

Jupiter UK Special Situations I Acc

September 2024



Source: Square Mile and Refinitiv, Data as at: 31st July 2024.

Overview

The focus of the fund is on growing the capital value of investments over time through a portfolio of UK equities. 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.

Square Mile's Expected Outcome

We believe that this fund should be able to outperform the FTSE All Share index by 2% per annum over rolling five year periods.

Square Mile's Opinion

On 9th January 2024, Jupiter announced that Mr Whitmore will be leaving the business, likely by the end of October 2024. It is understood that he intends to establish an independent value equities venture. Alex Savvides who currently manages the JO Hambro UK Dynamic fund will be joining Jupiter in early October to assume responsibility of this strategy. We hold Mr Whitmore and team in the highest regard and so feel it appropriate that the Square Mile rating on the fund is suspended with immediate effect. Whilst we are no stranger to Mr Savvides, we will be meeting with him at the earliest opportunity to find out more about his plans and approach to the management of this fund.

Ben Whitmore is a high conviction, long-term contrarian investor, who has managed money in this style for the vast majority of his career and is prepared to persevere with investments despite the potential for continued underperformance, particularly over the short term. In essence, this is a fund that is run in a very focused manner and by a manager that is, in our view, one of the most dedicated in managing a portfolio using this type of investment approach. One of the most compelling features of this strategy is the manager's highly disciplined ability to remain dispassionate about companies and investments, meaning that the portfolio is consistently a true representation of the philosophy and process applied. For those investors looking for a value focused fund that invests in UK companies, this is certainly one that should be considered.

This fund's longer-term cumulative returns are impressive, but investors should be aware that over shorter time frames the fund can lag its FTSE All Share benchmark and peers. The fund is unconstrained in its nature and sector positioning tends to differ markedly from the index. Given this, and Mr Whitmore's unwavering adherence to and belief in his approach, this proposition is perhaps better suited for investors with a longer-term investment horizon.

Fund Manager's Formal Objective

The Fund objective is to provide a return, net of fees, higher than that provided by the FTSE All Share Index over the long term (at least five years).

Outcome: Capital Accumulation	Domicile: UK
Active/Passive: Active	Benchmark: FTSE All Share
Asset Class: Equity	IA Sector: IA UK All Companies
Yield: 3.29%	Fund size: £1,365 M
Fund Manager: Bern Whitmore	Distribution Pay Date: May, November
Fund Price: 3.5 Pounds	Dividend Frequency: Semi-annual
Currency of Share Class: GBP	Share Class Launch Date: 15/06/2009

Source: Square Mile and Refinitiv, Data as at: 31st July 2024

Asset Manager Overview

Jupiter Asset Management is a UK based fund management group headquartered in London, which listed on the FTSE 250 index following its floatation in June 2010. The group is known for its high conviction and active approach to fund management. In July 2020, the group completed its acquisition of Merian Global Investors, which has further enhanced its fund management talent pool and product range. Jupiter as a firm does not manage funds with a set investment process, and does not impart house views or asset allocation decisions onto its underlying fund managers. In keeping with this, Ben Whitmore and Dermot Murphy, Investment Managers in the Value Equity Team, are free to pursue their own investment philosophy and process.

Fund Manager/Team Overview

On 9th January 2024 Jupiter announced that Mr Whitmore will be leaving the business by the end of October 2024, to be replaced by Alex Savvides who previously managed the JO Hambro Capital Management UK Dynamic Fund. Mr Savvides is due to start at Jupiter in early October.

Ben Whitmore assumed responsibility for this fund when he arrived at Jupiter from Schroders in November 2006. He has over 20 years of fund management experience and is part of Jupiter's experienced UK equities team. Mr Whitmore is joined by assistant fund manager, Dermot Murphy, who moved to Jupiter in 2014 from Fidelity, where he worked as a building materials analyst. As well as analysts, Ellen Mann and Brian McCormick, who joined Jupiter in March 2020. Mr McCormick joined from Stewart Investors where he was working as an analyst focusing on emerging market equities, whilst Ms Mann has no prior investment experience having joined following completion of a degree in Japanese Studies from the University of Cambridge.

Investment Philosophy & Process Overview

In keeping with Jupiter's company ethos, Mr Whitmore is free to implement his own investment philosophy and process and is not

constrained by a house style. During his time at Schroders he developed an investment approach that has been transferred to Jupiter and applied to this fund. The process is structured around two proprietary quantitative screens. The first highlights stocks that are undervalued relative to their long-term history, whilst the second looks to identify companies that offer the most attractive combination of low valuations and high returns on capital. European and US companies are also considered and it is not unusual to see this fund take positions in stocks listed in these markets. The analysis of these companies has meant that the managers' product range has naturally evolved to running money within a global context and subsequently the Jupiter Global Value fund was launched in March 2018.

Mr Whitmore does meet with company management but unlike many peers this is not a prerequisite to investment, as he prefers to remain dispassionate about companies. He is aware that his value focused approach will not outperform across all market conditions, but has conviction that the style will outperform in the long run. The fund's portfolio construction process was reviewed in 2018 by an independent body in order to identify any potential areas of weakness. Following this, certain directives were implemented to the process. These include a future stock's position size needing to be at least 2% within three months of entering the portfolio, any company held for three years being reviewed as a potential sale candidate, when a stock position falls to 1.5% a decision is made whether to add to or sell, and cash will be held at a maximum of 4%, unless the manager deems the market too expensive and prefers not to invest.

Ultimately stock positioning is determined by conviction, something which is driven by the managers' view of the quality of the company's underlying business and the attractiveness of its valuation. The final portfolio is constructed without regard for the FTSE All Share index, which means that it can deviate significantly at the sector level. Mr Whitmore pays little heed to risk relative to the index and prefers instead to measure risk simply in terms of the potential loss of investor capital.

ESG Integration

Fund ESG Integration

Jupiter Asset Management ultimately believes that well-managed companies with high standards of environmental, social and corporate governance (ESG) will enhance shareholder value over the long term. As such, Mr Whitmore and his supporting team do actively engage with company management on issues which they deem necessary, particularly those that pose risks to the viability of a company's long term success. Moreover, they also use their voting rights to act more formally in the interests of investors.

Risk Summary

This fund invests in UK equities and, as such, the main risk is that these, as higher risk assets, can be volatile investments, especially over the shorter-term. The fund's manager has a high conviction, contrarian investment approach, and so seeks to invest in companies that are out of favour. Moreover, he also seeks opportunities across the market cap spectrum and can invest in medium and smaller sized companies, which are typically more volatile than their larger peers. This means that the portfolio can look, and act, very differently to the market at times. Consequently, the strategy may be better suited to investors with a longer time horizon who are willing to tolerate a degree of variability in the fund's short-term return profile.

Additional Information

Annualised Return:	9.85%
Annualised Volatility:	13.65%
Max Drawdown:	-11.22%
Max Gain:	9.87%
Max Loss:	-9.93%
Sharpe Ratio:	0.60
Sortino Ratio:	0.60

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

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			

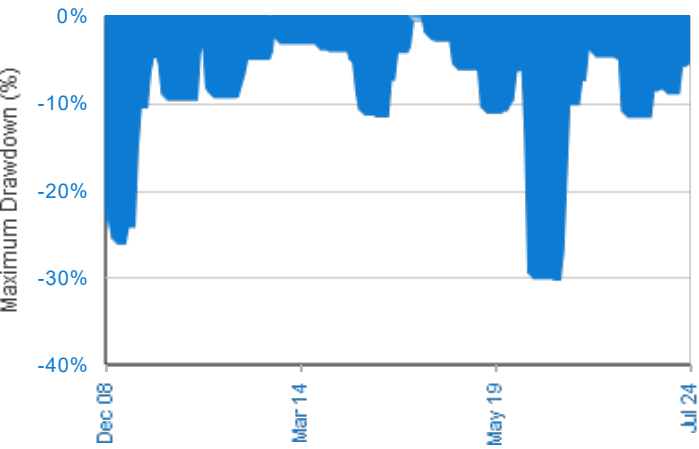
For the full summary of the risks, [click here](#)

3 Year Rolling Sector Outperformance



Source: Square Mile and Refinitiv, Data as at: 6th September 2024. Share price total return.

Maximum Drawdown (Rolling 12 Months)



Source: Square Mile and Refinitiv, Data as at: 6th September 2024

Calendar Year Performance To Quarter End

Period	Fund (%)	Sector (%)
2023	11.7	7.2
2022	5.7	-9.3
2021	20.2	17.1
2020	-13.7	-6.3
2019	16.3	22.4

Source: Square Mile and Refinitiv, Data as at: 14th September 2024

Value for Money

The fund's ongoing charge figure (OCF) is significantly below the peer group median. The fund's transactions costs, meanwhile, are fair given this is an actively managed strategy. Therefore, in our eyes, the fund's total cost of investment is both attractive and competitive when compared to others in this space. We believe this fund offers very good value for money as it offers investors access to a well-regarded franchise, which is managed by a highly competent and high conviction investor, using a contrarian investment approach.

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. Jupiter absorbs all of the costs associated with its research, which should slightly reduce the overall fee paid by investors.

OCF v Peer Group



0.76%

Transaction Costs v Peer Group



0.13%

TCI v Peer Group



0.90%

Source: Square Mile and Refinitiv, Data as at: 31st July 2024.

Square Mile Analysts

David Holder - Senior Investment Research Analyst

John Monaghan - Research Director

The Square Mile ratings are reviewed every 6 months. For full details on the methodologies, [click here](#).

For a full list of all Square Mile rated funds, [click here](#).

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