

Jupiter Merlin Balanced Portfolio

Annual Report & Accounts

For the year ended 31 May 2021



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*These collectively comprise the Authorised Fund Manager's Report.

Fund Information

Manager, Registrar and Administrator

Jupiter Unit Trust Managers Limited
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Chelmsford
CM99 2BG

Tel: **0800 561 4000**

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www.jupiteram.com

Registered Address:
The Zig Zag Building
70 Victoria Street
London SW1E 6SQ

Authorised and regulated by the Financial Conduct Authority.

Trustee

Northern Trust Global Services SE (UK Branch)
Trustee and Depositary Services
50 Bank Street
Canary Wharf
London E14 5NT

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and by the Prudential Regulation Authority.

Investment Adviser

Jupiter Asset Management Limited
The Zig Zag Building
70 Victoria Street
London SW1E 6SQ

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Directors

The Directors of Jupiter Unit Trust Managers Limited are:

P M Moore

J Singh

K Baillie

T Scholefield

P Wagstaff

V Lazenby

It is the intention of Jupiter Unit Trust Managers Limited to make this Report & Accounts available on their website. The maintenance and integrity of the Jupiter Unit Trust Managers Limited website is the responsibility of the Directors; the work carried out by the auditors of the Jupiter Merlin Balanced Portfolio does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Fund Information *(continued)*

Investment Objective

To provide a return, net of fees, that is higher than the IA Mixed Investment 40%-85% Shares Sector average over the long term (at least five years).

Investment Policy

At least 70% of the Fund is invested in collective investment schemes. Up to 30% of the Fund may be invested in other assets, including shares of companies and cash and near cash.

The Fund may only enter into derivative transactions for the purposes of efficient portfolio management (including hedging), i.e. to reduce risk, minimise costs or generate additional capital and/or income. The Fund may not enter into derivative transactions for investment (i.e. speculative) purposes.

Benchmark

Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. This Fund is classified in the IA Mixed Investment 40%-85% Shares Sector.

Status

The Fund operates under the Investment Funds Sourcebook (FUND) where applicable and the Collective Investment Schemes Sourcebook (COLL) of the Financial Conduct Authority. The Fund is an authorised unit trust scheme under Section 237 of the Financial Services and Markets Act 2000 and is a Non UCITS Retail Scheme (NURS) as defined in the COLL rules.

The Fund is a qualifying fund for inclusion within a stocks and shares Individual Savings Account (ISA). It is the Manager's intention to continue to manage the affairs of the Fund in order to meet the qualifying requirements as outlined in current legislation.

Unit Classes

In addition to the basic class of units which are available to all types of investors, the Fund also offers I-Class Units which are available to investors who invest a minimum of £1,000,000 and J-Class Units which are available to investors who invest a minimum of £500 (who buys units directly from the Manager and not through any intermediary or advisor). Further details are available from the Manager on request. Please note that in order to distinguish between the unit classes within the Fund they are defined in this report as either L-Class Units (non I-Class and non J-Class) or I-Class Units or J-Class Units. The unit types associated with each unit class are disclosed in the Comparative Tables on pages 6 and 7.

Fund Information *(continued)*

Cumulative Performance (% change to 31 May 2021)

	1 year	3 years	5 years	10 years
Percentage Growth	14.4	20.9	55.7	116.5
IA Mixed Investment 40%-85% Shares Sector*	17.1	19.3	48.7	90.4
Sector Position	135/184	60/160	37/141	12/85
Quartile Ranking	3rd	2nd	2nd	1st

Source: Morningstar, gross income reinvested net of fees, in GBP. The statistics disclosed above relate to I-Class Units unless otherwise stated. Past performance is no guide to the future. *Target benchmark

This document is for informational purposes only and is not investment advice. Market and exchange rate movements can cause the value of an investment to fall as well as rise, and you may get back less than originally invested. We recommend you discuss any investment decisions with a financial adviser, particularly if you are unsure whether an investment is suitable. Jupiter is unable to provide investment advice. Current tax levels and reliefs will depend on your individual circumstances and are subject to change in the future. **All of the Fund's expenses are charged to capital, which can reduce the potential for capital growth. This has had the effect of increasing the distributions paid on an annualised basis on L-Class Units by up to 1.72% of the class' average Net Asset Value during the period under review (I-Class Units 0.97%, J-Class Units 1.42%) and constraining the class' capital performance to an equivalent extent.** For definitions please see the glossary at jupiteram.com. Every effort is made to ensure the accuracy of any information provided but no assurances or warranties are given. Company examples are for illustrative purposes only and are not a recommendation to buy or sell. Quoted yields are not guaranteed and may change in the future. Jupiter Unit Trust Managers Limited is authorised and regulated by the Financial Conduct Authority and its registered address is The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ.

Investment Report

Performance Review

For the year to 31 May 2021, the total return on the units after fees was 14.4%* compared with 17.1%* for the IA Mixed Investment 40-85% Shares Sector average. Over five years, the total return on units was 55.7%* compared to 48.7%* for the IA Mixed Investment 40-85% Shares Sector average.

*Source: Morningstar, gross income reinvested net of fees, in GBP. The statistics disclosed above relate to I-Class Units unless otherwise stated.

Dividend

A final distribution of 1.5310 pence per unit will be paid to holders of L-Class Income units on 30 July 2021 (2.3381 pence per L-Class Accumulation unit), bringing the total paid in respect of the year under review to 2.6069 pence per L-Class Income unit (3.9682 pence per L-Class Accumulation unit). This compares with 2.8063 pence per L-Class Income unit (4.3269 pence per L-Class Accumulation unit) paid in the same period last year. A final distribution of 1.6471 pence per unit will be paid to holders of the I-Class Income units on 30 July 2021 (2.5032 pence per I-Class Accumulation unit) bringing the total paid during the period to 2.8000 pence per I-Class Income unit (4.2424 pence per I-Class Accumulation unit). This compares to 3.0057 pence per I-Class Income unit (4.6068 pence per I-Class Accumulation unit) in the same period last year. Also, a final distribution of 1.5338 pence per unit will be paid to holders of the J-Class Income units on 30 July 2021 (2.3416 pence per J-Class Accumulation unit) bringing the total paid during the period to 2.6103 pence per J-Class Income unit (3.9709 pence per I-Class Accumulation unit). This compares to 1.4072 pence per J-Class Income unit (2.2590 pence per J-Class Accumulation unit) in the same period last year.

Market Review

2020 was dominated by the pandemic; 2021 remains so. The year under review saw markets continuing to recover to a greater or lesser extent from their precipitous falls of February and March a year ago. The announcement of the successful Pfizer/BioNTech vaccine trials early in November, followed swiftly by others, changed the economic landscape, providing a visible path beyond Covid during 2021, and the prospect of recovery after the significant damage inflicted by the pandemic. Notable at this inflection point was the sentiment change in equities in favour of economically sensitive companies (known as 'value' shares) and in preference to the growth-type companies and those which had been perceived as Covid winners. Not necessarily apparent in the headline indices, while we believe there remains a strong secular trend associated with the digitisation and decarbonisation of the economy, underneath the bonnet the 'style' rotation was not only significant but has so far proved enduring.

Central banks and governments have been prodigious in their monetary and fiscal support. The latest data highlights emerging inflationary pressures and fixed income market opinions are divided between those who see accelerating inflation as a short-term, transitory event, and those who see a more structural and enduring risk. Without panicking, investors have been pushing yields up from historic lows (thus causing prices to fall) in anticipation that the next moves in central banks' interest rates, whenever they may be, are likely to be up rather than down.

Policy Review

Having been preoccupied with capital preservation early in the pandemic, Portfolio equity exposure was biased towards 'growth' companies and those perceived as Covid winners. Recognising the significance of the vaccine announcements in November and the visible prospect of economic recovery, we balanced up our 'growth' and 'value' styles. Believing the secular growth narrative remains intact we were reluctant to Fund the 'value' additions from our 'growth' funds. Instead, we sold most of our exposure to physical gold and most of the BlackRock Gold & General Fund holding at a significant profit. As investors began to price in higher inflation risk, particularly in the US, we trimmed the Allianz and Jupiter Strategic Bond Funds to mitigate against weaker bond prices.

Investment Report *(continued)*

We reallocated some of the proceeds by re-introducing M&G Global Dividend Fund, last held in 2015 and already held in other Portfolios. Anticipating Dominic Cummings' departure from No 10 presaging a likely Brexit deal, we added a new UK 'value' fund, Man GLG Income Fund seeking good-value, mispriced UK assets with the prospect of responding positively to economic recovery. Finally in November, we bought a new technology holding, BlueBox Global Technology Fund; manager William de Gale seeks companies which not only enable the technological revolution, but which are strong businesses, generating profits and cash and making decent returns. All these actions in November added significant extra value over and above the market (without such action performance would have been around 3% worse).

In March, to increase the portfolio's exposure to the global economic recovery we bought a new holding in BlackRock Natural Resources Growth & Income Fund, investing in activities ranging from energy and mining to agriculture, trimming some Fundsmith Equity Fund and TB Wise Evenlode Income Fund. We also added to LF Morant Wright Nippon Yield Fund with its value approach in an attractive and cheap market. Towards the year end we opened a new position, Jupiter Global Equity Growth Unconstrained, an interesting fund run by innovative managers based in the US which principally targets investment opportunities among disruptive technologies.

It is pleasing that having made these changes, most within sight of the 2020 calendar year-end, subsequent performance has been strong with the Jupiter Merlin Balanced Fund in the top quartile of its peer group at the end of June 2021.

Investment Outlook

Economic recovery is very much in evidence, albeit at different rates in different parts of the world as the pandemic ebbs, flows or lingers more in some countries than others. Markets are fickle masters and investors are turning their attention to the risks of medium-to-longer-term inflation if economies were to show signs of over-heating. Contrasting with the Global Financial Crisis of more than a decade ago when it was largely left to the central banks to do the heavy lifting, the big difference with the Covid recession is the extent to which governments are joining in with massive fiscal help (President Biden's planned \$6 trillion investment packages being a good example). On both sides of the Atlantic, much of the fiscal expenditure and increasingly the monetary policy direction of central banks are both linked to meeting the Paris Climate Accord targets of carbon net zero by 2050.

Digitisation of the economy, already established and embedded, is broadly deflationary; decarbonisation, a revolution by coercion and only in its infancy, is likely to be inflationary. These are powerful forces pulling in opposite directions. Time will tell which will have the upper hand and whether the markets are chasing ghosts as they price in their own perceptions of longer-term risks of higher inflation. Weaning economies off the drug of artificial stimulus, able to function and grow sustainably on their own, is the next big challenge facing the authorities. There is no template in this voyage of discovery. However, we will continue to monitor the situation closely and if the facts change, we will react accordingly.

Jupiter Independent Funds Team

Comparative Tables

Change in net asset per unit						
	L-Class Income**			I-Class Income		
	31.05.21 (p)	31.05.20 (p)	31.05.19 (p)	31.05.21 (p)	31.05.20 (p)	31.05.19 (p)
Opening net asset value per unit	128.75	129.91	130.16	137.90	138.05	137.27
Return before operating charges*	20.25	4.71	4.76	21.57	5.07	5.06
Operating charges	(3.19)	(3.06)	(2.22)	(2.34)	(2.21)	(1.32)
Return after operating charges*	17.06	1.65	2.54	19.23	2.86	3.74
Distributions on income unit	(2.61)	(2.81)	(2.79)	(2.80)	(3.01)	(2.96)
Closing net asset value per unit	143.20	128.75	129.91	154.33	137.90	138.05
*after direct transaction costs of:	–	0.01	–	–	0.01	–
Performance						
Return after charges (%)	13.25	1.27	1.95	13.94	2.07	2.72
Other Information						
Closing net asset value (£'000)	13,254	13,607	16,341	172,332	171,300	185,198
Closing number of units	9,255,632	10,568,351	12,578,824	111,667,291	124,221,019	134,156,505
Operating charges (%)	2.36	2.31	2.31	1.61	1.56	1.56
Direct transaction costs (%)	–	0.01	–	–	0.01	–
Prices						
Highest unit price (p)	145.97	139.92	133.77	157.23	148.87	141.36
Lowest unit price (p)	126.67	111.37	121.18	135.67	119.08	128.37
Change in net asset per unit						
	J-Class Income***					
	31.05.21 (p)	31.05.20 (p)				
Opening net asset value per unit	128.77	130.46				
Return before operating charges*	20.18	2.34				
Operating charges	(2.79)	(2.62)				
Return after operating charges*	17.39	(0.28)				
Distributions on income unit	(2.61)	(1.41)				
Closing net asset value per unit	143.55	128.77				
*after direct transaction costs of:	–	0.01				
Performance						
Return after charges (%)	13.50	(0.21)				
Other Information						
Closing net asset value (£'000)	1,756	1,601				
Closing number of units	1,223,512	1,243,485				
Operating charges (%)	2.06	2.01				
Direct transaction costs (%)	–	0.01				
Prices						
Highest unit price (p)****	146.30	130.46				
Lowest unit price (p)****	126.67	130.46				

**With effect from 15 February 2021, Retail Units have been re-named as L-Class Units.

***The J-Class Income Units were launched on 29 May 2020.

****The unit prices are the same as this share class was launched on 29 May 2020.

Comparative Tables *(continued)*

Change in net asset per unit						
	L-Class Accumulation**			I-Class Accumulation		
	31.05.21 (p)	31.05.20 (p)	31.05.19 (p)	31.05.21 (p)	31.05.20 (p)	31.05.19 (p)
Opening net asset value per unit	195.09	191.90	188.16	207.90	202.88	197.44
Return before operating charges*	30.79	7.74	6.96	32.68	8.28	7.36
Operating charges	(4.85)	(4.55)	(3.22)	(3.54)	(3.26)	(1.92)
Return after operating charges*	25.94	3.19	3.74	29.14	5.02	5.44
Distribution on accumulation unit	(3.97)	(4.33)	(4.06)	(4.24)	(4.61)	(4.28)
Retained distributions on accumulation unit	3.97	4.33	4.06	4.24	4.61	4.28
Closing net asset value per unit	221.03	195.09	191.90	237.04	207.90	202.88
*after direct transaction costs of:	–	0.02	–	–	0.02	–
Performance						
Return after charges (%)	13.30	1.66	1.99	14.02	2.47	2.76
Other Information						
Closing net asset value (£'000)	404,233	406,267	451,854	1,317,196	1,199,487	1,099,575
Closing number of units	182,886,032	208,243,909	235,467,486	555,686,930	576,953,966	541,982,387
Operating charges (%)	2.36	2.31	2.31	1.61	1.56	1.56
Direct transaction costs (%)	–	0.01	–	–	0.01	–
Prices						
Highest unit price (p)	222.92	206.70	194.39	238.95	218.80	205.37
Lowest unit price (p)	191.89	166.63	176.96	204.53	177.26	186.50
Change in net asset per unit						
	J-Class Accumulation***					
	31.05.21 (p)	31.05.20 (p)				
Opening net asset value per unit	195.11	195.54				
Return before operating charges*	30.65	3.50				
Operating charges	(4.25)	(3.93)				
Return after operating charges*	26.40	(0.43)				
Distribution on accumulation unit	(3.97)	(2.26)				
Retained distributions on accumulation unit	3.97	2.26				
Closing net asset value per unit	221.51	195.11				
*after direct transaction costs of:	–	0.02				
Performance						
Return after charges (%)	13.53	(0.22)				
Other Information						
Closing net asset value (£'000)	20,448	15,878				
Closing number of units	9,231,391	8,138,149				
Operating charges (%)	2.06	2.01				
Direct transaction costs (%)	–	0.01				
Prices						
Highest unit price (p)****	223.36	195.54				
Lowest unit price (p)****	191.84	195.54				

**With effect from 15 February 2021, Retail Units have been re-named as L-Class Units.

***There J-Class Accumulation Units were launched on 29 May 2020.

****The unit prices are the same as this share class was launched on 29 May 2020.

Comparative Tables *(continued)*

Portfolio Turnover Rate

The Portfolio Turnover Rate (PTR) of the Fund, based on the figures included within the financial statements for the year as indicated below, is as follows:

	Year to 31.05.21	Year to 31.05.20
Portfolio Turnover Rate	49.55%	10.37%

The PTR provides an indication of the rate the Manager has bought and sold the underlying assets of the Fund during the period as indicated above. In general, the higher the PTR of a fund, the greater level of portfolio transaction costs will be incurred.

Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

As at 31.05.21



As at 31.05.20



- The lowest category does not mean 'no risk'. Some risk will still be present in funds with a risk and reward rating of 1.
- The Fund is in this category due to the nature of its investments and previous levels of volatility (how much the value of the Fund rises and falls).

Charges

- The charges you pay are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

Charges taken from the Fund over the year to:	31.05.21	31.05.20**
Ongoing charges for L-Class* Units	2.36%	2.31%
Ongoing charges for I-Class Units	1.61%	1.56%
Ongoing charges for J-Class Units	2.06%	2.01%

*With effect from 15 February 2021, Retail Units have been re-named as L-Class Units.

**With effect from 29 May 2020, the fees charged to the Fund by the Manager have changed. Under the new simplified fee structure, the Manager will combine the Registration Fee and the Other Operational Charges into a new fixed fee called the Aggregate Operating Fee (AOF). The Manager will pay the Other Operational Charges (including fees charged by Trustee) out of the AOF. The Fund will not have to pay any further amounts for its administration and operation. The AOF will not include transaction costs, the costs to trade the underlying stocks and shares, which will continue to be paid by the Fund.

Portfolio Statement

As at 31 May 2021

Holding	Investment	Market value £	Total net assets %
UK Equity Funds - 33.76% (24.67%)			
14,000,000	AXA Framlington UK Select Opportunities Fund	23,058,000	1.19
600,000	BlackRock Gold and General Fund	8,736,000	0.45
80,000,000	BlackRock Natural Resources Growth & Income Fund	75,488,000	3.91
19,850,000	Jupiter Income Trust Fund [†]	99,148,765	5.14
145,000,000	Man GLG Income Fund	173,565,000	9.00
50,000,000	Royal London UK Equity Income Fund	59,350,000	3.08
89,000,000	TB Wise Evenlode Income Fund	211,989,100	10.99
		651,334,865	33.76
US Equity Funds - 11.93% (12.99%)			
1,850,000	Findlay Park American Fund	230,250,610	11.93
European Equity Funds - 7.86% (10.00%)			
117,000,000	Allianz Strategic Bond Fund	151,596,900	7.86
Fixed Interest Funds - 1.88% (4.74%)			
55,000,000	Jupiter Strategic Bond Fund [†]	36,289,000	1.88
Japanese Equity Funds - 5.29% (1.76%)			
30,000,000	LF Morant Wright Nippon Yield Fund	102,000,000	5.29
Specialist Funds - 4.47% (13.65%)			
5,317	Mayfair Capital Commercial Property Trust	54,708,421	2.84
250,000	WisdomTree Physical Gold ETF	31,542,546	1.63
		86,250,967	4.47
Global Equity Funds - 29.34% (23.54%)			
75,000	BlueBox Global Technology Fund	65,016,711	3.37
35,000,000	Fundsmith Equity Fund	186,595,500	9.67
300,000	Jupiter Global Equity Growth Unconstrained Fund [†]	28,872,000	1.50
15,000,000	Jupiter Global Equity Income Fund [†]	11,377,500	0.59
12,300,000	Jupiter JGF Global Value Fund [†]	182,901,000	9.48
37,000,000	M&G Global Dividend Fund	91,256,800	4.73
		566,019,511	29.34

Portfolio Statement *(continued)*

As at 31 May 2021

Holding	Investment	Market value £	Total net assets %
	Asian Equity Funds - 3.54% (3.38%)		
550,000	Prusik Asian Equity Income Fund	68,323,372	3.54
	Total value of investments	1,892,065,225	98.07
	Net other assets	37,154,089	1.93
	Net assets	1,929,219,314	100.00

All holdings are ordinary shares or stock units unless otherwise stated.

The figures in brackets show allocations as at 31 May 2020.

¹Represents an investment in a Jupiter Investment Management Group Limited product.

Summary of Material Portfolio Changes

Total purchases and significant sales for the year ended 31 May 2021			
Purchases	Cost £	Sales	Proceeds £
Man GLG Income Fund	187,580,000	Fundsmith Equity Fund	132,042,500
M&G Global Dividend Fund	83,364,400	WisdomTree Physical Gold ETF	120,481,637
BlackRock Natural Resources Growth & Income Fund	73,728,000	BlackRock Gold and General Fund	61,336,000
LF Morant Wright Nippon Yield Fund	70,506,800	TB Wise Evenlode Income Fund	51,236,800
BlueBox Global Technology Fund	56,574,089	Jupiter Strategic Bond Fund	50,263,500
BlackRock Gold and General Fund	36,180,000	Findlay Park American Fund	42,809,036
Jupiter Global Equity Income Fund	30,000,000	Man GLG Income Fund	41,265,000
		Amundi Physical Gold	40,445,269
		Allianz Strategic Bond Fund	27,148,000
		Royal London UK Equity Income Fund	9,641,568
		Subtotal	576,669,310
Total cost of purchases for the year	537,933,289	Total proceeds of sales, including the above, for the year	581,643,711

Statement of Authorised Fund Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Financial Conduct Authority's Collective Investment Schemes (COLL) and where applicable Investment Funds (FUND) Sourcebooks, as amended (the Sourcebooks) require the Authorised Fund Manager (the 'Manager') to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the Scheme and of its revenue and expenditure for the year. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on a going concern basis, unless it is inappropriate to do so;
- comply with the requirements of the Statement of Recommended Practice for Authorised Funds;
- follow applicable accounting standards; and
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The Manager is responsible for the management of the Scheme in accordance with the Sourcebooks and the Scheme's Trust Deed and Prospectus. The Manager is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the Unitholders of Jupiter Merlin Balanced Portfolio *(continued)*

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Fund Manager for the financial statements

As explained more fully in the Statement of Authorised Fund Manager's Responsibilities in relation to the Financial Statements of the Scheme, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intends to wind up or terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Balance Sheet

As at 31 May 2021			
	Note	31.05.21 £	31.05.20 £
Assets			
Fixed Assets:			
Investments		1,892,065,225	1,712,900,152
Current assets:			
Debtors	8	23,733,627	22,310,321
Cash and bank balances	9	18,373,856	95,086,203
Total assets		1,934,172,708	1,830,296,676
Liabilities			
Creditors:			
Distributions payable		(1,999,742)	(2,051,022)
Other creditors	10	(2,953,652)	(20,105,503)
Total liabilities		(4,953,394)	(22,156,525)
Net assets attributable to unitholders		1,929,219,314	1,808,140,151

Directors' Statement

Jupiter Merlin Balanced Portfolio

This report has been prepared in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook and Investment Funds Sourcebook where applicable and the Statement of Recommended Practice issued by the Investment Association.

Directors: Paula Moore, Jasveer Singh

Jupiter Unit Trust Managers Limited

London

6 August 2021

Notes to the Financial Statements

1. Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in compliance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook. They have been prepared in accordance with FRS 102 and the Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by The Investment Management Association (now referred to as the Investment Association) in May 2014 (the 2014 SORP) and amended in June 2017.

As stated in the Statement of Authorised Fund Manager's Responsibilities in relation to the financial statements of the Scheme on page 12, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the Fund.

The accounting policies outlined below have been applied on a consistent basis throughout the year.

(b) Revenue

All dividends and interest from underlying funds declared ex-dividend during the year ended 31 May 2021 are included in revenue, net of any attributable tax.

Any reported revenue from an offshore fund in excess of any distributions is recognised as revenue after the end of the reporting period, not later than the date when the reporting fund makes this information available.

Bank interest are accrued up to the year end date.

The Fund holds units or shares in other Collective Investment Schemes and funds (underlying funds). Any periodic charge rebates from underlying funds are recognised on an accruals basis. Where it is the policy of the underlying fund to charge its periodic charge to capital in determining its distribution, the Fund has recognised any such rebates as capital.

(c) Expenses

All expenses, including overdraft interest, but excluding those relating to the purchase and sale of investments, are charged against the revenue of the Fund. All of the Fund's expenses are recognised on an accruals basis.

With effect from 29 May 2020, the fees charged to the Fund by the Manager have changed. Under the new simplified fee structure, the Manager will combine the Registration Fee and the Other Operational Charges into a new fixed fee called the Aggregate Operating Fee (AOF). The Manager will pay the Other Operational Charges (including fees charged by Trustee and Auditors) out of the AOF. The Fund will not have to pay any further amounts for its administration and operation. The AOF will not include transaction costs, the costs to trade the underlying stocks and shares, which will continue to be paid by the Fund.

(d) Valuation of Investments

The investments of the Fund have been valued using bid market values ruling on international stock exchanges at Close of Business on 28 May 2021, being the last valuation point of the year. Market value is defined by the SORP as fair value which is generally the bid value of each security.

The investments of the Fund in other Jupiter Unit Trusts which are single priced have been valued at the single price at Close of Business on 28 May 2021. For investments in other Collective Investment Schemes, they are valued at the bid price for dual priced funds and at the single price for single priced funds as defined by the SORP as being their respective fair value.

Where a stock is unlisted or where there is a non liquid market, a valuation for this stock has been obtained from market makers where possible, and suspended stocks are normally valued at their suspension price. However, where the Manager believes that these prices do not reflect a fair value, or where no reliable price exists for a security, it is valued at a price which in the opinion of the Manager reflects a fair and reasonable price for that investment.

Notes to the Financial Statements *(continued)*

1. Significant Accounting Policies *(continued)*

(d) Valuation of Investments *(continued)*

A Valuation and Pricing Committee (VPC) of the Authorised Fund Manager is responsible for approving unquoted prices. The VPC meets on a quarterly basis and consists of representatives from various parts of the Authorised Fund Manager who act as an independent party, segregated from the fund management function to review and approve fair value pricing decisions and pricing models on a regular basis.

(e) Foreign Exchange

Transactions in foreign currencies are translated into Sterling at the rates ruling at the dates of the transactions. Assets and liabilities expressed in foreign currencies are translated at the rates ruling at Close of Business on 28 May 2021, being the last valuation point of the year.

(f) Taxation

Corporation Tax is provided at 20% on revenue, other than UK dividends and overseas dividends, after deduction of expenses. Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against Corporation Tax payable, by way of double taxation relief.

The charge for tax is based on the profit for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred Tax is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred Tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the Deferred Tax can be offset.

(g) Equalisation

Equalisation received from underlying funds including offshore funds, is treated as capital of the Fund.

2. Distribution Policies

(a) Basis of Distribution

All of the net revenue available for distribution at the end of the final accounting period will be distributed to unitholders as a dividend distribution. In order to achieve a controlled dividend flow to unitholders, interim distributions may be made at the Manager's discretion, up to a maximum of the distributable revenue available for the year. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

If, in respect of a particular accounting period, the average income allocation to unitholders (disregarding, for this purpose, any units held by the Manager or Trustee or their associates) would be less than £25, the Manager reserves the right (with the agreement of the Trustee) not to make any income allocation and, in such an event, the amount of net revenue remaining for that year will be credited to capital and reflected in the value of units.

(b) Distribution Dates

Net revenue, if any, will be distributed or accumulated to unitholders as a dividend distribution, semi-annually on 31 January (interim) and 31 July (final) in respect of the accounting periods ending 30 November (interim) and 31 May (final).

(c) Expenses charged to capital for distribution purposes

The Annual management charge and all other expenses which were initially charged to revenue, are deducted from the capital of the Fund for the purpose of calculating any distribution/accumulation.

(d) Unclaimed Distribution

Distributions which have remained unclaimed by Unitholders for more than six years are credited to the capital property of the Fund.

Notes to the Financial Statements *(continued)*

3. Net capital gains

The net gains on investments during the year comprise:

	31.05.21 £	31.05.20 £
Currency gains	744,137	1,390,984
Transaction charges	(732)	(720)
Gains on non-derivative securities*	221,624,752	31,118,773
Losses on forward currency contracts** (see Note 13)	–	(19,088,722)
Management fee rebates	2,352,273	2,418,423
Net capital gains	224,720,430	15,838,738

*Gains on non-derivative securities	£	£
Realised gains	179,926,120	11,287,896
Unrealised gains	41,698,632	19,830,877
	<u>221,624,752</u>	<u>31,118,773</u>

**Losses on forward foreign currency contracts	£	£
Realised (losses)/gains	–	(19,088,722)
Unrealised gains	–	–
	<u>–</u>	<u>(19,088,722)</u>

Where realised gains/losses include gains/losses arising in previous periods, a corresponding gain/loss is included in unrealised gains/losses.

4. Revenue

	31.05.21 £	31.05.20 £
UK dividends (franked) from authorised collective investment schemes	19,970,994	23,631,660
Offshore distributions from collective investment schemes	5,281,138	9,523,856
Bank interest	37	123,917
Management fee rebates	1,933,482	2,050,455
Interest distribution from authorised ICVCs and unit trusts	9,352,400	4,420,813
Revenue from Property Income	1,929,398	1,972,254
Total revenue	38,467,449	41,722,955

Notes to the Financial Statements *(continued)*

5. Expenses

	31.05.21 £	31.05.20 £
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	17,118,464	17,092,320
Registration fees	–	3,795,613
	<u>17,118,464</u>	<u>20,887,933</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fee	–	121,552
Safe custody charges	–	32,887
	<u>–</u>	<u>154,439</u>
Other expenses:		
Audit fee*	–	15,576
Financial Conduct Authority fee	–	111
Aggregate Operating Fee	4,057,928	32,691
	<u>4,057,928</u>	<u>48,378</u>
Total expenses	<u>21,176,392</u>	<u>21,090,750</u>

*The audit fee of £11,467 (excluding VAT) (31.05.20: £12,980) is borne by the Manager as it is paid out of the Aggregate Operating Fee.

Notes to the Financial Statements *(continued)*

6. Taxation

(a) Analysis of charge in the year:

	31.05.21 £	31.05.20 £
Total tax charge for the year	–	–

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower (2020: lower) than the standard rate of Corporation Tax in the UK for an authorised unit trust. The differences are explained below:

	31.05.21 £	31.05.20 £
Net revenue before taxation	17,288,467	20,632,205
Corporation tax of 20% (2020: 20%)	3,457,693	4,126,441
Effects of:		
Current year expenses not utilised	1,102,234	2,007,221
Revenue not subject to taxation	(4,559,927)	(6,133,662)
Current tax charge for the year	–	–

Authorised unit trusts are exempt from tax on capital gains, therefore any capital return is not included in the above reconciliation.

(c) Provision for Deferred Tax

At 31 May 2021, there are surplus management expenses of £84,035,338 (31.05.20: £78,524,168). It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore a Deferred Tax asset of £16,807,068 (31.05.20: £15,704,834) has not been recognised.

Notes to the Financial Statements *(continued)*

7. Distributions

The distributions take account of amounts received on the issue of units and deducted on the cancellation of units and comprise:

	31.05.21 £	31.05.20 £
Interim distribution	14,714,001	19,258,399
Final distribution	20,401,918	20,920,418
	35,115,919	40,178,817
Amounts received on issue of units	(212,502)	(832,742)
Amounts paid on cancellation of units	918,497	663,678
Net distributions for the year	35,821,914	40,009,753

Reconciliation of net revenue after taxation to distributions:

Net revenue after taxation	17,288,467	20,632,205
Charges borne by capital	21,176,392	21,090,749
Tax relief on capitalised expenses	(2,642,545)	(1,713,488)
Equalisation on conversions	–	124
Net movement in revenue account	(400)	163
Net distributions for the year	35,821,914	40,009,753

Details of the distributions in pence per unit are shown in the Distribution Tables on pages 35 to 37.

8. Debtors

	31.05.21 £	31.05.20 £
Accrued revenue	6,326,038	1,443,689
Amounts receivable for issue of units	183,965	20,300,666
Management fee rebates receivable	893,215	565,966
Sales awaiting settlement	16,330,409	–
Total debtors	23,733,627	22,310,321

9. Cash and Bank Balances

	31.05.21 £	31.05.20 £
Cash and bank balances	18,373,856	95,086,203
Total cash and bank balances	18,373,856	95,086,203

Notes to the Financial Statements *(continued)*

10. Other creditors

	31.05.21 £	31.05.20 £
Accrued expenses	762,452	636,113
Amounts payable for cancellation of units	2,191,200	19,469,390
Total other creditors	2,953,652	20,105,503

11. Contingent Assets, Liabilities and Capital Commitments

The Fund had no contingent assets, liabilities or capital commitments at the balance sheet date (31.05.20: £nil).

12. Related Party Transactions

Jupiter Unit Trust Managers Limited (JUTM), as Manager, is a related party in respect of their dealings with the Fund. JUTM acts as principal in respect of all transactions of units in the Fund. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and, if applicable, in Note 7 (Distributions).

Amounts receivable/(payable) from JUTM in respect of issues/cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. At the year end, a net balance of £2,007,235 was payable to JUTM (31.05.20: £831,276 receivable from JUTM). These amounts are included in amounts receivable for issue of units in Note 8 and amounts payable for cancellation of units in Note 10.

Any amounts due to or from JUTM at the end of the accounting year are disclosed in Notes 8 (debtors) and 10 (other creditors). Amounts payable to JUTM in respect of fund management are disclosed in Note 5 (expenses). At the year end, £762,025 (31.05.20: £452,848) was payable to JUTM. These amounts are included in accrued expenses in Note 10.

In relation to note 8 (debtors), the amount receivable on periodic charge rebates £893,215 (31.05.20: £565,966) includes £405,929 (31.05.20: £68,325) relating to rebates on the periodic charge of the following Jupiter Fund: Jupiter Income Trust Fund, Jupiter Global Equity Income Fund, Jupiter JGF Global Value Fund and Jupiter Strategic Bond Fund.

Holdings in other Jupiter products at the year end, which are shown in the portfolio statement on pages 9 and 10 are valued at £358,588,265. During the year, the Fund had purchases in other Jupiter products totaling to £30,000,000 and sales proceeds totaling to £52,897,500. There were no other outstanding trade transaction at year end (31.05.20: £nil).

Dividend received in other Jupiter products during the year totaled £7,619,639 (31.05.20: £9,841,507). There were related accrued revenue due to the Fund at year end totaling to £331,870 (31.05.20: £558,740) (See Note 8).

13. Financial Instruments

In pursuing its investment objectives, the Fund holds a number of financial instruments. These comprise securities and other investments, cash balances, short term fixed deposits, bank overdrafts and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable from issues and payable for cancellations and debtors for accrued revenue.

The Fund may enter into derivative transactions, the purpose of which will only be for efficient management of the Fund and not for investment purposes.

Notes to the Financial Statements *(continued)*

13. Financial Instruments *(continued)*

The Fund has little exposure to liquidity, and cash flow risk. These risks are not significant at current levels. The main risks it faces from its financial instruments are market price, credit, foreign currency, interest rate and counterparty risk. The Manager reviews policies for managing these risks in pursuance of the Investment Objective and Policy as set out on page 2 and they are summarised later. These risks remain unchanged from the prior year.

Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, Scheme Particulars and in the rules of the Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Review and Portfolio Statement.

Leverage

In accordance with the requirements under the Alternative Investments Fund Managers Directive (AIFMD), the leverage employed by the Fund as at 31 May 2021 was 1:0.99 (31.05.20: 1:0.95) as determined using the Gross method and 1:1 (31.05.20: 1:1) as determined using the Commitment method.

Average leverage on a gross exposure basis is calculated by taking the sum of the notional values of the derivatives used by the Fund, without netting, and is expressed as a ratio of the Fund's net asset value. Average leverage on a commitment basis is calculated by netting the sum of the notional values of the derivatives and expressing it as a ratio of the Fund's net asset value.

Disclosed in the table below is the level of leverage employed by the Fund.

	Maximum limit	Average leverage employed during the year to 31.05.21
Gross exposure	2:2	1:0.99
Commitment exposure	2:2	1:1

	Maximum limit	Average leverage employed during the year to 31.05.20
Gross exposure	2:2	1:0.95
Commitment exposure	2:2	1:1

Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held by the Fund. It represents the potential loss the Fund might suffer through holding market positions which are affected by adverse price movements.

The Manager regularly considers the asset allocation of the portfolio in order to minimise the risk associated with particular markets or industry sectors whilst continuing to follow the Investment Objective and Policy (as set out on page 2).

Price Risk Sensitivity

A ten per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £189,206,523 (31.05.20: £171,290,015). A ten per cent decrease would have an equal and opposite effect.

Notes to the Financial Statements *(continued)*

13. Financial Instruments *(continued)*

Foreign Currency Risk

A substantial proportion of the net assets of the Fund is denominated in currencies other than Sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Currency	31.05.21 £	31.05.20 £
US Dollar	395,133,239	488,931,269

Foreign Currency Risk Sensitivity

A ten per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets by £39,513,324 (31.05.20: £48,893,127). A ten per cent decrease would have an equal and opposite effect.

Interest Rate Risk

The Fund holds various cash positions and any change to the interest rates may result in either revenue increasing or decreasing.

Interest Rate Risk Profile of Financial Assets and Financial Liabilities

The interest rate risk profile of the Fund's financial assets and liabilities at 31 May 2021 was:

Currency	Floating Rate financial assets £	Fixed Rate financial assets £	Financial assets not carrying interest £	Total £
31.05.21				
US Dollar	–	–	395,133,239	395,133,239
Sterling	18,373,856	–	1,520,665,613	1,539,039,469
Total	18,373,856	–	1,915,798,852	1,934,172,708
31.05.20				
US Dollar	–	–	488,931,269	488,931,269
Sterling	95,086,203	–	1,246,279,204	1,341,365,407
Total	95,086,203	–	1,735,210,473	1,830,296,676

Currency	Floating Rate financial liabilities £	Fixed Rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31.05.21				
Sterling	–	–	4,953,394	4,953,394
Total	–	–	4,953,394	4,953,394
31.05.20				
Sterling	–	–	22,156,525	22,156,525
Total	–	–	22,156,525	22,156,525

There are no material amounts of non interest-bearing financial assets, which do not have maturity dates, other than equities, and therefore no sensitivity analysis has been disclosed in these financial statements.

Notes to the Financial Statements *(continued)*

13. Financial Instruments *(continued)*

The floating rate financial assets and liabilities include bank balances that bear interest. Interest rates on Sterling and overseas bank balances as supplied by the custodian may vary in line with market conditions and the size of deposit. Overdraft interest is calculated at the current Bank of England base rate plus 1.00%.

Counterparty Risk

Counterparty risk, is the risk that a third party organisation (counterparty) does not pay out on a contract, or other trade or transaction when this is due to the Fund. The derivatives entered into by the Fund fall into either of two categories: i) have been traded on recognised exchanges on a delivery versus payment basis, thus eliminating exposure to counterparty risk, or ii) have been traded on Over the Counter markets which may expose the Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In respect of trades made on Over the Counter markets the Manager will seek to reduce such risk by only entering into transactions with counterparties that it believes to have a high credit rating at the time the transaction is entered into, and by ensuring that formal legal agreements covering the terms of the contract are entered into in advance. In certain circumstances however, the Manager may be unable to enforce or rely on rights and obligations arising under such agreements. In the event of bankruptcy or insolvency of the counterparty, the Fund may only have the rights of a general creditor and could therefore experience delays in liquidating the position and may incur significant losses compared to the value of the transaction in the portfolio.

Use of Derivatives

The Manager made no use of derivatives during the year.

Forward Foreign Currency Contracts

The Fund did not enter into forward foreign currency contracts during the year. In the previous year, this resulted to realised losses of £19,088,722. All contracts were undertaken with Northern Trust as counterparty.

Notes to the Financial Statements *(continued)*

14. Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

The fair value of investments has been determined using the following hierarchy:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

Basis of valuation	Assets £	Liabilities £
31.05.21		
Level 1	130,691,311	–
Level 2	1,706,665,493	–
Level 3	54,708,421	–
Total	1,892,065,225	–

Basis of valuation	Assets £	Liabilities £
31.05.20		
Level 1	270,461,022	–
Level 2	1,388,660,387	–
Level 3	53,778,743	–
Total	1,712,900,152	–

Notes to the Financial Statements *(continued)*

14. Fair Value of Financial Assets and Financial Liabilities *(continued)*

The majority of financial instruments are classified as level 1: Quoted prices. Instruments classified as level 3: Unobservable data mainly comprise non-market traded and unquoted securities. Generally for the non-market traded and unquoted securities, where there is no price source from an active market for an investment, the Manager has applied judgement in determining the fair value. The Manager has used several valuation methodologies as prescribed in the International Private Equity and Venture Capital valuation guidelines to arrive at their best estimate of fair value. Valuation techniques used by the Manager are set out in Accounting Policies note 1(d). The fair value is established by using measures of value such as:

- **Price of recent transactions** — Management determine the fair value based on the price of recent transactions made by management or a third party.
- **Milestone analysis** — Management assess the investment company's progress against milestones expected at the time of investment in order to determine whether an adjustment is required to the transaction price to determine fair value.
- **Multiples** — Earnings or Revenue multiples are selected from comparable public companies based on geographic location, industry, size, risk profile, earnings growth prospects, target markets and other factors that management consider reasonable. A discount for lack of liquidity may then be applied to represent the adjustment to comparable company multiples to reflect the illiquidity of the portfolio companies relative to the comparable peer group. Management determines the discount for lack of liquidity based on its judgement, after considering market liquidity conditions and company specific factors such as the development stage of the portfolio company. One of the most common forms of multiples used for cash generating companies are EV/EBITDA multiples as EBITDA is generally seen to represent a good proxy for free cash flow. These are applied where appropriate based on the development of underlying portfolio companies but other multiples such as EV/Revenue may also be considered.
- **Net assets** — Management determine the fair value based on the net asset value of the underlying portfolio company.

In applying the above valuation techniques in arriving at the fair value the Manager has assessed any further information available from internal and external sources to arrive at an estimated fair value, which includes but is not limited to the following:

- Reference to listed securities of the same company.
- Consideration of seniority of the securities held and terms of repayment upon realisation.
- Consideration of any trading restrictions on the investment company's shares that would limit Manager's ability to realise its holding.
- Consideration of any outstanding payments to be made by Manager.
- Industry statistics or events (such as mergers and acquisitions).

The fair value of the Fund's investment in Mayfair Capital Commercial Property Trust is determined using Fund Manager's estimation of liquidation process and any potential recovery thereon, and taking into account where applicable any factors which may warrant adjustment to the net asset value as part of a robust governance process involving the Valuation and Pricing Committee.

Notes to the Financial Statements *(continued)*

15. Portfolio Transaction Costs

For the year ended 31 May 2021

	Funds £	%	Total £
31.05.21			
Analysis of total purchases costs			
Purchases in year before transaction costs	537,933,289		537,933,289
Commissions	–	–	–
Expenses and other charges	–	–	–
	–		–
Purchases including transaction costs	<u>537,933,289</u>		<u>537,933,289</u>
Analysis of total sales costs			
Sales in year before transaction costs	581,683,953		581,683,953
Commissions	(40,242)	0.01	(40,242)
Expenses and other charges	–	–	–
	<u>(40,242)</u>		<u>(40,242)</u>
Sales net of transaction costs	<u>581,643,711</u>		<u>581,643,711</u>

Commissions and expenses and other charges as % of average net assets:

Commissions	0.00%
Expenses and other charges	0.00%

The average portfolio dealing spread as at the balance sheet date was 0.00%.

Notes to the Financial Statements *(continued)*

15. Portfolio Transaction Costs *(continued)*

For the year ended 31 May 2020

	Funds £	%	Total £
31.05.20			
Analysis of total purchases costs			
Purchases in year before transaction costs	214,190,748		214,190,748
Commissions	24,233	0.01	24,233
Taxes	–	–	–
Expenses and other charges	–	–	–
	<u>24,233</u>		<u>24,233</u>
Purchases including transaction costs	<u>214,214,981</u>		<u>214,214,981</u>
Analysis of total sales costs			
Sales in year before transaction costs	189,912,046		189,912,046
Commissions	(7,466)	–	(7,466)
Taxes	–	–	–
Expenses and other charges	(124,036)	0.07	(124,036)
	<u>(131,502)</u>		<u>(131,502)</u>
Sales net of transaction costs	<u>189,780,544</u>		<u>189,780,544</u>

Commissions, taxes and expenses and other charges as % of average net assets:

Commissions	0.00%
Taxes	0.00%
Expenses and other charges	0.01%

The average portfolio dealing spread as at the balance sheet date was 0.00%.

16. Unitholders' Funds

The Fund has the following unit classes in issue, with the following charges and minimum initial investment levels:

Unit Class	Initial Charge	Aggregate Operating Fee	Annual Management Charge	Minimum Initial investment
L-Class* Units	0.00%	0.22%	1.50%	£500
I-Class Units	0.00%	0.22%	0.75%	£1,000,000
J-Class Units	0.00%	0.22%	1.20%	£500

**With effect from 15 February 2021, Retail Units have been re-named as L-Class Units.*

Revenue and other expenses, not included in the table above, are allocated each day pro rata to the value of the assets attributable to each unit class and taxation is calculated by reference to the net revenue after expenses attributable to each unit class. Due to the varying expenses, the level of net revenue after expenses attributable to each unit class and the distributable revenue is likely to differ.

Notes to the Financial Statements *(continued)*

16. Unitholders' Funds *(continued)*

The Net Asset Value per unit and the number of units in each class are given in the Comparative Tables on pages 6 and 7. All unit classes have the same rights on winding up.

Reconciliation of Units	L-Class Income*	L-Class Accumulation*	I-Class Income	I-Class Accumulation
Opening number of units at 1 June 2020	10,568,351	208,243,909	124,221,019	576,953,966
Units issued in year	142,061	3,531,045	3,949,253	12,258,937
Units cancelled in year	(1,311,670)	(27,239,481)	(16,538,308)	(33,974,053)
Units converted in year	(143,110)	(1,649,441)	35,327	448,080
Closing number of units at 31 May 2021	9,255,632	182,886,032	111,667,291	555,686,930

Reconciliation of Units	J-Class Income	J-Class Accumulation
Opening number of units at 1 June 2020	1,243,485	8,138,149
Units issued in year	27,343	583,173
Units cancelled in year	(141,652)	(666,843)
Units converted in year	94,336	1,176,912
Closing number of units at 31 May 2021	1,223,512	9,231,391

*With effect from 15 February 2021, Retail Units have been re-named as L-Class Units.

17. Unit Price Movement since the Balance Sheet date (Non-adjusting post balance sheet event)

Since the last day of dealing of the period on 28 May 2021, the Fund's quoted prices in pence have moved as follows:

	Price as at 28.05.21	Price as at 02.08.2021	% Change
L-Class Income*	145.58	147.02	0.99
L-Class Accumulation*	222.33	226.93	2.07
I-Class Income	156.88	158.62	1.11
I-Class Accumulation	238.42	243.63	2.19
J-Class Income	145.94	147.45	1.03
J-Class Accumulation	222.81	227.52	2.11

*With effect from 15 February 2021, Retail Units have been re-named as L-Class Units.

Distribution Tables

For the six months ended 30 November 2020

INTERIM

Group 1: Units purchased prior to 1 June 2020

Group 2: Units purchased on or after 1 June 2020 to 30 November 2020

	Income	Equalisation	Distribution paid 29.01.21	Distribution paid 31.01.20
L-Class Income* Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	1.0759	–	1.0759	1.3991
Group 2	0.4307	0.6452	1.0759	1.3991

	Income	Equalisation	Distribution accumulated 29.01.21	Distribution accumulated 31.01.20
L-Class Accumulation* Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	1.6301	–	1.6301	2.0679
Group 2	0.5381	1.0920	1.6301	2.0679

	Income	Equalisation	Distribution paid 29.01.21	Distribution paid 31.01.20
I-Class Income Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	1.1529	–	1.1529	1.4884
Group 2	0.3698	0.7831	1.1529	1.4884

	Income	Equalisation	Distribution accumulated 29.01.21	Distribution accumulated 31.01.20
I-Class Accumulation Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	1.7392	–	1.7392	2.1835
Group 2	0.6821	1.0571	1.7392	2.1835

	Income	Equalisation	Distribution paid 29.01.21	Distribution paid 31.01.20
J-Class Income** Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	1.0765	–	1.0765	n/a
Group 2	0.4372	0.6393	1.0765	n/a

	Income	Equalisation	Distribution accumulated 29.01.21	Distribution accumulated 31.01.20
J-Class Accumulation** Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	1.6293	–	1.6293	n/a
Group 2	0.6240	1.0053	1.6293	n/a

*With effect from 15 February 2021, Retail Units have been re-named as L-Class Units.

**There are no comparative figures as the units were launched on 29 May 2020.

Distribution Tables *(continued)*

For the year ended 31 May 2021

FINAL

Group 1: Units purchased prior to 1 December 2020

Group 2: Units purchased on or after 1 December 2020 to 31 May 2021

	Income	Equalisation	Distribution payable 30.07.21	Distribution paid 31.07.20
L-Class Income* Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	1.5310	–	1.5310	1.4072
Group 2	0.6349	0.8961	1.5310	1.4072

	Income	Equalisation	Distribution to be accumulated 30.07.21	Distribution accumulated 31.07.20
L-Class Accumulation* Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	2.3381	–	2.3381	2.2590
Group 2	1.2618	1.0763	2.3381	2.2590

	Income	Equalisation	Distribution payable 30.07.21	Distribution paid 31.07.20
I-Class Income Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	1.6471	–	1.6471	1.5173
Group 2	0.7130	0.9341	1.6471	1.5173

	Income	Equalisation	Distribution to be accumulated 30.07.21	Distribution accumulated 31.07.20
I-Class Accumulation Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	2.5032	–	2.5032	2.4233
Group 2	1.1900	1.3132	2.5032	2.4233

	Income	Equalisation	Distribution payable 30.07.21	Distribution paid 31.07.20
J-Class Income Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	1.5338	–	1.5338	1.4072
Group 2	0.5788	0.9550	1.5338	1.4072

	Income	Equalisation	Distribution to be accumulated 30.07.21	Distribution accumulated 31.07.20
J-Class Accumulation Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	2.3416	–	2.3416	2.2590
Group 2	0.9699	1.3717	2.3416	2.2590

*With effect from 15 February 2021, Retail Units have been re-named as L-Class Units.

Distribution Tables *(continued)*

All Unit Types

The relevant information required by a corporate unitholder is as follows:

- Franked investment income 100.00%
- Annual payment 0.00%
(non-foreign element)

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

General Information (unaudited)

Remuneration

Under the requirements of the Alternative Investment Fund Managers Directive ('AIFMD'), Jupiter Unit Trust Managers Limited (JUTM) (part of the Jupiter Group, which comprises Jupiter Fund Management plc and all of its subsidiaries (Jupiter')) is required to comply with certain disclosure and reporting obligations for funds that are considered to be Alternative Investment Funds. This includes the Jupiter Merlin Balanced Portfolio (the 'Fund').

Jupiter operates a Group-wide remuneration policy, which applies to all employees across the Group. All employees are incentivised in a similar way and are rewarded according to personal performance and Jupiter's success. Details of the remuneration policy, including the applicable financial and non-financial criteria, are set out in the detailed remuneration policy disclosures available via the following link:

<https://www.jupiteram.com/board-and-governance/#risk-management>

Remuneration decisions are governed by Jupiter's Remuneration Committee (the 'Committee'), which meets on a regular basis to consider remuneration matters across the Group. In order to avoid conflicts of interest, the Committee comprises independent non-executive directors, and no individual is involved in any decisions regarding their own remuneration. Implementation of the remuneration policy for the Group is subject to an annual independent review by Jupiter's internal audit department. No material outcomes or irregularities were identified as a result of the most recent independent review, which took place in 2020.

JUTM's Board includes two independent Non-Executive Directors who are remunerated directly by the company. No other members of the Board receive remuneration from JUTM and are instead remunerated directly by their employing entity in the Jupiter Group. JUTM does not employ any other staff. In the interests of transparency, Jupiter has apportioned the total employee remuneration paid to all its 510 staff (including Non-Executive Directors) in respect of JUTM's AIFMD duties performed for the AIFs on a "number of funds" basis. It has estimated that the total amount of employee remuneration paid in respect of duties for the Fund is £1,034,861, of which £407,704 is fixed remuneration and £627,157 is variable remuneration.

The aggregate total remuneration paid to AIFMD Identified Staff that is attributable to duties for the Fund is £554,981 of which £133,533 is paid to Senior Management and £421,448 is paid to Other Identified Staff. It should be noted that the aforementioned Identified Staff also provide services to other companies within Jupiter and its clients. They are included because their professional activities are considered to have a material impact on the risk profile of the Fund.

Tax Information Reporting

UK tax legislation requires fund managers to provide information to HMRC on certain investors who purchase units in unit trusts. Accordingly, the Fund may have to provide information annually to HMRC on the tax residencies of those unitholders that are tax resident out with the UK, in those countries that have signed up to the OECD's ('Organisation for Economic Cooperation and Development') Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard'), or the United States (under the Foreign Account Tax Compliance Act, 'FATCA').

All new unitholders that invest in the Fund must complete a certification form as part of the application form. Existing unitholders may also be contacted by the Registrar should any extra information be needed to correctly determine their tax residence.

Failure to provide this information may result in the account being reported to HMRC.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – **information for account holders: gov.uk/government/publications/exchange-of-information-account-holders**.

General Information (unaudited) *(continued)*

Value Assessment

The Assessment of Value report for Jupiter Merlin Balanced Portfolio, contained within a Composite Report on each of Jupiter's Unit Trusts is published annually on the Document Library at www.jupiteram.com within 4 months of the reference date 31 March.

Advice to Unitholders

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our unitholders to be cautious so that they can protect themselves and spot the warning signs.

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they are only making the offer available to you
- ask you to not tell anyone else about it

You can avoid investment scams by:

- **Rejecting unexpected offers** – Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high risk investment or a scam.
- **Checking the FCA Warning List** – Use the FCA Warning List to check the risks of a potential investment. You can also search to see if the firm is known to be operating without proper FCA authorisation.
- **Getting impartial advice** – Before investing get impartial advice and don't use an adviser from the firm that contacted you.

If you are suspicious, report it:

- You can report the firm or scam to the FCA by contacting their Consumer Helpline on **0800 111 6768** or using their online reporting form.
- If you have lost money in a scam, contact **Action Fraud** on **0300 123 2040** or www.actionfraud.police.uk

For further helpful information about investment scams and how to avoid them please visit www.fca.org.uk/scamsmart

Jupiter continues to monitor developments in the Brexit negotiations and Jupiter's overarching aim is to ensure continuity of its business for all of its clients, and plans are in place to manage risks associated with Brexit, both 'hard' and 'soft'.

Responsible Stewardship

Jupiter believes that responsible stewardship is an important issue and aims to act in the best interests of all its stakeholders by engaging with the companies that it invests in, and by exercising its voting rights with care. We believe companies with high standards of corporate responsibility, governance and sustainable business practices create an appropriate culture to enhance good investment performance. **Jupiter's Corporate Governance and Voting Policy** and its compliance with the **UK Stewardship Code**, together with supporting disclosure reports are available at www.jupiteram.com.

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