



# Annual Assessment of Value Report

**Jupiter Unit Trusts**

Year ending 31 March 2020




## CONTENTS

<b>1. What is Jupiter's Value Proposition?</b>	<b>1</b>
CEO Message - Andrew Formica	1
<b>2. How are we delivering value for our investors?</b>	<b>2</b>
Message from the Chairman - Phil Wagstaff	2
Introducing the Board	4
<b>3. How to use this document?</b>	<b>5</b>
<b>4. What is the Assessment of Value?</b>	<b>6</b>
<b>5. What are we doing to enhance value for our investors?</b>	<b>7</b>
<b>6. How have we approached the Assessment of Value - and what have we found?</b>	<b>9</b>
6.1 Performance	10
6.2 Quality of Service	12
6.3 Costs of the Authorised Fund Manager (AFM)	13
6.4 Economies of Scale	14
6.5 Comparable Market Rates	15
6.6 Comparable Services	16
6.7 Classes of Units	17
<b>7. How have our funds and their unit classes fared?</b>	<b>18</b>
<b>8. Links to individual Unit Class Value Statements</b>	<b>20</b>
<b>9. Glossary of Terms</b>	<b>21</b>
<b>10. Summary of our unit classes</b>	<b>22</b>

**We have created this report to be interactive.**

Please use the "Contents" page to navigate your way around the report.

If you click this icon:  which can be located in the bottom left of each page, it will help you return to the contents page.

# 1. What is Jupiter's Value Proposition?

## A message from our CEO, Andrew Formica

### A focus on delivering value since 1985

At Jupiter, we put the client at the heart of everything we do. Since the company was established in 1985, we have sought to make a positive difference for our clients, helping them achieve their long-term investment objectives through high conviction, active management.

Our distinct, entrepreneurial culture, based on giving talented professionals the freedom to pursue their own investment styles within a supportive and collaborative environment, is what truly sets us apart. Our fund managers follow their convictions, seeking out the most attractive investment opportunities with a view to achieving the very best outcomes for our clients.

We acknowledge that our clients hear a similar message from our peers. Few companies thrive in the long term without putting the client at the centre of their business. However, at Jupiter we try to go a step further, consistently looking to demonstrate how we are putting your interests first.

### Defining Value

As an active fund management house, how we deliver value is of course inextricably linked to our ability to deliver superior investment performance after fees. I am proud to say that the aggregate track records of our managers clearly demonstrate that they have delivered for the majority of their clients through different market environments. Our focus will be to continue to deliver over the long-term.

However, we believe that true value is also derived from the other services we provide and how we engage with our clients. We think it is important to communicate openly on topics such as our investment culture, the advantages of a diverse and inclusive workforce and, most recently, how we supported our workforce during the pandemic so that they felt valued and committed throughout. Ultimately, the benefit to the client is always the litmus test.

In helping our clients achieve their long-term financial objectives, we know that fees are an important part of your investment outcome. Our fee structure should be simple, clear, and reflective of the targeted investment opportunity and the services we provide. As an active, independent and high-conviction fund management house, we believe that the fees we charge accurately reflect the expertise and experience offered by our

investment professionals, as well as the focused access to compelling investment opportunities and the enhanced levels of service provided by our dedicated client teams.

### Rewarding your trust

We place great value on the trust our clients have put in us by choosing us to manage their money. As the world grapples with the COVID-19 pandemic and investors face a huge amount of uncertainty, we would like to thank you for your continued support. We hope that we have demonstrated our commitment to you during this period, both through the service we have provided and the strong long term investment performance our fund managers have delivered, with 79% of the assets in our unit trust fund range performing in the 1st or 2nd quartile over five years to 31 March 2020.

We hope this report will help cement the trust and confidence you have in us by providing you with better clarity on your investments and the value of the services we provide at Jupiter.



**Andrew Formica**, Chief Executive Officer

“We place great value on the trust our clients have put in us by choosing us to manage their money”

Andrew Formica, Chief Executive Officer



## 2. How are we delivering value for our investors?

### A message from the Chairman of Jupiter Unit Trust Managers Limited (JUTM)<sup>1</sup>

#### Dear Investors,

At Jupiter we have a simple goal: to deliver the best outcomes for our clients. We take our responsibilities to you very seriously, and we welcome any opportunity to review and improve the services we offer.

#### The Asset Management Market Study

In 2017, the Financial Conduct Authority (FCA) published the Asset Management Market Study, a broad review of our industry in the UK, looking at whether investors received good value when accessing asset management products. The FCA found that competition was not as strong as it could be, and that there was not enough independent challenge within fund boards as to whether true value was being delivered to investors.

#### Firms were required to carry out a number of actions, and at Jupiter we took the following steps:

- The appointment of Non-Executive Directors to the JUTM Board to ensure greater rigour and challenge in decision-making and review, making sure that investors' interests were indeed at the heart of the firm's activities
- A change to client dealing arrangements (carried out in 2018) which led to simpler pricing and incidental profits being retained for the benefit of all investors
- The introduction of this Assessment of Value process and report, to consider the value each fund is providing to its investors, looking across a range of different criteria and produced in a way that is readily accessible for all investors.

#### Our Assessment of Value report

We, the Board of JUTM, give our full support to the FCA's initiative. One of our principles at Jupiter is always to be better tomorrow than we are today. This report allows us not only to demonstrate to you, our client, how we are delivering value, but also highlights the areas where we, as a company as well as our industry in general, can do more to ensure you continue to receive the highest level of service.

My colleagues and I on the JUTM Board are the people ultimately responsible for ensuring that this report is accurate and useful for our investors. My fellow Board members are as follows:

- **Kirstene Baillie**, Non-Executive Director
- **Veronica Lazenby**, Chief Risk Officer
- **Paula Moore**, Chief Operating Officer
- **Tim Scholefield**, Non-Executive Director
- **Jasveer Singh**, General Counsel

Our Assessment of Value is based on data ending 31 March 2020. As we all know, we find ourselves in unprecedented times and in March this year we saw the COVID-19 pandemic start to spread throughout the UK, Europe and the world. This has not only created huge uncertainty in everyone's personal and professional lives, but has also caused significant volatility in global markets. This has been a difficult time for all, but we continue, as ever, to focus squarely on providing value to all investors across our business.

<sup>1</sup>Jupiter Unit Trust Managers Limited is the Authorised Fund Manager (AFM) whose responsibility is primarily to manage and operate our UK funds, investing money on behalf of investors and always acting in your best interests.



“At Jupiter we have a simple goal: to deliver the best outcomes for our clients. We take our responsibilities to you very seriously, and we welcome any opportunity to review and improve the services we offer”

Phil Wagstaff, Chairman of the JUTM Board



## 2. How are we delivering value for our investors? - *continued*

### A message from the Chairman of Jupiter Unit Trust Managers Limited (JUTM)

In order to deliver this report, we have conducted a rigorous review of each of our funds' unit classes<sup>2</sup>, all of which have been considered against seven different criteria provided by the FCA. Details of the criteria can be found in Section 4.

The main analysis behind this report was carried out by senior departmental managers and their teams from across the firm, within a defined framework and methodology that has been subject to continuous review and scrutiny. To further ensure that the framework and the results are both objective and comprehensible, we have also sought regular insight and support from a number of independent advisory and specialist consultancies.

#### Findings and Actions

Following our assessment, we have found that the majority (64 out of 91) of unit classes in our funds have demonstrated value, or consistently demonstrated strong value.

27 unit classes have demonstrated value, although not consistently, and in these cases **we have already taken steps** that we believe will drive improvement. Further information can be found in the unit class specific value statements in Section 8.

We have already undertaken and completed a large number of different actions to enhance value for our investors across our unit trust product range. These actions have been the result of ongoing internal review and governance processes that we have in place and include:

#### 1. Reduced fees:

- Introduced 69 new unit classes with a reduced Annual Management Charge (AMC)<sup>3</sup> for c.49,000 investors directly invested with us who are not using the services of an adviser or platform.
- Reduced the Ongoing Charges Figure (OCF)<sup>3</sup> for 21 of our 40 funds, which benefitted c.42,000 investors.

#### 2. Greater clarity:

- Clarified the investment objectives and policies across our unit trust range with identified benchmarks that we are seeking to be viewed against.
- Introduced greater clarity and simplicity in our fee structure by implementing the Aggregate Operating Fee (AOF)<sup>3</sup> to cover operational and administrative costs of running the funds.

#### 3. Broader investor choice:

- Launched five new unit trusts to the UK consumer market over the last five years, providing investors with more options to find a product that fits their needs.

Further information can be found in Section 5.

#### 4. Other initiatives and actions taken:

- Introduced the use of data science techniques to provide greater insight into company performance, with a view to improving investment outcomes for our investors.
- Enhanced and clarified our principles of stewardship and good governance across our investment processes to improve returns and address widespread client demand.
- Absorbed cost of investment research, as one of the first companies, rather than passing them on to investors, as was standard industry practice in the past.
- Ensured that we attract and retain top investment talent across our fund range, including succession planning or taking action in response to challenging performance.
- Closed three funds in the last year, where we felt that investors' interests could be more effectively served through other existing Jupiter fund offerings.
- Improved the fund information you receive, explaining more clearly how your fund is performing and helping you to navigate market events.

#### What do you think about our first year of Assessment of Value reporting?

This is the first time we have published the Assessment of Value report and welcome this opportunity to engage with you, as our fund investors. We want these reports to be useful, and we want to ensure they cover all the issues you would expect us to consider. As with everything we do, we will look to enhance our reporting of value over time.

With this in mind, we would like to invite you to share any feedback you might have about this report.

Please feel free to contact us by email at [Enquiries@jupiteronline.co.uk](mailto:Enquiries@jupiteronline.co.uk)



Phil Wagstaff, Chairman of the Board

<sup>2</sup>We want to keep things simple, and have therefore used the term 'unit class' throughout this report to describe the different types of units or shares that a fund might offer. Unit trust funds have 'unit classes', while other types of funds have 'share classes'. Ultimately, both terms describe the same idea.

<sup>3</sup>Please refer to our glossary for technical and abbreviated terms used throughout the report by clicking here.



## 2. How are we delivering value for our Unit Trust funds?

## Introducing the Board



Kirstene Baillie

**Non-Executive Director:**

Kirstene Baillie was appointed as a Non-Executive Director on 1 May 2019. Kirstene is a specialist financial services lawyer and is a partner at Fieldfisher LLP. She has over 30 years' experience in the sector with particular expertise in acting for asset managers in relation to investment funds and products, including UK authorised investment funds, alternative investment fund structures and insurance and pension products. She was a member of the UK FCA's Legal Experts Group regarding implementation of the Alternative Investment Fund Managers Directive.



Veronica Lazenby

**Chief Risk Officer:**

Veronica Lazenby joined Jupiter in February 2020 and is responsible for managing the Group's risk, compliance and regulatory activities. She is a highly experienced risk practitioner with proven analytical and strategic business management skills. Veronica has a key role in supporting the delivery of Jupiter's overall strategy by providing independent oversight and challenge. She joined Jupiter from BNY Mellon, where she was responsible for risk management across the UK legal entities. Prior to BNY Mellon, she held senior risk management roles at Schroders, Royal Bank of Scotland and Barclays as well as having experience as a management consultant with Accenture.



Paula Moore

**Chief Operating Officer:**

Paula Moore is responsible for the operating activities of the Jupiter Group. Paula qualified as a Chartered Accountant and has over twenty years' experience in the financial services industry. She joined Jupiter in 1997, and has proven technical, analytical and strategic decision-making skills at a senior level. Her earlier career included roles at EY, Apax Partners and PFM Group (a wealth manager).



Tim Scholefield

**Non-Executive Director:**

Tim Scholefield was appointed Non-Executive Director on 1 May 2019. Tim has 29 years of experience in the investment management industry, including as Head of Equities at Baring Asset Management until April 2014. He is Chairman of City Merchants High Yield Limited and a non-executive director of Fidelity Asian Values plc, Standard Life UK Smaller Companies Trust plc and BMO Capital and Income Investment Trust plc.



Jasveer Singh

**General Counsel:**

Jasveer Singh joined Jupiter in 2016 as General Counsel with responsibility for the firm's legal, company secretarial and related regulatory activities. He is also a member of Jupiter's Executive Committee with a key role in supporting the delivery of Jupiter's overall business strategy with extensive board, strategic and governance responsibilities. Jasveer joined Jupiter after 12 years at Man Group plc where he was Group General Counsel. Prior to Man Group plc, Jasveer practised in the Private Funds Group at Clifford Chance focussing on a broad range of funds, financial services and regulatory work.



Phil Wagstaff

**Global Head of Distribution:**

Phil Wagstaff joined Jupiter in 2019 as Global Head of Distribution and a member of the Executive Committee. He has nearly 30 years' experience in the fund management industry, covering all aspects of distribution, including sales, product and marketing. Most recently he was Global Head of Distribution at Janus Henderson and prior to this he held senior distribution roles at Gartmore, New Star and M&G.



## 3. How to use this document?

### What we will be setting out for you

The intended audience for this Assessment of Value report is anyone who is invested in our unit trust funds, either directly or through a platform or adviser.

In this report, we will outline for you how we have assessed against each of the FCA's seven criteria.

Our assessment is based on detailed analysis of these using data as at 31 March 2020. We will show you what conclusions we have drawn for our funds with respect to whether we believe they have delivered value to you, for the unit class, which you hold.

### What we hope you will take from this

This report summarises our findings and conclusions in Section 6 and shows you the conclusions we have drawn for your specific unit class in Sections 7 and 8.

Please take a moment to familiarise yourself with the seven criteria we have used to assess value for our funds. They can be found in Section 4.

Asset management firms have observed that investment returns for the period covered by this assessment were heavily impacted by the COVID-19 pandemic. We have seen a dramatic impact on global markets, with many fund managers – including Jupiter's – unfavourably affected. As such, we encourage our investors to keep the long-term nature of their investments in mind as most investment products are designed to be medium to long-term investments.

We will talk more about the market dislocations caused by COVID-19 and its impact on fund performance in Section 6.

Please see Section 5 for details of initiatives we have undertaken to enhance value for you, our unit trust investors.

If you are unsure which unit class you are invested in:

- Please check your latest bi-annual statement
- Contact us in the way you would normally get in touch
- Or consult with your financial adviser.

If you are an individual investor, you can also log on to Jupiter's 'My Account' online service which you can find [here](#).

### Glossary of terms

We have sought to avoid using jargon in this report, but on occasion it has been unavoidable. As a result, we have added a glossary of definitions for some of the vocabulary, technical language and abbreviations, to make it easier to understand. You can find the glossary in Section 9.



## 4. What is the Assessment of Value?

The 2018 Financial Conduct Authority (FCA) Asset Management Market Study concluded that market forces in the fund industry are weak, leading to many overpriced and low-quality products. The FCA's remedy was that, from the end of September 2019, Authorised Fund Managers (AFMs) must publicly attest to the value their funds offer and outline any corrective actions taken, if appropriate.

The FCA has outlined **seven key criteria**, to be considered when assessing value for each unit class. This list is non-exhaustive and we may consider additional criteria in the future.

### 1. Fund performance:

We have analysed investment performance based on the return generated by the fund net of fees and measured against its formal investment objective, policy and strategy over an appropriate timescale.

### 2. Quality of service:

We have considered the quality of the services we provide to our investors. This includes our core investment service as well as a wide range of non-investment services which contribute to both the investor experience and the overall operation of our funds.

### 3. Costs of the Authorised Fund Manager:

We have assessed the costs incurred by us, as Authorised Fund Manager (AFM), for providing the services to the funds, relative to the fees charged to you for those services.



### 4. Economies of scale:

We have reviewed whether we are able to achieve savings and benefits from the increase in size of a given fund and whether any such savings and benefits have been shared with our investors.

### 5. Comparable market rates:

We have benchmarked how our fund fees compare to those of similar funds offered by other fund managers.

### 6. Comparable services:

We have examined how reasonable the fees we charge are for similar products or services which we offer to different client types, e.g. institutional mandates with a similar investment objective and policy.

### 7. Classes of units:

We have reviewed whether it is appropriate for investors in higher charging unit classes to continue to hold such units where a cheaper unit class is available.

**For further information on our methodology, please refer to Section 6 where we discuss each criteria in more detail.**





## 5. What are we doing to enhance value for our our investors?

As discussed previously, we have already introduced two highly experienced, independent voices to our Board, Kirstene Baillie and Tim Scholefield. Both joined us in May 2019 as Non-Executive Directors and bring valuable skills to bear, whilst helping to enhance our governance process by challenging our thinking and enriching our discussions with their extensive industry experience. Both have played a central role in developing, reviewing and validating the conclusions of this report, alongside the Board's executive directors.

We know our industry often uses jargon to explain the fees which investors pay. We want to shed some light on the different fee components mentioned in this report, to help you understand what they mean.

OCF: The overall fee an investor pays is called the Ongoing Charges Figure (OCF). It consists of the Annual Management Charge (AMC) and operational and administrative charges under the new Aggregate Operating Fee (AOF).

We would like to highlight that Transaction Costs are not a component of the OCF. They can sometimes change significantly depending on whether you are invested in a fund with a dynamic portfolio which tends to trade more and hence generates higher transaction costs than a relatively static portfolio which tends to trade less.



### What actions have we already taken to enhance value?

In line with our governance process, we keep our product range under continual review and are always looking for ways to improve our offering for our investors. As part of this ongoing process, we have recently reviewed the fees we charge for our unit trusts, as well as the structure of those fees.

#### 1. Enhancements and clarity in our fees:

- We concluded that there was a need to update the fee structure to better align with developing market standards. We believe these changes provide our investors with more straightforward pricing, making the fees for services provided clearer, with greater certainty around how much we will charge for these services.
- We have also lowered our Annual Management Charge (AMC) for investors who are directly invested with us without the services of an intermediary or adviser. Depending on the fund in question, this has resulted in savings of up to 0.30% per annum. To implement this, in May 2020 we introduced 69 new unit classes for around **49,000 investors**.
- We have also reduced the operational and administrative charges for 21 of our 40 unit trust funds, under the new Aggregate Operating Fee (AOF), resulting in further savings for around **42,000 investors**. For the rest of our funds, investors were already paying a lower amount than the standard AOF of 0.24% and therefore we have decided to set their fee at the lower rate.
- We have monitored investor feedback and believe that these changes have been well received. We will continue to review the Aggregate Operating Fee at least annually to ensure it reflects our administrative and operational costs.

The Annual Management Charge decreased by up to 0.30% for around **49,000 investors**.

The operational and administrative charges were reduced for 21 of our 40 unit trust funds, leading to a lower Ongoing Charges Figure (OCF) for around **42,000 investors**



## 5. What are we doing to enhance value for our investors? - *continued*

We have not only enhanced our fee offering, as detailed on the previous page, we have also undertaken further initiatives to improve value across our fund range.



### 2. Enhancements to our investment offering:

- In order to make it clearer to investors what each fund is seeking to deliver, we have re-set our investment objectives and policies across our unit trust funds and introduced target and comparator benchmarks for the first time. This change gives you much more clarity on where we are seeking to invest and how we are performing against the universe of potential investments and/or other products available in the market.
- We will continually consider the relevance of the products in our range for our investors, both now and in the future. As part of this process, we have closed three funds over the last year, having concluded that investors' interests could be more effectively served through other existing Jupiter fund offerings. Two of these funds were still in existence at the 31 March and so are included in this report. Further information can be found in the unit class value statements which provide you with the conclusions we drew in terms of value delivered for your specific unit class. Links to our Document Library, where these are available, can be found in Section 8.
- In the five years to March 31 2020, we have made fund management changes to ten of our funds. Further changes have been either planned or implemented at the time of writing, including the appointment of a new fund manager to the Jupiter UK Growth Fund. The process for an orderly transition has already been completed. More information can be found in the unit class value statements for the Jupiter UK Growth Fund in Section 8.

### 3. Enhancements to investor choice:

- The launch of various new investment products to the UK consumer market over the last five years has provided investors with more options to find a product to fit their needs. These launches have included:
- The Jupiter Global Sustainable Equities Fund, managed by Abbie Llewellyn-Waters, which was launched in 2018 and recently made available to retail consumers by the introduction of retail-friendly share classes.
- The extension of the Ben Whitmore's "value-investing" strategy into the Global Equities category, by way of our Global Value Equity Fund, allowing a larger number of investors to access this popular strategy in a more diversified manner.
- The launch of the Jupiter European Smaller Companies Fund extending Mark Heslop's proven expertise beyond the larger-cap equity offering of the team's flagship Jupiter European Fund.

### 4. Other improvements:

- Jupiter was one of the first companies to absorb the costs of investment research rather than passing them on to investors, as was standard industry practice in the past.
- The use of data science techniques has provided greater insight into company performance, informing our managers' decision-making process with a view to improving investment outcomes for our investors.
- We have enhanced the security around investors' assets by increasing regulatory protections.
- We have improved the information you receive as fund investors, explaining in more detail how your fund is performing and helping you to navigate market events.
- We have enhanced and clarified our principles of stewardship and good governance across our investment processes as it is a fundamental part of our active management philosophy. We adopt an investment-led approach whereby portfolio managers consider material environmental, social and governance factors as part of their investment decisions and our framework ensures that fund managers receive specialist ESG and technology resource as well as oversight from the Chief Investment Officer. Ultimately, the objective of good stewardship is to enhance our understanding of companies and to make better investment decisions for the benefit of investors.
- A project is underway to re-launch our website, which is intended in part to enable investors to access fund related information more easily.



## 6. How have we approached the Assessment of Value - and what have we found?



Jupiter's approach to the **Assessment of Value** reflects the firm's values and culture, including what we seek to deliver for our investors across all of our core activities.

We have assessed value through the lens of our investors, taking advice from independent consultancies to develop a robust and impartial framework and methodology to make our assessment. Alongside this we have also procured external research into what investors value most when making a fund investment. We then sought detailed analysis, produced across the firm and overseen by the senior management team, of the value delivered by our products and actions to be taken where necessary. Finally, the findings and recommendations were reviewed, challenged and validated by all members of the Board, to be included fairly and clearly in this report.

All steps taken to enhance value in advance of this report's publication, as well as activity currently underway, have

followed our internal product governance process. In addition, all work undertaken to deliver this assessment will be utilised to assist the ongoing rigorous review processes for existing and new products.

As an active fund management firm, we know that fund performance is a key indicator of value for our investors, and as such we have placed greater emphasis on this measure in our considerations. Having assessed each of these criteria using both qualitative and quantitative data points, we have then come to an overall conclusion of value for each unit class available in our funds, assigning each class with an overall value score. This report summarises and explains the conclusions we have drawn from this process.

The following pages summarise how we have assessed the seven criteria, as set out in Section 4, across our fund range.



6. How have we approached the Assessment of Value - and what have we found?

## 6.1. Performance

### Providing strong investment returns for our fund investors

#### We have assessed the *Performance* of the Jupiter funds you hold, after the deduction of fees and charges and considered:

- Whether your investments have performed in line with their stated objectives
- The extent to which your investments have grown in value
- How the fund has performed compared with similar funds available to you

In our assessment, we have placed additional importance on the investment returns of our funds to test that they are managed to the highest standards and in accordance with their investment process.

Our aim is that all our investors enjoy a first-class investment service and we are continually looking for ways to enhance the investment experience we provide. These measures range from the addition of new and innovative funds to our product line-up through to identifying leading investment expertise to add to our existing talent. Some of our fund managers are able to draw on industry experience gained through exposure to steep market falls like the Technology crash of 2000 and the Global Financial Crisis (GFC).

Our recent acquisition of Merian Global Investors embodies this approach, adding additional, top-tier investment expertise - by asset class, style and geographical focus - to the Jupiter fund management stable.

#### What did we find in the assessment of our funds' *Performance*?

**79% of our fund range assets are performing in the 1st or 2nd quartile over five years as at 31 March 2020.**

When we evaluated all of the investor assets across our fund range, nearly 80% of our investors' assets were performing above the average of the peer groups against which they compete.

**Long-term capital growth was significantly affected by the pandemic**

At the start of the year, prior to the impact of the global pandemic on markets, 100% of Jupiter's funds had delivered long term capital growth. In contrast, 68% of Jupiter's funds had delivered long term capital growth to their investors over the five years<sup>4</sup>, to the end of March 2020.

Our assessment of performance found that, for certain funds, we may wish to take additional steps to enhance investment outcomes for investors. Where this was identified to be the case, we have already put in place a range of measures which include, but are not limited to:

- Ongoing review and enhancement of the investment approach, under the guidance of our most senior investment professionals
- Working with the investment teams to enhance performance through better understanding of investment behaviours, for example, is the manager holding winning stocks in the fund for too long?
- Adding additional investment expertise to the team, for example to bolster existing research coverage

Where we have concluded that a fund, under its existing investment approach, may no longer be able to perform in line with our or our investors' expectations, we have taken the decision to make changes within the investment management team, or close the fund. In the few instances where this has been the case, we have already informed our investors in those funds and as appropriate have advised them of the new arrangements that are being put in place.

<sup>4</sup>Where the fund is less than five years old, we measure performance from its inception date.

#### How have we assessed fund performance across our range of funds?

Our funds are first and foremost investment products. Performance is a key indicator of value and as such we have given more emphasis to this criterion in our assessment. The period under review also contains a number of material market, political and economic events which are worth appreciating.

The first stage of our assessment considers a fund's investment objective. The objective will often be to outperform a market index - also referred to as a 'benchmark' - while some of our funds aim to beat the average return of a peer group. A peer group is usually the fund's investment "sector", which comprises similar funds and which is administered by the UK industry body, The Investment Association (IA).

We therefore also consider a fund's peer group ranking in our evaluation of fund performance as standard. We do this to provide a more comprehensive and holistic view - one which does not unduly show our results in the best light.

The period over which Jupiter's funds aim to outperform a benchmark or peer group average is typically five years, or in certain instances, three years. It is never, however, a set five years and we recognise that people invest for many different time periods. This is why we do not limit our evaluation to a 'snapshot' of performance at a single moment in time - because performance will vary, sometimes markedly, over time. As a result, we analyse investment performance over five years, three years and also at monthly 'rolling' intervals, enabling us to make a comprehensive assessment of performance across the entire investor base.



6. How have we approached the Assessment of Value - and what have we found?

## 6.1. Performance - *continued*

### Providing strong investment returns for our fund investors

Through our client research, we know that retail fund investors often regard cash savings rates as a key yardstick against which to judge investment returns. In our assessment of performance, we therefore have also considered our funds' long-term capital growth against what investors could have achieved from bank savings at prevailing interest rates.

Finally, it is important to consider fund performance within a broader, long-term perspective when assessing products that are designed to be medium/long term investments. Consequently, we consider the prevailing market conditions – the environment through which the fund has been managed – and we assess how the fund has navigated these, in view of its stated investment approach.

#### A review of the broader market environment

The market environment for investment funds has provided a range of opportunities and challenges over the last five years. Notable among these challenges for UK investors is the fact that the UK equity market was held back by uncertainties over Brexit, and for much of this period UK companies had been operating in limbo since the EU Referendum in June 2016. This applied to both those smaller- and medium-sized firms focused on the UK domestic market, as well as the larger UK companies which trade internationally and are more likely to be affected by the global trade agreements which have yet to be negotiated.

Further afield, the US election result and ensuing trade dispute with China has continued to add uncertainty to world markets while more recently, the COVID-19 pandemic has, sadly, had a tremendous impact on all areas of day-to-day life. These events, among others, have variously contributed to meaningful and enduring pressures on markets and economies around the world.

Funds have also faced what might be considered more usual challenges, such as whether the prevailing stage in the market cycle favours the fund's investment approach. An example would be funds which seek out-of-favour, but essentially sound companies, whose worth is not felt to be properly reflected by the stock price – so-called 'Value' stocks.

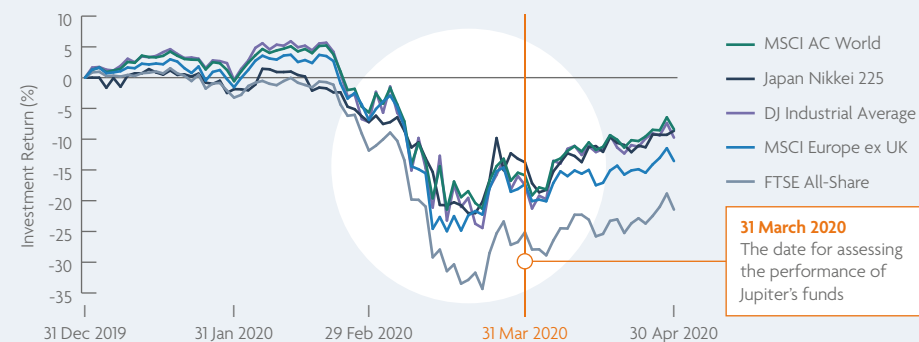
Jupiter is a proven manager in what is known as "Value investing", but this approach or 'style' has lagged behind 'Growth' investment styles, which seek companies that are more rapidly growing their size and corporate earnings. Such companies typically include technology stocks, for example Apple or Tesla. It is not that Value stocks have performed poorly, as such, however while Value stocks have generally performed in line with their longer-term, historical returns, Growth stocks have generally produced returns above their historical average. This is important because it means that in those investment sectors which contain funds of both investment styles, e.g. the IA's largest sector, the 'UK All Companies' Sector, Value funds will tend to be lower-ranked than Growth funds, but not necessarily due to failings on the part of the fund manager or the investment process they follow.

**The global impact of COVID-19 has clearly been significant in a number of ways – most importantly for our health, but also in terms of employment, the broader economy and global markets. Many fund management firms have been adversely affected, albeit to varying extents. We remain optimistic, however, and encourage our investors to keep in mind the long-term nature of their investments. It is clear from the chart below that;**

- Had fund investors sold their investments at what was the peak of the heavy falls in early March, they could have missed out on the strong, albeit partial, recovery only a few weeks later – circled in white
- At that March peak, some markets had lost over a third of their value in just a few weeks. It was unfortunate that the crisis coincided with the date, set in September 2019, for assessing the performance of Jupiter's funds.

When taking an active, long term approach to fund management, there will inevitably be periods of market volatility such as Black Monday in 1987, the Technology crash in 2000, the Global Financial Crisis (GFC) in 2008 or, more recently, the COVID-19 pandemic. Consequently, there are times when a fund will not achieve its investment objective, despite the fact that the fund manager is investing in full accordance with the fund's investment policy and strategy. Our commitment to clarity and transparency means stating where we have been successful, but also where investment outcomes have not reached the high standards we set for ourselves. Please rest assured that, for every fund and unit class, we will report not only on our successes but also where we feel that we have more work to do in order to deliver the investment experience that we aim to provide.

#### The impact of COVID-19 on markets



Source: Factset, data as at 30 April 2020.



6. How have we approached the Assessment of Value - and what have we found?

## 6.2. Quality of Service

Providing our fund investors with the highest levels of client service

### We have assessed the *Quality of Service* that we have provided and considered:

- Our service delivery to investors across a range of services, including investment management, fund operations, distribution, legal and risk related services
- The quality of the services provided

In our assessment, we place equal importance on the quality of the services Jupiter provides directly and those provided by third parties on our behalf.

### How have we have assessed *Quality of Service* across the range of services we provide?

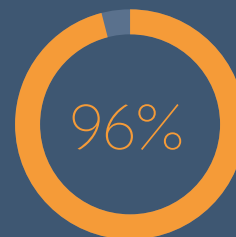
A wide range of services have been evaluated across Jupiter's Distribution, Operations, Risk and Investment Management departments. In total, more than 70 different measures were assessed and rated for the quality of service provided.

### Each department has been assessed by addressing the following questions:

- What services are provided?
- How are the services provided?
- How is quality of the service measured?
- How is the ongoing effectiveness of the service ensured?

Service quality is evaluated in a variety of ways and using a variety of key measures. These range from, e.g. the timeliness and accuracy of our fund factsheets or the number of complaints received, through to the confirmation and settlement of the investments that we make on your behalf. We also assess services qualitatively, for example looking at any services that have won awards for the quality of the information and materials we provide to you.

### What did we find in our assessment of the *Quality of Service* provided?



**96% of services** evaluated have delivered the targeted levels of Quality

Despite the high levels of quality across the services we provide, we are confident that we can further enhance our quality of service.

For example, we will continue to make improvements in the fund information you receive – whether it is addressing how your fund is fairing or helping you navigate the events that affect and shape markets. We are always looking for ways to improve the services we provide, both those delivered by Jupiter and those provided on our behalf by the service partnerships we build with third parties.



6. How have we approached the Assessment of Value - and what have we found?

## 6.3. Costs of the Authorised Fund Manager (AFM)

We aim to act as prudent agents of our investors' money at all times

**We have assessed the Costs that JUTM, as AFM, bears for the services we provide and considered:**

- The services that are undertaken in order to provide our investors with an end-to-end investment experience
- The cost of providing these services

**How have we assessed JUTM's costs across the range of services we provide?**

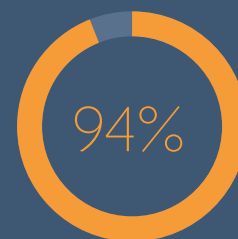
We have evaluated whether the costs of services provided are appropriate for our investors. We did this by assessing the fees that we charge for the services and the costs that we bear for providing them.

Furthermore, we have examined the various aspects of our service provision to our funds and investors. These services include those provided by the wider Jupiter Group as well as those delegated to third parties who undertake services on our behalf. These range from account maintenance, client service and trade administration through to placing investments and the oversight of these various services.

Most, if not all, of these activities will be common to all fund management firms. We therefore also benchmarked these charges against the corresponding fees charged by other fund management firms, to provide us with a 'market rate' reference point for such services.

Finally, we routinely benchmark our third-party service providers against alternatives available to us and periodically invite tenders from a shortlist of service providers. This is done so that investors can continue to benefit from market-competitive rates for these services over time.

**What did we find in our assessment of JUTM's costs?**



**94% of unit classes** assessed, costs were found to be appropriate

**Since this assessment was made, we have moved to lower fees for investors in many of our unit trusts.**

These fee reductions have ranged from 0.01% to 0.21% and were applied to 21 out of the 40 unit trusts. For the remainder of our funds, the rate of these charges was already lower than the average cost of providing administrative and operational services to the funds and has therefore remained unchanged. These reductions came about as part of a simplification of the funds' administrative and operational expenses into a single "Aggregate Operating Fee" (AOF).



6. How have we approached the Assessment of Value - and what have we found?

## 6.4 Economies of Scale

Ensuring that investors benefit from any savings we achieve as we grow

**We have assessed the extent of any available *Economies of Scale* and considered:**

- Whether economies of scale are achievable
- Whether, if achievable, we have achieved them
- If we have shared the benefits of any economies of scale with our investors

**How have we assessed *Economies of Scale* across the range of services we provide?**

We have looked at the costs incurred across the whole of Jupiter's business, as well as those solely within JUTM, the company that manages our unit trusts. This included looking at how our costs change in response to movements in the levels of assets within individual funds, whether that be through new investors entrusting their money to us, existing investors moving it elsewhere, or through changes in the value of investments. We also considered the overall level of assets managed by the Group, looking in comparison at the Group's costs, both fixed and variable in nature.

At Jupiter, like any commercial organisation, we are continually looking for ways to realise economies and achieve efficiencies in all of our activities. These help us to make frequent and strategic investments to our operating platform. These investments have been, and continue to be, designed to enhance our offering and the value provided to all our investors, and as such we believe that the benefits of any economies of scale have already been appropriately shared.

**What did we find in our assessment of *Economies of Scale*?**

Our analysis during this assessment showed that those costs within Jupiter that are specific to the management of investors' assets vary with the level of assets under management and do not indicate economies of scale attributable to individual funds. It also showed that there are fixed costs within the wider Group's overheads, and these represent the best case for economies of scale if assets rise over time.

We have concluded that any benefits of economies of scale have already been appropriately shared with investors in our funds. We always look for opportunities to enhance value for our investors and we will continue to review, on an ongoing basis, whether further efficiencies can be achieved and shared in the future.

**Examples of activities and initiatives undertaken to enhance value are contained throughout this report. They include:**

- The development of data science techniques aimed at improving investment outcomes.
- Enhancing and clarifying our principles of stewardship and good governance across our investment processes to improve returns and address widespread client demand for this type of feature.
- Expanding the breadth of our product range to give investors access to a greater range of investment opportunities.
- Further building the resilience of our infrastructure to safeguard our investors' assets.





6. How have we approached the Assessment of Value - and what have we found?

## 6.5 Comparable Market Rates

Access to our investment expertise at fees that reflect the service excellence we aim to provide

**We have assessed our fees against Comparable Market Rates for competing products available to our investors and considered:**

- The level of annual management charges and overall fees we charge
- How those fees compare with those of competing funds that invest in similar assets and in broadly similar ways

While rates will inevitably vary on a fund-by-fund basis, our aim is that our fees are in line with the fund's investment opportunities, performance aims and the services we seek to provide. Where our fees are above the average for the peer group, we believe that they reflect the active, high-conviction investment opportunities to which we give our investors access and the resources we commit towards providing them. There are also instances where our funds' fees are below their competitors' averages. This may be for a number of reasons, but we do not see it as an argument to propose any increases to any of these funds. Indeed, a recent review of our fees – and our focus on charging for the services we provide – drove our decision to reduce the administrative and operational charges many of our investors pay where those charges were found to be above a predetermined level.

**How have we evaluated our fund charges against the comparable market rates for competing products?**

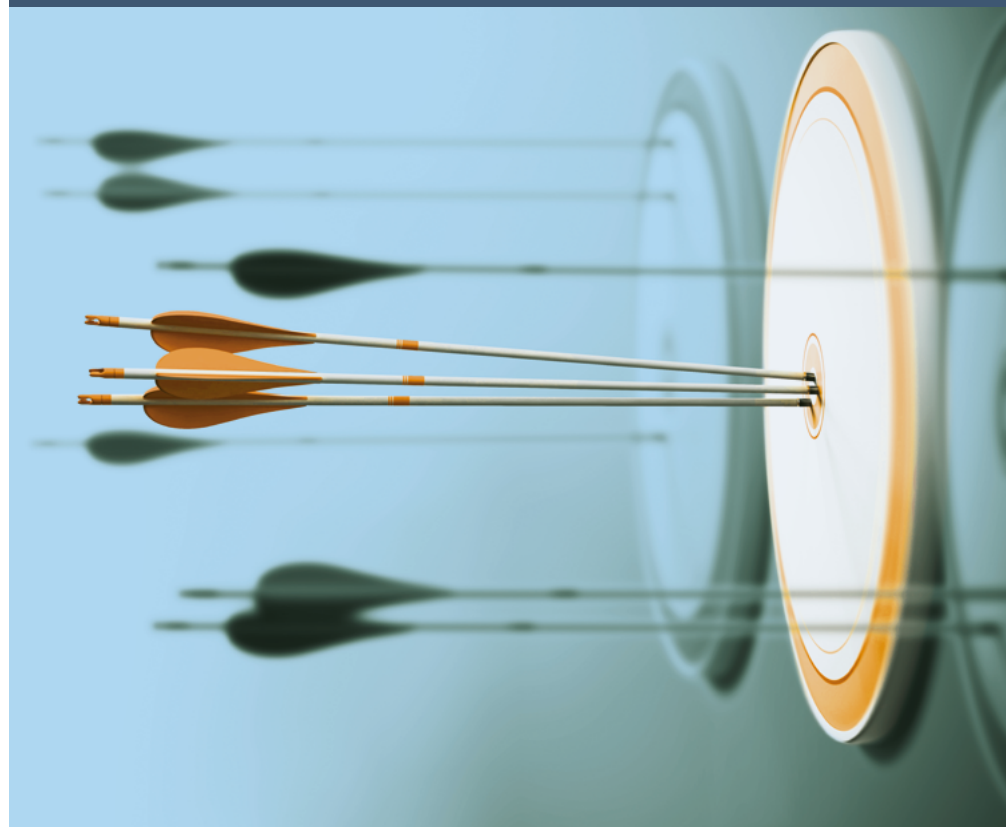
As with fund performance, we typically benchmark a fund's fees against those of the funds in its Investment Association (IA) sector, ensuring a fair and representative selection of funds for comparison. For certain, often more specialised, funds, however, the IA sector may not be appropriate for such comparisons. Where this is the case, we will use a category of funds from Morningstar, a specialist data provider, or create a tailored peer group of funds sharing our fund's investment aims and characteristics.

**In our evaluation, we have assessed the following:**

- The level of Annual Management Charges (AMC)
- The level of overall charges (OCF)
- How these compare with competing funds

**What did we find in our assessment of Comparable Market Rates?**

On average, Jupiter's Annual Management Charge (AMC) & Ongoing Charges Figure (OCF) fall among the **middle of the pack** when benchmarked against comparable funds available.



6. How have we approached the Assessment of Value - and what have we found?

## 6.6 Comparable Services

A comparable client experience – no matter how you access our investment expertise

**Our review of *Comparable Services* compares the fees charged to our funds' investors with those paid by other investors in what is effectively the same investment strategy. We considered:**

- The level of annual management charges, as well as the overall fees charged to investors in our unit trusts
- How those fees compare with those charged to investors accessing comparable strategies via their own directly managed portfolio or a different type of fund structure

There was a single instance where we felt that fee differences between a unit trust and the comparable services offered were only partly reasonable, but steps taken to reduce our operational and administrative charges have resolved this.

**How have we assessed the *Comparable Services* available across the investment strategies we offer?**

We have identified where we offer multiple ways to access a particular Jupiter investment strategy, for example where a strategy is not only accessible via a unit trust, but also through the following:

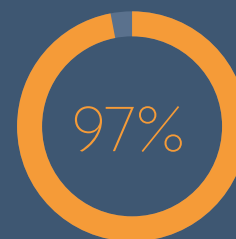
- An Investment Trust, where investors gain access to the strategy by investing via a stock exchange
- A SICAV – a version of the fund primarily intended to allow overseas investors to invest in the strategy
- A Segregated Mandate – a stand-alone investment account managed on behalf of larger, institutional investors

For funds offered within comparable services, we evaluate the following:

- The level of the Annual Management Charge (AMC) and Aggregate Operating Fee (AOF) charges paid by investors in the unit trust fund
- The level of the Annual Management Charge (AMC) and Aggregate Operating Fee (AOF) charges paid by investors accessing the investment strategy by any of the alternative methods noted above
- The extent to which the fees are consistent across the different methods of access, and where differences exist, whether they are reasonable

As an international asset manager, access to our products will inevitably be subject to differing requirements, regulations and operational costs, depending upon where and how these products are offered. It is therefore important that, where we offer comparable services, any differences in fees and charges are reasonable.

What did we find in our assessment of *Comparable Services*?



**In 97% of cases**, the fees charged by our unit trusts were found to be consistent with any comparable services offered, or reasonable where differences did occur.



6. How have we approached the Assessment of Value - and what have we found?

## 6.7 Classes of Units

Our products and services aim to offer the most appropriate fit for our investors

We have reviewed the unit classes through which you invest in our funds – considering whether lower-charging classes may be available to you, and more appropriate for, your needs. We considered:

- Any differences in charges between our classes, the reasons for any differences and whether other classes would be more appropriate for different investor types.

How have we assessed whether investors are accessing our funds through the most appropriate unit classes?

In our evaluation, we have assessed the following:

- The level of Annual Management Charges (AMC) you pay
- The level of overall charges (OCF) you pay
- The characteristics of our investor base
- The features and entry requirements of the unit classes we offer

The unit classes through which Jupiter's investors gain access to our funds will differ, in some instances, in order to accommodate their specific requirements. By working in this way, we are able to tailor our services more appropriately to specific investor needs, differentiating, for example, between those investors who access our funds directly, those who use a financial adviser, those with smaller rather than larger amounts to invest and those investors who receive some aspects of client servicing through an investment platform, rather than from Jupiter directly, or our client servicing partners.

### What did we find in our assessment of *Classes of Units*?

We found that our more recently introduced I-, P-, X- and Z classes were **appropriate for 100% of our investors** who were eligible for, and invested in, those classes.

For approximately 60% of our direct retail investors invested in our historical Retail "Inc" and "Acc" unit classes, these were similarly the most appropriate unit class, for which they are eligible. However, we have decided to create a new unit class, called the "J" class with lower fees, for those investors who did not access the investment through an adviser or platform provider. This will mean savings for these investors of up to 0.30% per annum.

These Retail "Inc" and "Acc" classes have historically offered access to investors whether they made use of an adviser or platform, or not. This year's value assessment rating for these classes may hence be lower than those classes used by other investors.

If you are invested in our historical Retail "Inc" or "Acc" unit classes but no longer have an adviser, please contact us. You can either do this in writing or by calling our Customer Services team on 0800 561 4000 between 9:00 a.m. and 5:30 p.m., Monday to Friday excluding public holidays in England, to discuss the option to move you into a different unit class with a lower charge.



## 7. How have our funds and their unit classes fared?

We provide clarity around our Assessment of Value findings for each unit class.

We have already undertaken clear and targeted actions to enhance value across our range.

### Summary of findings

Here we provide overall value ratings for all of our funds and unit classes, and summarise the outcome for each, using the following categories:

★★★★ Has consistently demonstrated strong value

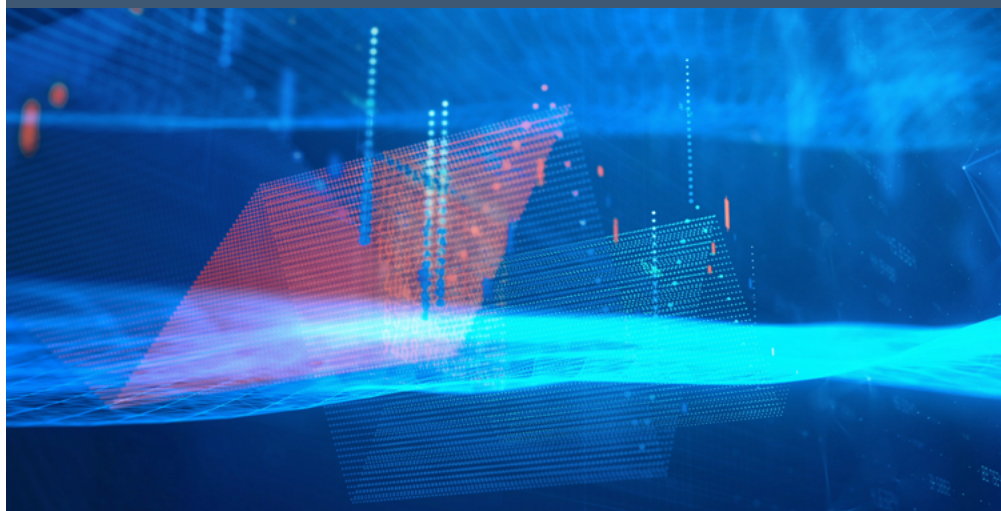
★★★☆☆ Has demonstrated value

★★☆☆☆ Has demonstrated value, although not consistently

★☆☆☆☆ Has not demonstrated value

In this report we have described some key changes that we have made to our fees and unit classes, alongside our Assessment of Value. Please refer to Section 5, “What are we doing to enhance value for investors?” for detailed information. There, we have also described the steps we have **already** taken in terms of fees, performance or services to our investors, more broadly, to improve value for those unit classes requiring action. We are confident that together these initiatives will enhance overall value across our range, in particular in the comparatively few cases which demonstrated value but not consistently or at the levels we expect from our funds.

We have found that the majority (**64 out of 91**) of unit classes in our funds have demonstrated value, or consistently demonstrated strong value, in this year’s assessment. For the remaining 27, which do demonstrate value albeit not consistently, we have already taken steps to enhance future value for investors.



As outlined in Section 5, the introduction of our new “J” unit classes for direct investors not using the services of a platform or adviser, addressed the historical disparity between our Retail “Inc” and “Acc” classes and those used by other investors. Our direct investors without an adviser are now benefiting from lower fees, having been switched to the new “J” class.



## 7. How have our funds and their unit classes fared? - *continued*

Asset class	Fund	I, P, X, Z unit classes	Retail unit class
Equity	Jupiter Asian Fund	★★★★☆	★★☆☆☆
Equity	Jupiter Asian Income Fund	★★★★☆	★★★★☆
Equity	Jupiter China Fund	★★★★☆	★★☆☆☆
Equity	Jupiter Ecology Fund	★★★★☆	★★★★☆
Equity	Jupiter Emerging European Opportunities Fund	★★★★★	★★★★☆
Equity	Jupiter European Fund	★★★★★	★★★★☆
Equity	Jupiter European Income Fund	★★☆☆☆	★★☆☆☆
Equity	Jupiter European Smaller Companies Fund	★★★★★	★★★★☆
Equity	Jupiter European Special Situations Fund	★★★☆☆	★★☆☆☆
Equity	Jupiter Financial Opportunities Fund	★★★★★	★★★★☆
Equity	Jupiter Fund of Investment Trusts	★★★☆☆	★★★★☆
Equity	Jupiter Global Emerging Markets Fund	★★☆☆☆	★★☆☆☆
Equity	Jupiter Global Equity Income Fund	★★★☆☆	★★☆☆☆
Equity	Jupiter Global Managed Fund	★★★☆☆	★★★★☆
Equity	Jupiter Global Sustainable Equities Fund	★★★★★	N/A
Equity	Jupiter Global Value Equity Fund	★★★☆☆	★★★★☆
Equity	Jupiter Growth & Income Fund	★★☆☆☆	★★☆☆☆
Equity	Jupiter Income Trust	★★☆☆☆	★★☆☆☆
Equity	Jupiter India Fund	★★★☆☆	★★☆☆☆
Equity	Jupiter International Financials Fund	★★★★★	★★★★☆

We have already implemented the new “J” class at the end of May 2020. Therefore, all things being equal, we are anticipating being able to deliver enhanced value for investors in these unit classes when we report on these classes to you next year.

Asset class	Fund	I, P, X, Z unit classes	Retail unit class
Equity	Jupiter Japan Income Fund	★★★★★	★★★★☆
Equity	Jupiter North American Income Fund	★★☆☆☆	★★☆☆☆
Equity	Jupiter Responsible Income Fund	★★★☆☆	★★☆☆☆
Equity	Jupiter UK Alpha Fund	★★★★☆	★★☆☆☆
Equity	Jupiter UK Growth Fund	★★☆☆☆	★★☆☆☆
Equity	Jupiter UK Smaller Companies Fund	★★★★★	★★★★☆
Equity	Jupiter UK Special Situations Fund	★★★☆☆	★★☆☆☆
Fixed Income	Jupiter Corporate Bond Fund	★★★★☆	★★☆☆☆
Fixed Income	Jupiter Strategic Bond Fund	★★★★★	★★★★☆
Multi Asset	Jupiter Distribution and Growth Fund	★★★★☆	★★☆☆☆
Multi Asset	Jupiter Distribution Fund	★★★☆☆	★★★★☆
Multi Asset	Jupiter Enhanced Distribution Fund	★★★☆☆	★★☆☆☆
Alternatives	Jupiter Absolute Return Fund	★★★☆☆	★★☆☆☆
Alternatives	Jupiter Monthly Alternative Income Fund	★★★★☆	★★★★☆
Fund of Funds	Jupiter Merlin Balanced Portfolio	★★★★★	★★★★☆
Fund of Funds	Jupiter Merlin Conservative Portfolio	★★★★★	★★★★☆
Fund of Funds	Jupiter Merlin Growth Portfolio	★★★☆☆	★★★★☆
Fund of Funds	Jupiter Merlin Income Portfolio	★★★★★	★★★★☆
Fund of Funds	Jupiter Merlin Real Return	★★★☆☆	★★☆☆☆
Fund of Funds	Jupiter Merlin Worldwide Portfolio	★★★★☆	★★☆☆☆

A summary of our unit class types can be found in Section 10.



## 8. Links to individual Unit Class Value Statements

### All our individual unit class value statements are saved in the Document Library on [jupiteram.com](http://jupiteram.com)

We would like to highlight that our assessment of value for any given unit class is the same for both accumulation and income units.

[Jupiter Absolute Return Fund I Class Value Statement](#)

[Jupiter Absolute Return Fund Retail Class Value Statement](#)

[Jupiter Asian Fund I Class Value Statement](#)

[Jupiter Asian Fund Retail Class Value Statement](#)

[Jupiter Asian Income Fund I Class Value Statement](#)

[Jupiter Asian Income Fund Retail Class Value Statement](#)

[Jupiter Asian Income Fund Z Class Value Statement](#)

[Jupiter China Fund I Class Value Statement](#)

[Jupiter China Fund Retail Class Value Statement](#)

[Jupiter Corporate Bond Fund I Class Value Statement](#)

[Jupiter Corporate Bond Fund Retail Class Value Statement](#)

[Jupiter Distribution and Growth Fund I Class Value Statement](#)

[Jupiter Distribution and Growth Fund Retail Class Value Statement](#)

[Jupiter Distribution Fund I Class Value Statement](#)

[Jupiter Distribution Fund Retail Class Value Statement](#)

[Jupiter Ecology Fund I Class Value Statement](#)

[Jupiter Ecology Fund Retail Class Value Statement](#)

[Jupiter Emerging European Opportunities Fund I Class Value Statement](#)

[Jupiter Emerging European Opportunities Fund Retail Class Value Statement](#)

[Jupiter Enhanced Distribution Fund I Class Value Statement](#)

[Jupiter Enhanced Distribution Fund Retail Class Value Statement](#)

[Jupiter European Fund I Class Value Statement](#)

[Jupiter European Fund Retail Class Value Statement](#)

[Jupiter European Fund Z Class Value Statement](#)

[Jupiter European Fund ZM Class Value Statement](#)

[Jupiter European Income Fund I Class Value Statement](#)

[Jupiter European Income Fund Retail Class Value Statement](#)

[Jupiter European Smaller Companies Fund I Class Value Statement](#)

[Jupiter European Smaller Companies Fund Retail Class Value Statement](#)

[Jupiter European Smaller Companies Fund Z Class Value Statement](#)

[Jupiter European Special Situations Fund I Class Value Statement](#)

[Jupiter European Special Situations Fund Retail Class Value Statement](#)

[Jupiter European Special Situations Fund Z Class Value Statement](#)

[Jupiter Financial Opportunities Fund I Class Value Statement](#)

[Jupiter Financial Opportunities Fund Retail Class Value Statement](#)

[Jupiter Fund of Investment Trusts I Class Value Statement](#)

[Jupiter Fund of Investment Trusts Retail Class Value Statement](#)

[Jupiter Global Emerging Markets Fund I Class Value Statement](#)

[Jupiter Global Emerging Markets Fund Retail Class Value Statement](#)

[Jupiter Global Equity Income Fund I Class Value Statement](#)

[Jupiter Global Equity Income Fund Retail Class Value Statement](#)

[Jupiter Global Managed Fund I Class Value Statement](#)

[Jupiter Global Managed Fund Retail Class Value Statement](#)

[Jupiter Global Sustainable Equities Fund P Class Value Statement](#)

[Jupiter Global Value Equity Fund I Class Value Statement](#)

[Jupiter Global Value Equity Fund Retail Class Value Statement](#)

[Jupiter Global Value Equity Fund X Class Value Statement](#)

[Jupiter Growth & Income Fund I Class Value Statement](#)

[Jupiter Growth & Income Fund Retail Class Value Statement](#)

[Jupiter Income Trust I Class Value Statement](#)

[Jupiter Income Trust Retail Class Value Statement](#)

[Jupiter Income Trust Z Class Value Statement](#)

[Jupiter India Fund I Class Value Statement](#)

[Jupiter India Fund Retail Class Value Statement](#)

[Jupiter India Fund X Class Value Statement](#)

[Jupiter International Financials Fund I Class Value Statement](#)

[Jupiter International Financials Fund Retail Class Value Statement](#)

[Jupiter Japan Income Fund I Class Value Statement](#)

[Jupiter Japan Income Fund IH Class Value Statement](#)

[Jupiter Japan Income Fund Retail Class Value Statement](#)

[Jupiter Japan Income Fund Z Class Value Statement](#)

[Jupiter Japan Income Fund ZH Class Value Statement](#)

[Jupiter Merlin Balanced Portfolio I Class Value Statement](#)

[Jupiter Merlin Balanced Portfolio Retail Class Value Statement](#)

[Jupiter Merlin Conservative Portfolio I Class Value Statement](#)

[Jupiter Merlin Conservative Portfolio Retail Class Value Statement](#)

[Jupiter Merlin Growth Portfolio I Class Value Statement](#)

[Jupiter Merlin Growth Portfolio Retail Class Value Statement](#)

[Jupiter Merlin Income Portfolio I Class Value Statement](#)

[Jupiter Merlin Income Portfolio Retail Class Value Statement](#)

[Jupiter Merlin Real Return I Class Value Statement](#)

[Jupiter Merlin Real Return Retail Class Value Statement](#)

[Jupiter Merlin Worldwide Portfolio I Class Value Statement](#)

[Jupiter Merlin Worldwide Portfolio Retail Class Value Statement](#)

[Jupiter Monthly Alternative Income Fund I Class Value Statement](#)

[Jupiter Monthly Alternative Income Fund Retail Class Value Statement](#)

[Jupiter North American Income Fund I Class Value Statement](#)

[Jupiter North American Income Fund Retail Class Value Statement](#)

[Jupiter Responsible Income Fund I Class Value Statement](#)

[Jupiter Responsible Income Fund Retail Class Value Statement](#)

[Jupiter Strategic Bond Fund I Class Value Statement](#)

[Jupiter Strategic Bond Fund Retail Class Value Statement](#)

[Jupiter Strategic Bond Fund Z Class Value Statement](#)

[Jupiter UK Alpha Fund I Class Value Statement](#)

[Jupiter UK Alpha Fund Retail Class Value Statement](#)

[Jupiter UK Growth Fund I Class Value Statement](#)

[Jupiter UK Growth Fund Retail Class Value Statement](#)

[Jupiter UK Smaller Companies Fund I Class Value Statement](#)

[Jupiter UK Smaller Companies Fund Retail Class Value Statement](#)

[Jupiter UK Special Situations Fund I Class Value Statement](#)

[Jupiter UK Special Situations Fund Retail Class Value Statement](#)



## 9. Glossary of Terms

We have tried to avoid using jargon in our documents, but on occasion it has been unavoidable. As a result, we have added a glossary of terms for some of the vocabulary, technical terms and abbreviations, to make it easier to read.

Please find selected terms explained below and our full glossary of terms by clicking here.

### Absolute return:

Is an investment approach that attempts to achieve a return which is not benchmarked against an index.

### Aggregate Operating Fee (AOF):

The Aggregate Operating Fee is an administrative charge that we implemented earlier this year. We combined former 'Registration Fee' and 'Other Operational Charges' to form the new Aggregate Operating Fee.

### Annual Management Charge (AMC):

An annual fee paid to a fund management company for the management and administration of a fund. The fee accrues daily and is reflected in the published unit prices of the fund.

### Assessment of Value (AoV):

As a result of The Asset Management Market Study, the FCA introduced new rules with the aim of ensuring asset managers continue to act in the best interest of investors. These new rules require us to perform a detailed annual assessment to determine whether our UK-based funds are providing value for investors.

### Asset Class:

A wide category of investment e.g. shares, bonds, cash, etc where a market exists for the objective of trading these assets. Non-traditional asset classes are known as alternative investments.

### Authorised Fund Manager (AFM):

The Authorised Fund Manager (AFM) is primarily responsible for managing and operating the funds, investing money on behalf of investors.

### Benchmark:

A benchmark is usually an index or a peer group against which a fund's performance is measured.

### Bond:

A debt instrument ('I Owe You') issued by a company (corporate bond), government (sovereign/government bond) or other institution in order to raise money. In most cases, bonds pay a fixed interest rate (coupon) over a fixed period of time and will be repaid on a particular date.

### CPI (Consumer Price Index):

The Consumer Price Index (CPI) measures how much prices of consumer goods and services change over a period of time.

### Economies of Scale (EoS):

Economies of Scale describes how it becomes cheaper to produce something when you are producing large quantities of it.

### Financial Conduct Authority (FCA):

The FCA is the regulator of the UK's financial services industry. Its responsibilities include safeguarding consumers, keeping the industry stable, and fostering healthy competition between financial service providers. More information can be found on their website: <https://www.fca.org.uk/about/the-fca>.

### Fund Manager:

Is an employee of the Investment Manager (in our case Jupiter Asset Management Limited (JAM) who manages the investment of money on JAM's behalf.

### Global Financial Crisis (GFC):

The global financial crisis started between 2007–2008 and was a severe worldwide financial crisis which led to an international banking crisis and a global recession.

### Growth (investment style):

An investment style that focuses on companies with the potential to grow their earnings significantly over time. Such companies typically reinvest earnings into the business to fund future expansion.

### Investment Manager:

Jupiter Asset Management Limited (JAM) is appointed by Jupiter Unit Trust Manager Limited (JUTM) to be the investment manager of each of the Jupiter range of unit trusts.

### Jupiter Unit Trust Manager Limited (JUTM):

Jupiter Unit Trust Managers Limited (JUTM) is the Authorised Fund Manager (AFM) whose responsibility is primarily to manage and operate our UK funds, investing money on behalf of investors and always acting in your best interest.

### Ongoing Charges Figure (OCF):

The OCF is made up of the Annual Management Charge (AMC), the operational and administrative charges such as the fees that the fund pays to the trustee (or depositary), custodian, auditor and regulator.

The OCF was formerly known as Total Expense Ratio (TER). However, following the introduction of Key Investor Information Documents (KIIDs), TERs were replaced through the OCF.

### Total Return:

The capital gain or loss plus any income generated by an investment over a given period.

### Unit class:

Some funds offer different types of units that might, for example, treat any income arising from the portfolio differently, or might have differing levels of charges.

### Unit Trust:

A fund vehicle which can issue a limitless number of units whose value is directly linked to the value of its underlying investments. Jupiter Unit Trusts are single priced, which means they have one price for buying and selling.

### Value (investment style):

Value investing is a style of investing that involves buying shares that appear low in value relative to their history and the company's earnings. The theory is that, over time, the share's relatively low price will rise to more accurately reflect the true value of the company.

### Volatility:

Measures how much the price of a security moves up or down over a period of time. A stock that experiences big price swings has high volatility, while one which moves up or down in smaller increments has lower volatility.

### Yield:

A measure of the income return earned on an investment. In the case of a share (Equity), the yield is the annual dividend payment expressed as a percentage of the market price of the share. For Property, it is the rental income as a percentage of the capital value. For Bonds, the yield is the annual interest as a percentage of the current market price. For multi-asset income funds, it would be a combination of some or all of the above types of income.



## 10. Summary of our unit classes

Most of our funds offer different unit classes, with different service offerings and charges to accommodate the different needs of our investors. The unit class that you hold will typically depend on the value of your investment, how you decided to invest in any given fund and its availability at the time of purchase.

We have put together a summary of our unit classes and explained who typically invests in them.

<b>Retail Class</b>	<ul style="list-style-type: none"> <li>■ Commission</li> <li>■ Direct Investors</li> </ul>	The historical, commission-bearing unit class available to all types of investors. With much lower investment minimums, this unit class provided individual, 'retail' investors with access to the fund – both directly and via their advisors. Since 29 May 2020 all investors directly invested with us without an adviser, have been moved the new J Class.
<b>J Class</b>	<ul style="list-style-type: none"> <li>■ Commission free</li> <li>■ Direct investors without using a platform or adviser</li> </ul>	These classes were launched on 29 May 2020 for investors who buy units directly from us and do not have an adviser or platform associated with their account.
<b>I Class</b>	<ul style="list-style-type: none"> <li>■ Commission free</li> <li>■ Platforms &amp; Intermediaries</li> </ul>	This more recently introduced unit class is free from fees, since investors in this class pay adviser and platform fees directly. Also known as the 'Clean' class, the I-class is cheaper than the comparable Original Retail class, only with much higher investment minimums. I-classes are available to investors via a platform provider (or directly, should investment amounts warrant it).
<b>Z and X Classes</b>	<ul style="list-style-type: none"> <li>■ Commission free</li> <li>■ Strategic Distributors</li> </ul>	The Z and X classes are only available to key strategic partners such as large platforms, Private Banks and Wealth Managers etc. These classes are granted at the Manager's discretion and minimum investment thresholds are very high, generally in excess of £100 million. Such strategic partners can typically offer more significant, and more immediate scale. Annual Management Charges are, as a result, usually set at a discount to those of the I-class. Unit classes sharing these characteristics and arrangements are also known as 'Super Clean' classes.
<b>I Hedged (IH) and Z Hedged (ZH) Classes</b>	<ul style="list-style-type: none"> <li>■ Currency Hedged</li> <li>■ Commission free</li> </ul>	These classes mirror their corresponding I and Z classes, but also provide currency hedging to insulate the investor's returns from the effects of currency movements. The additional, hedging-related costs are reflected in expenses charged for these unit classes.
<b>ZM Class</b>	<ul style="list-style-type: none"> <li>■ Master-Feeder</li> <li>■ Commission free</li> </ul>	These classes are for dedicated 'Master-Feeder' arrangements, whereby investors invest into a fund through feeder classes. These then invest into the fund 'Master'. At the fund level, it is the master fund which actually invests capital in the market, with all transactions occurring at the master level. Master-Feeder structures allow for the pooling of assets across jurisdictions without replicating fund vehicles.
<b>P Class</b>	<ul style="list-style-type: none"> <li>■ Institutional only</li> <li>■ Commission free</li> </ul>	This is currently an Institutional investor-only unit class with an investment minimum which sits between those of the I-class and Z/X classes. Currently only 1 fund utilises the 'P' class - The Global Sustainable Equity Fund.







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