£bn
Merian Global Investors (UK) Limited (MGIUK)	2.9	17.7
Funds managed by Quilter Investors (QI) attributable to MGI UK*	0.0	10.5
Funds management by MGIUK attributable to QI*	0.0	0.6
Total	2.9	28.8
Net client cash flow (NCCF)	(0.2)	1.6

*In 2018 some of Merian's single-strategy funds were overseen by Quilter Investors, a third party company which used to be in the same Group as Merian companies. Similarly, MGI UK oversaw funds that have since been transferred to Quilter Investors. In 2019 this separation work was finalised and all of Merian's funds were managed and overseen by Merian Group companies.

Total funds under management for the Group at 31 December 2019 were £2.9bn (2018:£28.8bn). There were net outflows of £0.2bn in the year. During the year the Company transferred the management of its off-shore and on-shore fund ranges to Merian Global Investors (Europe) Limited (MGI EU) and Merian Investment Management Limited (MIML) respectively. On 31 March 2019 total funds under management of £11.5bn, representing the Merian Investment Funds Series I, Merian Investment Funds Series II, and Merian Global Investors Series III ICAV fund ranges, were transferred to MIML. On 31 October 2019 total funds under management of £8.8bn, representing the Merian Global Investors Series plc fund range was transferred to MGI EU. The Company remains the appointed investment advisor for these funds.

Profit after tax, which the board views as the most appropriate measure for assessing the performance of the Company, was £44.1m (2018: £42.9m). The increase in profit was caused by higher costs in 2018, although the positive effect of this was offset by a fall in net asset based revenues as a result of the fall in AUM.

Principal risks and uncertainties

The Group has an 'Enterprise Risk Management Framework Policy'. This policy provides frameworks for risk monitoring, management and governance. Further details on risk and capital are disclosed in Note 3 to the accounts and on the Company's website.

Some of the key risks relevant to the business are considered to include investment performance, adverse market conditions (including stock market volatility, interest rates and foreign exchange rates), regulatory risk and operational risks, and retention of key staff and fund managers. These risks are managed through robust, embedded governance structures. Regulatory and Operational risk is managed through forward planning, project management, Group Audit and Risk Committee (GARC) oversight, and Risk & Governance Committee oversight. Risks to the business are reviewed and monitored on an on-going basis by the Risk & Governance Committee and are reviewed by the GARC on a quarterly basis and annually by the board.

Further details of the risk management objectives and policies of the Company are disclosed in Note 3.

Since the end of 2019 the Group's AUM has fallen to £15.7bn at 31 March 2020 primarily as a result of the fall in markets caused by COVID-19 pandemic. The Group has considered the impact of the fall in AUM on the Company and the Group's ability to continue as a going concern and have concluded that the Company is able to continue operating for the foreseeable future, and for a minimum of 12 months from the date of signing these financial statements.

Whilst the fall in AUM does not directly impact the Company or Group's regulatory capital, long term falls could result in falls in available regulatory capital. The Directors have considered this and do not believe that there is currently a risk of capital falling below regulatory minimum requirements for the foreseeable future; however this remains under continual review.

To maintain the operations of the business, all employees are working from home until further notice. Remote access is working as expected and all employees are currently well. There has been no material disruption during the four weeks that working from home has been in place. We continue to monitor the performance of our key delegates and service providers on a daily basis.

The Company has acknowledged the impact of the disruption on our clients and implemented regular video and telephone updates for clients to maintain the flow of information and minimise the adverse impact of these new arrangements. Further details of the impact of COVID-19 are disclosed in Note 2.1 and Note 27.

Merian Global Investors (UK) Limited

STRATEGIC REPORT

Section 172 Statement

Section 172 of the Companies Act 2006 (s.172) requires directors to run the company for the benefit of its stakeholders as a whole. In doing this s.172 requires the Board to have regarded, amongst other matters, to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- maintain strong stakeholder relationships;
- the impact of the company's operations on the wider, external environment;
- and ensure the firm maintains a reputation for high standards of business conduct

The following disclosure provides insight into how the Board discharges its duties under s.172.

Merian Global Investors (UK) Limited (MGIUK) is a subsidiary of Merian Global Investors (Holdings) Limited (MGIH). The MGIUK Board is comprised of Executives within the business and is subject to oversight and challenge by the MGIH Board, its parent company Board.

The Board of MGIUK is responsible for the oversight of business performance, governance and the effective discharge of all legal and regulatory duties applicable to them including but not limited to:

- Setting and approving the company's strategy in line with the wider MGIH strategy;
- Ensuring appropriate capital and financial management insofar as it relates to its regulatory capital requirements or other regulatory requirements;
- Monitoring compliance with all regulatory requirements;
- Monitoring investment performance, where applicable, to ensure that it is delivered in line with investors' expectations;
- Monitoring the risk profile of funds and their suitability for each target market, where applicable;
- Ensuring a robust product governance process;
- Monitoring its relevant business risk profile; and
- Monitoring the performance of delegated parties, including third party administrators and distributors, where applicable.

The above themes are reviewed at regular Board meetings throughout the year.

MGIH has developed a three year strategy and associated business plan whereby strategic themes (both internal and market), investment strategies, channel distribution and support strategies, cost challenges along with immediate regulatory and other project initiatives have been considered to facilitate the business' long term business strategy.

It has identified the following strategic priorities to drive the business forward in delivering its vision and include:

- Further shaping the firm as a stand-alone business;
- Diversifying and enhancing investment capabilities;
- Distribution development; and
- Execution of agreed project initiatives arising from Brexit.

The strategy is underpinned by an integrated set of plans across its investment desks, with each desk head overseeing delivery of a desk-specific strategic plan and set of priorities. The operational framework is considered fit for future growth and resultant scale and includes a robust oversight model for key outsourced investment management and fund administration activities.

The Board believes that delivery of the strategy, in line with our overriding purpose to deliver strong investment performance through active investment management, will achieve long-term, sustainable success for all of our stakeholders. All of the Board's decisions are therefore guided by the delivery of the firm's purpose and strategy.

The Board believes that its clients and their advisers rightly expect it to identify and maintain intelligent and repeatable ways in which to generate investment outcomes that meet their expectations. It similarly believes that the firm's clients, colleagues, owners and other stakeholders expect it to approach our work in a way that enables it to have a positive impact on society.

Clients

Our clients make our business what it is; our ambition is to provide the best possible investment products to meet their current and future needs, and deliver value for money. In pursuit of this ambition, we place them at the heart of the process of developing and evolving our products, and we look to partner with them where possible to ensure we continue to deliver on their expectations.

The Board receives regular reports on the outcomes achieved for customers through its Customer Outcomes Forum which provides a place of debate, discussion and challenge for issues from across the business relating to delivery of good customer outcomes. The Board also receives updates from its Quarterly Investment Risk Committee. This Committee provides independent oversight of risk management as well as investment performance of all funds and strategies to ensure customers are provided with products that perform as they expect and all funds are managed in line with their stated risk profile

STRATEGIC REPORT

Colleagues

The Board is committed to the attraction and retention of key talent in the industry. We place emphasis on encouraging a diverse and inclusive culture. The business promotes equal opportunities throughout the employee life cycle from recruitment and promotion to remuneration and support flexible and agile working practices.

The Board receives reports from the Head of Human Resources on the culture and engagement of our people. The Board engages with staff through a variety of channels such as 'town hall' briefings, emails and an Intranet site. During the year the business conducted an employee opinion survey. The Board considers the firm's employees to be an important stakeholder and the consideration of their interests forms part of many Board discussions. The Board reviewed the results of the 2019 employee opinion survey, agreed an action plan to address observations raised and receives status reports on progress.

Regulators

We strive to maintain positive and constructive relationships with our regulators, commit to communicating openly and transparently with them as well as meeting all regulatory obligations. Additionally, we work to ensure that the landscape for long-term savers is as positive as it can be by engaging in key policy consultations.

The Board receives updates from its Risk and Governance Committee which covers the business's regulatory processes and procedures, the risk environment and its engagement with global regulators. The reports also outline the material changes in the regulatory environment in which the business operates as well as the regulatory horizon. During 2019, these included the roll-out of the FCA's SMCR and its ongoing embedment in the business.

Society

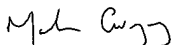
We want to exemplify the behaviours we expect of the companies we invest in wherever practicable. This means acting transparently and with integrity, looking after our colleagues, treating our customers and suppliers fairly, managing our environmental impact and contributing to the communities in which we operate. We support a number of initiatives and charities related to our local communities, including those that provide both support and opportunity to disadvantaged young people.

The Board recognises the topic of ESG and has discussed the implementation of ESG principals at its meetings and receives updates from the Head of ESG.

Shareholders

The Board believes that operating in a way that manages our relationships with these key stakeholders responsibly is the most effective way to create sustainable value and returns for shareholders. MGIH is the sole shareholder of MGI UK. However, the shareholders in the ultimate parent company include our staff, many of whom also share in the success of our business through our equity participation scheme, in addition to investing in our funds alongside our clients. In this way, the Board believes it best ensure alignment of priorities between our business, our staff, our clients and our shareholders, supporting our and their long-term success. Financial results are communicated to shareholders on a regular basis. Outside of results presentations, meetings are held on a regular basis to give a broad update on fund performance and the market.

By order of the board



M Gregory
Director

24 April 2020

Merian Global Investors (UK) Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2019. The review of the business and principal risks and uncertainties are disclosed in the strategic report.

DIRECTORS

The directors of the Company throughout the year and to date were:

A F Alentom
T Borain (resigned 18 October 2019)
R Buxton
I Heslop
M Gregory (appointed 1 March 2019)
D J Nickols
W Tonkinson
R Watts

The directors do not hold material shareholdings in the Company. Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

SECRETARY

M Vassal resigned as company secretary on 15 August 2019 and Eversecretary Limited was appointed as company secretary on 15 August 2019.

DIVIDENDS

The Company declared and paid dividends of £59.5m during the year (2018: £85.8m).

FCA REMUNERATION CODE DISCLOSURE

Merian Global Investors (UK) Limited (MGI UK) is required to comply with the UK implementation of CRD III, in particular the BIPRU Remuneration Code. Under this Code, the Company is required to make certain disclosures regarding its remuneration policies and practices for those categories of staff whose professional activities have a material impact on its risk profile. These disclosures can be found on the Company's website as part of the Pillar 3 disclosure.

GOING CONCERN

The directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. As noted in the Strategic Report, the directors have also specifically considered the impact of the COVID-19 pandemic on the Company's ability to continue as a going concern and have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future.

Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

EMPLOYEES

The average number of persons (including Directors) employed by the Company during the year was 221 (2018: 250).

The Group is committed to the attraction and retention of key talent in the industry. We place emphasis on encouraging a diverse and inclusive culture.

The Group promotes equal opportunities throughout the employee life cycle from recruitment and promotion to remuneration. We support flexible and agile working practices throughout the Group. There is a good uptake of our enhanced family friendly policies such as shared parental leave which are encouraged at all levels.

Our remuneration programme is designed to support the Group's strategy, objectives and values, and to align the interests of employees, shareholders and customers. Our governance framework includes a remuneration policy that promotes sound and effective risk management. The remuneration policy has been designed to eliminate conflicts of interest and is compliant with remuneration regulations.

POLITICAL DONATIONS

No political donations were made during the year (2018: £nil).

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Company are disclosed in Note 3.

DISCLOSURE OF FINANCIAL INFORMATION TO AUDITOR

Each of the persons who are a director at the date of approval of this report confirms that:

- So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each director has taken all the steps that they ought to have taken as director in order to make themselves more aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


Merian Global Investors (UK) Limited

DIRECTORS' REPORT

AUDITOR

KPMG LLP have expressed their willingness to continue in office as auditor in accordance with section 487 of the Companies Act 2006 and the Company's Articles of Association.

By order of the board

A handwritten signature in black ink, appearing to read 'M Gregory', is written over the printed name.

M Gregory
Director

24 April 2020

Merian Global Investors (UK) Limited

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
STRATEGIC REPORT, THE DIRECTORS' REPORT, AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Merian Global Investors (UK) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERIAN GLOBAL INVESTORS (UK) LIMITED

Opinion

We have audited the financial statements of Merian Global Investors (UK) Limited ("the company") for the year ended 31 December 2019 which comprise the income statement and statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Merian Global Investors (UK) Limited

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MERIAN GLOBAL INVESTORS (UK) LIMITED**

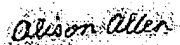
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alison Allen (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
24 April 2020

Merian Global Investors (UK) Limited

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
REVENUE			
Fee income	4	176,898	288,861
Fee and commission expenses	8	(33,629)	(61,680)
Investment advisor fees		(1,045)	(2,992)
Service fee income	5	3,564	3,288
NET REVENUE		145,788	227,477
Administrative expenses	9	(109,639)	(171,631)
Expenses recharged to group companies		16,571	-
Amortisation of deferred acquisition costs	16	(1,514)	(3,252)
OPERATING PROFIT / (LOSS)		51,206	52,594
Amortisation of intangible assets	15	(11)	(29)
Finance income	6	354	446
Finance costs	7	(118)	-
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		51,431	53,011
Taxation	12	(7,382)	(10,158)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		44,049	42,853
PROFIT FOR THE YEAR		44,049	42,853
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		44,049	42,853
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS		44,049	42,853

The notes on pages 15 to 34 are an integral part of these financial statements.

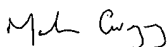
Merian Global Investors (UK) Limited

STATEMENT OF FINANCIAL POSITION
at 31 December 2019

	Notes	2019 £'000	2018 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	17,169	57
Goodwill	14	465	-
Intangible assets	15	-	11
Deferred acquisition costs	16	2,210	3,693
Deferred tax assets	17	6,039	6,639
Trade and other receivables	19	2,147	2,133
		28,030	12,533
CURRENT ASSETS			
Cash and cash equivalents	20	66,479	116,642
Investments in collective investment schemes	18	15	84
Trade and other receivables	19	61,278	55,287
		127,772	172,013
TOTAL ASSETS		155,802	184,546
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	21	21,000	21,000
Share-based payment reserve		9,769	9,769
Retained earnings		49,436	64,887
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS		80,205	95,656
NON-CURRENT LIABILITIES			
Other payables	22	16,368	2,468
		16,368	2,468
CURRENT LIABILITIES			
Current tax liabilities		4,015	6,158
Other payables	22	55,214	80,264
		59,229	86,422
TOTAL LIABILITIES		75,597	88,890
TOTAL EQUITY AND LIABILITIES		155,802	184,546

The notes on pages 15 to 34 are an integral part of these financial statements.

Approved at a meeting of the board of directors and signed on its behalf by:



M Gregory
Director

24 April 2020

Company registered number: 02949554

Merian Global Investors (UK) Limited

STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings	Total equity holders' funds
	£'000	£'000	£'000	£'000
Balance at 1 January 2018	21,000	3,561	107,845	132,406
Profit for the year	-	-	42,853	42,853
Share-based payments	-	6,208	-	6,208
Dividends paid	-	-	(85,811)	(85,811)
Balance at 1 January 2019	21,000	9,769	64,887	95,656
Profit for the year	-	-	44,049	44,049
Share-based payments	-	-	-	-
Dividends paid	-	-	(59,500)	(59,500)
Balance at 31 December 2019	21,000	9,769	49,436	80,205

The notes on pages 15 to 34 are an integral part of these financial statements.

Dividend per share in 2019 was £2.83 (2018: £4.09)

Merian Global Investors (UK) Limited

STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	2019	2018
	£'000	£'000
Profit before taxation	51,431	53,011
Adjustments for:		
Depreciation and amortisation	1,984	123
Decrease in receivables	(7,138)	99,569
Decrease in payables	(27,840)	(51,688)
Finance costs	118	-
Finance income	(354)	(446)
Deferred Acquisition Costs	1,515	807
Share based payments	-	6,208
Other (gains)/losses	550	378
Cash generated from operations	20,266	107,962
Tax paid	(8,891)	(34,648)
Net cash from operations	11,375	73,314
Cash flows from investing activities		
Business combinations in the period	(465)	-
Disposal of overseas branch	152	-
Interest received	354	446
Total	41	446
Cashflows from financing activities		
Dividends paid	(59,500)	(85,811)
Repayment of lease liabilities and borrowings	(1,961)	-
Finance costs paid	(118)	-
Total	(61,579)	(85,811)
Opening cash and cash equivalents	116,642	128,693
Closing cash and cash equivalents	66,479	116,642

The notes on pages 15 to 34 are an integral part of these financial statements.

Merian Global Investors (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019

1 GENERAL INFORMATION

Merian Global Investors (UK) Limited "the Company" is a limited company incorporated in England and Wales. The address of its registered office is disclosed in the company information section on page 1. The principal activities of the Company are disclosed in the strategic report.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared and approved by the directors in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial statements have been prepared on a going concern basis, the historical cost basis except for the revaluation of certain financial instruments, have been prepared in sterling and are rounded into thousands.

The Company's business activities and financial risk management objectives, together with the factors likely to affect its future development, performance and position are set out in the strategic report and directors' report on pages 2 to 5.

The Company has adequate liquidity and capital. The directors perform an annual going concern review that considers, under a stress test scenario, the Company's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

On Monday 17 February 2020, Jupiter Fund Management plc announced its proposed acquisition of Merian Global Investors. The acquisition, which is subject to regulatory and Jupiter shareholder approval, is expected to complete in the second half of 2020.

The Directors believe that the acquisition does not pose any significant risks to the Company's primary business activity, the continuing success of our funds, or our clients. Management has prepared forecasts and budget which demonstrate the Company's continuing viability and expected profitability on a standalone basis, and the Directors believe that the acquisition strengthens this position.

However, the acquisition does present uncertainty around the precise nature of the future operating model and company structure. At the date of signing, the future operations and details of the combination of the business are not known and therefore the Directors do not believe that any adjustments or disclosures are appropriate or required in these financial statements. The Directors also do not believe that the acquisition results in a requirement to change the basis of preparation, and have determined that the going concern assumption remains appropriate.

COVID-19

COVID-19's impact on market values and economic activity has resulted in a material fall in the Company's AUM. Management have re-based their forecasts for 2020 and beyond to take into account the impact of this fall, and considered the impact on profits, cash-flows, and capital. Whilst the fall in AUM inevitably translates to a fall in revenue and therefore lower than anticipated profits, management do not believe that the Company or Group's capital or cash fall to levels that present a threat to their ability to continue as a going concern. In addition, management has carried out a scenario analysis to further assess the strength of the business and conclude that a further fall in AUM to £10bn would not result in the Company being unable to continue operating as a going concern for a period of at least 12 months from the date of signing these accounts.

The Company is dependent on the operations of other Group entities, in particular Merian Global Investors Europe Limited and Merian Investment Management Limited. Should these companies experience significant disruption or be forced to cease operations as a result of the pandemic there is a risk that Merian Global Investors UK Limited would no longer be able to continue as a going concern. As of the date of signing of these financial statements all Group companies remain viable and have not experienced any such disruption, and therefore this does not affect the decision to present these financial statements on a going concern basis.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as noted below.

2.2 CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

During the period, the following standards, amendments to standards, and interpretations have been adopted in the financial statements.

2.2.1 IFRS 16 Leases

The Company has applied IFRS 16 effective for the period beginning 1 January 2019. The Company has opted to use the 'modified retrospective' approach to account for the transition to IFRS 16. On 1 January 2019 a liability reflecting the remaining future net cash outflows associated with the lease, discounted at interest rate implicit in the lease, and a corresponding right-of-use asset, were recognised. The right-of-use asset is depreciated according to the depreciation

Merian Global Investors (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019

policies of the Company. The liability is subsequently increased by the unwinding of the discounting applied and reduced by any payments made.

2.3 OTHER ACCOUNTING POLICIES

2.3.1 Revenue from Contracts with Customers

IFRS 15 replaced all existing revenue requirements in IFRS and applies to all revenue arising from contracts with clients, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments. The core principle of the standard is that revenue recognised reflects the consideration to which the Company expects to be entitled in exchange for the transfer of promised goods or services to the client. The standard incorporates a five-step analysis to determine the amount and timing of revenue recognition.

The standard was effective for the Company for the financial year commencing 1 January 2018.

Revenue recognition

Revenue comprises the fair value for services, net of value-added tax. Revenue is recognised as follows:

Performance fee income

Performance fees charged on certain funds for managing investment contracts are recognised as revenue in line with the provision of the investment management services. These services are deemed to be provided only when the performance of the fund for the period is known and has been crystallised, usually bi-annually.

Investment management and distribution fee income (including intercompany revenue)

Fees charged for managing investment contracts are recognised as revenue in line with the provision of the investment management services. These services are deemed to be provided equally over the lifetime of a contract.

Investment gains and losses

Realised investment gains and losses represent the difference between the net sales proceeds and the cost of the investment or value at the start of the year. The movement in unrealised investment gains and losses represents the difference between the carrying value of investments at the reporting date and the value at the start of the year, or the original cost where an investment is acquired during the year. The realised gains and losses and movement in unrealised gains and losses on investment arising in the year are included in the income statement under investment return.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that financial asset's carrying amount.

Distribution income

Distribution income from investments is recognised when the shareholders' rights to receive payments have been established.

2.3.2 Financial Instruments

IFRS 9: Financial Instruments (IFRS 9) was issued in July 2014 and has replaced IAS 39: Financial Instruments: Recognition and Measurement. The Company has applied IFRS 9 since 1 January 2018.

Classification and measurement of financial assets and liabilities

All financial assets are initially recognised at fair value, including directly attributable transaction costs (for financial assets not measured at fair value through profit or loss).

Financial assets are classified based on (i) the business model within which the financial assets are managed and (ii) the contractual cash flow characteristics of the financial assets (whether the cash flows represent 'solely payment of principal and interest'). Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold those assets for the purpose of collecting contractual cash flows and those cash flows comprise solely payments of principal and interest ('hold to collect'). Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and those contractual cash flows comprise solely payments of principal and interest ('hold to collect and sell'). Movements in the carrying amount of these financial assets should be taken through Other Comprehensive Income (OCI), except for impairment gains or losses, interest revenue and foreign exchange gains or losses, which are recognised in profit or loss. Where the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Other financial assets are measured at Fair Value through Profit and Loss (FVTPL). All derivative instruments that are either financial assets or financial liabilities will continue to be classified as held for trading and measured at fair value through profit and loss.

The Company's financial liabilities that are not measured at FVTPL are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

For equity investments that are neither held for trading nor contingent consideration, the Company may irrevocably elect to present subsequent changes in fair value of these equity investments in either (i) profit or loss (FVTPL); or (ii) other comprehensive income (FVOCI). Where the equity investment is derecognised, the cumulative gain or loss previously recognised in OCI is not reclassified from equity to profit or loss. However, it may be reclassified within equity.

Impairment of financial assets

Impairment is determined based on an expected credit loss (ECL) model. The Company is required to recognise an allowance for either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

The measurement of ECLs reflects a probability-weighted outcome, the time value of money and the entity's best available forward-looking information. The aforementioned probability-weighted outcome must consider the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is low.

The ECL model applies to financial assets measured at amortised cost and FVOCI, lease receivables and certain loan commitments as well as financial guarantee contracts.

Key assumptions and judgements applied in relation to the new impairment model:

- Cash at bank – no ECL allowance is recognised, as deposits are held with banks with medium to high quality credit ratings and credit risk is considered to be minimal.
- Inter-company loans – no ECL allowance is recognised as these balances are internal to the Company and credit risk is considered to be low.
- Loans and receivables (longer term) – methodology based on provision matrix approach, whereby historical data is extrapolated forward to derive a 12 month ECL allowance and then monitored for increases in credit risk which may trigger the recognition of a Lifetime ECL. The company's receivables are primarily attributable to its investment funds and management considers the credit risk on these receivables to be negligible. The company has no history of bad debts, which further indicates minimal credit risk on receivables.
- Other assets (short term) – simplified approach is adopted, whereby a Lifetime ECL is recognised immediately and there is no need to track for any increases in credit risk.

The classification of the Group's financial instruments according to IFRS 9 is as follows.

IFRS 9 Reclassification Table

New classification under IFRS 9

Financial Assets

Cash	Amortised cost
Investments in collective investment schemes	Fair value through profit and loss
Employee benefit trust	Fair value through profit and loss
Deferred acquisition costs	Amortised cost
Deferred bonus prepayment	Amortised cost
Other receivables	Amortised cost

Financial Liabilities

Other payables	Other financial liabilities
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2.3.3 Property, plant and equipment

Items of equipment are reported at cost less accumulated depreciation and impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Fixed Asset	Years
Computer equipment	3
Furniture	5
Right-of-use lease assets	Life of the lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset. This gain or loss is recognised in the income statement.

2.3.4 Intangible assets

Purchased software and internally developed software are reported at cost less accumulated amortisation and impairment losses.

Internally developed software is amortised over its estimated useful life. Such assets are stated at cost less accumulated amortisation and impairment losses. Software is recognised in the statement of financial position if, and only if, it is probable that the relevant future economic benefits attributable to the software will flow to the group and its cost can be measured reliably.

Costs incurred in the product development phase are capitalised subject to meeting specific criteria set out in the relevant accounting guidance, the main criteria being that future economic benefits can be identified as a result of the development expenditure. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the product, which range between three and five years.

Management contracts acquired in business combinations are initially recognised at fair value and are amortised over their estimated useful life. Management estimates the fair value of the contracts using a discounted cash flow model. The useful life has been estimated as being 5 years.

2.3.5 Impairment of assets

The carrying amounts of the Company's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2.3.6 Goodwill

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

Goodwill is required to be allocated to the appropriate cash generating units (CGUs) (the CGUs associated with the acquiree, and also the acquirer's existing CGUs that are expected to benefit from the synergies of the business combination). Management has determined that the entire Group represents a single CGU for goodwill impairment purposes.

2.3.7 Deferred acquisition costs

Incremental costs directly attributable to securing an investment contract are deferred. These costs consist mainly of commission paid to independent financial advisers in Asia and Latin America. The costs are capitalised as deferred acquisition costs and are amortised as an expense over the directors' best estimate of the life of the contract as the services are provided.

At the end of each reporting period, deferred acquisition costs are reviewed for recoverability, by category, against future margins from the related business at the reporting date. An impairment loss is recognised in the income statement if the carrying amount of the deferred acquisition costs is greater than the future margins from the related business.

2.3.8 Investments in collective investment schemes

Investments in collective investment schemes are designated at fair value through the income statement at initial recognition and are stated at fair value, with any resultant gain or loss recognised in the income statement. Under IFRS 9 these are held at FVTPL.

Holdings in unit trusts are valued at quoted bid price for long positions and quoted offer price for short positions. Open Ended Investment Company ("OEIC") assets are single priced funds and are valued at the quoted net asset value per share. Any holdings in dual priced unit trusts are priced at the mid-price of the creation and cancellation prices. Purchases and sales of securities and currencies are recognised on the trade date.

2.3.9 Other receivables

Other receivables are not interest-bearing and are stated at their cost, less appropriate allowances for estimated irrecoverable amounts. The carrying value of the assets approximates to their fair value. Under IFRS 9 these are held at amortised cost.

2.3.10 Deferred bonus prepayment

In line with MGI policy, a portion of employees' bonus awards are deferred and settled in future years. The calculation of these future payments is made on a banded ascending scale. These amounts are either invested in the employee benefit trust and treated as a prepaid cost, or are converted into notional shares, settled in future years on a cash basis and accrued as a liability.

2.3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with banks. The carrying amount of these assets approximates to their fair value. All cash and cash equivalent balances are repayable on demand. Under IFRS 9 these are held at amortised cost.

2.3.12 Other payables

Other payables are not interest-bearing and are stated at their amortised cost which is not materially different to cost and approximates to fair value. Under IFRS 9 these are held at amortised cost.

2.3.13 Pensions and other post-retirement benefits

The company has contributed to defined contribution schemes in respect of the majority of its employees. The pension costs for these funds are charged directly to the income statement in the accounting period in which they are incurred. The defined contribution schemes have assets which are held separately from those of the companies involved, and are independently administered.

2.3.14 Finance income and finance costs

The Company's finance income and finance costs include:

- interest income
- interest expense
- foreign currency gain or loss on financial assets and financial liabilities

Interest income and interest expense is measured using the effective interest method which is calculated by applying an effective interest rate which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to either:

- the gross carrying amount of the financial asset, or
- the amortised cost of the financial liability.

2.3.15 Other costs

All expenses are recognised in the income statement on an accruals basis.

2.3.16 Taxation

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. The taxable income for the year is determined in accordance with enacted legislation and taxation authority practice for calculating the amount of tax payable.

Current tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

Deferred tax

Deferred taxes are calculated according to the statement of financial position method, based on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

2.3.17 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign currency monetary assets and liabilities are translated to sterling at the year-end closing rate. Non-monetary assets denominated in a foreign currency that are measured in terms of historical cost are translated using the exchange rate in effect at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate in effect at the date when the fair value was determined. Foreign exchange rate differences that arise are reported net in the income statement as foreign exchange gains/losses.

2.3.18 Assessment of fund investments as structured entities

IFRS 12 defines a structured entity as 'an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual arrangements'.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

The company has assessed whether the funds it manages are structured entities. The company has considered the voting rights and other similar rights afforded to other parties in these funds (investors and independent boards or directors), including the rights to remove the Company as fund manager, liquidate the funds, or redeem holdings in the funds (if such rights are equivalent to liquidating the funds) and has concluded as to whether these rights are the dominant factor in deciding who controls the funds. The company has judged that its managed funds are structured entities and that it has an interest in these funds.

2.3.19 Critical accounting estimates and judgements

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The area of the Company's business that typically requires such estimates are the valuation and assessment of impairment of goodwill and intangible assets, determination of the deferred acquisition costs, the recoverability of deferred tax assets, and estimates of staff incentive expense accruals at year end. This is discussed in more detail in the relevant accounting policies and notes to the financial statements.

3 FINANCIAL INSTRUMENTS RISK AND RISK MANAGEMENT

3.1 RISK MANAGEMENT FRAMEWORK

Merian Global Investors (UK) is a member of the Merian Global Investors Group (MGI). MGI's Enterprise Risk Management ("ERM") framework comprises core components such as:

- the corporate governance arrangements which set out the way that the organisation is structured and managed;
- the end-to-end processes involved in the identification, assessment, measurement, monitoring and management of risk, including assignment of risk owners and risk reporting;
- the culture and behaviour that is exhibited and the associated reward mechanisms.

The ERM framework aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities, uncertainties and threats in a structured, disciplined manner. In this way MGI seeks to ensure that risk and capital implications are considered when making strategic and operational decisions, and to ensure that MGI's risk profile is understood and managed within the agreed risk appetite.

MGI's risk appetite framework ("RAF") is based upon and supported by policies, processes and skills that set out the way that MGI staff across all areas and control functions manages risk in relation to MGI's risk appetite. The RAF builds upon the existing business planning, capital and risk management processes.

The RAF has three distinctive components:

- Strategy and Business Planning Process: Quantitative and qualitative strategic risk appetite principles linked to risk limits, which is revised and set annually as part of the business planning process
- The Stress and Scenario Framework: Quantitative risk appetite statements linked to the businesses strategic objectives, and contractual and regulatory requirements.
- The Risk Policy Framework: Quantitative and qualitative risk appetite statements for individual risks embedded into the policy framework. These set out the approach taken within MGI to mitigate and manage risks, informed by the policy appetite statements and control standards.

MGI risk strategy represents the firm's attitude to different types of risk. It sets the context for MGI's risk appetite. Risk strategy and preferences articulate the risk types, and quantum of risk, that the business seeks to take, manage or avoid in pursuit of business objectives. The Risk appetite statement is the expression, both quantitative and qualitative, of the limits of risk exposure that will enable delivery of MGI's long-term strategy within a range of acceptable risk outcomes, which is measured and monitored via defined risk metrics referencing RAG triggers which enable early warning should the business approach Board-approved limits. Key risk indicators are monitored and reported on a regular basis to identify emerging threats and identify actions to manage risks within appetite. The risk appetite is reviewed at least annually, taking account of environmental changes and strategic opportunities.

MGI's risk culture is defined as the system of values and behaviours which are embedded within the company and helps shape risk decisions. Fostering a risk-aware culture acts as a business enabler whereby management feel empowered to take risks in a manner that is transparent and that is in line with the business and risk strategy. MGI's risk culture is defined by the following principles:

- Responsibility and accountability for risk management is clearly assigned throughout the company with the aim of fostering an open and transparent organisational culture that encourages the right behaviours.
- A climate whereby employees are encouraged to voice genuine concerns about risks within the business.
- A risk-aware culture is seen as an enabler for management to be empowered to take risks in a manner that is transparent and that is in line with the business and risk strategy.
- Good risk management practices are encouraged, such that employees understand how to make educated risk-related decisions in their day-to-day roles.
- Training and awareness programmes are in place to ensure that a risk-aware culture is fostered and that employees understand the importance of good risk management.
- Performance management encourages and incentivises good risk management practices.

The risks faced by the Company are described below:

Credit risk

Credit risk is the risk that the Company is exposed to a loss if another party fails to meet its financial obligations to that company, including failing to meet them in a timely manner.

MGI has established a credit risk policy which sets out restrictions on the permitted financial transactions with counterparties to control and monitor the level of credit risk to which the Company is exposed to. The value of credit risk exposures and the credit rating of counterparties are monitored monthly.

The Company's principal assets are cash and investment management fees due from the funds it manages.

Cash is held across a diversified list of counterparties, primarily banks, with high credit-ratings assigned by international credit rating agencies. Management fees due from managed funds are settled monthly and underpinned by assets held within those funds.

Merian Global Investors (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019

The Company's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the accounts.

Market risk

Market Risk is defined as the current or prospective risk to earnings or value arising from adverse movements in equity and commodity prices, interest and/or foreign exchange rates resulting in loss of earnings or reduced solvency.

MGI has established a market risk policy which sets out the market risk management governance framework, maximum limits on market risk exposures, management information and stress testing requirements.

The financial impact of more extensive movements in market risk other than those that could reasonably be expected is examined through stress tests carried out within the Internal Capital Adequacy Assessment Process "ICAAP".

A decrease in value of assets under management by 10% from the start of the year would have decreased profit by £11.8m after tax (2018: £25.7m). An equal change in the opposite direction would have increased profit by £11.8m after tax (2018: £17.5m).

Interest rate risk

Interest rate risk is the risk of a deviation of the actual interest rates from the expected interest rates, resulting in the potential for, a negative impact on earnings or capital and / or reduced solvency.

The Company is not directly exposed to material interest rate risk. Interest rate risk arises primarily from bank balances held which are exposed to fluctuations in interest rates. The effective interest rate applicable to interest bearing financial instruments is as follows:

	2019 Variable	2018 Variable
Assets		
Deposits with credit institutions	0.76%	0.74%

The Company's maximum exposure to loss caused by interest rate changes is limited to the interest revenue it earns on bank deposits, which was £0.3m in 2019 (2018: £0.4m)

Foreign exchange rate risk

The Company has exposure to foreign exchange risk on cash balances held as well as investment management fees due from the funds it manages, however these are settled monthly. Foreign currency cash held at 31 December 2019 consists of: debit balance of £1.5m (2018: debit £0.7m) in US dollars; and debit balance of £1.2m (2018: debit £0.1m) in Euros at the reporting date.

Liquidity risk

Liquidity risk is defined as the risk that the company does not have sufficient liquid resources to meet its obligations as they fall due, or can secure them only at excessive cost.

MGI has established a liquidity risk policy that sets out the practices to manage exposure to liquidity risk. Liquidity risk is managed on a daily basis, with detailed cash flow reporting to the Executive Committee and quarterly reporting to the Risk and Governance Committee and Board.

Liquidity risks associated with financial liabilities of the Group consist of the current payables balance, of which £55.0m is expected to mature within six months.

An analysis of the maturity profile of the Group's liabilities is presented in Note 23.

Capital adequacy risk

Capital risk is the risk of insufficient capital to meet regulatory and stakeholder requirements resulting in the potential, to place constraints on the business plan/strategy, inability to absorb losses, damage to reputation and or regulatory fines and / or censure.

The Company retains sufficient capital resources to meet regulatory capital requirements and maintain working capital to provide for fluctuations in experience. The regulatory capital requirements have been met throughout the year. The ICAAP is used to assess the level of capital which should be retained by the Company. The ICAAP considers all of the risks faced by the Company and the degree to which risks have similar or related causes and so could occur together.

Operational risk

MGI accepts a level of Operational risk as an integral and unavoidable part of our business where it arises out of the activities we undertake in order to provide services to our customers and generate profits for our stakeholders. Under the ERM Framework, operational risk is defined as 'The risk of loss (or unintentional gain/profit) arising from inadequate or failed internal processes, or from personnel and systems, or from external events (other than financial or business environment risks), resulting in an adverse impact to earnings or reduced solvency.'

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The prime objectives of Operational Risk Management within MGI are to ensure there is:-

- Robust risk culture so that employees are able to identify, assess, manage and report against the key risks the business is faced with and/or may face as it looks to the horizon and implements the business strategy;
- Appropriate balance between minimising risk and the cost of control;
- A defined risk appetite within which risks are managed;
- Swift and effective responses to events/ incidents in order to minimise impact.

Expenses

Margin risk is the risk that actual expenses exceed the expectation when preparing the business plan. This may result in emerging profit falling below the Company's profit objectives.

Expense levels are monitored monthly against budgets and forecasts. An activity based costing process is used to allocate costs relating to processes and activities to individual products.

The increase in expenses is assumed to apply to all fixed overhead costs during the period. It is assumed that these expenses are increased by 10% from the start of the year, so is applied as an expense shock rather than a gradual increase.

An increase in expenses of 10% would have decreased profit by £8.9m after tax (2018: £14.1m).

Merian Global Investors (UK) Limited

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4 FEE INCOME

	2019 £'000	2018 £'000
Performance fee income	3,540	9,887
Investment management income	163,374	272,821
Distribution fee income	3,197	6,153
Distribution fee income (Intercompany)	6,787	-
Total fee income	176,898	288,861

5 SERVICE FEE INCOME

	2019 £'000	2018 £'000
Service fee	3,564	3,288
Total service fee income	3,564	3,288

Following separation from Quilter plc, the Company has continued to incur operating costs of Quilter Investors Limited. As compensation for this service, the Company receives income from Quilter Investors Limited based on costs incurred. This arrangement ended on 30 November 2019.

6 FINANCE INCOME

	2019 £'000	2018 £'000
Gains on units held in managed funds	3	(2)
Interest receivable from cash deposits	351	448
Total finance income	354	446

Finance income relates to company bank interest receivable and revaluation gains or losses on investments.

7 FINANCE COSTS

	2019 £'000	2018 £'000
Lease finance costs	(118)	-
Total finance costs	(118)	-

8 FEES AND REBATES PAID TO INTRODUCERS

	2019 £'000	2018 £'000
Rebates paid to external introducers	33,629	61,680
Total fee and commission expenses	33,629	61,680

9 ADMINISTRATIVE EXPENSES

	2019 £'000	2018 £'000
Administrative expenses	109,639	171,631
<i>Administrative expenses include:</i>		
Staff costs	67,740	105,605
Other operating expenses	39,583	65,907
Depreciation	1,973	119
Foreign exchange gain/(loss)	343	-
Total administrative expenses	109,639	171,631
Auditor's remuneration: audit services paid to KPMG LLP	90	396
Auditor's remuneration: non-audit assurance services paid to KPMG LLP	108	91
Auditor's remuneration: non-assurance services paid to KPMG LLP	15	0

Auditor's remuneration for audit services consists of fees in respect of statutory audits, group reporting and other non-statutory audit services.

10 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, as such, only directors are considered to meet this definition.

Directors' emoluments shown below are included in Other operating expenses in Note 9.

	2019 £'000	2018 £'000
Aggregate directors' emoluments		
Aggregate emoluments excluding pension contributions	9,581	13,050
Company pension contribution to money purchase scheme	60	60
Emoluments of the highest paid director		
Aggregate emoluments excluding pension contributions	2,367	3,911
Company pension contribution to money purchase scheme	10	10

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Directors having money paid to money purchase schemes during the year	6	8
Number of directors who received shares in or share options over Quilter plc / Old Mutual plc	0	8
Directors exercising options over Quilter plc / Old Mutual plc shares	0	8
The highest paid director exercised share options during the year	N	Y
The highest paid director received shares in or share options over Quilter plc	N	Y

11 STAFF COSTS

	2019 £'000	2018 £'000
Wages and salaries	63,299	99,416
Share-based payments	-	1,276
Social security costs	2,913	3,276
Other pension costs	1,528	1,637
Total employee benefits	67,740	105,605
	2019 Number	2018 Number
The average number of employees was as follows:	221	250

The decrease in staff costs is due to the acceleration of bonuses and employee share schemes in 2018 as a result of the separation from Quilter Plc. The Company contributes to a Group Personal Pension for the majority of its employees. The core contribution rate is 9% of relevant pensionable earnings.

12 TAXATION

Analysis of tax charge for the period	2019 £'000	2018 £'000
Current year charge	6,782	10,847
Adjustment for prior years	-	(3,452)
	6,782	7,395
Deferred tax		
Deferred tax charge / (credit) to income statement	600	2,763
	600	2,763
Tax charge on profit on ordinary activities	7,382	10,158
Factors affecting tax charge for the period		
IFRS profit before tax	51,431	53,011

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Corporation tax charge at 19.00%	9,772	10,072
Effect of		
Group relief	(2,188)	-
Expenses not deductible for tax purposes	23	319
Effect on deferred tax of changes in tax rates	-	391
Utilisation of previously unrecognised deferred tax	-	(641)
Capital allowances	(225)	-
Deferred tax - prior year adjustment	-	3,469
Effect of prior year tax filings	-	(3,452)
	7,382	10,158

The Company has recognised deferred tax assets as disclosed in Note 17. The Company considers that the future years profits will be sufficient to utilise the tax asset carried forward.

13 PROPERTY, PLANT AND EQUIPMENT

	Right of use asset £'000	Computer equipment £'000	Furniture £'000	Total £'000
Cost or valuation				
At 1 January 2018	-	1,626	89	1,715
Disposals	-	(717)	(89)	(806)
At 31 December 2018	-	909	-	909
Recognition of right-of-use asset on initial application of IFRS 16	19,086	-	-	19,086
Additions / (Disposals)	-	-	-	-
At 31 December 2019	19,086	909	-	19,995
Accumulated depreciation				
At 1 January 2018	-	1,455	89	1,544
Depreciation charge for the year	-	109	-	109
Disposals	-	(712)	(89)	(801)
At 31 December 2018	-	852	-	852
Depreciation charge for the year	1,917	57	-	1,974
Disposals	-	-	-	-
At 31 December 2019	1,917	909	-	2,826
Carrying amount				
At 31 December 2018	-	57	-	57
At 31 December 2019	17,169	-	-	17,169

14 GOODWILL

	2019	2018
	£'000	£'000
Goodwill	465	-
	<u>465</u>	<u>-</u>

During the period £465k was recognised as goodwill. This relates to the acquisition of the Global Dynamic Allocation desk of Kestrel LP.

The Company carries out an annual assessment of the carrying value of goodwill for indicators of impairment. Management prepares a calculation of the recoverable amount of goodwill and compares this to the carrying value of the goodwill. For the purposes of this assessment, management treats the Group as a single Cash Generating Unit (CGU).

The recoverable amounts of goodwill allocated to the CGU are determined from value in use calculations. The key assumptions used in respect of value in use calculations are those regarding future AUM growth and the discount rate.

In carrying out the value in use calculations management have prepared a detailed forecast of costs and revenues that are expected to be derived from the new investment desk, in order to determine cash flows to the business arising from the investment. AUM growth resulting from market movements is forecast at 2% per annum. The pre-tax rate used to discount these forecasted cash flows is approximately 9% based on the risk-adjusted weighted average cost of capital of the business. Sensitivity analysis across a number of assumptions has been carried out and no impairment of goodwill was indicated.

No impairment losses have been recognised as a result of this assessment.

15 INTANGIBLE ASSETS

	Internally developed software £'000	Product Development £'000	Total £'000
Cost or valuation			
At 1 January 2018	1,515	3,035	4,550
Disposals	(1,279)	(3,035)	(4,314)
At 31 December 2018	236	-	236
Disposals	-	-	-
At 31 December 2019	<u>236</u>	<u>-</u>	<u>236</u>
Accumulated amortisation			
At 1 January 2018	1,475	3,035	4,510
Disposals	(1,279)	(3,035)	(4,314)
Amortisation charge for the year	29	-	29
At 31 December 2018	225	-	225
Disposals	-	-	-
Amortisation charge for the year	11	-	11
Impairment recognised	-	-	-
At 31 December 2019	<u>236</u>	<u>-</u>	<u>236</u>
Carrying amount			
At 31 December 2018	11	-	11
At 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>

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16 DEFERRED ACQUISITION COSTS

	2019 £'000	2018 £'000
Opening balance	3,693	4,378
Capitalisation of deferred acquisition costs	(1)	2,445
Amortisation of deferred acquisition costs	(1,514)	(3,252)
Foreign exchange gain/(loss)	32	122
Change in deferred acquisition costs	(1,483)	(685)
Closing balance	2,210	3,693

17 DEFERRED TAX ASSET

The following are the deferred tax balances recognised by the Company and the movements thereon, during the current and prior reporting period.

	Accelerated tax depreciation £'000	Short term timing differences £'000	Total £'000
Asset at 1 January 2018	1,116	8,286	9,402
Movement in the year	16	(2,779)	(2,763)
Asset at 31 December 2018	1,132	5,507	6,639
Movement in the year	(1,132)	532	(600)
Asset at 31 December 2019	-	6,039	6,039

The deferred tax asset receivable within one year is £4,689k (2018: £300k) and greater than one year is £1,355k (2018: £6,339k).

18 INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES

	2019 £'000	2018 £'000
At fair value through the income statement		
Investments held in Employee Benefit Trust	-	61
Investments in funds	15	23
Total Investments in collective investment schemes	15	84

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19 OTHER RECEIVABLES

	2019 £'000	2018 £'000
Current		
Due from group undertakings (see Note 25)	45,408	21,528
Trade debtors	974	1,022
Prepayments and accrued income	9,203	11,276
Investment management fees receivable	1,300	20,900
Performance fees receivable	3,493	12
Distribution fees receivable	-	549
Lease incentives	900	-
Total trade and other receivables	61,278	55,287
Non-current		
Prepayments and accrued income	2,147	2,133
Total trade and other receivables	2,147	2,133

All current assets above are short term and interest free with the carrying amount approximating to fair value. There have been no non-performing receivables or material impairments in the financial year that require disclosure. None of the receivables reflected above have been subject to the renegotiation of terms.

Prepayments and accrued income primarily consists of deferred bonus prepayments.

20 CASH AND CASH EQUIVALENTS

	2019 £'000	2018 £'000
Cash held at bank	24,908	65,781
Cash held on deposit	41,571	50,861
Total cash and cash equivalents	66,479	116,642

The cash and cash equivalents comprises balances held in multiple current and deposit bank accounts. The carrying amount of these assets approximates to their fair value.

21 SHARE CAPITAL

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
21,000,000 ordinary shares of £1 each (2018: 21,000,000 of £1 each)	21,000	21,000

The Company has elected under the Companies Act 2006 to remove authorised share capital limits.

22 OTHER PAYABLES

	2019 £'000	2018 £'000
Current		
Accruals	44,177	56,269
Due to group undertakings	4,279	662
Lease liabilities	1,774	-
Other	700	2,579
Rebates and commissions payable	4,284	20,754
Total other payables	55,214	80,264
Non-Current		
Accruals	-	2,468
Lease liabilities	16,368	-
Total other payables	16,368	2,468

Accruals principally comprise amounts due to clients and amounts due to staff relating to bonuses. The directors consider that the carrying amount of other payables approximates to their fair value. All other payables are short-term, current and interest free. Amounts due to group undertakings are unsecured, interest-free and repayable on demand.

23 FINANCIAL INSTRUMENTS

Fair value hierarchy

The table below analyses financial instruments into a hierarchy based in the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 1 to 2 transfers

There have been no changes in valuation techniques during the year under review. There have been no transfers between Level 1 and Level 2 during the year under review.

As at 31 December 2019:	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in collective investment schemes	15	-	-	15
Deferred bonus liability	-	-	-	-
	15	-	-	15
As at 31 December 2018:	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in collective investment schemes	84	-	-	84
Deferred bonus liability	(61)	-	-	(61)
	23	-	-	23

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Liabilities	Carrying amount	Expected cash flows	< 6 months	6 months - 2 years	2-5 years	> 5 years
As at 31 December 2019	£'000	£'000	£'000	£'000	£'000	£'000
Other payables	53,441	53,441	53,441	-	-	-
Lease liabilities	18,142	22,942	1,511	2,346	6,362	12,723
Assets						
As at 31 December 2019	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other receivables	63,425	63,425	61,175	2,250	-	-
Cash and cash equivalents	66,479	66,479	66,479	-	-	-

Master netting or similar agreements

The Company may from time to time offset financial assets and liabilities in the statement of financial position when it has a legal enforceable right to do so and intends to settle on a net basis or at a simultaneous time. The Company did not during the 2018 or 2017 financial year offset any financial assets or liabilities under any master netting or similar agreement.

Unconsolidated structured entities

The Company manages several investment funds, which are unconsolidated structured entities. This note provides additional information on these funds. The Company holds interests in these funds through the receipt of management and other fees and an equity holding in certain of these funds. The investment funds are open-ended investment companies and professional investment funds, and are beneficially owned by third party investors.

Company extent of involvement in unconsolidated structured entities

The Company holds interest in unconsolidated structured entities as at 31 December 2019 as set out in the table below. The maximum exposure to losses is equal to the sum of the carrying amount of assets held.

	2019	2018
	£'000	£'000
Nature of risks associated with interests in unconsolidated structured entities		
Market value of funds under management	2,927,327	18,292,057
Investment management fees earned from funds in the year	170,111	238,312
Investment management fees owed from funds (included in trade and other receivables)	1,300	21,922
Investment in collective investment schemes	15	84

24 FINANCIAL AND CAPITAL COMMITMENTS

Operating lease commitments in the prior year are in respect of premises occupied in London, Edinburgh and Italy.

	2019	2018
	£'000	£'000
Operating lease commitments (non-cancellable)		
Due within one year	-	988
Due within one year to five years	-	2,597
Due later than 5 years	-	17
Total operating lease commitments	-	3,602

Lease agreements for premises occupied in Italy and Edinburgh expired during the year ended 2019. The lease agreement for the premises occupied in London has been accounted for in line with IFRS 16 from 1 January 2019 onwards.

Merian Global Investors (UK) Limited

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25 RELATED PARTY TRANSACTIONS

The following transactions were entered into with related parties during the period:

	2019 £'000	2018 £'000
Investment Management Activity		
Investment Advisor Fees earned from fellow subsidiary undertakings	41,290	50,358
Investment Advisor fees receivable from fellow subsidiary undertakings	14,631	-
Investment Advisor Fees paid to fellow subsidiary undertakings	-	1,246
Investment Advisor Fees payable to fellow subsidiary undertakings	-	-
Fellow subsidiaries - investment management fees rebated in the year	-	1,932
Fellow subsidiaries - investment management fees rebated creditor	-	-

An annual management fee is charged daily and billed monthly on funds under management and a rebate is made to the fellow subsidiary company which acted as introducer. This is settled in cash on either a monthly or quarterly basis. The amounts due to and from group undertakings are recognised as a net balance on an individual group company basis. These consist of management fee payable, management fee rebates and group relief. All balances at year end are expected to be settled within one month.

Investment management fees earned in the year and receivable at 31 December 2018 have been moved to unconsolidated structured entities within note 23.

	2019 £'000	2018 £'000
Management Expense Activity		
Expenses recharged to fellow subsidiary undertakings	16,570	5,986
Expense recharges receivable from fellow subsidiary undertakings	2,077	21,528
Management fees receivable from fellow subsidiary undertakings	-	-
Management fees paid to fellow subsidiary undertakings	(6,172)	(7,848)
Management fees owed to fellow subsidiary undertakings	(420)	(662)

The Company paid Old Mutual Wealth Business Services Limited a monthly fee for various management services. This arrangement ended on separation of the business in June 2018.

Investment adviser fees were received during the year from fellow subsidiary Quilter Investments Limited. Amounts due from or to group undertakings at the reporting date are included in Notes 19 and 22 respectively. Balances are settled in cash on a quarterly or monthly basis.

Details of transactions with directors and key management are provided in Note 10.

26 ULTIMATE PARENT COMPANY

The Company's immediate parent is Merian Global Investors Holdings Limited (company number 06450145), a company registered in England & Wales.

The Company's financial statements are consolidated within the financial statements of Merian Global Investors Limited, the ultimate parent company and controlling party, registered in Jersey.

The financial statements are available from:

The Company Secretary
Merian Global Investors Limited
47 Esplanade
St Helier
Jersey
JE1 0BD

27 EVENTS AFTER THE BALANCE SHEET DATE

On Monday 17 February 2020, Jupiter Fund Management plc announced its proposed acquisition of Merian Global Investors. The acquisition, which is subject to regulatory and Jupiter shareholder approval, is expected to complete in the second half of 2020.

The Directors believe that the acquisition does not pose any significant risks to the Group's primary business activity, the continuing success of our funds, or our clients. Management has prepared forecasts and budget which demonstrate the Group's continuing viability and expected profitability on a standalone basis, and the Directors believe that the acquisition strengthens this position.

However, the acquisition does present uncertainty around the precise nature of the future operating model and company structure. At the date of signing, the future operations and details of the combination of the business are not known and therefore the Directors do not believe that any adjustments or disclosures are appropriate or required in these financial statements. The Directors also do not believe that the acquisition results in a requirement to change the basis of preparation, and have determined that the going concern assumption remains appropriate.

During March 2020 global financial markets saw steep falls in asset values across most asset classes. This caused a material fall in the AUM of the Company and the Merian Group. The Directors do not believe that this fall results in any change in the values presented in these financial statements and that the fall in markets does not constitute an adjusting event. As noted in Note 2.1 and the Strategic and Directors Reports, the Directors do not believe that the fall in AUM results in a change to the validity of the application of the going concern assumption in the preparation of these financial statements.