

## Jupiter sale ‘more likely’ after Robey Warshaw appointment

By [Amie Keeley](#) 15 December 2021

Jupiter Asset Management’s decision to hire Robey Warshaw will only increase the likelihood of a takeover, according to a leading mergers and acquisitions expert.

Last weekend it emerged that Jupiter had [appointed](#) the boutique investment bank to help fight off potential takeover bids.

The UK-listed asset manager has long been tipped for acquisition following consecutive outflows and a drop in its share price.

Ray Soudah, chairman and founding partner of MilleniumAssociates, an M&A and corporate finance advisory firm, says: “Hiring advisers only increases the likelihood of a sale sooner or later as the facts will be more exposed to the shareholders [...].”

He says that “at best” a slight improvement in terms can be expected, or no deal emerges for some time and the firm will “always be in play, risking shareholder revolt, and client and employee defections”.

Following the news of Robey Warshaw’s appointment, Jupiter’s share price increased marginally on Tuesday to 250p but was well down on its annual peak of 306p in February.

Robey Warshaw has advised on a number of high-profile M&A deals in the UK, including London Stock Exchange Group’s takeover of data provider Refinitiv, and is currently working on an acquisition defence for BT Group.

Former UK chancellor George Osborne joined as partner of the firm earlier this year.

Abid Hussain, an equity research analyst at Shore Capital, says Robey Warshaw is likely to advise Jupiter on potential things the firm can do to improve growth and share price, including further acquisitions, and “convince shareholders this will create more value than being taken over”.

“Of course, it all depends on the price of any potential bidder for Jupiter,” he adds.

Mr Soudah says Jupiter's shareholders would want to avoid a takeover because they “fear their shares are undervalued”.

“Now is the time to buy in cash any undervalued companies and with shares, the overvalued ones,” he adds.

David McCann, an analyst at Numis Securities, says a valuation in the region of 400p a share “remains a realistic possibility” in the medium term and any takeover approach would need to exceed that to be in “shareholders' medium to long-term interests”.

In an analyst note issued this week, he also highlighted the shareholding structure of Jupiter.

The firm's largest shareholder, Silchester International Investors, a UK asset manager with an 18.5 per cent stake, is a "patient, long-term value [investor]", according to Mr McCann.

Jupiter's second-largest shareholder is TA Associates, a private equity firm that received a 15.2 per cent stake following Jupiter's acquisition of smaller rival Merian Global Investors last year.

"They are locked up until [July 1, 2022] and we think it is notable that their effective 'in' price to Jupiter was 388p/share," Mr McCann says.

"We further note that this 388p in price to Jupiter represented an effective loss compared to their reported in price for Merian."

Around 3 per cent of the company is held by employees via benefit trusts and share incentive plans, but Mr McCann says the overall staff shareholding figure is likely to go beyond such schemes.

Jupiter, the UK's second-largest manager of retail funds, has had a tumultuous few years, experiencing large outflows and a string of high-profile departures.

Chief executive officer Andrew Formica announced the [axing](#) of 90 jobs at the beginning of the year as part of efforts to reshape the company, largely affecting support functions but also in the front office.

Jupiter reported £569m (€670.7m) of net outflows in the third quarter of this year, a significant improvement on the previous quarter, when net outflows reached a peak of £1.5bn.

News of Robey Warshaw's appointment comes amid a flurry of M&A deals in the asset management sector.

Most recently, UK-listed Liontrust Asset Management [agreed](#) to acquire UK boutique Majedie, while River & Mercantile Group appears set to be the subject of a [bidding war](#) between Premier Miton and AssetCo, the London-listed company backed by industry veteran Martin Gilbert.

Jupiter declined to comment on acquisition speculation.

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