



Jupiter Fund Management plc

(incorporated with limited liability in England and Wales with registered no. 6150195)

£50,000,000 8.875 per cent. Fixed Rate Reset Callable Subordinated Notes due 2030

Issue price: 99.038 per cent.

The £50,000,000 8.875 per cent. Fixed Rate Reset Callable Subordinated Notes due 2030 (the "**Notes**") will be issued by Jupiter Fund Management plc (the "**Issuer**") on or about 27 April 2020 (the "**Issue Date**"). The Notes will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 27 July 2025 (the "**Reset Date**"), at a rate of 8.875 per cent. per annum and thereafter at the Reset Rate of Interest as provided in Condition 5 (*Interest Payments*). Interest will be payable on the Notes annually in arrear on each Interest Payment Date, commencing on 27 April 2021.

Unless previously redeemed or purchased and cancelled, the Notes will mature on 27 July 2030. Noteholders will have no right to require the Issuer to redeem or purchase the Notes at any time. The Issuer may, in its discretion but subject to the conditions described in Condition 6(b) (*Conditions to Redemption, Substitution, Variation and Purchase*), elect to: (a) redeem all (but not some only) of the Notes at their principal amount, together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to (but excluding) the date fixed for redemption, on the Reset Date or at any time if a Tax Event has occurred or a Capital Disqualification Event has occurred; or (b) repurchase the Notes.

The Notes will be direct, unsecured and unguaranteed obligations of the Issuer, ranking *pari passu* and without preference amongst themselves, and will, in the event of the Winding-Up (as defined below), be subordinated to the claims of all Senior Creditors of the Issuer but shall rank (i) at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and (ii) in priority to the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital, constitute Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and to the claims of holders of all classes of share capital of the Issuer.

This Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**") as the UK competent authority for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The FCA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval by the FCA should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in such Notes. Applications have been made for the Notes to be admitted to listing on the Official List of the FCA (the "**Official List**") and to trading on the Regulated Market (the "**Regulated Market**") of the London Stock Exchange plc (the "**London Stock Exchange**"). The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU on Markets in Financial Instruments (as amended, "**MiFID II**").

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Sole Bookrunner (as defined herein) in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be issued in registered form and available and transferable in minimum amounts of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will initially be represented by a global certificate in registered form (the "**Global Certificate**") and will be registered in the name of a nominee of a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and, together with Euroclear, the "**Clearing Systems**").

The Notes are expected to be rated BBB- by Fitch Ratings Limited ("**Fitch**"). Fitch is established in the UK and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). In accordance with Fitch's ratings definitions (available as at the date of this Prospectus on <https://www.fitchratings.com/site/definitions>), a rating of "BBB-" indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. Further background can be found in the associates press release issued by Fitch available at <https://www.fitchratings.com/research/non-bank-financial-institutions/fitch-rates-jupiter-bbb-outlook-stable-sub-debt-at-bbb-exp-15-04-2020>. Fitch is established in the UK and as registered under the CRA Regulation. As such, Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.

SOLE BOOKRUNNER

J.P. MORGAN

Prospectus dated 23 April 2020

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

Certain information in this Prospectus has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Prospectus should be read and construed on the basis that such documents are incorporated in and form part of the Prospectus.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither J.P. Morgan Securities plc (the "**Sole Bookrunner**") nor any of its affiliates has authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy and completeness of the information contained in this Prospectus.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Issuer that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes in any jurisdiction where such offer or invitation is not permitted by law.

Neither the delivery of this Prospectus nor the offering, placing, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as at any time subsequent to the date indicated in the document containing the same.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to US persons.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. The Notes are complex financial instruments that involve a high degree of risk. As a result, an investment in the Notes will involve certain increased risks. Each potential investor of the Notes must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where such potential investor's financial activities are principally denominated in a

currency other than pounds sterling, and the possibility that the entire principal amount of the Notes could be lost;

- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Sophisticated investors generally do not purchase complex financial instruments that bear a high degree of risk as stand-alone investments. They purchase such financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless they have the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus or incorporated by reference herein.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and it does not assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the United Kingdom.

PRIPs Regulation / Prohibition of Sales to European Economic Area (the "EEA") and United Kingdom (the "UK") Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIPs Regulation.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "CMP Regulations 2018"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Securities are "prescribed capital markets products" (as defined in the CMP Regulations 2018).

IN CONNECTION WITH THE ISSUE OF THE NOTES, J.P. MORGAN SECURITIES PLC AS STABILISATION MANAGER (THE "STABILISATION MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus constitute "forward looking statements". These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Issuer's control and all of which are based on current beliefs and expectations about future events. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the terms "targets", "believes", "estimates", "plans", "prepares", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Group, the Merian Group and/or the Enlarged Group will operate in the future. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances which may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Actual results, performance or achievements of the Group, the Merian Group and/or the Enlarged Group, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In addition, even if actual performance, results of operations, internal rate of return, financial condition and the development of its financing strategies are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Key risks, uncertainties and other factors that could cause actual results to differ from those expected are set out more fully in the part of this Prospectus headed "*Risk Factors*". Investors should specifically and carefully consider these factors, which could cause actual results to differ, before making an investment decision.

Each forward looking statement speaks only as at the date of the particular statement and is not intended to provide any representations, assurances or guarantees as to future events or results. To the extent required by the Prospectus Regulation, the Listing Rules, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and other applicable regulation, the Issuer will update or revise the information in this Prospectus. Otherwise, the Issuer undertakes no obligation to update or revise any forward looking statements or other information, and will not publicly release any revisions it may make to any forward looking statements or other information that may result from events or circumstances arising after the date of this Prospectus.

In this Prospectus, references to the "**Group**" are to Jupiter Fund Management plc and its subsidiaries and subsidiary undertakings from time to time. The terms "**Enlarged Group**" and "**Issuer Group**" have the meanings given to them in Condition 19 (*Definitions*) of the Terms and Conditions of the Notes.

NO PROFIT FORECASTS, ESTIMATES OR QUANTIFIED FINANCIAL BENEFITS STATEMENTS

No statement in this Prospectus is intended as a profit forecast, profit estimate or quantified financial benefits statement for any period and no statement in this Prospectus should be interpreted to mean that earnings or earnings per share for the Enlarged Group, the Issuer and/or Merian for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share of the Issuer or Merian.

ALTERNATIVE PERFORMANCE MEASURES

The Group utilises a range of alternative performance measures to assess the Group's performance. These are defined in the section of the Annual Report 2019 entitled "*The Use of Alternative Performance Measures (APMs)*", which together with the relevant paragraphs and sections of the Annual Report 2019 providing reconciliations of such alternative performance measures to International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), are incorporated by reference into and form part of this Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Currencies and Other Defined Terms

Unless otherwise indicated, all references in this Prospectus to "pounds", "pounds sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom.

Certain terms used in this Prospectus, including certain capitalised terms and certain technical and other terms, are defined, and certain selected industry and technical terms used in this Prospectus are defined and explained in "Definitions" of this Prospectus.

Market, Economic and Industry Data

Market, economic and industry data used throughout this Prospectus is derived from various industry and other independent sources. Where third party information has been used in this Prospectus, the source of such information has been identified. The Issuer confirms that all third party information has been accurately reproduced and, as far as the Issuer is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Rounding

Certain figures contained in this Prospectus or incorporated into this Prospectus by reference, including financial and numerical information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this Prospectus or incorporated into this Prospectus by reference may not conform exactly to the total figure given for that column or row.

Financial Information relating to the Group

All financial information relating to the Group contained in this Prospectus, unless otherwise stated, has been extracted from the audited financial statements as at and for the year ended 31 December 2019 (including an unaudited comparative period as at and for the year ended 31 December 2018) as set out in the Annual Report 2019 or from the Group's accounting records used to prepare such financial statements.

Unless otherwise stated, all financial information relating to the Group contained in or incorporated by reference into and forming part of this Prospectus has been prepared in accordance with IFRS and, with regards to the Group's financial statements, should be read in conjunction with the independent auditor's report thereon.

The financial information relating to the Group contained in this Prospectus does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act.

Financial Information relating to the Merian Group

All financial information relating to the Merian Group contained in this Prospectus, unless otherwise stated, has been prepared to reflect the combined and consolidated historical financial performance of the Merian Group, applying the accounting policies (as described in the notes to the combined and consolidated historical financial information set out in Part B of the section entitled "*Historical Financial Information relating to the Merian Group*") of this Prospectus which are consistent with those used by the Group in its audited financial statements as at and for the year ended 31 December 2019.

Unless otherwise stated, all financial information relating to the Merian Group in this Prospectus has been prepared in accordance with the basis of preparation to the historical financial information set out in Part B of the section entitled "*Historical Financial Information relating to the Merian Group*") of this Prospectus and should be read in conjunction with PricewaterhouseCoopers LLP's report thereon set out in the section entitled "*Historical Financial Information relating to the Merian Group*" of this Prospectus.

Pro Forma Financial Information

Certain unaudited pro forma financial information in relation to the Enlarged Group is set out in the section entitled "*Unaudited Pro Forma Financial Information*" of this Prospectus.

Credit Rating Agencies

This Prospectus contains references to Fitch. Fitch is established in the UK and is registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

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OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES

The following overview refers to certain provisions of the conditions of the Notes and is qualified by the more detailed information contained elsewhere in this Prospectus. Capitalised terms which are defined in "Terms and Conditions of the Notes" have the same meaning when used in this overview. References to numbered Conditions are to the conditions of the Notes (the "**Conditions**") as set out under "Terms and Conditions of the Notes".

| | |
|---|---|
| Issuer | Jupiter Fund Management plc (the " Issuer "). |
| Sole Bookrunner | J.P. Morgan Securities plc |
| Trustee | Citibank, N.A., London Branch |
| Principal Paying Agent | Citibank, N.A., London Branch |
| Registrar and Transfer Agent | Citibank, N.A., London Branch |
| Agent Bank | Citibank, N.A., London Branch |
| Auditors to the Issuer | PricewaterhouseCoopers LLP |
| Reporting Accountants to the Issuer | PricewaterhouseCoopers LLP |
| Notes | £50,000,000 8.875 per cent. Fixed Rate Reset Callable Subordinated Notes due 2030. |
| Risk Factors | There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes and the Trust Deed. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes and certain risks relating to the structure of the Notes. These are set out under " <i>Risk Factors</i> ". |
| Use and Estimated Net Amount of Proceeds | See " <i>Use and Estimated Net Amount of Proceeds</i> ". |
| Status of the Notes | The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer and rank <i>pari passu</i> and without any preference among themselves. The rights and claims of Noteholders in respect of, or arising under, their Notes (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in Condition 4 (<i>Subordination</i>). |
| Rights on a Winding-Up | The rights and claims of Noteholders in the event of a Winding-Up of the Issuer are described in Conditions 3 (<i>Status</i>) and 4 (<i>Subordination</i>). |
| Issue Price | 99.038 per cent. of the principal amount of the Notes. |
| Interest | The Notes will bear interest on their principal amount: (a) from (and including) the Issue Date to (but excluding) the Reset Date, at the rate of 8.875 per cent. per annum; and (b) thereafter, at the Reset Rate of Interest (as described in Condition 5(d) (<i>Reset Rate of Interest</i>)), in each case payable annually in arrear on 27 April in each year (each, an " Interest Payment Date "), commencing 27 April 2021. |
| Maturity | Unless previously redeemed, purchased and cancelled or (pursuant to Condition 6(f) (<i>Substitution or Variation</i>)) substituted, the Notes will |

be redeemed at their principal amount, together with accrued and unpaid interest on 27 July 2030. The Notes may only be redeemed or repurchased by the Issuer in the circumstances described below (as more fully described in Condition 6 (*Redemption, Substitution, Variation and Purchase*)).

Optional redemption

The Issuer may, in its sole discretion but subject to the conditions set out under "*Conditions to Redemption, Substitution, Variation and Purchase*" below and upon notice to Noteholders, redeem all (but not some only) of the Notes on any day falling in the period commencing on (and including) 27 April 2025 and ending on (and including) the Reset Date at their principal amount together with any interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the date fixed for redemption.

Redemption following a Capital Disqualification Event or a Tax Event

The Issuer may, in its sole discretion but subject to the conditions set out under "*Conditions to Redemption, Substitution, Variation and Purchase*" below and upon notice to Noteholders, redeem all (but not some only) of the Notes at any time following the occurrence of a Capital Disqualification Event or a Tax Event, in each case at their principal amount together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the relevant redemption date.

Substitution and Variation following a Capital Disqualification Event or a Tax Event

The Issuer may, subject to the conditions set out under "*Conditions to Redemption, Substitution, Variation and Purchase*" below, and upon notice to Noteholders, at any time elect to substitute all (and not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities if, prior to the giving of the relevant notice to Noteholders, a Tax Event or Capital Disqualification Event has occurred.

Conditions to Redemption, Substitution, Variation and Purchase

Any redemption or purchase of the Notes prior to their maturity or any substitution or variation of the Notes will be subject to the following Conditions (to the extent then required by the relevant Regulatory Capital Requirements):

- (a) the Issuer having given any requisite notice to the Competent Authority and having obtained prior Supervisory Permission therefor;
- (b) such redemption, substitution, variation or purchase (as the case may be), complying with the relevant Regulatory Capital Requirements including (if then required) that the Issuer has demonstrated to the satisfaction of the Competent Authority that, both at the time of and immediately following the redemption, substitution, variation or purchase (as the case may be) of the Notes, the Issuer Group meets or exceeds and will continue to meet or exceed any capital resources requirement (including any capital buffer requirements) by a margin that the Competent Authority considers necessary in accordance with the relevant Regulatory Capital Requirements and has sufficient financial resources to meet the overall financial adequacy rule then applicable to the Issuer Group under the relevant Regulatory Capital Requirements;
- (c) in respect of a redemption of Notes upon the occurrence of a Tax Event or a Capital Disqualification Event prior to the fifth anniversary of the Issue Date (in each case, except to the extent that the Competent Authority does not so require), the Issuer has demonstrated to the satisfaction of the Competent

Authority that the circumstances giving rise to the Tax Event or, as the case may be, the Capital Disqualification Event were not reasonably foreseeable as at the Issue Date, and in the case of a redemption following the occurrence of a Tax Event prior to the fifth anniversary of the Issue Date, the Issuer has demonstrated to the satisfaction of the Competent Authority that such Tax Event is material;

- (d) Notes may be redeemed or purchased by the Issuer prior to the fifth anniversary of the Issue Date, only if then permitted by the relevant Regulatory Capital Requirements or if otherwise authorised or permitted by the Competent Authority; and
- (e) the Issuer having complied with any other requirements contained in the Regulatory Capital Requirements then in force which relate to the redemption, purchase, substitution or variation of the Notes.

Purchase of the Notes

The Issuer or any of its Subsidiaries may, at its option but, subject to Condition 6(b) (*Conditions to Redemption, Substitution, Variation and Purchase*), purchase (or otherwise acquire), or procure others to purchase or otherwise acquire, Notes at any price in the open market or otherwise at any time in accordance with the then prevailing Regulatory Capital Requirements.

Reset Date

27 July 2025

Withholding tax and Additional Amounts

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless the withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject to certain customary exceptions, as described in Condition 9 (*Taxation*)) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders in respect of payments of interest after the withholding or deduction shall equal the amounts which would have been receivable in respect of interest on the Notes in the absence of such withholding or deduction.

Default

If the Issuer has not made payment of any amount in respect of the Notes for a period of 14 days or more (in the case of principal) or 21 days or more (in the case of interest) after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Notes and, unless proceedings for a Winding-Up have already commenced, the Trustee may institute proceedings for the winding-up of the Issuer. The Trustee may prove and/or claim in any Winding-Up of the Issuer (whether or not instituted by the Trustee) and shall have such claim as is set out in Condition 4(a) (*Winding-Up*).

Enforcement

The Trustee may, at its discretion (subject to Condition 8(c) (*Entitlement of Trustee*)) and without notice, institute such other proceedings and/or take any other steps or action against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation, including any damages) provided that in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to the Conditions or the Trust Deed. No Noteholder shall be entitled to proceed directly against

the Issuer or to institute proceedings for a Winding-Up unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing. See Condition 8 (*Default*) for further information.

Modification

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, pursuant to which defined majorities of the Noteholders may consent to the modification or abrogation of any of the Conditions or any of the provisions of the Trust Deed, and any such modification or abrogation shall be binding on all Noteholders.

The Trustee may agree, without the consent of the Noteholders, to: (i) any modification of the Conditions or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error; and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders. The Trustee may, without the consent of the Noteholders, determine that any Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Noteholders are not materially prejudiced thereby. Any such modification, authorisation, waiver or determination shall be binding on the Noteholders and, unless the Trustee otherwise agrees, shall be notified to the Noteholders as soon as practicable.

No modification to the Conditions or any other provisions of the Trust Deed shall become effective unless (if and to the extent required at the relevant time by the Competent Authority) the Issuer shall have given at least 30 days' prior written notice thereof to, and received Supervisory Permission therefor from, the Competent Authority (or such other period of notice as the Competent Authority may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission).

Substitution of the Issuer

The Trustee may, without the consent of the Noteholders but subject to Supervisory Permission, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute of the Issuer) as the principal debtor under the Notes and the Trust Deed of certain other entities subject to the Trustee being satisfied that such substitution will not be materially prejudicial to the interests of the Noteholders and certain other conditions set out in the Trust Deed being complied with.

Form

The Notes will be issued in registered form. The Notes will initially be represented by a Global Certificate and will be registered in the name of a nominee of a common depositary for the Clearing Systems.

Denomination

£100,000 and integral multiples of £1,000 in excess thereof.

Clearing Systems

Euroclear and Clearstream, Luxembourg.

Listing

Applications have been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market.

Selling restrictions

See "*Subscription and Sale*"

Rating

The Notes are expected to be rated BBB- by Fitch. A rating is not a recommendation to buy, sell or hold notes and may be subject to

suspension, reduction or withdrawal at any time by the assigning rating agency.

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| Governing law | The Notes, the Trust Deed and the Agency Agreement, and any non-contractual obligations arising out of or in connection with the Notes, the Trust Deed and the Agency Agreement, are governed by, and will be construed in accordance with, English law. |
| ISIN | XS2160867326 |
| Common code | 216086732 |
| FISN | As set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned by ISIN, as updated from time to time. |
| CFI Code | As set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned by ISIN, as updated from time to time. |
| Legal Entity Identifier (LEI) code | 5493003DJ1G01IMQ7S28 |

INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published or are published simultaneously with this Prospectus and have been filed with the FCA. The following documents shall be incorporated in, and form part of, this Prospectus **provided however that** any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement.

1. The following sections of the Group's Annual Report and Accounts for the year ended 31 December 2019 (the "**Annual Report 2019**"):
 - (a) The section entitled "*The use of alternative performance measures (APMs)*" on page 38
 - (b) Consolidated Income Statement on page 108
 - (c) Consolidated Statement of Comprehensive Income on page 108
 - (d) Notes to the Group Financial Statements – Income Statement on pages 109-116
 - (e) Consolidated Statement of Cash Flows on page 117
 - (f) Notes to the Group Financial Statements – Consolidated Statement of Cash Flows on page 118
 - (g) Consolidated Balance Sheet on page 119
 - (h) Notes to the Group Financial Statements – Assets and Liabilities on pages 120-126
 - (i) Consolidated Statement of Changes in Equity on page 127
 - (j) Notes to the Group Financial Statements – Equity on page 128
 - (k) Notes to the Group Financial Statements – Other on pages 129-139
 - (l) Company Balance Sheet on page 140
 - (m) Company Statement of Cash Flows on page 141
 - (n) Company Statement of Changes in Equity on page 142
 - (o) Notes to the Company Financial Statements on pages 143-145
 - (p) Independent auditors' report on pages 146-152

<https://www.jupiteram.com/en/corporate/Investor-Relations/Reports-and-results>
2. The following sections of the Group's Annual Report and Accounts for the year ended 31 December 2018 (the "**Annual Report 2018**"):
 - (a) The section entitled "*The use of alternative performance measures (APMs)*" on page 41
 - (b) Consolidated Income Statement on page 102
 - (c) Consolidated Statement of Comprehensive Income on page 102
 - (d) Notes to the Group Financial Statements – Income Statement on pages 103-111
 - (e) Consolidated Statement of Cash Flows on page 112
 - (f) Notes to the Group Financial Statements – Consolidated Statement of Cash Flows on page 113
 - (g) Consolidated Balance Sheet on page 114
 - (h) Notes to the Group Financial Statements – Assets and Liabilities on pages 115-121

- (i) Consolidated Statement of Changes in Equity on page 122
- (j) Notes to the Group Financial Statements – Equity on page 123
- (k) Notes to the Group Financial Statements – Other on pages 124-137
- (l) Company Balance Sheet on page 138
- (m) Company Statement of Cash Flows on page 139
- (n) Company Statement of Changes in Equity on page 140
- (o) Notes to the Company Financial Statements on pages 141-144
- (p) Independent auditors' report on pages 145-151

<https://www.jupiteram.com/en/corporate/Investor-Relations/Reports-and-results>

- 3. All text and tables under the headings "Current Trading", "Jupiter Assets Under Management and Flows", "Merian Assets Under Management and Flows" and "Outlook" of the Q1 2020 Trading Update.

<https://www.jupiteram.com/en/corporate/Investor-Relations/Reports-and-results>

Copies of the documents specified above as containing information incorporated by reference in this Prospectus may be inspected, free of charge, at the Issuer's offices at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ and on the website of the Issuer at www.jupiteram.com.

Any information contained in any of the documents specified above which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus. Any information which is incorporated by reference in the information incorporated by reference in this Prospectus, will not form part of this Prospectus. For the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on any website referred to in this Prospectus does not form part of this Prospectus.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer, its subsidiaries and its subsidiary undertakings (the "**Group**") and the industry in which it operates together with all other information contained in this Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Group and, following Completion, the Enlarged Group that are not currently known to the Issuer, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their specific circumstances.

1. RISKS RELATING TO THE ASSET MANAGEMENT INDUSTRY

1.1 ***The asset management industry as a whole is sensitive to adverse economic, political and market factors that are beyond the Group's and, following Completion, the Enlarged Group's control***

The financial markets in which the Group operates and, following Completion, the Enlarged Group will operate are directly affected by many national and international factors that are beyond the Group's and the Enlarged Group's control.

In addition to the ongoing coronavirus (Covid-19) outbreak (in respect of which see paragraph 1.2 of this section entitled "*Risk Factors*"—"The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses"), any one of the following factors, among others, may cause a substantial decline in financial markets: economic and political conditions; the level and volatility of interest rates and foreign currency exchange rates; concerns about inflation; changes in investor sentiment and consumer confidence levels; legislative and regulatory changes, including in connection with the United Kingdom's withdrawal from the European Union (see paragraph 1.3 of this section entitled "*Risk Factors*"—"Uncertainty as to the UK's future relationship with the EU following the UK's withdrawal from the EU, which may be exacerbated by the coronavirus (Covid-19) outbreak, as well as resulting legal and regulatory changes following the end of the transition period, could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group"); concerns about trade wars and disputes, in particular the ongoing trade war between the United States and China; other public health threats; social unrest and uprisings; and terrorism, wars and conflicts.

The Group is and, following Completion, the Enlarged Group will be particularly exposed to declines and volatility in equity markets and bond markets. Approximately 60 per cent. of the Group's AUM and approximately 73 per cent. of the Merian Group's AUM, in each case as at 31 December 2019, was invested in equities, whilst approximately 31 per cent. of the Group's AUM and approximately 8 per cent. of the Merian Group's AUM, in each case as at 31 December 2019, was invested in bonds. A fall in equity and/or bond markets would have a direct impact on the Group's and, following Completion, the Enlarged Group's AUM and, as a result, its management and performance fee income, noting approximately 99.7 per cent. of the Group's net revenue for 2019 was based on the value of AUM. In addition, increased volatility in the value of equities or bonds, either absolutely or relative to other asset classes, could also adversely affect investor sentiment, resulting in equity or bond funds becoming less attractive investments and making it harder for the Group and, following Completion, the Enlarged Group, to maintain sales of its Products, retain existing clients or attract new clients. As such any decline or increased volatility in equity and/or bond markets could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

In addition, whilst global economic, political and market factors may adversely affect the Group and, following Completion, the Enlarged Group, the Group is and, following Completion, the Enlarged Group will be particularly exposed to changes in the UK economy and financial markets, since approximately 63 per cent. of the Group's business and approximately 52 per cent. of the Merian Group's business, in each case as at 31 December 2019, was in UK-domiciled mutual funds where the investors are predominantly UK retail investors. A decline in the disposable income of UK retail investors or a shift in savings or investment patterns in the UK generally could result in lower sales of the Group's and, following Completion, the Enlarged Group's Products and/or higher levels of redemptions by existing investors in such Products.

Any of these factors could result in a decline in the Group's, or following Completion, the Enlarged Group's AUM and accordingly result in a decline in the level of the Group's, or following Completion, the Enlarged Group's management and performance fee income and therefore have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

1.2 ***The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses***

The ongoing coronavirus (Covid-19) outbreak has materially adversely affected, and is likely to continue to materially adversely affect, the asset management industry as a whole, including the Group and the Merian Group and may continue to materially adversely affect the Enlarged Group following Completion, both directly and indirectly for an uncertain period of time.

The outbreak was first reported in China in December 2019 and has subsequently spread globally, with significant and increasing numbers of cases and fatalities being reported in many countries around the world (including significant numbers in Europe). On 11 March 2020, the World Health Organisation declared that the coronavirus (Covid-19) outbreak had become a pandemic. In an attempt to contain the outbreak, governments in many countries (including the UK Government) have sought to contain the virus through imposing stringent travel and other restrictions (including imposing restrictions on leaving home without reasonable cause and on public gatherings and requiring closures of certain businesses, such as non-essential shops and restaurants). It is unclear how long it will take to contain the outbreak or how long such restrictions will remain in place for.

Asset management businesses, including the Group and the Merian Group, and other businesses (including third party providers to the Group and the Merian Group) have been directly adversely affected as a result of the coronavirus (Covid-19) outbreak and the restrictions put in place. The restrictions have led to business and operational disruption, with employees being required to work from home and generally not able to travel, which may make interactions with clients more difficult. The outbreak may also result in increased employee sick-leave, serious illness or fatalities amongst employees (including key personnel). Accordingly, the outbreak and the related restrictions may cause significant business and operational disruption to the Group and potentially, following Completion, the Enlarged Group for an uncertain period and at least in the short term until the coronavirus (Covid-19) outbreak has been brought under control and relevant restrictions relaxed.

The outbreak and restrictions put in place by governments to contain it have also had an indirect (but more significant) adverse impact on asset management businesses, including the Group and the Merian Group, through the impact on the UK and global economy generally and financial markets in particular. The outbreak has had a significant adverse impact across many sectors in the UK and elsewhere, with businesses experiencing significant operational disruption (including in some cases temporary closure), severely depressed financial performance and increased risk of insolvency. The outbreak is generally forecast by analysts to result in a global recession (with GDP growth forecasts heavily downgraded in light of the outbreak) and significant increases in unemployment in the UK, Europe, the United States and elsewhere anticipated. The outbreak has also led to market interventions by financial regulators, such as the Prudential Regulation Authority in the UK advising banks to suspend outstanding dividends.

The outbreak has also materially adversely impacted investor sentiment and led to sharp declines in securities prices and higher volatility in the global financial markets, with all major indices suffering significant losses, including largest single day percentage falls since the "Black Monday"

stock market crash in October 1987 and worst quarter performance since 1987. This has materially impacted investment performance across the asset management sector. In particular given the focus of the Group and, following Completion, the Enlarged Group on investments in equity and bond markets, falling stock prices have had and are expected to continue to have an adverse impact on the Group's, the Merian Group's and potentially, following Completion, the Enlarged Group's AUM. The Group's AUM had fallen to £35.0 billion as at 31 March 2020 from £42.8 billion as at 31 December 2019 and Merian Group's AUM had fallen to £15.7 billion as at 31 March 2020 from £22.4 billion as at 31 December 2019, due to both a reduction in asset values and client outflows.

There can be no certainty how long it will be until the coronavirus (Covid-19) outbreak is brought under control and restrictions put in place by governments relaxed. However, the adverse impact of the outbreak on the economy and financial markets is likely to continue for a period after the outbreak is brought under control and restrictions lifted. Accordingly, in common with other asset management businesses, the outbreak is expected to have a material adverse impact on the Group's and the Merian Group's management and performance fee income for at least the current financial year.

Therefore, as a result of one or more of the above factors, the coronavirus (Covid-19) outbreak may further directly and indirectly have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

The coronavirus (Covid-19) outbreak and related restrictions may also impact on various other risk factors relevant to the Group and, following Completion, the Enlarged Group, as detailed elsewhere in this section entitled "*Risk Factors*".

1.3 ***Uncertainty as to the UK's future relationship with the EU following the UK's withdrawal from the EU, which may be exacerbated by the coronavirus (Covid-19) outbreak, as well as resulting legal and regulatory changes following the end of the transition period, could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group***

On 31 January 2020, the UK formally withdrew from the EU and entered into a transition period which will last until at least 31 December 2020 (but which may be extended), during which period the trading relationship between the UK and the EU will remain the same and the UK will continue to follow the EU's rules and regulations. Negotiations are now taking place to determine the future terms of the UK's relationship with the EU, including the details of any UK-EU trade deal.

If no UK-EU trade deal is reached and the transition period is not extended, the UK will become a third country vis-à-vis the EU following the end of the transition period. As a third country, the UK will cease to have access to the single market and will no longer be a member of the EU Customs Union. The cross-border trade in goods between the UK and EU member states will, in such circumstances, depend on World Trade Organisation terms, and the provision of services will generally be restricted to those that could be provided by firms established in any third country. Tariff or non-tariff barriers, customs checks, the inability to provide cross-border services, changes in withholding tax, restrictions on movements of employees, restrictions on the transfer of personal data, restrictions on sharing intelligence, interfering with 'just-in-time' supply chains, and other potential consequences all have the potential to disrupt the systems and organisations required for the orderly functioning of many aspects of the UK economy.

Even if a UK-EU trade deal is agreed, there is also uncertainty as to the extent of any such trade deal, including which EU laws and regulations may continue to apply in the UK following the end of the transition, and what changes there may be to the application of these laws and regulations. Accordingly, the full effect of the UK's withdrawal from the EU on the UK and EU economy generally remains unknown. Such ongoing uncertainty could impact market confidence and may result in outflows of assets from funds with exposure to the UK, including those of the Group and following Completion, the Enlarged Group. Due to the size and importance of the UK economy in the global economy, particularly with respect to the UK financial services market, as well as the uncertainty and unpredictability concerning the UK's future legal, political, financial and economic relationship with the EU, there may continue to be instability in the UK and international financial

markets, significant currency fluctuations and otherwise adverse effects on consumer confidence for the foreseeable future.

Uncertainty around the timing for the end of the transition period and the terms of the UK's future relationship with the EU has been further increased by the coronavirus (Covid-19) outbreak, which has become the primary focus of the UK government, the European Union and national governments of EU member states (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*").

Furthermore, the Group includes and, following Completion, the Enlarged Group will include financial institutions authorised and regulated in the UK. The regulatory environment that applies to such entities is in large part derived from EU financial services legislation. While the UK is currently required to implement and apply such legislation, this may no longer be the case following its departure from the EU. This may have a significant impact on UK financial services legislation and the regulatory environment in which the Group operates and, following Completion, the Enlarged Group will operate, which may in turn have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

The Issuer believes that the Group, and following Completion, the Enlarged Group will be operationally ready to comply with legal and regulatory requirements following the end of the transition period and the UK's withdrawal from the EU. In particular, the Group had previously taken steps in 2018 to prepare for the risk of a "no-deal" exit from the EU by establishing an entity in Luxembourg (which will be authorised and regulated in Luxembourg as a UCITS management company and an alternative investment fund manager and which will benefit from current EU passporting arrangements). Amongst other things, this entity will act as the European distribution hub for the Group's and, following Completion, the Enlarged Group's offshore SICAV product range. Nonetheless, given the current uncertainties as to the legal and regulatory framework that will apply from the end of the transition period, the Group and, following Completion, the Enlarged Group may still face challenges in complying with any new regulatory framework in a timely manner, which may inadvertently also lead to regulatory breaches, and could result in fines imposed by regulators, reduced inflows and increased outflows from its Products and damage to the Group's, and following Completion, the Enlarged Group's reputation. For example, the Group's Products which are based in Luxembourg, and the Merian Group's Products which are based in the Republic of Ireland typically delegate investment management responsibilities to relevant teams in London. The impact of the UK's withdrawal from the EU on such delegation arrangements is uncertain.

As a result of any of the foregoing, the UK's departure from the EU may have material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

1.4 ***Exposure to domestic and global political developments and their impact on financial markets could have a material adverse effect on the Group's and following Completion, the Enlarged Group's business, financial condition, results of operations and prospects***

Political change has the potential to directly impact the businesses of the Group, and following Completion, the Enlarged Group, through the introduction of new laws (including tax laws) or regulations, the repeal of existing laws or regulations, revised regulatory interpretations of existing laws or indirectly by altering the sentiments of clients and distribution partners through government policy or communications.

In the United Kingdom, following the UK General Election in December 2019, the Conservative Party has a sizeable majority in Parliament, which gives it greater flexibility than has been the case in recent years to introduce legal and regulatory changes. Legal and regulatory changes may also result from any second independence referendum in Scotland. Any changes in UK government policy, legislation or regulatory interpretation may ultimately influence investor decisions in particular markets in which the Group and, following Completion, the Enlarged Group operates, change the structure of those markets and the products offered or increase the costs of doing business in those markets. For example, changes in taxation legislation and policy could affect

investor sentiment, making investment generally, and specific types of investment products and solutions in particular, either more or less appealing.

In addition, the Group's and, following Completion, the Enlarged Group's Products have investors from a range of jurisdictions and such Products invest in a range of markets. Accordingly, the Group and, following Completion, the Enlarged Group also may be affected by wider geopolitical events, including any instability within the Eurozone, uncertainty as to the global impact of the current US administration, the forthcoming 2020 US presidential election, strained relations with North Korea and Russia, trade disputes including in particular the ongoing trade war between the United States and China, tensions in the South China Sea, tensions and conflict in Turkey, Iran and the Middle East generally, as well as widespread increases in global tariffs. There may also be political consequences and upheaval in some countries following the coronavirus (Covid-19) outbreak and the imposition by governments of strict restrictions on individuals in order to contain the outbreak (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*").

Additional developments may also occur that the Issuer cannot currently know or anticipate, or which may be impossible to plan for or protect against. It is possible that the effects of such geopolitical events will include further financial instability and slower economic growth, significant regulatory changes, currency fluctuations and higher unemployment and inflation in the UK, EMEA (excluding the UK) and the global economy, at least in the short- to medium-term. It could also create constraints on the ability of the Group and, following Completion, the Enlarged Group, to operate efficiently in the future political environment. Any of the foregoing could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

1.5 ***The asset management market in the United Kingdom and elsewhere is highly competitive and there are challenges associated with continued overseas expansion***

The principal market of the Group is and, following Completion, of the Enlarged Group will be the UK where the asset management industry is highly competitive. The Group competes and, following Completion, the Enlarged Group will compete on the basis of investment performance, brand recognition, business reputation, the range of products offered, quality of service and the level of fees for services. The Group's, or following Completion, the Enlarged Group's competitors include global, national and local specialist asset management companies as well as banks and financial services companies, some of which will continue to be substantially larger than the Enlarged Group following Completion, have greater financial resources, greater market share, offer a broader range of products and/or offer greater technology enabled solutions. The Group's, and following Completion, the Enlarged Group's competitors could also offer similar products or services to the Group or the Enlarged Group with lower management and performance fees and thereby undercut its offerings.

The Group is also increasingly subject to competition from passive funds, such as index tracking funds, as opposed to actively managed funds that the Group offers, and following Completion, the Enlarged Group will offer. The Issuer believes that the asset management industry is increasingly polarised between actively managed (including systematic) funds and passive funds, noting that traditional funds, such as long-only, single-geography equity and fixed income funds, have seen sizeable outflows, particularly those which track benchmarks closely and therefore compete more directly with passive funds. Passive funds typically charge lower fees than actively managed funds and as such in order to attract and retain clients, active asset managers must be able to clearly differentiate their products and demonstrate that they deliver positive returns after all fees. This may increase pressure on the fees that the Group and, following Completion, the Enlarged Group is able to charge investors in its funds.

As at 31 December 2019, the UK business represented approximately 74 per cent. of the Group's AUM. As such, any failure by the Group or, following Completion, the Enlarged Group to compete effectively in the UK market, could lead to a loss of business and/or a failure to win new business, as well as increasing pressure on the Group, and following Completion, the Enlarged Group to reduce the management and performance fees it charges in order to compete more effectively or require the Group, and following Completion, the Enlarged Group to increase its expenditures in

order to match or surpass service levels provided by its competitors, each of which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

Although the Group has continued to successfully expand beyond the UK, particularly in EMEA (excluding the UK) and Asia, with approximately 26 per cent. of the Group's AUM coming from clients outside of the UK as at 31 December 2019 (compared to 17 per cent. as at 31 December 2014) and the geographic diversification of the Enlarged Group will be further increased as a result of the Acquisition, a failure to continue the successful expansion of the Group and, following Completion, the Enlarged Group beyond the UK could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

1.6 ***An increase in interest rates may make investing in the Group's and, following Completion, the Enlarged Group's Products less attractive***

Since around 2010, a combination of stable growth and loose monetary policy relative to historical norms had generally resulted in low volatility across financial markets. Quantitative easing measures, implemented by central banks to support recovery since the global financial crisis in 2007 and 2008, helped loosen financial conditions and reduce borrowing costs. Prior to the coronavirus (Covid-19) outbreak there had been some market expectation that certain central banks, including the US Federal Reserve, the Bank of England and the European Central Bank, would tighten their monetary policy to increase interest rates back to levels closer to historical norms and reduce or eliminate quantitative easing. The Bank of England, for example, increased its base rate from 0.5 per cent. to 0.75 per cent. on 2 August 2018, which marked only the second time the Bank of England had increased the base rate in more than ten years. The US Federal Reserve had also continued to normalise interest rates in recent periods.

However, in light of the coronavirus (Covid-19) outbreak, on 3 March 2020, the US Federal Reserve announced an emergency cut in interest rates by 0.5 per cent. to a target range of 1.00 – 1.25 per cent and subsequently on 15 March 2020 to a target range of 0.00 – 0.25 per cent. In addition on 11 March 2020, the Bank of England announced an emergency cut in interest rates by 0.5 per cent to 0.25 per cent. and subsequently on 19 March 2020 announced a further cut to 0.1 per cent. (which is its lowest rate ever). It is expected that such low interest rates are likely to continue at least in the short term until the coronavirus (Covid-19) outbreak has been brought under control, relevant restrictions relaxed and economic and financial conditions recovered (at least in part) and it therefore remains unclear if or when central banks will return to monetary policies that are more aligned to historical patterns (see also see paragraph 1.2 of this section entitled "*Risk Factors*"—"The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses").

However, if interest rates were to increase materially in the longer term this may cause losses to investors and raise the risk of default on fixed income securities, including those held by Products managed by the Group and, following Completion, the Enlarged Group. Higher interest rates may make investing in the Group's and, following Completion, the Enlarged Group's Products less attractive, and may affect the Group's and, following Completion, the Enlarged Group's ability to create viable and attractive Products, all of which would result in lower investor subscriptions and AUM and accordingly result in a decline in the level of the Group's, or following Completion, the Enlarged Group's management and performance fee income. As such, this could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2. **RISKS RELATING TO THE BUSINESS OF THE GROUP AND, FOLLOWING COMPLETION, THE ENLARGED GROUP**

2.1 ***Sustained underperformance across a range of Products or by one or more of the Group's or, following Completion, the Enlarged Group's larger Products could adversely affect profitability and growth***

When buying investment products or selecting a fund manager, one of the most important considerations for clients and intermediaries is the historical investment performance of the

product or fund manager. As the business focus and key selling point of the Group is and, following Completion, of the Enlarged Group will continue to be, to generate long-term investment out-performance after all fees against relevant benchmarks and peer groups, any sustained period of underperformance across a range of the Group's or, following Completion, the Enlarged Group's Products or by one or more of its larger Products, for example resulting from a failure of investment strategies employed in managing such Products, could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. As at 31 December 2019, the Group's ten largest Products accounted for approximately 65 per cent. of AUM and its largest Product (being the Dynamic Bond Fund) accounted for approximately 16 per cent. Were the Group or, following Completion, the Enlarged Group, to fail to provide satisfactory investment returns across a range of its Products or in respect of one or more of its larger Products, clients of the affected Products (or clients generally) may decide to postpone or reduce their investments or withdraw them altogether and intermediaries, who are the Group's primary distributors of products, may cease to recommend some or all of the Group's or, following Completion, the Enlarged Group's products to their clients. Investment underperformance relative to competitors (including both active and passive funds) or relevant benchmarks would also make it more difficult for the Group or, following Completion, the Enlarged Group, to attract new clients and could damage the Group's or, following Completion, the Enlarged Group's reputation and brand. Any such investment underperformance could, therefore, have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.2 *The asset classes and investments offered by the Group or, following Completion, the Enlarged Group, may become less attractive to investors, including during periods of market volatility such as that caused by the coronavirus (Covid-19) outbreak*

The Group manages and, following Completion, the Enlarged Group will manage investments in a range of asset classes including equities, fixed income, multi asset, multi manager and alternatives, although the Group's focus is in equities. The Group's and, following Completion, the Enlarged Group's Products also offer exposure to a range of geographies and regions, industry sectors and types of company (for example large cap versus small cap companies). The Group's investment style and philosophy is and, following Completion, the Enlarged Group's will be, to be a high-conviction active manager of its Products.

Sales into the Group's Products are, in part, determined by the relative attractiveness to investors of the asset classes on which the Group focusses, and following Completion, the Enlarged Group will focus, particularly equities (which represented approximately 60 per cent. of the Group's AUM and approximately 73 per cent. of the Merian Group's AUM, in each case as at 31 December 2019) and bonds (which represented approximately 31 per cent. of the Group's AUM and approximately 8 per cent. of the Merian Group's AUM, in each case as at 31 December 2019). During periods of increased market volatility, such as that which is being experienced currently as a result of the coronavirus (Covid-19) outbreak (see paragraph 1.2 of this section entitled "*Risk Factors*"—"*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*"), investors may be more likely to invest in asset classes which are considered to be safer, such as government gilts, gold or cash, which may lead to decreased sales of the Group's and, following Completion, the Enlarged Group's Products and/or increased outflows of AUM (see also paragraph 2.15 of this section entitled "*Risk Factors*" – "*The Group's and, following Completion, the Enlarged Group's clients may withdraw AUM at short notice particularly during periods of market volatility such as that caused by the coronavirus (Covid-19) outbreak and this could result in liquidity issues*").

Sales are also in part driven by the relative attractiveness of the range of investment opportunities that the Group's and, following Completion, the Enlarged Group's Products offer exposure to, such as investments in particular geographies and regions, industry sectors or types of company.

The Group's investment philosophy, which will be continued by the Enlarged Group following Completion, is high-conviction active asset management, with fund managers actively seeking out what they believe to be the best investment opportunities through careful security selection. This strategy differentiates the Group from passive funds, such as index tracking funds, although such funds typically charge lower fees to investors. There is a risk that investors will increasingly favour

passive funds over active funds, which may lead to a decrease in sales of the Group's and, following Completion, the Enlarged Group's Products (see also paragraph 1.5 of this section entitled "*Risk Factors*" – "*The asset management market in the United Kingdom and elsewhere is highly competitive and there are challenges associated with continued overseas expansion*").

In the event that the asset classes on which the Group or, following Completion, the Enlarged Group focuses, or the investment opportunities offered by the Group and, following Completion, the Enlarged Group, were to become less attractive to investors or investors were to invest more through passive or index-based investment products, there may be reduced sales and/or increased redemptions from the Group's or, following Completion, the Enlarged Group's Products. Such developments could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.3 ***The Group and, following Completion, the Enlarged Group, may not be able to successfully execute its strategic initiatives and the coronavirus (Covid-19) outbreak may make execution of strategic initiatives more challenging***

The Group aims and, following Completion, the Enlarged Group will aim to grow its clients and AUM through its strategy of high-conviction active asset management, alongside increased diversification of its business by geography, client type and product. Successful execution of its strategy is not assured, and depends upon internal and external factors, including the Group's and, following Completion, the Enlarged Group's ability to accurately predict the type of Products attractive to its target client base, to manage such Products to produce investment outperformance, and to price such Products competitively, as well as its ability to effectively continue to grow its business outside of the UK. If one or more of the assumptions that the Group has made in setting its targets or objectives are inaccurate, or if one or more of the risks described in this section occur, the Group and, following Completion, the Enlarged Group, may be unable to achieve one or more of its targets or objectives.

The coronavirus (Covid-19) outbreak and restrictions put in place by governments to contain the outbreak may also make the execution of strategic initiatives more difficult, costly or time-consuming (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*").

If the Group's and, following Completion, the Enlarged Group's strategy is not implemented successfully, if such strategy does not yield the anticipated benefits or if the Group and, following Completion, the Enlarged Group is unable to control costs in delivering its strategy, the Group and, following Completion, the Enlarged Group may be unable to achieve its targets, which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.4 ***The Group is and, following Completion, the Enlarged Group will be reliant on its ability to attract and retain talented fund managers, as well as directors, senior management and other key employees, and the loss of a number of such fund managers or one or more key fund managers, or other important individuals, could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's business***

The Group's and, following Completion, the Enlarged Group's continued success depends on its ability to attract and retain talented fund managers, as well as experienced directors, senior management and other key employees, including, for example, highly skilled research analysts.

The Group's fund managers, as well as other employees, have made a significant contribution to the growth and success of the business and are expected to continue to do so. The Group identifies certain Products with particular fund managers and its business strategy is to give its fund managers considerable freedom to manage the Products for which they are responsible. A number of the Group's largest and most successful Products have been launched and/or designed with a focus on the particular attributes and track record of the named fund manager. In addition, certain investment management agreements for the Group's mandates also contain "key man" provisions providing

for a right of termination by the client in the case that certain specified key personnel, including fund managers, are no longer employed by the Group.

Approximately 73 per cent. of the Group's AUM as at 31 December 2019 was managed by six fund managers and, of this, approximately 42 per cent. of the Group's AUM as at 31 December 2019 was managed by two fund managers. Following Completion, approximately 68 per cent. of the Enlarged Group's AUM is expected to be managed by ten fund managers (based on the Group's and the Merian Group's respective AUM as at 31 March 2020). As such, whilst the Enlarged Group will be more diversified than the Group currently is, the loss of one or more of these key fund managers could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's future profitability and/or the growth of the business. More specifically, the loss of one or more of these fund managers could result in:

- (a) the outflow of assets from, or reduced sales into, the Products managed by the relevant fund manager(s) and hence a decline in AUM and revenues, which may be material to the particular Products and possibly the Group or, following Completion, the Enlarged Group as a whole;
- (b) a decline in the performance of the Products managed by the relevant fund manager(s), which may reduce AUM and revenues; and
- (c) negative market perception across distribution channels, particularly if the departure of the relevant fund manager(s) is considered to be part of a trend, which may lead to neutral or unfavourable recommendations from distribution partners or such distribution partners putting products 'on hold'. This perception could in turn lead to the loss of future investment management mandates, significant fund outflows and a failure to attract new investors to the Group's and, following Completion, the Enlarged Group's Products.

As the Group is and, following Completion, the Enlarged Group will be particularly reliant on the performance of its fund managers, it is important that it retains such managers, and, where necessary, replaces them, either internally or from external sources. The ability of the Group and, following Completion, the Enlarged Group to effectively replace fund managers that do leave will in part depend on it having in place effective succession arrangements. Although the Group's fund managers have been with the Group for approximately 10 years on average, there can be no guarantee that the Group, or following Completion, the Enlarged Group will be able to retain them or, should they leave, replace them (either internally or from external sources) with an equally experienced or well-known fund manager.

The risk of fund managers, directors, senior management and other employees of the Enlarged Group leaving may also be increased as a result of the Acquisition (see also paragraph 5.4 of this section entitled "*Risk Factors*" – "*The Acquisition may impact the ability of the Group to attract and retain key fund managers, directors, senior management and other employees*").

In order to retain its fund managers and other employees, when necessary, attract new fund managers and other employees, the Group, and following Completion, the Enlarged Group must offer competitive compensation arrangements, the costs of which are significant. The rates of compensation vary depending on the particular role of individual managers, but successful fund managers often earn substantial amounts. A significant proportion of the compensation costs of the Group is in the form of discretionary annual bonuses and deferred compensation. In less successful years, the bonus pool available may be insufficient for the Group, or following Completion, the Enlarged Group to meet the expectations of these fund managers and other employees, potentially constraining the Group's and, following Completion, the Enlarged Group's ability to retain or recruit fund managers and other key employees.

If the Group, or following Completion, the Enlarged Group needed to replace one of its key fund managers externally, the market for experienced and talented fund managers with strong track records is extremely competitive and such individuals are difficult to attract. Even if the Group, or following Completion, the Enlarged Group were successful in attracting a replacement fund manager from external sources, the costs of such recruitment may be significant.

It is also currently unclear how the UK's withdrawal from the EU, and possible restrictions on the movement of people depending on the nature of any UK-EU trade deal which may be agreed, may impact the ease with which UK nationals can work in the Group's and, following Completion, the Enlarged Group's European Union locations and vice versa. See also paragraph 1.3 of this section entitled "Risk Factors" – "Uncertainty as to the UK's future relationship with the EU following the UK's withdrawal from the EU, which may be exacerbated by the coronavirus (Covid-19) outbreak, as well as resulting legal and regulatory changes following the end of the transition period, could have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group".

The loss of directors or senior management could also affect the ability of the Group and, following Completion, the Enlarged Group to execute its strategy effectively or at all, or could result in a decline in the standards of management or operation of the Group's, and, following Completion, the Enlarged Group's business.

If the Group, or following Completion, the Enlarged Group were unable to attract and retain experienced and talented fund managers and other key personnel (including directors, senior management and other employees), whether as a result of cost constraints or otherwise, it could lead to the withdrawal of client assets or the failure to secure investment mandates and may have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.5 *Changes in distribution trends may have a material adverse effect on the Group's and, following Completion, the Enlarged Group's margins*

The Group markets and, following Completion, the Enlarged Group will market its Products through a range of distribution channels but, in line with market trends, a significant proportion of its intermediated sales are and will continue to be channelled through fund platforms. For example, approximately 51 per cent. of the Group's UK intermediated sales in 2019 were through such channels.

Platform operators levy their own administrative charge, which is not passed on to the client but reduces the proportion of the management fee paid by the client which the Group, and following Completion, the Enlarged Group can retain. As a result, margins on new sales made through platform operators have declined. In the future, platform operators may seek to increase these administrative charges with respect to new sales of the Group's and, following Completion, the Enlarged Group's Products and/or its existing AUM, and thereby further reduce margins on new and existing products.

Additionally, platform operators in the UK and EEA are subject to MiFID II costs and charges requirements, which increase the transparency and visibility to clients of certain costs and charges. This may lead to competition between asset management businesses and market pressure to lower fees, which would further erode the margins on sales made through platforms.

There is also a risk of regulatory intervention in the future of commercial arrangements with platforms which affect how Products are priced on different platforms (similar to so-called 'wide most-favoured nation' clauses). The FCA's final report on the Investment Platform Market Study (March 2019) notes that the FCA has not determined the ultimate effect of such arrangements, although these have been found in other contexts to have the potential to restrict competition. The FCA reminded firms of their obligations to self-assess their commercial arrangements for compliance with competition law. If the Group, and following Completion, the Enlarged Group have entered into such commercial arrangements with platforms, and there is regulatory intervention which prohibits such arrangements in the future, platforms may seek to negotiate bespoke rebates, which would further reduce margin on sales through platforms.

In addition, the Group, or following Completion, the Enlarged Group may also choose to terminate its relationship with particular intermediaries or platforms as a result of pressure on margins. A loss of margin or termination of the relationship with particular intermediaries or platforms could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.6 ***Operational errors or a failure of systems and controls could have a material adverse effect on the Group and, following Completion, the Enlarged Group and the risk of operational errors may increase as a result of the coronavirus (Covid-19) outbreak***

The management of client assets involves a number of risks, including:

- (a) a failure to administer portfolios properly, for example by making incorrect valuations or pricing decisions with regard to the underlying investments;
- (b) a failure to make investment decisions in a timely manner;
- (c) incorrect assets being purchased or erroneous trades being placed or the failure to place trades on a timely basis or at all;
- (d) corporate actions (such as rights issues and takeovers etc.) not being executed as intended; and
- (e) a failure of the systems and controls utilised by the Group and, following Completion, the Enlarged Group or its outsourced service providers to detect and prevent errors.

In addition, while the Group outsources and, following Completion, the Enlarged Group will outsource its fund valuation and pricing functions to third party providers, it remains, and following Completion, will remain, primarily liable in relation to certain Products managed by it for any failure to provide these services properly. Any such failures or errors in valuation or pricing by a relevant third party provider may require the Group or, following Completion, the Enlarged Group to reimburse the affected parties in respect of losses suffered, which may be significant. The Group or, following Completion, the Enlarged Group may be unable to recover any such losses fully or at all from the third party or under its insurance policies (see paragraph 2.22 of this section entitled "*Risk Factors*"—"The Group's and, following Completion, the Enlarged Group's insurance may not be adequate to protect it against losses it may suffer").

The risk of operational errors, either by employees of the Group and, following Completion, the Enlarged Group or its third party providers, may be increased by the coronavirus (Covid-19) outbreak, in particular with employees being required to work from home (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*").

If any of the foregoing or any similar risks were to materialise, the Group or, following Completion, the Enlarged Group might also be required to conduct thorough investigations of the circumstances surrounding the breach and regulatory investigations might also follow. The costs involved in such investigations, including management time and professional fees, could be material to the Group or, following Completion, the Enlarged Group and may not be recoverable fully or at all under the Group's and, following Completion, the Enlarged Group's insurance policies.

The risks of error and mismanagement cannot be eliminated entirely. The Group's or, following Completion, the Enlarged Group's ability to maintain financial controls and provide high quality service to its clients depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems, which are programmed to detect and prevent errors. There can be no assurance that these systems will function as designed. Any damage to, or failure of, its management information systems could result in interruptions to the Group's or, following Completion, the Enlarged Group's financial controls and client service. Such interruptions and any other operational errors or negligence by third party providers or the Group's or, following Completion, the Enlarged Group's employees could lead to reputational damage and financial costs, such as the Group or, following Completion, the Enlarged Group being required, by contract or otherwise, to put clients back into the position in which they would have been had the error or negligence not occurred. The consequences of such operational errors or negligence could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.7 ***The Group is and, following Completion, the Enlarged Group will be reliant on third parties to which it has outsourced certain functions***

The Group relies and, following Completion, the Enlarged Group will rely on third party providers of administration, IT services and other operations functions (including for certain fund and institutional mandate valuations), custodian and sub-custodian services and fund administration functions. Any interruption in the services of these third parties or deterioration in their performance of the outsourced service could impair the timing and quality of the Group's and, following Completion, the Enlarged Group's services to its clients. The risk of interruption or deterioration of services provided by such third parties may be increased by the coronavirus (Covid-19) outbreak which is likely to cause operational disruption (see paragraph 1.2 of this section entitled "Risk Factors" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*").

If the contracts with any of these third party providers were terminated, the Group and, following Completion, the Enlarged Group may not find alternative service providers on a timely basis or on as favourable terms or may suffer disruption as a result of the transition of functions to the new service provider. The occurrence of any of these events could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

Furthermore, a significant proportion of the Group's and, following Completion, the Enlarged Group's sales are through third party distribution partners and platform providers. Therefore, the Group is and, following Completion, the Enlarged Group will be dependent upon the continuation of these relationships and such third party distribution partners and platform partners operating in compliance with regulatory standards and client operations. A temporary or permanent disruption to these distribution arrangements, such as through significant deterioration in the reputation, financial position or other circumstances of the distribution partner or material failure in the third party's controls (such as those pertaining to third-party system failure, regulatory compliance or the prevention of financial crime) could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

See also paragraph 2.8 of this section entitled "Risk Factors"— "*The Group is and, following Completion, the Enlarged Group will be highly dependent on its IT systems and a security breach, cyber-attack or general IT system failure (the risk of which may be increased by the coronavirus (Covid-19) outbreak) could significantly disrupt the ability of the Group, and following Completion, the Enlarged Group, to manage its systems and platforms, or otherwise operate its business*", paragraph 2.14 of this section entitled "Risk Factors"— "*The Group's and, following Completion, the Enlarged Group's operations could be adversely affected by external events*" and paragraph 3.4 of this section entitled "Risk Factors"—"*The Group and, following Completion, the Enlarged Group must comply with data protection regulations, including the GDPR*".

2.8 ***The Group is and, following Completion, the Enlarged Group will be highly dependent on its IT systems and a security breach, cyber-attack or general IT system failure (the risk of which may be increased by the coronavirus (Covid-19) outbreak) could significantly disrupt the ability of the Group, and following Completion, the Enlarged Group, to manage its systems and platforms, or otherwise operate its business***

The Group is and, following Completion, the Enlarged Group will be, highly dependent on its IT systems to operate effectively and the maintenance, integrity and resilience of the Group's IT infrastructure and applications is paramount to meeting the Group's and, following Completion, the Enlarged Group's business and client needs, including with respect to the investment management activities and processes.

In particular, the Group is and, following Completion the Enlarged Group will be, increasingly exposed to the risk that third parties or malicious insiders may attempt to use cyber-crime techniques, including distributed denial of service attacks to disrupt the availability, confidentiality and integrity of its IT systems and/or demand ransom payments to return stolen data or reverse lock machines, which could result in disruption to key operations, make it difficult to recover critical services, and damage assets. Moreover, if the Group, and following Completion, the

Enlarged Group, is subject to a cyber-attack, its systems may be subject to down-time in an effort to prevent a security breach. Such an outage may lead to reputational damage, which could have a material adverse effect on the Group's and, following Completion, the Enlarged Group's business.

The Group and, following Completion, the Enlarged Group continues to maintain its security posture in line with risk appetite, invest in security architecture and solutions, and is highly diligent across all IT layers (perimeter, network, endpoint, applications and data) and its information security controls in response to ongoing and emerging threats, such as cyber-crime and fraud, and seeks to ensure that controls for known threats remain robust. This includes implementing advanced solutions to detect vulnerabilities and insider threats monitoring. The Group has and, following Completion, the Enlarged Group will have a cyber-risk training programme and has commissioned independent threat and security assessments, including simulated staged attacks on the Group's and, following Completion, will commission such assessments on the Enlarged Group's network to test the Group's and, following Completion, the Enlarged Group's detection and response capability. The risks associated with cyber-attacks, where an individual or group seeks to exploit vulnerabilities in IT systems for financial gain or to disrupt services, are a material risk to the Group and, following Completion, the Enlarged Group and the global financial system, which has a high degree of interconnectedness between market participants, centralised market infrastructure and in some cases complex legacy IT systems.

In addition, the Group's and, following Completion, the Enlarged Group's business, by its nature, requires it to store, retrieve, evaluate and utilise client data and information, which is highly sensitive. If attempts by malicious third parties or insiders compromise its sensitive data, such a breach could result in loss of trust from the Group's and, following Completion, the Enlarged Group's clients, causing reputational damage and financial loss. In addition, the GDPR imposes significant penalties for misuse of client data (see paragraph 3.4 of this section entitled "*Risk Factors*"—"The Group and, following Completion, the Enlarged Group must comply with data protection regulations, including the GDPR"). While the Group maintains and, following Completion, the Enlarged Group will maintain insurance for claims against it by clients, losses (and, in particular, penalties levied on the Group or, following Completion, the Enlarged Group by regulators) may not be recoverable fully or at all under its insurance policies (see paragraph 2.22 of this section entitled "*Risk Factors*"—"The Group's and, following Completion, the Enlarged Group's insurance may not be adequate to protect it against losses it may suffer").

The risk of IT failures or cyber-attacks may also be increased by the coronavirus (Covid-19) outbreak as a result of changed working patterns, with employees being required to work from home (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*").

There is no certainty that the Group's and, following Completion, the Enlarged Group's infrastructure and controls will prove effective in all circumstances and any failure of the controls or other general IT system failure (whether resulting from actions by third parties or malicious insiders or otherwise) could result in significant financial losses and could therefore have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

See also paragraph 5.5 of this section entitled "*Risk Factors*"—"The integration of the Merian Group may cause disruption or failure of the Enlarged Group's IT systems".

2.9 ***The Group is and, following Completion, the Enlarged Group will be dependent on recommendations or ratings from distribution partners***

A significant proportion of the sales of the Group are and, following Completion, of the Enlarged Group will be through distribution partners such as global banks, fund selectors, platforms, independent financial advisers and wealth managers. This is because many clients also need financial advice, which the Group does not and following Completion, the Enlarged Group will not provide, so such clients are generally accessed through distribution partners rather than directly. Such intermediated sales represented approximately 91 per cent. of the Group's annual gross flows for the year ended 31 December 2019. Platforms in particular are increasingly important in the current distribution chain. In the UK, approximately 51 per cent. of the Group's gross flows for the

year ended 31 December 2019 were through online platforms. The Group builds relationships with major platforms and makes its funds available through them. There are also other important influencers in the market, such as research consultants and rating agencies, whose recommendations affect demand for the Group's and, following Completion, the Enlarged Group's Products. Given the importance of such distribution partners and other influencers to the Group's and, following Completion, the Enlarged Group's gross flows and by extension income, the Group is and, following Completion, the Enlarged Group will be heavily dependent on such distribution partners. If such distribution partners terminated their relationship with the Group and, following Completion, the Enlarged Group or ceased to recommend the Group's and, following Completion, the Enlarged Group's Products, or recommended such Products less highly than funds offered by competitors, for example following a period of sustained underperformance by such Products, this could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.10 ***The implementation of complex change initiatives gives rise to significant execution risks, which may affect the operational capacity of the Group, and following Completion, the Enlarged Group***

The markets in which the Group operates and, following Completion, the Enlarged Group will operate are characterised by continued improvements in operational infrastructure, including changes to reflect intermediary, adviser or client requirements and preferences, the introduction of new technologies and developments in industry and regulatory standards. These changes could render the Group's existing technology, systems and control environment obsolete.

In response to such challenges, and as part of the implementation of its business strategies, the Group has completed or is in the process of completing a number of significant change initiatives, such as the implementation of BlackRock's Aladdin operating system, the introduction of a new distribution platform centred around Salesforce and the establishment of an EU management company in Luxembourg, including the re-structuring of the Group's EU branch network to ensure continuity for future European distribution following the UK's withdrawal from the EU. These change initiatives, many of which involve complex interdependencies and/or are of large scale and cost, are also necessary to reduce conduct risk and improve the experience and outcomes for clients, while strengthening the Group's resilience and control environment, and provide the Group with an efficient and scalable platform for future growth. Such change initiatives may need to be further developed or reopened in light of the integration of the Merian Group into the Enlarged Group, following Completion and further change initiatives may become necessary in the future.

There may be financial, operational, regulatory, client and reputational implications if such initiatives fail (either wholly or in part) to meet their objectives and could place strain on the operational capacity, or weaken the control environment, of the Group and, following Completion, the Enlarged Group. The cost, scale and nature of the change programmes may cause disruption to resourcing through heightened uncertainty, increased workloads and short-term resource stretch, and/or reallocation of financial resources from other areas of Group and, following Completion, the Enlarged Group which, in turn, result in the initiatives being delayed or not delivered at all and/or the disruption of business as usual activities. Implementing further strategic initiatives and undertaking such initiatives concurrently with Completion of the Acquisition and integration of the Merian Group, may amplify these risks.

The coronavirus (Covid-19) outbreak and restrictions put in place by governments to contain the outbreak (in particular employees being required to work from home) may also make the execution of change initiatives more difficult, costly or time-consuming (see paragraph 1.2 of this section entitled "Risk Factors" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*").

Significant operational execution risks arise from these initiatives, including in relation to business functions and processes (data, systems and people) and third party arrangements. It is also possible that there may be insufficient organisational capacity to absorb the anticipated changes. Any disruption caused by, or failure to successfully implement any of, the change initiatives could have an adverse impact on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.11 ***The Group and, following Completion, the Enlarged Group and the Jupiter brand is vulnerable to adverse market perception or negative publicity***

Asset management companies operate in an industry where integrity and client trust and confidence are paramount. They are therefore vulnerable to adverse market perception. The Group and, following Completion, the Enlarged Group is especially vulnerable to adverse market perception because the Jupiter brand is a key element in the marketing strategy of the Group and, following Completion, the Enlarged Group. Any mismanagement or failure to satisfy fiduciary responsibilities, or the adverse publicity resulting from such activities or any allegation of such activities, could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

The Group and, following Completion, the Enlarged Group, like others in the financial services industry, are also susceptible to various forms of crime, including theft, money laundering and fraud (see also paragraph 2.8 of this section entitled "*Risk Factors*" – "*The Group is and, following Completion, the Enlarged Group will be highly dependent on its IT systems and a security breach, cyber-attack or general IT system failure (the risk of which may be increased by the coronavirus (Covid-19) outbreak) could significantly disrupt the ability of the Group, and following Completion, the Enlarged Group, to manage its systems and platforms, or otherwise operate its business*"). Were the Group or, following Completion, the Enlarged Group to be a target of such criminal activity, it could suffer losses, incur fines, attract adverse publicity and/or suffer reputational damage, any of which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

In addition, any negative publicity (whether or not well-founded) associated with the Group's and, following Completion, the Enlarged Group's, business, for example, through the loss of key fund managers, poor investment performance or regulatory issues, or any negative publicity affecting the industry as a whole, could result in a loss of clients or AUM, a failure to attract new clients and/or a deterioration in the value or attractiveness of the Jupiter brand or impair the Group's and, following Completion, the Enlarged Group's relationship with its distribution partners and institutional clients. Any of these could also have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

See also paragraph 5.7 of this section entitled "*Risk Factors*" – "*The transition of Merian Group Products to the Jupiter brand may cause client confusion*".

2.12 ***Breaches (which may occur inadvertently) by the Group and, following Completion, the Enlarged Group of investment mandates could lead to significant losses***

Products of the Group and, following Completion, the Enlarged Group will generally be required to invest in accordance with specific investment mandates established for the particular Products (which in the case of segregated mandates are set by the client). If investments are made or managed in breach of an investment mandate, the Group and, following Completion, the Enlarged Group could be required to unwind the relevant transactions and would be likely to be liable for any losses suffered by an affected party in doing so. Breaches of investment mandates may occur passively or inadvertently, in particular in the context of volatile markets. Accordingly, the ongoing coronavirus (Covid-19) outbreak may mean such breaches are more likely to occur (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*"). A breach of an investment mandate could also contribute to a regulatory breach, which may lead to regulatory investigations and financial penalties. Accordingly, the Group's and, following Completion, the Enlarged Group's losses or costs in relation to any such breach could be significant and may not be recoverable fully or at all under the Group's and, following Completion, the Enlarged Group's insurance policies (see paragraph 2.22 of this section entitled "*Risk Factors*" – "*The Group's and, following Completion, the Enlarged Group's insurance may not be adequate to protect it against losses it may suffer*"). The obligation to compensate for such losses could have a material adverse effect on the business, reputation and brand, sales, results of

operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.13 ***The Group and, following Completion, the Enlarged Group may fail to manage conflicts of interest between Products it manages***

Potential conflicts of interest may arise between Products managed by the Group and, following Completion, the Enlarged Group. For example, certain Products have overlapping investment objectives, including Products which have different fee structures, and potential conflicts may arise with respect to the decisions regarding how to allocate investment opportunities among such Products. The Group manages, and following Completion, the Enlarged Group will manage certain Products, which may also allocate to, or invest in, other Products which are managed directly by the Group and, following Completion, the Enlarged Group. In addition, the Group and, following Completion, the Enlarged Group may have investments in certain of its own Products, including investments resulting from the provision of seed capital. Furthermore, in order to leverage the fund management expertise, the same fund manager will sometimes manage several Products with similar investment strategies. Any of these circumstances may create potential conflicts of interest.

Although the Group has, and following Completion, the Enlarged Group will have procedures in place to monitor and manage any potential conflicts of interest in line with regulatory requirements, such procedures may not always succeed and it is possible that potential or perceived conflicts of interest could give rise to investor dissatisfaction or litigation or regulatory enforcement actions. In such actions the Group and, following Completion, the Enlarged Group could be required to bear legal, settlement and other costs. Such costs could be significant and may not be recoverable fully or at all under the Group's and, following Completion, the Enlarged Group's insurance policies (see paragraph 2.22 of this section entitled "*Risk Factors*"—"The Group's and, following Completion, the Enlarged Group's insurance may not be adequate to protect it against losses it may suffer").

Addressing conflicts of interest is complex and difficult and the Group's, and following Completion, the Enlarged Group's reputation could be damaged if it fails, or appears to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on the reputation of the Group and following Completion, the Enlarged Group, which could materially adversely affect the Group and following Completion, the Enlarged Group in a number of ways, including as a result of redemptions by investors from its Products, an inability to raise additional funds and a reluctance of counterparties to do business with the Group and following Completion, the Enlarged Group. Each of the foregoing could, in turn, have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.14 ***The Group's and, following Completion, the Enlarged Group's operations could be adversely affected by external events***

The Group's and, following Completion, the Enlarged Group's business operations, information systems and processes are vulnerable to damage or interruption from fire, extreme weather conditions, power loss, systems or telecommunication failures, bomb threats, explosions or other forms of terrorist activity, other natural and man-made disasters and public health threats (including the coronavirus (Covid-19) outbreak - see paragraph 1.2 of this section entitled "*Risk Factors*"—"The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses"). These operations, information systems and processes may also be subject to sabotage, computer hacking, vandalism, theft and similar misconduct. The same is true of third party service providers on which the Group depends and, following Completion, the Enlarged Group will depend. The Group's and, following Completion, the Enlarged Group's businesses have disaster recovery and business continuity arrangements in place that are considered appropriate to cover current business requirements. The Issuer believes that the Group's and, following Completion, the Enlarged Group's critical suppliers of administration, custodian and IT services and other operations functions have appropriate disaster recovery and business continuity arrangements. However, the business continuity arrangements of the Group and, following Completion, the Enlarged Group and/or of its service providers may not work as intended. Although the Group maintains and, following Completion,

the Enlarged Group will maintain insurance cover that includes property damage, business interruption and cyber security cover, any related losses may not be recoverable fully or at all under the Group's and, following Completion, the Enlarged Group's insurance policies (see paragraph 2.22 of this section entitled "*Risk Factors*"—"The Group's and, following Completion, the Enlarged Group's insurance may not be adequate to protect it against losses it may suffer"). For the reasons set out above, a loss of business continuity could have a material adverse impact on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.15 ***The Group's and, following Completion, the Enlarged Group's clients may withdraw AUM at short notice particularly during periods of market volatility such as that caused by the coronavirus (Covid-19) outbreak and this could result in liquidity issues***

The Group's revenues are and, following Completion, the Enlarged Group's revenues will be predominantly derived from management and performance fees, the quantum of which is based on the value of Products managed. A substantial majority of the Group's Products (accounting for approximately 89 per cent. of AUM as at 31 December 2019) permit investors to reduce the aggregate amount of their investment in the Group's Products with no, or only short periods of, notice, or to withdraw altogether from such Products. If interest rates are rising and/or stock markets are declining and/or the Group's or, following Completion, the Enlarged Group's investment performance is poor, the pace of fund redemptions could accelerate.

In 2018, the Group's Dynamic Bond fund, which is its largest fund and which, in the five years to 2017, had contributed net inflows of £8.7 billion, experienced net outflows of £4.1 billion. This reversal in flows resulted from a number of factors, but was principally a result of short-term relative performance in the fund, in particular driven by its cautious view on the US economy and credit quality which affected its performance relative to peers' products, allied to an industry-wide withdrawal from global fixed income products.

In 2019, the Group's European Growth strategy, which, in the five years to 2018, had contributed net inflows of £2.2 billion, experienced net outflows of £4.3 billion (including the loss of an investment trust mandate) due in part to the departure from the Group of a key fund manager.

In addition, as the investor base of the Group, and following Completion, the Enlarged Group, could have a significant investor concentration from time to time, this impact could be exacerbated were the Group, and following Completion, the Enlarged Group, to suffer redemptions from one or more large investors which account for a material proportion of AUM and associated management and performance fee income.

Current investors in the Group's Products could also choose to redeem some or all of their holdings as a result of a view they have formed on the Acquisition and its impact on the Group or, in their view, excessive exposure to the Enlarged Group following Completion (see paragraph 5.3 of this section entitled "*Risk Factors*"—"Third parties, including clients and distribution partners, may not be supportive of the Acquisition and the strategic and business priorities of the Enlarged Group, which risk may be exacerbated by the coronavirus (Covid-19) outbreak").

Redemptions may increase during periods of sustained market volatility, such as that which is being experienced currently as a result of the coronavirus (Covid-19) outbreak (even when relevant Products are performing strongly). During such periods, investors may be more likely to invest in asset classes which are considered to be safer, such as government gilts, gold or cash. During the three months ended 31 March 2020, the Group experienced client outflows of £2.3 billion, whilst the Merian Group experienced client outflows of £2.6 billion, principally as a result of the global coronavirus (Covid-19) crisis (see paragraph 1.2 of this section entitled "*Risk Factors*"—"The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses").

Redemptions of investments in Products may also be requested more quickly than assets can be sold to meet such redemptions, which in some cases may cause liquidity issues. Whilst the majority of the Group's AUM are invested in listed equities, which generally are relatively liquid compared to other asset classes, this depends on the specific nature of the investments. For example, investments in shares of emerging market or smaller companies may be less liquid than investments

in established companies listed on large international exchanges and larger holdings of shares in certain companies are typically more difficult to sell quickly than smaller holdings and/or may only be sold at greater discounts to the prevailing market price of such shares. In addition, certain of the Group's and, following Completion, the Enlarged Group's Products invest in less liquid asset classes such as unlisted equities, fixed income securities, emerging market debt and alternative investments, which may be difficult to sell in a timely manner and/or at valuations that the Group or following Completion, the Enlarged Group, may otherwise have been able to realise. Investments held by multi-manager funds (so called funds of funds) offered by the Group and, following Completion, the Enlarged Group may also be difficult to liquidate quickly, if for example the markets for units or shares in the underlying funds are illiquid or one or more of the underlying funds have themselves suspended redemptions.

Whilst in normal market conditions, the Issuer expects the Group's and, based on information made available to the Group as part of its due diligence exercise in relation to the Merian Group's Products, following Completion, the Enlarged Group's Products to have sufficient liquidity and cash to meet typical levels of redemptions, liquidity mismatches may become more prevalent in periods of severe market stress. This could result in redemptions being suspended for certain Products, which would in turn adversely affect the reputation and brand of the Group and, following Completion, the Enlarged Group.

Material withdrawals of AUM would have an immediate impact on management and performance fees and therefore revenues and, depending on the extent of such withdrawals, could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.16 ***The value of the Group's or, following Completion, the Enlarged Group's seed capital investments or other investments held on its balance sheet may fall***

When establishing or launching a new fund, the Group often uses its own resources to provide seed capital to allow such Products to build a track record. The Group and, following Completion, the Enlarged Group may also provide additional seed money during the marketing phase and/or to provide scale for existing Products. The seed capital investments vary in duration depending on the nature of the investment.

Although the Group hedges and, following Completion, the Enlarged Group, will hedge the majority of its market fluctuations ("**beta**") and non-sterling currency exposure in respect of seed investments, it is not always possible to hedge market exposures in a cost-effective manner because of the nature of some of the underlying instruments held by the Products, or the Group and, following Completion, the Enlarged Group may choose not to hedge if a Product has an absolute return objective. Where the Group and, following Completion, the Enlarged Group does not hedge its exposure or such hedges are ineffective, the Group and, following Completion, the Enlarged Group may lose some or all of the value of this seed capital, depending on the performance of the underlying investments.

To the extent that the Group and, following Completion, the Enlarged Group does enter into agreements to hedge its risk in relation to seed capital, it may also be exposed to the risk of default by the relevant counterparty. As at 31 December 2019, the value of seed capital investments made by the Group was £128.7 million, of which £99.7 million was market hedged. In addition, as at 31 December 2019, 99.9 per cent. of the Group's non-sterling exposure was foreign exchange hedged. Losses incurred by Products in which seed capital has been invested or a default by a hedging counterparty could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.17 ***The Group is and following Completion, the Enlarged Group will be exposed to the risk that its employees, distributors and representatives may treat its clients unfairly, which may result in claims of mis-selling, among other penalties***

The Group is and following Completion, the Enlarged Group will be subject to the risk that decisions and behaviours of its employees, its distributors or its appointed representatives may lead to its clients being treated, or alleging that they are being treated, unfairly or otherwise resulting in

detrimental client outcomes. Such risk may arise where the Group and, following Completion, the Enlarged Group fails to design, implement or adhere to appropriate policies and procedures, offer products, services or other propositions that do not meet the needs of clients or fails to perform in accordance with its intended design, fails to communicate appropriately with clients, fails to deal with complaints effectively, sells or recommends unsuitable products or solutions to clients, fails to provide them with adequate information to make informed decisions or fails to do any of the foregoing on an on-going basis after initial sales, among other things. Conduct risk may also arise a result of employee (mis)conduct (see paragraph 2.18 of this section entitled "*Risk Factors*"—"*Misconduct by employees (or others acting on the Group's or the Enlarged Group's behalf) could harm the Group and, following Completion, the Enlarged Group by impairing its ability to attract and retain investors and by subjecting it to potential significant legal liability, regulatory scrutiny and reputational harm*").

A number of the Group's and, following Completion, the Enlarged Group's Products are and will be bought directly by institutional investors and by private investors through intermediaries or distributors. If these investors suffer losses on such products, they or their advisers may seek compensation from the Group, and following Completion, the Enlarged Group's on the basis of allegations that such products were mis-sold or that the relevant marketing materials contained material errors or omitted to include material information or that misleading marketing materials were provided to or supplied by intermediaries. Mis-selling in general has recently been the subject of greater regulatory scrutiny. For example, there have been several industry-wide financial product mis-selling issues in the past in which the FCA has intervened directly, including the sale of personal pensions, the sale of mortgage-related endowments and investments in split capital investment trusts. Certain designated consumer bodies are also empowered under the FSMA to make "super-complaints" to the FCA in relation to issues causing detriment to large numbers of consumers.

Conduct risk remains the subject of close regulatory scrutiny. Failing to protect the interests of clients in this way and failing to demonstrate sufficient suitability processes and monitoring could lead to legal proceedings or regulatory enforcement action. Given that regulation includes principles-based rules and regulations in many jurisdictions, the rules and regulations may be subject to differing applications and interpretations by regulators or market participants over time. This could in turn lead to financial penalties (which may not be recoverable fully or at all under the Group's and, following Completion, the Enlarged Group's insurance policies see paragraph 2.22 of this section entitled "*Risk Factors*"—"The Group's and, following Completion, the Enlarged Group's insurance may not be adequate to protect it against losses it may suffer"), reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals. Despite the Group's internal controls relating to disclosure in marketing materials and the suitability of intermediaries, it is possible that such action may be successful, which in turn may lead to claims of mis-selling, which may also result in further regulatory investigation and censure. Any such claims or regulatory investigation or censure could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.18 ***Misconduct by employees (or others acting on the Group's or the Enlarged Group's behalf) could harm the Group and, following Completion, the Enlarged Group by impairing its ability to attract and retain investors and by subjecting it to potential significant legal liability, regulatory scrutiny and reputational harm***

The Group's and, following Completion, the Enlarged Group's reputation is critical to maintaining and developing relationships with the investors in its Products, potential investors and third parties with whom it does business. In recent years, there have been a number of highly publicised cases involving fraud, conflicts of interest, insider dealing, market abuse or other misconduct by individuals in the financial services industry in general. There is a risk that the Group's and, following Completion, the Enlarged Group's employees (or others acting on behalf of the Group or the Enlarged Group or with whom the Group or the Enlarged Group has a relationship) could engage in misconduct that adversely affects its business. For example, if an employee were to engage, or be accused of engaging, in illegal or suspicious activities, the Group and, following Completion, the Enlarged Group could be subject to regulatory sanctions and suffer serious harm to its reputation, financial position, investor relationships and ability to attract future investors. In recent years, for example, a number of financial institutions have suffered material losses due to

the actions of "rogue traders" or other employees. Such illegal or suspicious activities could take the form of improper trading (such as execution of unauthorised transactions for investors, for themselves or for any of the Group's and, following Completion, the Enlarged Group's Products); disclosure or improper use of confidential information; disregard for, breaches of or any failure in information management processes or systems (including information barriers); breach of fiduciary duties (such as improper or unauthorised use of investor assets); misallocation of trades (where preferential prices are given to one fund over another); or engaging in, mis-recording or concealment of improper activities on behalf of investors or themselves.

Misconduct by employees or third party service providers, intermediaries, distributors or trustee or depositary of any funds could also expose the Group and, following Completion, the Enlarged Group to claims for financial losses or regulatory proceedings when it is alleged that the Group and, following Completion, the Enlarged Group or its employees (or others acting on behalf of the Group or the Enlarged Group or with whom the Group or the Enlarged Group has a relationship) knew or should have known that such person was not authorised to undertake certain transactions or, particularly in the case of others acting on behalf of the Group or the Enlarged Group or with whom the Group or the Enlarged Group has a relationship, was otherwise inconsistent with or outside the scope of the arrangements entered into with the Group or the Enlarged Group. Dissatisfied investors could make claims against the Group and, following Completion, the Enlarged Group, including but not limited to claims for negligence, fraud, unauthorised trading, failure to supervise, inadequate disclosure of risks, breach of fiduciary duty, conflicts of interest, intentional misconduct or unauthorised transactions.

Although the Group does not and, following Completion, the Enlarged Group will not control the activities of third party intermediaries or distributors (or others acting on behalf of the Group or the Enlarged Group or with whom the Group or the Enlarged Group has a relationship), it could be held responsible for their improper conduct. If an intermediary engages in improper or unauthorised conduct, the courts or regulators could hold the Group and, following Completion, the Enlarged Group responsible if they were to conclude that it knew, had suspicion of or should have known that such conduct was unlawful. In addition, investors could make claims against the Group and, following Completion, the Enlarged Group arising out of, or in connection with, the activities of its third party intermediaries (or others acting on behalf of the Group or the Enlarged Group or with whom the Group of the Enlarged Group has a relationship). While the Group maintains and, following Completion, the Enlarged Group will maintain insurance for such claims, losses may not be recoverable fully or at all under its insurance policies (see paragraph 2.22 of this section entitled "*Risk Factors*"—"The Group's and, following Completion, the Enlarged Group's insurance may not be adequate to protect it against losses it may suffer").

It is not always possible to deter such misconduct, and although the Group takes and, following Completion, the Enlarged Group will take a zero tolerance approach to any such misconduct, the precautions that the Group takes and, following Completion, the Enlarged Group will take to detect and prevent this activity may not be effective in all cases. It may be more difficult for the Group and, following Completion, the Enlarged Group to detect misconduct whilst employees are working from home as a result of the ongoing coronavirus (Covid-19) outbreak (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*"). Moreover, if the Group and, following Completion, the Enlarged Group fails to detect misconduct on a timely basis, or at all, the Group or the Enlarged Group may face further reputational or financial damage.

Accordingly, misconduct by employees or others acting on the Group's or the Enlarged Group's behalf, or even unsubstantiated allegations, could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

- 2.19 ***The due diligence processes that are undertaken in connection with investments by the Group's, and following Completion, the Enlarged Group's Products may not reveal all facts that may be***

relevant in connection with such investments and the Products may suffer losses as a result of any such due diligence failure

Before the Group's, and following Completion, the Enlarged Group's Products make certain investments, due diligence is conducted that is considered to be reasonable and appropriate based on the facts and circumstances applicable to each investment or allocation. However, the due diligence investigation that is carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity, including, among other things, the existence of fraud or other illegal or improper behaviour. Moreover, such a due diligence investigation will not necessarily result in the investment being profitable.

Failure by the Group and, following Completion, the Enlarged Group to carry out effective due diligence processes could lead to certain Products suffering losses as a result of poor investment strategy, operational or compliance failures, which would reduce AUM and the Group's and, following Completion, the Enlarged Group's management and performance fee income, result in damage to its reputation and result in increased investor redemptions and reduced subscriptions. Such due diligence failures could also expose the Group and, following Completion, the Enlarged Group to the risk of litigation from investors who have suffered losses. As such failures in due diligence processes could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.20 ***Valuation methodologies for certain assets invested in by the Group's, and following Completion, the Enlarged Group's Products can be subject to significant subjectivity and the values of assets established pursuant to such methodologies may never be realised, which could result in significant losses for the Products***

The Group's, and following Completion, the Enlarged Group's Products are valued by independent valuation service providers. Despite controls and checks in the valuation processes, the valuation of certain illiquid and/or derivative instruments may be subject to significant subjectivity and the price ultimately realised for such investments may differ from the valuation. Realisations at values significantly lower than the values at which investments have been reflected in relevant Products' NAV would result in losses for the applicable fund, a decline in AUM and revenue. Furthermore, if asset values turn out to be materially different from values reflected in Products' NAVs, this could cause investors to lose confidence in the Group and, following Completion, the Enlarged Group which would, in turn, result in redemptions from its Products.

There may also be errors in valuation processes or errors in assessing or calculating liabilities of Products. If Products are valued inappropriately, the Group, and following Completion, the Enlarged Group could be subject to claims from either redeeming or subscribing investors relating to alleged losses as a result of mis-valuations, the management and performance fees of the Group, and following Completion, the Enlarged Group could be overstated or understated, and/or the investments of the Group, and following Completion, the Enlarged Group in various Products could be overvalued or undervalued.

Each of these events, in turn, could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.21 ***The Group and, following Completion, the Enlarged Group may be subject to litigation which could result in significant liabilities and/or reputational harm***

The Group and, following Completion, the Enlarged Group may be subject to litigation from investors, employees and other persons for a number of reasons, which could result in significant liabilities and/or reputational harm.

The Group is and, following Completion, the Enlarged Group will be exposed to the risk of litigation by investors in the Group's and, following Completion, the Enlarged Group's Products if the management of such Products or conduct of the trustee or depository of any Product is alleged to amount to negligence, wilful misconduct or fraud. Investors may in such circumstances decide

to take legal action against the Group and, following Completion, the Enlarged Group to recover amounts lost.

Furthermore, the Group and, following Completion, the Enlarged Group may be subject to litigation arising from investor dissatisfaction with the performance of its Products or from allegations that it improperly exercised control or influence over companies in which the Products have large investments, including as a result of conflicts of interest (see paragraph 2.13 of this section entitled "*Risk Factors*"—"The Group and, following Completion, the Enlarged Group may fail to manage conflicts of interest between Products it manages"). The Group and, following Completion, the Enlarged Group also faces the risk of litigation from investors in the Products and/or third party service providers, if it does not comply with, or if an investor claims that it has not complied with, restrictions in such Products' organisational documents (for example, restrictions on entering into related party transactions).

The Group and, following Completion, the Enlarged Group may also be exposed to the risk of litigation if its Products suffer losses which may occur, for example, through the failure of a particular investment strategy or risk management or due diligence processes or due to the trading activity of an employee who has violated the policies of the Group and, following Completion, the Enlarged Group, the organisational documents of the relevant Product or market rules and regulations. Any litigation arising in such circumstances is likely to be protracted, expensive and potentially involve negative publicity which will be damaging to the Group's and, following Completion, the Enlarged Group's reputation and brand. It is also likely that the Group and, following Completion, the Enlarged Group would be brought into any claim that is filed against any of its specific Products.

In addition, with a diverse workforce that includes a large number of highly-paid fund managers, the Group and following Completion, the Enlarged Group faces the risk of claims relating to employment compensation, which may individually or in the aggregate be significant in amount. Such claims are more likely to occur in the current environment where individual employees may experience significant volatility in their year-to-year compensation due to trading performance or other issues and in situations where previously highly compensated employees were terminated for performance or efficiency reasons. The Group and, following Completion, the Enlarged Group may also potentially face claims from competitors in relation to breaches and alleged breaches by the Group and, following Completion, the Enlarged Group of restrictive covenants in connection with the hiring of new employees, particularly fund managers.

Also, as the Issuer is a listed and regulated company, the Group and, following Completion, the Enlarged Group is subject to the risk of investigation or litigation by certain parties including, without limitation, its regulators, including the FCA, and public shareholders arising from an array of possible claims, including investor dissatisfaction with the performance of its businesses or its share price, allegations of misconduct by its officers and directors or claims that it has inappropriately dealt with conflicts of interest or investment allocations.

While the Group maintains and, following Completion, the Enlarged Group will maintain insurance for such claims, losses may not be recoverable fully or at all under the Group's and, following Completion, the Enlarged Group's insurance policies (see paragraph 2.22 of this section entitled "*Risk Factors*"—"The Group's and, following Completion, the Enlarged Group's insurance may not be adequate to protect it against losses it may suffer"). As such, the Group and, following Completion, the Enlarged Group may be required to incur all or a portion of the costs arising out of litigation or investigations (whether or not successful or settled outside of court) and any such litigation or investigation could be protracted, expensive and highly damaging to the Group's and, following Completion the Enlarged Group's reputation, even if the underlying claims are without merit. In addition, the Group and, following Completion, the Enlarged Group, may participate in or initiate litigation proceedings (including the enforcement of contractual rights) from time to time, and participation in such proceedings may expose the Group and, following Completion, the Enlarged Group, to significant reputational risk, as well as a risk of liability arising from counter-claims. Any of such factors could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.22 ***The Group's and, following Completion, the Enlarged Group's insurance may not be adequate to protect it against losses it may suffer***

As detailed in these Risk Factors, the Group and, following Completion, the Enlarged Group may from time to time suffer losses, including in relation to litigation and regulatory proceedings (including, without limitation, as a result of breaches of investment mandates, actual or perceived conflicts of interest and/or operational errors and failures of systems and controls) or as a result of external events. Whilst the Issuer believes that the Group's insurance is and, following Completion and alignment of the Group's and the Merian Group's insurance arrangements, the Enlarged Group's insurance will be adequate and covers the matters that it would reasonably be expected to cover, there can be no assurance that any such losses will be covered fully or at all by insurance, in all instances (for example, insurance policies are unlikely to cover fines levied on the Group and, following Completion, the Enlarged Group by regulators) or, if covered, that any such losses will not exceed the limits of available insurance coverage or be deemed too remote to be recoverable, or that any insurer will meet its obligations to insure. As such, the Group and, following Completion, the Enlarged Group may be required to incur some or all of any related losses (which may be significant) and accordingly, this could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

There can also be no assurance that insurance coverage with sufficient limits will continue to be available at a reasonable cost. Renewals of insurance policies or claims under existing policies may expose the Group and, following Completion, the Enlarged Group to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability. A significant increase in the costs of maintaining insurance cover or the costs of meeting liabilities not covered by insurance could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.23 ***The failure to understand and respond effectively to the risks associated with environmental, social or governance ("ESG") factors could adversely affect the Group's and, following Completion, the Enlarged Group's achievement of its long-term strategy***

The business environment in which the Group operates and, following Completion, the Enlarged Group will operate is continually changing. ESG-related issues may directly or indirectly impact key stakeholders, ranging from clients, Shareholders, employees, rating agencies, suppliers and regulators, all of whom have expectations in this area. A failure to manage those material risks which have ESG implications may adversely impact on the reputation of the Group and, following Completion, the Enlarged Group, the results of its operations, its clients, and its ability to deliver on its long-term strategy and therefore its long-term success.

Climate change is one ESG theme that poses potentially significant long-term risks to the Group and, following Completion, the Enlarged Group and its clients, not only from the physical impacts of climate change, driven by both specific short-term climate-related events such as natural disasters and longer-term impacts, but also from transition risks associated with the shift to a low carbon economy. There is an increasing expectation from stakeholders for the Group and, following Completion, the Enlarged Group to understand, manage and provide increased transparency of its exposure to climate-related risks. For example, the recommendations of the Financial Stability Board's (the "FSB") Task Force on Climate-related Financial Disclosures were published in 2017 to provide a voluntary framework on corporate climate-related financial disclosures following the FSB's concern that there may be systemic risk in the financial system related to climate change.

As governments and policymakers take action to reduce greenhouse gas emissions and limit global warming, the transition to a low carbon economy could have an adverse impact on global investment asset valuations whilst at the same time presenting investment opportunities which the Group and, following Completion, the Enlarged Group will need to monitor. In particular, there is a risk that this transition could result in some asset sectors facing significantly higher costs and a disorderly adjustment to their asset values. This could lead to an adverse impact on the value and the future performance of the investment assets of the Group's Products and, following Completion, the Enlarged Group's Products. The potential broader economic impact from this may impact upon client demand for the Group's and, following Completion, the Enlarged Group's Products. Given

that the investment horizons of many of the Group's and, following Completion, the Enlarged Group's Products are long-term, it is potentially more exposed to the long-term impact of climate change risks. Additionally, stakeholders increasingly expect responsible investment principles to be adopted to demonstrate that ESG considerations (including climate change) are effectively integrated into investment decisions, fiduciary and stewardship duties and corporate values. Failure by the Group and, following Completion, the Enlarged Group to have proper regard to ESG considerations in relation to its investment portfolios could lead to a loss of existing or potential clients and have an adverse effect on client perceptions and, consequently, the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.24 *The Products that the Group and, following Completion, the Enlarged Group manages may be subject to counterparty risk*

On limited occasions, the Group and, following Completion, the Enlarged Group may not settle trades on a "delivery versus payment" basis and, in such instances, the Group and, following Completion, the Enlarged Group will be subject to counterparty risk between the trade date and settlement date. The Group and, following Completion, the Enlarged Group will be also subject to counterparty risk on an ongoing basis for derivative trades. In addition, counterparties may hold margin cash balances from certain of the Group's and, following Completion, the Enlarged Group's Products, which may not be held on a segregated basis from the counterparties' own assets or those of other clients. Monies held with prime brokers or depositaries do not always have client money protection on excess cash balances. Losses may arise in these Products if the counterparties default on their obligations or become insolvent, and in such cases the Products may only rank as unsecured creditors. Consequently, a default by the counterparties to the relevant Products may impact on the Group's and, following Completion, the Enlarged Group's AUM and therefore the management and performance fees, if any, payable to the Group and, following Completion, the Enlarged Group, which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.25 *The Group is and, following Completion, the Enlarged Group will be subject to the risk of exchange rate fluctuations as Products managed by the Group and, following Completion, the Enlarged Group include a range of investments that are denominated in foreign currencies*

Certain Products offered by the Group and, following Completion, the Enlarged Group include a range of investments that are denominated in foreign currencies, including foreign equities and bonds. The effect of exchange rate fluctuations on these investments could lead to significant fluctuations in the amount of fee income generated or a decrease in inflows or an increase in outflows from such Products. Exposure to foreign exchange risk is of particular concern in light of the uncertainty over the UK's future relationship with the EU. In the short to medium term, volatility of financial markets may have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.26 *Price and earnings inflation may adversely impact the Group's and, following Completion, the Enlarged Group's cost base*

A significant proportion of the Group's cost base is fixed (including the large portion of operational costs associated with employee remuneration) and, as such, the Group's and, following Completion, the Enlarged Group's profitability is geared to market performance, which may be adversely impacted by an inflationary environment. If such costs are not controlled, the profitability of the Group and, following Completion, the Enlarged Group may be impacted. In addition, significant increases in inflation could impact the Group's and, following Completion, the Enlarged Group's costs in other ways and potentially impact its profitability and capital position, which could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.27 ***The Group and, following Completion, the Enlarged Group may have difficulty in obtaining further capital and liquidity***

The capital and liquidity requirements of the Group and, following Completion, the Enlarged Group depend on numerous factors, including working capital and regulatory requirements. As at the Latest Practicable Date, the Group's Revolving Credit Facility was undrawn and is not intended to be drawn, although there are scenarios where it may be drawn upon following Completion. The Enlarged Group will be required to repay all amounts outstanding under the Revolving Credit Facility by the third anniversary of 9 April 2020. In order to be able to make the necessary repayments, the Enlarged Group may, depending on the extent of any prepayments made prior to such dates, need to obtain new borrowing facilities or seek to raise additional funds in the capital markets, failing which it would have to raise additional capital from Shareholders.

In addition, if the capital and liquidity requirements of the Group and, following Completion, the Enlarged Group were to vary materially from those which the Issuer currently anticipates, the Group and, following Completion, the Enlarged Group might require further financing in the longer term (see also paragraph 5.10 of this section entitled "*Risk Factors*"—"The Group's and, following Completion, the Enlarged Group's regulatory capital requirements will increase following the Acquisition and may further increase in the future"). There can be no assurance that the Group and, following Completion, the Enlarged Group will be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms favourable to the Group and, following Completion, the Enlarged Group.

A number of factors (including conditions in the credit, debt and equity markets and general economic conditions) may make it difficult for the Group and, following Completion, the Enlarged Group to obtain additional financing or raise capital on favourable terms or at all. However, any downgrade in the credit rating of the Issuer or the Group, or a downgrade in the sovereign rating of the UK, may increase the Group's and, following Completion, the Enlarged Group's borrowing costs or limit their access to the capital markets, which may increase the re-financing risk.

If the Group's and, following Completion, the Enlarged Group's borrowings were to become more expensive, then its profits would be adversely affected. If, in the longer term, the Group and, following Completion, the Enlarged Group were unable to raise additional funds when needed or to obtain such funds on favourable terms, it could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

2.28 ***The Group and, following Completion, the Enlarged Group, may be unable to fully capture the expected value from acquisitions and disposals (including the Acquisition) or may be subject to liabilities from historical corporate transactions***

Whilst the Group's strategy has historically been pursued through an organic growth, in addition to the Acquisition of Merian, the Group and, following Completion, the Enlarged Group may from time to time undertake other acquisitions and disposals as part of its strategy, which could subject the Group and, following Completion, the Enlarged Group to a number of risks. Some of these risks may affect the expected future value of an acquisition. For example, the rationale and assumptions underlying the business plans supporting the valuation of a target business may prove inaccurate, in particular with respect to synergies and expected commercial demand. Moreover, the Group and, following Completion, the Enlarged Group may fail to successfully integrate any acquired business, including its technologies, products and personnel (including in relation to embedding an acquired business into the culture and operating structure of the Group and, following Completion, the Enlarged Group). The Group and, following Completion, the Enlarged Group may also fail to retain key employees, advisers, clients and suppliers of any acquired business, which could reduce its value to the Group or, following Completion, the value of the Enlarged Group. Additionally, the Group and, following Completion, the Enlarged Group may fail to capture the fair or expected value of disposals it undertakes.

Acquisitions and disposals may also pose risks to the Group's and, following Completion, the Enlarged Group's existing businesses. For example, the acquisitions and disposals may divert management's attention and resources from existing operations. Furthermore, the Group and, following Completion, the Enlarged Group may be required to obtain regulatory and other

approvals in connection with certain acquisitions and there can be no assurance that such approvals will be obtained and, even if granted, that there will be no burdensome conditions attached to such approvals. The Group and, following Completion, the Enlarged Group may also be required or wish to terminate pre-existing contractual relationships, which could prove costly or be executed at unfavourable terms and conditions. Additionally, the Acquisition and the complexities involved in the integration of the Group's and the Merian Group's respective businesses as well as the commitment of senior management and key staff's time to the integration may either prevent the Enlarged Group pursuing further strategic opportunities for a period of time or disrupt existing strategic projects currently being pursued by the Group.

Finally, acquisitions and disposals (including the Acquisition) may expose the Group and, following Completion, the Enlarged Group to the risk of liabilities from historical corporate transactions. For example, the Group and, following Completion, the Enlarged Group may fail to discover certain contingent or undisclosed liabilities in businesses that it acquires, in particular if its due diligence to discover any such liabilities is inadequate. The Group and, following Completion, the Enlarged Group may also be subject to legacy conduct and other exposures with respect to the businesses acquired. Moreover, the Group and, following Completion, the Enlarged Group may be exposed to claims of breach of representations and warranties under the sale agreements of disposed businesses. If any of the aforementioned occur, the Group could suffer reputational damage and may be liable for losses suffered by an affected party, each of which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

3. RISKS RELATING TO REGULATION AND LEGISLATION

3.1 ***The Group and, following Completion, the Enlarged Group's business is subject to extensive regulation in the UK, the EU and elsewhere around the world, and the Group and, following Completion, the Enlarged Group faces risks associated with compliance with these regulations***

The Group and, following Completion, the Enlarged Group, each of its subsidiaries, affiliates and Products are subject to extensive regulation, legislation, accounting standards and changing interpretations thereof in a number of jurisdictions (including periodic examinations, inquiries and both announced and unannounced investigations by governmental and self-regulatory organisations) and there is a risk that changes to laws, regulations, policies and interpretations may adversely affect the Group and, following Completion, the Enlarged Group, including through its Products. Regulatory agencies have broad regulatory and administrative powers over many aspects of financial services businesses such as the Group and, following Completion, the Enlarged Group, which may include governance, systems and controls requirements, conduct of business requirements (including marketing and selling practices, advertising, client documentation and service standards), market conduct, product authorisation and governance, capital, liquidity, intra-group transactions, risk concentration and permitted investments. Regulators are concerned primarily with financial stability, market integrity and the protection of clients rather than with the interests of shareholders or creditors of financial services firms.

In the UK, the Group's business is and, following Completion, the Enlarged Group's business will be subject to regulation by the FCA, which has broad powers, including the authority to grant, vary the terms of or cancel a regulated firm's authorisation, registration or exemption, to investigate marketing and sales or advice practices and to require the maintenance of adequate financial resources. The FCA has the power to take a range of investigative, disciplinary or enforcement actions, including public censure, client restitution, fines or sanctions and (in practice) to require compensation. The FCA may make enquiries of the companies that it regulates regarding compliance matters and, like all UK regulated financial services firms, the Group faces and, following Completion, the Enlarged Group will face the risk that the FCA could find that a Group or, following Completion, an Enlarged Group entity has failed to comply with applicable regulations or has not undertaken corrective action as required.

Outside the UK, the Group's businesses are and, following Completion, the Enlarged Group's businesses will be regulated by local regulators that often have similar powers to the FCA, including, but not limited to, regulators in Hong Kong, Luxembourg, and the Republic of Ireland.

In addition, the FCA's Senior Managers & Certification Regime (the "SMCR") was extended to all UK authorised firms in December 2019, and therefore enforcement or other action could also be taken against key individuals at the Group and, following Completion, the Enlarged Group, including senior management (see paragraph 3.3 in this section entitled "*Risk Factors*"—"A number of complex regulatory change initiatives have recently been delivered or are expected to be delivered in the short or medium term, and the ongoing effect of these regulatory initiatives is uncertain"). Any such actions may last a number of years and could divert management's attention from the day-to-day running of the Group's and, following Completion, the Enlarged Group's business, result in increased turnover if senior staff elect to leave the Group or, following Completion, the Enlarged Group due to exposure, and involve considerable cost and expense.

Under Sections 1471 to 1474 of the US Internal Revenue Code of 1986 ("FATCA"), the Group and, following Completion, the Enlarged Group will be subject to the FATCA reporting regime, which may lead to a compliance risk for the Group and, following Completion, the Enlarged Group. Some countries (including the UK) have entered into, and other countries are expected to enter into, intergovernmental agreements with the United States to facilitate the reporting of information required under FATCA. Intergovernmental agreements often require financial institutions in those countries to report information on their US accountholders to the taxing authorities of those countries, which will then pass the information on to the US Internal Revenue Service (the "IRS"). Various entities in the Group and, following Completion, the Enlarged Group will be financial institutions for purposes of FATCA and the intergovernmental agreement between the United States and the UK. While the Group believes it has taken all necessary steps to comply with FATCA and any legislation implementing the intergovernmental agreement between the United States and the UK, if the Group and, following Completion, the Enlarged Group is deemed not to be FATCA compliant, the Group and, following Completion, the Enlarged Group could face certain withholding penalties, which may have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

A determination that the Group and, following Completion, the Enlarged Group has failed to comply with applicable regulation could have an adverse impact on the Group's and, following Completion, the Enlarged Group's reported results or on relations with the Group's and, following Completion, the Enlarged Group's regulators and current and potential clients. Regulatory action against a member of the Group or, following Completion, the Enlarged Group could result in the suspension or revocation of regulatory authorisations, permissions or approvals, financial penalties, client restitution, and adverse publicity for, or negative perceptions regarding, the Group and, following Completion, the Enlarged Group. Many of these regulators, including the FCA, are also empowered to impose fines or other sanctions, including censure, the issue of cease-and-desist orders or the suspension or expulsion of applicable authorisations, exemptions, licences and memberships. Any of the foregoing may damage the Group's and, following Completion, the Enlarged Group's relationships with existing clients, impair its ability to raise capital for successor Products, impair its ability to carry out certain investment strategies, or contravene provisions concerning compliance with law in agreements to which any Group or, following Completion, the Enlarged Group entities is a party. This may result in regulators subjecting the Group and, following Completion, the Enlarged Group to closer scrutiny than would otherwise be the case, which in turn may result in higher compliance costs, fines or other sanctions for the Group and, following Completion, the Enlarged Group. The Group and, following Completion, the Enlarged Group may also be subject to regulatory action and restitution payments to clients with respect to historical business and legacy products, whether or not still managed or administered, including where the Group and, following Completion, the Enlarged Group no longer sells into a jurisdiction. Any of these matters may have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

See also paragraph 5.9 of this section entitled "*Risk Factors*"—"The Enlarged Group will have increased exposure to regulators and regulatory regimes".

3.2 ***The Group's business is and, following Completion, the Enlarged Group's business will be subject to the risk of adverse changes in the laws, regulations and regulatory requirements in the markets in which it operates***

Financial services laws, regulations and regulatory requirements currently affecting the Group and, following Completion, the Enlarged Group (and the Products they manage) may change at any time in ways that could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. It is difficult to accurately predict the timing, scope or form of future regulatory initiatives, although it is widely expected that there will continue to be a substantial amount of regulatory change and a high degree of supervisory oversight of regulated financial services firms. In addition, under certain principles-based rules and regulations, there may be different industry views about how to achieve particular outcomes. Regulators may from time to time have different views about how market participants should meet regulatory outcomes and interpretations may differ from generally accepted market practice.

The Group and, following Completion, the Enlarged Group will not always be able to predict accurately the impact of future legislation or regulation or changes in the interpretation or operation of existing legislation or regulation on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. Changes in government policy, legislation or regulatory interpretation applying to companies in financial services industries in any of the markets in which the Group and, following Completion, the Enlarged Group operates, which may be applied retrospectively, may adversely affect the Group's and, following Completion, the Enlarged Group's product range, distribution channels, capital requirements, operating results and financing requirements. For example, the Group and, following Completion, the Enlarged Group may be unable to market or sell, or may decide not to market or sell, Products in certain jurisdictions if regulations or interpretations change. In addition, the Group and, following Completion, the Enlarged Group may face regulatory action on Products, which were designed to meet legislation in force at the time of design or sale that has subsequently been amended or repealed.

The following are some of the changes which might have an adverse impact on the Group and, following Completion, the Enlarged Group, including through Products:

- potential changes to the legal and regulatory framework surrounding the distribution of Products;
- potential restrictions on, and changes to the tax treatments relating to, the remuneration arrangements and remuneration disclosures for employees in certain jurisdictions, including but not limited to restrictions on the payment of bonuses (such as those under UCITS and the Alternative Investment Fund Managers Directive), which may result in a greater impact on active investment management business (particularly those that are publicly listed and/or operate in more highly regulated jurisdictions) and may adversely impact the ability of the Group and, following Completion, the Enlarged Group to hire and retain key personnel in these jurisdictions, impair its ability to compete with asset management businesses based in other jurisdictions or smaller asset management businesses which are not subject to the same restrictions and/or increase its operating costs;
- potential changes to regulations of intermediaries and distributors in certain jurisdictions which may adversely affect the Group's and, following Completion, the Enlarged Group's ability to sell active investment management products or increase their operating costs;
- potential changes to accounting standards which might adversely affect the valuation of certain Products, reduce reported AUM and, as a result, revenues of the Group and, following Completion, the Enlarged Group; and
- potential changes to the regulatory approach taken by key regulators towards the Group and, following Completion, the Enlarged Group.

The Group and, following Completion, the Enlarged Group may face increased compliance costs due to the need to establish additional compliance controls or the direct cost of such compliance

because of changes to financial services legislation or regulation. The Group faces and, following Completion, the Enlarged Group will face significant compliance challenges because the regulatory environment is evolving rapidly and supervisory authorities around the world are assuming an increasingly active and assertive role in introducing, interpreting and enforcing regulations in the jurisdictions in which the Group and, following Completion, the Enlarged Group operates. Furthermore, the cost arising out of the failure to implement adequate internal procedures to supervise compliance with the evolving legislations and regulations, could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

3.3 ***A number of complex regulatory change initiatives have recently been delivered or are expected to be delivered in the short or medium term, and the ongoing effect of these regulatory initiatives is uncertain***

Regulatory reform initiatives could lead to increased compliance costs or other adverse consequences for firms within the financial services industry, including the Group and, following Completion, the Enlarged Group. Recent and on-going regulatory reform initiatives which could impact the Group and, following Completion, the Enlarged Group include, in particular, changes to prudential requirements, and changes to the regulation of the asset management sector.

New EU prudential regime

The EU has adopted a new harmonised prudential regime that will apply to all investment firms authorised in the EU from June 2021 in the form of the new Investment Firm Regulation and Directive, which were published in the Official Journal on 5 December 2019. See paragraph 3.7 of this section entitled "*Risk Factors*" — "*The Group is and, following Completion, the Enlarged Group will be subject to regulatory capital requirements*" below.

The continuing introduction of new regulation, if applicable to the Group and, following Completion, the Enlarged Group, could significantly impact the manner in which it operates and could materially and adversely impact the profitability of one or more of the Group's and, following Completion, the Enlarged Group's business lines or the level of capital required to support its activities. Although the full impact of the regulations described above cannot be determined, many of their requirements could have material and adverse consequences on the Group and, following Completion, the Enlarged Group and the industry in which the Group and, following Completion, the Enlarged Group operates. These regulations could make it more expensive for the Group and, following Completion, the Enlarged Group, to conduct its business, require that the Group and, following Completion, the Enlarged Group makes changes to its business model, require that the Group and, following Completion, the Enlarged Group satisfies increased capital requirements, necessitate time-consuming and costly implementation measures, or subject the Group and, following Completion, the Enlarged Group to greater regulatory scrutiny. Individually or in aggregate, these regulations could therefore have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

SMCR

SMCR entered into force in the UK on 7 March 2016 and provided a new statutory framework to increase individual accountability at banks, large investment firms and Solvency II firms. On 9 December 2019, the SMCR was extended to other sectors of the financial services industry, and captured all FCA solo-regulated firms, including certain entities in the Group and the Merian Group.

The SMCR applies on a legal entity basis, and firms are required to assess whether they fall within the "limited scope", "core" or "enhanced" version of the regime (as different requirements will apply to them depending on how they are classified). The majority of firms are considered "core", including currently the relevant entities within the Group and the Merian Group. However, meeting certain criteria will result in a firm being considered "enhanced" such as having AUM of £50 billion or more as a three year rolling average.

Following Completion, regulated entities within the Enlarged Group may be subject to a change of status from being subject to the "core" regime to being subject to the "enhanced" regime (for example, following an increase in AUM due to consolidation of FCA-regulated entities). Within one year from meeting any of the criteria, the Enlarged Group would need to make the relevant changes in order to be compliant if there is a change in scope. Failure to comply could result in enforcement action by the FCA. See also paragraph 3.1 of this section entitled "*Risk Factors*" — "*The Group and, following Completion, the Enlarged Group's business is subject to extensive regulation in the UK, Europe and elsewhere around the world, and the Group and, following Completion, the Enlarged Group faces risks associated with compliance with these regulations*" and paragraph 5.9 of this section entitled "*Risk Factors*" — "*The Enlarged Group will have increased exposure to regulators and regulatory regimes*".

The SMCR sets out a number of senior management functions to be held by a population of individuals within each in-scope FCA regulated legal entity. These individuals will be designated specific prescribed responsibilities, as well as their inherent responsibilities essential to their role, and these must be combined in an outward-facing "statement of responsibilities" document. Under the enhanced regime, firms need to, amongst other things, allocate additional senior manager functions, allocate "overall responsibilities" for each activity, business area and management function to relevant senior managers, prepare and maintain a responsibilities map and implement handover procedures.

Firms are now additionally required to certify employees who could pose a significant harm to the firm or its customers as "fit and proper" annually. The Group and, following Completion, the Enlarged Group will need to take reasonable care to ensure that no employee performs any of the specified functions without having been certified as "fit and proper" to do so.

The vast majority of employees at firms are now also subject to conduct rules, which are intended to improve standards of individual behaviour. The Group and, following Completion, the Enlarged Group will need to ensure that all employees (other than ancillary staff) have been trained on the conduct rules and how they relate to their roles (see also paragraph 2.18 of this section entitled "*Risk Factors*" — "*Misconduct by employees (or others acting on the Group's or the Enlarged Group's behalf) could harm the Group and, following Completion, the Enlarged Group by impairing its ability to attract and retain investors and by subjecting it to potential significant legal liability, regulatory scrutiny and reputational harm*").

FCA Asset Management Market Study

The FCA conducted a market study into the asset management sector. The FCA published policy statements in February 2019 (*Asset Management Market Study – further remedies (PS19/4)*), and April 2018 (*Asset Management Market Study remedies and changes to the handbook – PS18/8*) which introduced various rules aimed at increasing competition within the asset management industry and providing increased protection for investors. Many of these rules came into force in 2019. Any further changes introduced by the FCA may increase compliance costs or otherwise negatively impact upon the profitability of the Group and, following Completion, the Enlarged Group and the way in which the Group operates and, following Completion, the Enlarged Group will operate its business.

Benchmark Reform

Certain of the Group's financial investments are linked to "benchmarks". The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other rates and indices which are deemed to be "benchmarks" are the subject of recent international, national and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently from the past or disappear entirely, or have other consequences that cannot be predicted.

The Benchmarks Regulation (EU) No. 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds was published in the Official Journal of the EU on 29 June 2016 and became applicable from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. It will, among other things,

(i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any of the Group's and, following Completion, the Enlarged Group's instruments linked to a rate or index deemed to be a benchmark, in particular, if the methodology or other terms of a benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such laws, regulations or requirements.

Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to such benchmark; (ii) trigger changes in the rules or methodologies used in the benchmarks or (iii) lead to the disappearance of the benchmark.

Furthermore, LIBOR is the subject of ongoing regulatory reforms. Following the implementation of any of these reforms, the manner of administration of LIBOR may change, with the result that it may perform differently than in the past or be eliminated entirely, or there could be other consequences that cannot be predicted. For example, on 27 July 2017, the FCA, which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and on 12 July 2018 the FCA announced that LIBOR may cease to be a regulated benchmark under the Benchmarks Regulation. As such, the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. At this time, it is not possible to predict the effect of any establishment of alternative reference rates or any other reforms to LIBOR that may be enacted in the UK or elsewhere. Uncertainty as to the nature of such alternative reference rates or other reforms may adversely affect the trading market for LIBOR-linked instruments. The potential elimination of benchmarks, such as LIBOR, the establishment of alternative reference rates or changes in the manner of administration of a benchmark could also require adjustments to the terms of benchmark-linked instruments and may result in other consequences, such as interest payments that are lower than, or that do not otherwise correlate over time with, the payments that would have been made on those securities if the relevant benchmark was available in its current form.

MiFID II and the GDPR

Additionally, regulatory changes were brought into effect by MiFID II and the GDPR.

MiFID II came into force on 3 January 2018 and introduced extensive new rules, including in relation to costs and charges disclosure, a ban on soft commission and a new product governance regime. The framework has increased the role and supervisory powers of regulators and establishes powers to prohibit or restrict the marketing and distribution of certain financial products. While the Group continues and, following Completion, the Enlarged Group will continue to adapt to MiFID II, a degree of uncertainty persists within the financial services industry and the investment services sector (including the asset management sector) around changes to market practice and how certain requirements should be interpreted. The chair of the European Securities and Markets Authority ("ESMA") stated during a keynote address on 19 November 2019 that there could be amendments and revisions to certain provisions of MiFID II, and ESMA has already started working on follow-up review reports of key aspects of the MiFID II regime. On 1 April 2020, ESMA published technical advice to the Commission on the impact of the inducements and costs and charges disclosures under MiFID II, which proposed some changes to the regime (such changes are not expected to be introduced in 2020). As a result of this increased oversight, and the continued development of market practice and interpretation of certain requirements, there is a risk that activities under MiFID II could give rise to unforeseen compliance costs for the Group and, following Completion, the Enlarged Group. Such changes have led to an increase in administrative

and compliance costs and a reduction in income. Failure to comply with MiFID II requirements could lead to enforcement action by the FCA and other relevant EU regulators, which could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

The GDPR came into force in May 2018 and has resulted in material change to UK data protection laws. See paragraph 3.4 of this section entitled "*Risk Factors*"—"The Group and, following Completion, the Enlarged Group must comply with data protection regulations, including the GDPR" below.

3.4 *The Group and, following Completion, the Enlarged Group must comply with data protection regulations, including the GDPR*

The Group is and, following Completion, the Enlarged Group will be subject to regulations in the jurisdictions in which the Group operates and, following Completion, the Enlarged Group will operate regarding the use of personal data. The Group collects and, following Completion, the Enlarged Group will collect and process personal data (including name, address, age and bank details and other personal data) from its clients, business contacts and employees as part of the operation of its business, and therefore it must comply with data protection and privacy laws. Those laws generally impose certain requirements on the Group and, following Completion, the Enlarged Group in respect of the collection, retention, use and processing of such personal information. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs as well as result in potentially inaccurate rating of policies or overpayment of claims. The Group seeks and, following Completion, the Enlarged Group will seek to ensure that procedures are in place to comply with the relevant data protection regulations by its employees and third party service providers, and also implement security measures to help prevent cyber-theft. Notwithstanding such efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection laws. In addition, the Group and, following Completion, the Enlarged Group may not have the appropriate controls in place and may be unable to invest on an on-going basis to ensure such controls are current and keep pace with the growing threat.

The GDPR, which was introduced in May 2018, has increased the regulatory burden on the Group and, following Completion, will increase the regulatory burden on the Enlarged Group in processing personal client, employee and other data in the conduct of its business and has also increased the potential sanctions for breaches as the GDPR includes significant financial penalties of up to four per cent. of the annual worldwide turnover of company groups. The Group has undertaken a detailed programme to develop and implement further data protection policies and procedures designed to comply with the GDPR, although there can be no assurance that the regulators will conclude that the Group is and, following Completion, the Enlarged Group will be fully compliant with its obligations under the GDPR, and therefore the Group and, following Completion, the Enlarged Group may be subject to regulatory action or financial penalties, which could also result in adverse publicity and reputational damage.

If the Group and, following Completion, the Enlarged Group or any of the third party service providers on which it relies (including non-subsidiary affiliates of the Group and, following Completion, the Enlarged Group) fails to comply with data protection laws, including the GDPR, or fails to adapt to new or amended data protection laws, due to any failure to store or transmit client information in a secure manner or any loss or wrongful processing of personal client data, the Group and, following Completion, the Enlarged Group could be subject to investigative and enforcement action by relevant regulatory authorities, claims or complaints from the individuals to whom the data relates or could face liability under data protection laws. Although the Group carries and, following Completion, the Enlarged Group will carry out due diligence checks on third party service providers, the Group and, following Completion, the Enlarged Group may still be held accountable under GDPR for any data breach or other failure to comply with data protection laws by any of its third party service providers. Any of these events could also result in the Group and, following Completion, the Enlarged Group suffering reputational damage as well as redemptions from Products and reduced sales of Products, any of which could have material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

3.5 ***Differing regulatory requirements in the jurisdictions where the Group operates and, following Completion, the Enlarged Group will operate may increase the costs and risks of doing business in such locations, may impede further international growth and may present barriers to growing the client base of the business***

The laws and regulations to which the Group is and, following Completion, the Enlarged Group will be subject are becoming increasingly extensive and complex and regulators are placing increased scrutiny on the sectors in which the Group and, following Completion, the Enlarged Group operates, and on the Group and the Enlarged Group itself, leading to an increasing burden on the Group's and the Enlarged Group's resources and expertise, including through costly implementation and monitoring measures. In some cases, the laws and regulations to which the Group and, following Completion, the Enlarged Group may be subject have increased because governments are increasingly enacting laws with extra-territorial jurisdiction, such as GDPR, FATCA, the Common Reporting Standard, the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 and the UK Criminal Finances Act 2017.

As compliance with applicable laws and regulations across multiple jurisdictions is time-consuming and personnel-intensive, and changes in laws and regulations have increased, and may further increase, the cost of compliance has risen and is expected to continue to rise. Such increased costs may impede further international growth and may present barriers to growing the international client base of the business.

Financial regulation in the EU member states in which the Group operates and, following Completion, the Enlarged Group will operate is primarily based on EU directives, which are required to be implemented into national law. Due to differences in the way EU member states may implement EU directives, and their discretion to impose more stringent requirements in certain areas, financial regulation is not fully harmonised across the EU. Different approaches to implementing EU directives in the EU member states in which the Group operates and, following Completion, the Enlarged Group will operate may increase compliance costs and place the Group's and, following Completion, the Enlarged Group's business at a competitive disadvantage to financial services groups operating in fewer or certain other EU jurisdictions (or which do not operate in any EU jurisdiction but provide similar services). Such regulatory divergence also increases the risk of the Group and, following Completion, the Enlarged Group failing to comply with certain regulations.

Further, the Issuer expects that, following the end of the transition period in relation to the UK's withdrawal from the EU, the UK regulatory regime will diverge with the EU regulatory regime, which will further contribute towards this trend of diverges of regulatory requirements between different jurisdictions.

In addition, changes in the local regulatory regimes and conduct of business requirements of non-European jurisdictions in which the Group or the Enlarged Group operates could affect the calculation of the Group's and, following Completion, the Enlarged Group's regulatory capital position.

3.6 ***A failure of the Group and, following Completion, the Enlarged Group to detect and prevent financial crime or comply with applicable anti-money laundering laws and trade sanctions could result in fines and damage its reputation***

The Group is and, following Completion, the Enlarged Group will be required to comply with applicable anti-money laundering, anti-terrorism, sanctions, anti-tax evasion, anti-fraud, anti-bribery and corruption, insider dealing and other laws and regulations in the jurisdictions in which it operates. These laws and regulations require the Group and, following Completion, the Enlarged Group, among other things, to conduct client due diligence ("know your customer") regarding tax evasion, unlawful tax avoidance, anti-money laundering, sanctions and politically exposed persons screening, keep client and supplier account and transaction information up to date and implement effective financial crime policies and procedures. These laws and regulations require the Group and, following Completion, the Enlarged Group, among other things, to report suspicious transactions to the applicable regulatory authorities. Where applicable, these laws restrict or prohibit transactions with certain countries and with certain companies and individuals identified

on lists maintained by the US government, the EU, various EU member states, the UK and other governments.

In addition, the Group is required and, following Completion, the Enlarged Group will be required to comply with applicable laws and regulations governing trade with certain sanctioned countries and specially designated nationals, such as US sanctions administered by the Office of Foreign Assets Control, the US Departments of State or Commerce and other US government authorities, and sanctions and measures imposed by the United Nations, the European Union and Her Majesty's Treasury. While the Group has and, following Completion, the Enlarged Group will have adopted policies and procedures aimed at detecting and preventing the use of its business and operations for money laundering activities and to comply with trade sanctions, such policies and procedures may not eliminate instances where the Group and, following Completion, the Enlarged Group may be used by other parties to engage in money laundering and other illegal or improper activities or where trade sanctions might be inadvertently breached.

Financial crime has become the subject of enhanced scrutiny and supervision by regulators globally. Anti-money laundering, anti-bribery and anti-corruption, insider dealing and economic sanctions laws and regulations are increasingly complex and detailed and have become the subject of enhanced regulatory supervision, requiring businesses to invest in improved systems, sophisticated monitoring and skilled compliance personnel. The FCA and other regulatory authorities (for example, the SEC and the CFTC) may from time to time make enquiries of companies within their respective jurisdictions regarding compliance with regulations governing the conduct of business or the operation of a regulated business (including the degree and sufficiency of supervision of the business) and the handling and treatment of clients or conduct investigations when it is alleged that regulations have been breached. Responding to such enquiries may be time-consuming and expensive.

To the extent the Group and, following Completion, the Enlarged Group does not comply fully (or is perceived not to comply fully) with any such applicable laws and regulations, fines and other penalties may be imposed on the Group and, following Completion, the Enlarged Group. In addition, any investigation of potential or alleged violations of the relevant anti-money laundering laws or trade sanctions could result in damage to the reputation of the Group and, following Completion, the Enlarged Group, which could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. Furthermore, any remediation measures taken in response to any such potential or alleged violations of the relevant anti-money laundering laws or trade sanctions, including any necessary changes or enhancements to the Group's and, following Completion, the Enlarged Group's procedures, policies and controls and potential personnel changes and/or disciplinary actions, may have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

3.7 *The Group is and, following Completion, the Enlarged Group will be subject to regulatory capital requirements*

The EU has adopted a new harmonised prudential regime in the form of the new Investment Firm Regulation and Directive ("**IFR**" and "**IFD**"). On 5 December 2019, the final texts of IFR and IFD were published in the Official Journal. IFR entered into force on the twentieth day after publication and applies from 26 June 2021 (18 months after entry into force), although it also makes some changes to the Markets in Financial Instruments Regulation ("**MiFIR**") which apply sooner. EU member states are required to adopt and apply their national rules implementing IFD by the same date.

Once implemented, the rules may impact upon the way in which the Group holds and, following Completion, the Enlarged Group will hold capital, including the minimum amount of capital it must hold. The Group and, following Completion, the Enlarged Group, will need to continue to assess the direct and indirect impacts on prudential requirements that apply to it, including the impacts on capital, consolidation, reporting, governance and remuneration requirements.

A perceived or actual shortage of capital in relation to any of the Group's and, following Completion, the Enlarged Group's regulated entities or sub-groups could result in actions or

sanctions, which may have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. This, in turn, may affect the Group's and, following Completion, the Enlarged Group's capacity to continue its business operations, pay amounts due to Noteholders under the Notes or pursue acquisitions or other strategic opportunities, impacting future growth potential. If, in response to any such shortage, the Group and, following Completion, the Enlarged Group raises additional capital through debt financing or the issue of share capital or capital instruments, existing shareholders may experience dilution of their holdings or reduced profitability and returns. There can be no guarantee that the Group and, following Completion, the Enlarged Group would be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms favourable to the Group and, following Completion, the Enlarged Group. See also paragraph 2.27 of this section entitled "*Risk Factors*"—"The Group and, following Completion, the Enlarged Group may have difficulty in obtaining further capital and liquidity".

The Group's and, following Completion, the Enlarged Group's regulatory prudential positions under various regulatory regimes applicable to it require management to make judgements, estimates and assumptions. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, there can be no assurance that one or more of these judgements, estimates and assumptions will not be subsequently revised as a result of new factors or circumstances emerging, which could result in an actual or perceived shortage of capital and could, in turn, have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group. While management's assumptions are subject to the Directors' approval, regulators can challenge this approval and may come to a different view on what capital requirement consequences that may have. In certain circumstances, management actions may require regulatory approval, which, if not granted, may have an impact on the Group's and, following Completion, the Enlarged Group's capital position.

In the longer term, the Group and, following Completion, the Enlarged Group may be unable to meet one or more of its regulatory capital requirements for a number of reasons. For example, the Group's and, following Completion, the Enlarged Group's capital bases could be eroded over time due to poor trading and losses over an extended period therefrom or other impacts outside of the Group's and, following Completion, the Enlarged Group's control, such as regulatory fines or increased compliance costs. If the Group's and, following Completion, the Enlarged Group's capital bases are eroded significantly, the Group and, following Completion, the Enlarged Group may be required to increase its capital in order to meet its required capital ratios. If it is unable to do so, this could lead to reputational damage as a result of decreased investor confidence or regulatory action, which could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

3.8 ***Changes in tax laws or in the policy of tax administrations, including changes in the interpretation or application of existing tax laws, may adversely affect the Group's and, following Completion, the Enlarged Group's profitability***

The Group operates and, following Completion, the Enlarged Group will operate in many different jurisdictions and is subject to a range of international tax regimes. Tax laws, and the interpretation of tax laws by tax authorities, frequently change, sometimes with retrospective effect. It is possible that tax laws and the interpretation and/or application of such laws may change in such a way that the Group's and, following Completion, the Enlarged Group's effective corporate tax rates are increased, that the Group's and, following Completion, the Enlarged Group's recoverability of value added tax (or tax of a similar nature) is decreased, that social security costs and other taxes directly borne by the Group and, following Completion, the Enlarged Group are increased or that taxes are levied on the Products themselves. It is also possible that tax laws and their interpretation and/or application may change in such a way that the taxes payable by the employees of the Group and, following Completion, the Enlarged Group in certain countries may increase and such increases either result in the loss of key staff or in an increase in costs to prevent the departure of key staff. For the foregoing reasons, changes in tax law policy or administration, could have a material adverse effect on business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

4. RISKS RELATING TO THE ACQUISITION

4.1 *There are risks that the Acquisition will not be implemented on a timely basis or at all. The implementation of the Acquisition is subject to a number of the Acquisition Conditions that may not be satisfied or waived*

The implementation of the Acquisition is subject to the satisfaction, or, where permitted, waiver of the Acquisition Conditions including among other things, approval of the Acquisition by the Shareholders at the General Meeting and the receipt of certain regulatory clearances and approvals. There is no guarantee that these Acquisition Conditions will be satisfied on a timely basis or at all prior to the Longstop Date. Failure to satisfy any of these Acquisition Conditions may result in the Acquisition not being completed.

As an Acquisition Condition to their clearance of the Acquisition, regulatory authorities have the discretion to impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the business of the Group, the Merian Group or, following Completion, the Enlarged Group. These requirements, limitations, costs, divestitures or restrictions could jeopardise or delay the Completion of the Acquisition or may reduce the anticipated benefits of the Acquisition.

The coronavirus (Covid-19) outbreak and the restrictions brought in by governments in an effort to contain the outbreak may mean certain Acquisition Conditions (such as particular regulatory clearances and approvals) take longer to obtain than would typically be the case (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*").

Delay in satisfying any of the Acquisition Conditions will likely cause a delay to Completion and therefore, will prolong the period of uncertainty for the Group and the Merian Group, as well as their respective clients, employees, distribution partners and other service providers (which may lead to a decline in sales or a withdrawal of client assets), and may result in the accrual of additional costs to their respective businesses (for example, there may be an increase in costs in relation to the preparation and issue of documentation or other elements of the planning and implementation of the Acquisition), without any of the potential benefits of the Acquisition having been achieved. In addition, the Group's and the Merian Group's management and employees would have spent time in connection with the Acquisition, which could otherwise have been spent more productively in connection with the other activities of the Group and the Merian Group, as applicable.

If the Acquisition does not proceed to Completion, there may be an adverse impact on the reputation and brand of the Group, for example, as a result of negative media scrutiny arising in connection with the attempted Acquisition.

Therefore, the aggregate consequences of a material delay in completing the Acquisition and/or failure to fulfil the Acquisition Conditions and/or failure to complete the Acquisition may have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group, the Merian Group and, if the Acquisition completes, the Enlarged Group.

4.2 *The Group may incur higher than expected costs related to the Acquisition and integration costs*

The Group has incurred and will incur legal, accounting, financing and transaction fees and other costs related to the Acquisition, the issuance by the Issuer of the Notes and Admission. The aggregate costs and expenses of the Acquisition, the issuance of the Notes and Admission payable by the Issuer are estimated to be £13 million to £14 million (inclusive of VAT). Some of these costs have already been incurred and are not recoverable (such as those related to the issuance by the Issuer of the Notes) or will be payable regardless of whether the Acquisition is completed.

In addition such costs may be higher than anticipated, for example if the steps required to complete the Acquisition are more complex than expected or there is a delay in completing the Acquisition or because prior to Completion changes in laws or regulations or to the interpretation thereof are made or announced that will have the effect of increasing costs or imposing new obligations in

connection with the Acquisition or any step required or contemplated in relation to the Acquisition. Such costs or obligations could involve (without limitation) the requirement for further regulatory or competition law filings or clearances, the requirement for tax filings or clearances or the imposition of tax liabilities arising as a result of the Acquisition taking place.

In addition, following Completion, the Issuer expects to incur one-off expenses associated with combining the operations of the two groups. These integration costs are anticipated to be approximately £27 million to £31 million (inclusive of VAT), substantially all of which are expected to be incurred in the first 12 months following Completion. However the actual costs incurred could be higher than anticipated, if the integration of the Merian Group into the Group is more complex and/or time-consuming than expected (see also paragraph 5.1 of this section entitled "*Risk Factors*" – "*Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak*").

Although the Issuer believes that the elimination of duplicative costs, as well as the realisation of other efficiencies related to the integration of the businesses, will more than offset these integration costs (as well as the costs related to the Acquisition, the issuance of the Notes and Admission) at the time of completion of the integration of the businesses, this net benefit may not be achieved within the expected timetable. In addition, some of these costs could be higher than anticipated, which could reduce the net benefits of the Acquisition and therefore have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

5. RISKS RELATING TO THE ENLARGED GROUP IN CONNECTION WITH THE ACQUISITION

5.1 *Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak*

The Issuer believes the combination of the businesses of the Group and the Merian Group will achieve significant cost savings for the Enlarged Group. While the Issuer believes that the synergies of the Acquisition have been reasonably estimated, unanticipated events, integration challenges, liabilities, tax impacts or unknown pre-existing issues may arise or become apparent which could result in the integration of the Merian Group into the Group being more complex, time-consuming and/or costly than anticipated, the costs of integration being higher than the realisable benefits and/or the synergies being lower than expected (see also paragraph 4.2 of this section entitled "*Risk Factors*" – "*The Group may incur higher than expected costs related to the Acquisition and integration costs*").

In particular the Group and the Merian Group have been directly adversely affected as a result of the coronavirus (Covid-19) outbreak and the restrictions put in place by governments in the UK and elsewhere, which has caused operational disruption, with employees being required to work from home and generally not able to travel. The outbreak may also potentially directly adversely impact the Group and the Merian Group through increased employee sick-leave, serious illness or fatalities amongst employees (including key personnel). If such operational disruption is continuing at the time of Completion, this may mean it is more complex or time-consuming to integrate the Merian Group into the Group. See also paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*".

Therefore, there is a risk that the cost savings will fail to materialise, take longer to realise than anticipated or that they may be materially lower than have been estimated, which may have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Enlarged Group.

5.2 ***The Group may fail to successfully integrate the cultures and philosophies of the Group and the Merian Group and integration may be made more difficult by the coronavirus (Covid-19) outbreak***

The Issuer believes that the Group's distinctive investment culture and philosophy have been critical to its success. The continued success of the Enlarged Group will be dependent on the successful integration of the cultures and philosophies (including the corporate culture, internal work culture and remuneration structures) of the Group and the Merian Group. Further the Acquisition will likely lead to a disruption to the business and operations of the Enlarged Group in terms of office moves and staff role changes.

Integration of the cultures and philosophies of the Group and the Merian Group is likely to be made more challenging to the extent that the current operational disruption resulting from the coronavirus (Covid-19) outbreak and the restrictions put in place by governments in the UK and elsewhere are continuing at the time of Completion, particularly if employees are still required to work from home (see also see paragraph 1.2 of this section entitled "*Risk Factors*"—"The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses" and paragraph 5.1 entitled "*Risk Factors*" – "*Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak*").

A failure to reconcile any differences in those cultures and philosophies, including the approach to remuneration, and/or to mitigate the impact of the disruption could have a material adverse impact on the reputation and brand of the Enlarged Group, the service standards and operations of the Enlarged Group, the motivation and work output of employees and the ability of the Enlarged Group to attract or retain key fund managers, directors, senior management and other key employees, or the Enlarged Group's ability to retain clients or attract new clients, which may in turn have a material adverse effect on the business, reputation and brand, results of operations, financial condition and/or prospects of the Enlarged Group.

5.3 ***Third parties, including clients and distribution partners, may not be supportive of the Acquisition and the strategic and business priorities of the Enlarged Group, which risk may be exacerbated by the coronavirus (Covid-19) outbreak***

The ability of the Group and the Merian Group to retain and grow the combined business and realise the other anticipated benefits and synergies is dependent on third parties such as clients, distribution partners and other third parties being supportive of both the Acquisition and the strategic and business priorities of the Enlarged Group. Clients and distribution partners may elect to reduce or terminate their exposure to Products managed by the Enlarged Group in response to the Acquisition, particularly in light of the aggregation of holdings and clients across the Group and the Merian Group, or to defer investment or maintain rather than grow their current exposure pending further clarity on the effects of the Acquisition. Similarly, investment may be deferred if distribution partners make neutral or unfavourable recommendations regarding Products of the Enlarged Group, or put Products "on hold", as a consequence of the Acquisition. Further the Acquisition could result in certain fund closures or mergers due to overlaps in the Group's and the Merian Group's respective Product ranges which might also be viewed unfavourably by clients and/or distribution partners and therefore lead to asset withdrawals.

The risk of third parties not being supportive of the Acquisition may be exacerbated by the coronavirus (Covid-19) outbreak which has had and may continue to have a material adverse impact on the AUM and financial performance of the Group and the Merian Group (see paragraph 1.2 of this section entitled "*Risk Factors*" – "*The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses*" and paragraph 5.13 entitled "*The coronavirus (Covid-19) outbreak has had a material adverse effect on the Group and the Merian Group and there may be further pre-closing changes to the Group and the Merian Group*").

As such, any of the foregoing may have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Enlarged Group.

5.4 ***The Acquisition may impact the ability of the Group to attract and retain key fund managers, directors, senior management and other employees***

The Group's and, following Completion, the Enlarged Group's continued success depends on its ability to attract and retain talented fund managers, as well as experienced directors, senior management and other key employees, including, for example, highly skilled research analysts. The risk of the Group's key fund managers and other individuals leaving may be increased as a result of the Acquisition.

There will be a period of uncertainty for individuals until the "end state" business and operating model and synergies are achieved, noting that the integration of the employee groups of the Group and the Merian Group may include, amongst other things, restructuring of staff arrangements and structures, harmonisation of employment terms and/or redundancies of current employees of the Group or the Merian Group, which could impact employee morale and retention. In addition, whilst in connection with the Acquisition the Key Merian Management Shareholders have agreed to the Merian Management Shareholders' Lock-up Agreements in relation to the Consideration Shares they will receive on Admission pursuant to which they will be restricted from disposing of (i) any of their respective Consideration Shares for a period of 12 months from Completion; and (ii) more than 25 per cent. of their respective Consideration Shares (including when aggregated with any previous disposals they have made) for a period of three years following Completion, subject to certain exceptions, and certain incentivisation arrangements have also been put in place to encourage such individuals to remain with the Enlarged Group, these arrangements will not prevent such individuals from leaving the Enlarged Group or cover all fund managers or other employees of the Merian Group.

A failure to successfully integrate the culture and philosophies of the Group and the Merian Group may also adversely affect the ability of the Enlarged Group to attract and retain key fund managers, directors, senior management and other key employees (see paragraph 5.2 of this section entitled "*Risk Factors*" – "*The Group may fail to successfully integrate the cultures and philosophies of the Group and the Merian Group and integration may be made more difficult by the coronavirus (Covid-19) outbreak*"). Any inability of the Enlarged Group to attract and retain key fund managers, directors, senior management and other employees could also impair the ability of the Enlarged Group to properly execute the integration of the Merian Group with the Group or achieve the expected synergies from the Acquisition which may have a material adverse effect on the business, reputation and brand, results of operations, financial condition and/or prospects of the Enlarged Group.

5.5 ***The integration of the Merian Group may cause disruption or failure of the Enlarged Group's IT systems***

The Group is and, following Completion, the Enlarged Group will be highly dependent on its IT systems to operate effectively, including with respect to certain trading activities. The integration of the Merian Group into the Group, including their respective IT systems may cause disruptions or failures in the IT systems of the Enlarged Group. Disruption to IT systems may be more likely to occur to the extent that the current operational disruption resulting from the coronavirus (Covid-19) outbreak and the restrictions put in place by governments in the UK and elsewhere are continuing at the time of Completion (see also paragraph 1.2 of this section entitled "*Risk Factors*"—"The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses" and paragraph 5.1 entitled "*Risk Factors*" – "*Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak*").

Such disruptions or failures could damage the reputation of the Enlarged Group, indirectly result in loss of clients and revenues and may adversely affect the integration process. In addition, integration of the IT systems of the Merian Group into the Group could negatively impact the integrity of such systems and accordingly increase the risk of the Enlarged Group being subject to cyber-crime, fraud or misappropriation, misuse, leakage or accidental release or loss of information maintained in the IT systems, which may be in breach of personal data legislation such as GDPR, and which may result in loss of clients, client dissatisfaction or financial claims. As such, any such

disruption or failure to the Enlarged Group's IT systems may have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

5.6 *The Acquisition and the integration of the Merian Group could cause disruption to management and operational processes*

The Acquisition and the integration of the Merian Group into the Group could divert management's and other key staff's time, focus and resources from operating the business of the Group and the Merian Group and, following Completion, the Enlarged Group, particularly if integration is more difficult or time-consuming as a result of the coronavirus (Covid-19) outbreak (see also paragraph 1.2 of this section entitled "*Risk Factors*"—"The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses" and paragraph 5.1 of this section entitled "*Risk Factors*" – "*Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak*"). The integration process may lead to an increase in the level of operational risk events such as administrative errors. Further, the Acquisition will lead to an increased complexity of business and operations for the Enlarged Group following Completion, including exposure to additional jurisdictions (such as the Republic of Ireland and the Cayman Islands) and to new fund structures (such as Irish Collective Asset-management Vehicles).

The increased complexity may lead to a decline in the service standards of the Enlarged Group which in turn may result in an increase in client complaints and client and/or regulatory actions, which may lead to reputational damage and the loss of clients and/or distribution partners by the Enlarged Group. As such any negative impact on management's ability to focus on running the respective businesses, or an increase in the level of operational risk events could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

5.7 *The transition of Merian Group Products to the Jupiter brand may cause client confusion*

The Issuer expects to transition the majority of the Merian Group's Products to the Jupiter brand over the 12 months following Completion. As a result, there is a risk of client confusion and/or decreased market recognition of the Jupiter and Merian brands, during the transition period and beyond, which may have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

5.8 *Following Completion, the Enlarged Group will be exposed to new investment strategies and instrument types*

Products managed by the Merian Group employ a number of investment strategies, focussing on investments in certain instrument types, which that are not currently utilised by the Group, including for example investment strategies focussed on illiquid investments and systematic strategies. It may be more challenging or time-consuming to integrate those new strategies if the current operational disruption resulting from the coronavirus (Covid-19) outbreak and the restrictions put in place by governments in the UK and elsewhere are continuing at the time of Completion, particularly if employees are still required to work from home (see also paragraph 5.1 of this section entitled "*Risk Factors*" – "*Synergy benefits resulting from the Acquisition may fail to materialise, take longer to realise than anticipated or be materially lower than have been estimated, including as a result of the coronavirus (Covid-19) outbreak*"). Any failure of the Enlarged Group to properly integrate those strategies and instruments which will be new to the Group may have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

5.9 *The Enlarged Group will have increased exposure to regulators and regulatory regimes*

The Group and, following Completion, the Enlarged Group's business is subject to extensive regulation in the UK and elsewhere around the world. The Enlarged Group will have exposure to an increased range of regulators and regulatory regimes. In particular, the Merian Group (unlike the Group) has a group company which is regulated by the Central Bank of Ireland. In addition, since December 2019, the Group has been subject to SMCR. Certain entities within the Group are

currently subject to the "core" regime. Following Completion, entities within the Enlarged Group may potentially be subject to more elements of the SMCR, including a change in status for such entities within the Enlarged Group should they be re-classified under the "enhanced" version of the regime (for example if their AUM increases to £50 billion or more as a three-year rolling average as a result of the consolidation of FCA-regulated entities). Under the "enhanced" regime, firms need to, amongst other things, allocate additional senior manager functions, allocate "overall responsibilities" for each activity, business area and management function to relevant senior managers, prepare and maintain a responsibilities map and implement handover procedures. The heavier regulatory burden on the Enlarged Group, as well as the need to deal with additional regulators in different jurisdictions, may increase the complexities of running the Enlarged Group's business and the costs incurred with respect to regulatory compliance and therefore may have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

5.10 ***The Group's and, following Completion, the Enlarged Group's regulatory capital requirements will increase following the Acquisition and may further increase in the future***

The Group is and, following Completion, the Enlarged Group will be subject to regulatory capital requirements, which will increase as a result of the Acquisition. Whilst the Issuer believes that, based on discussions between the Group and the FCA in connection with the Acquisition, taking into account the Notes, the Enlarged Group's regulatory capital position will be sufficient for present requirements, relevant regulators, including the FCA, typically have broad discretion to impose increased regulatory capital requirements on regulated entities and their consolidating parents (for example, through Pillar 2 capital charges) and as such (in common with all prudentially regulated firms and groups) it is possible that the Group's and, following Completion, the Enlarged Group's regulatory capital requirements may be more onerous than the Issuer currently anticipates. Moreover, subsequent changes in law may increase such requirements. It is possible that the imposition of increased regulatory capital requirements in the future could negatively impact the Enlarged Group's ability to return principal or pay interest under the Notes to the Noteholders or restrict its ability to make future acquisitions or deploy other capital expenditure, which in each case could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

5.11 ***Some existing Group and Merian Group contracts may be terminated as a result of the Acquisition***

The Group and the Merian Group are parties to a number of contracts that are important to their respective businesses, including distribution agreements, partnership agreements, investment management agreements and outsourcing agreements. Counterparties who may not be supportive of the Acquisition may choose to exercise certain rights in these contracts or which otherwise arise by operation of law (for example, rights to terminate in the event of a change of control or to enforce obligations for the Enlarged Group relating to exclusivity undertakings in particular businesses or markets). Whilst such contracts are not considered to be material to the Enlarged Group on an individual basis, the termination of a number of such contracts may have a material adverse effect on the business, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

In addition, employment agreements or other employee benefit arrangements with the Merian Group's employees may contain change of control provisions providing for additional payments following a change of control. Such payments may have a material adverse effect on the business, results of operations and/or financial condition of the Enlarged Group.

5.12 ***The due diligence conducted in connection with the Acquisition may not have revealed all relevant considerations, liabilities or regulatory and conduct issues***

The due diligence conducted by the Group on the Merian Group in connection with the Acquisition may not have revealed all relevant considerations, liabilities or regulatory and conduct issues in relation to the Acquisition, including the existence of facts that may otherwise have impacted the decision to proceed with the Acquisition, the determination of the consideration payable to the Sellers or the formulation of a business strategy for the Group, the Merian Group or the Enlarged Group subsequent to Completion. In addition, information provided during the due diligence

process may have been incomplete, inadequate or inaccurate. The Group and, following Completion, the Enlarged Group may also be subject to legacy conduct and other exposures with respect to the Merian Group which were not identified through due diligence. If any of the aforementioned occur, the Group could suffer reputational damage and may be liable for losses suffered by an affected party, each of which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

5.13 ***The coronavirus (Covid-19) outbreak has had a material adverse effect on the Group and the Merian Group and there may be further pre-closing changes to the Group and the Merian Group***

Since the SPA was entered into by the Issuer and the Sellers on 17 February 2020 in connection with the Acquisition, the coronavirus (Covid-19) outbreak has had a significant adverse impact on the UK and global economy and financial markets generally and therefore the AUM of both the Group and the Merian Group (in common with other asset management businesses) and there has been a substantial fall in the Issuer's share price. On the date the SPA was signed, the value of 95,360,825 Consideration Shares based on the Issuer's share price as at such date equated to £370 million, whereas based on the Issuer's share price as at the Latest Practicable Date, the value of the Consideration Shares equated to approximately £195.5 million.

In addition, further events or developments may occur, including changes in trading, operations or outlook of the Group or the Merian Group or other external market factors, which could make the terms of the Acquisition less attractive for the Group and/or result in a situation where the value of the Merian Group is less than the consideration to be paid. Accordingly as a result of the ongoing coronavirus (Covid-19) outbreak or otherwise, the value of the Consideration Shares could continue to decline in the period to Completion.

The Group will only be entitled to terminate the SPA and not implement the Acquisition in certain limited circumstances and therefore, may be obliged to complete the Acquisition notwithstanding such events or developments. This may have an adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

See also see paragraph 1.2 of this section entitled "*Risk Factors*"—"The ongoing coronavirus (Covid-19) outbreak has had and is likely to continue to have a direct and indirect adverse impact on asset management businesses".

6. **RISKS RELATING TO THE STRUCTURE OF THE NOTES**

6.1 ***The Notes constitute direct, unsecured and subordinated obligations of the Issuer***

On a Winding-Up, all claims in respect of the Notes will rank junior to the claims of all Senior Creditors of the Issuer. If, on a liquidation of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Noteholders will lose their entire investment in the Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Notes and all other claims that rank *pari passu* with the Notes, Noteholders will lose some (which may be substantially all) of their investment in the Notes.

For the avoidance of doubt, the Noteholders shall, in a liquidation of the Issuer, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Issuer. Although the Notes may pay a higher rate of interest than notes which are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should the Issuer become insolvent.

6.2 ***Waiver of any right of set-off or counterclaim by Noteholders***

The Noteholders waive any right of set-off or counterclaim in relation to the Notes or the Trust Deed insofar as permitted by applicable law. Therefore, Noteholders will not be entitled (subject to applicable law) to set off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

6.3 ***The remedies available to Noteholders under the Notes are limited***

Noteholders may not at any time demand repayment or redemption of their Notes. The sole remedy in the event of any non-payment of principal or interest under the Notes, subject to certain conditions as described in Condition 8 (*Default*), is that the Trustee, on behalf of the Noteholders may, at its discretion, or shall if so requested by an Extraordinary Resolution of the Holders, or at the direction in writing of the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes subject to applicable laws and, in each case, subject to having been indemnified and/or secured and/or prefunded to its satisfaction, institute proceedings for the Winding-Up of the Issuer and/or prove for any payment obligations of the Issuer arising under the Notes in any Winding-Up or other insolvency proceedings in respect of such non-payment.

The remedies under the Notes are more limited than those typically available to the Issuer's unsubordinated creditors. For further details regarding the limited remedies of the Trustee and the Noteholders, see Condition 8 (*Default*).

6.4 ***The Issuer is a holding company, which means that its right to participate in the assets of any of its subsidiaries upon the liquidation of such subsidiaries may depend, amongst other things, upon the degree to which the Issuer's loans to, and investments, in such subsidiaries are subordinated***

The Issuer is a holding company that currently has no significant assets other than its loans to, and investments in, Group subsidiaries, which means that if any such subsidiary is liquidated, the Issuer's right to participate in the assets of such subsidiary will depend upon the ranking of the Issuer's claims against such subsidiary according to the ordinary hierarchy of claims in insolvency. So, for example, insofar as the Issuer is a holder of ordinary shares in a Group subsidiary, the Issuer's recovery in the liquidation of such subsidiary will be subject to the prior claims of such subsidiary's third party creditors and preference shareholders (if any). To the extent the Issuer holds other claims against any Group subsidiary that are recognised to rank *pari passu* with any third party creditors' or preference shareholders' claims, such claims of the Issuer should in liquidation be treated *pari passu* with those third party claims.

6.5 ***There is no restriction on the amount or type of further securities or indebtedness that the Issuer or its subsidiaries may issue, incur or guarantee***

Subject to complying with applicable regulatory requirements in respect of the Group's leverage and capital ratios, there is no restriction on the amount or type of further securities or indebtedness that the Issuer or its subsidiaries may issue, incur or guarantee, as the case may be, that rank senior to, or *pari passu* with, the Notes. The issue or guaranteeing of any such further securities or indebtedness may reduce the amount recoverable by Noteholders on a liquidation or winding-up of the Issuer and may limit the Issuer's ability to meet its obligations under the Notes. In addition, the Notes do not contain any restriction on the Issuer issuing securities that may have preferential rights to the Notes or securities with similar or different provisions to those described herein.

6.6 ***The Notes are subject to early redemption at the option of the Issuer and upon the occurrence of certain tax and regulatory events***

Subject to the prior approval of the Competent Authority (after having been notified by the Issuer pursuant to Condition 6 (*Redemption, Substitution, Variation and Purchase*)) and to compliance with prevailing Regulatory Capital Requirements, the Issuer may, at its option, redeem all (but not some only) of the Notes at their principal amount plus unpaid interest accrued to the relevant redemption date on the Reset Date or upon the occurrence of a Tax Event or a Capital Disqualification Event.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect or be perceived to be able to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case

Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

During the period between the Issue Date and the Reset Date, the Notes are fixed rate instruments. Accordingly, investment in the Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes and the interest paid under the Notes will be less than the then applicable market interest rate.

6.7 *Noteholders may not require the redemption of the Notes prior to maturity*

The Notes mature on 27 July 2030. The Issuer is under no obligation to redeem the Notes at any time prior thereto and the Noteholders have no right to require the Issuer or any member of the Issuer Group to redeem or purchase any Notes at any time. Any redemption of the Notes and any purchase of any Notes by the Issuer or any of its subsidiaries will be subject always to the prior approval of the Competent Authority (after having been notified by the Issuer pursuant to Condition 6 (*Redemption, Substitution, Variation and Purchase*)) and to compliance with prevailing Regulatory Capital Requirements, and the Noteholders may not be able to sell their Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in the Notes should be prepared to hold their Notes for a significant period of time.

6.8 *The interest rate on the Notes will be reset on the Reset Date, which may affect the market value of the Notes*

The Notes will initially earn interest at a fixed rate of interest to, but excluding, the Reset Date. From, and including, the Reset Date, however, the interest rate will be reset to the Reset Rate of Interest (as described in Condition 5 (*Interest Payments*)). Such Reset Rate of Interest could be less than the Initial Fixed Interest Rate, which could affect the amount of any interest payments under the Notes and so the market value of an investment in the Notes.

7. LEGAL RISKS RELATING TO THE NOTES

7.1 *The terms of the Notes contain very limited covenants*

There is no negative pledge in respect of the Notes. The Issuer is generally permitted to sell or otherwise dispose of any or substantially all of its assets to another corporation or other entity under the terms of the Notes. If the Issuer decides to dispose of a large amount of its assets, investors in the Notes will not be entitled to declare an acceleration of the maturity of the Notes, and those assets will no longer be available to support the Notes. In addition, the Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those of the Notes.

7.2 *The terms of the Notes may be modified, or the Notes may be substituted, by the Issuer without the consent of the Noteholders in certain circumstances, subject to certain restrictions*

Following the occurrence of a Tax Event or a Capital Disqualification Event, the Issuer may (subject to certain conditions set out in Condition 6(b) (*Conditions to Redemption, Substitution, Variation and Purchase*)) at any time substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities, without the consent of the Noteholders.

Qualifying Tier 2 Securities must have terms not materially less favourable to Holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank or financial advisor of international standing. However, there can be no assurance that, due to the particular circumstances of a holder of Notes, such Qualifying Tier 2 Securities will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Tier 2 Securities are not materially less favourable to holders than the terms of the Notes.

7.3 ***Meetings of Noteholders, modification and substitution***

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

In addition, the Trustee may agree, without the consent of the Noteholders, to make any modification (other than as set out in the Trust Deed in the case of (i) below) to any of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement that: (i) in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders; or (ii) in its opinion, is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders.

No modification to the Conditions or any other provisions of the Trust Deed shall become effective unless (if and to the extent required at the relevant time by the Competent Authority) the Issuer shall have given at least 30 days' prior written notice thereof to, and received Supervisory Permission therefor from, the Competent Authority (or such other period of notice as the Competent Authority may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission).

At any time, the Trustee may (subject to receiving supervisory permission from the Competent Authority) agree to the substitution in place of the Issuer as the principal debtor under the Notes of certain entities, in each case subject to the Trustee being satisfied that such substitution is not materially prejudicial to the interests of the Noteholders and to certain other conditions set out in the Trust Deed being complied with.

7.4 ***Change in law may adversely affect the rights of Noteholders and the market value of the Notes***

The Conditions of the Notes will be governed by the laws of England. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of this Prospectus. Such changes in law may include changes in statutory, tax and/or regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

7.5 ***Limitation on gross-up obligation under the Notes may result in Noteholders receiving less than the full amount due under the Notes***

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction of taxes under the terms of the Notes applies only to payments of interest due and paid under the Notes and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount due under the Notes, and the market value of the Notes may be adversely affected.

8. **RISKS RELATING TO THE MARKET FOR THE NOTES**

8.1 ***There may not be any active trading market for the Notes***

The Notes have no established trading market on issuance, and one may never develop. If a market does develop, it may not be very liquid, therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for the Notes, which have been designed to meet regulatory capital requirement and as a result have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. Although application has been made for the Notes to be listed on the Regulated Market of the London Stock Exchange, there is no assurance that an active trading market or liquidity will develop.

8.2 ***Foreign exchange rate risks and exchange controls may impact payments to Noteholders***

The Issuer will pay principal and interest on the Notes in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of pounds sterling) or revaluation of pounds sterling. An appreciation in the value of the Investor's Currency relative to pounds sterling would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

8.3 ***Credit ratings may not reflect all risks***

The credit ratings assigned to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the relevant Notes. In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). The list of registered and certified credit rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. The Notes are expected to be rated BBB- by Fitch. As at the date of this Prospectus, Fitch is a credit rating agency established in the UK and is registered under the CRA Regulation. As such, Fitch is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

8.4 ***Because the Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer***

The Notes will, upon issue, be represented by a Global Certificate that will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Notes are in global form, the payment obligations of the Issuer under the Notes will be discharged upon such payments being made by or on behalf of the Issuer to or to the order of the nominee for the common depositary. A holder of a beneficial interest in a Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Notes. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Certificate.

The £50,000,000 8.875 per cent. Fixed Rate Reset Callable Subordinated Notes due 2030 (the "**Notes**") of Jupiter Fund Management plc (the "**Issuer**") are constituted by a trust deed (as amended and/or restated and/or supplemented from time to time, the "**Trust Deed**") dated 27 April 2020 between the Issuer and Citibank, N.A., London Branch (the person or persons for the time being the trustee or trustees under the Trust Deed, the "**Trustee**") as trustee for the Holders (as defined below) of the Notes.

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes. Copies of the Trust Deed and of the agency agreement (as amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") dated 27 April 2020 relating to the Notes between the Issuer, Citibank, N.A., London Branch as the initial principal paying agent (the person for the time being the principal paying agent, the "**Principal Paying Agent**"), Citibank, N.A., London Branch as the initial registrar (the person for the time being the registrar, the "**Registrar**"), and the initial transfer agents named therein (the person(s) for the time being the transfer agent(s), the "**Transfer Agent(s)**"), and the Trustee, may be obtained during usual business hours at the specified offices of the Principal Paying Agent, the Registrar and each of the Transfer Agents. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. **Form, Denomination and Title**

(a) **Form and Denomination**

The Notes are serially numbered in the denominations of £100,000 and integral multiples of £1,000 in excess thereof.

The Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same Holder.

(b) **Title**

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

In these Conditions, "**Noteholder**" or "**Holder**" means the person in whose name a Note is registered in the Register (or, in the case of a joint holding, the first person so named).

2. **Transfers of Notes**

(a) **Transfer**

A holding of Notes may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require to prove title to the Notes that are the subject of the transfer and the authority of the individuals who have executed the form of transfer. Legal title to the Notes will pass upon registration of such transfer in the Register. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a Noteholder, a new Certificate representing the enlarged holding shall only be

issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries in the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) **Delivery of New Certificates**

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate(s) shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer Free of Charge**

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to such transfer (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods**

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for redemption of that Note or after the Notes have been called for redemption.

3. **Status**

The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of Holders in respect of, or arising under, their Notes (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in Condition 4.

4. **Subordination**

(a) **Winding-Up**

If a Winding-Up occurs, the rights and claims of the Holders (and the Trustee on their behalf) against the Issuer in respect of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect thereof, provided however that such rights and claims shall be subordinated as provided in this Condition 4(a) and in the Trust Deed to the claims of all Senior Creditors but shall rank (i) at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and (ii) in priority to the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital, constitute Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and to the claims of holders of all classes of share capital of the Issuer.

(b) **Set-off**

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes or the Trust Deed and each Holder shall, by virtue of their holding of any Note, be deemed, to the fullest extent permitted by applicable law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

5. **Interest Payments**

(a) **Interest Rate**

The Notes bear interest at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 5.

Interest shall be payable on the Notes annually in arrear on each Interest Payment Date as provided in this Condition 5.

Where it is necessary to compute an amount of interest in respect of any Note for a period which is less than a full Interest Period, the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and (2) the number of Interest Periods normally ending in any year.

(b) **Interest Accrual**

The Notes will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 6(a), (c), (d) or (e) or the date of substitution thereof pursuant to Condition 6(f), as the case may be, unless, upon surrender of the Certificate representing any Note, payment of all amounts due in respect of such Note is not properly and duly made, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date. Interest in respect of any Note shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall, save as provided in Condition 5(a) in relation to equal instalments, be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 5(a) for the relevant period, rounding the resultant figure to the nearest penny (half a penny being rounded upwards). The amount of interest payable in respect of each Note is the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Note.

(c) **Initial Fixed Interest Rate**

For the Initial Fixed Rate Interest Period, the Notes bear interest at the rate of 8.875 per cent. per annum (the "**Initial Fixed Interest Rate**").

(d) **Reset Rate of Interest**

The Interest Rate will be reset (the "**Reset Rate of Interest**") in accordance with this Condition 5 on the Reset Date. The Reset Rate of Interest will be determined by the Agent Bank on the Reset Determination Date as the sum of the Reset Reference Rate (quoted on a semi-annual basis) and the Margin for the Reset Period, first calculated on a semi-annual basis and then converted to an annual rate (rounded to four decimal places, with 0.00005 rounded down) in accordance with market convention (as advised by the Reset Reference Banks), as determined on the Reset Determination Date.

(e) **Determination of Reset Rate of Interest**

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on the Reset Determination Date, determine the Reset Rate of Interest in respect of the Reset Period. The determination of the Reset Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(f) **Publication of Reset Rate of Interest**

The Agent Bank shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 5 in respect of the Reset Period to be given to the Trustee and the Principal Paying Agent, and, in accordance with Condition 14, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

If the Notes become due and payable pursuant to Condition 8(a), the accrued interest per Calculation Amount and the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 5 but no publication of the Reset Rate of Interest need be made unless the Trustee otherwise requires.

(g) **Agent Bank**

Whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, the Issuer will maintain an Agent Bank.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Agent Bank with another leading investment, merchant or commercial bank or financial institution in London. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Reset Rate of Interest in respect of the Reset Period as provided in Condition 5(d), the Issuer shall forthwith appoint another leading investment, merchant or commercial bank or financial institution in London approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) **Determinations of Agent Bank Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agents and all Holders and (in the absence of wilful default or gross negligence) no liability to the Holders or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

6. **Redemption, Substitution, Variation and Purchase**

(a) **Final Redemption**

Unless previously redeemed, purchased and cancelled or (pursuant to Condition 6(f)) substituted, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest on 27 July 2030 (the "**Maturity Date**"). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Conditions to Redemption, Substitution, Variation and Purchase**

Any redemption or purchase of the Notes prior to the Maturity Date or substitution or variation of the terms of the Notes, in each case in accordance with Conditions 6(c), (d), (e), (f) or (g) is subject to the following conditions (in each case if and to the extent then required by the relevant Regulatory Capital Requirements):

- (i) the Issuer has given any requisite notice to the Competent Authority and has obtained prior Supervisory Permission therefor;

- (ii) such redemption, substitution, variation or purchase (as the case may be) complies with the relevant Regulatory Capital Requirements including (if then required) that the Issuer has demonstrated to the satisfaction of the Competent Authority that, both at the time of and immediately following the redemption, substitution, variation or purchase (as the case may be) of the Notes, the Issuer Group meets or exceeds and will continue to meet or exceed any capital resources requirement (including any capital buffer requirements) by a margin that the Competent Authority considers necessary, in accordance with the relevant Regulatory Capital Requirements and has sufficient financial resources to meet the overall financial adequacy rule then applicable to the Issuer Group under the relevant Regulatory Capital Requirements;
- (iii) in the case of any redemption of Notes upon the occurrence of a Tax Event or a Capital Disqualification Event prior to the fifth anniversary of the Issue Date (in each case, except to the extent that the Competent Authority does not so require), the Issuer has demonstrated to the satisfaction of the Competent Authority that the circumstances giving rise to the Tax Event or, as the case may be, the Capital Disqualification Event were not reasonably foreseeable as at the Issue Date and in the case of a redemption following the occurrence of a Tax Event prior to the fifth anniversary of the Issue Date, the Issuer has demonstrated to the satisfaction of the Competent Authority that such Tax Event is material;
- (iv) Notes may be redeemed or purchased by the Issuer prior to the fifth anniversary of the Issue Date only if then permitted by the relevant Regulatory Capital Requirements or if otherwise authorised or permitted by the Competent Authority; and
- (v) the Issuer has complied with any other requirements contained in the Regulatory Capital Requirements then in force which relate to the redemption, purchase, substitution or variation of the Notes.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6, the Issuer shall deliver to the Trustee (a) a certificate signed by two Authorised Signatories confirming compliance with the conditions set out in (i) to (v) above (to the extent each such condition is applicable) and (other than redemption pursuant to Condition 6(c)) stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, (b) in respect of any substitution, variation or redemption pursuant to a Tax Event, an opinion from a firm of independent legal advisers or accountants to the effect that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Qualifying Tier 2 Securities comply with the definition thereof in Condition 19 and the Trustee may accept and rely upon (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders), without further enquiry and without liability to any person, such certificate (and, in the case of (b) above, such opinion) as sufficient evidence of the satisfaction of the relevant conditions precedent in which event such certificate (and, in the case of (b) above, such opinion) shall be conclusive and binding on the Trustee and the Holders.

(c) **Issuer's Call Option**

Subject to Condition 6(b), the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall be irrevocable), elect to redeem all, but not some only, of the Notes on any day falling in the period commencing on (and including) 27 April 2025 and ending on (and including) the Reset Date at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall redeem the Notes.

(d) **Redemption Due to Taxation**

If, prior to the giving of the notice referred to in this Condition 6(d), a Tax Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar, the Principal Paying Agent (which notice shall be irrevocable and shall specify the date for

redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall redeem the Notes.

(e) **Redemption for Regulatory Purposes**

If, prior to the giving of the notice referred to in this Condition 6(e), a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall redeem the Notes.

(f) **Substitution or Variation**

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall be irrevocable and shall specify the date for substitution or variation, as the case may be, of the Notes) but without any requirement for the consent or approval of the Holders, at any time (whether before or following the Reset Date) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 6(f) and subject to the receipt by it of the certificate of the Authorised Signatories referred to in Condition 6(b) above and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 6(f), as the case may be. The Trustee shall, without the requirement for any consent or approval of the Holders, concur with the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities, provided that the Trustee shall not be obliged to so concur with the Issuer in any such substitution or variation if the terms of the proposed alternative Qualifying Tier 2 Securities or to so concur with the Issuer in any such substitution or variation would, in the Trustee's opinion, impose more onerous obligations upon it or expose it to any additional liabilities, responsibilities or duties or reduce or amend its rights and/or protections afforded to it. If, notwithstanding the above, the Trustee does not so concur as provided above, the Issuer may, subject as provided in Condition 6(b), redeem the Notes as provided in, as appropriate, Condition 6(d) or (e).

In connection with any substitution or variation in accordance with this Condition 6(f), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(g) **Purchases**

The Issuer or any of its Subsidiaries may at its option but, subject to Condition 6(b), purchase (or otherwise acquire), or procure others to purchase or otherwise acquire, Notes at any price in the open market or otherwise at any time in accordance with the then prevailing Regulatory Capital Requirements. The Notes so purchased (or acquired), while held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the Holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 8(c).

(h) **Cancellation**

All Notes redeemed or substituted by the Issuer pursuant to this Condition 6 will forthwith be cancelled. All Notes purchased by or on behalf of the Issuer or its Subsidiaries may, at the option of the Issuer or any such Subsidiary and subject to obtaining any Supervisory Permission therefor, be held, reissued, resold or, at the option of the Issuer or any such Subsidiary, surrendered for

cancellation to the Registrar. Notes so surrendered shall be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(i) **Trustee Not Obligated to Monitor**

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and will not be responsible to Holders for any loss or liability arising from any failure by it to do so. Unless and until the Trustee has actual written notice of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance exists.

7. **Payments**

(a) **Method of Payment**

(i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in like manner as provided for payments of interest in paragraph (ii) below.

(ii) Interest on each Note shall be paid to the person shown in the Register at the close of business on the Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in pounds sterling by transfer to a pounds sterling account maintained by the payee with a bank in London.

(b) **Payments Subject to Laws**

Save as provided in Condition 9, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Issuer or its Agents agree to be subject and neither the Issuer nor the Agents will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) **Payments on Business Days**

Payment is to be made by transfer to an account in pounds sterling, and payment instructions (for value the due date, or if that date is not a Business Day, for value the first following day which is a Business Day) will be initiated on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Delay in Payment**

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day or if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

8. **Default**

(a) **Default**

If the Issuer shall not make payment in respect of the Notes (in the case of payment of principal) for a period of 14 days or more or (in the case of any interest payment or any other amount in respect of the Notes) for a period of 21 days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default (a "**Default**") under the Trust Deed and the Notes and the Trustee in its discretion may, and if so requested by an Extraordinary Resolution of the Holders or in writing by the holders of at least one-quarter of the aggregate principal amount

of the Notes then outstanding shall, (subject to Condition 8(c)) notwithstanding the provisions of Condition 8(b), institute proceedings for the winding-up of the Issuer.

In the event of a Winding-Up of the Issuer (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, and if so requested by an Extraordinary Resolution of the Holders or in writing by the holders of at least one-quarter of the aggregate principal amount of the Notes then outstanding shall, (subject to Condition 8(c)) prove and/or claim in such Winding-Up of the Issuer, such claim being as contemplated in Condition 4(a).

(b) **Enforcement**

Without prejudice to Condition 8(a), the Trustee may at its discretion (subject to Condition 8(c)) and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions and the Trust Deed. Nothing in this Condition 8(b) shall, however, prevent the Trustee instituting proceedings for the winding-up of the Issuer and/or proving and/or claiming in any Winding-Up of the Issuer in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including any damages awarded for breach of any obligations) in the circumstances provided in Conditions 4(a) and 8(a).

(c) **Entitlement of Trustee**

The Trustee shall not be bound to take any of the actions, steps or proceedings referred to in Condition 8(a) or (b) above against the Issuer to enforce the terms of the Trust Deed or the Notes or any other action, step or proceeding under or pursuant to the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders or in writing by the holders of at least one-quarter of the aggregate principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(d) **Right of Holders**

No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in any Winding-Up of the Issuer unless the Trustee, having become so bound to proceed or being able to prove or claim in such Winding-Up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall, with respect to the Notes held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Notes as set out in this Condition 8.

(e) **Extent of Holders' Remedy**

No remedy against the Issuer, other than as referred to in this Condition 8, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

9. **Taxation**

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

- (i) held by or on behalf of a Holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Note by reason of having some connection with the Relevant Jurisdiction otherwise than merely by holding the Note or by receipt of amounts in respect of the Note;
- (ii) held by or on behalf of a Holder who would not be liable or subject to the withholding or deductions by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) in respect of which the certificate representing such Note is presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the Note for payment on the last day of such period of 30 days.

References in these Conditions to interest in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any Additional Amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to FATCA.

10. **Prescription**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11. **Meetings of Holders, Modification, Waiver and Substitution**

(a) **Meetings of Holders**

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee or by the Issuer if directed in writing by Holders holding not less than 10 per cent. of the aggregate principal amount of the Notes for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. of the aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding subordination referred to in Conditions 3 and 4, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or varying the method of calculating the Interest Rate) and certain other provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the aggregate principal amount of the Notes for the time being outstanding. The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 6(f) in connection with the variation of the terms of the Notes so that they become, alternative Qualifying Tier 2 Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 6(f).

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting.

The Trust Deed provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast; (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of the Notes for the time being outstanding; or (iii) consent given by way of electronic consents through the clearing

system(s) by or on behalf of the holder(s) of not less than 75 per cent. of the aggregate principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Holders. Any resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

(b) **Modification of the Trust Deed**

The Trustee may agree, without the consent of the Holders, to: (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error; and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. The Trustee may, without the consent of the Holders, determine that any Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Holders are not materially prejudiced thereby. Any such modification, authorisation, waiver or determination shall be binding on the Holders and, unless the Trustee otherwise agrees, shall be notified to the Holders as soon as practicable.

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless (if and to the extent required at the relevant time by the Competent Authority) the Issuer shall have given at least 30 days' prior written notice thereof to, and received Supervisory Permission therefor from, the Competent Authority (or such other period of notice as the Competent Authority may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission).

(c) **Substitution**

The Trust Deed contains provisions permitting the Trustee, subject to the Issuer giving at least 30 days' prior written notice thereof to, and receiving Supervisory Permission therefor from the Competent Authority (or such other period of notice as the Competent Authority may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission) to agree, subject to the Trustee being satisfied that the interests of the Holders will not be materially prejudiced by the substitution and to certain other conditions specified in the Trust Deed but without the consent of the Holders, to the substitution on a subordinated basis equivalent to that referred to in Conditions 3 and 4 of certain other entities (any such entity, a "**Substitute Obligor**") in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed and the Notes. Any such substitution shall be binding on all Holders and shall be notified to the Holders in accordance with Condition 14 as soon as practicable thereafter.

(d) **Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

12. **Replacement of the Notes**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and, regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. **Rights of the Trustee**

The Trust Deed contains provisions for the indemnification of, and/or the provision of security for and/or prefunding, the Trustee and for its relief from responsibility.

The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

Conditions 3 and 4 apply only to amounts payable in respect of the Notes and nothing in Conditions 3, 4 or 8 shall affect or prejudice the payment of the costs (including legal fees), charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof and in such capacity the Trustee shall rank as an unsubordinated creditor of the Issuer.

14. **Notices**

Notices required to be given to the Holders pursuant to the Conditions shall be mailed to them at their respective addresses in the Register. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

15. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders, but subject to any Supervisory Permission required, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Notes or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the Notes then outstanding shall be constituted by the Trust Deed or a deed supplemental to it.

16. **Agents**

The initial Principal Paying Agent, the Registrar and the Transfer Agents and their initial specified offices are listed below. They act solely as agents of the Issuer or the Trustee (as applicable) and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar and the Transfer Agents and to appoint additional or other Transfer Agents, provided that it will at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent.

Notice of any such termination or appointment and of any change in the specified offices of the Agents will be given to the Holders in accordance with Condition 14.

17. **Governing Law and Jurisdiction**

(a) **Governing Law**

The Trust Deed, the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.

(b) **Jurisdiction**

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings. Nothing shall prevent the Trustee from bringing Proceedings in any competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions (whether concurrently or not).

18. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes by virtue of the Contracts (Rights of Third Parties) Act 1999.

19. **Definitions**

In these Conditions:

"**Additional Amounts**" has the meaning given to it in Condition 9;

"**Agency Agreement**" has the meaning given to it in the preamble to these Conditions;

"**Agent Bank**" means an independent leading investment, merchant or commercial bank or financial institution in London to be appointed by the Issuer no later than the Reset Determination Date to perform the functions expressed to be performed by the Agent Bank under these Conditions;

"**Authorised Signatories**" means any two persons who (i) are directors of the Issuer or (ii) have been notified by the Issuer in writing to the Trustee as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer for the purposes of the Trust Deed and these Conditions;

"**Benchmark Gilt**" means, in respect of the Reset Period, such United Kingdom government security customarily used in the pricing of new issues with a similar tenor having a maturity date on or about the Maturity Date as the Agent Bank (following consultation with the Issuer and with the advice of the Reset Reference Banks) may determine to be appropriate, and after taking into consideration any guidance published by the International Capital Market Association at the relevant time;

"**Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London;

"**Calculation Amount**" means £1,000 in principal amount;

"**Capital Disqualification Event**" is deemed to have occurred if there is a change (which has occurred or is pending and which the Competent Authority considers to be sufficiently certain) in the regulatory classification of the Notes under the Regulatory Capital Requirements which becomes effective after the Issue Date and that results, or would be likely to result, in the entire principal amount of the Notes ceasing to be included in the Tier 2 Capital of the Issuer Group (and, for the avoidance of doubt, any failure to so qualify solely as a result of any applicable limitation on the amount of such capital or any amortisation of the Notes pursuant to the Regulatory Capital Requirements shall not constitute a Capital Disqualification Event);

"**Competent Authority**" means the United Kingdom Financial Conduct Authority or such other authority having primary supervisory authority with respect to prudential matters concerning the Issuer;

"**Conditions**" means these terms and conditions of the Notes, as amended from time to time;

"dealing day" means a day on which the London Stock Exchange plc (or such other stock exchange on which the Benchmark Gilt is at the relevant time admitted to trading) is ordinarily open for the trading of securities;

"Directors" means members of the management board or supervisory board of the Issuer, from time to time;

"FATCA" means Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 and any regulations or agreements thereunder or official interpretations thereof or any law implementing an intergovernmental approach thereto;

"Holder" has the meaning given to it in Condition 1;

"Initial Fixed Interest Rate" has the meaning given to it in Condition 5(c);

"Initial Fixed Rate Interest Period" means the period from (and including) the Issue Date to (but excluding) the Reset Date;

"Interest Payment Date" means 27 April in each year, commencing on (and including) 27 April 2021;

"Interest Period" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"Interest Rate" means the Initial Fixed Interest Rate and/or the Reset Rate of Interest, as the case may be;

"Issue Date" means 27 April 2020, being the date of the initial issue of the Notes;

"Issuer Group" means the Issuer and each entity which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements) of which the Issuer is part from time to time;

"Margin" means 8.75 per cent.;

"Maturity Date" has the meaning given to it in Condition 6(a);

"Noteholder" has the meaning given to it in Condition 1;

"Notes" has the meaning given to it in the preamble to these Conditions;

"pounds sterling" or **"pence"** means the lawful currency of the United Kingdom;

"Principal Paying Agent" has the meaning given to it in the preamble to these Conditions;

"Qualifying Tier 2 Securities" means securities issued directly by the Issuer or issued indirectly by the Issuer and guaranteed by the Issuer (on a subordinated basis equivalent to the subordination set out in Conditions 3 and 4 and in the Trust Deed) that:

- (a) have terms which are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certification to such effect (including as to such consultation and compliance with the terms specified in (i) to (v) below) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which: (i) contain terms which comply with the then current requirements of the Competent Authority in relation to Tier 2 Capital; (ii) include terms which provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Notes and do not provide for cancellation or deferral of interest or principal; (iii) rank *pari passu* with the ranking of

the Notes; (iv) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; and (v) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; and

- (b) are: (i) listed on the Regulated Market of the London Stock Exchange plc; or (ii) listed on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved in writing by the Trustee, such approval not to be unreasonably withheld or delayed;

"Recognised Stock Exchange" means a recognised stock exchange as defined in section 1005 of the United Kingdom Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

"Record Date" has the meaning given to it in Condition 7(a)(ii);

"Register" has the meaning given to it in Condition 1(b);

"Registrar" has the meaning given to it in the preamble to these Conditions;

"Regulatory Capital Requirements" means, at any time, any requirement contained in the law, regulations, requirements, guidelines and policies of the Competent Authority or the United Kingdom relating to capital adequacy and prudential (including resolution) supervision and applicable to the Issuer;

"Relevant Date" means: (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender; and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

"Relevant Jurisdiction" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes;

"Reset Date" means 27 July 2025;

"Reset Determination Date" means the day falling two Business Days prior to the Reset Date;

"Reset Period" means the period from and including the Reset Date to but excluding the Maturity Date;

"Reset Rate of Interest" has the meaning given to it in Condition 5(d);

"Reset Reference Banks" means five brokers of gilts and/or gilt-edged market makers selected by the Issuer;

"Reset Reference Rate" means in respect of the Reset Period, the gross redemption yield (expressed as a percentage) of the Benchmark Gilt in respect of the Reset Period, determined by the Agent Bank on the basis of the gross redemption yield (expressed as a percentage and rounded up if necessary to four decimal places) on a semi-annual compounding basis of such Benchmark Gilt quoted by the Reset Reference Banks at 11.00 a.m. (London time) on the Reset Determination Date in accordance with generally accepted market practice at such time with the price of the Benchmark Gilt for the purpose of determining the gross redemption yield being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded

upwards)) of the bid and offered prices quoted by such Reset Reference Banks of such Benchmark Gilt on a dealing basis for settlement on the next following dealing day in London. Such quotations shall be obtained by or on behalf of the Issuer and provided to the Agent Bank. If at least four quotations are provided, the Reset Reference Rate will be determined by reference to the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Rate will be determined by reference to the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be determined by reference to the rounded quotation provided. If no quotations are provided, the Reset Reference Rate will be the Initial Fixed Interest Rate (less the Margin);

"Senior Creditors" means: (i) creditors of the Issuer who are unsubordinated creditors of the Issuer; and (ii) creditors of the Issuer whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of Holders in respect of the Notes);

"Subsidiary" means each subsidiary undertaking (as defined under section 1159 of the Companies Act) for the time being of the Issuer;

"Substitute Obligor" has the meaning given to it in Condition 11(c);

"Supervisory Permission" means, in relation to any action, such supervisory permission (or, as appropriate, waiver) as is required therefor under prevailing Regulatory Capital Requirements (if any);

"Tax Event" is deemed to have occurred if, as a result of a Tax Law Change:

- (i) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts;
- (ii) the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of any payments in respect of the Notes in computing its taxation liabilities or the amount of such deduction is materially reduced;
- (iii) the Notes are, or will be, prevented from being treated as loan relationships for United Kingdom tax purposes;
- (iv) the Issuer is not, or will not be, able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of issue of the Notes or any similar system or systems having like effect as may from time to time exist); or
- (v) the Notes or any part thereof are treated as a derivative or an embedded derivative for UK tax purposes,

and, in any such case, the Issuer cannot avoid the foregoing by taking measures reasonably available to it;

"Tax Law Change" means a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the official application of such laws or regulations (including a holding by a court or tribunal of competent jurisdiction) having effect after the Issue Date;

"Tier 1 Capital" has the meaning given to it from time to time by the Competent Authority or the applicable prudential rules;

"Tier 2 Capital" has the meaning given to it from time to time by the Competent Authority or the applicable prudential rules;

"Transfer Agents" has the meaning given to it in the preamble to these Conditions;

"Trust Deed" has the meaning given to it in the preamble to these Conditions;

"Trustee" has the meaning given to it in the preamble to these Conditions;

"United Kingdom" means the United Kingdom of Great Britain and Northern Ireland; and

"Winding-Up" means:

- (i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or by an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL CERTIFICATE

The following is a summary of the provisions to be contained in the Trust Deed and in the Global Certificate which will apply to, and in some cases modify the effect of, the Conditions while the Notes are represented by the Global Certificate:

Initial Issue of Certificates

The Global Certificate will be registered in the name of a nominee (the "**Registered Holder**") for a common depository for Euroclear and Clearstream, Luxembourg (the "**Common Depository**") and may be delivered on or prior to the original issue date of the Notes.

Upon the registration of the Global Certificate in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Note for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the Global Certificate in respect of each amount so paid.

Exchange of the Global Certificate

The following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or any Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the Relevant Clearing System.

Transfers of the holding of Notes represented by the Global Certificate pursuant to Condition 2(a) (*Transfer*) may only be made in part:

- (i) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) upon or following any failure to pay principal in respect of any Notes when it is due and payable,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the holder of the Notes represented by the Global Certificate has given the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such transfer. Where the holding of Notes represented by the Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

Calculation of Interest

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, interest shall be calculated on the basis of the

aggregate principal amount of the Notes represented by the Global Certificate, and not per Calculation Amount as provided in Condition 5 (*Interest Payments*).

Payments

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which (notwithstanding Condition 7 (*Payments*)) shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Notices

For so long as the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, notices may be given to the Noteholders by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to their respective accountholders in substitution for publication as required by the Conditions. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the date of delivery or publication which, in the case of communication through Euroclear and Clearstream, Luxembourg, shall mean the date on which the notice is delivered to Euroclear and Clearstream, Luxembourg.

Prescription

Claims against the Issuer in respect of any amounts payable in respect of the Notes represented by the Global Certificate will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the due date.

Meetings

For the purposes of any meeting of the Noteholders, the holder of the Notes represented by the Global Certificate shall be treated as being entitled to one vote in respect of each £1,000 in principal amount of the Notes.

Written Resolution and Electronic Consent

For so long as the Notes are in the form of a Global Certificate registered in the name of any nominee for one or more of Euroclear and Clearstream, Luxembourg or another clearing system, then, in respect of any resolution proposed by the Issuer or the Trustee:

- (i) where the terms of the proposed resolution have been notified to the Noteholder through the Relevant Clearing System(s), each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the Relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of the Notes outstanding ("**Electronic Consent**"). None of the Issuer or the Trustee shall be liable or responsible to anyone for such reliance; and
- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system(s) with entitlements to such Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**Relevant Clearing System**") and, in the case of (b) above, the Relevant Clearing System and the accountholder identified by the Relevant Clearing System for the purposes of (b) above. Any resolution passed in such manner shall be binding on

all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the Relevant Clearing System (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Euroclear and Clearstream, Luxembourg

References in the Global Certificate and this summary to Euroclear and Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved for the purposes of the Notes by the Trustee and the Registrar.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The net proceeds of the issue of the Notes will be used for the working capital purposes of the Issuer and to strengthen its capital base and are expected to amount to approximately £49,019,000.

DESCRIPTION OF ISSUER

The Issuer is incorporated under the laws of England and Wales with its registered office in England and its LEI is 5493003DJ1G01IMQ7S28. The Issuer was incorporated on 9 March 2007 with registered number 06150195 as a private limited company under the Companies Act 1985 with the name Jupiter Investment Management Holdings Limited. The Issuer re-registered as a public company limited by shares in England and Wales on 1 June 2010 and changed its name to Jupiter Fund Management plc. The principal law and legislation under which the Issuer operates is the Companies Act 2006 ("**Companies Act**").

The registered office of the Issuer and its principal place of business is The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ, United Kingdom.

1. BUSINESS OVERVIEW

The Group is an independent, high-conviction, active asset management business, managing mutual funds, segregated mandates and investment trusts on behalf of individuals and institutions across the UK and internationally. The Group's primary purpose is to help clients achieve their long-term investment objectives through delivering superior returns after all fees on client assets. Asset classes covered by the Group's funds include equities, fixed income, multi-asset, multi-manager and alternatives (including absolute return funds).

The Group is a market leading fund manager in the UK mutual fund market based on the size of its AUM and gross sales, its strong investment performance track record, the strength of its brand and presence in multiple distribution channels. As at 31 December 2019, approximately 88 per cent. of the Group's AUM was in mutual funds, the majority of which are open-ended funds directed towards investors through intermediated distribution channels in the UK, EMEA (excluding the UK), Asia and Latin America. In addition, the Group provides investment management services to institutional clients and investment trusts. The Group has offices in London, Hong Kong, Singapore, Austria, Germany, Italy, Luxembourg, Spain, Sweden and Switzerland.

As at 31 December 2019, the Group had approximately £42.8 billion of AUM, as compared to approximately £24.1 billion as at 31 December 2010. It was the seventh largest fund manager of UK mutual funds by AUM as at November 2019 (Source: The Investment Association). In common with other asset management businesses (including the Merian Group), the Group's AUM and financial performance for the year to date has been adversely affected principally by the coronavirus (Covid-19) outbreak which has resulted in a fall in its AUM to £35.0 billion as at 31 March 2020.

2. HISTORY AND DEVELOPMENT

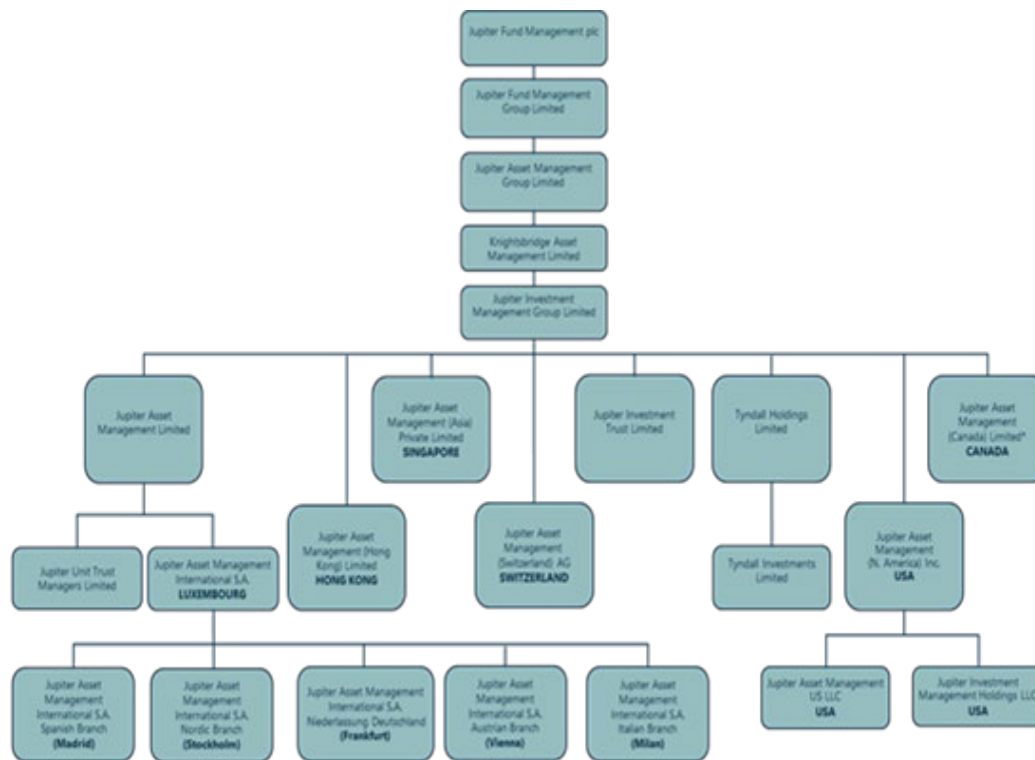
Some of the key milestones in the Group's history are as follows:

- The founding corporate member of the Group was incorporated in 1985, mainly focused on the management of investment trusts and private client funds with an initially small mutual fund business. Subsequently the mutual fund business became the key area of its growth and the Group also expanded into institutional fund management.
- In 1991, the holding company of the Group was listed on the London Stock Exchange.
- In 1995, Commerzbank AG acquired a 75 per cent. controlling interest in the Group and acquired the remaining 25 per cent. from management and employees in 2000.
- In 2007, Commerzbank AG sold the Group to its employees through a management buyout supported by private equity firm, TA Associates, and other minority investors.
- In 2010, the Issuer was listed on the London Stock Exchange.
- Between 2012 and 2018, the Group increased its international footprint and opened offices in locations such as Milan, Madrid, Frankfurt and Hong Kong.
- In 2014, the Group sold its private client business to Rathbone Brothers.

- In 2018, in response to the UK's anticipated withdrawal from the EU, the Group set up and staffed an office in Luxembourg to act as the management company and European distribution hub for its offshore SICAV product range.
- In March 2019, Andrew Formica joined the Group as Chief Executive Officer and in September 2019, Wayne Mephram was appointed as Chief Financial Officer.
- In December 2019, the Group announced a strategic partnership with US investment company NZS Capital, which will allow the Group to access the US institutional market for the first time.
- In February 2020, the Group announced the proposed Acquisition of Merian.
- In March 2020, Nichola Pease joined the Board as non-executive Chairman.

3. GROUP STRUCTURE

The Issuer is the holding company of the Group and, following Completion, will be the holding company of the Enlarged Group. The structure chart below sets out the organisational structure of the Group as at the Latest Practicable Date:



* Dormant entity
 All subsidiaries are 100% unless otherwise indicated
 All UK companies unless otherwise stated

The Group also owns a minority stake in US-based investment firm NZS Capital.

4. KEY STRENGTHS

The Issuer believes that the Group benefits from the following key strengths:

4.1 *Clear Purposes and Principles*

The Group's single purpose is to manage its clients' assets to achieve outperformance after all fees. The Group's ethos underpins this purpose and it recognises that the Group's value is in its people and encourages independence of thought and individual accountability which fosters open debate, innovative approaches and continuous improvement.

The Group benefits from a strong leadership structure which defines, develops and delivers on the Group's strategic objectives. As a listed FTSE 250 company, the Issuer holds itself to the highest standards of corporate conduct and behaviour.

4.2 *Investment Capability and Culture*

The Group has had a clear, differentiated investment culture throughout its 35 year history. The Group's core belief is that well-managed investment portfolios based on a truly active approach can deliver superior returns for clients over the long-term. The Group's focus is on independent thinking and there is no house view, asset allocation committee or stock buy list.

The Group's fund managers have the freedom to invest based on their strongest convictions. Herding is a powerful phenomenon and while benchmarks are used to measure performance over time, the Group's managers are not constrained by them in the short term. The Group believes in the power of smaller, flexible teams, across different strategies which provide an environment of internal challenge and investment debate.

This distinct investment approach combines the best aspects of a boutique fund manager with the appropriate systems, processes and risk management framework that the Group's size provides.

The Group has a team of 75 investment professionals managed by the office of the Group's Chief Investment Officer (the "CIO"), as well as a dealing team, a portfolio analytics function and a risk control team.

The Group has well-regarded franchises in a number of investment strategies including traditional UK and International Equities, Global Value, European Growth, Fixed Income and a rapidly growing Multi-Asset business. The Group's performance track record illustrates that through different market conditions and over the long-term, it has been able to deliver above-median returns for the majority of its clients based on weighted AUM.

For further details of the Group's investment capability, processes and performance, please refer to paragraph 7 of this section below entitled "Investment Capability, Process and Performance".

4.3 *Strong distribution network and clearly defined product development strategy*

Since inception 35 years ago, clients have been at the heart of everything the Group does. While retaining its strong UK retail client base, the Group has successfully expanded its distribution reach and established its brand credentials internationally. It now has a presence across EMEA (excluding the UK) and Asia, with a strategic partnership in the US recently completed. The Group's experienced and integrated global sales team works with a diverse range of distribution partners which include global financial institutions, financial advisers and large fund platforms.

The Group's successful distribution strategy involves the development of products that appeal in multiple jurisdictions and deliver superior returns. The Group listens to its clients, and its broad range of strategies mean that clients can choose those that best fit their requirements and the market conditions. The Group continually strives to deliver the best standards of client service and challenges itself to be better tomorrow than it is today.

For further details of the Group's Products and distribution strategy, please refer to paragraphs 6 and 9 of this section below entitled "Business Lines and Products" and "Sales and Marketing".

4.4 *Established and respected brand and simple business model*

From its origins in 1985 as a specialist investment boutique, the Group has steadily expanded its investment offering, whilst retaining its distinct culture and straightforward business model. The Group's trusted brand has a long and respected heritage in the UK retail investment market, and as it further expands its business by geography, product and client type, it is the strength of this brand that continues to open doors for fruitful client relationships.

4.5 ***Leading stewardship approach***

Allocating capital to well-governed companies with sustainable business models enhances the potential for positive, long-term client outcomes. The Group has a differentiated fund manager led approach to stewardship: the investment teams and specialist governance and sustainability analysts work together to integrate effective stewardship into their investment approach, enabling them to make decisions based on an in-depth knowledge and understanding of each company's circumstances. As active fund managers, the Group engages regularly and extensively with investee companies and investors to gain insight and, where relevant, challenges companies on issues affecting long-term value, which could ultimately influence client outcomes.

The Group's authenticity is reflected through its longstanding signatory credentials. It is a Tier 1 signatory to the UK Stewardship Code, and also works with external parties such as the Investment Forum and the Institutional Investors Group for climate change around collective engagement.

4.6 ***Scalable operating platform and robust infrastructure***

The Group's operating model is based on a single global operating platform. This is underpinned by scalable, market-leading technology and a clearly defined and robust governance, risk and control framework which delivers high levels of operational resilience and compliance with the evolving regulatory environment. The Group continually invests to ensure that this model is as efficient as possible so that it can support its ambitious growth objectives.

Driving cost discipline and efficiency in turn releases resources which can be reinvested for growth.

4.7 ***Effective change management processes***

Active management faces a number of headwinds: changes in client behaviour, a shifting regulatory landscape, political uncertainty and disruption from new technologies. The Group is well-prepared to navigate and respond to these challenges through a well-developed and experienced approach to change management and regulatory developments impacting the Group's business. The Group has in recent years continued to develop and adapt its change management programme for the coordination of regulatory projects.

5. **STRATEGY**

As an independent, high-conviction, active asset manager, whose purpose is to help its clients achieve their long-term investment objectives, the Group has followed a consistent strategy for diversifying and growing the business by client type, investment strategy and geography.

The Group has defined the following strategic priorities which are critical to the success of delivering on its strategy:

- *Investment Performance* - consistently deliver strong investment performance and outcomes for clients;
- *Diversification* - continue diversifying the business by client type, investment strategy and geography, in order to build the Group's resilience;
- *High-Quality Talent* - attract, develop and retain high-quality talent aligned with the Group's culture;
- *Investment Strategies Expansion* - expand the range of active investment strategies, by recruiting investment talent and successfully launching products;
- *Core UK Retail Market* – reinvest in the Group's core UK retail market in order to secure its strong position in that market;
- *Client/Geography Expansion* - build further on the Group's overseas foundations and broaden its institutional client offering;

- *Technology* - use technology to enhance the Group's investment capabilities and improve client outcomes; and
- *Returns for Shareholders* - deliver consistent total returns for the Issuer's shareholders.

6. BUSINESS LINES AND PRODUCTS

The Group has 75 investment professionals, all of whom are currently based in London, focused on delivering superior returns after all fees on client assets across the Group's range of investment capabilities. These capabilities are offered to the Group's clients through a range of Products and into a variety of markets.

The Group's principal market is the UK mutual fund market, which accounted for approximately 62.3 per cent. of AUM at 31 March 2020. The Group also offers funds and services into other markets, including international mutual funds markets and manages other vehicles including segregates mandates and investment trusts.

The table below sets out the breakdown of AUM by business line as at the dates indicated:

| Business line | As at 31 March | As at 31 December | | |
|---------------------------|-------------------|-------------------|---------------|---------------|
| | 2020 | 2019 | 2018 | 2017 |
| | | <i>£ million</i> | | |
| Mutual funds | 30,671 | 37,692 | 36,940 | 43,745 |
| Segregated mandates | 4,084 | 4,811 | 4,557 | 5,208 |
| Investment trusts | 230 | 329 | 1,156 | 1,227 |
| Total | 34,985 | 42,831 | 42,673 | 50,180 |

The table below sets out the breakdown of net sales by business line over the three years ended 31 December 2019 and the three months ended 31 March 2020:

| Business line | As at 31 March | As at 31 December | | |
|---------------------------|-------------------|-------------------|----------------|--------------|
| | 2020 | 2019 | 2018 | 2017 |
| | | <i>£ million</i> | | |
| Mutual funds | (2,891) | (3,072) | (4,436) | 5,100 |
| Segregated mandates | 575 | (477) | (167) | 364 |
| Investment trusts | (2) | (979) | (22) | 13 |
| Total | (2,318) | (4,528) | (4,625) | 5,477 |

The table below sets out the geographical breakdown of AUM as at the dates indicated, based on the location of the client or distribution partners through which the business is received:

| Region | As at 31 March | | As at 31 December | | | | | |
|---------------------------------|----------------|------------|-------------------|------------|---------------|------------|---------------|------------|
| | 2020 | | 2019 | | 2018 | | 2017 | |
| | £ million | % | £ million | % | £ million | % | £ million | % |
| UK | 25,454 | 72.8 | 31,752 | 74.1 | 32,110 | 75.2 | 35,008 | 69.8 |
| Europe (excluding the UK) | 6,481 | 18.5 | 7,169 | 16.7 | 7,661 | 18.0 | 10,617 | 21.2 |
| Asia | 1,544 | 4.4 | 2,181 | 5.1 | 1,593 | 3.7 | 2,966 | 5.9 |
| Rest of world | 1,506 | 4.3 | 1,730 | 4.1 | 1,309 | 3.1 | 1,588 | 3.1 |
| Total | 34,985 | 100 | 42,831 | 100 | 42,673 | 100 | 50,180 | 100 |

6.1 Mutual funds

The Group's mutual fund offering comprises UK-domiciled unit trusts and Luxembourg-domiciled SICAV funds. These structures are primarily designed for intermediated investors, although institutional investors may also choose to invest through them.

The UK mutual fund market, which represented approximately £21.8 billion of the Group's AUM as at 31 March 2020, is the Group's largest market. The Group has built a leading position, being ranked the seventh

largest fund manager of UK mutual funds by AUM as at November 2019 (Source: The Investment Association). In addition, the Group has significant AUM, through its SICAV range, in Europe (excluding the UK) and Asia of approximately £5.8 billion and £1.5 billion respectively as at 31 March 2020.

Rather than relying exclusively on a limited number of funds, the Group manages a broad range of mutual funds within both the UK unit trusts and the SICAV range that encompass a variety of investment strategies in a diverse range of investment sectors such as UK equities, European equities, emerging markets equities, specialist equities (such as financial sector equities), fixed income, multi-asset strategies and multi-manager (fund of funds) products.

6.2 *Segregated mandates*

The Group has established relationships with local government institutional clients, investment consultants, banks, insurance companies, sovereign wealth funds, pensions funds (both corporate and public sector), family offices, charities and foundations.

The Group's segregated mandate accounts are primarily institutional and sub-advisory clients. As at 31 March 2020, the Group managed a total of £4.1 billion of AUM for segregated mandates, of which approximately 71 per cent. was invested in UK equities.

The table below sets out the Group's segregated AUM as at the dates indicated:

| | As at 31 March | As at 31 December | | |
|--------------------------|-------------------|-------------------|-------|-------|
| | 2020 | 2019 | 2018 | 2017 |
| | | <i>£ million</i> | | |
| Segregated mandates..... | 4,084 | 4,811 | 4,577 | 5,208 |

6.3 *Investment trusts*

The Group currently manages four investment trusts with an aggregate AUM of £0.2 billion as at 31 March 2020.

The table below sets out the Group's investment trust AUM as at the dates indicated:

| | As at 31 March | As at 31 December | | |
|------------------------|-------------------|-------------------|-------|-------|
| | 2020 | 2019 | 2018 | 2017 |
| | | <i>£ million</i> | | |
| Investment Trusts..... | 230 | 329 | 1,156 | 1,227 |

7. INVESTMENT CAPABILITY, PROCESS AND PERFORMANCE

7.1 *Philosophy and culture*

The Group's primary purpose is to help clients achieve their long-term investment objectives through delivering superior returns after all fees on client assets. The Issuer believes that talented fund managers perform best if they are given the freedom to invest as they see fit, subject to the constraints set by each fund's or segregated mandate's investment objectives. While the Group's fund managers work as a closely-knit team across all investment themes and geographies, sharing stock ideas and debating market prospects, each fund manager has individual responsibility for his or her own portfolios and is held accountable for the investment performance of the portfolios which he or she manages. The fund management department is headed and overseen by the CIO.

The investment process is not run by committees and there is no house view on markets, asset allocation or core lists of stocks. For all investment strategies, the Group's fund managers take an active approach in managing their investments and the Group allows its fund managers considerable scope to adopt investment positions against prevailing consensus in the market and the portfolio's benchmark in order to achieve investment outperformance for the Group's clients. The Group's fund managers tend to emphasise security selection, rather than specifically targeting relative sector or geographic weightings.

7.2 *Investment capability*

The Group's investment capabilities span a broad range of investment themes and geographies. The Group has expertise in managing UK equities, European and emerging markets equities and specialist equities, such as financial sector equities, fixed income and multi-asset strategies. The Group also has a well-established multi-manager fund of funds capability. The Group has seen strong growth and broadening of its fixed income capability in recent years and has launched a number of sector specific products (such as its Emerging Market Debt and High Yield funds) to complement its strong fixed income unconstrained strategy. The Group has recently invested in a new multi-asset team and has developed a capability in multi-asset income and total return products.

The following table sets out the AUM managed within each investment theme as at 31 March 2020:

| Investment theme | AUM |
|--|------------------|
| | <i>£ billion</i> |
| Alternatives Strategy | 0.5 |
| Developed Market Equities Strategy | 4.3 |
| Emerging Market Equities Strategy | 1.7 |
| European Growth Strategy | 5.5 |
| Fixed Income Strategy | 10.2 |
| Multi-Asset Strategy | 1.8 |
| Multi-Manager Strategy | 6.2 |
| Value Equities Strategy | 4.8 |

The breakdown of AUM as at 31 March 2020 based on the geographic areas in which the underlying assets are invested is: UK: 37 per cent.; EMEA (excluding the UK): 26 per cent.; North America: 19 per cent.; and 18 per cent. in other regions.

Management's focus has consistently been on building depth to the Group's investment capabilities by ensuring that each fund manager is supported by at least one other manager in the team capable of assuming the main managerial role if the current fund manager is unavailable for any reason or leaves. The Group places great emphasis on nurturing the development of its fund managers at all levels. Less-experienced managers are given responsibility for managing smaller funds, which allows them to build valuable experience and track records. As a result, the Group has a layer of talented fund managers running smaller Products, which have the potential to grow in size, whilst at the same time providing those fund managers with the experience and skills necessary to manage other Products in the future.

7.3 *Investment risk management and performance review*

The Issuer believes that investment risk management is primarily the responsibility of the fund managers supported by a supervisory structure and risk management policy that is consistent with the regulatory requirements and the investment policy and risk profile of the Group's products. Oversight of the risk management process and responsibility for the monitoring of the Group's funds lies with a series of committees that analyse and review the various categories of risk to which the funds are exposed. Further, the management companies of the Group's mutual funds conduct or exercise oversight of investment management and risk management activities with respect to the relevant mutual funds in line with the applicable regulatory requirements.

In the first instance, oversight of fund management is the responsibility of the CIO, supported by a small CIO office team and working in close conjunction with the Compliance and the Risk teams.

The Group uses a single, integrated investment and risk system which aids compliance through the system's comprehensive pre-trade checks, which are reviewed in real-time, and through retaining a full transaction history of all executed trades. Any errors or breaches are captured through further daily post-trade checks and, once identified, are corrected by the fund manager. All errors and breaches are automatically reported to the Compliance team.

The Group has a team of experienced risk analysts, including a Portfolio Analytics Team, which operates independently of the investment management function, utilising the single, integrated investment and risk system supplemented by several other systems that allow the Group to capture, measure and analyse portfolio risk within a particular strategy. On a quarterly basis (or, as required, on an ad hoc basis) the Investment Risk Team and Portfolio Analytics Team carry out a "Portfolio Challenge Process" with all

fund managers to discuss risk and performance related issues. The fund manager's fund style, liquidity, concentration and positions are queried to ensure they are in line with investment objectives.

In addition, a derivative risk management process provides daily measurement and analysis for those products that use derivative instruments as part of their investment strategy, such as absolute return funds. Reports prepared by the Portfolio Analytics Team are then circulated to the relevant fund manager. Any significant risks identified in the reports are reviewed by the Risk and Finance Committee, which meets at least five times each year.

7.4 Investment performance

The Group's investment performance track record is strong for the majority of its Products. As at 31 December 2019, 18 mutual funds, representing approximately 38 per cent. of mutual fund AUM, had delivered first quartile investment performance over a three-year period and approximately 64 per cent. of mutual fund AUM, had delivered first quartile investment performance over a five-year period.

The table below sets out a detailed analysis of the investment performance of the Group's mutual funds by quartile ranking weighted by AUM for the one, three and five-year periods ended 31 December 2019:

| Fund performance | Quartile ranking | | |
|--|------------------|---------|---------|
| | 1 year | 3 years | 5 years |
| 1st quartile..... | 8.3% | 38.1% | 64.2% |
| 2nd quartile | 46.8% | 34.2% | 21.8% |
| 3rd quartile | 17.3% | 17.1% | 5.6% |
| 4th quartile | 27.6% | 10.5% | 8.5% |
| Number of funds included in analysis | 63 | 55 | 50 |
| AUM included in analysis (£ billion)..... | 37.65 | 37.10 | 36.26 |

Source: Morningstar

The table below sets out a detailed analysis of the investment performance of the Group's mutual funds by quartile ranking by number of funds for the one, three and five-year periods ended 31 December 2019:

| Fund performance | Quartile ranking | | |
|--------------------|------------------|-----------|-----------|
| | 1 year | 3 years | 5 years |
| 1st quartile..... | 12 | 18 | 16 |
| 2nd quartile | 19 | 8 | 11 |
| 3rd quartile | 10 | 14 | 9 |
| 4th quartile | 22 | 15 | 14 |
| Total | 63 | 55 | 50 |

Source: Morningstar

Whilst investment performance can be more variable over short periods of time, the Group's track record of long-term investment performance has been maintained over a number of years. The table below sets out the percentage of mutual fund AUM ranked in the first and second quartiles over the three-year periods ended on the dates indicated:

| Fund performance | Three years ended 31 December | | |
|--------------------|-------------------------------|-------|-------|
| | 2019 | 2018 | 2017 |
| 1st quartile..... | 38.1% | 43.7% | 46.1% |
| 2nd quartile | 34.2% | 33.4% | 34.9% |

Source: Morningstar

The table below sets out a detailed analysis of the investment performance of those ten funds within the Group that were in excess of £1 billion as at 31 December 2019 and quartile ranking:

| Funds | AUM £ million | Since launch | Quartile ranking | | |
|--------------------|------------------|-----------------|------------------|---------|---------|
| | | | 1 year | 3 years | 5 years |
| Dynamic Bond | 7,019 | 1 | 2 | 2 | 1 |
| European | 4,887 | 1 | 2 | 1 | 1 |

| Funds | Quartile ranking | | | | |
|----------------------|-------------------------|-----------------|--------|---------|---------|
| | AUM <i>£ million</i> | Since launch | 1 year | 3 years | 5 years |
| Strategic Bond..... | 4,158 | 1 | 3 | 2 | 1 |
| Merlin Income..... | 2,249 | N/A | 2 | 1 | 2 |
| UK Special Sits..... | 2,220 | 1 | 4 | 3 | 1 |
| Merlin Balanced..... | 1,881 | 1 | 4 | 1 | 1 |
| Income Trust..... | 1,871 | 1 | 4 | 3 | 2 |
| Merlin Growth..... | 1,751 | N/A | 3 | 2 | 2 |
| European Growth..... | 1,670 | 1 | 2 | 1 | 1 |
| Absolute Return | 1,157 | 4 | 4 | 4 | 3 |

Source: Morningstar

8. APPROACH TO STEWARDSHIP

The Group regards the combination of constructive dialogue with companies in which its funds and portfolios invest and the considered use of voting rights to be the cornerstones of its stewardship responsibilities.

The Group has a formal Stewardship Committee. This supports its commitment to the UK Stewardship Code, which outlines best practice on how institutional shareholders should fulfil their stewardship responsibilities. The Stewardship Committee, which meets quarterly, is chaired by the CIO and comprises fund managers, corporate governance and sustainability analysts.

The aim of the Stewardship Committee is to develop and deliver a co-ordinated approach to engagement with investee companies for the Group's fund management department. Fund managers and governance/sustainability analysts work in partnership with companies and consider strategic governance and sustainability matters. Through this process, fund managers are able to gain investment insight, make informed decisions and influence investee companies, on behalf of clients.

9. SALES AND MARKETING

9.1 *Marketing*

The Group supports its global distribution through a central Group marketing function, which covers all distribution channels and comprises channel marketing, digital marketing, brand management, media and campaign management as well as the production of marketing material. The Group's marketing team is proactively partnering with the business to drive the Group's brand awareness and deliver timely, relevant and engaging content to prospective and existing clients and distribution partners across the most impactful mediums.

9.2 *Sales channels*

The Group divides its global distribution focus broadly between institutional and wholesale channels, retail being differentiated further into 'discretionary', 'advisory' and 'direct' sectors.

Institutional clients are primarily investment consultants, banks, insurance companies, sovereign wealth funds, pensions funds (both corporate and public sector), family offices, charities and foundations.

Wholesale clients, through which the retail market is accessed, are principally: in the UK, independent financial advisers, fund platforms and discretionary wealth managers; and in Europe, Asia and Latin America, global banks, fund of funds and fund selectors. In certain markets, such as UK retail, the Group still services direct investors, but it seeks predominantly to work with institutional clients and wholesale clients as intermediaries (as outlined above).

Recognising the importance of local client needs in different regions, the Group has established distribution offices in London, Hong Kong, Singapore, Austria, Germany, Italy, Spain, Sweden and Switzerland.

Further, in March 2019, the Group established a management company in Luxembourg which is regulated by the Commission de Surveillance du Secteur Financier (CSSF). The Luxembourg office acts as the Group's European distribution hub and is also the authorised management company of the Group's Luxembourg SICAVs.

10. TRENDS

A number of powerful long-term trends are driving demand for differentiated investment products that can deliver outperformance to clients, after all fees. The following market trends are reasonably likely to have a material effect on the Group's business for at least the current financial year.

10.1 *Changes in client behaviour*

Significant demographic and social changes are altering demand for investment products. Many countries have ageing populations, coupled with declining pension provision by companies and governments, forcing people to fund longer retirements themselves. Other significant trends such as rising education levels and more women in the workforce mean a growing number of people who can build long-term savings.

With interest rates low, traditional savings accounts offer negative real returns. Savers therefore want investment products which can offer positive returns, particularly post-retirement when the ability to grow the value of savings while generating income is important.

This is contributing to the ongoing shift in demand away from funds which follow their benchmark and compete with passive alternatives. The mutual fund market is polarising, with flows going to low-cost exchange-traded and index funds at one end, and to high-performance, active strategies – such as the Group's – at the other. Indeed, client demand for active specialities is expected to grow by 31 per cent. from 2018 to 2023 (source: BCG Global Asset Management 2019).

Demand for active funds is also driven by the clients' desire to invest responsibly. Active managers are best placed to engage with companies on ESG and other issues. For further details regarding the Group's ESG approach, please see paragraph 8 of this section entitled "*Approach to Stewardship*" above.

10.2 *A shifting regulatory landscape*

Regulatory change is an ongoing feature of the asset management industry. It can put pressure on fees for asset managers and increase the costs of ensuring compliance. Much of this regulatory change is focused on ensuring better outcomes for clients. The Group's primary regulator, the FCA, published its Asset Management Market Study in 2017. This outlined reforms to make competition work better, including greater fee transparency and a focus on creating value for clients. This reflects the fact that fees can have a significant impact on returns to clients over time. New rules arising from the study require the UK's asset managers to report to clients on the value for money of their investment services.

Other recent examples of regulatory change include MiFID II, which came into force in 2018 and emphasised the need for firms to sell and distribute products appropriate for their clients. SMCR, which applied to the Group from 9 December 2019, is part of a regulatory drive to improve culture, governance and accountability in financial services firms.

The UK's withdrawal from the EU has the potential to result in unforeseen changes in government policy and the regulatory and legal framework in which the Group operates.

10.3 *Market place disruption*

A range of factors have the potential to disrupt the Group's market, both now and over the coming years. In the near term, the Group's investment teams must navigate the volatility and uncertainty arising from issues such as the US-China trade tensions, political uncertainty, low interest rates, health epidemics and the UK's withdrawal from the EU. In particular, as described in more detail in paragraph 11 of this section entitled "*Current Trading and Prospects*" below and in the section entitled "*Risk Factors*", the ongoing coronavirus (Covid-19) outbreak has and is likely to continue to have a direct and indirect adverse impact on asset management businesses. All of these factors can affect securities markets, client wealth and their attitudes to savings and investment.

Over the next few years, technological advances could fundamentally change the way in which the industry operates. New digital entrants to the Group's markets may be increasingly attractive to younger savers, who expect to be able to use technology to manage many aspects of their lives. Technology will also affect distribution in other ways, for example by enabling precisely targeted marketing and allowing advisers to self-serve. On the investment management side, artificial intelligence, machine learning, data science and analytics are likely to be an increasingly important part of the investment toolkit.

11. CURRENT TRADING AND PROSPECTS

Since 31 December 2019, in common with the asset management industry as a whole, the Group and the Merian Group have faced challenging market conditions, largely brought about by the global coronavirus (Covid-19) outbreak, which has had a significant adverse impact on global financial markets and asset values and, consequently, on the Group's and the Merian Group's respective AUM. During this volatile period, which has seen most asset classes experience significant falls in value, the Group's relative investment performance has strengthened, with 80 per cent. of AUM above median over three years, 75 per cent. in the top quartile. This level of performance on behalf of the Group's clients is testimony to the expertise of the Group's investment teams and reaffirms the Board's belief that active management delivers long term returns to clients and supports the Group's commitment to high-conviction active management.

The health and wellbeing of the Group's employees and their families is of the utmost importance to the Company. Since early March 2020, the Group has adopted remote working arrangements for all employees. From a business and operational perspective, these have been implemented without any material disruption to the Group's business or its ability to deliver for clients. The Group continues to monitor closely all developments relating to the coronavirus outbreak and its impact on working patterns, employees and key service providers, with the principal aim of ensuring the welfare of the Group's employees and on the continuity of the Group's business and maintenance of high standards of service for the Group's clients.

In this uncertain environment, the Group's commitment to maintaining an appropriate cost base remains as important as ever, and the Group continues to review and challenge costs within the business, making reductions to costs where it is able to without affecting its ability to deliver the investment returns and high standards of service the Group's clients expect. The Group notes the swift and decisive measures taken by the UK government to support businesses during this difficult time but confirms that it has no current intention to furlough any staff or to take advantage of any such government scheme during this period. As announced in the Group's year end results, the Group made its scheduled ordinary dividend payment to shareholders on 9 April 2020.

The Company's Q1 2020 Trading Update is incorporated by reference into, and forms part of, this Prospectus.

Group Assets Under Management and Flows

The Group's AUM reduced from £42.8 billion as at 31 December 2019 to £35.0 billion as at 31 March 2020, with the majority of the decline due to market movements, but also as a result of client net outflows, which for the three months to 31 March 2020 totaled £2.3 billion.

The table below sets out details of changes in the Group's AUM and flows for the three months ended 31 March 2020:

| | 31 December 2019 | Q1 net flows | Market/FX movement | 31 March 2020 |
|---------------------|-----------------------------|---------------------|-------------------------------|--------------------------|
| | | <i>(£ million)</i> | | |
| Mutual funds | 37,692 | (2,891) | (4,130) | 30,671 |
| Segregated mandates | 4,811 | 575 | (1,302) | 4,084 |
| Investment trusts | 328 | (2) | (96) | 230 |
| Total | 42,831 | (2,318) | (5,528) | 34,985 |

Net mutual fund outflows for the Group were £2.9 billion during the quarter, of which £1.0 billion in net outflows were from the Group's Fixed Income strategy, £0.7 billion from the European Growth strategy (£0.4 billion of which was a transfer into a segregated mandate) and £0.6 billion from the Alternatives strategy. Segregated mandates saw £0.6 billion net inflows during the quarter, predominantly driven by the opening of one new mandate and a transfer of funds from a mutual fund into a mandate.

Month to date flows in April 2020 for the Group have stabilised and are broadly flat.

Merian Group Assets Under Management and Flows

The Merian Group's AUM reduced from £22.4 billion as at 31 December 2019 to £15.7 billion as at 31 March 2020, with the majority of the decline due to market movements, but also as a result of client net outflows, which for the three months to 31 March 2020 totaled £2.6 billion.

The table below sets out details of changes in the Merian Group's AUM and flows for the three months ended 31 March 2020:

| | 31 December 2019 | Q1 net flows | Market/FX movement | 31 March 2020 |
|--------------|-----------------------------|---------------------|-------------------------------|--------------------------|
| Total | 22,405 | (2,598) | (4,152) | 15,655 |

Merian Group net outflows for the three months to 31 March 2020 were £2.6 billion and mainly comprised £1.4 billion from GEAR and £1.0 billion from other systematic strategies.

Month to date flows in April 2020 for the Merian Group show a marginal outflow.

Prospects

Recent challenging market conditions are expected to continue for an uncertain period and at least in the short term until the coronavirus pandemic is brought under control and the preventative measures to restrict its spread are relaxed. Accordingly the Group's and the Merian Group's respective AUM may remain at current or lower levels or be subject to potentially greater volatility during this period from market movements, as well as further client outflows. To the extent such market forces continue following Completion, this may also impact the Enlarged Group's AUM.

At present, and in light of the on-going developments regarding the coronavirus (Covid-19) outbreak, the future outlook for market conditions, investor sentiment and therefore, client flows, remains highly uncertain. However, the Group remains as committed as ever to its strategy of delivering active returns for clients and engaging with them to meet their investment needs in the current environment.

12. RISK MANAGEMENT AND CAPITAL

12.1 Risk Management

The Board is responsible for the Group's strategy and for determining an appropriate risk appetite, as well as the tolerance levels within which the Group must operate. By defining these, the Board demonstrates that it is aware of, and, where appropriate, has taken steps to mitigate the risks that may have a material impact on the Group.

To help the Board discharge its responsibilities, the Group has a comprehensive approach to identifying, monitoring, managing and mitigating risk.

The Group's enterprise risk management framework clearly defines the roles and responsibilities for risk management. It details essential information about the Group's risks and provides a process for escalation through its governance structure, which enables continuous and robust oversight by the Risk and Finance Committee, Audit & Risk Committee and the Board.

The Group is exposed to various risk types, such as investment and operational, in pursuing its business objectives. These can be driven by internal and external factors. Understanding and managing these risks is both a business imperative and a regulatory requirement. The type and severity of these risks can change quickly in a complex and competitive environment. The framework is dynamic and forward-looking to ensure it considers both current and emerging risks which could potentially impact the Group.

An important part of the Board's remit is to determine the Group's risk appetite and the tolerances within which it must operate. This is defined as the amount and type of risk the Group is willing to accept in order to achieve its strategic and business objectives. This takes into account the interests of clients and shareholders, as well as the Group's financial strategy and other regulatory requirements.

The Board formally considers the Group's risk appetite, taking into account the strategic plans, the business environment and the current and likely future condition of its business and operations. The Board sets out the appetite for seven categories of risk. These are:

Strategic risk

The risk that the Group is unable to meet its strategic objectives as a result of adverse business decisions, poor implementation of strategic decisions, inadequate resourcing, or failure to respond adequately to changes in the business environment. The Board approves the strategic plan and reviews progress against it on a regular basis.

Operational risk

The risk of financial, regulatory, contractual and/or reputational impacts incurred due to inadequate or failed governance, processes, people, systems or due to external events. This definition includes legal risk. The Group is necessarily exposed to operational risk in the execution of its business and seeks to manage this exposure in a cost-effective manner within the risk appetite limits set by the Board. The Board and senior management take the lead in establishing and maintaining a strong culture which supports and mandates effective management of operational risk.

Investment risk

The risk that the Group's funds underperform against benchmarks, objectives or competition. It also includes the management of a fund's liquidity risk. These risks directly impact funds rather than the Group but could potentially impact Group revenues in exceptional circumstances.

Liquidity risk

The risk that the Group does not have sufficient financial resources to meet its obligations as they fall due or can only secure such resources at excessive cost. The Group plans to have sufficient liquidity to be able to cover foreseeable liquidity shortfalls arising from payment failures or settlement timing differences. In addition, the Group requires sufficient liquidity to pay an ordinary dividend at least at the same rate as the previous year.

Capital adequacy risk

The risk that the Group has insufficient capital in relation to its risk profile to comply with regulatory requirements. The Group ensures that it has sufficient capital to meet prudential and regulatory requirements under normal and stressed conditions. Capital adequacy under stressed conditions is monitored through the Internal Capital Adequacy Assessment Process (ICAAP) and ICAAP methodology and results are approved by the Board at least annually. The Group's finance department forecast the capital position and requirement of each regulated entity to ensure capital adequacy over the planning horizon. Further, on a monthly basis, the Pillar 1 requirement is recalculated in line with the Group's monthly results and financial position for review by the Chief Financial Officer, Chief Risk Officer and an ICAAP working group.

Credit / counterparty risk

The risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss in the Group's operating activities. The Group is exposed to credit risk as a result of cash deposits held with banks and payments due from clients and distribution partners. Historically default levels have been insignificant. However, the regulatory capital requirement for bank deposits is determined by the bank's credit rating and therefore these are kept under review. Counterparty credit risk limits are set by the counterparty risk committee and monitored by the Group's finance team within the finance department on a daily basis.

Market risk

The risk of losses arising from changes in the price of financial assets, interest rates or FX rates. This includes the risk that any market risk mitigation techniques used by the Group prove less effective than expected. The Group is directly exposed to pricing and foreign exchange risks through its seed investment in funds, and to foreign exchange and interest rate risks on bank deposits. Pricing and foreign exchange

risks arising on the Group's seed investments are hedged through the purchase of equity contracts and forward foreign exchange contracts respectively. The Group's policy is to hedge the equity and currency exposure of its seed investments, depending on the fund mandate and whether available transactions are cost effective. Exposures are monitored regularly. The Group has limited exposure to interest risk in the current low interest rate environment.

12.2 Capital

The Group is lead-regulated by the FCA in the UK and subject to the FCA's prudential and capital regulation. The Group's regulatory capital requirements are calculated in accordance with a limited licence full scope investment group under the EU Capital Requirements Directive. In addition, it calculates its economic capital using scenario modelling. The Group's capital methodology forms part of its ICAAP.

Furthermore, each entity within the Group's corporate structure also satisfies, and will continue to satisfy, its local regulators' respective capital requirements.

The Group's capital and liquidity framework is designed to be suitably conservative, allowing it to invest in the growth of its business whilst protecting the Group against downside risks. The Group utilises capital to support the operation of the investment management process and the launch of new investment products.

As at 31 December 2019, the Group had a regulatory capital surplus of £147 million.

For details of the expected regulatory capital position of the Enlarged Group, see paragraph 9 of the section entitled "*Proposed Acquisition of Merian Global Investors Limited*" of this Prospectus.

13. MAJOR SHAREHOLDERS

As at the Latest Practicable Date, the Issuer had been notified in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules that the following persons are directly or indirectly interested (within the meaning of the Companies Act) in the Issuer's Ordinary Shares:

| <u>Name</u> | <u>Number of Ordinary Shares as at the Latest Practicable Date</u> | <u>Percentage of issued share capital as at the Latest Practicable Date</u> | <u>Number of Ordinary Shares as at Admission⁽¹⁾</u> | <u>Percentage of issued share capital as at Admission⁽¹⁾</u> |
|--|--|---|--|---|
| Silchester International Investors LLP | 89,432,507 | 19.6% | 89,432,507 | 16.2% |
| TA Associates (held through Mintaka)..... | - | - | 87,711,883 ⁽²⁾ | 15.9% ⁽²⁾ |

Notes

- (1) This assumes that no further issues of Ordinary Shares occur between the Latest Practicable Date and Admission.
(2) This is based on the position at the time of signing of the SPA but may change depending, among other things, on the market price of the Issuer's Ordinary Shares shortly before Completion and which may result in Mintaka owning less than 15.9 per cent. of the Ordinary Shares in issue following Admission.

14. DIRECTORS

The Directors as at the date of this Prospectus are:

| <u>Name</u> | <u>Age</u> | <u>Position</u> | <u>Date appointed</u> |
|---------------------------|------------|---|-----------------------|
| Nichola Pease..... | 58 | Chairman | March 2020 |
| Jonathon Bond | 56 | Senior Independent Non-Executive Director | July 2014 |
| Edward Bonham Carter..... | 59 | Executive Vice Chairman | May 2000 |
| Andrew Formica | 49 | Chief Executive Officer | March 2019 |
| Bridget Macaskill..... | 71 | Independent Non-Executive Director | May 2015 |
| Wayne Mephram..... | 47 | Chief Financial Officer | September 2019 |
| Karl Sternberg..... | 50 | Independent Non-Executive Director | July 2016 |
| Polly Williams..... | 54 | Independent Non-Executive Director | March 2015 |
| Roger Yates | 62 | Independent Non-Executive Director | October 2017 |

The business address of each of the Directors is the registered office of the Issuer at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ, United Kingdom.

The management expertise and experience of each of the Directors is set out below:

14.1 Nichola Pease, Chairman

Nichola has over 35 years' experience in asset management, including at Chief Executive level, and the wider financial sector. With her extensive experience, Nichola brings strong leadership skills and a deep understanding of investment management to the Board. Nichola's most recent role was as an independent Non-Executive Director of Schroders PLC from September 2012 to November 2019, where she was also Chairman of the Remuneration Committee. She was previously the Chief Executive of JO Hambro Capital Management Ltd from 1998, until her appointment as Deputy Chairman in 2008. Her previous experience includes Kleinwort Benson, Rowe Price-Fleming, Citibank and Smith New Court where she built the European broking business and subsequently joined the board.

14.2 Jonathon Bond, Senior Independent Director

Jonathon Bond was appointed as Senior Independent Director in August 2017 and before then was a Non-Executive Director since July 2014. Jonathon is a member of the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee. Before joining the Issuer, Jonathon spent 25 years in the private equity industry with a particular focus on raising standards of governance and performance. He has extensive international and general management experience, having founded and served on the board of several significant businesses. Jonathon was also a founding Partner of Actis LLP, the emerging markets specialist alternatives fund manager, where he spent over 10 years. During that time, he was a member of the Supervisory Board, Investment and Executive Committees, as well as setting up and running the in-house fund raising team. Previous appointments include being: a Non-Executive Director on the Board of Celtel, the first pan-African mobile company for a number of years; a founding Director of HSBC Private Equity in India (1994-2000), Electra Private Equity Partners in London and Paris (1988-1994) and Bain & Co in London (1985-1988). He was also Executive Chairman of the Skagen Group (2013 – 2019), a family office and family group of companies operating in the UK, Europe and the USA. Jonathon's current external appointments include being a Chairman of Grosvenor Britain & Ireland and a Non-Executive Director of Standard Life Private Equity Trust plc, Lloyds Bank Insurance and Camellia plc.

14.3 Edward Bonham Carter, Executive Vice Chairman

Edward Bonham Carter was appointed as Executive Vice Chairman in March 2014 and was the Group Chief Executive from March 2007 until becoming Executive Vice Chairman. With 35 years' experience in the investment market and over 25 years working at the Issuer, including seven years as CEO, Edward has extensive knowledge of the fund management business. His role as Vice Chairman focuses on engaging with the Issuer's key stakeholders, including clients, prospective clients and industry bodies. Before joining the Issuer in 1994 as a UK fund manager, Edward worked at Schroders (1982-1986) and Electra Investment Trust (1986-1994). He was appointed Chief Investment Officer in 1999 and Joint Chief Executive in May 2000. He became Group Chief Executive in 2007 and led the Issuer through its management buyout that year and its subsequent IPO in June 2010. Edward's current external appointments include being the Senior Independent Director of Land Securities Group plc and ITV plc. He is also a board member of The Investor Forum and Netwealth Investments, a Trustee of the Esmée Fairbairn Foundation, and a member of the Strategic Advisory Board of Livingbridge.

14.4 Andrew Formica, Chief Executive Officer

Andrew Formica was appointed as Chief Executive Officer in March 2019. Andrew has over 25 years' experience in the investment management industry and is a qualified actuary, both in Australia and the UK. He brings strong leadership skills and has a proven track record of implementing successful business strategies. Before joining the Issuer, Andrew was CEO of Henderson Global Investors, becoming Co-Chief Executive of Janus Henderson on the merger with Janus Capital in 2017. During his time at Henderson and its predecessor businesses Andrew held various roles including equity fund manager and head of equities. Andrew previously served as Deputy Chairman of the Investment Association. Andrew's current external appointments include being a Non-Executive Director of Hammerson and of the Investment Association.

14.5 Bridget Macaskill, Independent Non-Executive Director

Bridget Macaskill was appointed as Non-Executive Director in May 2015. Bridget is Chairman of the Remuneration Committee and a member of the Nomination Committee. Bridget has 25 years' experience in the investment management industry and has held several senior board appointments in the UK and USA,

bringing substantive knowledge and deep understanding of the investment management industry and extensive experience at board level. In terms of her previous appointments, Bridget joined First Eagle Investment LLC in 2009 where she held the position of President and Chief Executive until March 2016. Bridget then served as Chairman of First Eagle Holdings LLC, the parent company of First Eagle Investment Management LLC, until June 2019. Prior to joining First Eagle, Bridget was President and Chief Executive at Oppenheimer Funds. Bridget was previously a Non-Executive Director of Prudential plc, J. Sainsbury plc, Scottish & Newcastle plc, Hilldown Holdings plc and the Federal National Mortgage Association in the US. Bridget has also served as a trustee of TIAA-CREF funds. Bridget's current external appointments include being Chairman of Cambridge Associates, LLC, and a Non-Executive Director of Close Brothers Group plc and Jones Lang LaSalle Incorporated.

Bridget Macaskill will not be seeking re-election at the Issuer's 2020 annual general meeting and will step down from the Board at the conclusion of the meeting. A search for a new independent non-executive director has been commenced.

14.6 Wayne Mepham, Chief Financial Officer

Wayne Mepham was appointed as Chief Financial Officer in September 2019. Wayne has over 24 years' experience in the asset management financial services sector gained in senior financial roles and as a chartered accountant. Wayne began his career at PricewaterhouseCoopers where he progressed to lead audits in the Insurance and Asset Management practice. Prior to joining the Issuer, he worked at Schroders for nine years and was responsible for the global finance function as well as Procurement and Investor Relations.

14.7 Karl Sternberg, Independent Non-Executive Director

Karl Sternberg was appointed as Independent Non-Executive Director in July 2016. Karl is a member of the Audit and Risk Committee and the Nomination Committee. Karl brings some 30 years' international experience in the investment industry gained through both executive and non-executive roles. Karl was a founding Partner of institutional asset manager Oxford Investment Partners, which was bought by Towers Watson in 2013. Prior to that, Karl held a number of positions at Morgan Grenfell/Deutsche Asset Management between 1992 and 2004 including Chief Investment Officer for London, Australia, Europe and the Asia Pacific. Since 2006 he has developed his non-executive director career, with a focus on investment management and the investment trust sector in particular. From 2010 to 2015 he was a Non-Executive Director of Friends Life Group plc, where he was Chairman of the Investment Oversight Committee. Karl was Chairman of JPMorgan Income & Growth Investment Trust plc until November 2016. Karl's current external appointments include being the Senior Independent Director of Alliance Trust, and a Non-Executive Director of Herald Investment Trust plc, The Monks Investment Trust plc, Clipstone Logistics Reit plc, Lowland Investment Company plc, and JPMorgan Elect plc, all of which are investment trusts.

14.8 Polly Williams, Independent Non-Executive Director

Polly Williams was appointed as Independent Non-Executive Director in March 2015. Polly is Chairman of the Audit and Risk Committee and a member of the Nomination Committee. Polly has a wealth of relevant experience, including roles with particular responsibility for audit and risk oversight, and is a chartered accountant. Previously, Polly was a Partner with KPMG, with responsibility for the Group Audit of HSBC Group plc. Polly's previous non-executive directorships include Worldspreads Group plc, APS Financial Limited, Z Group plc, National Counties Building Society (as Chairman), Scotiabank Ireland Limited and Daiwa Capital Markets Europe Limited. Polly's current external appointments include being a Non-Executive Director of TSB Banking Group plc, where she is Chairman of the Audit Committee, and RBC Europe Limited, both wholly owned private companies. She is also a Non-Executive Director of XP Power Limited. Polly serves as a trustee of the Guide Dogs for the Blind.

14.9 Roger Yates, Independent Non-Executive Director

Roger Yates was appointed as Non-Executive Director in October 2017. Roger is a member of the Nomination Committee and the Remuneration Committee. Roger has considerable knowledge of the asset management business with over 30 years' experience in the industry having served as a fund manager, senior executive, non-executive director and chairman. Having led two global asset managers, Roger also brings significant understanding of international business management to the Board. Roger started his

career at GT Management in 1981 and subsequently held positions at Morgan Grenfell and Invesco as Chief Investment Officer. He was appointed Chief Executive Officer of Henderson Group plc in 1999 and led the company for a decade. Most recently Roger was a Non-Executive Director of IG Group Ltd, Chairman of Electra Private Equity plc and Chairman of Pioneer Global Asset Management S.p.A. He was also a Non-Executive Director of JPMorgan Elect plc from 2008 – 2018. Roger's current external appointments include being the Senior Independent Director of St James's Place plc where he chairs the Remuneration Committee and Senior Independent Director at Mitie Group plc.

15. PROPOSED DIRECTOR

The Proposed Director, who is expected to be appointed as a director of the Issuer with effect from, and conditional upon, Admission, is:

| Name | Age | Position |
|-------------------------|-----|---------------------------------|
| Christopher Parkin..... | 47 | Proposed Non-Executive Director |

15.1 Christopher Parkin, Proposed Non-Executive Director

Christopher Parkin is co-head of TA Associates' EMEA Services Group. Christopher joined TA Associates in 2006 and has more than 15 years of experience in the private equity industry. During this time, Chris has closed 16 investments for TA with a primary focus on financial services, business services and consumer facing companies.

Christopher Parkin has been nominated as the initial Shareholder Director by Mintaka and TA Associates pursuant to their rights under the Relationship Agreement.

16. DIRECTORS' AND PROPOSED DIRECTOR'S CONFIRMATIONS

Save for Christopher Parkin, who is expected to be appointed as a director of the Issuer pursuant to his nomination as the initial Shareholder Director by Mintaka and TA Associates under the terms of the Relationship Agreement, none of the Directors have any potential conflicts of interests between their duties to the Issuer and their private interests or other duties.

17. DIRECTORS AND SENIOR EMPLOYEES PURCHASE OF NOTES

In connection with the issue of Notes, one or more of the Issuer's directors and senior employees (who have self-certified as professional clients (as defined in MiFID II)) may purchase Notes.

18. CORPORATE GOVERNANCE

The Board is firmly committed to high standards of corporate governance. The Board considers that, save as disclosed below, as at the date of this Prospectus, it is in compliance with the provisions of the UK Corporate Governance Code.

Provision 36 of the UK Corporate Governance Code requires that the Remuneration Committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares. Following publication of the most recent version of the UK Corporate Governance Code, the Remuneration Committee has examined the Deferred Bonus Plan and LTIP rules to ensure that the post-employment requirements of these are in line with the new standards. The Remuneration Committee believes that the interests of the Executive Directors remain aligned with those of other Shareholders in the period immediately following the termination of employment through the following mechanisms:

- unvested deferred bonus and LTIP awards (pro-rated where relevant) are, subject to Remuneration Committee discretion, normally released on the normal vesting date with no acceleration; and
- vested LTIP awards are, subject to Remuneration Committee discretion, normally released at the end of the holding period with no acceleration.

The Remuneration Committee intends to review this approach when the next Director's Remuneration Policy is put forward for a formal shareholder vote.

The UK Corporate Governance Code currently provides that at least half of the Board of directors (excluding the Chair) of a UK listed company should be non-executive directors whom the Board considers to be independent.

Currently, the Board consists of nine members, being three executive directors, five independent non-executive directors and a non-executive Chairman who was independent upon appointment. Accordingly, no individual or group of individuals dominates the Board's decision making. It is intended that on and from Admission, Christopher Parkin, who has been nominated as a non-executive director pursuant to Mintaka's and TA Associates' rights under the Relationship Agreement, is expected to be appointed to the Board as a non-executive director. Christopher Parkin will not be deemed independent under the UK Corporate Governance Code, as he will be a representative of TA Associates, a significant shareholder of the Issuer. Bridget Macaskill will not be seeking re-election at the Issuer's 2020 annual general meeting and will step down from the Board at the conclusion of the meeting. A search for a new independent non-executive director has been commenced.

The UK Corporate Governance Code also recommends that the Board of directors should appoint one of the independent non-executive directors as Senior Independent Director and Jonathon Bond has been appointed to this role. The Senior Independent Director is available to Shareholders if they have concerns which contact through the normal channels of chairman, chief executive or chief financial officer has failed to resolve or for which such contact is inappropriate.

For the purposes of assessing compliance with the UK Corporate Governance Code, in addition to the Chairman, Nichola Pease, the Board considers that Jonathon Bond, Bridget Macaskill, Karl Sternberg, Polly Williams and Roger Yates are non-executive directors who are independent in character and judgement and that there are no relationships or circumstances which are likely to affect or could appear to affect, their judgement.

The Board held six formal meetings and a two-day strategy offsite during the year ended 31 December 2019.

Most Board Committee meetings are scheduled around Board meetings in such a way that Committee Chairpersons can give a full and timely report to their colleagues on Committee debate and decision making and bring to the Board's attention any issues of note or concern.

The process for the appointment of directors to the Board is led by the Chair and the Nomination Committee. The terms of the non-executive directors' appointments are set out in their letter of appointment. Non-executive directors are normally appointed for an initial term of three years after which a further period of three years may be considered by mutual agreement. Any extension of a non-executive director appointment beyond six years will be subject to rigorous review, taking into account the strengths and profile of the individual and balancing the need for continuity of knowledge and experience and the refreshing of skills and outlook. The current Articles of Association provide that all directors are subject to appointment by Shareholders at the first annual general meeting after their appointment by the Board and to reappointment by shareholders at every annual general meeting thereafter.

At the Issuer's 2019 annual general meeting, all members of the Board (except Wayne Mepham and Nichola Pease, who were appointed to the Board in September 2019 and March 2020 respectively) retired and sought reappointment by Shareholders in line with the annual election provisions of the UK Corporate Governance Code.

At the Issuer's 2020 annual general meeting, Wayne Mepham and Nichola Pease (as directors who were appointed to the Board in the period since the last annual general meeting) are required to be elected by Shareholders in line with the Articles of Association. Bridget Macaskill will step down from the Board at the conclusion of the Issuer's 2020 annual general meeting and all other directors will retire from office and submit themselves for reappointment by Shareholders in accordance with the annual election provision of the UK Corporate Governance Code (and the Articles of Association).

Board Committees

The Board has established Audit and Risk, Remuneration and Nomination Committees, with formally delegated duties and responsibilities set out in written terms of reference.

Audit and Risk Committee

The members of the Audit and Risk Committee are Polly Williams (Committee Chair), Jonathon Bond and Karl Sternberg. Polly Williams is considered by the Board to have recent and relevant financial experience.

The UK Corporate Governance Code recommends that the audit committee should comprise at least three members who are all independent non-executive directors, and that at least one member should have recent and relevant financial experience. The Chair of the Board should not be a member. The Committee as a whole should have competence relevant to the sector in which the company operates. Polly Williams holds a number of non-executive director roles within the financial sector and was previously a Partner at KPMG, with responsibility for the Group Audit of HSBC Group plc, and is considered by the Board to have the necessary recent and relevant financial experience for her role as Committee Chairman. The Issuer, therefore, considers that it complies with the UK Corporate Governance Code recommendation regarding the composition of the Audit and Risk Committee.

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting and risk. This includes reviewing the Issuer's financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Issuer's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit and Risk Committee assesses the principal risks that could impact the Group's business model, future performance, liquidity and solvency and reviews the effectiveness and adequacy of the process for identifying, assessing, mitigating and managing significant strategic, operational and liquidity risks, appetites and tolerances. The Audit and Risk Committee reviews the Group's internal controls and risk management systems on an ongoing basis including the adequacy and effectiveness of the framework used to monitor the Group's significant outsourced relationships and monitors and reviews the effectiveness of the Group's internal audit function.

The Audit and Risk Committee met five times during the year ended 31 December 2019.

Remuneration Committee

The current members of the Remuneration Committee are Bridget Macaskill (Committee Chair), Jonathon Bond, Roger Yates and Nichola Pease. With effect from the conclusion of the Issuer's 2020 annual general meeting, Roger Yates will be appointed as Chairman of the Remuneration Committee.

The UK Corporate Governance Code provides that the Remuneration Committee should comprise at least three members who are all independent non-executive directors. In addition, the Chair of the Board may be a member (but not Chairman of) the Committee, if they were considered independent on appointment as Chairman of the Board. Before appointment as Chair of the Committee, the appointee should have served on a remuneration committee for at least 12 months. The Issuer, therefore, considers that it complies with the UK Corporate Governance Code provisions regarding the composition of the Remuneration Committee.

The Remuneration Committee assists the Board in discharging its responsibilities in relation to remuneration, including making recommendations to the Board on the Issuer's policy on executive remuneration, determining the individual remuneration and benefits package of each of the Chairman of the Issuer, the executive directors, each member of the Executive Committee and such other senior executives and fund managers as the Remuneration Committee may designate.

The Remuneration Committee held five formal meetings during the year ended 31 December 2019.

Nomination Committee

The current members of the Nomination Committee are Nichola Pease (Committee Chair), Bridget Macaskill, Jonathon Bond, Roger Yates, Polly Williams and Karl Sternberg. The UK Corporate Governance Code provides that a majority of the members of the Nomination Committee should be independent non-executive directors which the Issuer complies with.

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nomination Committee is responsible for leading the process for director appointments, ensuring plans are in place for orderly succession to both the Board and senior management positions and overseeing the development of a diverse pipeline for succession.

The Nomination Committee held three formal meetings during the year ended 31 December 2019.

PROPOSED ACQUISITION OF MERIAN GLOBAL INVESTORS LIMITED

1. INTRODUCTION

On 17 February 2020, the Issuer announced that it had entered into a conditional agreement to acquire Merian from Mintaka and certain members of Merian's management (amongst others) for upfront equity consideration to be satisfied through the issue to the Sellers of 95,360,825 new ordinary shares (the "**Consideration Shares**") (which, based on the Issuer's prevailing share price as at such date represented a valuation of £370 million and based on the Issuer's prevailing share price as at the Latest Practicable Date represent a valuation of approximately £195.5 million) representing approximately 17.2 per cent. of the enlarged issued ordinary share capital of the Issuer, with an additional deferred earn-out of up to £20 million for the five Key Merian Management Shareholders and their respective teams plus an additional £10 million which Mintaka will bear the cost of by way of an indemnity to the Issuer. Following Admission, Mintaka is expected to own approximately 15.9 per cent. of the enlarged issued share capital of the Issuer and the Key Merian Management Shareholders are expected collectively to own approximately 0.5 per cent. of the enlarged issued share capital of the Issuer (in each case, based on the position at the time of signing of the SPA but which may change depending, among other things, on the market price of the Issuer's Ordinary Shares shortly before Completion).

Merian will be acquired with target net debt of £29 million (assuming Completion occurs on 1 July 2020 or otherwise on or before the record date for the Issuer's 2020 interim dividend), and with target net debt of £35 million if Completion occurs after the record date for the Issuer's 2020 interim dividend payment subject, in each case, to an adjustment if net debt at Completion exceeds the relevant amount.

The Issuer will also benefit from downside protection through a purchase price adjustment mechanism (the "**Purchase Price Adjustment**"), to be settled in cash, up to a maximum value of £100 million. The Purchase Price Adjustment will be primarily determined with reference to the Merian Group's AUM as at 31 December 2021 (taking account of the net impact of subscriptions and redemptions on funds managed by the Key Merian Desks between the date of the General Meeting and 31 December 2021 and excluding market movements, in accordance with the terms of the SPA).

The Board believes that the Acquisition enhances the Group's position as one of the UK's leading active-only asset managers with the Enlarged Group expected to have approximately £50.7 billion of AUM on a combined basis (based on the Group's and the Merian Group's respective AUM as at 31 March 2020), and provides significant benefits to its clients and compelling strategic and financial benefits for its Shareholders.

Despite the volatility in the UK and in the global economy and financial markets generally and of share prices in the asset management sector, including the Issuer's share price, principally as a result of the impact of the global outbreak of coronavirus (Covid-19), the Board remains convinced of the compelling strategic and financial benefits of the Acquisition as set out herein. The combination of the two businesses will create an Enlarged Group which is, in the Board's view, more resilient and better able to address the challenges and opportunities arising from the current volatility, as well as future challenges and opportunities.

2. BACKGROUND TO AND REASONS FOR THE ACQUISITION

The Board believes there is a compelling strategic and financial rationale for the Acquisition and that the Acquisition will provide attractive strategic, commercial and financial benefits to the Group, its clients and its Shareholders as outlined below:

Client Benefits

- Significantly enhances the Group's UK investment capability by adding scale across investment style and market capitalisation range.
- Widens the Group's range of investment capabilities available to clients beyond the UK.

- Adds scale to strategic investments in the Group's capabilities, for example, the build-out of Fixed Income and Global Emerging Markets.
- Enhances the ability of the Enlarged Group to develop new strategies over the longer term.
- Provides greater opportunity to invest in the Enlarged Group: for example, the capacity to invest in technology to support alpha generation and improve client servicing.

Strategic Benefits

Enhances the Group's position as one of the UK's leading high-conviction active asset managers

- The Enlarged Group, operating primarily under the Jupiter brand, will be a leading UK active specialty manager which is expected to have approximately £50.7 billion of AUM, including approximately £27.3 billion of AUM invested in equities, £11.8 billion of AUM invested in fixed income, £8.0 billion of AUM invested in multi-asset products and £3.5 billion of AUM invested in alternatives, in each case on a combined basis (based on the Group's and the Merian Group's respective AUM as at 31 March 2020).

Complementary and additive acquisition – involving two businesses with aligned cultures and investment philosophy – which will not alter the Group's purpose and focus

- The Group and the Merian Group share a commitment to high-conviction, active asset management with no imposed house view, providing fund managers with the freedom to make investment decisions, reinforcing the Group's position as an attractive home for leading investment talent.
- In the announcement of the Acquisition it was stated that the Merian Group had approximately 53 per cent. of its mutual fund AUM above median over three years to 31 December 2019, and approximately £8 billion of mutual fund AUM in the top decile over ten years to 31 December 2019. It was also stated, that both firms have a long track record of delivering attractive returns for clients, with the Enlarged Group having approximately 66 per cent. of AUM above median over three years on a combined basis to 31 December 2019.
- As a result of challenged investment performance due to recent volatility in market conditions, and as a result of strong historic performance falling outside of the relevant updated measurement period to 31 March 2020, these figures have decreased from those previously stated. The Merian Group had approximately 21 per cent. of its mutual fund AUM above median over three years to 31 March 2020, and approximately £3.7 billion of mutual fund AUM in the top decile on a combined basis over ten years to 31 March 2020. The Enlarged Group has approximately 63 per cent. of AUM above median over three years on a combined basis to 31 March 2020.

Reinforces the Group's core UK franchise by broadening UK capabilities and strengthening its UK retail distribution presence

- Adds to the Group's capabilities in UK equities, bringing additional expertise in UK all-cap growth and small and mid-cap strategies and complementing the Group's strong value franchise.
- Expected to create the second largest manager of retail funds in the UK, with the Enlarged Group expected to have approximately £30.0 billion AUM on a combined basis (based on the Group's and the Merian Group's respective UK mutual fund AUM as at 31 March 2020).

Strengthens and diversifies the Group's client base with distinct client sets in international markets, particularly the Middle East, APAC and Latin America / US Offshore

- Limited institutional client overlap, adds new relationships with leading global institutions and sovereign wealth funds.
- Provides meaningful AUM in geographies including the Middle East, APAC and Latin America / US Offshore.
- The Acquisition will also add scale and capability to the Group's investment trust business through the addition of Merian Chrysalis.

Extends the Group's capabilities into product gaps with growth potential and adds scale to other existing capabilities

- Extends the Group's investment capabilities into new areas such as global systematic equity and contingent capital and increases scale in growth areas such as emerging market debt, multi-sector bonds, liquid alternatives and corporate bonds and equity.

Delivers improvement in fund diversification

- The Acquisition will meaningfully improve the Group's fund diversity, with the proportion of AUM managed by its largest five funds falling from approximately 50 per cent. to approximately 36 per cent. of the Enlarged Group's AUM following Completion (based on the Group's and the Merian Group's respective AUM as at 31 March 2020).
- The number of funds with AUM above £1 billion is expected to increase from nine to thirteen (based on the AUM of the Group's and the Merian Group's respective funds as at 31 March 2020).
- Top four capabilities move from 79 per cent. of the Group's AUM to 58 per cent. of the Enlarged Group's AUM following Completion (based on the Group's and the Merian Group's respective AUM as at 31 March 2020).

Increases the Group's resilience and ability to navigate wider market and economic volatility

- The Enlarged Group is expected to be better positioned to successfully navigate periods of instability with enhanced scale, greater diversification of its Products and a more efficiently utilised operating platform delivering enhanced margins, compared to the Group on a standalone basis.
- The Enlarged Group is also expected to have greater capacity to absorb short term impact from market volatility.

Increases the Group's capacity to invest, positioning the business better to execute its growth agenda

- Provides greater scale and the financial resources with increased capacity to invest in future growth, particularly through recruitment of investment talent, expansion of the Group's distribution footprint and the development of new products for the benefit of clients.
- Better positions the Group over the longer term to invest in the growth of its international, institutional and investment trust capabilities and execute its strategic priorities to diversify the business by channel, geography and product.

Financial Rationale

Compelling financial benefits for Shareholders

- Attractive value creation opportunity for Shareholders, underpinned by significant cost saving from removal of operational overlap and duplication within the Enlarged Group.

- Expected to deliver attractive accretion in Underlying EPS from Completion, and increasing in 2022 onwards relative to the Group's expected standalone financial performance for the same periods, with returns to the Group in excess of its cost of capital.
- Following completion of the integration of the Merian Group's business and extraction of the anticipated cost synergies from across the Enlarged Group, on a fully-phased basis, the Board expects the acquired business to have the potential to contribute at an Operating Margin not below 40 per cent. on prudent asset level assumptions as at the date of this Prospectus.

Clear integration plan

- The Merian Group's business will be largely integrated and migrated to the Group's scalable operating platforms, which have benefited from substantial recent investment.
- Clear and well-designed integration plan to deliver cost savings whilst ensuring stability, overseen by the Group's experienced management team.
- The Enlarged Group will operate primarily under the Jupiter brand.
- One-off transaction and integration costs are estimated to be £40 million to £45 million, and of this amount £27 million to £31 million relate to integration and the delivery of the anticipated cost synergies, substantially all of which are expected to be incurred in the first 12 months post-Completion.

3. SUMMARY OF THE TERMS OF THE ACQUISITION

Sale and Purchase Agreement

On 17 February 2020, the SPA was entered into by the Issuer and the Sellers to give effect to the Acquisition. Pursuant to the terms of the SPA and subject to the satisfaction, or, where permitted, waiver of the conditions set out therein, the Sellers have agreed to sell the entire issued and to be issued share capital of Merian to the Issuer. The principal terms of the SPA are briefly summarised below.

Consideration

In consideration for the sale of the entire issued and to be issued share capital of Merian to the Issuer, the Sellers will receive in aggregate 95,360,825 Consideration Shares with Mintaka expected to own approximately 15.9 per cent. of the Ordinary Shares in issue at that time and the Key Merian Management Shareholders collectively expected to own approximately 0.5 per cent. of the Ordinary Shares (in each case, based on the position at the time of signing of the SPA). Whilst the total number of Consideration Shares to be issued to the Sellers pursuant to the SPA is fixed, the SPA contains a mechanism regulating the allocation of the Consideration Shares among the Sellers depending, among other things, on the market price of the Issuer's Ordinary Shares shortly before Completion. This may result in Mintaka owning less than 15.9 per cent. of the Ordinary Shares in issue following Admission. The precise figures will not be known until shortly before Completion and will be publicly announced through a Regulatory Information Service at or shortly after Completion.

The number of Consideration Shares to be issued has been calculated based on a price of 388 pence per Consideration Share on the basis of the volume weighted average price of an Ordinary Share over the period of 20 trading days ending on and including 14 February 2020.

If there is a reduction in Merian AUM over the period from close of business on the date on which the Resolution is passed at the General Meeting to close of business on 31 December 2021, including certain net flows over the period, but excluding market movements, the Purchase Price Adjustment will be triggered. The Purchase Price Adjustment will be determined by reference to the following thresholds such that the value of the Purchase Price Adjustment will be:

- zero, if the Merian AUM at the end of the measurement period is 85 per cent. (or more) of the Merian AUM at the beginning of the measurement period;

- the value represented by 5,154,639 Consideration Shares (being £20 million divided by £3.88), if the Merian AUM at the end of the measurement period is 84.99 per cent. of the Merian AUM at the beginning of the measurement period;
- the value represented by 10,309,278 Consideration Shares (being £40 million divided by £3.88), if the Merian AUM at the end of the measurement period is 74.99 per cent. of the Merian AUM at the beginning of the measurement period; and
- the value represented by 25,773,196 Consideration Shares (being £100 million divided by £3.88), if the Merian AUM at the end of the measurement period is 59.99 per cent. or lower of the Merian AUM at the beginning of the measurement period.

A linear interpolation will apply if the Merian AUM at the end of the measurement period is an amount that falls between the thresholds set out above.

Any pre-tax profit retained by the Issuer in respect of performance fees generated by Merian between Completion and 31 December 2021 will be applied to reduce Mintaka's liability, if any, to make a payment in respect of the Purchase Price Adjustment.

The Purchase Price Adjustment is payable as an amount in cash by Mintaka. The cash payment is expected to be funded through a sale by Mintaka of the relevant number of Consideration Shares as determined on the basis summarised above, with the proceeds arising from such sale of that number of shares at the then prevailing market price (net of dealing costs) being paid to the Issuer.

Certain of Mintaka's payment obligations pursuant to the SPA and other transaction documents, including any payment in respect of the net debt adjustment, the Purchase Price Adjustment and certain indemnification obligations in connection with the Acquisition (including the deferred earn-out plan) are subject to a guarantee provided by certain funds managed by members of TA Associates' Group.

Conditions

Completion is subject to the satisfaction (or, where permitted, waiver) of certain customary conditions by 31 December 2020 (or any later date as the Issuer and Mintaka may agree or as is determined in accordance with the terms of the SPA). Such conditions include approval of the Acquisition by the Shareholders at the General Meeting to be convened in due course; the Consideration Shares having been allotted to the Sellers (unconditionally subject only to Completion and Admission); and the FCA and the London Stock Exchange having confirmed to the Issuer that the respective applications for Admission have been approved and that Admission will become effective. In addition, Completion is also conditional upon necessary regulatory approvals having been obtained. In particular, approvals from the FCA (in the United Kingdom) and regulators in Hong Kong, the Republic of Ireland, Luxembourg and Taiwan are required.

Warranties and indemnification

The SPA contains warranties and limitations customary for a transaction of this type. In addition, the SPA contains a post-Completion net debt adjustment whereby there would be a pound-for-pound indemnification by Mintaka to the Issuer to the extent that the Merian Group's actual net debt at Completion exceeds an agreed target net debt figure of £29 million (assuming Completion occurs on 1 July 2020 or otherwise on or before the record date for the Issuer's 2020 interim dividend), such target increasing to £35 million if Completion occurs after the record date for the Issuer's 2020 interim dividend. Warranty and indemnity insurance has been obtained to provide recourse for the Issuer in the event that certain warranties are breached and/or payment becomes due pursuant to the deed of tax indemnity,

Conduct before Completion and termination rights

The Sellers (other than Zedra Trust Company) have agreed to comply with customary provisions relating to the conduct of the Merian Group's business during the period between the date of the SPA and Completion. The SPA may be terminated by the Issuer in certain circumstances including a material breach of certain provisions of the SPA and may also be terminated by the mutual agreement of the Sellers and the Issuer.

Relationship Agreement

The Issuer has entered into a relationship agreement with Mintaka, as the direct shareholder of the Issuer, and TA Associates, as the indirect shareholder of the Issuer (the "**Relationship Agreement**") which will, conditional on Admission and for such time as Mintaka, together with any member of TA Associates' Group holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time, regulate the on-going relationship between the Issuer, Mintaka and TA Associates following Admission.

The Relationship Agreement contains customary provisions to ensure that the Issuer is independent for the purposes of the Listing Rules and includes undertakings from Mintaka and TA Associates that: (i) transactions and arrangements between them (and/or any of their respective associates) and the Group will be conducted at arm's length and on normal commercial terms; (ii) neither of them nor any of their respective associates will take any action that would have the effect of preventing the Issuer from complying with its obligations under the Listing Rules; and (iii) neither of them nor any of their respective associates shall propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Pursuant to the Relationship Agreement, for so long as Mintaka, together with any member of TA Associates' Group, holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time, Mintaka and TA Associates shall be entitled to jointly nominate one non-executive director for appointment to the Board (a "**Shareholder Director**"), who shall be appointed as a non-executive director of the Issuer subject to certain conditions.

Christopher Parkin has been nominated as the initial Shareholder Director by Mintaka and TA Associates for appointment to the Board and is expected to be appointed as a non-executive director with effect from, and conditional upon, Admission.

Any Shareholder Director will be subject to certain non-solicit and non-compete restrictions whilst he or she is a member of the Board and for a period of time after he or she has ceased to be a director of the Issuer.

TA Associates Lock-Up Agreement

Mintaka has entered into a share lock-up agreement with the Issuer (the "**TA Associates Lock-Up Agreement**") in respect of the Consideration Shares to be received by Mintaka on Admission. The TA Associates Lock-Up Agreement is conditional upon Admission and restricts Mintaka from disposing of any of its Consideration Shares for a period of 24 months following Completion. During that period, Mintaka will be permitted to dispose of Consideration Shares with the Issuer's consent or in accordance with certain customary exceptions which are set out in paragraph 14.2 of the "*General Information*" section of this Prospectus. Mintaka is also permitted to dispose of Consideration Shares to the extent required to fund any payment in relation to the Purchase Price Adjustment and/or payments under indemnities provided by Mintaka in favour of the Issuer under other transaction documents and/or any payment in relation to the net debt arrangements under the SPA as referred to above.

Mintaka will also be restricted from taking any action that would increase TA Associates' Group's aggregate shareholding in the Issuer beyond that received on Admission.

Following the end of the lock-up period and except with the Issuer's prior written consent, or in certain other limited circumstances, Mintaka is restricted from disposing of, in any rolling three-month period, such number of Consideration Shares equal to or more than 5 per cent. of the total number of Ordinary Shares in issue at such time and from disposing of, in any rolling six-month period, such number of Consideration Shares equal to more than 7.5 per cent. of the total number of Ordinary Shares in issue at such time).

Merian Management Shareholders Lock-Up Agreements

The Key Merian Management Shareholders have each entered into a share lock-up agreement with the Issuer (the "**Merian Management Shareholders Lock-Up Agreements**") in respect of the Consideration Shares to be received by each such Key Merian Management Shareholder. The

Merian Management Shareholders Lock-Up Agreements are conditional upon Completion and restrict the relevant Key Merian Management Shareholders from disposing of: (i) any of their respective Consideration Shares for a period of 12 months following Completion; and (ii) more than 25 per cent. of their respective Consideration Shares (including when aggregated with any previous disposals they have made) for three years following Completion, in each case subject to certain exceptions which are set out in paragraph 14.3 of the "General Information" section of this Prospectus.

Deferred Earn-Out Plan

The five Key Merian Management Shareholders and their respective teams will be able to benefit from a deferred earn-out plan of up to £20 million, vesting in existing Ordinary Shares on the fourth and fifth anniversaries of Completion based on a number of Ordinary Shares determined on the third anniversary of Completion, for growing and retaining revenues in their investment strategies, subject to such individuals' continued employment by the Enlarged Group. No newly issued Ordinary Shares will be used for the plan.

In addition, Mintaka will bear the cost of an additional deferred earn-out amount of up to £10 million payable in cash on the third anniversary of Completion (subject to the satisfaction of certain performance conditions), in respect of which the Issuer has the benefit of an indemnity from Mintaka for such amount (with the amount of any performance fees earned and accrued by Merian funds existing at the date of signing the SPA (and any successor of such funds) for the period from Completion to 31 December 2021 being offset against that indemnity obligation to the extent not utilised in relation to the Purchase Price Adjustment).

The plan will be operated by the Issuer's remuneration committee and structured to meet the Group's regulatory requirements.

4. SUMMARY FINANCIAL INFORMATION ON THE MERIAN GROUP AND BENEFITS AND FINANCIAL EFFECTS OF THE ACQUISITION

The combined and consolidated historical financial information of the Merian Group for the three years ended 31 December 2019 as reported on by PricewaterhouseCoopers LLP to the Issuer is set out in the section entitled "*Historical Financial Information relating to the Merian Group*" of this Prospectus.

On a *pro forma* basis and (i) assuming the Acquisition had occurred on 1 January 2019, the Enlarged Group would have had net revenues of £559.1 million and profit before taxation of £157.2 million for the year ended 31 December 2019 and (ii) assuming that the Acquisition had occurred on 31 December 2019, the Enlarged Group would have had net assets of approximately £795.8 million as at 31 December 2019 as more fully described in the section entitled "*Unaudited Pro Forma Financial Information*" of this Prospectus.

At the time of announcement on 17 February 2020, the Acquisition was expected to deliver low to mid-teen accretion in Underlying EPS from 2021, and increasing in 2022 onwards relative to the Group's expected standalone financial performance for the same periods, with returns to the Group in excess of its cost of capital. Based on AUM for the Group and the Merian Group as at 31 March 2020, and assuming no further changes in AUM from these levels, the Underlying EPS accretion resulting from the Acquisition would be improved relative to expectations as at the time of announcement. This reflects reduced expectations for the Group and Merian Group's future financial performance in light of the coronavirus (Covid-19) outbreak, while the expected quantum of cost synergies (as described above) has not changed. The actual accretion achieved will be sensitive to current and future market conditions and resulting asset values, the relative financial performance of the Group and the Merian Group, and the delivery of such cost synergies.

5. POTENTIAL SYNERGIES AND INTEGRATION PLANNING

Following completion of the integration of the Merian Group's business and extraction of the anticipated cost synergies from across the Enlarged Group, on a fully-phased basis at the time of the announcement of the Acquisition on 17 February 2020 the Board expected the Merian Group's business to have the potential to contribute at an Operating Margin for the Enlarged Group not

below 50 per cent. on prudent asset level assumptions and up to 60 per cent., which compares with the Group's 2019 Operating Margin of 43 per cent.

Subsequently, the Merian Group's AUM has fallen from £22.4 billion as at 31 December 2019 to £15.7 billion as at 31 March 2020 principally through the reduction in asset values, but also as a result of client outflows, which have occurred since the announcement of the Acquisition primarily as a result of the coronavirus (Covid-19) outbreak. The associated estimated run-rate net management fees for the Merian Group as at 31 March 2020 are approximately £98 million per annum, down from approximately £140 million as at 31 December 2019.

Taking into account the reduction in estimated run-rate net management fees, while assuming no recovery or further decline in asset values and prudent assumptions for future client flows, the Board now expects the acquired business to have the potential to contribute at an Operating Margin not below 40 per cent. following the completion of the integration of the Merian Group's business and realisation of the anticipated cost synergies from across the Enlarged Group, on a fully-phased basis. The Board currently expects the improvement in the Operating Margin of the acquired business can be delivered while maintaining a compensation ratio broadly in line with current Group levels and is contingent on the timely execution of management's integration plans and in particular there being no material delay in completion of the integration as a result of any operational disruption caused by the coronavirus (Covid-19) outbreak. Whilst at present there is no change to the expected timeline for integration and the realisation of cost synergies, both could be delayed by further or prolonged disruption as a result of the outbreak.

At the time of the announcement of the Acquisition on 17 February 2020, and based on December 2019 run-rate net management fees, the Board anticipated that shortly following Completion, the Operating Margin of the Merian Group would be close to 50 per cent. In light of the fall in run-rate management fees in the three months to 31 March 2020, whilst the expected quantum and phasing of cost savings has not changed, the Board now expects the Operating Margin of the Merian Group shortly following Completion to be lower than originally anticipated, but still attractive.

The efficiency benefits are expected to be realised from a combination of the migration of the Merian Group's business to the Group's operating model, elimination of duplicative overheads and through operational economies of scale (including a reduction in the combined headcount of the Enlarged Group). One-off costs of approximately £27 million to £31 million are currently expected to be incurred with respect to the proposed integration into the Group of the Merian Group's business. The financial benefits and cost synergies are expected to be fully realised within 24 months following Completion, after full integration of the Merian Group, and are expected to be a recurring benefit.

The potential efficiency savings have been calculated using the latest available management information. In arriving at the estimate of the potential efficiency savings and associated non-recurring costs to achieve such savings, the Issuer has made a number of key assumptions, including that:

- Completion will occur in the second half of 2020;
- by the time of Completion, there will be no material operational impediments resulting from the coronavirus (Covid-19) outbreak and measures to contain the outbreak that prevent the timely execution of management's integration plans; and
- there will be no further material change to macro-economic or political conditions (subsequent to the material changes which have been experienced since the time of the announcement of the Acquisition on 17 February 2020 as a result of the coronavirus (Covid-19) outbreak) and (ii) no material change to regulatory, tax or legal conditions, in each case in the markets or regions in which the Enlarged Group will operate that will materially impact the implementation of the revised operating model.

The anticipated financial benefits and cost synergies referred to above reflect both the beneficial elements and relevant costs. Such anticipated financial benefits and cost synergies are contingent on Completion of the Acquisition and could not be fully achieved independently.

The Group has a detailed and well-designed plan to integrate the Merian Group's business, with a focus on the limitation of disruption and maintaining a positive client experience throughout for clients of both the Group and the Merian Group. The Group aims to run both the Group's and the Merian Group's platforms from a single location on the first Business Day following Completion, before fully migrating fund operations, middle and back office operations to the Group's scalable operating platforms, which have benefited from substantial recent investment.

The governance and leadership of the integration of the Merian Group into the Group's business has already been established, and will be overseen by a highly experienced integration project office, led by the Group's Head of Change with executive oversight by Paula Moore, the Group's Chief Operating Officer, supported by external resources, where necessary.

6. INFORMATION ON TA ASSOCIATES

TA Associates is a private equity firm with a 50 year track record and investments in hundreds of companies in multiple industries around the world. TA Associates was previously a major shareholder in the Issuer following its initial public offering in 2010, with two non-executive directors. Following Admission, TA Associates, through Mintaka, will once again become a significant long-term shareholder and is expected to own approximately 15.9 per cent. of the enlarged issued share capital of the Issuer (based on the position at the time of signing of the SPA but which may change depending, among other things, on the market price of the Issuer's Ordinary Shares shortly before Completion, as described under paragraph 3 of this section (*Proposed Acquisition of Merian Global Investors Limited*)). As mentioned above, Mintaka and TA Associates, for as long as Mintaka, together with any member of TA Associates' Group directly or indirectly holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time, shall be entitled to jointly nominate one non-executive director for appointment to the Board.

7. FINANCING OF THE ACQUISITION

The consideration to be paid by the Issuer to the Sellers in connection with the Acquisition will comprise 95,360,825 Consideration Shares. The fees and expenses of the Acquisition and Admission will be financed from the Group's existing cash resources.

8. MANAGEMENT, EMPLOYEES AND LOCATIONS

The Issuer attaches great importance to the skills and experience of the management, fund managers and staff of the Merian Group, who are expected to contribute to the growth of the Enlarged Group.

The five Key Merian Management Shareholders (who together manage funds representing approximately 87 per cent. of the Merian Group's total AUM as at 31 December 2019) have entered into new employment contracts with the Group, which take effect from Completion and which include customary non-compete and non-solicit provisions and have also agreed to lock-up arrangements as described under paragraph 3 ("*Summary of the Terms of the Acquisition*") of this section of the Prospectus.

As described under paragraph 3 ("*Summary of the Terms of the Acquisition*") above, the five Key Merian Management Shareholders and their respective teams will be able to benefit from a deferred earn-out plan which will deliver up to £20 million in existing Ordinary Shares and £10 million in cash (in respect of which the Issuer has the benefit of an indemnity from Mintaka) over three to five years following Completion, dependent on the individuals remaining in employment with the Enlarged Group and certain performance conditions being met.

There will be no change to the senior executive leadership team of the Group as a result of the Acquisition. Mark Gregory, currently Chief Executive Officer of Merian, will remain with the business for a transition period before stepping down and leaving the Enlarged Group. However, as explained further in paragraph 15.1 of the "Description of the Issuer" section of this Prospectus, following Completion, Christopher Parkin is expected to be appointed to the Board of the Issuer with effect from, and conditional upon, Admission, following his nomination by Mintaka and TA Associates pursuant to the terms of the Relationship Agreement.

Christopher is co-head of TA Associates' EMEA Services Group. Christopher joined TA Associates in 2006 and has more than 15 years of experience in the private equity industry. During this time, Chris has closed 16 investments for TA with a primary focus on financial services, business services and consumer facing companies.

It is intended that the Merian Group's operations will be largely transferred to the Group's operating platform, which will necessitate the restructuring of the Merian Group's operational and administration functions. The Board confirms that the existing statutory and contractual employment rights, including accrued pension rights of all Merian Group employees, will be fully safeguarded upon and following Completion.

Following Completion, it is expected that all employees of the Enlarged Group based in London will come together to work from a single office location and offices will also be combined in other jurisdictions where both the Group and the Merian Group currently have operations, such as in Hong Kong and Singapore.

9. **REGULATORY CAPITAL**

The Group is lead-regulated by the FCA in the UK and subject to the FCA's prudential and capital regulation. The Group's regulatory capital requirements are calculated in accordance with a limited licence full scope investment group under the EU Capital Requirements Directive. The Group's capital methodology forms part of its ICAAP.

Furthermore, each entity within the Group's corporate structure also satisfies, and will continue to satisfy, its local regulators' respective capital requirements. The Group's capital and liquidity framework is designed to be suitably conservative, allowing it to invest in the growth of its business whilst protecting the Group against downside risks. The Group utilises capital to support the operation of the investment management process and the launch of new investment products.

As at 31 December 2019, the Group had a regulatory capital surplus of £147 million.

Whilst the Acquisition will result in an increase in the Enlarged Group's regulatory capital requirements, the Issuer believes the Enlarged Group will continue to maintain a strong balance sheet with an appropriate regulatory capital surplus. In particular, the issue of the Notes by the Issuer is estimated to result in a regulatory capital surplus of approximately £60 million to £90 million as at Completion.

10. **SETTLEMENT, LISTING AND DEALINGS IN CONSIDERATION SHARES**

Applications will be made to: (i) the FCA for the Consideration Shares to be admitted to the premium listing segment of the Official List and (ii) the London Stock Exchange for the Consideration Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange.

It is expected that, subject to the necessary approvals, Admission will become effective, and that dealings in the Consideration Shares will commence on the London Stock Exchange, by no later than 8.00 a.m. on the Business Day immediately following the date of Completion, which subject to the satisfaction (or, where permitted, waiver) of the Conditions, is expected to occur in the second half of 2020 (and not earlier than 1 July 2020).

No application has been made or is currently intended to be made by the Issuer for the Consideration Shares to be admitted to listing or trading on any other exchange.

11. **GENERAL MEETING AND THE RESOLUTION**

The implementation of the Acquisition is conditional upon, among other things, Shareholders' approval of the Resolution being obtained at the General Meeting.

DESCRIPTION OF THE MERIAN GROUP

1. BUSINESS OVERVIEW

The Merian Group is a leading independent, global asset management firm which utilises an active high-conviction investment strategy. The Merian Group distributes its products to wholesale, retail and institutional investors in the UK, EMEA (excluding the UK), the Americas and Asia. The Merian Group provides world-class investment expertise across virtually all major asset classes, in addition to highly-regarded capabilities in a number of specialist areas, offering a broad range of fundamental and systematic active fund strategies, with the largest strategies being global equities and UK equities. In addition, the Merian Group has strong capabilities in fixed income, European equities, Asian equities, alternatives and global asset allocation.

The Merian Group's purpose and objective is to help its clients meet their long-term financial objectives and aspirations by investing their assets in a responsible way and delivering sustainable value to them. In order to meet the high expectations of its clients and their advisers, the Merian Group focuses on identifying and maintaining intelligent and repeatable ways in which to generate positive investment outcomes. It approaches this work in a way that enables it to have a positive impact on its clients, employees and society through the implementation of its "responsible business principles".

As at 31 December 2019, the Merian Group had AUM of £22.4 billion, including £16.4 billion in equities, £1.8 billion in fixed income and £4.9 billion in alternatives and asset allocation. In common with other asset management businesses (including the Group), the Merian Group's AUM and financial performance for the year to date has been adversely affected principally by the coronavirus (Covid-19) outbreak which has resulted in a fall in its AUM to £15.7 billion as at 31 March 2020.

2. HISTORY AND DEVELOPMENT

Set out below are some of the key milestones in the Merian Group's development.

- In the late 1990's and early 2000's, the origins of parts of the Merian business (including the Global Systematic Equities and the UK Small and Mid-Cap Equities desks) were formed from the acquisitions and mergers of a number of UK stockbroking businesses by the South African financial services firm, Old Mutual plc. The business now known as Merian traded as Old Mutual Asset Managers ("**OMAM**") as part of Old Mutual plc. A number of the Merian Group's current senior investment professionals joined the business during this time.
- In 2012, OMAM merged with another asset management subsidiary of Old Mutual plc, Skandia Investment Group, to form Old Mutual Global Investors ("**OMGI**").
- In 2014, OMGI won the Investment Week Global Group of the Year award. Its distribution representation in the Americas was significantly enhanced, and it launched its European (ex-UK) small and mid-cap equity capability.
- In 2015, OMGI opened offices in Edinburgh and Zurich broadening its international distribution footprint.
- In 2016, OMGI further expanded its investment capability with the launching of its gold and silver, UK mid-and small-cap liquid alternative and style premia funds. Its international reach was further expanded through the opening of an office in Singapore, in addition to key distribution hires covering Italy, Singapore and China.
- In 2017, OMGI opened an office in Milan, further deepening its Italian distribution. It made further expansions in its investment capabilities through the launches of systematic positive skew managed futures, financials contingent capital, strategic absolute return bonds and US equity income capabilities. The global emerging market equity team joined OMGI leading to the launch of its emerging markets capability. Old Mutual plc announced

of the sale of OMGI's single-strategy business to OMGI senior management and funds operated by TA Associates, which created the Merian business.

- In 2018, the sale of the OMGI single-strategy business to OMGI senior management and funds operated by TA Associates was completed to form Merian. A memorandum of understanding was signed with Ping An of China Asset Management (HK) Co. Ltd and management of the China equity fund was delegated to Ping An. Sarah Bates was appointed chairwoman. Merian also listed its first private investment vehicle, Merian Chrysalis Investment Company Limited, on the London Stock Exchange.
- In 2019, Mark Gregory was appointed chief executive and the range of investment capabilities was broadened to nine with the addition of the Global Asset Allocation team.

3. KEY STRENGTHS

3.1 *Strong investment performance driven by established fund managers*

The Merian Group had approximately £15.7 billion in AUM as at 31 March 2020 and exhibited a track record of strong investment performance. Its performance has been driven by experienced, well-established fund managers that bring world-class investment expertise across virtually all major asset classes. The Merian Group's fund managers have a combined 730 years of investment experience, and their performance has been recognised by independent rating agencies and the receipt of multiple industry awards.

3.2 *Broad distribution globally*

A key strength of the Merian Group's business is its ability to distribute its products globally to a wide investor base. Merian distributes its products to wholesale, retail and institutional investors in the UK, EMEA (excluding the UK), the Americas and Asia. Its capabilities and products are distributed to its clients globally with specialised distribution teams operating out of five offices in London, Zurich, Milan, Hong Kong and Singapore. In addition, partnership arrangements with key third parties also provides access to the Taiwanese and North American (offshore) markets.

3.3 *Attracts and retains highly talented investment professionals*

The Merian Group's people are its most important asset and providing them with a working environment that enables them to perform their jobs to the best of their abilities in turn provides the best outcomes for its clients. The Merian Group employs highly talented investment professionals who are independent thinkers, giving them freedom to perform within a strong governance framework to meet its clients' needs. By not restricting its staff with a 'house view', the Merian Group enables its investment teams to employ their own proven approach in their particular investment universe backed up by a high quality operational and distribution capability and within a robust risk management framework.

The Merian Group's culture of empowerment and accountability, along with a strong programme of professional development and support has contributed to stability and continuity within its investment teams. This stability has been the case for both 'home-grown' teams that have developed within one of the Merian Group's predecessor organisations, as well as those teams that have joined the business following its formation, attracted by the environment the Merian Group has created.

The Merian Group places considerable emphasis on maintaining a diverse workforce. Many of the people who have joined the business have spent decades working in large, established firms, while others have joined much earlier in their careers, and from a wide variety of backgrounds.

3.4 *Open and motivating culture*

The Merian Group's culture is a key strength of the business as it has sought to foster a passion for excellence in both investment and service by creating a culture that is open, collaborative, motivated, ambitious and friendly, which avoids silos amongst its teams. It utilises an open-plan office set up that facilitates the free exchange of ideas and creates a sense of energy and excitement amongst its staff. It fosters an ambitious culture that strives to be the leading firm in the markets in which it operates, without taking its clients' support for granted.

3.5 *Efficient operating model*

A key strength of the Merian Group's business has been its efficient operating model, which distinguishes it from other asset managers of a similar size. As a relatively recent business, the Merian Group benefits from having a focused line of products and focused distribution. As it has not historically relied on a significant amount of inorganic acquisition-led growth, it has been able to successfully operate all of its systems on a single platform.

4. BUSINESS LINES AND PRODUCTS

The Merian Group has a single investment platform, comprising 55 investment professionals as at 31 December 2019, all of whom are based in London, focused on generating investment outperformance across the Merian Group's range of investment capabilities. Management of the Merian Group's China Equity fund is currently outsourced to Ping An. These capabilities are offered to the Merian Group's clients through a range of funds and products and into a variety of markets.

The Merian Group's principal market is the UK mutual fund market, which accounted for approximately 52 per cent. of AUM at 31 March 2020. The Merian Group also offers funds and services into other markets, including the international mutual funds markets and manages other vehicles including segregated mandates and investment trusts.

The table below sets out the breakdown of AUM by business line as at the dates indicated:

| Business line | As at 31 March | As at 31 December | | |
|---------------------------|-------------------|-------------------|---------------|---------------|
| | 2020 | 2019 | 2018 | 2017 |
| | | <i>£ million</i> | | |
| Mutual funds | 13,304 | 19,386 | 26,439 | 28,126 |
| Segregated mandates | 2,124 | 2,705 | 2,345 | 1,759 |
| Investment trusts..... | 226 | 314 | 80 | - |
| Total..... | 15,655 | 22,405 | 28,863 | 29,886 |

The table below sets out the breakdown of net sales by business line over the three years ended 31 December 2019 and the three months ended 31 March 2020:

| Business line | As at 31 March | As at 31 December | | |
|---------------------------|-------------------|-------------------|--------------|--------------|
| | 2020 | 2019 | 2018 | 2017 |
| | | <i>£ million</i> | | |
| Mutual funds | (2,590) | (9,112) | 891 | 5,617 |
| Segregated mandates | (8) | (15) | 672 | (40) |
| Investment trusts..... | - | 207 | 77 | - |
| Total..... | (2,598) | (8,920) | 1,640 | 5,577 |

The table below sets out the breakdown of AUM by distribution channel as at the dates indicated, based on the location of the client or intermediary through which the business is received:

| Channel | As at 31 March | | As at 31 December | | | | | |
|----------------------------|------------------|------------|-------------------|------------|----------------|------------|----------------|------------|
| | 2020 | | 2019 | | 2018 | | 2017 | |
| | | | <i>£</i> | | <i>£</i> | | <i>£</i> | |
| | <i>£ million</i> | % | <i>million</i> | % | <i>million</i> | % | <i>million</i> | % |
| UK..... | 9,553 | 61 | 13,638 | 61 | 15,055 | 52 | 15,687 | 52 |
| Europe & Middle East | 1,800 | 12 | 3,050 | 14 | 6,628 | 23 | 6,986 | 23 |
| Americas | 387 | 2 | 529 | 2 | 1,267 | 4 | 862 | 3 |
| Asia | 384 | 2 | 559 | 2 | 785 | 3 | 708 | 2 |
| International | 915 | 6 | 1,123 | 5 | 1,157 | 4 | 1,034 | 3 |
| Institutional..... | 201 | 1 | 237 | 1 | 427 | 1 | 550 | 2 |
| Quilter | 2,416 | 16 | 3,271 | 15 | 3,544 | 12 | 4,058 | 14 |
| Total..... | 15,655 | 100 | 22,408 | 100 | 28,863 | 100 | 29,886 | 100 |

Mutual funds

The Merian Group's mutual fund offering comprises UK-domiciled OEICs as well as Republic of Ireland and Cayman Islands domiciled funds. The Merian Group also offers a single Guernsey-domiciled investment trust. These structures are primarily designed for intermediated investors, although institutional investors may also choose to invest through them.

The UK mutual fund market, which represented approximately £8.1 billion of the Merian Group's AUM as at 31 March 2020, is the Merian Group's largest market. The Merian Group has built a strong position, being ranked the twentieth largest fund manager of UK mutual funds by AUM as at November 2019 in the wholesale market (Source: The Investment Association).

Rather than relying exclusively on a limited number of funds, the Merian Group manages a broad range of mutual funds that encompass a variety of investment categories in a diverse range of investment sectors such as UK All Companies, £ Strategic Bond, Asia Pacific (ex-Japan), Global Emerging Markets and Targeted Absolute Return Bond.

Segregated mandates

The Merian Group has established relationships with local government institutional clients, investment consultants, banks, insurance companies, sovereign wealth funds, pension funds (both corporate and public sector), family offices, charities and foundations.

The Merian Group's segregated mandate accounts are primarily institutional and sub-advisory clients. As at 31 March 2020, the Merian Group managed a total of £2.1 billion of AUM for segregated mandates, of which approximately 49 per cent. was invested in UK equities.

The table below sets out the Merian Group's segregated AUM as at the dates indicated:

| | As at 31 March | As at 31 December | | |
|---------------------------|---------------------------|--------------------------|-------------|-------------|
| | 2020 | 2019 | 2018 | 2017 |
| | | <i>£ million</i> | | |
| Segregated mandates | 2,124 | 2,705 | 2,345 | 1,759 |

Investment trusts

The Merian Group currently manages one investment trust with an AUM of £226 million as at 31 March 2020.

The table below sets out the Merian Group's investment trust AUM as at the dates indicated:

| | As at 31 March | As at 31 December | | |
|-----------------------|---------------------------|--------------------------|-------------|-------------|
| | 2020 | 2019 | 2018 | 2017 |
| | | <i>£ million</i> | | |
| Investment Trust..... | 226 | 314 | 80 | n/a |

5. INVESTMENT CAPABILITY, PROCESS AND PERFORMANCE

5.1 *Philosophy and culture*

The Merian Group is a diversified global asset management firm with world-class investment expertise across virtually all major asset classes, in addition to highly-regarded capabilities in a number of specialist strategies. As an investment-led business, it strives to deliver investment strategies that are truly differentiated from those available elsewhere. As such, it is resolutely committed to active investment management; it targets a high "active share" among its long-only strategies, and its absolute return strategies are expected to deliver on their commitments, while offering return profiles with a low correlation with other absolute return strategies. The Merian Group's investment approach is distinct from most other asset managers, in that it does not impose a 'house view' on its fund managers. Instead, the Merian Group encourages its fund managers to make high-conviction investments and pursue strategies that add risk-adjusted value to investors.

5.2 *Investment capabilities and process*

The Merian Group has nine investment desks: UK Large Cap Equities; UK Small and Mid-Cap Equities; Global Systematic Equities; European (ex-UK) Small and Mid-Cap Equities; Global Emerging Markets Equity; Fixed Income; Gold and Silver; Systematic Positive Skew; and Global Asset Allocation.

UK Large Cap Equities

The Merian Group's UK Large-Cap Equities team employs a twofold investment approach, which is based on fundamental research into the companies in which it invests, focussing on their prospects over the long-term and seeking to identify both winning business models and significant turnaround situations, and a patient, long-term time horizon. This approach contrasts with the approach taken by many investors which is to focus on the immediate outlook for companies and their share prices, which tend to be driven by quarterly result statements and current trading, together with concerns about the immediate direction of macroeconomic indicators.

UK Small and Mid-Cap Equities

The Merian Group's multi-award winning Small and Mid-Cap UK Equities team's investment approach is based on the belief that its universe of companies is less well researched than large companies, which results in share price inefficiencies. The team therefore employs a flexible style encompassing, for example, a willingness to hold value and/or growth stocks, depending on market conditions and outlook, with the aim of generating sustained outperformance. The team makes extensive use of external (top-down and bottom-up) input and overlays this with its own detailed analytical work to identify potential investment opportunities.

Global Systematic Equities

The Merian Group's Global Systematic Equities team offers capabilities in long-only global, North American, European and Asian (ex-Japan) equities, in addition to a long/short, market-neutral global equity absolute return strategy. The team runs systematically driven, highly diversified, equity strategies which employ a flexible approach with no style bias. The strategies benefit from a five-factor proprietary stock selection model, with the intention of creating portfolios that have the potential to be genuinely uncorrelated with peers. The approach offers access to a large opportunity set, underscored by a demonstrably repeatable, dispassionate process, with an active human overlay.

The team focusses on investments in markets which are considered to not be fully efficient and where stock prices often diverge from their fundamental value due to investors' behavioural biases. The investment process seeks to exploit these biases in a dynamic and efficient way, pursuing outperformance driven principally by bottom-up stock selection. The team also employs a strategy which is flexible, so that the prevailing conditions and outlook can be incorporated, thus ensuring the greatest scope for sustained outperformance.

European (ex-UK) Small and Mid-Cap Equities

The Merian Group's European (ex-UK) Small and Mid-Cap Equities team eschews a predetermined style bias, preferring instead to run concentrated portfolios with a high degree of conviction. In the case of smaller companies, the team exploits what are considered to be the most inefficient and under researched parts of the European equities market.

Global Emerging Markets Equities

The Merian Group's Global Emerging Markets Equities team covers a broad investment universe across the emerging markets and narrows down stock selection using rigorous screening techniques that combine a fundamental research-based approach with a broader macro view. The result is a highly active concentrated portfolio of approximately 40 holdings.

Fixed Income

The Merian Group's fixed income team offers capabilities in global multi-sector bonds (including both absolute-return and market-relative strategies), corporate bonds (including financials contingent capital bonds) and both local and hard-currency emerging market bonds. The portfolio managers and analysts who specialise in these areas collaborate to share ideas on strategy, positioning and research, as well as developing a holistic view of the fixed income market. This collaborative structure is pivotal to the team's investment philosophy that having specialists in each of the major areas of fixed income, who work closely with one another, is crucial to finding value in increasingly interconnected markets.

Gold and Silver

The Merian Group's Gold and Silver team's strategy blends exposure to gold and silver bullion with gold and silver mining shares, which are typically found in the mid-cap area. The actual blend of gold to silver is dependent on the portfolio manager's outlook for precious metals. Under a bullish scenario, the portfolio manager will typically overweight silver and underweight gold bullion. The reverse is generally true under a bearish scenario.

Systematic Positive Skew

The Merian Group's Systematic Positive Skew team employs a strategy of using options-market data to analyse futures contracts, is wholly systematic and aims to benefit from skewed market reactions.

Global Asset Allocation

The Merian Group's Global Asset Allocation team offers investors a flexible systematic approach with built-in diversification, particularly through the Merian Global Dynamic Allocation Fund which invests directly (rather than through other funds) across four diverse asset classes: equities, bonds, currencies, and commodities. Unlike traditional global asset allocation funds, which are often constrained, the Merian Global Dynamic Allocation Fund is flexible. It can adjust its allocation to equities, typically between 80 per cent. and 20 per cent., and it is not constrained by narrow asset allocation bands. The team's process combines deep quantitative macro fundamental analysis, with the resulting data interpreted by its experienced managers.

The Merian Global Dynamic Allocation Fund seeks to avoid exposure to harmful business practices and products, and unlike funds which invest in exchange-traded funds, the fund buys equities directly. This means it is able to exclude companies based on business practices and products determined to be harmful to the environment and society. Exclusions include industries such as tobacco and controversial weapons, as well as companies causing severe environmental damage or involved in serious violations of ethical norms and human rights.

5.3 *Investment risk management and performance review*

Risk management is integral to the investment process. The Merian Group's independent Investment Risk team of five professionals monitor the investment risk landscape across all of the Merian Group's portfolios and report directly to the Head of Investment Risk. In addition to the risk limits embedded in the investment process, the Investment Risk team uses a market-leading risk management system (MSCI Risk Metrics) to support the Merian Group's risk management processes. The Investment Risk team can add new metrics to this system as markets change and the portfolio managers' strategies evolve. In addition, they regularly review the validity of their risk model using daily data and make adjustments as appropriate.

5.4 *Investment performance*

The Merian Group's investment performance track record is strong for the majority of its funds and products. As at 31 December 2019, nine mutual funds, representing approximately 28 per cent. of mutual fund AUM, had delivered first quartile investment performance over a three-year period and approximately 40 per cent. of mutual fund AUM, had delivered first quartile investment performance over a five-year period.

The table below sets out a detailed analysis of the investment performance of the Merian Group's mutual funds by quartile ranking weighted by AUM for the one, three and five-year periods ended 31 December 2019:

| Fund performance | Quartile ranking | | |
|---|------------------|---------|---------|
| | 1 year | 3 years | 5 years |
| 1st quartile..... | 5,387m | 5,480m | 7,754m |
| 2nd quartile..... | 4,054m | 4,165m | 7,038m |
| 3rd quartile..... | 1,620m | 4,979m | 2,419m |
| 4th quartile..... | 7,094m | 3,531m | 835m |
| Number of funds included in analysis..... | 31 | 31 | 30 |
| AUM included in analysis (£ billion)..... | 18.2 | 18.2 | 18.2 |
| Percentage of total Group AUM included in analysis..... | 80% | 80% | 80% |

Source: Performance (CEO Report 1-Pager Support); Finance (Dec-19 AUM & Sales Report)

The table below sets out a detailed analysis of the investment performance of the Merian Group's mutual funds by quartile ranking by number of funds for the one, three and five-year periods ended 31 December 2019:

| Fund performance | Quartile ranking | | |
|--------------------|------------------|-----------|-----------|
| | 1 year | 3 years | 5 years |
| 1st quartile..... | 10 | 9 | 10 |
| 2nd quartile..... | 7 | 7 | 7 |
| 3rd quartile..... | 7 | 7 | 4 |
| 4th quartile..... | 7 | 8 | 9 |
| Total | 31 | 31 | 30 |

Source: Performance (CEO Report 1-Pager Support)

The table below sets out the percentage of mutual fund AUM ranked in the first and second quartiles over the three-year periods ended on the dates indicated:

| Fund performance | Three years ended 31 December | | |
|-------------------|-------------------------------|------|------|
| | 2019 | 2018 | 2017 |
| 1st quartile..... | 28% | 31% | 73% |
| 2nd quartile..... | 21% | 37% | 2% |

Source: Performance; Morningstar

The table below sets out a detailed analysis of the investment performance of those six funds within the Merian Group that are in excess of £1 billion as at 31 December 2019 and quartile ranking:

| Funds | AUM £ million | Since launch | Quartile ranking | | |
|--|------------------|-----------------|------------------|---------|---------|
| | | | 1 year | 3 years | 5 years |
| UK Mid Cap..... | 3,424 | 1 | 1 | 1 | 1 |
| Global Equity Absolute Return (GEAR).... | 2,888 | 1 | 4 | 4 | 2 |
| North American Equity..... | 2,606 | 1 | 4 | 3 | 2 |
| UK Alpha..... | 1,803 | 2 | 2 | 2 | 3 |
| UK Smaller Companies..... | 1,352 | 1 | 2 | 2 | 1 |
| Global Equity..... | 1,152 | 1 | 4 | 3 | 1 |

Source: Finance (AUM); Offshore and Onshore Funds Snapshot Report 31.12.2019 (Quartile)

The table below sets out a detailed analysis of the investment performance of the Merian Group's mutual funds relative to benchmark weighted by AUM for the one, three and five-year periods ended 31 December 2019:

| Fund performance | Relative to benchmark | | |
|-------------------------|-----------------------|---------|---------|
| | 1 year | 3 years | 5 years |
| Above (£ millions)..... | 6,970 | 5,939 | 7,299 |

| | Relative to benchmark | | |
|---|-----------------------|---------|---------|
| | 1 year | 3 years | 5 years |
| Below (£ millions)..... | 12,476 | 13,194 | 10,853 |
| Number of funds included in analysis..... | 36 | 34 | 31 |
| AUM included in analysis (£ billions)..... | 19.4 | 19.1 | 18.2 |
| Percentage of total Group AUM included in analysis..... | 86% | 85% | 80% |

Source: Performance (CEO Report 1-Pager Support); Finance (Dec-19 AUM & Sales Report)

The table below sets out a detailed analysis of the investment performance of the Merian Group's mutual funds relative to benchmark by number of funds for the one, three and five-year periods ended 31 December 2019:

| Fund performance | Relative to benchmark | | |
|-------------------|-----------------------|-----------|-----------|
| | 1 year | 3 years | 5 years |
| Above..... | 19 | 13 | 7 |
| Below..... | 17 | 21 | 24 |
| Total..... | 36 | 34 | 31 |

Source: Performance (CEO Report 1-Pager Support)

6. APPROACH TO STEWARDSHIP

The Merian Group places significant emphasis on responsible investment. The Merian Group seeks to invest and behave in a responsible way, building and maintaining positive relationships with its key stakeholders. To implement its responsible investment strategy, each investment desk has its own responsible investment policy aligned with its investment style, guided by Merian's experienced in-house responsible investment team. The Merian Group also seeks to exemplify the behaviours it expects of the companies it invests in, wherever practicable. This means acting transparently and with integrity, looking after its colleagues, treating its customers and suppliers fairly, managing its environmental impact and contributing to the communities in which it operates.

7. SALES AND MARKETING

The Merian Group's clients include many of the world's largest and most sophisticated financial institutions, including global banks, insurers, multi-asset fund managers, sovereign wealth funds, pension funds, and retail financial advisers.

Its specialised distribution teams support its clients globally from offices in London, Zurich, Milan, Hong Kong and Singapore. The Merian Group has dedicated teams to support the following regions: the Americas; Asia-Pacific; France and Benelux; Germany, Switzerland and Austria; Iberia; Italy; Middle East; Nordics; South Africa; and the United Kingdom.

The Merian Group's distribution coverage in the Americas is exclusively managed through the AMCS Group, a separate, independently owned company, whose directors and senior staff have a long history of marketing the Merian Group's funds. The AMCS Group has offices in Miami and Montevideo.

The Merian Group's distribution coverage in Taiwan is through its partnership with locally-based Capital Gateway, one of the leading master agents operating in the Taiwanese market, and with which Merian has enjoyed a long-standing relationship.

The Merian Group has won over 90 industry awards since 2014 and has established a real presence in the markets in which it operates. The quality of its fund managers, their teams and its performance is recognised by independent rating agencies and endorsed by the investment awards the Merian Group has won.

HISTORICAL FINANCIAL INFORMATION RELATING TO THE MERIAN GROUP

PART A:

**ACCOUNTANT'S REPORT IN RESPECT OF THE HISTORICAL FINANCIAL
INFORMATION RELATING TO THE MERIAN GROUP**



The Directors
Jupiter Fund Management plc
The Zig Zag Building
70 Victoria Street
London SW1E 6SQ
United Kingdom

23 April 2020

Dear Ladies and Gentlemen

Merian Global Investors Limited (“Merian”)

We report on the financial information of Merian for the three years ended 31 December 2019 set out in Part B of this Section entitled “Historical Financial Information – Relating to the Merian Group” below (the “**Merian Financial Information Table**”). The Merian Financial Information Table has been prepared for inclusion in the prospectus dated 23 April 2020 (the “**Prospectus**”) of Jupiter Fund Management plc (the “**Company**”) on the basis of the accounting policies set out in note 2 to the Merian Financial Information Table. This report is required by item 11.1 of Annex 7 to the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Merian Financial Information Table in accordance with the basis of preparation set out in note 2 to the Merian Financial Information Table.

It is our responsibility to form an opinion as to whether the Merian Financial Information Table gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.5R(2)(f) of the Prospectus Regulation Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 7 to the PR Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial

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information and whether the accounting policies are appropriate to Merian's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Merian Financial Information Table gives, for the purposes of the Prospectus dated 23 April 2020, a true and fair view of the state of affairs of Merian as at the dates stated and of its income/losses, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2 to the Merian Financial Information Table.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.5R(2)(f) we are responsible for this report as part of the Prospectus and declare that to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 7 to the PR Regulation.

Yours faithfully

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Chartered Accountants

PART B:
HISTORICAL FINANCIAL INFORMATION RELATING TO THE MERIAN GROUP

Combined and Consolidated Statement of Comprehensive (Loss) / Income

For the year ended 31 December

| | <u>Notes</u> | <u>2019</u> £'000 | <u>2018</u> £'000 | <u>2017</u> £'000 |
|---|--------------|----------------------|----------------------|----------------------|
| Revenue | 7 | 232,770 | 291,959 | 398,561 |
| Fees and commission expenses | 9 | (52,765) | (67,829) | (61,641) |
| Net revenue | | <u>180,005</u> | <u>224,130</u> | <u>336,920</u> |
| Administrative expenses..... | 10 | (114,483) | (172,765) | (181,272) |
| Transaction costs..... | 14 | - | (16,796) | - |
| Amortisation of intangible assets | 20 | (36,546) | (18,292) | (2,388) |
| Operating profit | | <u>28,976</u> | <u>16,277</u> | <u>153,260</u> |
| Finance income | 16 | 363 | 510 | 165 |
| Finance expense | 17 | (43,065) | (23,879) | - |
| (Loss)/profit before tax | | <u>(13,726)</u> | <u>(7,092)</u> | <u>153,425</u> |
| Income tax expense | 18 | (3,071) | (6,881) | (29,725) |
| (Loss)/profit for the year | | <u>(16,797)</u> | <u>(13,973)</u> | <u>123,700</u> |
| Other comprehensive loss, net tax | | (550) | (150) | - |
| Total comprehensive (loss)/income for the year.. | | <u>(17,347)</u> | <u>(14,123)</u> | <u>123,700</u> |
| (Loss)/income attributable to equity holders | | <u>(17,347)</u> | <u>(14,123)</u> | <u>123,700</u> |

The notes on pages 118 to 144 are an integral part of the combined and consolidated historical financial information.

Combined and Consolidated Balance Sheet

As at 31 December

| | Notes | 2019 £'000 | 2018 £'000 | 2017 £'000 |
|--|-------|-----------------|----------------|----------------|
| Non-Current Assets | | | | |
| Goodwill | 19 | 263,429 | 262,964 | - |
| Intangible assets | 20 | 127,875 | 164,421 | 39 |
| Property, plant and equipment..... | 21 | 17,169 | 60 | 176 |
| Deferred acquisition costs | | 2,509 | 3,694 | 4,395 |
| Deferred tax assets | 22 | 6,044 | 6,639 | 9,441 |
| Other receivables..... | 24 | 103 | - | - |
| | | 417,129 | 437,778 | 14,051 |
| Current Assets | | | | |
| Other receivables..... | 24 | 27,841 | 27,916 | 232,510 |
| Financial assets through profit or loss | 23 | 36,621 | 31,016 | 499 |
| Cash and cash equivalents..... | 25 | 121,277 | 138,117 | 147,393 |
| | | 185,739 | 197,049 | 380,402 |
| TOTAL ASSETS | | 602,868 | 634,827 | 394,453 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital..... | 31 | 5,155 | 5,152 | - |
| Share premium | | 15,205 | 15,196 | - |
| Foreign currency translation reserve | 33 | (700) | (150) | - |
| Retained earnings | 33 | (42,966) | (26,169) | - |
| Invested capital | 31 | - | - | 156,121 |
| TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS | | (23,306) | (5,971) | 156,121 |
| NON-CURRENT LIABILITIES | | | | |
| Loans and borrowings | 26 | 156,808 | 196,404 | - |
| Preference shares..... | 32 | 334,649 | 304,227 | - |
| Deferred tax liability | 28 | 21,739 | 27,950 | -- |
| Other payables..... | 27 | 16,368 | - | - |
| | | 529,564 | 528,581 | - |
| CURRENT LIABILITIES | | | | |
| Current tax liability | | 5,617 | 5,870 | 33,345 |
| Other payables..... | 27 | 90,993 | 106,347 | 204,987 |
| | | 96,610 | 112,217 | 238,332 |
| TOTAL LIABILITIES | | 626,174 | 640,798 | 238,332 |
| TOTAL EQUITY AND LIABILITIES | | 602,868 | 634,827 | 394,453 |

The notes on pages 118 to 144 are an integral part of the combined and consolidated historical financial information.

Combined and Consolidated Statement of Changes in Equity

| | Share capital | Share Premium | Invested Capital | Foreign currency translation reserve | Retained earnings | Total equity |
|-------------------------------------|---------------|---------------|------------------|--------------------------------------|-------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| As at 1 January 2019 | 5,152 | 15,196 | - | (150) | (26,169) | (5,971) |
| Issue of share capital | 3 | 9 | - | - | - | 12 |
| Loss for the year | - | - | - | - | (16,797) | (16,797) |
| Translation loss | - | - | - | (550) | - | (550) |
| As at 31 December 2019 | 5,155 | 15,205 | - | (700) | (42,966) | (23,306) |

| | Share capital | Share Premium | Invested Capital | Foreign currency translation reserve | Retained earnings | Total equity |
|---|---------------|---------------|------------------|--------------------------------------|-------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| As at 1 January 2018 | - | - | 156,121 | - | - | 156,121 |
| Profit for the six-month period | - | - | 12,196 | - | - | 12,196 |
| Dividends paid | - | - | (35,696) | - | - | (35,696) |
| In specie dividend paid | - | - | (9,100) | - | - | (9,100) |
| Eliminate reserves of Merian Global Investors Holdings Limited as at 29 June 2018 | - | - | (123,521) | - | - | (123,521) |
| Issue of share capital | 5,152 | 15,196 | - | - | - | 20,348 |
| As at acquisition 29 June 2018 | 5,152 | 15,196 | - | - | - | 20,348 |
| Loss for the period | - | - | - | - | (26,169) | (26,169) |
| Translation loss | - | - | - | (150) | - | (150) |
| As at 31 December 2018 | 5,152 | 15,196 | - | (150) | (26,169) | (5,971) |

| | Share capital | Share Premium | Invested Capital | Foreign currency translation reserve | Retained earnings | Total equity |
|-------------------------------------|---------------|---------------|------------------|--------------------------------------|-------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| As at 1 January 2017 | - | - | 76,940 | - | - | 76,940 |
| Profit for the year | - | - | 123,700 | - | - | 123,700 |
| Share-based payments | - | - | 252 | - | - | 252 |
| Dividends paid | - | - | (44,771) | - | - | (44,771) |
| As at 31 December 2017 | - | - | 156,121 | - | - | 156,121 |

The notes on pages 118 to 144 are an integral part of the combined and consolidated historical financial information.

Combined and Consolidated Statement of Cash flows

For the year ended 31 December

| | 2019 | 2018 | 2017 |
|--|-----------------|------------------|-----------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| (Loss) / profit before tax..... | (13,726) | (7,092) | 153,425 |
| Depreciation and amortisation..... | 38,522 | 21,641 | 804 |
| Impairment..... | - | - | 1,783 |
| Decrease / (increase) in receivables..... | 10,787 | 204,592 | (119,710) |
| (Decrease) / increase in payables..... | (27,982) | (98,638) | 88,925 |
| Finance costs..... | 43,065 | 23,879 | - |
| Finance income..... | (363) | (512) | (165) |
| Other losses / (gains)..... | 110 | (755) | (3,570) |
| Tax and group relief paid..... | (8,897) | (34,643) | (5,879) |
| Net cash from operating activities..... | 41,516 | 108,472 | 115,613 |
| INVESTING ACTIVITIES | | | |
| Interest received..... | 363 | 512 | 143 |
| Net (purchase) /sale of investments..... | (5,684) | (30,932) | 39 |
| Business combinations in the year..... | (465) | (540,000) | - |
| Net cash (used in) / from investing activities..... | (5,786) | (570,420) | 182 |
| FINANCING ACTIVITIES | | | |
| Dividends paid..... | - | (35,696) | (44,771) |
| Repayment of lease liabilities and borrowings..... | (1,961) | - | - |
| Interest and bank charges paid..... | (11,272) | (7,597) | - |
| Issue of share capital..... | - | 20,348 | - |
| Issue of preference share capital..... | - | 289,551 | - |
| Debt issue..... | - | 235,000 | - |
| Debt repaid..... | (38,790) | (40,000) | - |
| Finance arrangement costs..... | - | (9,282) | - |
| Net cash used in / from financing activities..... | (52,023) | 452,324 | (44,771) |
| Net (decrease) / increase in cash and cash equivalents..... | (16,293) | (9,624) | 71,024 |
| Foreign exchange movement on cash | (547) | 348 | (454) |
| Cash and cash equivalents at beginning of the year..... | 138,117 | 147,393 | 76,823 |
| Cash and cash equivalents at end of the year..... | 121,277 | 138,117 | 147,393 |

The notes on pages 118 to 144 are an integral part of the combined and consolidated historical financial information.

Notes to the Combined and Consolidated Historical Financial Information relating to the Merian Group

1. GENERAL INFORMATION

Merian Global Investors Limited ("**Merian**") is a private limited company incorporated in Jersey with registered number 125325. Merian is the holding company for the Merian Group as defined below. Merian was incorporated on 7 December 2017 and began operations on 29 June 2018. The address of its registered office is 47 Esplanade, St Helier, JE1 08D, Jersey.

The primary business of the Merian Group is to deliver strong investment performance through active investment management.

On 19 December 2017, Quilter Group Plc ("**Quilter Group**") announced it had agreed to sell the single strategy business of Old Mutual Global Investors Group (the "**OMGI Group**"). On 29 June 2018, Merian, through its subsidiary Merian Global Investors (Finance) Limited acquired Old Mutual Global Investors Holding Limited and its subsidiaries. In October 2018, Old Mutual Global Investors Holdings Limited changed its name to Merian Global Investors Holdings Limited. Merian Global Investors Holding Limited was previously the holding company of the Merian Group described below, and is a company incorporated and domiciled in England and Wales.

On 17 February 2020, Jupiter Fund Management plc (the "**Company**") announced the proposed acquisition of the Merian Group (the "**Acquisition**"). The Acquisition, which is subject to regulatory and shareholder approval, is expected to complete in the second half of 2020 (and not earlier than 1 July 2020).

2. SUMMARY OF ACCOUNTING POLICIES

This historical financial information has been prepared to reflect the historical financial performance of the Merian Group, applying accounting policies consistent with those used by the Company in the Company's annual report for the year ended 31 December 2019.

The principal accounting policies applied in the preparation of this combined and consolidated historical financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The constituent parts of the Merian Group's results for the periods presented are also explained below.

2.1 Basis of preparation

The historical financial information has been prepared on the basis of the Acquisition which was announced on 17 February 2020. In respect of certain matters, such as the going concern basis of preparation and the accounting policies of the Company, it takes into account the appropriate considerations of the Enlarged Group. The Acquisition, which is subject to regulatory and shareholder approval, is expected to complete in the second half of 2020 (and not earlier than 1 July 2020).

For the purposes of this historical financial information, the term "**Merian Group**" refers to the carve-out combined and consolidated historical financial information of Merian Global Investors Holdings Limited and its subsidiaries prior to 29 June 2018 (the date of the acquisition of Merian and its subsidiaries) and subsequent to 30 June 2018 to 31 December 2019 of Merian and its consolidated subsidiaries.

This combined and consolidated historical financial information therefore presents the financial results for those businesses that were part of the Merian Group as at and for the years ended 31 December 2017, 31 December 2018 and 31 December 2019.

This combined and consolidated historical financial information has been prepared in accordance with the requirements of the Prospectus Regulation, the Listing Rules, those parts of the Companies Act applicable to companies reporting under IFRS and in accordance with the basis of preparation set out below.

The basis of preparation describes how the historical financial information has been prepared in accordance with IFRS except as described below.

IFRS does not provide for the preparation of combined and consolidated financial information and, accordingly, in preparing the combined and consolidated historical financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars, as described in the Annexure to SIR 2000 (Investment Reporting Standards applicable to public reporting engagements on historical financial information) issued by the Auditing Practices Board, have been applied.

Due to its nature, and specific basis of preparation, the combined and consolidated historical financial information as at and for the years ended 31 December 2017 and 31 December 2018 is not in full compliance with IFRS presentation and disclosure requirements.

Earnings per share, as required by IAS 33 "Earnings per share" has only been disclosed for the 6 months ended 31 December 2018 and the year end 31 December 2019, given that the historical financial information has not been prepared on a consolidated basis throughout the periods presented (as further explained in note 15).

This combined historical financial information is presented in pounds thousands of sterling ("£000") and has been prepared under the historical cost convention on the basis of accounting policies disclosed below.

The combined and consolidated historical financial information reflects the following:

(i) For the year ended 31 December 2017

The Merian Group was not a standalone legal group or business of entities for the year ended 31 December 2017. As such, consolidated historical financial information for the year ended 31 December 2017 is derived from the legal entity financial information of the entities in the Merian Group.

The carve-out combined and consolidated historical financial information for the year ended 31 December 2017 has been prepared to present the historical financial results of the single strategy business of the OMGI Group (now the Merian Group).

During 2017, the OMGI Group also managed a range of multi-asset funds. These funds are outside of the scope of the carve-out historical financial information, hence their financial results are excluded from the carve-out historical financial information. Consolidation adjustments have been made to carve-out the results, assets and liabilities attributable to the multi-asset funds business.

The operations, assets and liabilities attributable to the remaining business are derived from the following entities which sat within the OMGI Group and amounts are sourced from the statutory financial statements of each of the following entities:

- Merian Global Investors Holdings Limited ("**MGI Holdings**") (formerly Old Mutual Global Investors Holdings Limited);
- Merian Global Investors (UK) Limited ("**MGI UK**") (formerly Old Mutual Global Investors (UK) Limited);
- Merian Global Investors (Switzerland) LLC ("**MGI CH**") (formerly Old Mutual Global Investors (Switzerland) LLC);
- Merian Global Investors (Singapore) Pte. Ltd ("**MGI SG**") (formerly Old Mutual Global Investors (Singapore) Pte. Ltd);
- Merian Global Investors (Asia Pacific) Limited ("**MGI AP**") (formerly Old Mutual Global Investors (Asia Pacific) Limited);
- Quilter Investors Limited ("**QI**") (formerly Old Mutual Investment Management Limited); and
- Merian Investment Management Limited ("**MIML**") (formerly OMIFM Limited).

The historical results of the companies have been apportioned to either of the multi-asset funds business and the remaining business in accordance with each separate company's allocation below:

- As MGI Holdings, MGI AP, MGI CH and MGI SG were allocated 100 per cent. to the remaining business no adjustments were required to the historical results, assets and liabilities of these entities as set out in the individual statutory financial statements. Those individual statutory financial statements prepared under HKFRSs (MGI AP); Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations) (MGI CH) and Singapore Financial Reporting Standards (MGI SG), although not prepared in accordance with IFRS, did not have any material GAAP differences between those accounting frameworks and IFRS. The statutory financial statements for MGI Holdings were already prepared under IFRS.
- MIML was incorporated in 2017 and was dormant for the year.
- In 2017 MGI UK and QI had both multi-asset fund business and remaining business and therefore amounts have been allocated between the relevant businesses to determine the amounts to be included as follows:

Revenue and Working capital (assets and liabilities): Allocation of revenue and working capital, between the multi-asset fund business and remaining business was attributed on a fund by fund basis excluding cash positions. All cash held by the entities except QI has been allocated to the remaining business.

Expenses: The expenses for the remaining business were derived using two methods. Direct expenses attributable to remaining business were allocated to the relevant fund, desk or cost centre within the remaining business. The remaining expenses that could not be directly allocated to a fund, desk or cost centre were allocated based on apportionment of AUM on a fund by fund basis.

Other receivables/payables: Adjustments have been made to recognise separately amounts receivable or payable to/from the excluded multi-asset fund business. Balances between the remaining business entities have been eliminated and those with multi-asset fund entities have been treated as if with third parties.

Taxes: Tax charges and liabilities arising on each legal entity that is wholly within the carve-out perimeter have been accounted for and adjustments have been made for the tax effect of items of income or expense carved out of the results of the remaining business (i.e. from the excluded business).

Deferred taxes have been allocated to the legal entities within the carve-out perimeter again with adjustments to carve-out the deferred tax-effect of items of income or expense attributable to the multi-asset business.

Share capital and reserves: Share capital and reserves are not presented in this carve-out financial information as there is no sensible basis on which to determine allocation of capital and reserves between these businesses. A single line balance "invested capital" has been included in the balance sheet.

The remaining business benefits from synergies that result from being part of the OMGI Group and, accordingly, this non-statutory combined financial information does not represent the financial performance of the single strategy business as if it had been a standalone entity in the periods presented.

(ii) For the year ended 31 December 2018

The management team of the Merian Group undertook a management buyout in June 2018, establishing the Merian Group as an independent group. Therefore, during the period from 1 January 2018 to 29 June 2018, the entities combined did not constitute a separate legal group. The historical financial information for the year ended 31 December 2018 has therefore been prepared on a basis that combines the results of the Merian Group. The combined and consolidated historical financial information is derived from the following:

- 1) the carve-out combined and consolidated financial information derived from the legal entity financial information of the OMGI Group for the period from 1 January 2018 to 29 June 2018; and
- 2) the consolidated financial information of the Merian Group for the period from 30 June 2018 to 31 December 2018.

The assets and liabilities of the Merian Group were adjusted to fair value as part of the management buyout on 29 June 2018, which impacts the Merian Group's earnings after this date. Subsequently from 30 June 2018 to 31 December 2018, the consolidated historical financial information reflects Merian and its subsidiaries as at and for the period 30 June 2018 to 31 December 2018.

(iii) For the year ended 31 December 2019

The historical financial information for the year ended 31 December 2019 has been derived from the standalone consolidated historical financial information of the Merian Group.

2.2 Basis of control

The Merian Group accounts for business combinations using the acquisition method when control is transferred to the Merian Group. Any goodwill that arises on combination is initially recognised at fair value, and subsequently tested annually for impairment. Transaction costs, except for those incurred in respect of the issue of debt or equity, are expensed as incurred.

Control is achieved when the Merian Group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Specifically, the Merian Group controls an investee if, and only if, the Merian Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is presumption that a majority of voting rights results in control. To support this presumption and when the Merian Group has less than a majority of the voting or similar rights of an investee, the Merian Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Merian Group's voting rights and potential voting rights.

The Merian Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Merian Group obtains control over the subsidiary and ceases when the Merian Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Merian Group gains control until the date the Merian Group ceases to control the subsidiary.

Transactions eliminated on consolidation, intra-group balances and transactions, and unrealised income or expenses arising from intra-group transactions are eliminated.

2.3 Going concern

This combined and consolidated historical financial information of the Merian Group has been prepared on a going concern basis in the context of its proposed acquisition by the Company, which was announced on 17 February 2020.

The Acquisition, which is subject to regulatory and shareholder approval, is expected to complete in the second half of 2020 (and not earlier than 1 July 2020).

The Directors have prepared forecasts and budgets which demonstrate the Merian Group's continuing viability and expected profitability on an enlarged basis in the context of the Acquisition. Therefore, no adjustments or disclosures are deemed appropriate or required in this combined and consolidated historical

financial information, not is there deemed a requirement to change the basis of preparation given that the going concern assumption remains appropriate in the context of the Acquisition.

The Merian Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the combined and consolidated historical financial information and under a reasonable worst case scenario is able to meet its financial obligations as they fall due in the context of the Acquisition. As a consequence, the Directors believe that the Merian Group is well placed to manage its business risks successfully.

The uncertainty as to the future impact on the Merian Group of the coronavirus (Covid-19) outbreak has been considered as part of the Merian Group's adoption of the going concern basis.

The Merian Group has experienced a significant reduction in assets under management, including material client outflows, in the first quarter of 2020 (see note 37) and the Directors have considered the potential impact of the coronavirus (Covid-19) outbreak on the Merian Group's results, allowing for the impact of lower revenues arising from lower levels of assets under management.

Management has action plans in place in the event of further reductions in asset values and net client outflows from funds. The implementation of these plans would enable the Merian Group to continue as a going concern in a reasonable worst case scenario, such that the Directors have a reasonable expectation that the Merian Group will continue as a going concern in the context of the Acquisition.

Therefore, this combined and consolidated historical financial information does not include the adjustments that would result if the Merian Group was unable to continue as a going concern.

2.4 **Functional and presentation currency**

Items included in the historical financial information of each of the Merian Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). This combined and consolidated historical financial information is presented in pounds sterling, which is the Merian Group's presentation currency.

3. **CHANGES TO SIGNIFICANT ACCOUNTING POLICIES**

During the year ended 31 December 2019, the following standards, amendments to standards, and interpretations were adopted in the historical financial information.

IFRS 16 Leases

The Merian Group has adopted IFRS 16 retrospectively from 1 January 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Merian Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.5 per cent.

(i) **Practical expedients applied**

In applying IFRS 16 for the first time, the Merian Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The Merian Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Merian Group relied on its assessment made applying IAS 17 and IFRIC 4 determining whether an arrangement contains a lease.

| | | |
|------|---|--------------|
| (ii) | Measurement of lease liabilities | £'000 |
| | Capital commitments disclosed as at 31 December 2018 | 5,109 |
| | (Less): discount using the lessee's incremental borrowing rate | (126) |
| | (Less): capital commitments not meeting the criteria of a lease liability | (1,677) |
| | Lease liability recognised as at 1 January 2019 | 3,306 |
| | Of which: | |
| | Current lease liabilities | 1,920 |
| | Non-current lease liabilities | 1,386 |

(iii) **Measurement of right-of-use assets**

The associated right-of-use assets for property leases were measured using the incremental borrowing rate as on the date of transition. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

Prior to the adoption of IFRS 16, leases were accounted for under IAS 17. Leasing and rental contracts were recognised based on legal ownership. Therefore, any leasing or rental expenses were recognised as expenses in the period they were incurred; however, the leased or rented objects themselves were not recognised in the balance sheet. For the period ended 31 December 2017 there were lease agreements for the Merian Group's premises in Zurich and Edinburgh on this basis. The operating lease commitments were not material for the year ended 31 December 2017 or 2018.

New standards and interpretations not applied

The International Accounting Standards Board and IFRS Interpretations Committee ("IC") have issued a number of new accounting standards and interpretations, amendments to existing standards and interpretations. There are no IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Merian Group.

4. ACCOUNTING POLICIES

4.1 Revenue from Contracts with Customers

Revenue recognised reflects the consideration to which the Merian Group expects to be entitled in exchange for the transfer of promised goods or services to the client. IFRS 15 was adopted by the Merian Group for the financial year commencing 1 January 2018 using the modified retrospective approach. All Merian Group companies that were acquired on 29 June 2018 had already adopted IFRS 15 and as part of this adoption considered the five-step analysis prescribed by the standard.

The Merian Group considered the five-step analysis prescribed by IFRS 15. Group companies also took into account the different types of contracts they have with their customers, the corresponding types of services provided to customers and when these service obligations are satisfied. In addition, the Merian Group considered the types of fee income generated across all products from contracts with its customers and when fee income is recognised.

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

The Merian Group's product types can be broadly categorised into pooled funds and segregated mandates. Pooled funds, which include both mutual funds and investment trusts, are established by the Merian Group,

with the risks, exposures and investment approach defined via a prospectus which is provided to potential investors. In contrast, segregated mandates are generally established in accordance with the requirements of a specific institutional investor.

Management fees, performance fees and distribution fees are all forms of variable consideration, however there is no significant judgement or estimation. The transaction price is determined at the end of each measurement period and is normally equal to the relevant measure of AUM adjusted by a factor set out in the investment management agreement. In the case of performance fees, there will be an adjustment for a hurdle rate of return before the performance fee is due. The amount is billed to the customer as per contractual arrangements for each of the separate components of revenue.

All components of the Merian Group's revenue are performance obligations satisfied over time, and are generally not subject to returns or refunds. The Merian Group uses the output method to recognise revenue, applying the practical expedient that allows an entity to recognise revenue in the amount to which the entity has a right to invoice if that consideration corresponds directly with the value to the customer of the entity's performance completed to date. This is appropriate because investment management services are generally satisfied over time with either the customer simultaneously receiving and consuming the benefits provided by the fund manager as the fund manager performs the service, or with the fund manager's performance enhancing the assets that the fund controls.

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

- 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; and
- performance fees are calculated as a percentage of the appreciation in the net asset value of a fund above a defined hurdle and are recognised when the fee amount can be estimated reliably and it is highly probable that it will not be subject to significant reversal. Such fees are normally recognised at the end of the relevant reporting period of the fund and payment is collected shortly after.

Finance 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.

4.2 Expenses

All expenses are recognised in the income statement on the accrual basis.

4.3 Share-based compensation

Prior to 29 June 2018, the Merian Group participated in share-based payment transactions in respect of services receivable from certain employees by granting the right to either shares or options over shares, subject to certain vesting conditions and exercise prices.

The fair value of the awards granted in the form of shares or share options is recognised as an administrative expense over the appropriate performance and vesting period.

These have been accounted for as equity-settled or cash-settled, as appropriate.

4.4 Goodwill

Goodwill arising on acquisitions, being the excess of the costs of a business combination over the fair value of identifiable assets, liabilities and contingent liabilities acquired, is recognised in the combined and 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.

This impairment test requires assumptions to be made, principally concerning the future levels of profitability. Given the size of the potential impact of impairment losses on the Merian Group's financial position, this has been included as an area where the use of estimation is important. However, given the

headroom resulting from the impairment test for the years ended 31 December 2018 and 2019, the risk of material adjustment is not deemed significant. The Merian Group also reviews the accuracy of historical estimates of future profitability to assess whether impairment tests from prior years would have given a different result had actual profits been equal to past estimates. No instances have been identified where this would have triggered an impairment.

See note 37 for further information of post balance sheet events relating to goodwill impairment.

4.5 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 Merian Group and its cost can be measured reliably.

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. The fair value of the contracts has been estimated using a discounted cash flow model. The useful life has been estimated as being five years.

The carrying amounts of the Merian Group's 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.

See note 37 for further information of post balance sheet events relating to intangible assets.

4.6 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:

| <u>Fixed Asset</u> | <u>Years</u> |
|--------------------|--------------|
| Computer equipment | 3 |
| Leases | 11 |

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 combined and consolidated statement of comprehensive (loss) / income.

4.7 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and

- payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Merian Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk; and
- makes adjustments specific to the lease, for example, term, country, currency and security.

The Merian Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.8 Financial assets through profit or loss

Financial assets through profit or loss mainly represent investments in funds for the purpose of fulfilling employee deferred compensation plans. They are measured at fair value through the combined and consolidated statement of comprehensive (loss) / income at initial recognition and are stated at fair value, with any resultant gain or loss recognised in the combined and consolidated statement of comprehensive (loss) / income.

4.9 Financial Instruments

IFRS 9 (Financial Instruments) was issued in July 2014 and has replaced IAS 39 (Financial Instruments: Recognition and Measurement). The final version of this standard incorporates amendments to the classification and measurement, hedge accounting guidance, as well as the accounting requirements for the impairment of financial assets measured at amortised cost and fair value through other comprehensive income ("FVOCI").

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

All Merian Group companies that were acquired on 29 June 2018 had already adopted IFRS 9. More information on changes in classification is shown later in this section.

Classification and measurement of financial assets and liabilities

All financial assets are initially recognised at fair value, including directly attributable transactions 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').

Other financial assets are measured at fair value through profit or loss ("FVTPL").

For equity investments that are neither held for trading nor contingent consideration, Merian 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 other comprehensive income is not reclassified from equity to profit or loss. However, it may be reclassified within equity.

The classification of the Merian Group's financial instruments according to IFRS 9 is shown below. On transition, there has been no change in the carrying value of any financial assets or financial liabilities.

IFRS 9 Reclassification Table

| Financial Assets | Classification |
|------------------------------|------------------------------------|
| Cash | Amortised cost |
| Investments | Fair value through profit and loss |
| Deferred acquisition costs | Amortised cost |
| Other receivables | Amortised cost |
| Financial Liabilities | |
| Other payables | Amortised cost |
| Loans and borrowings | Amortised cost |
| Preference share capital | Amortised cost |

Impairment

Impairment is determined based on an expected credit loss ("ECL") model. The Merian Group 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 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 the credit risk is considered to be low due to the availability of funds for repayment; and
- other receivables – the Merian Group applies the IFRS 9 simplified approach to measuring ECLs for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding three to five years and is adjusted for forward-looking estimates. ECLs are applied to the total balance of non-credit impaired trade receivables. The Merian Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred, such as significant financial difficulty of the client or it becomes probable that the client will enter bankruptcy or other financial reorganisation. When a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement. In line with the Merian Group's historical experience, and after consideration of current credit exposures, the Merian Group does not expect to incur any credit losses and has not recognised any ECLs in the current year (2018: £nil, 2017: £nil)

4.10 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. These are held at amortised cost.

4.11 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.

4.12 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.

4.13 Amounts due to employees

The Merian Group, as part of its employee compensation, defers certain awards which are invested in funds. These are accrued over the vesting period through the combined and consolidated statement of comprehensive (loss) / income and settled at the end of the vesting period.

4.14 Pensions and other post-retirement benefits

Merian 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 combined and consolidated statement of comprehensive (loss) / income 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.

4.15 Taxation

(a) 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 (loss) / profit for the year, except when it relates to items recognised directly in equity or in other comprehensive income.

(b) 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 (loss) / profit for the year, except when it relates to items recognised directly in equity or in other comprehensive income.

4.16 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.

4.17 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'.

Merian has assessed whether the funds it manages are structured entities. Merian 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 Merian 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.

Merian has judged that its managed funds are structured entities and that it has an interest in these funds (see note 34).

4.18 Consolidation

Under IFRS 10 (Consolidated Financial Statements), the Merian Group is required to consolidate any entities under the control of the Merian Group's parent company. Such consolidated entities include operating and holding company subsidiaries of the Merian Group, but can also include other vehicles, such as employee benefit trusts (EBTs), which have been set up to fulfil a special purpose. In the case of the Merian Group's EBT, the trustees are required to act in compliance with the trust deed and in accordance with the beneficiaries' interests. However, judgement is required to establish whether the EBT has been designed effectively (i) to minimise the risk of conflict between the trustees' duties and the interests of the Merian Group, and (ii) to serve the Merian Group's purposes.

Merian's judgement, which is in line with the vast majority of other groups with similar mechanisms for rewarding employees, is that the EBT has been designed, and functions, as a subsidiary of the Merian Group. This conclusion is based on the following, which indicate the Merian Group's exposure to risk from the EBT and help determine whether the Merian Group has power over its relevant activities:

- the EBT's activities are conducted on behalf of the Merian Group and for the benefit of the Merian Group's employees because its primary function is to facilitate the remuneration of the Merian Group's employees. The Merian Group made the decisions as to how the EBT was designed and operated at the EBT's inception;
- the Merian Group retains the benefits and risks associated with holding fund investments until awards have vested unconditionally because such holdings via the trust mitigate the Merian Group's exposure to changes in the value of fund investments between award and exercise date;
- the Merian Group funds the EBT through a loan facility, which means that financing decisions are controlled by the Merian Group; and
- if an employee's award lapses, the Merian Group benefits from being able to cover other awards without committing other resources (i.e. without additional funding).

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and judgements are those which involve the most complex or subjective judgements or assessments. The areas of Merian's business that typically require such judgements and/or estimates are set out below, although none are considered a critical estimate or significant judgement as at the balance sheet date, but are provided as useful additional information. More detail is outlined below:

5.1 Share-based compensation

Given the significance of share-based payments as a form of employee remuneration for the Merian Group, share-based payments have been included as an area where the use of estimation is important. The principal estimations are in relation to:

- forfeitures (where the awardees leave the Merian Group as 'bad' leavers and therefore forfeit unvested awards) and accelerations (where awardees are 'good' leavers and their awards continue to vest but there is no longer an extended service period condition); and
- the satisfaction of performance conditions attached to certain awards.

The estimates are reviewed regularly and the charge to the income statement is adjusted appropriately (at the end of the relevant scheme as a minimum). The share-based awards were cancelled on 29 June 2018 as a result of the acquisition of Merian Global Investors Holdings Limited. The expense has been reflected in retained earnings for the period ended 29 June 2018.

5.2 Goodwill and intangible asset impairment

Goodwill and intangible asset impairment were not critical estimates for the years ended 31 December 2018 and 2019 as there was sufficient headroom over the carrying values when compared to the recoverable amounts for the CGU. Due to coronavirus (Covid-19) outbreak, goodwill and intangible asset impairment may be considered critical estimates and further information is given as a result of post-balance sheet events (see note 37 for further detail).

6. FINANCIAL INSTRUMENTS RISK AND RISK MANAGEMENT

6.1 Risk management framework

The Merian Group's enterprise risk management ("ERM") framework comprises core components including:

- corporate governance arrangements which set out the way that the organisation is structured and managed;
- end-to-end processes involved in the identification, assessment, measurement, monitoring and management of risk, including assignment of risk owners and risk reporting; and
- culture and behaviours that are 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, the Merian Group seeks to ensure that risk and capital implications are considered when making strategic and operational decisions, and to ensure that the Merian Group's risk profile is understood and managed within the agreed risk appetite.

Merian Group's risk appetite framework ("RAF") is based upon and supported by policies, processes and skills that set out the way that Merian Group staff across all areas and control functions manage risk in relation to the Merian Group'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 business' strategic objectives, and contractual and regulatory requirements; and
- 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 the Merian Group to mitigate and manage risks, informed by the policy appetite statements and control standards.

The risks faced by the Merian Group are described below:

Credit risk

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

The Merian Group 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 Merian Group is exposed to. The value of credit risk exposures and the credit rating of counterparties are monitored monthly.

The Merian Group'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.

The Merian Group's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the combined and consolidated historical financial information.

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.

The Merian Group 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 per cent. from the start of the year would have decreased profit by £17.5 million after tax. An equal change in the opposite direction would have increased profit by £17.5 million after tax.

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 most significant interest rate risk facing the Merian Group relates to the outstanding interest bearing loan liability (see note 26), which attracts a fixed rate plus a floating LIBOR/EURIBOR margin. The Merian Group manages this risk through the use of interest rate caps and cash flow forecasting.

Other 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:

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|----------------|-----------------|-------------|
| Assets | Variable | Variable | Variable |
| Deposits with credit institutions | 0.76% | 0.74% | 0.35% |
| Liabilities | Variable | Variable | Variable |
| Euro denominated loan..... | 5.5% + EURIBOR | 5.75% + EURIBOR | N/A |
| Sterling denominated loan..... | 5.5% + LIBOR | 5.75% + LIBOR | N/A |

The Merian Group's maximum exposure to loss of income caused by interest rate changes is limited to the interest revenue it earns on bank deposits, which was £0.4 million in 2019 (2018: £0.5 million). An increase in interbank lending rates of 1 per cent. could have increased the interest payable by £1.8 million (2018: £1.2 million). The Merian Group did not have any loans in 2017.

Foreign exchange rate risk

The Merian Group 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. There were nominal foreign currency cash balances held at 31 December 2017 and 2018. The balances in 2019 were as follows:

| <u>Currency</u> | <u>Sterling equivalent £m</u> |
|-------------------------|-------------------------------|
| US Dollars..... | 3.9 |
| Euros..... | 5.3 |
| Hong Kong Dollars | 3.6 |

In 2019 €69.4 million (2018: €90 million, 2017: €nil) of euro denominated loan principal was outstanding. As the capital is not due to be repaid for a number of years the Merian Group's exposure to this risk is not currently considered to present a challenge to the business. In addition, the Merian Group receives

management fees in euros and so the conversion represents a natural hedge against the foreign exchange risk on these future fees.

Liquidity risk

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

The Merian Group 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 of the Merian Group.

An analysis of the maturity profile of the Merian Group's liabilities is presented in note 29.

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 Merian Group 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 Merian Group. The ICAAP considers all of the risks faced by the Merian Group and the degree to which risks have similar causes and so could occur together.

Capital and regulatory position

The Merian Group assesses its capital position and requirements on a regular basis throughout the year. The capital requirement is normally set annually through the ICAAP and adjusted intra-year if risk exposures change significantly. The ICAAP document, which is approved by the Merian board of directors, makes estimations and judgements to establish whether the Merian Group holds an appropriate level of regulatory capital to mitigate the impact of its key risks in the event of these crystallising. The Merian Group are focused on ensuring that there is an appropriate surplus over the regulatory capital requirement. This is monitored regularly by the Merian board of directors.

7. REVENUE

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|-----------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Performance fee income..... | 3,540 | 9,887 | 157,246 |
| Investment management income | 220,454 | 272,632 | 231,409 |
| Distribution fee income | 5,212 | 6,152 | 3,531 |
| Profits from dealing in investments in managed funds | - | - | 6,375 |
| Total fee income..... | 229,206 | 288,671 | 398,561 |
| Service fee income | 3,564 | 3,288 | - |
| Total service fee income | 3,564 | 3,288 | - |
| Total revenue | <u>232,770</u> | <u>291,959</u> | <u>398,561</u> |

8. SEGMENTAL REPORTING

In making decisions about the Merian Group, the chief operating decision makers, being senior management and the directors of the Merian Group, consider the allocation of resources and assess performance of the business as a whole, rather than by product type. The Merian Group considers it is a single segment asset management business.

The location of clients is based on management information received from distribution partners and generated internally by the distribution teams.

Service income has been excluded from the analysis below as it is an expense recharge resulting from the separation and ended in 2019. The Merian Group does not consider this to be part of its ongoing business.

Geographical information

| | 2019 | 2018 | 2017 |
|--|----------------|----------------|----------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| UK..... | 149,132 | 173,451 | 227,062 |
| Continental Europe..... | 41,874 | 74,075 | 125,523 |
| Asia..... | 14,293 | 16,246 | 20,189 |
| Rest of the world..... | 23,907 | 24,899 | 25,787 |
| Total fee income by location..... | 229,206 | 288,671 | 398,561 |

Non-current assets for the Merian Group (excluding financial instruments and deferred tax assets) are all domiciled in the UK.

9. FEES AND COMMISSION EXPENSES

| | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Rebates paid to external introducers..... | 50,183 | 64,105 | 56,813 |
| Deferred acquisition costs..... | 1,537 | 732 | (4,201) |
| Rebates paid to Old Mutual group undertakings..... | - | - | 6,235 |
| Investment adviser fees..... | 1,045 | 2,992 | 2,794 |
| | 52,765 | 67,829 | 61,641 |

10. ADMINISTRATIVE EXPENSES

| | 2019 | 2018 | 2017 |
|---|----------------|----------------|----------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Administrative expenses..... | 114,483 | 172,765 | 181,272 |
| <i>Administrative expenses include:</i> | | | |
| Staff costs..... | 71,735 | 110,834 | 139,900 |
| Depreciation..... | 1,976 | 97 | 226 |
| Other operating expenses..... | 43,090 | 60,052 | 41,020 |
| Foreign exchange gains/losses..... | (2,318) | 1,782 | 126 |
| | 114,483 | 172,765 | 181,272 |

Audit Fees

| | 2019 | 2018 | 2017 |
|-------------------------------|--------------|--------------|--------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Group audit fees..... | 10 | 10 | 348 |
| Subsidiary audit fees..... | 202 | 150 | 193 |
| Non audit assurance fees..... | 601 | 114 | 24 |
| | 813 | 274 | 565 |

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

11. STAFF COSTS

| | 2019 | 2018 | 2017 |
|--------------------------------------|---------------|----------------|----------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Wages and salaries..... | 62,411 | 92,862 | 115,595 |
| Social security..... | 4,394 | 12,650 | 16,984 |
| Defined contribution plan costs..... | 1,610 | 1,657 | 6,635 |
| Other..... | 3,320 | 3,665 | 686 |
| Total staff costs..... | 71,735 | 110,834 | 139,900 |

Included in wages and salaries in 2018 is £19.6 million of accelerated bonus charge from prior years.

12. COMPENSATION OF KEY MANAGEMENT PERSONNEL

| | 2019 | 2018 | 2017 |
|---|--------------|--------------|--------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Aggregate directors' emoluments: | | | |
| Aggregate emoluments excluding pension contributions..... | 10,805 | 14,108 | 3,505 |
| Merian Group pension contribution to money purchase scheme..... | 78 | 72 | 15 |
| Emoluments of the highest paid director: | | | |
| Aggregate emoluments excluding pension contributions..... | 2,320 | 3,911 | 2,135 |
| Merian Group pension contribution to money purchase scheme..... | 10 | 10 | - |

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|--------------|--------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Directors having money paid to money purchase schemes during the year..... | 6 | 6 | 3 |
| Number of directors who received shares in or share options over Quilter plc / Old Mutual plc | - | - | 4 |
| Directors exercising options over Quilter plc / Old Mutual plc shares | - | - | 3 |
| The highest paid director exercised share options during the year..... | N | Y | Y |
| The highest paid director received shares in or share options over Quilter plc. | N | Y | Y |

13. SHARE BASED COMPENSATION

During the year ended 31 December 2013, a share based payment plan was implemented for certain key employees of Old Mutual Wealth Management Limited, including employees of the Old Mutual Global Investors Group, with the stated objective of achieving certain strategic objectives and metrics. The awards are accounted for as an equity settled share-based payment scheme. During the year ended 31 December 2018, Old Mutual plc de-listed from the London Stock Exchange and then listed as Quilter plc. Participants in the legacy share based payment plans were allocated shares in Quilter plc in exchange for the options they had been previously allocated. No new share option schemes have been launched in the year, and so at 31 December 2018 and during 2019, there were no share based payment plans available to, or being participated in by employees of the Merian Group.

| Type of Arrangement | Description of award | Contractual life | Vesting options |
|---|--|---|--|
| UK Sharesave Schemes | Options over Old Mutual plc shares listed on the London Stock Exchange | Exercise period ends within six months of vesting | Service over either a three of five year period and payment of monthly contributions to a savings contract. |
| UK Share Options and Deferred Delivery Plan | Options over Old Mutual plc shares listed on the London Stock Exchange | Six years | Service over a three year period and achievement of a target growth in earnings per share |
| UK Restricted Share Plan | Old Mutual plc restricted shares / restricted stock units listed on the London Stock Exchange. Employees are in some instances entitled to dividend payments throughout the vesting period | Three to five years | Service over a three year period and in certain circumstances achievement of a target growth in earnings per share |

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---------------------------------------|--------------|--------------|--------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Share-based compensation expense..... | - | 1,121 | 3,003 |

In 2018, the UK Share Options and Deferred Delivery Plan, which was expected to be settled in cash and accounted for such in 2017, was modified from a cash settled award to an equity settled award. As a result £6.2 million was transferred from liabilities to equity. The schemes all fully vested on the acquisition of the Merian Group on 29 June 2018, and no further charge was incurred from the date of acquisition and any remaining balances were transferred to retained earnings.

14. TRANSACTION COSTS

Transaction costs consists of expenses associated with the completion of the acquisition of MGI Holdings and its subsidiaries (see note 35), with the exception of those costs that related to the arrangement of the loan which were capitalised.

15. LOSS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profits for the year by the weighted average number of ordinary shares outstanding during the year.

| | <u>2019</u> | <u>2018</u> |
|--|-------------|--------------|
| No. of ordinary shares (number)..... | 20,396,762 | 19,829,012 |
| Loss (£'000)..... | (16,797) | (26,169) |
| Basic and Diluted loss per share (pence)..... | (82) | (132) |

As the Merian Group was not a legal group in 2017 and the first half of 2018, there are no ordinary shares entitled to a share of (loss) / income. The preferences shares have not been included in the determination of basic or diluted loss per share.

16. FINANCE INCOME

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|-------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Interest receivable from cash deposits | 354 | 512 | 143 |
| Gains / (losses) on units held in managed funds | 9 | (2) | 22 |
| Investment Return | <u>363</u> | <u>510</u> | <u>165</u> |

Gains on units held in managed funds relate to gains/losses arising on Merian Group companies' seed capital investments and funds held to fulfil employee remuneration liabilities. Interest receivable arose solely from short term cash deposits with banks.

17. FINANCE EXPENSES

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|-----------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Interest and amortised costs charged on borrowings | 12,524 | 9,203 | - |
| Lease finance costs | 118 | - | - |
| Preference share coupon | 30,423 | 14,676 | - |
| | <u>43,065</u> | <u>23,879</u> | <u>-</u> |

The preference share coupon accrues at 10 per cent. per annum but is only payable in certain circumstances (see note 32).

18. TAXATION

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|------------------------|-----------------------|-----------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Current year charge | 9,452 | 9,584 | 34,922 |
| Adjustment for prior years | (765) | (535) | (569) |
| | <u>8,687</u> | <u>9,049</u> | <u>34,353</u> |
| Deferred tax expense | | | |
| Deferred tax expense | (5,616) | (2,168) | (4,628) |
| | <u>(5,616)</u> | <u>(2,168)</u> | <u>(4,628)</u> |
| Tax charge on profit on ordinary activities | <u>3,071</u> | <u>6,881</u> | <u>29,725</u> |
| Factors affecting tax charge for the period | | | |
| IFRS profit before tax | <u>(13,726)</u> | <u>(7,092)</u> | <u>153,425</u> |
| Corporation tax charge at 19.00 per cent. (2018: 19.00 per cent; 2017: 19.25 per cent) | (2,607) | (1,347) | 29,534 |
| Effect of | | | |
| Expenses not deductible for tax purposes | 5,833 | 9,699 | 5,630 |
| Statutory share based payment deductions | - | (675) | (121) |
| Effect on deferred tax of changes in tax rates | 731 | 365 | (4,628) |
| Utilisation of previously unrecognised deferred tax | (121) | (626) | (121) |
| Prior year adjustment | (765) | (535) | (569) |
| Tax charge on profit on ordinary activities | <u>3,071</u> | <u>6,881</u> | <u>29,725</u> |

The Merian Group has recognised deferred tax assets. Merian considers that the future years' profits will be sufficient to utilise the tax asset carried forward.

19. GOODWILL

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--------------------|-----------------------|-----------------------|-----------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Goodwill | 263,429 | 262,964 | - |
| Total | <u>263,429</u> | <u>262,964</u> | <u>-</u> |

During 2019, £465,000 was recognised as goodwill. This relates to the acquisition of the global dynamic allocation desk of Kestrel LP.

During 2018, £263.0 million was recognised as goodwill. This relates to the acquisition of 100 per cent. of the share capital of MGI Holdings in the period.

The Merian Group carries out an annual assessment of the carrying value of goodwill. 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 Merian Group as a single 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 growth rates, anticipated changes to revenue and costs during the period covered by the five year calculations and terminal values.

In carrying out value in use calculations management have assumed a compound annual growth rate ("CAGR") of 7 per cent. in net revenues and 5 per cent. in costs, with an exit multiple of 8x EBITDA. The pre-tax rate used to discount forecast cash flow is 9 per cent based on the risk-adjusted weighted average cost of capital of the business. Management carried out sensitivity analysis on the calculations and determined that the discount rate at which impairment would be required exceeds 20 per cent.

No impairment losses have been recognised as a result of this assessment. See note 37 for further information.

20. INTANGIBLE ASSETS

| | Internally developed software | Management contracts | Total |
|--|--|-----------------------------|----------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Cost or valuation | | | |
| Opening balance..... | 4,527 | - | 4,527 |
| Additions..... | 22 | - | 22 |
| At 31 December 2017 | 4,549 | - | 4,549 |
| Fair value adjustment on acquisition | (4,313) | 182,679 | 178,366 |
| At 31 December 2018 | 236 | 182,679 | 182,915 |
| Additions..... | - | - | - |
| At 31 December 2019 | 236 | 182,679 | 182,915 |
| Accumulated amortisation | | | |
| Opening balance..... | 2,122 | - | 2,122 |
| Amortisation charge for the period..... | 605 | - | 605 |
| Impairment..... | 1,783 | - | 1,783 |
| At 31 December 2017 | 4,510 | - | 4,510 |
| Fair value adjustment on acquisition | (4,308) | - | (4,308) |
| Amortisation charge for the period..... | 24 | 18,268 | 18,292 |
| At 31 December 2018 | 226 | 18,268 | 18,494 |
| Amortisation charge for the period..... | 10 | 36,536 | 36,546 |
| At 31 December 2019 | 236 | 54,804 | 55,040 |
| Carrying amount | | | |
| At 31 December 2017 | 39 | - | 39 |
| At 31 December 2018 | 10 | 164,411 | 164,421 |
| At 31 December 2019 | - | 127,875 | 127,875 |

In accordance with IFRS 3, the Merian Group has recognised investment management contracts acquired as part of the transaction as a separately identifiable intangible asset. Management has calculated the value of these contracts to be £183 million, with an estimated useful life of five years. This estimated life is consistent with the turnover of AUM as the management contracts are designed for investors with a typical investment horizon of five years (see note 37).

21. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold equipment | Computer equipment | Furniture | Right of Use assets (see note 27) | Total |
|--------------------------------------|--------------------------------|-------------------------------|------------------|--|--------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Cost or valuation | | | | | |
| Opening balance..... | 184 | 1,636 | 96 | - | 1,916 |
| Foreign exchange gains / losses..... | (18) | (5) | - | - | (23) |
| Additions..... | - | 13 | - | - | 13 |

| | Leasehold equipment | Computer equipment | Furniture | Right of Use assets (see note 27) | Total |
|--|------------------------|-----------------------|-----------|---|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Disposals..... | - | (8) | - | - | (8) |
| At 31 December 2017 | 166 | 1,636 | 96 | - | 1,898 |
| Fair value on acquisition | (166) | (1,636) | (96) | - | (1,898) |
| Additions..... | - | 922 | - | - | 922 |
| At 31 December 2018 | - | 922 | - | - | 922 |
| Additions..... | - | - | - | 19,085 | 19,085 |
| At 31 December 2019 | - | 922 | - | 19,085 | 20,007 |
| Accumulated depreciation | | | | | |
| Opening balance..... | 184 | 1,247 | 92 | - | 1,523 |
| Foreign exchange gains / losses..... | (18) | (1) | - | - | (19) |
| Depreciation charge for the period | - | 226 | - | - | 226 |
| Disposals..... | - | (8) | - | - | (8) |
| At 31 December 2017 | 166 | 1,464 | 92 | - | 1,722 |
| Fair value on acquisition | (166) | (699) | (92) | - | (957) |
| Depreciation charge for the period | - | 97 | - | - | 97 |
| At 31 December 2018 | - | 862 | - | - | 862 |
| Depreciation charge for the period | - | 60 | - | 1,916 | 1,976 |
| At 31 December 2019 | - | 922 | - | 1,916 | 2,838 |
| Carrying amount | | | | | |
| At 31 December 2017 | - | 172 | 4 | - | 176 |
| At 31 December 2018 | - | 60 | - | - | 60 |
| At 31 December 2019 | - | - | - | 17,169 | 17,169 |

During the period, the Merian Group adopted IFRS 16 (Leases) (see note 4 and note 27), thereby increasing the net book value of items recorded as property, plant and equipment by £17.2 million.

22. DEFERRED TAX ASSET

The following are the deferred tax balances recognised by the Merian Group.

| | Accelerated tax depreciation | Short term timing differences | Total |
|---|---------------------------------|----------------------------------|--------------|
| | £'000 | £'000 | £'000 |
| Opening balance..... | 641 | 4,172 | 4,813 |
| Movement in the year..... | 514 | 4,114 | 4,628 |
| Asset at 31 December 2017 | 1,155 | 8,286 | 9,441 |
| Additions from business combinations..... | (84) | (1,781) | (1,865) |
| Movement in the year..... | 61 | (998) | (937) |
| Asset at 31 December 2018 | 1,132 | 5,507 | 6,639 |
| Movement in the year..... | (1,132) | 537 | (595) |
| Asset at 31 December 2019 | - | 6,044 | 6,044 |

The deferred tax asset receivable within one year is £4,689,000 (2018: £300,000 2017: £nil) and greater than one year is £1,355,000 (2018: £6,339,000, 2017: £9,441,000).

23. FINANCIAL ASSETS THROUGH PROFIT OR LOSS

| | 2019 | 2018 | 2017 |
|--|---------------|---------------|------------|
| | £'000 | £'000 | £'000 |
| At fair value through the income statement | | | |
| Investments held in Employee Benefit Trust..... | 36,606 | 30,993 | 455 |
| Investments in funds | 15 | 23 | 44 |
| Total financial assets through profit or loss | 36,621 | 31,016 | 499 |

24. OTHER RECEIVABLES

| | 2019 | 2018 | 2017 |
|--------------------|-------|-------|--------|
| | £'000 | £'000 | £'000 |
| Current | | | |
| Trade debtors..... | 927 | 1,366 | 48,141 |
| Prepayments..... | 4,741 | 2,779 | 2,485 |

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|-----------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Investment management fees receivable | 16,197 | 20,570 | 29,489 |
| Performance fees receivable..... | 3,390 | 12 | 129,173 |
| Distribution fees receivable..... | 633 | 549 | 398 |
| Amounts due in respect of share issue..... | 1,953 | 2,640 | - |
| Due from group undertakings..... | - | - | 22,824 |
| Total other receivables..... | <u>27,841</u> | <u>27,916</u> | <u>232,510</u> |
| Non current | | | |
| Performance fees receivable | 103 | - | - |
| Total other receivables | <u>103</u> | <u>-</u> | <u>-</u> |

All current other receivables 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 period that require disclosure. None of the receivables reflected above have been subject to the renegotiation of terms.

25. CASH AND CASH EQUIVALENTS

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|-----------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Cash held at bank | 62,279 | 83,910 | 90,986 |
| Cash held on deposit | 58,998 | 54,207 | 56,407 |
| Total cash and cash equivalents | <u>121,277</u> | <u>138,117</u> | <u>147,393</u> |

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

26. LOANS AND BORROWINGS

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---------------------|-----------------------|-----------------------|-----------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Loan facility | 149,382 | 188,978 | - |
| Loan note | 7,426 | 7,426 | - |
| | <u>156,808</u> | <u>196,404</u> | <u>-</u> |

The Merian Group entered into a £145 million and a €90 million loan facility with Intermediate Capital Group plc on 25 June 2018. 100 per cent. of the loan balances matures on 25 June 2025. The sterling loan carries an interest rate of 5.5 per cent. plus LIBOR; the euro loan carries a rate of 5.5 per cent. plus EURIBOR. During the year ended 31 December 2019, £38.8 million of loan capital was repaid (2018: £40.0 million). At 31 December 2019, finance costs of £5,130,000 (31 December 2018: £7,183,000) remained unamortised.

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|----------------------|---------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Sterling loan | | |
| Interest costs..... | 6,962 | 4,628 |
| Amortised capitalised costs..... | 570 | 1,812 |
| Euro loan | | |
| Interest costs..... | 4,569 | 2,623 |
| Amortised capitalised costs | 423 | 140 |
| | <u>12,524</u> | <u>9,203</u> |

The principal covenant the Merian Group must comply with is that its adjusted leverage must not exceed ratios defined by the loan agreement. At 31 December 2018, the Merian Group was required to have an adjusted leverage ratio below 6.60:1. The adjusted leverage ratio at 31 December 2019 as calculated in accordance with the loan agreement was 0.4 (2018: 0.7).

The Merian Group issued a vendor loan note to Quilter Group in 2018 with face value of £7.5 million. The amount is unsecured and is due for repayment when certain conditions are met. The conditions are expected to be met on Completion of the Acquisition (see note 37).

Finance costs recorded in the income statement comprise £11.5 million of interest paid during the year ended 31 December 2019 (2018: £7.3 million) and amortisation and release of capitalised loan costs of £1.0 million (2018: £1.9 million).

27. OTHER PAYABLES

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---------------------------------------|----------------------|-----------------------|-----------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Current | | | |
| Accruals | 46,169 | 62,767 | 119,564 |
| Rebates and commissions payable | 10,934 | 20,754 | 12,282 |
| Lease liabilities | 1,774 | - | - |
| Amounts due to employees | 28,806 | 20,087 | - |
| Other | 3,310 | 2,739 | 69,078 |
| Amounts due to related parties | - | - | 4,063 |
| Total other payables | <u>90,993</u> | <u>106,347</u> | <u>204,987</u> |
| Non Current | | | |
| Lease liabilities | 16,368 | - | - |
| Total other payables | <u>16,368</u> | <u>-</u> | <u>-</u> |

Accruals principally comprise amounts due to clients and amounts due to staff relating to current year 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.

The Merian Group entered into a new lease agreement in 2019 and a result has accounted for two property leases. The current lease term is only nine months and the new lease is eleven years.

Lease terms are negotiated on an individual basis and do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, these property leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Merian Group (see note 4).

28. DEFERRED TAX LIABILITY

| | |
|--|----------------------|
| | <i>£'000</i> |
| As at 1 January and 31 December 2017 | - |
| As at 1 January 2018 | - |
| Addition on acquisition | 31,055 |
| Charge to income statement | (3,105) |
| As at 31 December 2018 | <u>27,950</u> |
| Charge to income statement | (6,211) |
| As at 31 December 2019 | <u>21,739</u> |

29. 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).

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------|----------------|----------------|----------------|--------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| As at 31 December 2017 | | | | |
| Investments | 499 | - | - | 499 |
| As at 31 December 2018 | | | | |

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------|----------------|----------------|----------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Investments | 31,016 | - | - | 31,016 |
| As at 31 December 2019 | | | | |
| Investments | 36,621 | - | - | 36,621 |

Level 1 to 2 transfers

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

Liquidity Risk

The loan obligations give rise to liquidity risk that the Merian Group is unable to meet its obligations to make interest or capital repayments as they fall due. The Merian Group monitors its liquidity through monthly cash flow forecasting and cash management to ensure its ability to meet these obligations. The maturity analysis of the financial liabilities is shown below:

| | <u>Carrying amount</u> | <u>Expected cash flows</u> | <u>< 6 months</u> | <u>6 months – 2 years</u> | <u>2 - 5 years</u> | <u>> 5 years</u> |
|---|------------------------|----------------------------|----------------------|---------------------------|--------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| As at 31 December 2017 | | | | | | |
| Other payables..... | 204,987 | 204,987 | 204,987 | - | - | - |
| As at 31 December 2018 | | | | | | |
| Interest-bearing loans and borrowings and interest..... | 196,404 | 291,763 | 6,020 | 25,756 | 43,885 | 216,102 |
| Preference shares..... | 304,277 | 304,277 | - | - | - | 304,277 |
| Other payables..... | 106,347 | 106,347 | 106,347 | - | - | - |
| As at 31 December 2019 | | | | | | |
| Interest-bearing loans and borrowings and interest..... | 156,808 | 206,283 | 4,655 | 21,502 | 28,032 | 159,555 |
| Preference shares..... | 334,649 | 334,649 | - | - | - | 334,649 |
| Other payables..... | 107,361 | 107,361 | 90,993 | 16,368 | - | - |

| | <u>Carrying amount</u> | <u>Expected cash flows</u> | <u>6 months – 2 years</u> | <u>2 - 5 years</u> | <u>5 years</u> |
|----------------------------------|------------------------|----------------------------|---------------------------|--------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| As at 31 December 2017 | | | | | |
| Other receivables..... | 232,510 | 232,510 | 232,510 | - | - |
| Cash and cash equivalents..... | 147,393 | 147,393 | 147,393 | - | - |
| As at 31 December 2018 | | | | | |
| Other receivables..... | 27,916 | 27,916 | 27,916 | - | - |
| Cash and cash equivalents..... | 138,117 | 138,117 | 138,117 | - | - |
| As at 31 December 2019 | | | | | |
| Trade and other receivables..... | 27,944 | 27,944 | 27,841 | 103 | - |
| Cash and cash equivalents..... | 121,277 | 121,277 | 121,277 | - | - |

30. FINANCIAL AND CAPITAL COMMITMENTS

Operating lease commitments are in respect of premises occupied by Merian Group entities.

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|--------------|-------------|
| | £'000 | £'000 | £'000 |
| Operating lease commitments (non-cancellable) | | | |
| Due within one year | - | 1,414 | 62 |
| Due within one year to five years..... | - | 3,678 | 216 |
| Due later than 5 years..... | - | 17 | - |
| Total operating lease commitments | - | 5,109 | 278 |

From 1 January 2019, the Merian Group adopted IFRS 16 and has recognised right of use assets for the leases, except share term and low value lease (see note 4).

31. SHARE CAPITAL

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Ordinary A | | |
| 10,616,379 shares – allotted and fully paid £0.25 each (2018: 10,616,379) | 2,654 | 2,654 |
| 47,729 shares – allotted and nil paid £0.25 each (2018: 47,729) | <u>12</u> | <u>12</u> |
| | 2,666 | 2,666 |
| Ordinary B | | |
| 7,231,999 shares – allotted and fully paid £0.02 each (2018: 7,098,501) | 145 | 142 |
| 246,092 shares – allotted and nil paid £0.02 each (2018: 246,092) | <u>5</u> | <u>5</u> |
| | 150 | 147 |
| Ordinary C | | |
| 2,217,908 shares – allotted and fully paid £1 each (2018: 2,217,908) | 2,218 | 2,218 |
| 121,078 shares – allotted and nil paid £1 each (2018: 121,078) | <u>121</u> | <u>121</u> |
| | 2,339 | 2,339 |
| Total | <u>5,155</u> | <u>5,152</u> |

The Merian Group's parent company has three classes of ordinary shares which carry no rights to fixed income.

As the Merian Group was not a legal group in 2017, there are no ordinary shares to be disclosed in relation to 2017.

Due to the nature of the Merian Group in 2017 and to 30 June 2018 (see note 2.1), the Merian Group's equity is shown as invested capital. This represents bought forward retained earnings and dividends paid of the entities which relate to the entities included in the Merian Group's results for 2017 and the first half of 2018.

32. PREFERENCE SHARES

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|--------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Preference share capital | | | |
| 289,550,811 shares of £0.0001 each (premium £0.9999) – allotted and fully paid.. | 332,779 | 302,263 | - |
| 289,550,811 shares of £0.0001 each (premium £0.9999) – allotted and nil paid..... | 1,870 | 1,964 | - |
| | <u>334,649</u> | <u>304,227</u> | <u>-</u> |

During 2018 the Merian Group's parent company issued 289,550,811 cumulative preference shares. The preference shares are classified as debt on the basis that there is a fixed redemption date, a fixed interest rate and the shares do not carry any voting rights. The principal repayment is due on the earlier of 29 June 2025 and a triggering event. The three conditions that would trigger an earlier repayment of principal are firstly an exit event, secondly a default, or no prospect of avoiding a default, on debt, or thirdly a proposal by the Board, accepted by investors, of a repayment. Rights to future dividends accrue to shareholders daily at a rate of 10 per cent. per annum. The dividend is only payable to the preference shareholders in certain circumstances, which includes a requirement that there are sufficient profits available for distribution. The dividend is not payable within 24 months of issue (29 June 2018), except in certain circumstances, and may be payable on certain other predefined events. Whilst the directors of the Merian Group do not expect the dividend to be payable based on the ability to generate sufficient available profits by the relevant dates, the Merian Group has accrued these dividends.

33. RESERVES

Foreign currency translation reserve

The foreign currency translation reserve of (£700,000) (2018: (£150,000)) is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Retained earnings

Retained earnings of (£42,966,000) (2018: (£26,169,000)) are the amount of earnings that are retained within the Merian Group after dividend payments and other transactions with owners.

34. INTERESTS IN OTHER ENTITIES

| Name | Nature of Business | Registered Address |
|--|---|---|
| Merian Global Investors (Jersey) Limited | Holding company | 47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD |
| Merian Global Investors (Finance) Limited | Holding company providing group financing | 47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD |
| Merian Global Investors Holdings Limited | Holding company | Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG |
| Merian Global Investors (UK) Limited | Asset Management | Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG |
| Merian Global Investors (Asia Pacific) Limited | Investment Fund Distribution | Unit 2, 5/F Two Chinachem Central, 26 Des Voeux Road, Central Hong Kong |
| Merian Global Investors (Switzerland) LLC | Investment Fund Distribution | Schutzengasse 4, Zurich, 8001 |
| Merian Global Investors (Singapore) PTE Limited | Investment Fund Distribution | 4 Shenton Way #15-01 SGX Centre II Singapore 068807 |
| Merian Investment Management Limited | Fund Management Company | Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG |
| Merian Global Investors (Europe) Limited | Fund Management Company | 33 Sir John Rogerson Quay, Dublin 2, Ireland |
| Skandia Fund Management Ireland Limited (in liquidation) | n/a | Century House, Harold's Cross, Dublin 6w, Ireland |

Merian Global Investors Limited acquired 100 per cent. of the share capital of Merian Global Investors (Jersey) Limited on 7 December 2017. Merian Global Investors (Jersey) Limited acquired 100 per cent. of the share capital of Merian Global Investors (Finance) Limited on 7 December 2017.

Merian Global Investors (Finance) Limited acquired 100 per cent. of the share capital of Merian Global Investors Holdings Limited on 29 June 2018. As at 31 December 2019 all entities were either directly or indirectly owned by the ultimate controlling party of Merian, at 47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD. All subsidiaries are 100 per cent. owned and have been consolidated in the Merian Group financial statements.

In addition, the Merian Group has interests in unconsolidated structured entities (see note 4.17) and information relating to those entities is set out below:

| | 2019 £'000 | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|---------------|
| Market value of funds under management | 19,451,407 | 26,462,338 | 26,449,011 |
| Investment management fees earned from funds in the year | 196,376 | 153,332 | 389,164 |
| Investment management fees owed from funds | 15,788 | 13,570 | 151,662 |
| Investment in collective investment schemes | 15 | 84 | 488 |

35. BUSINESS COMBINATIONS

Merian Global Investors Limited acquired 100 per cent. of the share capital Merian Global Investors (Jersey) Limited on 7 December 2017. No goodwill or intangible assets were recognised on acquisition.

On 29 June 2018 Merian Global Investors (Finance) Limited acquired 100 per cent. of the share capital of Merian Global Investors Holdings Limited, for a total consideration of £547.5 million.

Invested capital represented the total equity of the Merian Group at the date of acquisition of Merian Global Investors Holdings Limited on 29 June 2018. On 29 June 2018, when Merian Global Investors (Finance) Limited acquired Merian Global Investors Holdings Limited, invested capital was converted into share capital.

Under IFRS 3 (Business Combinations), the Merian Group conducted a purchase price allocation and assessed the fair value of its assets and liabilities at the acquisition date. This required the Merian Group to recognise fair value adjustments to the acquired assets and liabilities rather than account for them on a historic cost basis with values that had been depreciated or amortised.

As a result, intangible assets in respect of acquired investment management contracts were recognised, and the values and useful economic lives of the Merian Group's property, plant and equipment were reviewed and revised as appropriate. Other accounting items such as depreciation, amortisation and impairment, which impact and relate to the Merian Group's assets or liabilities, were also revalued as part of the fair value exercise. As a result of the fair value adjustments implemented as at 29 June 2018, the Merian Group's assets and liabilities and the related items for subsequent periods are not directly comparable with the Merian Group's assets and liabilities and related items that were disclosed prior to this date.

These fair value adjustments lead to goodwill of £263.0 million and intangible assets of £182.7 million as at 29 June 2018. The goodwill principally related to the fair value increase in the recognition of certain intangible assets and comprised the human capital and expected efficiencies arising from the departure of MGI Holdings from the Quilter Group (see note 19). Management identified investment management contracts acquired as part of the business combination as a separately identifiable intangible asset, in accordance with IFRS 3 (see note 20). Deferred tax liabilities relating the intangible assets of £31.1 million were also recognised as part of the fair valuation process (see note 28). The net assets of the acquired group were £132.9 million.

There were no other fair value adjustments as a result of the purchase price allocation.

The Merian Group earned £149.4 million of revenue and a loss of £24.3 million from the date of acquisition. In 2018 the Merian Group incurred exceptional cash costs of £16.8 million consisting of transaction costs.

On 7 December 2019, Merian Global Investors UK acquired the global asset allocation team of Kestrel Partners LP. On acquisition, £0.5 million of goodwill was recognised in respect of this acquisition. No separately identifiable intangible assets have been identified as part of this transaction.

36. RELATED PARTY TRANSACTIONS

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

| | 2019 | 2018 | 2017 |
|---|--------|--------|--------|
| | £'000 | £'000 | £'000 |
| Investment management fees rebated to Merian Group undertakings | - | - | 6,235 |
| Annual management fees paid to Merian Group undertakings | - | - | 2,400 |
| Investment management fees received from Merian Group undertakings... | - | 48,638 | 2,782 |
| Amounts due to related parties | - | - | 4,063 |
| Dividends paid to parent entity..... | - | 44,796 | 44,771 |
| Preference share interest due to related parties (see note 32)..... | 29,234 | 13,858 | - |
| Amounts owed from the Merian Group undertakings | - | - | 22,824 |
| Amounts paid to directors | 10,883 | 7,060 | - |
| Amounts owed to directors..... | 7,530 | 11,804 | - |

Merian Global Investors is owned by TA Associates (through Mintaka LP) (44.9 per cent.) and members of the senior management team (55.1 per cent.). Within the line item 'Preference share interest due to related parties' above, £28.7 million relates to TA Associates (through Mintaka LP) in 2019 and £13.6 million in 2018.

37. EVENTS AFTER THE BALANCE SHEET DATE

On 17 February 2020, the Company announced the Acquisition of the Merian Group. The Acquisition, which is subject to regulatory and the Company's shareholders' approval, is expected to complete in the second half of 2020 (and not earlier than 1 July 2020).

The Merian Group has been monitoring the financial impact of the coronavirus (Covid-19) outbreak. Financial markets around the world have fallen significantly in February and March 2020 in reaction to the global escalation of the virus. In addition to extreme volatility in asset prices and widening spreads in credit markets, consumer and corporate appetite for, and ability to invest in, financial products has reduced and the Merian Group has seen material outflows in its funds under management, compounded by a reduction in asset prices across all regions in which it operates.

The impact of coronavirus (Covid-19) outbreak on goodwill and intangible asset impairment is assessed further below and is considered a non-adjusting post balance sheet event.

Based on current trading and modelling, the Merian Group believes that the effects of coronavirus (Covid-19) outbreak will result in a reduction in expectations for revenue across the Merian Group in 2020. In addition, in the absence of a recovery in asset prices and net flows into funds managed by the Merian Group, it is expected that impairment testing of the Merian Group's intangible assets in 2020 would show that the carrying value may not be supported by the value in use and that a write-down of the assets might be appropriate. This is dependent on some certainty over the level of AUM and outflows which, in turn, are dependent on a number of factors, including fund performance, asset values and investor appetite.

Given the inherent uncertainties, it is not practicable at this time to quantify this post balance sheet potential write down, which will be determined principally by the amount of assets the Merian Group has under management at the date of any such quantification. However, if the Merian Group assets under management were used in such a quantification as at 31 March 2020, this would lead to a material impairment to the intangible assets in the order of £21 million. In addition, an approximation of the sensitivity of the value in use of the intangible assets to further decreases in assets under management is that a one per cent. decrease in AUM would lead to an equivalent percentage reduction in the intangible.

Testing of the goodwill balance for impairment is based on the Merian Group's discounted cash flow model. Current calculations show that, although lower levels of projected profitability result in a significant reduction in the value in use of the goodwill asset, this does not currently lead to an impairment of the asset. Forecast profitability, after revisions allowing for market depreciation in the first quarter of 2020, would have to fall further by more than 28 per cent. and assets under management would have to fall more than £4.3 billion before the asset was considered to be impaired. This is set out below, where the base case uses AUM of £15.0 billion.

The table below shows the key assumptions used for post balance sheet impairment testing, which compares the carrying value of the CGU to the recoverable amount, how these measures would need to further reduce (on a non-combined basis) in order to reach a position of impairment, and their sensitivity to further adverse movements in the assumptions of one per cent. thereafter:

| | Base case | Break-even point (for impairment purposes) | Impairment charge in the event of additional 1% fall below break-even |
|---------------------------|-----------|--|---|
| AUM..... | £15.0bn | £10.7bn | £5.0m |
| Terminal growth rate..... | 2% | (1.3)% | £37.0m |
| EBITDA margin..... | 24% | 12.1% | £16.7m |
| Discount rate..... | 8.9% | 11.4% | £54.6m |

It should be noted that any such impairment to either intangible assets or goodwill are non-cash adjustments.

It should also be noted that, on Completion, under IFRS 3 (Business Combinations), both the intangible asset and goodwill will effectively be reversed in their entirety and replaced by new intangible assets and goodwill, determined by the value in use of the Merian Group's current management contracts to the Company. As a result, any impairment that might be required for the Merian Group would not be reflected in the Enlarged Group.

Included within preference shares (see note 32) is accrued interest of 10 per cent. reflecting the preference share coupon liability owing to its current shareholders. On Completion, the preference shares and associated accrued interest will be transferred to the Company. As a result of the Acquisition of the Merian Group by the Company, the preference share dividend is not expected to be paid to the existing shareholders. On Completion of the Acquisition, the preference share dividend accrued from 29 June 2018 will become payable to the Company as the preference shareholder. The ability to make that payment remains reliant on achieving certain requirements, including that there are sufficient available profits (see note 33).

UNAUDITED PRO FORMA FINANCIAL INFORMATION

PART A:

**ACCOUNTANT'S REPORT IN RESPECT OF THE UNAUDITED PRO FORMA
INFORMATION RELATING TO THE ENLARGED GROUP**



The Directors
Jupiter Fund Management plc
The Zig Zag Building
70 Victoria Street
London SW1E 6SQ
United Kingdom

23 April 2020

Dear Ladies and Gentlemen

Jupiter Fund Management plc (the “Company”)

We report on the pro forma financial information (the “**Pro Forma Financial Information**”) set out in Part B of this Section entitled Unaudited Pro Forma Financial Information of the Company’s prospectus dated 23 April 2020 (the “**Prospectus**”) which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed acquisition by the Company of Merian Global Investors Limited (“**Merian**”) might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2019. This report is required by section 3 of Annex 20 to the PR Regulation and is given for the purpose of complying with that PR Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with section 3 of Annex 20 to the PR Regulation.

It is our responsibility to form an opinion, as required by section 3 of Annex 20 to the PR Regulation as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.5R(2)(f) of the Prospectus Regulation Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 7 to the PR Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source

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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.



documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.5 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 7 to the PR Regulation.

Yours faithfully

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP".

PricewaterhouseCoopers LLP
Chartered Accountants

PART B:
UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information set out below has been prepared to illustrate the effect of the Acquisition on: (i) the consolidated income statement of the Group for the year ended 31 December 2019 as if the Acquisition had taken place on 1 January 2019 and (ii) the consolidated balance sheet of the Group as at 31 December 2019 as if the Acquisition had occurred on 31 December 2019. The unaudited pro forma financial information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's or the Enlarged Group's actual financial position or results.

The unaudited pro forma financial information has been compiled on a basis consistent with the accounting policies of the Group used to prepare its audited consolidated financial statements for the year ended 31 December 2019 on the basis of the notes set out below and in accordance with section 3 of Annex 20 to the Prospectus Regulation.

Noteholders should read the whole of this Prospectus and not rely solely on the unaudited financial information contained herein. PricewaterhouseCoopers LLP's report on the unaudited pro forma financial information is set out in Part A above – see further "*Accountant's Report on the Unaudited Pro Forma Financial Information of the Enlarged Group*".

Unaudited Pro Forma Income Statement

| | Group income statement for the year ended 31 December 2019 <i>Note (i)</i> | Adjustments | | Pro forma of the Enlarged Group for the year ended 31 December 2019 |
|---|---|---|---|---|
| | | Merian Group income statement for the year ended 31 December 2019 <i>Note (ii)</i> | Acquisition accounting adjustments <i>Note (iii)</i> | |
| Revenue | 419.3 | 232.8 | - | 652.1 |
| Fee and commission expenses..... | (40.2) | (52.8) | - | (93.0) |
| Net revenue | 379.1 | 180.0 | - | 559.1 |
| Administrative expenses..... | (228.5) | (114.5) | (11.4) | (354.4) |
| Other gains | 4.1 | - | - | 4.1 |
| Amortisation of intangible assets | (1.8) | (36.5) | - | (38.3) |
| Operating profit | 152.9 | 29.0 | (11.4) | 170.5 |
| Finance income | 0.1 | 0.3 | - | 0.4 |
| Finance expense | (2.0) | (43.0) | 31.3 | (13.7) |
| Profit/(loss) before tax | 151.0 | (13.7) | 19.9 | 157.2 |
| Income tax expense | (28.2) | (3.1) | - | (31.3) |
| Profit/(loss) for the year | 122.8 | (16.8) | 19.9 | 125.9 |

Notes:

- (i) The Group income statement has been extracted without material adjustment from the audited consolidated income statement of the Group for the year ended 31 December 2019, which is set out in the Annual Report 2019 and incorporated by reference into, and forms part of, this Prospectus.
- (ii) The Merian Group income statement has been extracted without material adjustment from the historical financial information relating to the Merian Group for the year ended 31 December 2019, which is set out in the section entitled "*Historical Financial Information relating to the Merian Group*" of this Prospectus. Operating profit of £29.0 million is after the amortisation of intangible assets relating to the acquisition of the Merian Group by Merian Global Investors Limited on 29 June 2018. This amortisation charge will be replaced in the Enlarged Group by the amortisation of the intangible asset determined on Completion.
- (iii) The pro forma income statement has been prepared on the basis that the Acquisition of the Merian Group will be accounted for using the acquisition method of accounting. The adjustments arising as a result of the Acquisition are set out below:
 - (a) For the purposes of the unaudited pro forma income statement, estimated transaction costs expected to be incurred by the Group of £11.4 million have been reflected within

administrative expenses. These costs are not expected to be incurred on an ongoing basis in the Enlarged Group and no tax benefit has been assumed for these costs.

- (b) Finance expenses have been reduced by a net reduction of £31.3 million to reflect an adjustment to remove £12.5 million of finance expense in respect of interest on borrowings and £30.4 million of preference share coupon offset by additional interest of £4.5 million on the Tier 2 Notes and the write-off of the Merian Group's £7.1 million of capitalised costs.
- (c) As described in Note (iii) to the unaudited pro forma net assets statement, a fair valuation exercise will be undertaken on Completion, which will include fair valuation of the Merian investment management contract and other intangible assets. On Completion these will replace the Merian Group's existing intangibles. Under IFRS it is necessary to amortise these customer-related intangible assets on a systematic basis over the useful lifetime of the related contracts. On Completion, the amortisation charge relating to the new customer-related intangible assets will replace the Merian Group's existing management contracts amortisation charge. Given that the fair valuation exercise will not be performed until Completion, the actual rate of amortisation will also not be known until Completion. In preparing the adjustments no account has therefore been taken of this increased amortisation charge relating to intangible assets.
- (d) No adjustment has been made to reflect any potential synergies that may arise subsequent to the Acquisition, or related costs to achieve any potential synergies, as these are dependent upon the future actions of management.
- (e) No adjustment has been made to reflect the financial results of either the Group or the Merian Group since 31 December 2019.

Unaudited Pro Forma Net Assets Statement

| | Group net assets as at 31 December 2019 <i>Note (iv)</i> | Adjustments | | Pro forma of the Enlarged Group as at 31 December 2019 |
|---|---|--|--|---|
| | | Merian Group net assets as at 31 December 2019 <i>Note (v)</i> | Acquisition accounting adjustments <i>Note (vi)</i> | |
| Non-current assets | | | | |
| Goodwill | 341.2 | 263.4 | (9.6) | 595.0 |
| Intangible assets | 5.8 | 127.9 | (127.9) | 5.8 |
| Property, plant and equipment..... | 51.7 | 17.2 | - | 68.9 |
| Deferred acquisition costs | - | 2.5 | - | 2.5 |
| Deferred tax assets | 16.7 | 6.0 | - | 22.7 |
| Trade and other receivables..... | 0.5 | 0.1 | - | 0.6 |
| Total non-current assets | 415.9 | 417.1 | (137.5) | 695.5 |
| Current assets | | | | |
| Financial assets through profit or loss | 224.3 | 36.6 | - | 260.9 |
| Trade and other receivables..... | 109.1 | 27.8 | - | 136.9 |
| Cash and cash equivalents..... | 179.4 | 121.3 | (124.9) | 175.8 |
| | 512.8 | 185.7 | (124.9) | 573.6 |
| Total assets..... | 928.7 | 602.8 | (262.4) | 1,269.1 |
| Non-current liabilities | | | | |
| Loans and borrowings | - | 156.8 | (106.0) | 50.8 |
| Preference shares..... | - | 334.6 | (334.6) | - |
| Trade and other payables..... | 77.2 | 16.4 | (7.5) | 86.1 |
| Deferred tax liabilities | - | 21.7 | (21.7) | - |
| Total non-current liabilities..... | 77.2 | 529.5 | (469.8) | 136.9 |
| Current liabilities | | | | |
| Financial liabilities through profit or loss..... | 74.9 | - | - | 74.9 |
| Trade and other payables..... | 158.4 | 91.0 | - | 249.4 |
| Current tax liabilities..... | 6.5 | 5.6 | - | 12.1 |
| Total current liabilities | 239.8 | 96.6 | - | 336.4 |

| | | | | |
|---|--------------|---------------|--------------|--------------|
| Total liabilities | 317.0 | 626.1 | (469.8) | 473.3 |
| Total net assets/(liabilities) | <u>611.7</u> | <u>(23.3)</u> | <u>207.4</u> | <u>795.8</u> |

Notes:

- (iv) The Group net assets have been extracted without material adjustment from the audited consolidated balance sheet of the Group for the year ended 31 December 2019, which is set out in the Annual Report 2019 and incorporated by reference into, and forms part of, this Prospectus.
- (v) The Merian Group net assets have been extracted without material adjustment from the historical financial information relating to the Merian Group for the year ended 31 December 2019, which is set out in the section entitled (*Historical Financial Information relating to the Merian Group*) of this Prospectus.
- (vi) The pro forma statement of net assets has been prepared on the basis that the Acquisition of the Merian Group will be accounted for using the acquisition method of accounting. The adjustments arising as a result of the Acquisition are set out below:
- (a) Under IFRS acquisition accounting it is necessary to fair value the consideration paid and all of the assets and liabilities of the acquired business. In the pro forma statement of net assets no adjustments have been made to the fair values of the individual net assets of the Merian Group to reflect any remeasurement to fair value which may arise on the Acquisition as this exercise will not be undertaken until after the Completion of the Acquisition. The excess of consideration over the book value of assets acquired has been reflected as goodwill. The existing goodwill of £263.4 million in the Merian Group and the unamortised intangible asset relating to the acquisition of the Merian Group by Merian Global Investors Limited on 29 June 2018 of £127.9 million have also been removed as acquisition accounting adjustments.
- (b) The preliminary goodwill arising has been calculated as follows:

| | |
|--|-----------------------|
| Consideration ⁽¹⁾ | £195.5 million |
| Add: net liabilities acquired of the Merian Group ⁽²⁾ | £58.3 million |
| Goodwill and other intangibles arising on acquisition | £253.8 million |
| Less Merian Group goodwill and other intangible asset ⁽²⁾ | £391.3 million |
| Pro forma adjustment required⁽³⁾ | £137.5 million |

- (1) The consideration is calculated as 95,360,825 Ordinary Shares of the Company at a closing price of 205.0 pence on 22 April 2020. The consideration payable by the Company may be subject to certain purchase price adjustments as at, and subsequent to, Completion. The consideration stated above is exclusive of any such adjustments.
- (2) The net liabilities acquired of £58.3 million comprise the net liabilities of the Merian Group as at 31 December 2019 net of the elimination of goodwill and intangible assets of £391.3 million and associated deferred tax liability of £21.7 million. Preference shares of £334.6 million included in the Merian Group balance sheet as at 31 December 2019 are also eliminated given that on Completion the preference shares and any associated accrued interest will be transferred to the Group.
- (3) The Group will acquire all of Merian's assets and liabilities at Completion. The SPA dated 17 February 2020 contains customary warranties and limitations for a transaction of this type, warranty and indemnity insurance has been obtained to provide recourse in the event that a warranty is breached. In addition, the SPA contains a post-Completion net debt adjustment whereby there will be a pound-for-pound indemnification by Mintaka to the Group to the extent that the Merian Group's actual net debt at Completion exceeds an agreed net debt figure. Certain of Mintaka's payment obligations pursuant to the SPA and other transaction documents including any payment in respect of the net debt adjustment are subject

to a guarantee provided by certain funds managed by TA Associates or the TA Associates Group. No adjustments have been made in the pro forma in respect of these SPA provisions.

- (4) Given that the full fair valuation exercise will not be performed until Completion, this pro forma adjustment of £137.5 million has not been allocated between goodwill and intangible assets as the allocation will not be known until Completion.
- (c) Cash and cash equivalents and loans and borrowings have been adjusted by £124.9 million and £106.0 million respectively to reflect the repayment of Merian Group's existing facilities of £154.9 million, £7.5 million of outstanding notes, and one-off costs of £11.4 million, offset by the issuance of £49.5 million of Tier 2 Notes, less £0.6 million of issuance costs.
- (d) For the purposes of the unaudited pro forma net asset statement, estimated transaction costs expected to be incurred by the Group and the Merian Group of £11.4 million before tax have been deducted from cash and cash equivalents. These costs are not expected to be incurred on an ongoing basis in the Enlarged Group. No tax benefit has been assumed for these costs.
- (e) No adjustment has been made to reflect any synergies that may arise subsequent to the Acquisition, or related costs to achieve any potential synergies, as these are dependent upon the future actions of management. Similarly no adjustment has been made to reflect the impact of any trading activities subsequent to the date of the information presented.

TAXATION

The tax laws of the Noteholder's jurisdiction of incorporation and of the Issuer's jurisdiction of incorporation might have an impact on the income received from the Notes. Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the UK of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. The summaries below are based upon the law as in effect on the date of this Prospectus and is subject to any subsequent change in law that may take effect after such date or that has retrospective effect.

In addition, investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

UNITED KINGDOM

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Rules Relating to United Kingdom Withholding Tax

The Notes will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 (the "Act") for the purposes of section 987 of the Act) or admitted to trading on a "multilateral trading facility" operated by a regulated recognised stock exchange (within the meaning of section 987 of the Act). Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The London Stock Exchange is a recognised stock exchange, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom official list and admitted to trading on the Regulated Market of that Exchange.

If the exemption referred to above does not apply, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such other relief or exemption as may be available.

Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom for tax purposes may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as "**FATCA**", a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payments". Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event that any withholding were to be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person would be required to pay additional amounts as a result of the withholding.

THE PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transactions tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Sole Bookrunner has, pursuant to a Subscription Agreement (the "**Subscription Agreement**") dated 23 April 2020, agreed to subscribe or procure subscribers for the Notes at the issue price of 99.038 per cent. of their principal amount less a combined management and underwriting commission, subject to the provisions of the Subscription Agreement. The Issuer will also reimburse the Sole Bookrunner in respect of certain of its expenses, and has agreed to indemnify the Sole Bookrunner against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

Selling restrictions

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to or for the account or benefit of a US person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States to persons other than US persons as defined in Regulation S in offshore transactions in reliance on, and in compliance with, Regulation S.

The Sole Bookrunner has represented and agreed that it has offered and sold, and will offer and sell, the Notes: (a) as part of its distribution at any time; and (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, only in accordance with Rule 903 of Regulation S. Accordingly, neither the Sole Bookrunner nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes, and the Sole Bookrunner, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S. The Sole Bookrunner has agreed that, at or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Notes from it during the restricted period a confirmation or notice to substantially the foregoing effect.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the Securities Act.

United Kingdom

The Sole Bookrunner has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA and UK Retail Investors

The Sole Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA or in the UK. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Singapore

The Sole Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Bookrunner has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

General

The Notes are not intended to be sold and should not be sold to retail clients in the EEA or in the UK, as defined in the rules set out in MiFID II. Prospective investors are referred to the section headed "*PRIIPs Regulation / Prohibition of Sales to EEA and UK Retail Investors*" in this Prospectus for further information.

GENERAL INFORMATION

1. **Authorisation**

The issue of the Notes was duly authorised by: (i) a resolution of the Board of Directors of the Issuer dated 9 April 2020; (ii) a resolution of a committee of the Issuer dated 14 April 2020; and (iii) a resolution of a committee of the Issuer dated 22 April 2020.

2. **Listing**

Applications have been made for the Notes to be admitted to the Official List and to trading on the Regulated Market of the London Stock Exchange, with effect from or around the Issue Date.

3. **No significant/material change**

Other than as disclosed in the section entitled "*Description of the Issuer – Current Trading and Prospects*", there has been no significant change in the financial performance or financial position of the Issuer or the Group since 31 December 2019, being the date to which the audited consolidated financial information set out in the Annual Report 2019 which is incorporated by reference into, and forms part of, this Prospectus was published.

Other than as disclosed in the section entitled "*Description of the Issuer – Current Trading and Prospects*", there has been no significant change in the financial performance or financial position of the Merian Group since 31 December 2019, being the date to which the combined and consolidated historical financial information set out in the section entitled "*Historical Financial Information relating to the Merian Group*" of this Prospectus was published.

Other than as disclosed in the section entitled "*Description of the Issuer – Current Trading and Prospects*", there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2019, being the date to which the audited consolidated financial information set out in the Annual Report 2019 which is incorporated by reference into, and forms part of, this Prospectus was prepared.

Other than as disclosed in the section entitled "*Description of the Issuer – Current Trading and Prospects*", there has been no material adverse change in the prospects of the Merian Group since 31 December 2019, being the date to which the historical financial information set out in the section entitled "*Historical Financial Information relating to the Merian Group*" of this Prospectus was prepared.

4. **Litigation and Arbitration Proceedings**

There are no, nor have there been any, governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Issuer is aware) during the last 12 months prior to the date of this Prospectus which may have, or have had in the recent past, a significant effect on the Issuer's and/or the Group's financial position or profitability.

There are no, nor have there been any, governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Issuer is aware) during the last 12 months prior to the date of this Prospectus which may have, or have had in the recent past, a significant effect on Merian's and/or the Merian Group's financial position or profitability.

5. **Auditors**

PricewaterhouseCoopers LLP audited the Issuer's accounts, in accordance with IFRS for each of the three financial years ended on 31 December 2019. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants for England and Wales.

6. **Reporting accountants**

PricewaterhouseCoopers LLP is the Reporting Accountants to the Issuer. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants for England and Wales.

7. **Costs And Expenses**

The aggregate costs and expenses of the Acquisition, the issuance of the Notes and Admission (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents) payable by the Company are estimated to be £13 million to £14 million (inclusive of VAT). In addition, the Company estimates that it will incur costs of £27 million to £31 million (inclusive of VAT) relating to the integration of the Merian Group and the delivery of the anticipated cost synergies.

8. **Consents**

PricewaterhouseCoopers LLP has given, and has not withdrawn, its written consent to the inclusion in this Prospectus of its accountant's report set out in "*Historical Financial Information relating to the Merian Group*" and its accountant's report set out in "*Unaudited Pro Forma Financial Information*" in the form and context in which they appear, and has authorised the contents of the parts of this Prospectus which comprise its reports for the purpose of paragraph 1.3 of Annex 7 of the Prospectus Regulation.

9. **Documents available**

Copies of the following documents may be inspected at the offices of the Issuer at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ during normal business hours so long as any of the Notes is outstanding or at www.jupiteram.com:

- (a) the constitutional documents of the Issuer (as the same may be amended from time to time);
- (b) the Annual Report 2019;
- (c) the Annual Report 2018;
- (d) the Q1 2020 Trading Update;
- (e) the report from PricewaterhouseCoopers LLP on the combined and consolidated historical financial information of the Merian Group set out in Part B of the section entitled "*Historical Financial Information relating to the Merian Group*" of this Prospectus;
- (f) the report from PricewaterhouseCoopers LLP on the unaudited pro forma financial information set out in Part B of the section entitled "*Unaudited Pro Forma Financial Information*" of this Prospectus; and
- (g) this Prospectus, the Agency Agreement and the Trust Deed.

For the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on any website does not form part of this Prospectus.

10. **Yield**

On the basis of the issue price of the Notes of 99.038 per cent. of their principal amount, the gross real yield of the Notes is 9.125 per cent. on an annual basis.

The yield is calculated at the Issue Date and is not an indication of future yield.

11. **Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Issuer is 5493003DJ1G01IMQ7S28.

12. **Sole Bookrunner transacting with the Issuer**

The Sole Bookrunner and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and

its affiliates in the ordinary course of business. In the ordinary course of its business activities, the Sole Bookrunner and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Where the Sole Bookrunner or its affiliates have a lending relationship with the Issuer and/or its affiliates they may routinely hedge their credit exposure to those entities consistent with their customary risk management policies. Typically, such Sole Bookrunner and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Sole Bookrunner and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

13. **Clearing systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS2160867326 and the Common Code is 216086732. The Financial Instrument Short Name (FISN) and the Classification of Financial Instruments (CFI) Code are as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN, as updated from time to time.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

14. **Group Material Contracts**

The following contracts not being contracts entered into by the Issuer or another member of the Group either: (i) within the period of two years immediately preceding the date of this Prospectus which are or may be material to the Group; or (ii) which contain any provisions under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this Prospectus:

14.1 **Sale and Purchase Agreement**

On 17 February 2020, the SPA was entered into by the Issuer and the Sellers to give effect to the Acquisition. Pursuant to the terms of the SPA, and subject to the satisfaction of the conditions set out therein, the Sellers have agreed to sell the entire issued and to be issued share capital of Merian to the Issuer. The principal terms of the SPA are set out below.

Consideration

In consideration for the sale of the entire issued and to be issued share capital of Merian to the Issuer, the Sellers will receive in aggregate 95,360,825 Consideration Shares, with Mintaka expected to own approximately 15.9 per cent. of the Ordinary Shares in issue at that time and the Key Merian Management Shareholders collectively expected to own approximately 0.5 per cent. of the Ordinary Shares (in each case, based on the position at the time of signing of the SPA). Whilst the total number of Consideration Shares to be issued to the Sellers pursuant to the SPA is fixed, the SPA contains a mechanism regulating the allocation of the Consideration Shares among the Sellers depending, among other things, on the market price of the Issuer's Ordinary Shares shortly before Completion. This may result in Mintaka owning less than 15.9 per cent. of the Ordinary Shares in issue following Admission. The precise figures will not be known until shortly before Completion and will be publicly announced through a Regulatory Information Service at or shortly after Completion.

The number of Consideration Shares to be issued has been calculated based on a price of 388 pence per Consideration Share on the basis of the volume weighted average price of an Ordinary Share over the period of 20 trading days ending on and including 14 February 2020.

If there is a reduction in Merian AUM over the period from close of business on the date on which the Resolution is passed at the General Meeting to close of business on 31 December 2021, including certain net flows over the period, but excluding market movements, the Purchase Price Adjustment will be triggered. The Purchase Price Adjustment will be determined by reference to the following thresholds such that the value of the Purchase Price Adjustment will be:

- zero, if the Merian AUM at the end of the measurement period is 85 per cent. (or more) of the Merian AUM at the beginning of the measurement period;
- the value represented by 5,154,639 Consideration Shares (being £20 million divided by £3.88), if the Merian AUM at the end of the measurement period is 84.99 per cent. of the Merian AUM at the beginning of the measurement period;
- the value represented by 10,309,278 Consideration Shares (being £40 million divided by £3.88), if the Merian AUM at the end of the measurement period is 74.99 per cent. of the Merian AUM at the beginning of the measurement period; and
- the value represented by 25,773,196 Consideration Shares (being £100 million divided by £3.88), if the Merian AUM at the end of the measurement period is 59.99 per cent. or lower of the Merian AUM at the beginning of the measurement period.

A linear interpolation will apply if the Merian AUM at the end of the measurement period is an amount that falls between the thresholds set out above. The reduction in Merian AUM over the period will be calculated based on the net impact of subscriptions and redemptions only (subject to certain exceptions).

Any pre-tax profit retained by the Issuer in respect of performance fees generated by Merian between Completion and 31 December 2021 will be applied to reduce Mintaka's liability, if any, to make a payment in respect of the Purchase Price Adjustment.

The Purchase Price Adjustment is payable as an amount in cash by Mintaka. The cash payment is expected to be funded through a sale by Mintaka of the relevant number of Consideration Shares as determined on the basis summarised above, with the proceeds arising from such sale of that number of shares at the then prevailing market price (net of dealing costs) being paid to the Issuer.

Certain of Mintaka's payment obligations pursuant to the SPA and other transaction documents, including any payment in respect of the net debt adjustment, the Purchase Price Adjustment and in respect of certain indemnification obligations in connection with the Acquisition (including the deferred earn-out plan) are subject to a guarantee provided by certain funds managed by members of TA Associates' Group.

Conditions

Completion is subject to the satisfaction of certain conditions, including the following key conditions:

- the passing of the Resolution by Shareholders at the General Meeting;
- the Consideration Shares having been allotted to the Sellers unconditionally subject only to Completion and Admission;
- the FCA and the London Stock Exchange having confirmed to the Issuer (or the Sponsor) that the applications for Admission have been approved and that Admission will become effective as soon as a dealing notice has been issued;
- each member of the Group which is required to obtain approval from a financial regulator in connection with the Acquisition having received, or been deemed to have received, approval from

the FCA, the Securities and Futures Commission of Hong Kong and the Central Bank of Ireland, and such other approvals from a financial regulator as may be required;

- each member of TA Associates' Group and each fund managed by a member of TA Associates' Group which is required to obtain approval from a financial regulator in connection with the Acquisition having received, or been deemed to have received, approval from the FCA and the Commission de Surveillance du Secteur Financier of Luxembourg, and such other approvals from a financial regulator as may be required; and
- each fund managed by a member of the Merian Group, where such fund is registered for marketing in Taiwan and where such approval is required, having received approval from the Taiwan Financial Supervisory Commission in connection with the Acquisition.

The Issuer and Mintaka have committed to customary obligations in connection with the obtaining of the regulatory approvals and the satisfaction of the other Conditions.

Completion is expected to occur in the second half of 2020 (and not earlier than 1 July 2020). These conditions must be satisfied (or, where permitted, waived) by the Longstop Date, being 31 December 2020 or such later date as Mintaka and the Issuer may agree or as may be determined in accordance with the SPA.

Warranties and indemnification

Each of the Sellers on the one hand and the Issuer on the other hand has made warranties to the other. The Issuer's warranties include a limited number of statements relating to its capacity and authority to enter into the SPA, performance of its obligations under the SPA, insolvency and compliance with disclosure obligations. In addition to certain fundamental warranties (including in relation to title to Merian's shares, capacity and authority to enter into the SPA, performance of obligations and solvency), the Key Merian Management Shareholders have provided a customary suite of business warranties.

In addition, the SPA contains a post-Completion net debt adjustment whereby there would be a pound-for-pound indemnification by Mintaka to the Issuer to the extent that the Merian Group's actual net debt at Completion exceeds an agreed target net debt figure of £29 million (assuming Completion occurs on 1 July 2020 or otherwise on or before the record date for the Issuer's 2020 interim dividend), such target increasing to £35 million if Completion occurs after the record date for the Issuer's 2020 interim dividend.

At Completion, the Key Merian Management Shareholders will be required to enter into a customary deed of tax indemnity to provide the Issuer with certain protections against tax liabilities.

Warranty and indemnity insurance has been obtained to provide recourse for the Issuer in the event that certain warranties are breached and/or payment becomes due pursuant to the deed of tax indemnity.

Conduct before Completion and termination rights

The Sellers (other than Zedra Trust Company) have agreed to comply with customary provisions relating to the conduct of the Merian Group's business during the period between the date of the SPA and Completion.

The SPA may be terminated by the Issuer in certain circumstances, including if any of the following events occur prior to Completion:

- any unremedied breach of certain customary warranties in respect of title to shares (where given by any Seller), capacity and authority (where given by Mintaka or a Key Merian Management Shareholder), and solvency (where given by Mintaka) as at signing of the SPA and as at Completion;
- any unremedied material breach by the Sellers of their obligations under the SPA in relation to the operation of the Merian Group's business in the period between the date of the SPA and

Completion, subject to certain caveats and only if the relevant breach has a material adverse effect on the Group; and

- if, other than as a result of death or disability, three or more of the Key Merian Management Shareholders: (i) leave the Merian Group resulting in their ceasing to be employees of the Merian Group or (ii) have received notice of termination of their employment by the Merian Group, or (iii) have given notice to terminate their employment, in each case at or prior to Completion.

The SPA may also be terminated by mutual agreement between the Issuer and the Sellers.

Restrictive covenants

The Key Merian Management Shareholders and other Merian Group employees will be subject to customary restrictive covenants in their employment agreements, including non-solicit and non-compete obligations for the duration of their employment by the Enlarged Group and for a period following termination of employment. The SPA also contains customary restrictions to prevent the Merian Management Shareholders from competing with the business of the Group, or soliciting Enlarged Group employees, customers or clients, in each case, for a period of two years following Completion.

Governing law

The SPA is governed by English law and the parties irrevocably submit to the exclusive jurisdiction of the English courts.

14.2 TA Associates Lock-up Agreement

On 17 February 2020, Mintaka (a fund advised by TA Associates) entered into a share lock-up agreement with the Issuer (the "**TA Associates Lock-up Agreement**") in respect of the Consideration Shares to be issued to Mintaka on Admission. The TA Associates Lock-Up Agreement is conditional upon Admission and, subject to certain exceptions set out below, restricts Mintaka from disposing of any of its Consideration Shares for a period of 24 months from Completion.

The lock-up is subject to the following exceptions: (i) any disposal made with the prior written consent of the Issuer; (ii) any disposal made in connection with a rights issue by the Issuer; (iii) any disposal pursuant to an offer by the Issuer to purchase Ordinary Shares which is made to all holders of Ordinary Shares; (iv) the acceptance of a takeover offer made in accordance with the Takeover Code; (v) the acceptance of a partial offer made in accordance with the Takeover Code; (vi) any disposal pursuant to a scheme or reconstruction under the Insolvency Act 1986; (vii) any disposal pursuant to the squeeze-out provisions of the Companies Act; (viii) any disposal pursuant to a compromise or arrangement between the Issuer and its creditors or between the Issuer and its members which is agreed by the creditors or members and sanctioned by the High Court of Justice in England and Wales under the Companies Act; (ix) any disposal as may be required solely to realise funds sufficient to satisfy: (a) any payment obligation of Mintaka in respect of the Purchase Price Adjustment, the net debt indemnity under the SPA, and certain indemnification obligations in connection with the Acquisition (including the deferred earn-out plan); and/or (b) any reasonable and documented transaction costs incurred by Mintaka in connection with the Acquisition (to the extent that any entitlement Mintaka has to interim cash dividends declared by the Issuer in respect of the year ending 31 December 2020 and with a record date falling after the date of Admission is not sufficient to pay such costs in full); (x) any disposal to an affiliate of Mintaka (provided that the transferee enters into a deed of adherence); (xi) any disposal of the legal interest in any Consideration Shares provided that the beneficial owner shall not change (provided that the transferee enters into a deed of adherence); or (xii) any disposal otherwise required by applicable law.

Mintaka will also be restricted, at any point prior to termination of the TA Associates Lock-up Agreement, from taking any action that would increase its interest in the Issuer beyond that received on Admission.

Following the end of the lock-up period and except with the Issuer's prior written consent, or in certain other limited circumstances, Mintaka is restricted from disposing of, in any rolling three-

month period, such number of Consideration Shares equal to or more than 5 per cent. of the total number of Consideration Shares allotted to Mintaka on Admission (subject always to the additional restriction on disposing of, in any rolling six-month period, such number of Consideration Shares equal to more than 7.5 per cent. of the total number of Ordinary Shares in issue at such time).

The TA Associates Lock-up Agreement will terminate in certain customary circumstances, including: (i) if the Issuer ceases to be admitted to listing on the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, or (ii) if any person becomes entitled to control, directly or indirectly, the exercise of 50 per cent. or more of the rights to vote at general meetings of the Issuer.

14.3 Merian Management Shareholders' Lock-up Agreements

On 17 February 2020, the Key Merian Management Shareholders each entered into a share lock-up agreement with the Issuer (the "**Merian Management Shareholders' Lock-up Agreements**") in respect of the Consideration Shares to be received by each of the Key Merian Management Shareholders. The Merian Management Shareholders' Lock-up Agreements are conditional upon Completion and restrict each of the Key Merian Management Shareholders from disposing of (i) any of their respective Consideration Shares during the period from Completion and ending on the first anniversary of Completion; and (ii) more than 25 per cent. of their respective Consideration Shares (including when aggregated with any previous disposals they have made) during the period commencing on the first anniversary of Completion and ending on the third anniversary of Completion.

The lock-ups are subject to the following exceptions: (i) any disposal made with the prior written consent of the Issuer; (ii) any disposal made in connection with a rights issue by the Issuer; (iii) any disposal pursuant to an offer by the Issuer to purchase Ordinary Shares which is made to all holders of Ordinary Shares; (iv) the acceptance of a takeover offer made in accordance with the Takeover Code; (v) the acceptance of a partial offer made in accordance with the Takeover Code; (vi) any disposal pursuant to the squeeze-out provisions of the Companies Act; (vii) any disposal pursuant to a compromise or arrangement between the Issuer and its creditors or between the Issuer and its members which is agreed by the creditors or members and sanctioned by the High Court of Justice in England and Wales under the Companies Act; (viii) any disposal to a connected person (as defined in the Companies Act), family member, family trust or by the trustees of such family trusts to the beneficiaries thereof, in each case solely for the purposes of tax planning (provided that the transferee enters into a deed of adherence); (ix) any disposal of the legal interest in any Consideration Shares provided that the beneficial owner shall not change (provided that the transferee enters into a deed of adherence); (x) any disposal to or by the personal representatives of the Key Merian Management Shareholder in the event of such shareholder's death; (xi) any disposal to the extent required to fund any tax liability of the relevant shareholder arising as a result of the sale of its shares in Merian to the Issuer; (xii) any disposal required to fund the repayment of any loan made to such shareholder in accordance with the SPA in connection with the paying up of nil paid shares in Merian held by such shareholder; or (xiii) any disposal otherwise required by applicable law or a court of competent jurisdiction.

The Merian Management Shareholders' Lock-up Agreements will terminate in certain customary circumstances, including: (i) if the Issuer ceases to be admitted to listing on the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, or (ii) if any person becomes entitled to control, directly or indirectly, the exercise of 50 per cent. or more of the rights to vote at general meetings of the Issuer.

14.4 Relationship Agreement

On 17 February 2020, the Issuer entered into a relationship agreement with Mintaka and TA Associates (the "**Relationship Agreement**"), which will, conditional upon Admission, for such time as Mintaka, together with any member of TA Associates' Group holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time, regulate the on-going relationship between the Issuer, Mintaka and TA Associates following Admission.

The principal purpose of the Relationship Agreement is to ensure that where, following Admission, Mintaka together with any member of TA Associates' Group, holds in aggregate 10 per cent. or

more of the Ordinary Shares in issue from time to time, the Issuer is able to carry on an independent business as its main activity. The Relationship Agreement contains, among others, undertakings from Mintaka and TA Associates that: (a) transactions and arrangements between them (and/or any of their respective associates) and any member of the Group will be conducted at arm's length and on normal commercial terms; (b) neither of them nor any of their respective associates shall take any action that would have the effect of preventing the Issuer from complying with its obligations under the Listing Rules; and (c) neither of them nor any of their respective associates shall propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

In addition, the provisions of the Relationship Agreement imposing obligations on Mintaka and TA Associates will remain in full force and effect, in respect of Mintaka and TA Associates, for so long as Mintaka, together with any member of TA Associates' Group, holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time (save that Mintaka and TA Associates may terminate the Relationship Agreement in certain customary circumstances, including: (i) if the Issuer ceases to be admitted to listing on the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, or (ii) if any person becomes entitled to control, directly or indirectly, the exercise of 50 per cent. or more of the rights to vote at general meetings of the Issuer).

Pursuant to the Relationship Agreement, for so long as Mintaka, together with any member of TA Associates' Group, holds in aggregate 10 per cent. or more of the Ordinary Shares in issue from time to time, Mintaka and TA Associates shall be entitled to jointly nominate one non-executive director for appointment to the Board (a "**Shareholder Director**"), who shall be appointed as a non-executive director of the Issuer subject to certain conditions. Any such Shareholder Director will not have a right to be appointed to, or be an observer of, any committee of the Board or to receive any director fee.

Christopher Parkin has been nominated as the initial Shareholder Director by Mintaka and TA Associates for appointment to the Board and is expected to be appointed as a director with effect from, and conditional upon, Admission.

Any Shareholder Director will be required to adhere to certain non-solicit undertakings in respect of senior employees with an annual salary in excess of an agreed amount whilst he or she is a director of the Issuer, and for a period of six months following their departure from the Board. The non-solicit undertaking includes a carve-out for any action taken by portfolio companies of a member of TA Associates' Group without the involvement of a Shareholder Director. A Shareholder Director must not sit on the Board (or equivalent body) of any competing business as long as he or she is a director of the Issuer, and for a period of three months following their departure from the Board.

The Relationship Agreement will also include certain customary information rights, confidentiality obligations and undertakings in relation to conflicts of interest.

The Relationship Agreement is governed by English law. Certain provisions, including the non-solicit undertakings referred to above, will survive termination.

14.5 **Revolving Credit Facility**

On 5 July 2019, the Issuer entered into a £50 million revolving credit facility agreement with Banco Santander, S.A., London Branch as mandated lead arranger, original lender and facility agent. Such revolving credit facility will be amended and restated with effect from Completion pursuant to an amendment and restatement agreement dated 9 April 2020 (the "**ARA Signing Date**") and made between the Issuer as borrower, Banco Santander, S.A., London branch as facility agent, Banco Santander, S.A., London branch and Citigroup Global Markets Limited as arrangers, Banco Santander, S.A., London branch as existing lender and Citibank N.A., London branch as new lender (as amended and restated, the "**Revolving Credit Facility**"). Pursuant to the Revolving Credit Facility, the maximum amount that can be borrowed was increased to £80 million and the term extended to three years from the ARA Signing Date. As at the Latest Practicable Date, the Revolving Credit Facility was undrawn, although it may be drawn upon on or following Completion.

The rate of interest payable on borrowings under the Revolving Credit Facility is the aggregate of LIBOR and a customary margin. The Issuer may select interest periods for each loan made available under the Revolving Credit Facility of one, three or six months or any other period agreed with all the lenders. Each loan must be repaid in full and the accrued interest together with such loan must be paid on the last day of each interest period (and at six monthly intervals after the first day of the interest period, if the interest period is longer than six months). Certain fees and expenses are also payable, including, a facility agent's fee, an upfront fee, a utilisation fee and a commitment fee.

Subject to certain conditions, the Issuer may voluntarily prepay utilisations and/or permanently cancel all or part of the available facility under the Revolving Credit Facility by giving prior notice to the facility agent. In addition, the Revolving Credit Facility requires mandatory cancellation and, if applicable prepayment in full or in part, in certain circumstances.

Upon the occurrence of certain change of control events, the lenders will not be obliged to fund a loan and each lender under the Revolving Credit Facility will be entitled to have its commitment cancelled and any outstanding loan, interests and amounts accrued, immediately due and payable.

The Revolving Credit Facility contains customary warranties, representations, covenants, negative pledges, undertakings (including, amongst others, restrictions on certain disposals, mergers and acquisitions and delivery of financial statements) and events of default (in each case, subject to customary agreed exceptions, materiality tests, carve-outs and grace periods). The Issuer has received an appropriate waiver under the Revolving Credit Facility in relation to the Acquisition which would otherwise be subject to the aforementioned restrictions and accordingly the lenders under the Revolving Credit Facility will not exercise their rights to call an event of default in relation to the Acquisition.

The Revolving Credit Facility Agreement will terminate on the third anniversary of the ARA Signing Date.

15. **MERIAN GROUP MATERIAL CONTRACTS**

The following contract (not being a contract entered into in the ordinary course of business) has been entered into by Merian or another member of the Merian Group either: (i) within the period of two years immediately preceding the date of this Prospectus which is or may be material to the Merian Group; or (ii) which contains any provisions under which any member of the Merian Group has any obligation or entitlement which is, or may be, material to the Merian Group as at the date of this Prospectus.

15.1 **Term and Multicurrency Revolving Facilities Agreement**

As part of the acquisition of the OMGI single-strategy business by OMGI senior management and funds operated by TA Associates, the Merian Group became party to an English law secured term and multicurrency revolving credit facility agreement that was originally entered into on 18 December 2017 among Mintaka Bidco Limited as borrower, ICG Alternative Investment Limited (as arranger), Barings Global Advisers Limited (as arranger) and Intermediate Capital Group plc (acting as agent and security agent) and was amended and restated on 25 June 2018.

Pursuant to the facilities agreement, the lenders agreed to make (i) a loan available to Mintaka Bidco Limited for the purpose of funding the acquisition of the Merian Group from Old Mutual plc and (ii) a multicurrency revolving credit facility available to Mintaka Bidco Limited for general corporate and working capital purposes and to fund certain costs relating to the acquisition. As at 31 December 2019, the net leverage of the Merian Group was 0.43x EBITDA. As at 31 March 2020, the Merian Group had net debt of £36.5 million, including £97.2 million and €70.3 million outstanding under the term loan. The revolving credit facility has a limit of £20 million and was undrawn as at 31 March 2020. The facilities agreement contains customary warranties, representations, covenants, undertakings and events of default. The termination date of the term loan is 29 June 2025 and the termination date of the revolving credit facility is 29 December 2024.

The Issuer will be required to, and intends to, repay all amounts outstanding under such facilities at Completion (unless repaid by Merian beforehand) and has sufficient liquidity to do so.

DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires.

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| " Acquisition " | means the proposed acquisition by the Issuer of the entire issued and to be issued share capital of Merian; |
| " Acquisition Conditions " | means the conditions to the Completion of the Acquisition; |
| " Admission " | means the admission of the Consideration Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities; |
| " Annual Report 2019 " | means the Group's annual report and accounts for the year ended 31 December 2019; |
| " APAC " | means Asia-Pacific; |
| " Articles of Association " | means the articles of association of the Issuer; |
| " Auditing Practices Board " | means the Auditing Practices Board Limited, part of the Financial Reporting Council; |
| " AUM " | means assets under management; |
| " Board " | means the board of directors of the Issuer from time to time; |
| " Business Day " | means a day other than a Saturday, Sunday or public holiday in England and Wales or Jersey; |
| " CAGR " | means compound annual growth rate; |
| " CFTC " | means the U.S. Commodity Futures Trading Commission; |
| " CIO " | means the Group's Chief Investment Officer; |
| " Companies Act " | means the UK Companies Act 2006 (as amended or re-enacted); |
| " Company " or " Issuer " | means Jupiter Fund Management plc, a company incorporated in England and Wales, with registered number 6150195 and registered office at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ, United Kingdom; |
| " Completion " | means completion of the Acquisition subject to and in accordance with the terms and conditions of the SPA; |
| " Condition(s) " | means the terms and conditions of the Notes, as amended from time to time; |
| " Consideration Shares " | means the 95,360,825 Ordinary Shares, which are proposed to be issued by the Issuer to the Sellers pursuant to the Acquisition; |
| " CGU " | means cash generating unit; |
| " Directors " | means the directors of the Issuer as at the date of this Prospectus and " Director " means any one of them; |
| " Disclosure Guidance and Transparency Rules " | and means the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended from time to time; |

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| "ECL" | means expected credit loss; |
| "EMEA" | means Europe, the Middle East and Africa; |
| "Enlarged Group" | means the enlarged group of companies which will, following Completion, comprise the Group and the Merian Group; |
| "ERM" | means enterprise risk management; |
| "ESMA" | means the European Securities and Markets Authority; |
| "EU" | means the European Union; |
| "EURIBOR" | means the Euro Interbank Offered Rate; |
| "Exceptional Items" | means items of income or expenditure that are significant in size and which are not expected to repeat over the short to medium term; |
| "FCA Handbook" | means the FCA's handbook of rules and guidance; |
| "Fitch" | means Fitch Ratings Limited; |
| "FSMA" | means the UK Financial Services and Markets Act 2000, as amended; |
| "FTEs" | means full time equivalent employees; |
| "FVOCI" | means fair value through other comprehensive income; |
| "FVTPL" | means fair value through profit and loss; |
| "GDPR" | means the General Data Protection Regulation; |
| "GEAR" | means Global Equity Absolute Return; |
| "General Meeting" | means the general meeting of the Issuer, including any adjournments thereof, to be convened in due course to consider and if thought fit approve, the Resolution in relation to the Acquisition, notice of which is given pursuant to the Notice of General Meeting; |
| "Group" | means the Issuer and its subsidiaries and subsidiary undertakings from time to time; |
| "ICAAP" | means the Internal Capital Adequacy Assessment Process under the European Capital Requirements Directive III (Directive 2010/76/EU); |
| "IFD" | has the meaning given to it in paragraph 3.7 of the section entitled Risk Factors of this Prospectus; |
| "IFR" | has the meaning given to it in paragraph 3.7 of the section entitled Risk Factors of this Prospectus; |
| "IFRS" | means the International Financial Reporting Standards as adopted by the European Union; |
| "Issuer" or "Company" | means Jupiter Fund Management plc, a company incorporated in England and Wales, with registered number 6150195 and |

registered office at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ, United Kingdom;

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| "IT" | means information technology; |
| "J.P. Morgan" | means J.P. Morgan Securities plc; |
| "Key Merian Desks" | means the following investment teams within the business of the Merian Group at Completion: (a) the "UK Small and Mid-Cap. (SMID)" desk currently led by Daniel Nickols and Richard Watts; (b) the "Systematic" desk currently led by Ian Heslop; and (c) the "UK All Cap" desk currently led by Richard Buxton; |
| "Key Merian Management Shareholders" | means Richard Buxton, Ian Heslop, Amadeo Alentorn Farre, Daniel Nickols and Richard Watts; |
| "Latest Practicable Date" | means 22 April 2020, being the latest practicable date prior to the publication of this Prospectus; |
| "Listing Rules" | means the listing rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended from time to time; |
| "London Stock Exchange" | means London Stock Exchange plc; |
| "Longstop Date" | means the latest date for satisfaction (or, where permitted, waiver) of the Issuer being 31 December 2020 or such later date as Mintaka and the Issuer may agree or as may be determined in accordance with the SPA; |
| "Market Abuse Regulation" | means Regulation (EU) No. 596/2014; |
| "MGI Holdings" | means Merian Global Investors Holdings Limited; |
| "Merian" | means Merian Global Investors Limited, a company incorporated in Jersey, with registered number 125325 and its registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD; |
| "Merian AUM" | means the AUM attributable to funds managed by the Key Merian Desks; |
| "Merian Chrysalis" | means Merian Chrysalis Investment Company Limited; |
| "Merian Group" | means Merian, its subsidiaries and subsidiary undertakings from time to time and where the context permits, each of them; |
| "Merian Management Shareholders" | means each of the Key Merian Management Shareholders and Robert Colthorpe, Richard I. Morris Jr. and Mike Servant; |
| "Merian Management Shareholders Lock-Up Agreements" | means the share lock-up agreements entered into between each of the Key Merian Management Shareholders and the Issuer on 17 February 2020; |
| "MIML" | means Merian Investment Management Limited; |
| "MGI CH" | means Merian Global Investors (UK) Limited; |
| "MGI Holdings" | means Merian Global Investors Holdings Limited; |

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| "MGI SG" | means Merian Global Investors (Singapore) Pte. Ltd; |
| "Mintaka" | means Mintaka LP, a limited partnership incorporated in the Cayman Islands whose registered office is at PO Box 309, Uglan House, Grand Cayman, George Town, KY1-1104 and advised by TA Associates; |
| "NAV" | means net asset value; |
| "OMGI" | means Old Mutual Global Investors; |
| "Ordinary Shares" | means the ordinary shares of two pence each in the capital of the Issuer, including, where the context requires, the Consideration Shares; |
| "Operating Margin" | means operating profit (before Exceptional Items) divided by net revenue; |
| "Participant Sellers" | means the beneficial owners of certain shares in Merian currently registered in the name of Zedra Trust Company; |
| "Products" | means the Group's, the Merian Group's and/or following Completion, the Enlarged Group's (as the context requires) investment funds, segregated mandates and investment trusts and in respect of which a member or members of the Group, the Merian Group or following Completion, the Enlarged Group (as the context requires), directly or indirectly, provides investment management, advisory, structuring, risk management, operational or other services; |
| "Proposed Director" | means Christopher Parkin, a non-executive director nominated by Mintaka and TA Associates for appointment to the Board pursuant to their rights under the Relationship Agreement, with such appointment expected to take effect from, and conditional upon, Admission; |
| "Prospectus" | means this document; |
| "Prospectus Regulation" | means Regulation (EU) No. 2017/1129; |
| "Prospectus Regulation Rules" | means the prospectus regulation rules made by the FCA under Part VI of the FSMA (as set out in the FCA Handbook), as amended from time to time; |
| "Q1 2020 Trading Update" | means the Issuer's trading update for the three months ended 31 March 2020; |
| "QI" | means Quilter Investors Limited; |
| "Quilter Group" | means Quilter Group Plc; |
| "Relationship Agreement" | means the relationship agreement entered into between Mintaka, TA Associates and the Issuer on 17 February 2020; |
| "Resolution" | means the ordinary resolution to be proposed at the General Meeting to approve the Acquisition and certain related matters including, without limitation to: (i) approve the Acquisition as a "Class 1 transaction" under the Listing Rules; and (ii) authorise the Directors to allot the Consideration Shares (and any amendment(s) thereof); |

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| "Revolving Credit Facility" | means the Issuer's revolving credit facility dated 5 July 2019 as amended and restated on 9 April 2020; |
| "SEC" | means the U.S. Securities and Exchange Commission; |
| "Sellers" | means Mintaka (a fund advised by TA Associates), the Merian Management Shareholders, Zedra Trust Company and the Participant Sellers; |
| "Shareholder" | means holders of one or more Ordinary Shares; |
| "Shareholder Director" | has the meaning given to it in paragraph 14.4 of the "General Information" section of this Prospectus; |
| "SICAV" | means Société d'Investissement à Capital Variable, a collective investment vehicle structured as an open-ended investment company; |
| "SMCR" | means the FCA's Senior Managers & Certification Regime; |
| "SPA" | means the sale and purchase agreement entered into by the Issuer and the Merian Shareholders on 17 February 2020 for the purposes of giving effect to the Acquisition; |
| "Sponsor" | means J.P. Morgan Securities plc; |
| "subsidiary" | has the meaning given in section 1159 of the Companies Act; |
| "subsidiary undertaking" | has the meaning given in section 1162 of the Companies Act; |
| "TA Associates " | means TA Associates Management LP, a limited partnership incorporated in Delaware (EIN 04-3205796), whose principal place of business is at 200 Clarendon Street, 56th Floor, Boston, MA 02116, United States; |
| "TA Associates Fund" | means (i) any fund which has the same general partner, trustee, nominee, operator, manager or investment adviser as TA Associates or any company which is a subsidiary or holding company of TA Associates or a subsidiary of a holding company of TA Associates, and (ii) any fund in respect of which TA Associates or any company which is a subsidiary or holding company of TA Associates or a subsidiary of a holding company of TA Associates is a general partner, manager or investment adviser; |
| "TA Associates' Group" | means (i) TA Associates and any company which is a subsidiary or holding company of TA Associates or a subsidiary of a holding company of TA Associates, in each case from time to time, and (ii) any TA Associates Fund, but in each case excluding portfolio companies in which funds advised or managed by its holding companies or subsidiaries of its holding companies hold an investment, and " member of TA Associates' Group " shall be construed accordingly; |
| "TA Associates Lock-Up Agreement" | means the share lock-up agreement entered into between Mintaka and the Issuer on 17 February 2020; |
| "Takeover Code" | means the Takeover Code issued by the Panel on Takeovers and Mergers, as amended from time to time; |

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| "Trustee Seller" | means Zedra Trust Company (Guernsey) Limited; |
| "UCITS" | means Undertakings for Collective Investment in Transferable Securities; |
| "Underlying EPS" | means profit before tax less Exceptional Items excluding amortisation arising from acquisitions; |
| "United Kingdom" or "UK" | means the United Kingdom of Great Britain and Northern Ireland; |
| "United States" or "US" | means the United States of America, its territories, its possessions and all areas subject to its jurisdiction; |
| "US Securities Act" | means the United States Securities Act of 1933, as amended from time to time; |
| "Zedra Trust Company" | means Zedra Trust Company (Guernsey) Limited, a professional trustee company appointed to hold certain shares in Merian as nominee for certain employees and former employees of the Merian Group; and |
| "£" or "pence" | means the lawful currency of the United Kingdom. |

All times referred to are London time unless otherwise stated.

All references to legislation in this Prospectus are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

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