

Jupiter UK Special Situations I Acc

November 2021
Investment Research



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.

Capital Accumulation	Capital Preservation	Income	Inflation Protection
●			

Square Mile Expected Outcome

We believe that this fund should be able to outperform the FTSE All Share index by 2% to 3% per annum over a market cycle, which we would consider to be a period of at least five years.

Active/Passive: Active	Domicile: United Kingdom
Asset Class: Equity	IA Sector: IA UK All Companies
Launch Date: 03/06/1996	Fund Size (as at 12 Nov 2021): £2020.7m
Yield: 1.92%	Distribution Pay Date: Apr 01 (Final), Oct 01
Fund Manager: Ben Whitmore	Ongoing Charge Figure: 0.76%
	Transaction Cost ex Ante: 0.28%



Fund Opinion

In July 2020, Jupiter Fund Management plc completed its acquisition of Merian Global Investors Limited (MGI). We do not believe that the integration of MGI will affect the management of this fund and have therefore maintained the fund's current rating.

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 Description

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 also responsible for the Jupiter Income Trust and manages it along similar lines to this strategy. 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.

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.

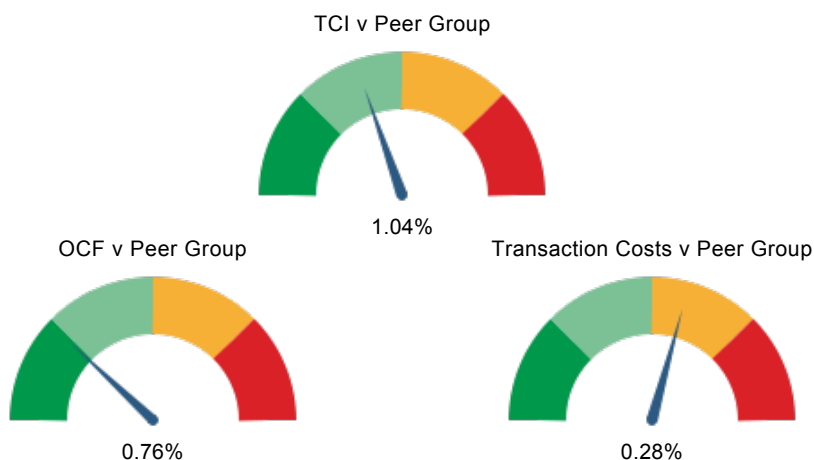
Risk Summary

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.

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.



ESG Integration

Company Assessment	0	1	2	3
ESG factors are considered formally but are not instrumental within all of the company's investment processes.				
UN PRI Strategy & Governance Rating	A+			
Fund Assessment	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

Annualised Return	3.33%
Annualised Volatility	19.32%
Max Drawdown	-34.43%
Max Gain	25.23%
Max Loss	-31.11%
Sharpe Ratio	0.13
Sortino Ratio	0.12

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

Currency of Share Class

GBP

Fund Price (as at 12 Nov 2021)

270.8 pence

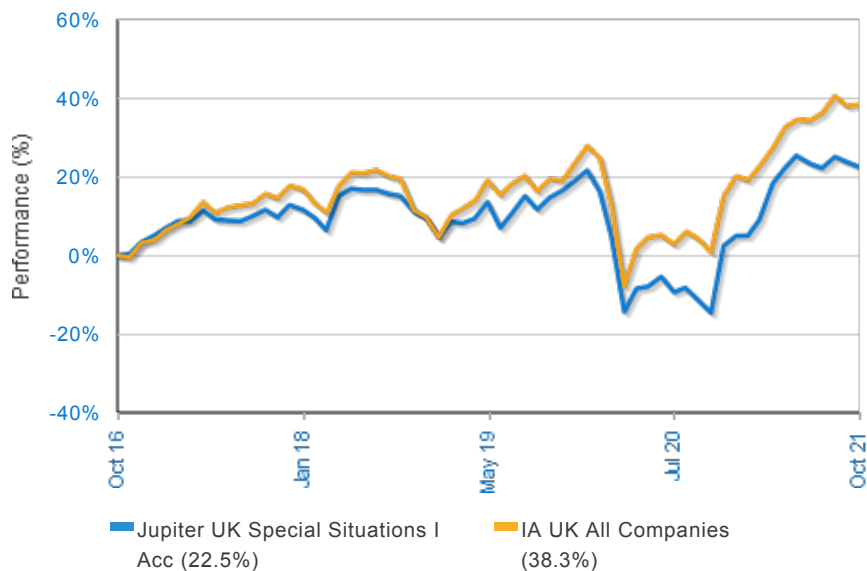
Benchmark

FTSE All Share

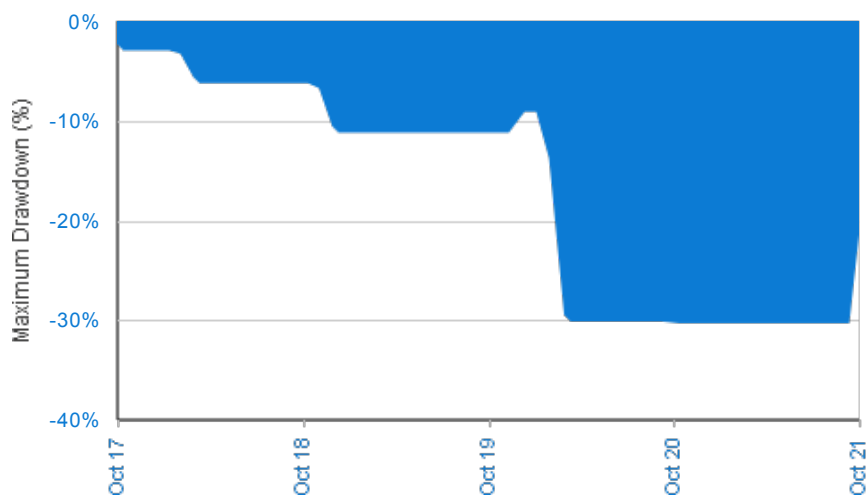
Discrete Annual Performance to Last Quarter End

Period	Fund (%)	Sector (%)	Quartile Ranking
0-12m	39.8	32.4	1
12-24m	-22.9	-12.8	4
24-36m	-0.3	0.0	3
36-48m	4.6	5.5	3
48-60m	14.6	13.6	2

Capital Growth



Maximum Drawdown (Rolling 12 Months)



Top Ten Holdings

(Data as at 30 Sep 2021)

Company Name	%
BP	5.9
GLAXOSMITHKLINE	5.2
KINGFISHER	4.4
AVIVA	4.3
WPP PLC	4.0
NATWEST GROUP PLC	3.9
IMPERIAL BRANDS PLC	3.9
BAE SYSTEMS	3.7
STANDARD CHARTERED	3.6
BT GROUP	3.4

Sector Breakdown

(Data as at 30 Sep 2021)



- Consumer Discretionary (22%)
- Financials (21%)
- Industrials (16%)
- Telecommunications (9%)
- Energy (9%)
- Health Care (9%)
- Consumer Staples (5%)
- Basic Materials (4%)
- Money Market (3%)
- Other (1.9%)

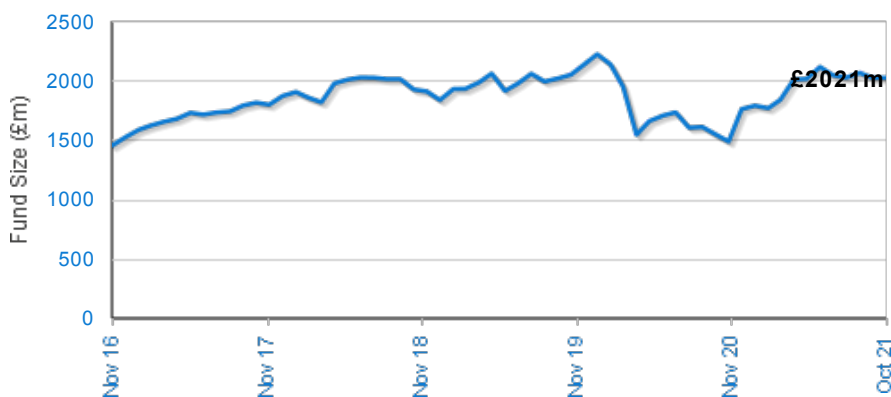
Geographic Breakdown

(Data as at 31 Jul 2021)



- UK (81%)
- USA (6%)
- Money Market (4%)
- Finland (3%)
- Netherlands (2%)
- Germany (2%)
- Ireland (1%)
- Canada (1%)

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 predominately 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

The fund invests in liquid assets and any sale should be possible at close to the prevailing market price.

Emerging Markets Risk

The fund predominantly invests in securities listed by organisations operating in developed markets.

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. Square Mile is likely to downgrade the fund if the manager were to leave.

FE Risk Rating: 101.00

SRRI: 6

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