

**JUPITER FUND MANAGEMENT GROUP LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**



**COMPANY REGISTRATION NUMBER**  
**6156953**

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## **COMPANY INFORMATION**

### **DIRECTORS**

J F T Dundas (Chairman) (resigned 3 August 2010) #  
E H Bonham Carter (Chief Executive)  
J H D Carey FCA (Deputy Chairman) (resigned 17 August 2010)  
J H Chatfield Roberts (resigned 15<sup>th</sup> September 2010)  
A J Creedy  
P M Johnson (appointed 21 October 2009)  
R I Morris (resigned 3 August 2010) #  
A G Nutt (resigned 3 August 2010)  
C G Parkin (resigned 2 August 2010) #  
M D Perruccio (resigned 2 August 2010) #  
M A R Wilson (resigned 9 August 2010) #

# Non-executive director

### **COMPANY SECRETARY & REGISTERED OFFICE**

Jupiter Asset Management Limited  
1 Grosvenor Place  
London SW1X 7JJ

### **BANKERS**

The Royal Bank of Scotland plc  
2½ Devonshire Square  
London EC2M 4XJ

### **SOLICITORS**

Clifford Chance  
10 Upper Bank Street  
London EC14 5JJ

### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Hay's Galleria  
1 Hay's Lane  
London SE1 2RD

### **COMPANY REGISTRATION NUMBER**

6156953

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of Jupiter Fund Management Group Limited (the "company") for the year ended 31 December 2009

### **PRINCIPAL ACTIVITY**

The company is an intermediate investment holding company for a group of companies operating in investment management collectively known as the "Jupiter group"

### **BUSINESS REVIEW**

#### **Results and Key Performance Indicators**

The results show a loss after tax of £30,903,000 (2008 loss £14,524,000) for the year as set out in the profit and loss account on page 7. The directors do not propose an ordinary dividend (2008 £nil)

The directors have considered the need for key performance indicators and are satisfied that the company's activities are appropriately considered at the Jupiter group level

#### **Principal risks and uncertainties**

As a holding company, the company faces limited risks in respect of its own activities. The principal risks relate to the level of indebtedness that the company holds. The company is exposed to liquidity risk as it is dependent on its subsidiaries for the funding of the service costs of the preferred finance securities. Subsequent to the year-end the preferred finance securities were either, cancelled, repaid or converted into ordinary shares in the run-up to the Jupiter IPO in June 2010.

As the intermediate parent of an investment management group, the company is exposed to the risks associated with the operations of its subsidiaries which are reliant on continuing demand for their investment products and are themselves subject to several risks including market price risk, interest rate risk, foreign exchange rate risk and credit risk. The subsidiaries operate systems and controls to mitigate any adverse effects across the range of risks.

### **FUTURE DEVELOPMENTS**

The company remains confident of the medium term prospects of its operating subsidiaries despite the global economic downturn.

### **DIRECTORS**

The directors who served during the year and up to the date of signing the financial statements are shown on page 3.

As permitted by the Articles of Association, the directors have the benefit of indemnities in relation to the company or an associated company which are qualifying third party indemnity provisions and qualifying pension scheme indemnity provisions, as defined by Sections 234 and 235 of the Companies Act 2006. In addition, during the year the company has maintained liability insurance for directors.

### **EMPLOYEES**

#### **Employee involvement**

The company's subsidiaries run several committees aimed at increasing the involvement of employees in the Jupiter group's affairs. All staff are kept informed of business developments by periodic meetings and circulars and are encouraged to contribute through an employee suggestion scheme. Employees are able to participate in the Jupiter group's performance through a share scheme and bonus scheme.

#### **Disabled persons**

The company's subsidiaries give full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Jupiter group's policy wherever practicable to provide continuing employment under normal terms and conditions. The Jupiter group provides training, career development and promotion to disabled employees wherever appropriate.

## **DIRECTORS' REPORT (continued)**

### **ENVIRONMENTAL POLICY**

The Jupiter group is, through its subsidiaries, recognised as a leader in the field of socially responsible investment and believes that environmental responsibility and commercial successes are compatible

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that 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 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

### **DISCLOSURE OF INFORMATION TO AUDITORS**

The directors are not aware of any relevant audit information of which the company's auditors are unaware. The directors also confirm that they have taken all the steps required of a company director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office

### **BY ORDER OF THE BOARD**



Jupiter Asset Management Limited  
Company Secretary  
16 September 2010

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUPITER FUND MANAGEMENT GROUP LIMITED**

We have audited the financial statements of Jupiter Fund Management Group Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



Ian Armfield (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
16 September 2010

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2009**

	<b>Note</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Administrative expenses		<u>(20)</u>	<u>-</u>
<b>Operating loss</b>	<b>2</b>	<b>(20)</b>	<b>-</b>
Interest payable and similar charges	<b>3</b>	<u>(24,063)</u>	<u>(21,925)</u>
<b>Loss on ordinary activities before taxation</b>	<b>2</b>	<b>(24,083)</b>	<b>(21,925)</b>
Tax on loss on ordinary activities	<b>4</b>	<u>(6,820)</u>	<u>7,401</u>
<b>Loss for the financial year</b>	<b>10</b>	<u><b>(30,903)</b></u>	<u><b>(14,524)</b></u>

The company registration number is 6156953

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents in either year

All items dealt with in arriving at loss before tax for 2009 and 2008 relate to continuing activities

There are no recognised gains or losses for 2009 and 2008 other than the loss attributable to shareholders of the company of £30,903,000 (2008 loss £14,524,000)

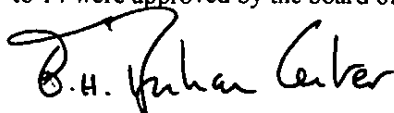
The notes on pages 9 to 14 form part of these financial statements

Jupiter Fund Management Group Limited  
Directors' report and financial statements for the year ended 31 December 2009

**BALANCE SHEET**  
**As at 31 December 2009**

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Investments in subsidiary undertakings	5	<u>267,000</u>	<u>267,000</u>
<b>CURRENT ASSETS</b>			
Debtors amounts falling due within one year	6	2,247	-
Debtors amounts falling due after more than one year	6	-	7,401
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	7	<u>(22,262)</u>	<u>(33,041)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(20,015)</u>	<u>(25,640)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		246,985	241,360
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	8	<u>(243,528)</u>	<u>(207,000)</u>
<b>NET ASSETS</b>		<u>3,457</u>	<u>34,360</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	60,000	60,000
Profit and loss account	10	<u>(56,543)</u>	<u>(25,640)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	12	<u>3,457</u>	<u>34,360</u>

The financial statements on pages 7 to 14 were approved by the board of directors on 16 September 2010 and were signed on its behalf by



E H Bonham Carter }  
P M Johnson } **Directors**



The notes on pages 9 to 14 form part of these financial statements



## NOTES TO THE FINANCIAL STATEMENTS

### 1) ACCOUNTING POLICIES

#### a) Accounting convention

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

Consolidated financial statements have not been prepared, as the company is included in the consolidated financial statements of Jupiter Investment Management Holdings Limited.

#### b) Income recognition

Interest receivable is accrued as earned.

#### c) Investments in subsidiary undertakings

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

#### d) Foreign currency

Foreign currency transactions are translated at the rates of exchange applicable at the dates of the transactions. Foreign currency balances outstanding at the balance sheet date are translated at the rates of exchange ruling on that date. Gains and losses are reflected in the profit and loss account.

Monetary assets and liabilities of subsidiaries denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

#### e) Finance costs of debt

Interest on Preferred Finance Securities is accrued on a daily basis.

#### f) Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits generated by the company, or by another company in the Jupiter group whose taxable profits would be available for offset under group relief rules, from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### g) Cash flow statement and related party disclosures

The company is a subsidiary of Jupiter Investment Management Holdings Limited and is included in the consolidated financial statements of Jupiter Investment Management Holdings Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996). The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Jupiter Investment Management Holdings Limited group or investees of the Jupiter Investment Management Holdings Limited group.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2) LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

The company has no employees and no directors' remuneration was paid during the year. The directors' services to this company are of a non-executive nature and their emoluments are deemed to be wholly attributable to other Jupiter group companies.

All other expenses of the company, including auditors' remuneration, are borne by a subsidiary undertaking, Jupiter Administration Services Limited, which provides management and administrative services to companies within the group.

**3) INTEREST PAYABLE AND SIMILAR CHARGES**

	2009 £'000	2008 £'000
Interest payable on preferred finance securities	<u>24,063</u>	<u>21,925</u>

Interest is payable on the preferred finance securities at the rate of 10% per annum from the date of issue on 19 June 2007. Interest is due to be paid to the holders on 31 March each year, otherwise compound interest will be charged on the 31 March balance each year until payment has been made. For the first 8 years (until 31 March 2015) interest payments may be rolled up. No interest payments were made during the year.

**4) TAX ON LOSS ON ORDINARY ACTIVITIES**

	2009 £'000	2008 £'000
<b>The tax charge is made up as follows:</b>		
<b>Current tax:</b>		
UK corporation tax on losses for the year	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	6,820	(7,401)
<b>Total tax on loss on ordinary activities</b>	<u>6,820</u>	<u>(7,401)</u>

The tax for the period is lower (2008: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2009 of 28% (2008: 28.5%). The differences are explained below.

<b>Reconciliation of tax charge:</b>		
Loss on ordinary activities before taxation	(24,083)	(21,925)
<b>Effect of:</b>		
UK corporation tax on loss before tax at 28% (2008: 28.5%)	(6,743)	(6,249)
Non-taxable income and expenditure	-	1,250
Group relief surrendered to subsidiaries for nil consideration	9,604	-
Movement in timing differences	(2,861)	4,999
<b>Total current tax charge</b>	<u>-</u>	<u>-</u>

Movement in deferred tax asset is as follows	At 1 January 2009 £'000	Reduction during the year £'000	At 31 December 2009 £'000
Temporary timing differences	<u>7,401</u>	<u>(6,820)</u>	<u>581</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4) TAX ON LOSS ON ORDINARY ACTIVITIES (continued)**

**Factors that may affect future tax charges**

The standard rate of UK corporation tax changed to 28% with effect from 1 April 2008

**5) FIXED ASSET INVESTMENTS**

**a) Investment in subsidiary undertaking**

	<b>£'000</b>
<b>Cost</b>	
At 1 January and 31 December 2009	<u><b>267,000</b></u>
<b>Provisions</b>	
At 1 January and 31 December 2009	<u><b>-</b></u>
<b>Carrying value at 31 December 2009</b>	<u><b>267,000</b></u>
Carrying value at 31 December 2008	<u><b>267,000</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5) FIXED ASSET INVESTMENTS (continued)**

**b) The following information relates to the company's principal operating subsidiaries:**

Subsidiaries	Country of incorporation & operation	Percentage of issued ordinary shares held by subsidiary companies		Principal activities
		At 31 December 2009	At 31 December 2008	
Comasman Limited*	England	-	-	Investment holding company
Kingshill Investments Limited*	England	-	-	Investment management
Jupiter Investment Management Group Limited	England	100	100	Investment holding company
Jupiter Asset Management Limited	England	100	100	Investment management
Jupiter Unit Trust Managers Limited	England	100	100	Unit trust activities
Jupiter Administration Services Limited	England	100	100	Corporate services
Jupiter Asset Management (Bermuda) Limited**	Bermuda	100	100	Investment management
Jupiter Asset Management (Asia) Limited	Hong Kong	100	100	Investment management
Jupiter Asset Management (Asia) Private Limited	Singapore	100	-	Investment management
Jupiter Asset Managers (Jersey) Limited	Jersey	100	100	Investment management
Jupiter Adria Management Limited***	Bermuda	100	100	Investment management
Jupiter Green Hedge Fund Limited****	Bermuda	-	73.0	Hedge fund
Jupiter Global Fund SICAV - Jupiter North America	Luxembourg	100	-	Investment management
<b>Associates</b>				
Alon Technology Ventures Limited**	British Virgin Islands	40.1	40.1	Investment company
Jupiter Global Fund SICAV - Jupiter European Opportunities*****	Luxembourg	37.1	38.2	Investment company
Jupiter Global Fund SICAV - Jupiter AsiaPacific*****	Luxembourg	49.8	55.7	Investment management

\* Wholly owned by the company  
 \*\*\*\*\* Shares of no par value

\*\* Common shares

\*\*\* A shares

\*\*\*\* Redeemable shares

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6) DEBTORS**

	2009 £'000	2008 £'000
<b>Amounts falling due within one year</b>		
Deferred tax asset	581	-
Amounts due from parent undertaking	1,666	-
	<u>2,247</u>	<u>-</u>

Amounts due from fellow subsidiary undertakings are unsecured, interest free and repayable on demand

**Amounts falling due after more than one year**

Deferred tax asset	-	7,401
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	2009 £'000	2008 £'000
<b>Deferred tax assets comprise:</b>		
Temporary timing differences	581	7,401

**7) CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009 £'000	2008 £'000
Accrued interest on preferred finance securities	20,575	33,041
Withholding tax	1,666	-
Other creditors	21	-
	<u>22,262</u>	<u>33,041</u>

**8) CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2009 £'000	2008 £'000
10% preferred finance securities 2106	243,528	207,000

On 19 June 2007 the company issued 207,000,000 cumulative redeemable preferred finance securities which are non-voting and carry the right to receive fixed cumulative interest of 10% p a. These preferred finance securities can be redeemed at par by the company at any time but the company shall redeem any outstanding securities in issue by 18 June 2106. Interest is due to be paid to the holders on 31 March each year.

For the first 8 years (until 31 March 2015) interest payments may be rolled up. Subject to investor consent, investors may be issued with payment-in-kind (PIK) preferred finance securities (PFS) (£1 issue price of PIK PFS for each £1 of interest due) in full or part satisfaction of any accrued interest payable. In the eighth year after the issue date (2015) and every year after, interest shall be paid in cash on 31 March until redemption (the first payment being 31 March 2015). On 21 December 2009 £36,529,000 PIK PFS were issued in lieu of interest accrued up to 31 March 2009.

On 21 January 2010 £1,666,000 of the PFS was cancelled. On 31 March 2010 £25,395,000 of the capital balance outstanding was repaid to holders on 31 March 2010.

Following the IPO on 21 June 2010, £49,000,000 of PFS was converted into Ordinary Shares and the remaining PFS of £167,467,000 was repaid in full.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9) CALLED UP SHARE CAPITAL**

	2009 Number 000s	2008 Number 000s	2009 £'000	2008 £'000
<b>Authorised</b>				
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
<b>Allotted and fully paid</b>				
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>

**10) PROFIT AND LOSS ACCOUNT**

	2009 £'000	2008 £'000
At 1 January	(25,460)	(11,116)
Loss for the financial year	<u>(30,903)</u>	<u>(14,524)</u>
At 31 December	<u>(56,543)</u>	<u>(25,640)</u>

**11) RELATED PARTIES**

The company manages, through its subsidiaries, a number of investment trusts, unit trusts and overseas funds. The subsidiary companies receive management fees from these entities for managing the assets, and in some instances performance fees. The precise fee arrangements for the different entities are disclosed within the financial statements of each entity or within other information which is publicly available.

**12) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2009 £'000	2008 £'000
Loss for the financial year	(30,903)	(14,524)
Opening shareholders' funds	<u>34,360</u>	<u>48,884</u>
Closing shareholders' funds	<u>3,457</u>	<u>34,360</u>

**13) ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate and immediate parent undertaking and controlling party is Jupiter Investment Management Holdings Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of Jupiter Investment Management Holdings Limited consolidated financial statements can be obtained from the Company Secretary at 1 Grosvenor Place, London SW1X 7JJ.

**14) POST BALANCE SHEET EVENT**

On 1 June 2010 the ultimate parent undertaking re-registered as a public listed company and changed its name from Jupiter Investment Management Holdings Limited to Jupiter Fund Management plc. Following a successful initial public offering, Jupiter Fund Management plc listed on the London Stock Exchange on 21 June 2010.