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PRIVATE & CONFIDENTIAL

Dear Sir / Madam,

BACKGROUND

We welcome the opportunity to comment on the FRC's draft revised Stewardship Code. The comments in this response reflect the views and experiences of Jupiter Asset Management Limited. Our commitment to delivering outperformance relies upon our active approach to investing. Jupiter fund managers are independent thinkers, they are given the freedom to follow their convictions when seeking to identify and invest in strong sustainable businesses. We believe that effective stewardship is a key part of achieving the best risk-adjusted returns for our clients.

Jupiter is a Tier 1 signatory and we have reported against the Code since its inception. Although the Code has come under scrutiny, we think it has played a positive role in advancing stewardship activity within our industry and amongst corporates. Certainly, from our experience, access to non-executives across UK plc has significantly improved over this period and the discernible influence of the Code on overseas practice is also indicative of its standing.

Nevertheless, the need to evolve is inherent and the Kingman critique is compelling. We share the view that the Code needs to be positioned so that it promotes stewardship excellence, with a focus on outcomes and effectiveness rather than being a 'driver of boilerplate reporting.'

Our response is considered along these lines, i.e. how best can the revised Code foster stewardship excellence, which for us goes hand in hand with investor excellence. In preparation for this response, we have taken part in conversations with the FRC, The Purposeful Company and Tomorrow's Company (TC). As members of the following organisations, we also take note of the responses from the Investment Association (IA) and the Investor Forum (IF).

RESPONSE

We have chosen not to respond to each individual question listed in the consultation. Instead, we have provided specific comments on areas reflecting our investor experience.

To begin with, the following agenda needs to be reconsidered:

DEFINITION OF STEWARDSHIP: This is of fundamental importance to the Code as all other aspects flow from this central point. As an asset manager we understand our activities are interconnected to the broader economy and society. As disclosed in the latest annual report, our board led a project to delve deeper into Jupiter's corporate purpose as part of our focus on stakeholders and wider society. The project involved various employee, executive and board forums which were assisted by an external facilitator. These sessions concluded that our pedigree and history in stewardship, as well as our long-term investment approach, has the most impact on our stakeholders as well as society at large. Therefore, in terms of our organisational purpose, stewardship is upheld as a commitment towards our clients with an understanding of the beneficial impact this can also have on society.

However, the Code's revised definition of stewardship has caused confusion with respect to the duties of asset managers and their role in society and the wider economy. Our activities, including stewardship, are centred on generating sustainable value for our clients over the long-term and appropriately incorporating analysis of material ESG factors. By upholding the interests of our clients (the beneficiaries of the investment process and owners of capital) our investment activities can have a positive impact on the economy and wider society. We see merit in the IA perspective which discusses the central purpose of stewardship within the abovementioned context and suggests an alternative definition.

In principle, we are encouraged by the following developments.

BEYOND LISTED EQUITY: It is entirely logical to incorporate other asset classes within the Code. The principle of acting as stewards of our client's capital does not only apply to equities, particularly when we look at the growth of fixed income, multi-asset and alternative strategies both at our firm and industry level. For example, we have intensively reviewed our own approach to fixed income stewardship. We think this development will over time facilitate a better communication and understanding of stewardship issues affecting other asset classes, and eventually better outcomes.

Although the Code outlines the application of stewardship principles across different asset classes, it continues to be very much an equity driven agenda. We respect the intention and logic to broaden the focus, but the Code ought to make a proactive statement recognising that stewardship duties may be executed differently across asset classes. For instance, active engagement expectations are rightly at the heart of the Code. However, the engagement profile for fixed income and alternative strategies may be different to long-only equity funds but that does not mean there is a deficiency in approach.

INVESTMENT CHAIN: We support the inclusion of specific guidance aimed at different entities within the investment chain. This was s prominent topic of conversation at the roundtable we attended with TC. It was evident that both asset managers and owners supported the notion that a revised Code should incorporate specific guidance in this area. We think this would facilitate a better understating of client needs and will enhance the ongoing conversations about stewardship issues between asset owner and manager. In the long-run, we believe this will help drive the objective of creating an effective market for stewardship. However, we also refer to the IA position on this subject with regards to Provision 13, where it is suggested (by the IA) that this guidance could conflate the duties of asset owners and asset managers. We think there needs to be clarity on the matters raised by the IA.

EXPLICIT REFERENCE TO ESG: We support the explicit reference to ESG issues, it is a timely evolution and reflects market dynamics. The concept of materiality is all important and we agree with the IA position that the Provision should consider how asset managers take material issues, including ESG, into account. In order to demonstrate the validity and effectiveness of the stewardship approach, asset managers will require the flexibility to define their own priorities and strategy within this area, in line with client expectations.

ORGANISATIONAL PURPOSE, VALUES AND CULTURE: Embedding organisational purpose, values and culture within the stewardship framework is a valuable proposition for various reasons. Firstly, it provides an indication to clients of how stewardship is considered by the asset management organisation, including the backing received by corporate management or at board level. Internally, it focuses attention on stewardship and helps to hone objectives and communication around these matters. This approach also transmits a positive cultural signal to the wider workforce. That is, directly or indirectly our collective endeavours contribute to the effective stewardship of our client's assets.

We question the sequencing of this principle. The current guidance suggests signatories should 'develop' their organisational purpose and explain how it enables them to fulfil stewardship objectives. We think 'developing' an organisational purpose for stewardship disclosure has the potential to be somewhat manufactured. Rather, we think it is more effective to show how the overarching corporate strategy, purpose, culture and values advances stewardship goals and enables asset managers to fulfil their obligations. In this way, the agenda is placed at the top of the organisation and therefore reinforces accountability.

REPORTING: Reporting on stewardship activity is a perennial topic of discussion in our industry and we support the call for an annual activities and outcomes report. We have published our bi-annual stewardship report for over a decade and this is publicly available. Our reporting already incorporates engagement outcomes.

However, this is an area where the governing body needs to be aware of the critique from the Kingman Review. That is, reporting should focus on outcomes and effectiveness and not drive boiler plate disclosures. We agree with the IF position that reporting should reflect outcomes in the context of the investment approach rather than policies and procedures. Transparency, truth and trust formed the central discussion points in our dialogue with TC, which also covered the revised Code. It was clear from the cross section of asset managers, owners and corporates that additional reporting and transparency does not automatically lead to further insights or provide integrity. We think this is very much a quality versus quantity situation. The new governing body has an opportunity to refine matters and set an example within the corporate world. In addition, reporting requirements should not by default favour large firms and dissuade smaller or less well-resourced managers from highlighting their credentials.

We share the views of both the IA and IF that the provisions are too prescriptive. This runs the risk of driving a compliance-led approach to reporting and which may dilute the attention on improving outcomes.

We look forward to the outcome of this exercise and remain available for further dialogue.