

# Jupiter Asset Management Limited

## Part 2A of Form ADV

### The Brochure



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This brochure provides information about the qualifications and business practices of Jupiter Asset Management Limited. If you have any questions about the contents of this brochure, please contact Mrs. Catherine Carter, Jupiter Asset Management Limited's Chief Compliance Officer ("CCO") at [CCO@jupiteram.com](mailto:CCO@jupiteram.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Jupiter Asset Management Limited is also available on the SEC's website at: <https://adviserinfo.sec.gov/>. Reference to "registered investment adviser" or Jupiter Asset Management Limited being "registered" with the SEC does not imply a certain level of skill or training.

## **Item 2. Material Changes**

Since the amended ADV filing on 22 December 2022, Jupiter Asset Management Limited has made no material changes.

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## Item 4. Advisory Business

Jupiter Asset Management Limited (“JAM”) is part of the Jupiter Fund Management Group (“Jupiter” or the “the Group”), which was established in 1985 and is headquartered in London, United Kingdom (“UK”). Jupiter was incorporated in 1986 and is a wholly owned, indirect subsidiary, of Jupiter Fund Management plc (“JFM”), a public company listed on the London Stock Exchange. Jupiter is regulated by the UK’s Financial Conduct Authority.

The Group has distribution offices in Austria, Germany, Hong Kong, Italy, Singapore, Spain, Sweden, Switzerland, and the U.S, as well as regulated management companies in Luxembourg, Ireland, and the UK. At the beginning of 2022, the Group also set up a subsidiary in Australia, the Group also operates in Belgium, France, Latin America, the Middle East, U.S. Offshore and Taiwan through distribution partnerships.

Jupiter is a high conviction active asset manager committed to growth through investment excellence with a focus on delivery of investment outperformance to clients. Central to Jupiter’s philosophy is a culture of independent thought; investment managers are not constrained by a “house view”, which allows them to focus on delivering value to clients through genuinely active investing.

Jupiter provides investment management services to a broad range of clients, across four core asset classes: equities; fixed income; alternatives and multi-asset. These asset classes are offered through a range of actively managed investment products including separately managed accounts, mutual funds, and investment trusts.

JAM’s affiliate Jupiter Asset Management US LLC (“JAM US”) recently launched two pooled investment vehicles (“Private Funds”) for certain strategies, which will be available to Accredited Investors within the United States. JAM US serves as the investment manager of the Private Funds pursuant to an Investment Management Agreement, dated July 14, 2022, with the Private Funds. Whilst JAM serves as the portfolio manager of the Private Funds pursuant to a Sub-Investment Management Agreement, dated July 19, 2022, with JAM US. All investment decisions on behalf of the Private Funds will be made by JAM.

JAM was recently appointed to run a sleeve of an Investment Company 1940 Act fund in the U.S. This is for an open-ended ‘mutual fund’ where JAM is acting as a sub-adviser to an unaffiliated fund.

In 2020, Jupiter entered a strategic partnership with NZS Capital LLC (“NZS”), a U.S. based asset management firm registered with the U.S. Securities and Exchange Commission (“SEC”). Jupiter holds a 25% minority stake in NZS. As part of this partnership, Jupiter has been appointed as the exclusive distributor of NZS’ strategies.

At present, U.S. persons are only able to invest in Jupiter strategies (detailed at Item 8) through a separately managed account and may impose their own investment restrictions on individual securities or types of securities.

For certain strategies, Jupiter will delegate day-to-day responsibility for portfolio management to its affiliates, as well as third-party investment management firms. Please see Item 10 for further information on Jupiter's relationship with its affiliates, and Item 8 for detail on Jupiter's oversight of delegated managers.

**Managed Assets**

As of December 31, 2022, JAM manages USD 44.66bn in assets under management on a discretionary basis across all direct and delegated separately managed accounts. JAM does not manage assets on a non-discretionary basis.

## **Item 5. Fees and Compensation**

### **Management Fees – Segregated Mandates**

JAM charges its segregated mandate clients a management fee which is calculated on a basis of the net asset value of a mandate. Fees are negotiated with a prospective client prior to the commencement of the relationship and will vary depending on the size of a mandate and the strategy selected by a client.

Fee calculations are generally based on the market value of the assets under management in a client account and will usually be billed in arrears on a semi-annual, quarterly, or monthly basis. Fees are due upon receipt of a billing statement and clients may choose whether to have them deducted from assets or make payment separately.

Clients will incur brokerage and transaction costs which are described further in Item 12. There may be further fees and expenses applicable to a client account which will depend on the negotiation of each mandate.

### **Other Fees and Expenses**

The fees and expenses relevant to a client's separately managed account will vary and depend on the negotiation of each mandate and the circumstances of individual clients. However, Jupiter's clients may be liable for costs payable under the terms of an advisory agreement, including all reasonable expenses, liabilities, charges and costs related to the mandate including but not limited to any brokerage charges (discussed further at Item 12), commissions, custodial fees, banking charges, transfer fees, registration fees, exchange fees, settlement fees, and stamp duty, tax or other fiscal liabilities or any other transaction related expenses and fees arising out of transactions for an account incurred by Jupiter, its delegates or third parties in performing the services under an advisory agreement. Further, clients may incur any costs and expenses associated with compliance by Jupiter with any client instructions to the extent that such instruction would require Jupiter to take any action which is outside the scope of its normal duties and would result in Jupiter incurring material costs and/or spending a significant amount of time in relation thereto.

### **Miscellaneous**

No supervised persons including sales staff receive any compensation for the sale of securities or other investment product. Base salaries for sales staff are assessed on an ongoing basis to ensure they are in line with market rate. Bonuses for sales staff are 100% discretionary, are not formulaic or commission based and are subject to the same controls and oversight as the rest of the company (for example, amounts awarded are dependent on the company's performance, the division's performance, and an individual's own objectives – which include supporting the team and displaying behavior worthy of merit). In addition, sales staff are not awarded for selling a specific strategy.

The fees and expenses relating to any Private Fund launched by Jupiter will be described in the fund's private placement memorandum.

## **Item 6. Performance Based Fees and Side-by-Side Management**

One of Jupiter's fee structures relevant to separately managed accounts, is a management fee (see Item 5 above) with a performance related fee that is payable when performance exceeds an agreed target or benchmark.

Depending on the strategy, Jupiter may also agree a performance fee with a client which is typically 20% of the performance of the account above a high-water mark and agreed target or benchmark.

Receipt of performance-based compensation creates a potential conflict of interest in providing investment management services to clients that are charged a performance fee, as it could create an incentive to favor such clients over other clients who do not have a performance fee arrangement should Jupiter have such clients. Further, a performance fee can present an additional issue in that it could encourage excessive risk taking to achieve the enhanced fee, to the detriment of clients. To mitigate this conflict, Jupiter recognizes that it is a fiduciary and as such must act in the best interests of its clients and must refrain from favoring one client's interests over another client. This is managed through Jupiter's implementation of a fair and equitable investment allocation process. Conflicts are managed by the monitoring of portfolio activity and how performance is derived and where investment risks are taken.



## **Item 7. Types of Clients**

Jupiter plans to provide investment management services in the U.S. to clients such as public and corporate pension plans, endowments and foundations, investment consultants and advisors, as well as local and state public fund entities. Jupiter intends to provide these services to U.S. segregated mandates, Private Funds, or sub-advisory U.S. platforms.

Jupiter does not have a specific minimum client account size; however, it is unlikely a separately managed account would be opened with less than USD 50 million of assets under management.

Following the launch of the Private Funds both the Jupiter Sustainable Equities Fund LP and the Jupiter Global Emerging Markets Focus Fund LP maintain an initial subscription of not less than USD \$5,000,000 which may be waived at Jupiter's discretion.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### **Investment Strategies**

Jupiter offers investment management services to separate managed accounts in accordance with the investment objectives as specified in the pertinent investment management agreements with the client. For separate managed accounts the client can add specific guidelines and restrictions.

### **The Investment Strategies Offered**

#### **Sustainable Investing**

Strategies managed by our Sustainable Investing team invest in high-quality companies that are leading the transition to a more sustainable world.

##### Global Sustainable Equity Strategy

Core, high-conviction, global equity Strategy. The Strategy seeks strong risk-adjusted returns by investing in 35-50 companies leading the transition to a more sustainable global economy while actively balancing the needs of three core stakeholders: Planet, People and Profit.

##### Global Ecology Equity Strategy

The Strategy invests in 40-60 companies whose core products and services address global sustainability challenges. The strategy invests across geographies and capitalizations.

#### **Emerging Economies**

Active and distinctive Strategies that capture emerging opportunities within developing markets.

##### Focused Emerging Markets Equity Strategy

Conviction stems from deep knowledge of the rare, high-quality and advantaged businesses that can compound significant value over time while pursuing sustainable business practices.

##### Emerging Markets Corporate Debt Strategy

Fundamental credit research and active macro positioning come together in pursuit of higher yields than developed markets with attractive risk-adjusted return potential.

#### **Low Correlation**

Active Strategies that offer lower correlation to traditional equity and credit markets while seeking attractive risk-adjusted returns across diverse market environments.

##### Strategic Absolute Return Bond Strategy

Net cash +4% objective. Dynamic, macro-driven, absolute-return oriented income Strategy with the general risk profile of traditional fixed income.

##### Global Equity Absolute Return Strategy

Market neutral, rules-based, and factor-driven global equity Strategy seeks to dynamically harvest proven equity risk premia.

#### **Methods of Analysis**

Jupiter believes investment managers are best positioned to provide investors with outperformance when they are empowered with the necessary flexibility to manage their

portfolios as they feel is appropriate, while considering current market conditions and acting within the appropriate regulatory framework. Jupiter's investment philosophy is to seek to generate investment outperformance after fees against relevant benchmarks over the medium to long-term, without exposing its clients to unnecessary risk. Jupiter believes that talented investment managers perform best if they are given the freedom to invest as they deem appropriate, subject to the constraints set by a client's investment objectives and policy.

As detailed in Item 4, Jupiter has entered a strategic partnership with NZS, who also employ a high conviction, active management approach and are aligned with Jupiter's investment philosophy as outlined above. NZS' investment process emphasizes companies with adaptability, innovation, network effects, management vigilance, long-term thinking, and duration of growth. NZS' portfolio construction process involves balancing resilience in long duration growth investments with optionality in higher growth businesses. The portfolio construction process is designed to avoid companies which are neither resilient nor optional, and often seeks businesses which contain both elements.

Jupiter's Investment Risk team meet with portfolio managers on a quarterly basis to discuss performance, key exposures, concentrations, and trends including but not limited to Market Risk and Liquidity Risk. Jupiter's Risk, Compliance & Capital Committee operates a second line process, where any concerns can be further escalated if necessary.

Jupiter's Risk and Compliance teams use several tools, software and metrics to support its understanding of portfolio construction and perform in depth analyses of portfolios on an ex-ante and ex-post basis. These include Aladdin, FactSet, Northfield, ICE Vantage and Bloomberg.

### **Environmental, Social & Governmental Criteria**

An additional level of scrutiny is added to a strategy which includes Environmental, Social, and Governance ("ESG") criteria. All investments are screened using ESG criteria through sources available from our ESG analysis which is implemented through the team's own proprietary investment process. We have support from Jupiter's internal ESG resource, including ESG Hub, which incorporates data from RepRisk and Sustainalytics. We have further support and oversight from Jupiter's Stewardship team and quarterly Stewardship committee. The purpose is to seek an additional level of risk management and long-term value by investing in companies that provide a positive impact in the world and avoid companies that don't take responsibility and care of all stakeholders including shareholders, communities, environment, and the supply chain.

ESG screening has risks including that it may not encompass all environmental, social or governance issues and that such an approach may not lead to greater portfolio performance.

### **ESG Investing**

ESG Investing maintains a focus on Environmental, Social, and Governance issues. ESG investing may be referred to in many ways, such as sustainable investing, socially responsible investing, and

impact investing. ESG practices can include, but are not limited to, strategies that select companies based on their stated commitment to one or more ESG factors; for example, companies with policies aimed at minimizing their negative impact on the environment, social issues, or companies that focus on governance principles and transparency. ESG practices may also entail screening out companies in certain sectors or that, in the view of the investor, demonstrate poor management of ESG risks and opportunities or are involved in issues that are contrary to the investor's own principals.

### **ESG Risk**

"ESG Investing" is not defined in US Federal Securities Laws, may be subjective, and may be defined in different ways by different managers, advisers, or investors. There is no SEC "rating" or "score" of ESG investments that could be applied across a broad range of companies, and while many different private ratings based on different ESG factors exist, they often differ significantly from each other. Different managers may weigh environmental, social, and governance factors differently.

Some ESG managers may consider data from third party providers which could include "scoring" and "rating" data compiled to help managers compare companies. Some of the data used to compile third party ESG scores and ratings may be subjective. Other data may be objective in principle but are not verified or reliable. Third party scores also may consider or weigh ESG criteria differently, meaning that companies can receive widely different scores from different third-party providers. A portfolio manager's ESG practices may significantly influence performance. Because securities may be included or excluded based on ESG factors rather than traditional fundamental analysis or other investment methodologies, the account's performance may differ (either higher or lower) from the overall market or comparable accounts that do not employ similar ESG practices. Some mutual funds or ETFs that consider ESG may have different expense ratios than other funds that do not consider ESG factors. Paying more in expenses will reduce the value of your investment over time.

### **Risk of Loss**

#### **Capacity Constraints**

Jupiter's management fee is calculated against the value of the assets under management, which creates a natural incentive to raise assets in a strategy. However, past a certain point a strategy can meet capacity constraints in terms of additional performance generation because of the size of the funds applied to the strategy. Jupiter manages this conflict by monitoring liquidity risk, capacity, and concentration of investors, which is discussed with investment managers as part of periodic supervisory processes. This allows for early identification of capacity constraints to be managed by investment managers and relevant forums to be notified where necessary.

### **Investment Risks**

The investment strategies offered by Jupiter, as summarized above, will be subject to normal market fluctuations and other risks inherent in investing in securities. The Group has exposure to

Liquidity, Market, Credit/Counterparty and Market risks (the level 1 risk categories). These are, where applicable, further broken down into level 2 subcategories within the Group enterprise risk taxonomy. A brief overview of associated risks of investments in Jupiter's investment strategies are as follows:

**Liquidity Risk** - The risk that we have insufficient financial resources to meet our obligations as they fall due or can only secure such resources at excessive cost.

- a) **Redemption Risk** – The risk that redemptions are not able to be met due to exceptional circumstances relating to broader market conditions or specific asset/liability dynamics within the fund itself. Certain portfolio characteristics may make a portfolio more vulnerable to redemption risk. For example:
  - Smaller companies typically have lower trading volumes compared with larger capitalization companies. This differential may become more pronounced in more stressed market conditions and may mean higher costs associated with managing redemptions or in extreme cases Liquidity Management Tools.
  - Emerging market companies typically have lower trading volumes compared with developed market companies. This differential may become more pronounced in more stressed market conditions and may mean higher costs associated with managing redemptions or in extreme cases Liquidity Management Tools.
  - **Unlisted Asset Risk** – Some portfolios may invest in unlisted assets for alpha generation subject to regulatory and internal limits in place. These cannot easily be sold in public markets and therefore they may have a detrimental impact on portfolio liquidity and their weight may increase in the event of material redemptions.
- b) **Funding Risk** – The risk relates to financial market or company specific obligations.

**Market Risk** – The risk of loss arising from Market movements. This includes the risk that any market risk mitigation techniques prove less effective than expected.

- a) **Currency (FX) Risk** – Currency Risk, sometimes referred to as exchange rate risk, is the risk of currency movements negatively affecting the value of assets, investments and their related interest and dividend payment streams, especially those securities denominated in foreign currency.
- b) **Interest Rate Risk** – The risk of that the value of a position held will suffer as the result of a change in interest rates.
- c) **Inflation Risk** – The risk of adverse movements in breakeven inflation.
- d) **Pricing Risk** – The risk of adverse movements in prices. For example, this could refer to:
  - **Equity Price Risk** – Portfolio performance will depend on the broader movements of equity markets as well as systematic and idiosyncratic characteristics of the portfolio.
  - **Commodity Price Risk** – Portfolios may be sensitive to changes in the prices of commodities which will cause the value of investments to increase or diminish. This

may entail direct exposure to the underlying commodity price or exposure to companies whose earnings are sensitive to underlying commodity prices.

- e) Credit Spread Risk – The risk of adverse movements in credit spreads.
- f) Market Concentration Risk – The risk of Market concentration to a specific sector, geographical region or individual company:
  - Sector Concentration Risk – Portfolios may be heavily invested in particular sectors with specific risk considerations (as an example elevated levels of regulatory risk).
  - Geographic Concentration Risk – Portfolios may be heavily invested in countries with less predictable political regimes or groups of countries where institutions are less developed and financial markets have less depth (like Emerging Markets).
  - Single Name Risk – Portfolios may have exposure to a limited number of individual positions, meaning that they have a high level of single name concentration risk and are significantly exposed to idiosyncratic under-performance of positions.
- g) Basis Risk – The risk of incurring a loss due to offsetting positions in assets with similar risk characteristics but different reference underlying's.

**Derivative Risk** – Some portfolios may invest in derivatives for efficient portfolio management purposes while others (typically funds that use the VaR approach for global exposure purposes) may use derivatives for investment purposes. Using derivatives introduces the following potential risks:

- Counterparty Risk – There is a risk that investors experience a loss as a result of a counterparty defaulting on a payment. This risk is mitigated via collateralization, P&L resets and only entering into contracts with counterparties that are deemed to be credit worthy.
- Market Risk – The underlying exposure on the derivative may expose investors to market risk and in particular to any of the Level 2 risks described in the wider Market Risk disclosure.
- Liquidity Risk – Derivatives may expose investors to both Level 2 risks described. Where there is no liquid market to reduce derivative exposure this may impact the ability of the fund to process redemptions in an orderly manner. In addition, derivatives face funding requirements in the form of margin and collateral.

**Credit/Counterparty Risk** – The risk of default on a financial or contractual obligation.

- a) Counterparty Risk – The risk that the counterparty to a transaction e.g., derivative could default before the final settlement of the transaction's cash flows.
- b) Credit Risk – The risk of loss being incurred or occurring due to an entity defaulting on its credit obligations.
- c) Settlement Risk – The risk of loss arising from failed trades.

To help mitigate Market, Liquidity, and Credit/Counterparty risk, Jupiter operates a quarterly Risk and Performance Portfolio Review process which involves the Investment Risk team meeting with portfolio managers to discuss performance, key exposures, concentrations and trends across

matters including, but not limited to, Market Risk and Liquidity Risk. Jupiter's Investment Risk team produces a suite of metrics, including stress tests and scenario analysis, to provide portfolio managers with the data required to mitigate risks. The Investment Review Forum serves as the primary escalation point for any issues identified during the process.

Clients are provided account statements on at least a quarterly basis that includes performance, commentary, asset allocation and key portfolio activity, as well as a statement on portfolio valuation.

**Operational Risk** – The risk of actual or potential loss and or client harm emanating from weaknesses or failures in our systems and controls, related to people systems, processes or from external events. This includes risk arising from failing to properly manage key outsourced relationships and cyber security.

- a) Technology and Information Security – The risk of deliberate attacks including or accidental events that have disruptive effect on interconnected technologies.
- b) Cyber Risk – The risk of systems failing to operate or becoming disabled due to events wholly or partly beyond our or their control.

Our strategy for the management of information security and cyber security continues to evolve, to ensure that vulnerabilities are identified and remedied as quickly as possible. We have invested in ongoing training and awareness on the risks of phishing and similar attacks, and we continue to work with our third-party suppliers to ensure that they are able to demonstrate compliance with group standards and internationally recognized good practice. Jupiter is certified in accordance with the UK government-backed Cyber Essential Plus scheme, demonstrating our ongoing commitment to reducing the likelihood of a successful cyber security attack, despite the rising number of external attacks seen across the industry.

**Outsourcing and Supplier Risk** – The risk of incidents or failure of providers of services to deliver on their obligations, or inadequate selection or oversight of providers. Jupiter will delegate portfolio management responsibilities for certain strategies to affiliates and third-party investment management firms (Delegated Third Party Managers).

The Group has established the Central Investment Manager Oversight team ("CIMO") to coordinate and align the monitoring, oversight and due diligence of delegate managers. CIMO ensures suitable reporting is provided to Group entities in relation to delegate managers and to satisfy governance and regulatory requirements.

CIMO coordinates initial due diligence by issuing a questionnaire to the proposed delegate manager. Based on the response, CIMO issues a due diligence report to Jupiter which provides commentary on the delegate manager's governance and control environment; regulatory permissions; policies and procedures; controls and processes; substance and resources; and organizational structure. The results of initial due diligence, as well as any issues encountered in

ongoing monitoring, determine the nature and scope of the ongoing due diligence in respect of that delegate manager.

The day-to-day oversight and monitoring of delegate managers are performed by relevant Jupiter business functions, which may include, but not be limited to, the Investment Management team, Risk and Compliance, Operations, Distribution and Marketing. CIMO consolidates information from relevant Jupiter business functions to produce a quarterly oversight report along with score cards (with supplementary reporting prepared as required) to evidence to Jupiter's Board that adequate ongoing monitoring and oversight is being conducted.

Delegate managers will usually be required to confirm compliance with certain responsibilities via a periodic attestation. CIMO receives attestations and includes them as part of ongoing monitoring and reporting. Any issues arising from an attestation are flagged to the relevant business function.

**Pandemic/Infectious Disease Risk** - Outbreaks of infectious diseases may have a negative impact on performance. For example, an outbreak of respiratory disease caused by a novel coronavirus was first detected in December 2019 and then spread globally. This coronavirus has resulted in borders closing, restrictions on movement of people, quarantines, cancellations of transportation and other services, disruptions to supply chains, businesses and customer activity, as well as general concern and uncertainty. It is possible that there may be similar outbreaks of other infectious diseases in the future. The impact of this coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. In addition, the impact of infectious diseases in emerging developing or emerging market countries may be greater due to less established health care systems. Health crises caused by the recent coronavirus outbreak may exacerbate other pre-existing political, social and economic risks in certain countries. The impact of the outbreak may be short term or may last for an extended period of time. Such events could increase volatility and the risk of loss to the value of investments. The impact of a pandemic would crystalize in Market Risk, Liquidity Risk and Outsourcing and Supplier Risk.

Becoming an advisory client of Jupiter involves risk and potential loss of capital. The strategies offered may not be suitable for all investors. Past performance is not indicative of future results.

**This list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in connection with Jupiter's investment management activities. The description of general investment risks is qualified in its entirety by reference to the risks outlined in an investment management agreement or the relevant fund offering documentation. In addition, prospective clients should be aware that, as an investment portfolio develops and changes over time, it may become subject to additional and different risks.**



## Item 9. Disciplinary Information

Jupiter and its directors, officers and employees have not been involved in any legal or disciplinary events in the past ten years that would be material to a client's or prospective client's evaluation of the business, or the integrity of the management.

On May 4, 2016, the Federal Financial Supervisory Authority of Germany ("BaFin") alleged that JAM did not have sufficient procedures in place to ensure compliance with German Law regarding notification to BaFin of significant shareholders in German Securities. BaFin issued JAM with an administrative fine of \$55,690 which JAM paid in full on May 6, 2016.

In July 2020, Jupiter Fund Management Plc acquired Merian Global Investors (UK) Limited ("MGI"). In Q4 2017, MGI identified a breach that resulted in a number of net short positions not being disclosed across 11 jurisdictions. The breach occurred over a four-year period. Upon identifying the issue, MGI voluntarily notified the relevant national competent authorities.

On August 22, 2019, MGI received correspondence from the Dutch Authority for Financial Markets (the "AFM") informing MGI that it has decided to impose an administrative fine of €350,000 on MGI in respect of the issue. The amount was reduced from the base amount of €500,000 because of MGI's cooperation with the AFM.

MGI decided to appeal to the AFM based on the grounds of proportionality. This fine was subsequently reduced to €250,000.

As a result of the breach, the following fines were also issued by National Competent Authorities:

- In 2018 the Comisión Nacional del Mercado de Valores in Spain ("CNMV") issued a fine of €120,000.
- On January 24, 2019 the Commissione Nazionale per le Società e la Borsa in Italy ("CONSOB") issued a fine of €160,000.
- In June 2021, Finansinspektionen, the Swedish regulator issued a fine of SEK 700,000.

Additionally, Finanstilsynet, the Danish FSA decided to publicly reprimand MGI, although no fine was issued.

### Background

According to regulations on short selling, investment managers are required to file net short position disclosures with national competent authorities, as and when certain prescribed thresholds have been crossed.

In November 2017, the MGI compliance function identified errors in respect to the disclosure reports which had resulted in a number of disclosures not being made. The breach did not relate to prohibited naked short sales.

There were two root causes which contributed to the issue: (i) an incorrect threshold trigger was applied; and (ii) an inaccurate reporting criterion, which resulted in some positions being excluded from the internal exposure report was utilized to review the positions.

The breach related to the disclosure of short positions held by MGI, as opposed to individual funds. We can confirm that the funds were, and continue to be, managed in accordance with their investment restrictions and regulatory obligations. Clients have not suffered any loss as a result of this issue.

The errors were of an inadvertent nature and self-identified. On detection of the breach the relevant national competent authorities were voluntarily notified. All disclosures that had been missed have been retrospectively reported, as necessary.

No profit was made by MGI as a result of the missed disclosure.

### **Corrective Action**

Following detection of the breach, MGI completed an in-depth analysis of all disclosure requirements in order to establish the underlying cause and to determine the extent of the issue.

Further, MGI engaged with external legal counsel experts to assist the business with (i) its overall response to the issues; (ii) validation of our initial conclusions; and (iii) advice on, and review of, any required operational or process enhancements, to ensure that there is no recurrence of this issue.

## **Item 10. Other Financial Industry Activities and Affiliations**

JAM and its affiliates are not registered and do not anticipate registering as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser, or as an associated person of the foregoing.

Below is a description of all related affiliations to JAM.

### **Jupiter Asset Management (Europe) Limited**

Jupiter Asset Management (Europe) Limited, formerly known as Merian Global Investors (Europe) Limited, is a Dublin based fund management company, authorized, and regulated by the Central Bank of Ireland. It acts as the management company to Jupiter's Irish mutual funds and delegates portfolio management responsibilities to Jupiter Investment Management Limited.

### **Jupiter Asset Management International S.A**

Jupiter Asset Management International S.A. ("JAMI") is a Luxembourg-based fund management company and investment management firm, authorized and regulated by Luxembourg's Commission de Surveillance du Secteur Financier. It acts as the management company to the Group's Luxembourg mutual funds and delegates portfolio management responsibilities to Jupiter. JAMI also has discretionary portfolio management permissions and is the contracting party for any EU segregated mandates but delegates investment management to JAM. It has branches in Germany, Spain, Sweden and Italy through which it carries out marketing activities.

### **Jupiter Asset Management US LLC ("JAM US")**

JAM US is a U.S. based investment adviser registered with the SEC. It offers separately managed account services to an institutional client base and is appointed as the manager to three U.S. domiciled Private Funds. Two of the three Private Funds have JAM as the portfolio manager. JAM US engages in distribution activity on behalf of Jupiter's strategies.

### **Jupiter Investment Management Limited**

Jupiter Investment Management Limited, formerly known as Merian Global Investors (UK) Limited, is a London-based investment management firm, authorized and regulated by the UK's Financial Conduct Authority. It provides portfolio management services to an institutional client base and is appointed as the portfolio manager to a range of mutual funds, domiciled in the UK and Ireland.

### **Jupiter Management GP LLC**

Jupiter Management GP LLC is a Delaware, United States based General Partner and exempt commodity pool operator. Jupiter Management GP LLC acts as the General Partner to JAM US' Private Funds.

**Jupiter Unit Trust Managers Limited**

Jupiter Unit Trust Managers Limited is a London-based fund management company, authorized and regulated by the UK's Financial Conduct Authority. It acts as the management company to Jupiter's UK mutual funds and delegates portfolio management responsibilities to Jupiter.

**NZS Capital LLC ("NZS")**

NZS is the Group's strategic partner and is a U.S. based investment adviser registered with the SEC. The Group holds a 25% minority stake in NZS. As part of this partnership, the Group has been appointed as the exclusive distributor of NZS' strategies, for which it is compensated by NZS through the payment of a percentage of the total net fee revenue earned by it in relation to a client where the Group:

- delegates portfolio management services to NZS in respect of a client; and/or
- solicits a client on behalf of NZS; and/or
- provides certain operational or other support services to NZS in respect of a client.

If a company within the Group contracts directly with a client and appoints NZS as the delegated manager, NZS will charge the Group a management fee for the services provided.

Prospective clients should be aware that when delegating portfolio management to NZS, Jupiter may not be inclined to appoint any other investment adviser to the mandate, even if doing so might be in the client's best interests. The Group's oversight process in respect of delegate managers is described further at Item 8.

**Conflicts of Interest**

To address potential conflicts of interest across affiliates and in general, Jupiter maintains a Code of Ethics and Conflicts of Interest Policy that are intended to prevent potential conflicts of interest from constituting or giving rise to a material risk of damage to the interest of its clients. Where potential conflicts are identified and recorded, appropriate controls are agreed to manage the conflict to prevent client detriment.

The Group maintains and operates organizational and administrative procedures and arrangements designed to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of clients.

These include, but are not limited to:

- A Code of Ethics containing:
  - PA Dealing policy applicable to Employees and their connected persons;
  - Inducements Policy addressing the provision and receipt of gifts and entertainment by Employees;
  - Rules governing the prior approval of outside business interest sought by employees, in order to minimize the potential risk of conflict with the group's activities.

- Deal execution, aggregation, and allocation rules;
- An Order Execution Policy provided to clients;
- Transaction Cost Analysis tools to review execution effectiveness;
- Control of Inside Information Policy and related rules and guidance designed to prevent Market Abuse;
- Stop List and Referral List procedures;
- Rules governing significant holdings and clients crosses;
- Corporate governance arrangements, clear reporting lines and segregation of duties;
- Remuneration policies;
- Investment process and pre and post trade investment controls;
- Product governance arrangements;
- A Register of external interests of statutory directors of Group companies to the extent that the interest may represent a conflict with the Group's activities.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

JAM employees are required to act in an ethical manner and adhere to standards of business conduct that reflect the fiduciary obligations that are owed to clients. Employees must not act to the disadvantage of clients by, for example, acquiring investment opportunities that should be properly made available to clients. In order to manage this conflict of interest, JAM has adopted a Code of Ethics (“the Code”) which is available to all JAM clients, investors, or prospective clients upon request.

The Code sets forth standards of conduct required from employees of the Group and specifically address conflicts of interest that can arise from employee personal account trading activity. The Code also sets out policies and procedures to deal with conflicts of interest in relation to outside business interests, gifts and entertainment and political contributions.

The Code is applicable to all employees of JAM, as well as trades conducted by or on behalf of employees’ spouses, civil partners, dependent children, and any other immediate family members residing with the employee, and any other account in which the employee will be deemed to have a beneficial interest. JAM’s Chief Compliance Officer can require other Jupiter employees to comply with the Code where deemed appropriate.

It is a requirement of the Code that employees adhere to all applicable federal securities laws. This includes an absolute prohibition from trading in the securities (or encouraging another person to trade in the securities) of a company whilst in possession of material non-public information relating to that entity.

Employees must obtain approval from a delegate of the Chief Compliance Officer to conduct personal account trades in financial instruments that are subject to the Code. The request will be declined if an actual or potential conflict of interest is identified. Pre-clearance is similarly required for employee participation in initial public offerings and private offerings. Employees must provide broker confirmation notes as evidence of personal account transactions, as well as attesting to quarterly and annual holding declarations. Employee personal account activity is subject to ongoing automated and manual monitoring to assess for conflicts of interest and/or suspicious trading patterns.

JAM employees (or an employee’s family member) may engage in business activities external to Jupiter which could present a conflict of interest if they require material time commitments from an employee, or where the nature of the outside business involves Jupiter’s investee companies or service providers. Employees are required to disclose such activities to Compliance as they arise

and then annually thereafter to ensure any such conflict is adequately managed. Any external activities that give rise to unmanageable conflict will be denied.

### **Participation or Interest in Client Transactions**

When managing assets on behalf of separately managed account clients, investment managers within the Group may invest or seed funds which are managed or advised by other investment managers within the Group. This could result in increased revenues through management fees and other charges levied on the underlying funds to the benefit of Jupiter and to the potential detriment of clients. In order to mitigate this risk, Jupiter funds are only purchased where consistent with a client's investment objectives and policy, and where it is in accordance with Jupiter's duty to act in the best interests of our clients. Investment performance is monitored to ensure any investments contravening the terms of a client's investment management agreement or fund objectives (or that are deemed unsuitable for the portfolio), are rectified and compensation considered where appropriate.

Where a client portfolio holds a fund managed by a member of the Group, the value of those holdings will be deducted from the value of the client's portfolio for the purpose of calculating the investment management fee.

Employees of the Group are permitted to trade securities that may also be held within client portfolios. This presents a potential conflict of interest between employee's personal trading activity and the best interests of Jupiter's clients, which is managed through Jupiter's personal account dealing arrangements. This includes in-scope employee trade requests being subject to review against client orders. Trades are denied where they would breach our personal account dealing policy or otherwise conflict with the interest of clients. Further, Jupiter's Compliance team retrospectively monitors personal account trades against client transactions to check for any activity that could give rise to a conflict of interest and/or indicate a suspicious trading pattern.

The exposure of one fund to another can be governed by regulatory rules and in those circumstances is closely monitored. Any conflict of interest identified will be investigated and justification for the transaction sought from the relevant fund manager.

Members of the Group do not trade with clients on a principal basis and do not engage in proprietary trading activity.

## **Item 12. Brokerage Practices**

### **Broker Selection Process**

Jupiter has adopted a broker request process and will ordinarily only transact with a counterparty after it has completed on-boarding due diligence. In exceptional circumstances, where there is limited liquidity, Jupiter may trade with a counterparty without completing the broker request process, but only following further due diligence.

Jupiter selects counterparties that it believes will enable it to obtain, on a consistent basis, the best possible result when executing orders on behalf of clients, having regard to the execution factors and criteria. The choice of counterparty is typically driven by the broker's ability to access suitable venues for the volumes of stock being offered at the quoted price. Counterparties are selected following careful consideration of their execution arrangements.

Jupiter reviews execution commission rates on a quarterly basis to ensure that there is no divergence from the agreed rate card. Further, broker execution rates are agreed on an ongoing basis with due regard to turnover levels and peer group market surveys.

### **Best Execution**

Jupiter takes all sufficient steps to achieve the best possible result on behalf of clients when executing orders or transmitting them for execution. The Dealing Desk considers a range of execution factors, including:

- Price of the financial instrument;
- Costs related to execution;
- Speed and likelihood of execution;
- Size and nature of the order;
- Counterparty risk and settlement; and
- Any other applicable factor relevant to the execution of the order (e.g. ability to maintain anonymity in the market).

Jupiter monitors the effectiveness of its execution arrangements on a regular basis in accordance with its Order Execution Policy, enabling it to identify any deficiencies and implement enhancements where deemed necessary.

### **Research and Other Soft Dollar Benefits**

Jupiter does not receive research or any other soft dollar benefit from broker-dealers in connection with client securities transactions executed by Jupiter or any member of the Group.

### **Client Referrals**

Jupiter does not take into account client referrals made to it or any member of the Group as a relevant factor which regards to the consideration of broker dealer relationships relevant to the Group.



**Directed Brokerage**

Jupiter does not routinely recommend, request, or require that a client direct the use of a specific broker-dealer.

Jupiter may, upon specific client instructions, permit a client to direct brokerage to a particular broker-dealer. In those circumstances, execution quality may be compromised, and clients could incur higher brokerage commissions as it may not be possible to aggregate orders to reduce transaction costs. Further, clients may receive less favorable prices than would be available through other broker-dealers.

**Aggregated Trades**

When two or more client accounts are simultaneously engaged in the purchase or sale of the same security, Jupiter may, but is not required to, aggregate client orders into one transaction. In those circumstances, the clients will receive the average price of the transaction in that security for the day. Through the aggregation of orders, clients may be able to benefit on the price achieved through larger bulk transactions, although may not necessarily do so. Jupiter must not carry out an aggregation of client orders/transactions unless it is unlikely that the aggregation will work overall to the disadvantage of any client involved.

Jupiter has adopted a policy of using a “pro rata allocation” to allocate resulting trades from orders that have been aggregated. Under a pro rata allocation, as securities are being purchased or sold as part of a block, the securities are allocated in the proportion by which each account’s order size (as determined by the investment manager at the point the order was raised) makes up a percentage of the entire block. This is the default setting for Jupiter’s order management system and is applied unless there are justifiable reasons for applying an alternative allocation criterion or where market convention does not permit for pro-rata allocation.

**Cross Trades**

Subject to the terms of a mandate and applicable law/regulation (such as ERISA), Jupiter’s investment managers are permitted to cross trade between client accounts where it is in the best interests of the clients involved. This presents a conflict of interest as there may be occasions where there is an incentive to favor one client over another. This conflict is managed through a process that requires all cross-transactions to be pre-approved by a senior individual in Fund Management prior to execution. The transaction is carried out at an independently verified price (normally mid) so that the disposing fund is achieving a higher (or equal) price than could be achieved on the open market sale and the acquiring fund is paying a lower (or equal) price than could be achieved on an open market purchase.

## **Item 13. Review of Accounts**

Jupiter's Investment Review Forum meets monthly to review investment performance, investment-related risks, and portfolio-level ESG risks and Stewardship of Jupiter's investment products, utilizing internally generated reports produced by Jupiter's Investment Risk, Client Reporting and Stewardship teams. As part of its review process, the Investment Review Forum reports its key findings and recommendations to Jupiter's Investment Oversight Committee.

Jupiter's Quarterly Risk and Performance Portfolio review process involves the Investment Risk team meeting with portfolio managers to discuss performance, key exposures, concentrations, and trends across matters including but not limited to Market Risk and Liquidity Risk. Jupiter's Investment Risk team produces a suite of metrics, including stress tests and scenario analysis, to provide portfolio managers with the data required to mitigate risks. The Investment Review Forum serves as the primary escalation point for any issues identified during the process.

### **Reporting to clients**

Jupiter can provide the following reports, periodic statements, and valuations:

- Monthly valuations of the Portfolio – containing a list of individuals investment, their respective acquisition costs, their value at the valuation date and performance for the period.
- Monthly account statements – containing a valuation as at the end of the reporting period.
- Quarterly schedule of transactions – containing a list of transaction activity over the quarter, including purchases and sales.
- Quarterly performance report – containing a valuation as at the end of the period, performance over the period including attribution and any voting rights exercised over the period.

## **Item 14. Client Referrals and Other Compensation**

Jupiter does not take into account client referrals made to it or any member of the group as a relevant factor with regards to the consideration of broker-dealer relationship relevant to Jupiter.

Jupiter will not receive compensation from anyone other than the client. For the avoidance of doubt, Jupiter does not receive brokerage commission or soft dollar benefits.

## **Item 15. Custody**

JAM does not have custody of any client funds or securities. Securities held by JAM accounts are held in custody by unaffiliated qualified custodians. JAM will not take or maintain physical custody of any client cash or securities and conducts all business operations such that client cash and securities are preserved in the safekeeping of a qualified custodian.

JAM does not recommend, request, or require that clients use any particular firm as their Qualified Custodian, and does not typically receive copies of clients' custodial agreements.

JAM may have access to client accounts through custodians' internet portals. This access is purely for reconciliation purposes. JAM does not have the ability to make capital transfers out of client accounts through this access, nor change the client's address through these portals. JAM is cognizant that such access rights could result in the firm having custody of client assets.

As a non-U.S. based adviser JAM will not be subject to Rule 206(4)-2 ("the Custody Rule") under the Advisers Act for any non-U.S. based Private Fund. However, Jupiter's Private Funds in which JAM is the Portfolio Manager for the funds, are subject to Rule 206(4)-2. An annual audit is conducted by an independent Public Company Accounting Oversight Board (PCAOB) accountant, and the audited financial statements are distributed to each Private Fund Investor within 120 days of the fiscal year end. The fiscal year end being 31 December.

## **Item 16. Investment Discretion**

Jupiter is retained by its clients on a discretionary basis and investment decisions are made without client consultation or consent before transactions are affected. Decisions to buy and sell securities are taken by Jupiter in accordance with each client's stated investment objectives, guidelines, and strategy.

Jupiter assumes discretion over a client's account upon execution of an investment management agreement and upon notification from the relevant custodian that the account is active.

## Item 17. Voting Client Securities

Jupiter accepts the right to vote proxies on behalf of its clients where authorized to do so. To this end, Jupiter's Stewardship Team have adopted proxy voting policies and procedures that require the monitoring of shareholder meeting ballots. Investment managers receive an initial assessment of meeting agendas which incorporate third-party proxy advisory research.

Jupiter processes investment managers' voting instructions electronically via a third-party proxy voting agent. Whilst it is not standard practice for Jupiter to attend company meetings, it will do so where it is the most effective means of communicating with a company.

Jupiter recognizes the importance of managing conflicts of interest when voting client securities and engaging with investee companies. Jupiter will always vote in the best interests of the client. Where applicable, in the event that a conflict of interest is identified, Jupiter will obtain advance approval from its clients prior to voting.

Subject to the following paragraph, Jupiter's clients may also choose to vote their own proxies (or designate a third party to do so). In those circumstances, the client must notify Jupiter so that proxy solicitations can be sent directly to clients or the third-party designee. If Jupiter does not have the authority to vote proxies on behalf of the client, the client may contact Jupiter with questions about a particular solicitation, however Jupiter will not have the ability to accept direction from clients on such solicitations.

Jupiter intends on retaining the right to vote proxies (or delegating to a third-party manager where relevant) in respect of any Private Fund launched in the future for US persons.

Clients may obtain a copy of Jupiter's proxy voting policies and procedures by e-mailing [CCO@jupiteram.com](mailto:CCO@jupiteram.com).

In accordance with its fiduciary duty to Private Fund clients and Rule 206(4)-6 under the Advisers Act, Jupiter has adopted and implemented written policies and procedures governing the proxy voting of client securities or acting with respect to corporate actions. Jupiter recognizes that it would obtain direct proxy voting authority upon launch of any Private Fund client. The general policy is to vote proxy proposals, amendments, consents, or resolutions related to securities in a manner that serves the best interests of the client, as determined by Jupiter in its full discretion.

## **Item 18. Financial Information**

Jupiter has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.