

# Jupiter Merlin Real Return

## Annual Report & Accounts

For the year ended 30 June 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  
 PO Box 10666  
 Chelmsford  
 CM99 2BG

Tel: **0800 561 4000**

Fax: **0800 561 4001**

**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 Real Return 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 achieve a return, net of fees, that is at least 3% per annum higher than the Consumer Price Index over 3-year rolling periods.

Capital invested in the Fund is at risk and there is no guarantee that the investment objective will be achieved over 3-year rolling periods or in respect of any other time period.

The Consumer Price Index is an inflationary indicator published monthly by the UK Office for National Statistics that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

### 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, 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, although the underlying funds may do so.

### Benchmarks

The Consumer Price Index is an inflationary indicator published monthly by the UK Office for National Statistics that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation and is a good relative measure to assess real capital appreciation.

### 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 page 6.

## Fund Information *(continued)*

### Cumulative Performance (% change to 30 June 2021)

	1 year
Percentage Growth	7.5
CPI + 3%*	5.2

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. For definitions please see the glossary at [jupiteram.com](http://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 their registered address is The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ.

## Investment Report

For the year to 30 June 2021, the Portfolio returned 7.5%\* against its consumer inflation-linked benchmark of Consumer Price Index (CPI) +3% pa of 5.2%\*.

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

### Market Review

2020 was dominated by the pandemic; 2021 remains so, albeit the great western unlock is now under way despite the prevalence of the Indian/Delta variant of the virus. 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.

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. Investors are assuming that the next moves in central banks' interest rates, whenever they may be, are likely to be up rather than down.

### Performance Review

Having been preoccupied with capital preservation early in the pandemic, Portfolio equity exposure was biased towards 'growth' (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) 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' (An investment style that focuses on buying stocks trading for less than their intrinsic value) styles. Believing the secular growth narrative remains intact, we were reluctant to fund the 'value' additions from our 'growth' funds. Instead, we sold our VanEck Vectors Gold Miners, most of our physical gold exposure and most of the Jupiter Gold & Silver (formerly Merian) Fund. As investors began to price in higher inflation risk, particularly in the US, we trimmed the Allianz Strategic Bond Fund to mitigate against weaker bond prices.

We reallocated some of the proceeds by reintroducing two funds in the equity section, held earlier in the year Jupiter Global Value and MAN GLG Income, and one fund in the absolute return space Brook Absolute Return (formerly Odey). All three strategies have a 'value' tilt to their approaches.

During February, we trimmed our holding in Allianz Strategic Bond and Man GLG Income to increase our weighting once again in Jupiter Gold & Silver as the underlying shares had been left behind in the significant market rally which we had experienced post the vaccine announcement.

In March, to increase the portfolio's exposure to the global economic recovery we bought a new holding in BlackRock Natural Resources, investing in activities ranging from energy and mining to agriculture, trimming our Findlay Park American holding to do so. We also added to Morant Wright Japan with its value approach in an attractive and cheap market.

Towards the year end we opened a number of modestly sized equity positions in Jupiter Global Equity Growth Unconstrained Fund, which targets investment opportunities among disruptive technologies; Guinness Sustainable Energy, well placed to benefit from the global push to decarbonisation and Chrysalis Investments Limited, an investment trust investing in later stage private, technology enabled companies. Finally, we further diversified our absolute return exposures by investing in IAM Prentice, a broadly market neutral but value biased long/short equity strategy which we believe has strong potential to add value over time.

## Investment Report *(continued)*

### Investment Outlook

Economic recovery is very much in evidence, albeit at different rates in different parts of the world as the pandemic waxes, wanes or lingers more in some countries than others. Markets are fickle masters and investors are turning their attention to both the duration of growth and the risks of medium-to-longer-term inflation if economies were to show signs of overheating. 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 Merlin Real Return is for long term investors. To manage risk, and with liquidity uppermost in our minds, we deliberately blend a mix of styles among managers in whose funds we invest. But whatever their chosen approach, they share our core philosophy of aiming to capture decent performance in rising markets and trying to limit losses as far as possible when markets fall. We can't repeat it often enough: our approach is that of the tortoise over the hare; long-term investment over short-term speculation.

### Jupiter Independent Funds Team



## Comparative Tables

Change in net asset per unit						
	L-Class Accumulation <sup>**,***</sup>			I-Class Accumulation <sup>**</sup>		
	30.06.21 (p)	30.06.20 (p)	30.06.19 (p)	30.06.21 (p)	30.06.20 (p)	30.06.19 (p)
Opening net asset value per unit	50.00	49.68	50.00	50.74	50.05	50.00
Return before operating charges*	4.47	1.48	0.38	4.54	1.48	0.40
Operating charges	(1.24)	(1.16)	(0.70)	(0.87)	(0.79)	(0.35)
Return after operating charges*	3.23	0.32	(0.32)	3.67	0.69	0.05
Distribution on accumulation unit	–	–	–	(0.23)	(0.03)	–
Retained distributions on accumulation unit	–	–	–	0.23	0.03	–
Closing net asset value per unit	53.23	50.00	49.68	54.41	50.74	50.05
*after direct transaction costs of:	0.01	–	–	0.01	–	–
<b>Performance</b>						
Return after charges (%)	6.46	0.64	(0.64)	7.23	1.38	0.10
<b>Other Information</b>						
Closing net asset value (£'000)	2	6	38	7,476	7,683	19,865
Closing number of units	3,598	12,421	76,866	13,740,955	15,141,147	39,694,346
Operating charges (%)	2.39	2.31	2.42	1.64	1.56	1.67
Direct transaction costs (%)	0.01	0.01	–	0.01	0.01	–
<b>Prices</b>						
Highest unit price (p)	53.75	51.81	50.50	54.93	52.44	50.55
Lowest unit price (p)	50.05	45.59	47.73	50.80	46.17	47.89
<b>Change in net asset per unit</b>						
	J-Class Accumulation <sup>****</sup>					
	30.06.21 (p)	30.06.20 (p)				
Opening net asset value per unit	50.01	49.32				
Return before operating charges*	4.47	1.69				
Operating charges	(1.09)	(1.00)				
Return after operating charges*	3.38	0.69				
Distribution on accumulation unit	–	–				
Retained distributions on accumulation unit	–	–				
Closing net asset value per unit	53.39	50.01				
*after direct transaction costs of:	0.01	–				
<b>Performance</b>						
Return after charges (%)	6.76	1.40				
<b>Other Information</b>						
Closing net asset value (£'000)	22	9				
Closing number of units	41,061	17,825				
Operating charges (%)	2.09	2.02				
Direct transaction costs (%)	0.01	0.01				
<b>Prices</b>						
Highest unit price (p)	53.92	50.06				
Lowest unit price (p)	50.06	48.93				

\*\*The Fund was launched on 9 July 2018.

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

\*\*\*\*The J-Class Accumulation units were 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 30.06.21	Year to 30.06.20
Portfolio Turnover Rate	110.82%	92.42%

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.



- 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. They include the costs (less any rebates) incurred by the underlying funds held during the period.

Charges taken from the Fund over the year to:	30.06.21	30.06.20**
Ongoing charges for L-Class* Units	2.39%	2.31%
Ongoing charges for I-Class Units	1.64%	1.56%
Ongoing charges for J-Class Units	2.09%	2.02%

\*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 30 June 2021

Holding	Investment	Market value £	Total net assets %
<b>UK Equity Funds - 28.81% (25.32%)</b>			
91,500	LF Brook Absolute Return Fund	401,740	5.36
3,500	Man GLG Alpha Select Alternative Fund	555,275	7.40
450,000	Man GLG Income Fund	525,600	7.01
8,000	Jupiter Gold and Silver Fund <sup>†</sup>	158,377	2.11
37,000	Jupiter UK Specialist Equity Fund <sup>†</sup>	520,168	6.93
		2,161,160	28.81
<b>US Equity Funds - 7.27% (5.50%)</b>			
550	IAM Investments Prentice Equity UCITS Fund	545,105	7.27
<b>European Equity Funds - 0.00% (13.04%)</b>			
<b>Far Eastern Equity Funds - 0.00% (2.96%)</b>			
<b>Japanese Equity Funds - 4.55% (0.00%)</b>			
80,000	LF Morant Wright Japan Fund	340,960	4.55
<b>Specialist Funds - 1.85% (15.53%)</b>			
1,150	WisdomTree Physical Gold ETF	138,816	1.85
<b>Global Equity Funds - 55.57% (31.51%)</b>			
550,000	BlackRock Natural Resources Growth & Income Fund	515,240	6.87
4,500	BlackRock UK Emerging Companies Absolute Return Fund	595,530	7.94
600	Eleva Absolute Return Europe Fund	711,618	9.49
100,000	Fundsmith Equity Fund	568,220	7.58
7,500	Guinness Sustainable Energy Fund	167,870	2.24
1,750	Jupiter Global Equity Growth Unconstrained Fund <sup>†</sup>	181,160	2.41
40,000	Jupiter JGF Global Value Fund <sup>†</sup>	590,000	7.87
7,000	Lumyna - Sandbar Global Equity Markets Neutral UCITS Fund	708,680	9.45
52,493	Jupiter Chrysalis Investments Limited <sup>†</sup>	129,133	1.72
		4,167,451	55.57
	Total value of investments	7,353,492	98.05
	Net other assets	146,413	1.95
	<b>Net assets</b>	<b>7,499,905</b>	<b>100.00</b>

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

The figures in brackets show allocations as at 30 June 2020.

<sup>†</sup>Represents an investment in a Jupiter Investment Management Group Limited product.

## Summary of Material Portfolio Changes

### Significant purchases and sales for the year ended 30 June 2021

Purchases	Cost £	Sales	Proceeds £
Man GLG Income Fund	701,120	Man GLG Alpha Select Alternative Fund	944,350
IAM Investments Prentice Equity UCITS Fund	555,505	Allianz Strategic Bond Fund	798,507
BlackRock Natural Resources Growth & Income Fund	506,880	Findlay Park American Fund	574,286
Jupiter JGF Global Value Fund	474,400	WisdomTree Physical Gold ETF	573,824
LF Brook Absolute Return Fund	378,975	BlackRock UK Emerging Companies Absolute Return Fund	438,740
LF Morant Wright Japan Fund	356,160	iShares NASDAQ 100 UCITS ETF	416,105
Jupiter Gold and Silver Fund	316,544	VanEck Vectors Gold Miners UCITS ETF	368,591
Lumyna - Sandbar Global Equity Markets Neutral UCITS Fund	268,450	Man GLG Income Fund	250,390
iShares NASDAQ 100 UCITS ETF	195,932	First State Asia Focus Fund	232,471
Jupiter Global Equity Growth Unconstrained Fund	167,913	Amundi Physical Gold	151,689
Subtotal	3,921,879	Subtotal	4,748,953
<b>Total cost of purchases, including the above, for the year</b>	<b>4,496,226</b>	<b>Total proceeds of sales, including the above, for the year</b>	<b>4,885,863</b>

## 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.

## Statement of Trustee's Responsibilities in relation to the Financial Statements of the Scheme and Report of the Trustee to the Unitholders of the Jupiter Merlin Real Return ("the Fund") for the Year Ended 30 June 2021

The Trustee must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and, from 22 July 2014 the Investment Funds Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Fund, acting through the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Fund.

### Northern Trust Global Services SE (UK Branch)

Trustee & Depositary Services

London

9 September 2021

## Independent auditors' report to the Unitholders of Jupiter Merlin Real Return

### Report on the audit of the financial statements

#### Opinion

In our opinion, the financial statements of Jupiter Merlin Real Return (the "Fund"):

- give a true and fair view of the financial position of the Fund as at 30 June 2021 and of the net revenue and the net capital gains on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the Balance Sheet as at 30 June 2021; the Statement of Total Return and the Statement of Change in Net Assets Attributable to Unitholders for the year then ended; the Distribution Table; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Fund's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Fund Manager with respect to going concern are described in the relevant sections of this report.

## Independent auditors' report to the Unitholders of Jupiter Merlin Real Return

*(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.



## Independent auditors' report to the Unitholders of Jupiter Merlin Real Return

*(continued)*

Based on our understanding of the Fund/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Fund. Audit procedures performed included:

- Discussions with the Authorised Fund Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Fund Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the Fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Independent auditors' report to the Unitholders of Jupiter Merlin Real Return** *(continued)*

### **Other required reporting**

#### **Opinion on matter required by the Collective Investment Schemes sourcebook**

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

#### **Collective Investment Schemes sourcebook exception reporting**

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

Edinburgh

9 September 2021

## Statement of Total Return

For the year ended 30 June 2021					
	Note	Year to 30.06.21		Year to 30.06.20	
		£	£	£	£
Income					
Net capital gains	3		493,886		358,492
Revenue	4		85,741		73,772
Expenses	5		(54,947)		(83,544)
Interest payable and similar charges			(203)		(1,070)
Net revenue/(expense) before taxation			30,591		(10,842)
Taxation	6		–		–
Net revenue/(expense) after taxation			30,591		(10,842)
<b>Total return before distributions</b>			<b>524,477</b>		<b>347,650</b>
Distributions	7		(31,056)		10,064
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>493,421</b>		<b>357,714</b>

## Statement of Change in Net Assets Attributable to Unitholders

For the year ended 30 June 2021					
		Year to 30.06.21		Year to 30.06.20	
		£	£	£	£
<b>Opening net assets attributable to unitholders</b>			<b>7,698,387</b>		<b>19,903,320</b>
Amounts receivable on issue of units			162,999		677,942
Amounts payable on cancellation of units			(886,119)		(13,245,434)
			(723,120)		(12,567,492)
Change in net assets attributable to unitholders from investment activities			493,421		357,714
Retained distribution on accumulation units			31,217		4,845
<b>Closing net assets attributable to unitholders</b>			<b>7,499,905</b>		<b>7,698,387</b>

## Balance Sheet

As at 30 June 2021			
	Note	30.06.21 £	30.06.20 £
<b>Assets</b>			
Fixed Assets:			
Investments		7,353,492	7,225,439
Current assets:			
Debtors	8	14,722	372,312
Cash and bank balances	9	144,024	463,231
Total assets		7,512,238	8,060,982
<b>Liabilities</b>			
Creditors:			
Other creditors	10	(12,333)	(362,595)
Total liabilities		(12,333)	(362,595)
<b>Net assets attributable to unitholders</b>		<b>7,499,905</b>	<b>7,698,387</b>

## Directors' Statement

### Jupiter Merlin Real Return

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: Phil Wagstaff, Jasveer Singh**

Jupiter Unit Trust Managers Limited

London

9 September 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 Managers' Responsibilities in relation to the financial statements of the Scheme on page 10, 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 30 June 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 30 June 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 30 June 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 30 June 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 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 period. 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 period 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, annually on 31 August in respect of the accounting year ending 30 June.

#### (c) 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:

	30.06.21 £	30.06.20 £
Currency gains	6,717	23,433
Transaction charges	(671)	(411)
Gains on non-derivative securities*	485,489	350,790
Losses on forward currency contracts** (see Note 13)	–	(18,725)
Management fee rebates	2,351	3,405
<b>Net capital gains</b>	<b>493,886</b>	<b>358,492</b>

Gains on non-derivative securities*	£	£
Realised gains/(losses)	571,228	(35,387)
Unrealised (losses)/gains	(85,739)	386,177
	485,489	350,790

Losses on forward foreign currency contracts**	£	£
Realised losses	–	(18,725)
	–	(18,725)

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

### 4. Revenue

	30.06.21 £	30.06.20 £
UK dividends (franked) from authorised collective investment schemes	21,866	24,480
Offshore distributions from collective investment schemes	36,955	35,465
Bank interest	–	940
Management fee rebates	9,784	11,011
UK dividends (unfranked) from authorised ICVCs and unit trusts	17,116	–
Interest distribution from authorised ICVCs and unit trusts	20	1,876
<b>Total revenue</b>	<b>85,741</b>	<b>73,772</b>

## Notes to the Financial Statements *(continued)*

### 5. Expenses

	30.06.21 £	30.06.20 £
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Annual management charge	37,661	58,153
Registration fees	–	22,889
	<u>37,661</u>	<u>81,042</u>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Trustee's fee	–	816
Safe custody charges	–	(24)
	<u>–</u>	<u>792</u>
<b>Other expenses:</b>		
Financial Conduct Authority fee	–	115
Aggregate Operating Fee	17,286	1,595
	<u>17,286</u>	<u>1,710</u>
<b>Total expenses</b>	<u><b>54,947</b></u>	<u><b>83,544</b></u>

The audit fee (excluding VAT) incurred during the year was £11,467 (30.06.20: £10,520). The current and prior year amount is borne by the Manager.



## Notes to the Financial Statements *(continued)*

### 6. Taxation

#### (a) Analysis of charge in the year:

	30.06.21 £	30.06.20 £
Corporation tax	–	–
<b>Total tax charge for the year</b>	<b>–</b>	<b>–</b>

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

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

	30.06.21 £	30.06.20 £
Net revenue/(expense) before taxation	30,591	(10,842)
Corporation tax of 20% (2020: 20%)	6,118	(2,168)
<b>Effects of:</b>		
Current year expenses not utilised	5,176	13,476
Revenue not subject to taxation	(11,764)	(11,989)
Taxable income reflected in capital	470	681
<b>Current tax charge for the year</b>	<b>–</b>	<b>–</b>

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 30 June 2021, there are surplus management expenses of £171,814 (30.06.20: £145,932). It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore a Deferred Tax asset of £34,363 (30.06.20: £29,186) 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:

	30.06.21 £	30.06.20 £
Final distribution	31,217	4,845
	31,217	4,845
Amounts paid on issue of units	71	1,072
Amounts received on cancellation of units	(232)	(15,981)
<b>Net distributions for the year</b>	<b>31,056</b>	<b>(10,064)</b>
<b>Reconciliation of net revenue after taxation to distributions:</b>		
Net revenue/(expense) after taxation	30,591	(10,842)
Tax relief on capitalised expenses	470	681
Net movement in revenue account	(7)	(6)
Transfer from capital for revenue deficit*	6	103
Surplus net revenue transferred to capital**	(4)	–
<b>Net distributions for the year</b>	<b>31,056</b>	<b>(10,064)</b>

\*No distribution have been made in respect of L-Class units for the current and prior years as there was an excess of expenses over revenue. The deficit has been covered by a transfer from the capital of the Fund (as described in Note 2 on page 19).

\*\*No distributions have been made in respect of J-Class units for the year to 30 June 2021 on the grounds of immateriality of net revenue available (as described in Note 2 on page 19).

Details of the distributions in pence per unit are shown in the Distribution Table on page 32.

### 8. Debtors

	30.06.21 £	30.06.20 £
Accrued revenue	5,033	900
Amounts receivable for issue of units	6	3
Management fee rebates receivable	9,683	3,220
Sales awaiting settlement	–	368,189
<b>Total debtors</b>	<b>14,722</b>	<b>372,312</b>

### 9. Cash and Bank Balances

	30.06.21 £	30.06.20 £
Cash and bank balances	144,024	463,231
<b>Total cash and bank balances</b>	<b>144,024</b>	<b>463,231</b>

## Notes to the Financial Statements *(continued)*

### 10. Other Creditors

	30.06.21 £	30.06.20 £
Accrued expenses	1,134	1,196
Amounts payable for cancellation of units	6,347	54,053
Purchases awaiting settlement	4,852	307,346
<b>Total other creditors</b>	<b>12,333</b>	<b>362,595</b>

### 11. Contingent Assets, Liabilities and Capital Commitments

The Fund had no contingent assets, liabilities or capital commitments at the balance sheet date (30.06.20: £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 £6,341 was payable to JUTM (30.06.20: £54,050 payable to JUTM). These amounts are included in amounts receivable for issue of units in Note 8 (Debtors) and amounts payable for cancellation of units in Note 10 (Other Creditors).

Any amounts due to or from JUTM at the end of the accounting year are disclosed in Notes 8 and 10. Amounts paid to JUTM in respect of fund management are disclosed in Note 5 (expenses). At the year end, £1,134 (30.06.20: £741) was payable to JUTM. These amounts are included as part of accrued expenses in Note 10.

Holdings in other Jupiter products at the year end, which are shown in the portfolio statement on page 8 are valued at £1,578,838 (30.06.20: £nil). During the year, the Fund had purchases in other Jupiter products totaling to £1,012,786 and sales proceeds totaling to £137,485. There were no other outstanding trade transaction at year end (30.06.20: £nil).

Dividends received during the year totaled £1,317 (30.06.20: £35,459). There were no related accrued revenue due to the Fund at year end (30.06.20: £nil).

Where investments are held in other Jupiter products, a rebate could be paid into the Fund. Amounts received from other Jupiter products as management fee rebates are included in Note 3 (Net Capital Gains) and Note 4 (Revenue). At the year end, £7,139 (30.06.20: £nil) was receivable from other Jupiter products. This amount is included as management fee rebates receivable in Note 8.

### 13. Financial Instruments

In pursuing its investment objectives the Fund invests in other funds, which in turn, will invest in a number of financial instruments. The Fund, and the underlying funds, can also invest in securities and other investments and hold 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.

## Notes to the Financial Statements *(continued)*

### 13. Financial Instruments *(continued)*

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.

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 30 June 2021 was 1:0.98 (30.06.20: 1:0.98) as determined using the Gross method and 1:1 (30.06.20: 1:1.07) 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 30.06.21
Gross exposure	2:1	1:0.98
Commitment exposure	2:1	1:1

  

	Maximum limit	Average leverage employed during the year to 30.06.20
Gross exposure	2:1	1:0.98
Commitment exposure	2:1	1:1.07

#### 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 £735,349 (30.06.20: £722,544). A ten per cent decrease would have an equal and opposite effect.

## Notes to the Financial Statements *(continued)*

### 13. Financial Instruments *(continued)*

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis. Certain transactions in securities that the Fund enters into expose it to the risk that a counterparty will not deliver the investment for a purchase, or cash for a sale after the Company has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty and these are reviewed on an ongoing basis. The Fund aims to reduce this credit risk by holding a well diversified range of securities.

#### Foreign Currency Risk

A substantial proportion of the net assets of the Fund and underlying Funds 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	30.06.21 £	30.06.20 £
US Dollar	138,817	1,557,529

#### 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 £13,882 (30.06.20: £155,753). A ten per cent decrease would have an equal and opposite effect.

## Notes to the Financial Statements *(continued)*

### 13. Financial Instruments *(continued)*

#### 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 30 June 2021 was:

Currency	Floating Rate financial assets £	Fixed Rate financial assets £	Financial assets not carrying interest £	Total £
<b>30.06.21</b>				
US Dollar	–	–	138,817	138,817
Sterling	144,024	–	7,229,397	7,373,421
<b>Total</b>	<b>144,024</b>	<b>–</b>	<b>7,368,214</b>	<b>7,512,238</b>
<b>30.06.20</b>				
US Dollar	–	–	1,810,944	1,810,944
Sterling	463,232	–	5,786,806	6,250,038
<b>Total</b>	<b>463,232</b>	<b>–</b>	<b>7,597,750</b>	<b>8,060,982</b>

Currency	Floating Rate financial liabilities £	Fixed Rate financial liabilities £	Financial liabilities not carrying interest £	Total £
<b>30.06.21</b>				
Sterling	–	–	12,333	12,333
<b>Total</b>	<b>–</b>	<b>–</b>	<b>12,333</b>	<b>12,333</b>
<b>30.06.20</b>				
US Dollar	–	–	253,416	253,416
Sterling	–	–	109,179	109,179
<b>Total</b>	<b>–</b>	<b>–</b>	<b>362,595</b>	<b>362,595</b>

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

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%.

## Notes to the Financial Statements *(continued)*

### 13. Financial Instruments *(continued)*

#### 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 £18,725. All contracts were undertaken with Northern Trust as counterparty.

### 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 £
<b>30.06.21</b>		
Level 1	267,949	–
Level 2	7,085,543	–
Level 3	–	–
<b>Total</b>	<b>7,353,492</b>	<b>–</b>

Basis of valuation	Assets £	Liabilities £
<b>30.06.20</b>		
Level 1	1,387,734	–
Level 2	5,837,705	–
Level 3	–	–
<b>Total</b>	<b>7,225,439</b>	<b>–</b>

## Notes to the Financial Statements *(continued)*

### 15. Portfolio Transaction Costs

For the year ended 30 June 2021

	Funds £	%	Total £
<b>30.06.21</b>			
<b>Analysis of total purchases costs</b>			
Purchases in year before transaction costs	4,496,005		4,496,005
Commissions	217	–	217
Expenses and other charges	4	–	4
	<u>221</u>		<u>221</u>
Purchases including transaction costs	<u>4,496,226</u>		<u>4,496,226</u>
<b>Analysis of total sales costs</b>			
Sales in year before transaction costs	4,886,421		4,886,421
Commissions	(558)	0.01	(558)
	<u>(558)</u>		<u>(558)</u>
Sales net of transaction costs	<u>4,885,863</u>		<u>4,885,863</u>

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

Commissions	0.01%
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 30 June 2020

	Funds £	%	Total £
<b>30.06.20</b>			
<b>Analysis of total purchases costs</b>			
Purchases in year before transaction costs	5,840,172		5,840,172
Commissions	420	0.01	420
Taxes	–	–	–
Expenses and other charges	–	–	–
	420		420
Purchases including transaction costs	5,840,592		5,840,592
<b>Analysis of total sales costs</b>			
Sales in year before transaction costs	18,736,713		18,736,713
Commissions	(536)	–	(536)
Taxes	–	–	–
Expenses and other charges	–	–	–
	(536)		(536)
Sales net of transaction costs	18,736,177		18,736,177

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

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

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%	0.23%	1.25%	£500
I-Class Units	0.00%	0.23%	0.50%	£1,000,000
J-Class* Units	0.00%	0.23%	0.95%	£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 page 6. All unit classes have the same rights on winding up.

Reconciliation of Units	L-Class Accumulation*	I-Class Accumulation	J-Class Accumulation
Opening number of units at 1 July 2020	12,421	15,141,147	17,825
Units issued in year	1,119	280,827	23,236
Units cancelled in year	(9,942)	(1,681,019)	–
Units converted in year	–	–	–
Closing number of units at 30 June 2021	3,598	13,740,955	41,061

\*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 30 June 2021, the Fund's quoted prices in pence have moved as follows:

	Price as at 30.06.21	Price as at 03.09.21	% Change
L-Class Accumulation*	53.39	54.21	1.54
I-Class Accumulation	54.59	55.51	1.69
J-Class Accumulation	53.57	54.43	1.61

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

## Distribution Table

### For the year ended 30 June 2021

#### FINAL

Group 1: Units purchased prior to 1 July 2020

Group 2: Units purchased on or after 1 July 2020 to 30 June 2021

	Income	Equalisation	Distribution to be accumulated 31.08.21	Distribution accumulated 28.08.20
L-Class Accumulation* Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	–	–	–	–
Group 2	–	–	–	–

	Income	Equalisation	Distribution to be accumulated 31.08.21	Distribution accumulated 28.08.20
I-Class Accumulation Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	0.2272	–	0.2272	0.0320
Group 2	0.2272	–	0.2272	0.0320

	Income	Equalisation	Distribution to be accumulated 31.08.21	Distribution accumulated 28.08.20
J-Class Accumulation Units	pence per unit	pence per unit	pence per unit	pence per unit
Group 1	–	–	–	–
Group 2	–	–	–	–

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

#### 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 Real Return (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 £860,551, of which £398,404 is fixed remuneration and £462,147 is variable remuneration.

The aggregate total remuneration paid to AIFMD Identified Staff that is attributable to duties for the Fund is £380,670 of which £133,533 is paid to Senior Management and £247,137 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](https://www.gov.uk/government/publications/exchange-of-information-account-holders)**.

## General Information (unaudited) *(continued)*

### Value Assessment

The Assessment of Value report for Jupiter Merlin Real Return, contained within a Composite Report on each of Jupiter's Unit Trusts is published annually on the Document Library at [www.jupiteram.com](http://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](http://www.actionfraud.police.uk)

For further helpful information about investment scams and how to avoid them please visit [www.fca.org.uk/scamsmart](http://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](http://www.jupiteram.com).





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