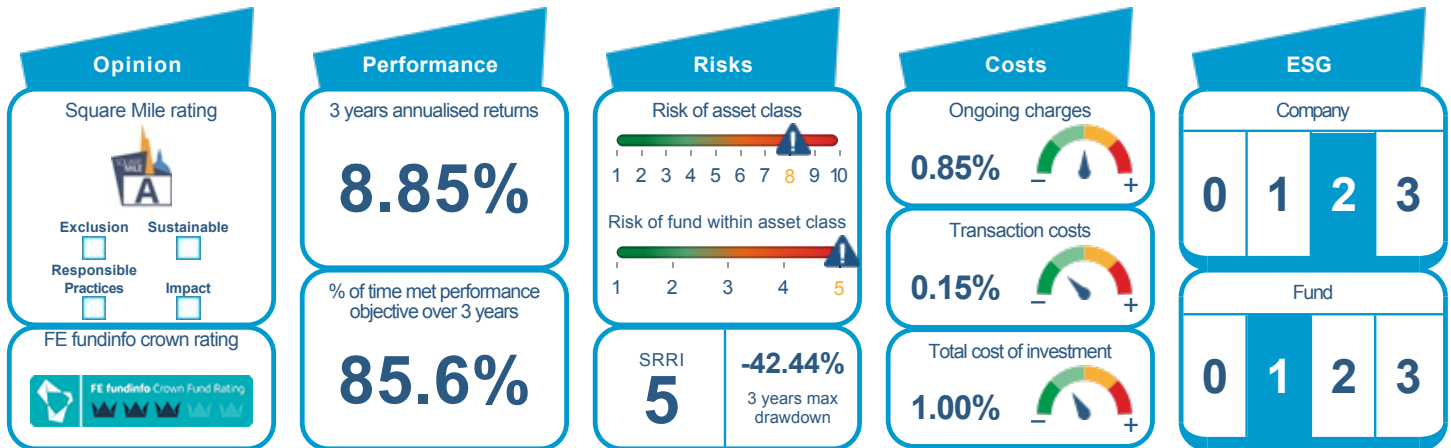


# Jupiter UK Mid Cap I Acc GBP

November 2021  
Investment Research



## Overview

The focus of the fund is on growing the capital value of investments over time through a portfolio of medium sized, UK listed companies. Whilst equities can lose money over short to medium time periods, over longer time periods, and particularly over multiple investment cycles, equities, in aggregate, have proved an extremely successful way of accumulating capital.

Capital Accumulation	Capital Preservation	Income	Inflation Protection
●			

## Square Mile Expected Outcome

We believe that this fund should be able to outperform the FTSE UK Mid 250 (ex investment trusts) index by 2% per annum over rolling three year periods.

<b>Active/Passive:</b> Active	<b>Domicile:</b> United Kingdom
<b>Asset Class:</b> Equity	<b>IA Sector:</b> IA UK All Companies
<b>Launch Date:</b> 22/02/2002	<b>Fund Size (as at 12 Nov 2021):</b> £3362.8m
<b>Yield:</b> 0.12%	<b>Distribution Pay Date:</b> Aug 01 (Final)
<b>Fund Manager:</b> Richard Watts	<b>Ongoing Charge Figure:</b> 0.85%
	<b>Transaction Cost ex Ante:</b> 0.15%



## Fund Opinion

Following the acquisition of Merian Global Investors (MGI) by Jupiter Fund Management plc in July 2020, this fund and the wider small and mid cap equities team have been fully integrated into Jupiter Asset Management. Despite these corporate level changes, the investment process and philosophy remain unchanged and we retain our rating and conviction in the fund.

We have a high regard for Jupiter's UK small and mid cap equities team. Although the original investment approach was established many years ago, the key principles instilled remain in place and are very much followed by its incumbent members. However, in light of the ongoing evolution of financial markets, the team, now under the leadership of Mr Nickols and Mr Watts, have made some subtle refinements to the process to ensure it remains relevant, which we view as beneficial to the strategy.

This fund has been under the stewardship of Richard Watts since the end of 2008. He encountered a challenging start to his fund management career, primarily due to the team underestimating the strength of the recovery in the UK (and global markets) in the aftermath of the global financial crisis. However, since then we believe that Mr Watts has developed into an accomplished stock picker with the courage to back his conviction and, as a result, has established an impressive track record against the FTSE 250 index. We would highlight that this conviction based approach can lead to the manager taking sizeable positions in both stocks and sectors where he believes there to be significant upside potential. This can result in short-term periods of more variable returns, but overall we view this as a compelling strategy, providing investors with access to a well-managed portfolio of medium sized UK companies.

## Fund Description

This fund has been managed by Richard Watts since December 2008. Mr Watts joined Merian Global Investors (MGI) in 2002 and following Jupiter Fund Management Plc's acquisition of MGI in 2020 he, and the other members of the highly regarded small and mid cap team, have transitioned across into Jupiter Asset Management. The team, which is led by himself and Dan Nickols, has been in place for over 10 years and work together in an extremely collaborative manner, with a strong culture at its foundation in order to allow for opinion to be openly expressed across its members. Since the integration, the team has been further bolstered by the addition of fund manager and sector analyst, Matt Cable, who runs the Jupiter UK Smaller Companies Equity fund.

The philosophy and process employed have been in place since the early 2000s, but over the years, and in response to the market's changing dynamics, the team has subtly evolved the approach. In essence, the process combines in depth stock analysis with an appreciation of the broader economic picture. More specifically, Mr Watts and his colleagues seek to invest in the most attractive companies based on their view of the economic cycle's current positioning; be that in expansion or contraction, for example. At the macroeconomic level a range of factors are therefore considered such as economic growth, the outlook for inflation and the interest rate cycle.

Stock selection favours companies where the manager and team feel that there is the potential for at least one of the following: an upgrade in earnings, a re-rating of the stock's valuation or a sustained level of above average earnings growth. The investible universe is screened on a series of standard market measures including price to earnings, dividend yield and earnings growth. Companies which are viewed as favourable are then analysed in more detail, with key areas such as the firm's competitive position, the quality of its management team and the economic sensitivity of its underlying business all being taken into account. Further consideration is then given to the strength of its balance sheet, its valuation and its potential for long-term growth. Interacting with company management is deemed a critical part of the process; the team conducts in the region of 300 to 400 company meetings each year.

The team operates within a highly collegiate environment, with each member combining analytical and fund management responsibilities. Despite taking input from the team, Mr Watts has complete discretion over investment decisions within this fund and prefers to hold between 40 and 60 stock in the portfolio. Working alongside the firm's risk team, he adopts a pragmatic attitude to risk and, whilst there are no formal risk constraints against the benchmark, a minimum of 75% of the fund's assets must be held in medium sized companies. Typically there is a good spread of holdings across the various sector groupings and individual stock weights tend not to exceed 5% of assets. However, we would highlight that Mr Watts is a high conviction investor and does take larger position sizes in both stocks and sectors if he believes there to be significant upside potential. The portfolio can also include holdings in unlisted securities, which the fund's mandate allows the manager to invest in. Although the UCITS regulations limit exposure to unlisted securities to 10%, the group has set a maximum internal limit of 8%.

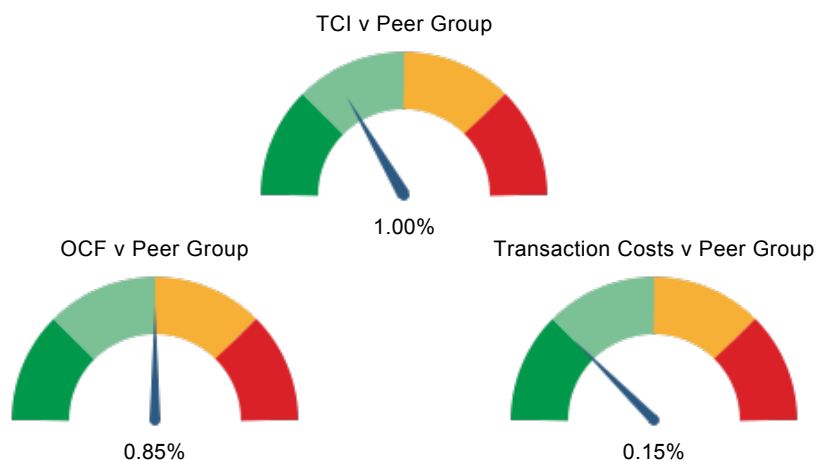
## Risk Summary

This is an equity-based fund investing in medium sized, UK listed companies, and we would highlight that, especially during times of market stress, the share price volatility of medium sized companies is typically higher than that of their larger capitalised peers. Investors should also be aware that the fund's manager is conviction-led, which means that some of the fund's position sizes can be sizeable and that the fund will likely look and act very different to its benchmark and peers, both in terms of levels of volatility and its return profile. Consequently, this fund may be more suitable for investors with a longer term investment horizon and a higher tolerance of risk.

## Value for Money

The fund's ongoing charge figure (OCF) is in line with the peer group median and its transaction costs are far from excessive, leading to a total cost of investment that we find to be very competitive. We believe this fund offers good value for money as it provides investors with access to a well-regarded franchise, which is run in a high conviction manner by a very competent manager, who has established a successful long-term track record.

In line with the MiFID II regulations, asset management firms are required to disclose all of the costs and charges related to the running and administration of their funds, including items outside of the OCF, such as research costs. This step is at the discretion of each fund group, but it is one that a number of firms have followed, including Jupiter Asset Management which absorbs the costs associated with its research.



## ESG Integration

<b>Company Assessment</b>	0	1	2	3
ESG factors are considered formally but are not instrumental within all of the company's investment processes.				
<b>UN PRI Strategy &amp; Governance Rating</b>	A+			
<b>Fund Assessment</b>	0	1	2	3
ESG factors may be considered by the fund's manager as an input into their analysis but are not a formal part of the investment process.				

## Responsible Investing Approach

Exclusion	Responsible Practices	Sustainability	Impact
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Additional Information

<b>Annualised Return</b>	8.85%
<b>Annualised Volatility</b>	26.50%
<b>Max Drawdown</b>	-42.44%
<b>Max Gain</b>	27.08%
<b>Max Loss</b>	-42.44%
<b>Sharpe Ratio</b>	0.26
<b>Sortino Ratio</b>	0.25

(3 years data to last month end unless otherwise stated)

### Currency of Share Class

GBP

### Fund Price (as at 12 Nov 2021)

374.3 pence

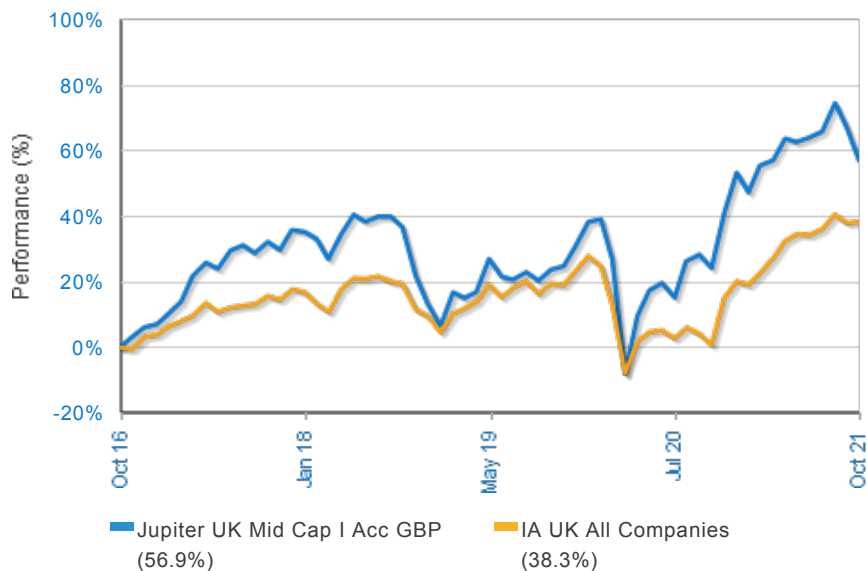
### Benchmark

FTSE UK Mid 250 Ex ITs

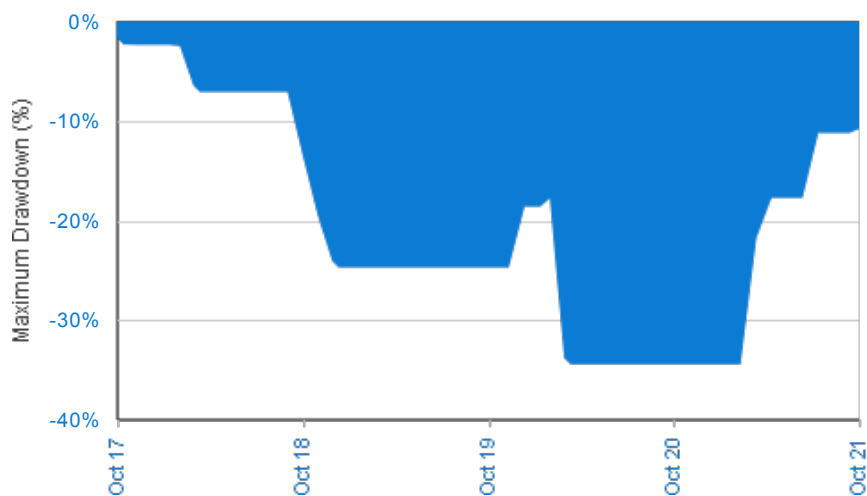
## Discrete Annual Performance to Last Quarter End

Period	Fund (%)	Sector (%)	Quartile Ranking
0-12m	29.9	32.4	2
12-24m	3.7	-12.8	1
24-36m	-9.5	0.0	4
36-48m	6.2	5.5	2
48-60m	28.7	13.6	1

## Capital Growth



## Maximum Drawdown (Rolling 12 Months)



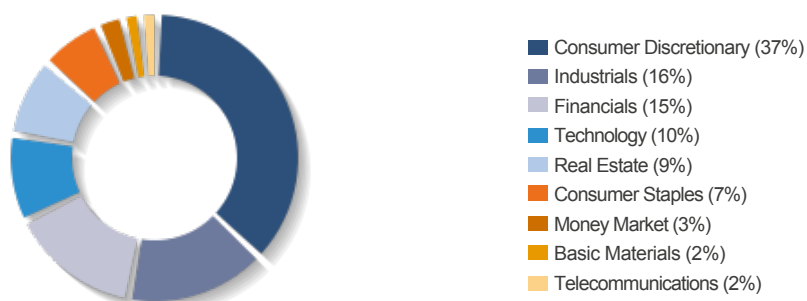
### Top Ten Holdings

(Data as at 30 Sep 2021)

Company Name	%
ASCENTIAL PLC	5.9
CHRYSLIS INVESTMENTS LTD	5.9
THG PLC	5.4
S4 CAPITAL PLC	5.1
ELECTROCOMPONENTS PLC	4.9
FUTURE PLC	4.9
BOOHOO GROUP PLC	4.8
OSB GROUP PLC	4.6
ASHTREAD GROUP	4.5
BELLWAY	3.5

### Sector Breakdown

(Data as at 30 Sep 2021)

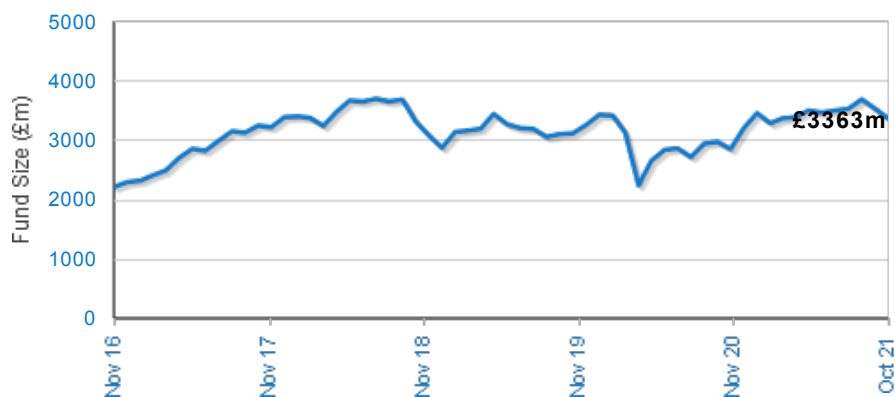


### Geographic Breakdown

(Data as at 30 Sep 2021)



### Assets Under Management



## Qualitative Risk Assessment

	Significant	Potentially Significant	Not Significant
Equity Risk	●		
Interest Rate Risk		●	
Credit Risk			●
Exchange Rate Risk			●
Liquidity Risk		●	
Emerging Markets Risk			●
Derivative Risk			●
Manager Risk	●		

### Equity Risk

The fund is predominantly invested in shares. Shares are volatile investments and this volatility is typically heightened at times of economic stress.

### Interest Rate Risk

The fund is an equity fund. Higher interest rates may adversely affect valuations of shares.

### Credit Risk

This fund does not have significant exposure to corporate debt.

### Exchange Rate Risk

The fund is predominantly invested in domestic assets.

### Liquidity Risk

Although the fund tends to be predominantly invested in liquid assets, its mandate allows for exposure to unlisted equities which, when combined with its current level of assets, could lead to issues with liquidity, especially during times of market stress.

### Emerging Markets Risk

Although the fund's underlying holdings may have exposure to emerging markets, it predominantly invests in securities listed in the UK.

### Derivative Risk

The portfolio is predominantly invested in underlying cash securities.

### Manager Risk

The manager is seen as a critical element in Square Mile's rating of the fund. Hence, Square Mile would be likely to downgrade the fund if the manager were to leave.

FE Risk Rating: 132.00

SRRI: 5

## Disclaimer

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