

Marketing communication



# FIXED INCOME FOR A NEW WORLD

Jupiter Strategic Absolute Return Bond Fund

[jupiteram.com](http://jupiteram.com)

For professional and institutional investors only. Not for retail investors.

  
**JUPITER**  
ASSET MANAGEMENT

# An investment solution for a new world

With **dynamic and speedy asset allocation**, country and security selection, the strategy targets high risk-adjusted returns and small drawdowns via diversification. **The team are also able to take short positions**, which can add meaningfully to performance. It is important to note that, as far as the team are concerned, **carry is a strategy and not a default position**.

The strategy sacrifices carry earned via a heavy corporate bond allocation; **this provides valuable liquidity and flexibility**. The fund does not take part in private placements.

All importantly, **risk allocation is the very starting point of the team's investment process**. Portfolio construction then revolves around the model portfolio, with best ideas scaled for conviction, volatility and correlation.



# Highlights of Jupiter Strategic Absolute Return Bond Fund

*Fund objective: To seek to deliver positive total returns on a rolling 12-month basis, with stable levels of volatility uncorrelated to bond and equity market conditions.*

- Continuous portfolio reinvention to fit the macro environment
- Broad opportunity set
- Focus on total return not yield
- Liquidity is key
- Risk management is at the forefront of our investment process

## KEY RISKS OF WHICH INVESTORS SHOULD BE AWARE

**Investment risk** - while the fund aims to deliver above zero performance irrespective of market conditions, there can be no guarantee this aim will be achieved.

Furthermore, the actual volatility of the fund may be above or below the expected range and may also exceed its maximum expected volatility. A capital loss of some or all of the amount invested may occur.

**Emerging markets risk** - less developed countries may face more political, economic, or structural challenges than developed countries.

**Credit risk** - the issuer of a bond or a similar investment within the fund may not pay income or repay capital to the fund when due. Bonds which are rated below investment grade are considered to have a higher risk exposure with respect to meeting their payment obligations.

**Derivative risk** - the fund uses derivatives to generate returns and/or to reduce costs and the overall risk of the fund. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet their contractual obligations.

**CoCos and other investments with loss absorbing features** - the fund may hold investments with loss-absorbing features, including up to 20% in contingent

convertible bonds (CoCos). These investments may be subject to regulatory intervention and/or specific trigger events relating to regulatory capital levels falling to a pre-specified point. This is a different risk to traditional bonds and may result in their conversion to company shares, or a partial or total loss of value.

**Bond Connect risk** - The rules of the Bond Connect scheme may not always permit the fund to sell its assets and may cause the Fund to suffer losses on an investment.

**Interest rate risk** - investments in bonds are affected by interest rates and inflation trends which may affect the value of the fund.

**Liquidity risk** - some investments may become hard to value or sell at a desired time and price. In extreme circumstances this may affect the Fund's ability to meet redemption requests upon demand.

**Currency risk** - the fund can be exposed to different currencies. The value of your shares may rise and fall as a result of exchange rate movements.

The fund may be more than 35% invested in Government and public securities. These can be issued by other countries and Governments.

The fund may be subject to various other risk factors, please refer to the Prospectus for further information. The KIID and Prospectus are available from Jupiter on request.

# Step-by-step investment process

## TRANSFORMING INVESTMENT DECISIONS INTO A LIVE PORTFOLIO

| MACRO THEMES   | IDEA GENERATION   | PORTFOLIO CONSTRUCTION  | MODEL PORTFOLIO   |
|--|---|---|---|
| Alternative Fixed Income (FI) team determines top-down views on global macro                   | Investments determined across the asset classes with support from sector specialists                  | Alternative FI team determines fund level of ex-ante risk, sector asset allocation and individual position risk weights | Team strategy aligned with quantitative methodology - provides position sizes as a guide for the portfolio managers |
| Alternative FI team determines strategic (six month) and tactical (one month) asset allocation | Specialist teams (macro, emerging market debt and credit) support with country and corporate exposure | Risk budgeting process derives from conviction levels of Alternative FI team  | Model portfolio used as a guide for fund constitution for live portfolio  |

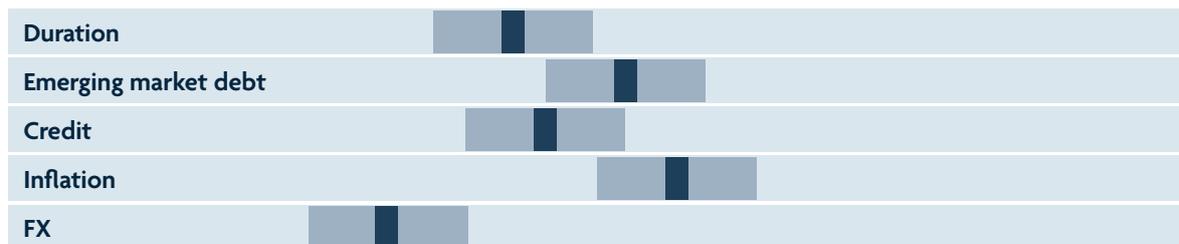
Best ideas are then scaled into a risk-efficient framework, to create the model portfolio:

- 01 PORTFOLIO MANAGER INPUTS**  
Determine total risk
- 02 PORTFOLIO MANAGER INPUTS**  
Spread risk between sub-portfolios
- 03 SECTOR SPECIALISTS INPUTS**  
Populate sub-portfolios with positions
- 04 EXPOSURE**  
Calculate positions



## A DYNAMIC AND FLEXIBLE APPROACH

In today's market, a long-only approach to fixed income investing is ineffective, in our view; there is room for a different approach to fixed income exposure. That's why the team continually tweaks the portfolio to reflect the underlying macro environment.



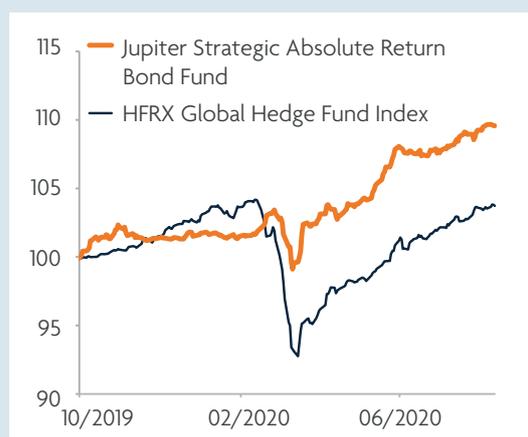
For illustrative purposes only.

## PROCESS IN ACTION

### IDENTIFYING VULNERABILITIES IN GROWTH, VALUATIONS AND LIQUIDITY

This is an example of our investment process in action, looking at the period when the Covid crisis struck in early 2020.

#### Covid performance



Past performance is not a guide to future performance. Returns may increase or decrease as a result of currency fluctuation. Source: Macrobond as at 20/08/2020.

#### H1 2020

Despite market optimism, we recognised key vulnerabilities around growth, valuations and liquidity.

SARB ran short spread duration positions, generating alpha via top-down macro calls rather than carry.

Covid-19 exposed those vulnerabilities. SARB added US front-end duration, increased USD exposure and shorted credit.

As central banks intervened, SARB began to add risk and added back emerging market exposure.

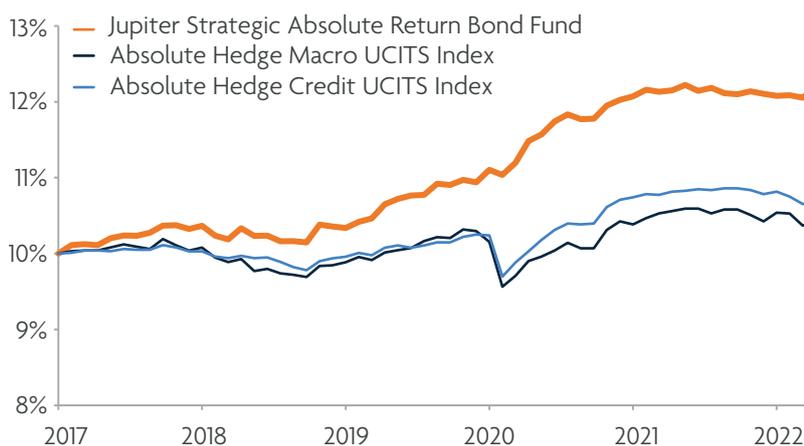
## CREDIT EXPOSURE LIMITED: CARRY NOT A NECESSITY TO GENERATE RETURNS

#### Current corporate bond exposure



The Jupiter Strategic Absolute Return Bond Fund is doing things differently to its peers. The fund sacrifices carry (via a lower corporate bond exposure) for liquidity and flexibility.

#### SUPERIOR RETURNS VERSUS A DIVERSE GROUP



Past performance data does not take into account commissions and costs incurred on the issue and redemption of shares. Returns may increase or decrease as a result of currency fluctuation. Source: Bloomberg, as at 31/03/2022. Index data from Kepler Absolute Hedge database. Jupiter Strategic Absolute Return Bond Fund (I class USD Acc). The fund's benchmark: Federal Funds Effective Overnight Rate. This share class has an extended track record based on the FI USD Acc share class.

## TRULY DIFFERENTIATED FIXED INCOME EXPERIENCE

Dynamic asset allocation according to macro environment



Controlled risk target through diversified portfolio



Alternative low volatility return to government bonds



Low credit exposure



Liquidity rather than carry



Strong track record



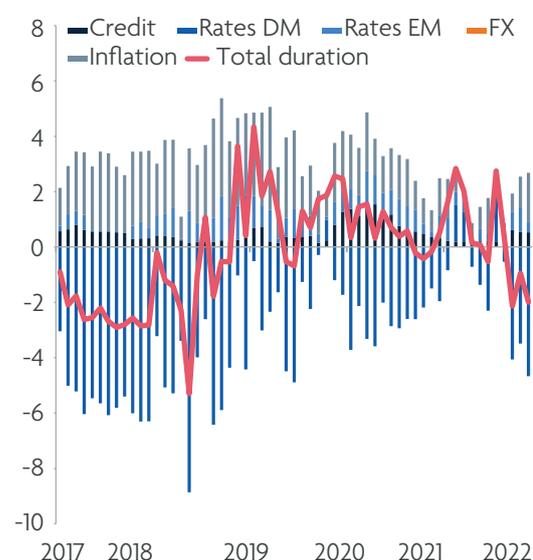
## SIGNIFICANTLY LOWER VOLATILITY THAN THE MARKET

| Period                                 | Weekly annualised volatility since 05/2017 <sup>1</sup> |
|--|---|
| FTSE US Treasury 7-10yr                | 5.6%  |
| Jupiter Strategic Absolute Return Fund | 3.0%  |

All data from Morningstar as at 31.03.2022. <sup>1</sup>On 25/05/2017, the fund's benchmark changed from the JP Morgan Global Government Bond Index USD hedged, to cash (USD – Fed Funds Overnight Rate).

## HISTORICAL PORTFOLIO COMPOSITION

### Contribution to fund duration by component (%)



Past performance data does not take into account commissions and costs incurred on the issue and redemption of shares. Returns may increase or decrease as a result of currency fluctuation. Source: MGI, Bloomberg and Aladdin, as at 31.03.2022.

## ROLLING PERFORMANCE

|   | 01.04.15<br>-01.03.16 | 01.04.16<br>-01.03.17 | 01.04.17<br>-01.03.18 | 01.04.18<br>-01.03.19 | 01.04.19<br>-01.03.20 | 01.04.20<br>-01.03.21 | 01.04.21<br>-01.03.22 | *Since inception | **Since FM inception |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------|----------------------|
| Jupiter Strategic Absolute Return Bond Fund (I USD Acc) | -3.6                  | 1.3                   | 4.5                   | 0.1                   | 6.5                   | 9.9                   | 0.6                   | 11.9             | 21.6                 |
| Benchmark   | 4.0                   | -0.1                  | 2.0                   | 2.1                   | 1.9                   | 0.1                   | 0.1                   | 0.6              | 3.1                  |

Past performance is not a guide to future performance. Returns may increase or decrease as a result of currency fluctuation.

Source: Jupiter, Bloomberg. The benchmark since 25.05.2017 is the Federal Funds Effective Overnight Rate. With effect from 01/08/2016, Mark Nash became the Fund Manager. This share class has an extended track record based on the FI USD Acc share class.

Performance since 18.04.18 is for the I USD Acc share class. Performance since 25.05.2017 and until 17.04.2018 is for the FI USD Acc share class. On 25.05.2017, the fund's benchmark changed from the JP Morgan Global Government Bond Index USD hedged, to cash (USD–Fed Funds Effective Overnight Rate). \*Since inception 30.05.2014. \*\*Since FM inception 01.08.2016.

## OUR TEAM

The portfolio manager, Mark Nash, is supported by a 32-member fixed income team, with expertise across global multi-sector, emerging market debt and credit...



**MARK NASH**  
Head of Fixed Income Alternatives



**JAMES NOVOTNY**  
Assistant Fund Manager



**HUW DAVIES**  
Assistant Fund Manager

...drawing on Jupiter's wealth of expertise across fixed income and multi-asset.



**ARIEL BEZALEL**  
Head of Strategy



**TALIB SHEIKH**  
Head of Strategy

### FIXED INCOME TEAM

32

fixed income investment professionals

### MULTI-ASSET TEAM

4

multi-asset investment professionals

**This is a marketing communication. Please refer to the latest sales prospectus of the sub-fund and to the Key Investor Information Document (KIID), particularly to the sub-fund's investment objective and characteristics including those related to ESG (if applicable), before making any final investment decisions.**

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