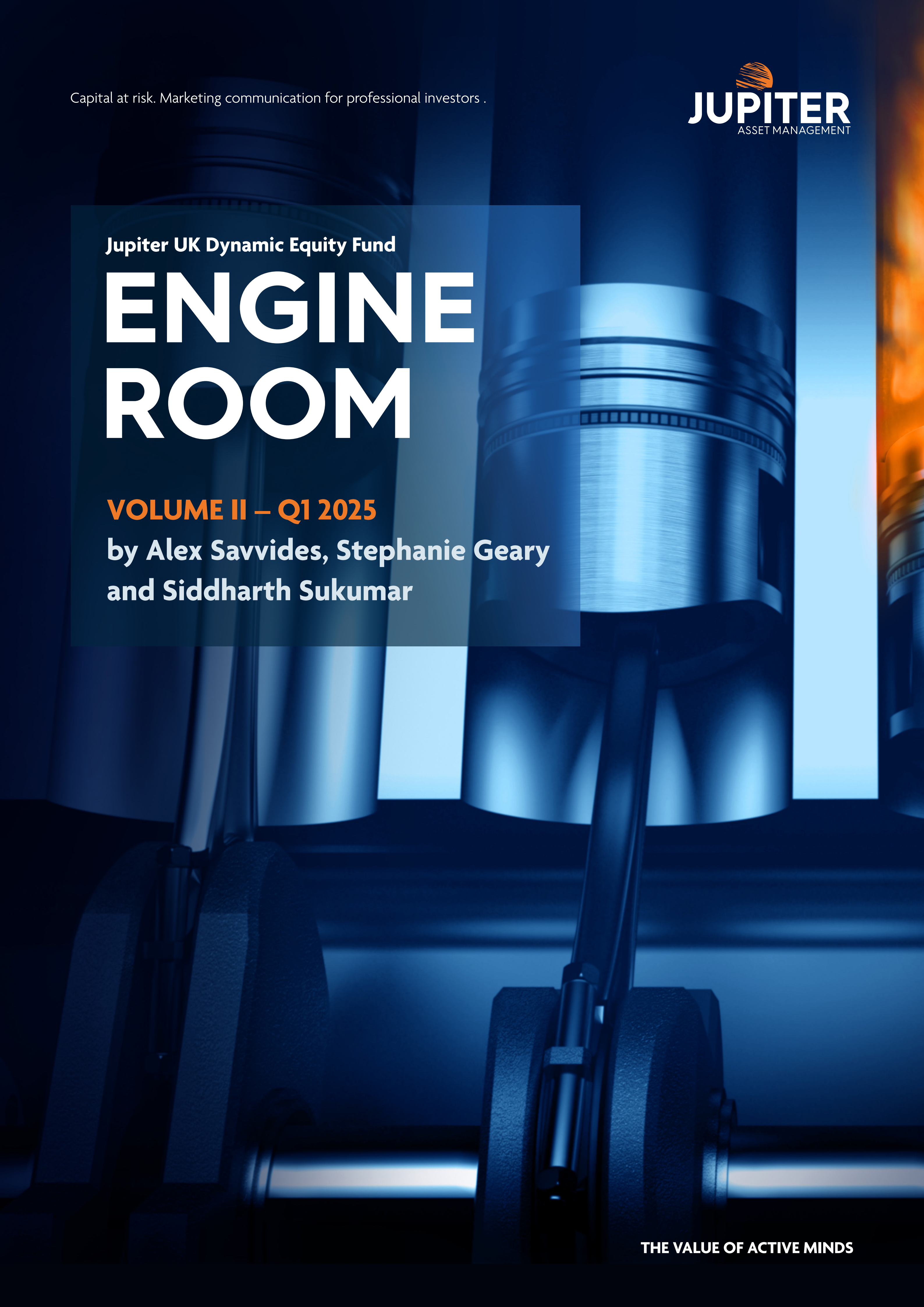

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ASSET MANAGEMENT

Jupiter UK Dynamic Equity Fund

ENGINE ROOM

VOLUME II – Q1 2025

by Alex Savvides, Stephanie Geary and Siddharth Sukumar

THE VALUE OF ACTIVE MINDS

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Dear clients,

Welcome to the second edition of '**Engine Room**,' the quarterly update and insight piece from the Jupiter UK Dynamic Equity team.

Last quarter we gave you a deeper understanding of how we are transitioning and concentrating the portfolio in a tough environment and how that might start to change the portfolio dynamics. We believe these moves will make the portfolio more idiosyncratic, more balanced in its exposures and less factor dependent – i.e. not value for value's sake, but value with a stronger element of control.

Whilst early days, we see evidence that the changes are having a positive effect, against the backdrop of a competitive and highly anxious stock market. Conditions are tough and winning against 'Mr Market' in this cycle will evidently take all our powers of conviction, discipline and patience.

Which brings us to the key subject for this edition of The Engine Room: 'Time Arbitrage', and the potential positive financial returns offered through the patient arbitraging of differing investment time horizons – in this case, by accumulating stock at moments of challenge when long-term worth is traded for short-term pain relief.

This is of course foundational to 'value investing' as Seth Klarman tells us:

"Value-investing is a large-scale arbitrage between security prices and underlying business value."

But to a business transformation Fund focused not just on value recovery but also value creation, it becomes even more fundamentally important, sitting at the heart of the process and offering the optionality of even larger time arbitrage value gaps.

In a world of heightened anxiety, short-term obsession and almost ephemeral investment narratives, an understanding of time arbitrage and its drivers has never been more important than today.

We hope you enjoy the Engine Room.

The quarter that felt like a decade

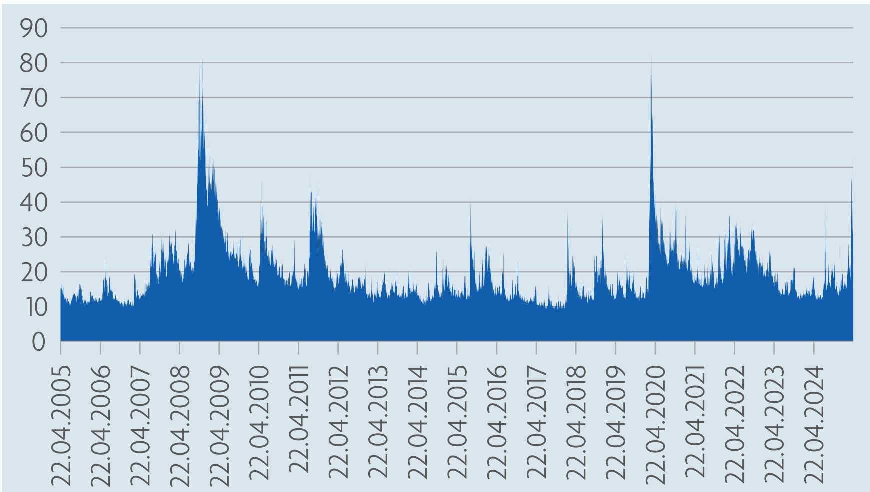
The quarter that had it all: chaos, plot twists, suspense and drama better suited to cinema than financial markets; and this was all before President Trump's tariff 'Liberation Day' in early Q2.

Companies, investors, and governments were forced to navigate a relentless barrage of uncertainty. Every minute brought a new headline to digest from the creation of DOGE (the Trump Administration's Department of Government Efficiency) and its subsequent heavy-handed implementation tactics, to the emergence of DeepSeek and its implications for all things AI, to the surprising tactics employed in attempting to secure peace in Ukraine. All of this was then completely outdone by the tariff war. We heard seasoned market participants say, "these are the hardest conditions I can remember," (COVID lockdowns anyone)?

Regardless, this undoubtedly was (and still is) a tough and highly uncertain environment as can be seen by both VIX (volatility) and the Policy Uncertainty indices:

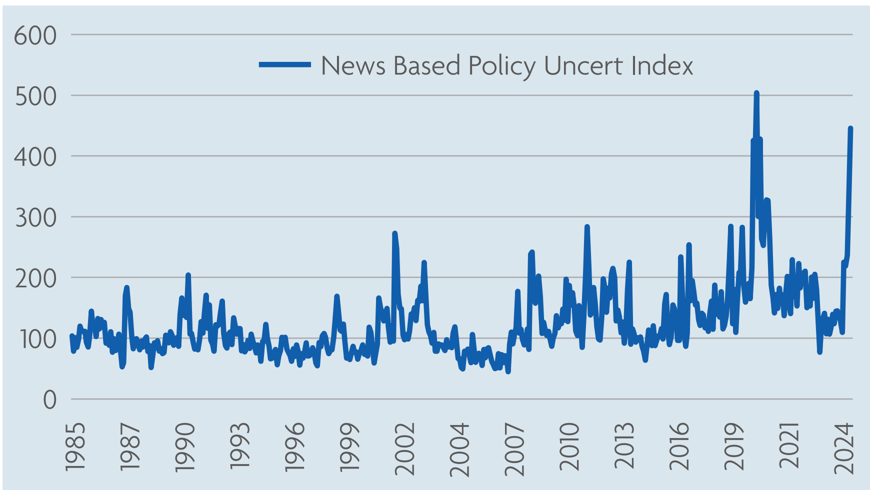
VIX: Yet another crisis to consider, but not (yet) as bad as COVID or GFC

Source: Bloomberg, as at 21 April 2025



US policy uncertainty index predicting the unpredictable

Source: Bloomberg, as at 21 April 2025



From fear to anxiety

As the first quarter ended and the new quarter was ushered in, only to immediately get worse, we observed a transition away from the usual uncertainty and fear associated with difficult financial conditions into a deeper anxiety and panic about the future.

As sentiment shifted, share prices responded, as one would expect. But what surprised us most was how quickly certain companies found themselves with a completely baseless investment case – often the opposite of the day before. Trump 2.0 and the related tariff implications are not just an earnings problem but apparently for some a very serious existential problem.

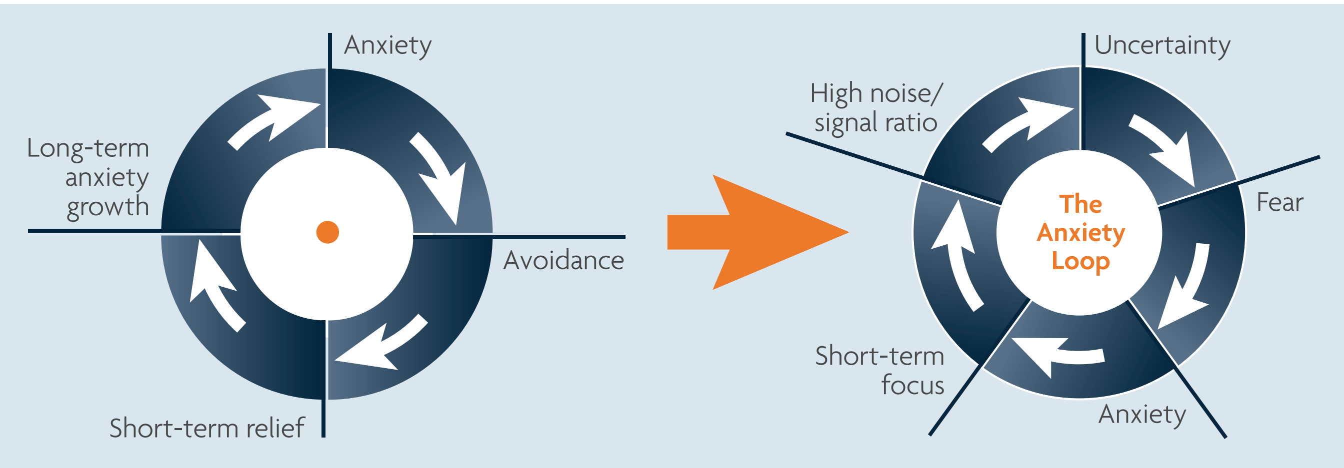
This got us thinking again about a central tenet of our investment philosophy: the possible arbitrage between the short-term expectations for and the long-term cash generating capabilities of the Fund's investments. Seldom have we ever sensed a larger discount between the two. But why?

The anxiety loop – vicious circle of avoidance

Anxiety disorders involve both psychological and physiological symptoms. Heightened fear can trigger a stress response and a fight-or-flight reaction. The automatic nervous system is triggered, hormones released, heart rates and blood pressure change.

As physical symptoms intensify the psychological takes over to reduce the anxiety and provide short-term relief through escape or more importantly, avoidance. If one is not careful, they fall into an anxiety loop where the short-term relief accentuates the problem.

There are many flow-charts of the anxiety loop online, but here is one that we have recreated and then adapted to the stock market psyche:



In stock markets, periods of uncertainty similarly heighten nervousness and intensify fear. Investors become cautious then anxious. This leads to avoidance such as selling or reducing exposure, obsessing over short-term signals (noise), focusing on momentum, ignoring valuation and overweighting certainty. The anxiety is self-reinforcing leading to a vicious cycle of short-term thinking and fear-led judgements.

How shares are owned and traded nowadays must be considered in this debate and is, in our mind, a contributory factor to the behaviour of markets and prices over the quarter but also a broadly observable shortening of holding periods over time.

With the above in mind, imagine for a second you are running a sleeve in a multi strategy hedge fund (yes, we can all dream) and you are running a high gross and a relative high net long position and probably one geared to AI/tech or earnings momentum in general. Then the DeepSeek launch happens. Then Donald Trump hits you with 'Liberation Day'. Now you are positioned wrongly with leverage, and you are in dollar assets, and the chief risk officer is on the phone halving your risk limit. How's your anxiety level now?

Taken to these extremes, future value becomes totally irrelevant; idiosyncrasy ignored. Multiples suffer materially from lost faith in future earnings power. Bargains are created for those willing to arbitrage time.

Avoidance in action

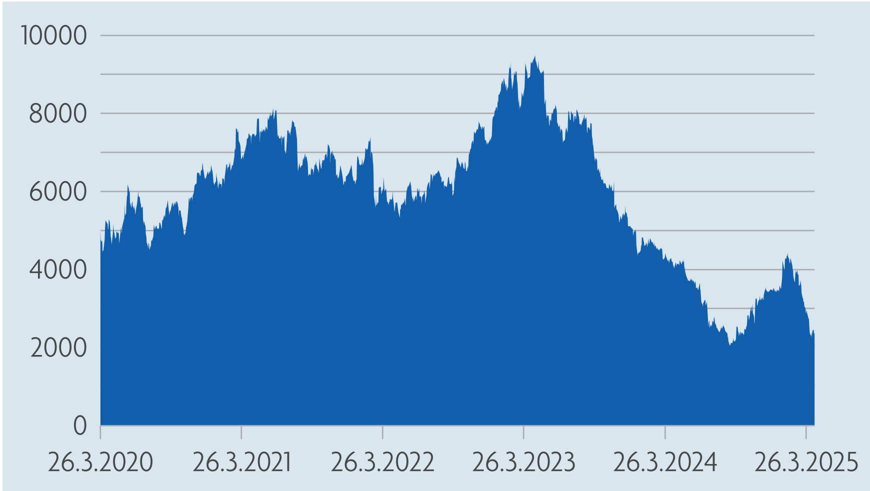
In this portfolio nowhere was this financial and behavioural anxiety loop more visible than in Burberry. Following a strong Q3 beat, the stock surged 26%, only to reverse on sector-wide current like-for-like trading concerns, ultimately finishing the quarter down 21.6% from its peak.

Going back two quarters the round-trip is even more remarkable. The shares bottomed at an intra-day low of 556p on 9th September 2024. A new CEO was appointed, some shorter-term measures taken and a newer narrative of change and improvement implemented. The shares peaked (after better Christmas trading) at a high of 1255p intraday on the 6th of February 2025. By the close of this quarter, they were 772p, but just 7 days later hit an intra-day low of 597p.

Whilst the round-trip said less about the company and more about the market's reflexive, short-term mindset we do wonder openly what the right market cap for this company might be. Is it £2bn? Is it £4.5bn? It has been both in the last 6 months – or is it something larger than that, as it has been for much of the last 5 years (including through COVID)? We will try and partially answer this for you later, but spoiler alert, we do not think it is £2bn.

Burberry - what is the right market capitalisation?

Source: Bloomberg, as at 26 March 2025.



Burberry may have been the most visible example of sudden anxiety and avoidance tactics, but it was by no means alone. Schroders, LandSec, Halfords, Victrex, BP, Johnson Matthey and YouGov have all recently seen similar anxiety-driven and neurotic share price responses to a marginal piece of news which has either completely reversed the trend of the prior quarters or taken the shares to a valuation suggesting a sudden baseless equity investment case.

This is not just caution or uncertainty – it is mass anxiety on another level and in many cases has been driven by short-term signals that are more noise than news and have little effect on the longer-term valuation case.

Time arbitrage: A durable edge

"The single greatest edge an investor can have is a long-term orientation."
Seth Klarman

While we certainly felt the volatility across the desk, we continually reminded each other to zoom out and stay grounded in what we know and do best: business transformations. In a market increasingly obsessed with immediacy and certainty, the most durable opportunities are often found in what takes time to unfold.

That is the essence of **time arbitrage** – the discipline of seeing through the fog of the near term to capture long-term value. Time arbitrage isn't a theory; it's our shield in moments like these. When others might be driven by anxiety and abandon their frameworks, we stay anchored to ours.

A business transformation investing approach, through its very nature is guided by a playbook with predictable stages which enforces a time horizon beyond the immediate on its adherents. We focus on the likely outcomes of changes that are sometimes yet to be made. Time arbitrage is business transformation.

There are many processes we use that allow us to be longer-term. None individually holds the key, but they are collectively very powerful:

1. **Transformations not just recovery plays: there is a critical distinction here.**
2. **An ownership approach: we don't rent stocks we own them for the long-term.**
3. **Conviction Fund managers: we seek to understand deeply what we own.**
4. **Through cycle valuation: cash flow; asset utilisation; earnings capability.**
5. **Optionality of change: hypothesize the transformation outcomes.**
6. **Competitive advantage: where and why are we different?**
7. **Think outside the box: think about the business / valuation in different ways.**

Focus on change: How does it work?

"You can't do the same things others do and expect to outperform." — Howard Marks

Since inception of our investment process, we have only focused on businesses going through management and strategic change. It is driven by a view of companies as *dynamic* not *static;* constantly evolving and adapting to conditions. This allows us to look to the future and think not just about value *recovery* but also value *creation*. If our investments were *not* accompanied with a board led commitment to change, there would be too much left to chance. We try not to leave things to chance.

By waiting for the right time, when there is board commitment to change and stakeholder pressure to do so, we can ask the 'what if' questions with relative certainty that this is not a hypothetical exercise.

Let's use an example – **Crest Nicholson** (approx. 2.1% of the Fund's assets). This has serially underperformed the sector – since 2015 the stock has delivered a total return of -38% vs the sector comparators which have averaged+58%. This is not without reason as there has been serial mismanagement, so much so that the shares collapsed, a bid came (from Bellway) but went away and shareholders called for material change. Under new management and with urgency this satisfies the requirement for a 'what if' analysis.

What if Crest Nicholson was run like a normal housebuilder?

To buy the shares here and look long-term we need to feel underwritten by the assets, confident in the sector, conviction in the strategy and that the pay-off compensates for the risk. Sector returns over the medium-term in a grossly undersupplied UK housing market look secure. We like the **company's new strategy** which focuses on cash, return on capital employed (ROCE) and operational and financial discipline – it is the best strategy from this company for 10 years. Let's focus on the asset base and the potential payoff.

Looking at the assets, this business is endowed with a strong land bank in the right areas where incomes are above average. The short-term land bank is 14k plots, or c. 7 years, which is sub optimal relative to a requirement of 4-5 yrs. The strategic land bank is a further 18k plots or 9 yrs and is all located in the south in areas of high demand and high incomes. All land is targeted to be used in the mid-premium segment which suits Crest's brand and has strong customer characteristics with more cycle resilience.

Net tangible assets (NTA) per share are c. 272p against a share price of 171p[1]. However, there is a very strong inventory position of c£1.1bn or 442p/share of which c. £0.67bn or 261pps is the land bank – a huge asset (and opportunity) for Crest. This is then offset by short-term provisions of c. £94m (36pps). Longer term provisions primarily for fire safety remediation under the Governments Developer Remediation Contract are a further £193m (75pps).

Do we believe the provision? It is a recently reported number from a new team keen to draw a line under the issue and is based on hard external data from 211 of 291 buildings and hard internal data from 169 of the 291. The data has fed the provision on all the sites with the remaining assessment soon to complete. With inflation falling and the freshness of the provision, coupled with a probability of conservatism, the residual risk seems low to us. Importantly it is further cushioned by being a provision gross of any third-party recoveries, which are likely. If the provision holds and the ROCE focused new strategy delivers, then NTA growth would be material.

At an optical discount to last reported NTA of c. 40% (the largest in the directly comparable sector) a steady pricing environment but improving sector backdrop in mortgage availability and interest rates (for now), the macro is ok, and the valuation seems reasonably underwritten. At a micro level we know that year-to-date the strategy is taking effect (see March trading/strategy update and site visit which we attended). Importantly cash and net debt are tracking ahead of guidance. Further support.

So, to the pay off. The strategy targets the delivery of c. 2000 home sales, a normalisation of gross margin from 14% to c. 20%, tight cost control, a >13% ROCE and major improvements in inventory from £1.1bn to c.£0.9m on c. 25%

1. Company reports and accounts, FY24 NTA. Share price as at 24/04/25.

higher volumes by 2029. Let's now use a published analyst number from RBC (analyst Anthony Codling March 21, 2025). He states that if they achieve their 2029 targets it would imply a P/TBV multiple of 1.1x which would suggest a share price of 420p. From today's share price that would be an IRR of 20% vs a conservative funding cost of closer to 10%. *That's some spread over 5 years.* The time arbitrage looks well worth the risk here.

As we can see it is not merely about having patience. This is not buy-and-hold. It is about earned patience – conviction built through thoughtful analysis, multiple engagements, rigorous debates both internally and externally. It is a focus on change and improvement, about looking to the future and rationally hypothesizing through intense deep dives what that future might look like.

It's through that process – thoughtful debate and constructive disagreement – that we refine our thinking and sharpen our edge, building conviction to underwrite what others can't see, or won't wait for (more often the latter).

Business Transformation is more than just recovery

We emphasise this point because it defines how we operate: as much about value creation as value recovery. While the opportunities stem from mispriced fear, neglect and positioning, they are augmented by change and ambition – businesses proactively reshaping themselves, not just to fix the past, but to build something fundamentally better. Business Transformation is more than just recovery.

And crucially, we engage. Thoughtfully, persistently, and constructively. Because value creation isn't just something we observe—it's something we aim to influence. Patient yet active.

Progressing through the phases takes time, much longer than mere quarters. The Fund's time horizon is anywhere between 3-10 years, even longer sometimes depending on the nature of the opportunity. This approach cultivates patience, but it also instils a private ownership mindset – a combination that cannot be cultivated overnight and is central to our historic alpha generation[2].

Time arbitrage in action: A historic perspective

In recent years, as investors we've seen this play out repeatedly – most notably in **Rolls-Royce**[3], **Centrica**, and **Pearson**. Each of these businesses endured periods of sharp drawdowns and were caught in the grip of dominant, fear-driven narratives. The details and headlines of the investment case at Rolls-Royce, Centrica, and Pearson were distinct, but our framework

2. Please note that the fund's performance tables are shown at the end of the document. 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.

3. Rolls-Royce is not held in the Jupiter UK Dynamic Fund but was a prior investment in the JO Hambro UK Dynamic Fund.

for identifying inflection points and underwriting time arbitrage was the same.

All three went through the same playbook offering the same time arbitrage opportunity:

1. **Decline**: Share price collapse from years of strategic mismanagement coupled with some immediate weakness in demand due to various externalities.
2. **Change**: Acute pressure removes the status quo as an option for the path forward.
3. **Resilience**: Urgent and decisive action via balance sheet repair; capital allocation discipline.
4. **Reimagine**: A better way forward to improve utilisation of assets and capabilities.
5. **Sustain and grow**: Earnings recovery and growth from a position of strength that open new opportunities previously unavailable.

Starting 1st of Jan 2022, Rolls-Royce, Centrica and Pearson each generated annualised total return in excess of 27% (>75% in the case of Rolls-Royce. Successful business transformations don't just deliver returns for a few quarters; they can compound over multiple periods.

That's time arbitrage in action. The market's myopic focus on transient factors offering long-term, patient investors immense value for the price of discomfort and a funding cost but not much else.

Today's parallels: Familiar patterns in new forms

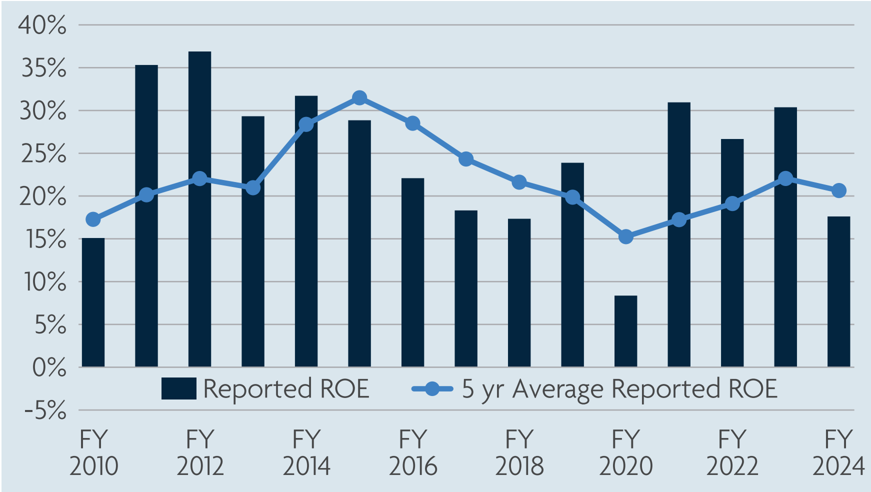
Today, we see striking parallels in several of our current holdings – **Burberry**, **Travis Perkins**, **GSK** and **Johnson Matthey** to name a few. Each of them has been around for more than a century, some for more than two. Yet all of them are contending with market scepticism or negative sentiment tied to short-term narratives: whether it's fears of brand erosion, execution missteps, regulatory disruption, sensitivity to economic cycles, or abrupt CEO departures. Much like the situations faced in Rolls-Royce, Centrica and Pearson, these concerns obscure the more important truth: each is undergoing purposeful change whilst selling materially below intrinsic value.

Let's return to **Burberry**. The stock currently sells at a Price/Sales ratio of less than 1, a level seen only during the depths of the Global Financial Crisis. While we haven't always agreed with prior strategic or capital allocation decisions and chose not to invest in recent years, we have kept Burberry actively on our watchlist. Looking back, irrespective of one's view on strategy, what cannot be disputed is the business's long history and track record of prodigious and growing cash flows. Over the past six years, Burberry has returned more in cash distributions than its current market capitalisation. Which begs the question: What might Burberry deliver over the next business cycle if it were run with urgency and focus – by a management team, and board, determined to reimagine a better way forward?

Let's get sceptical ourselves and go through a set of facts that might help examine if £2bn is a rational price for this asset. We start by looking at the return profile of this business and let's get strict and use a reported ROE number that penalises the business for exceptional charges.

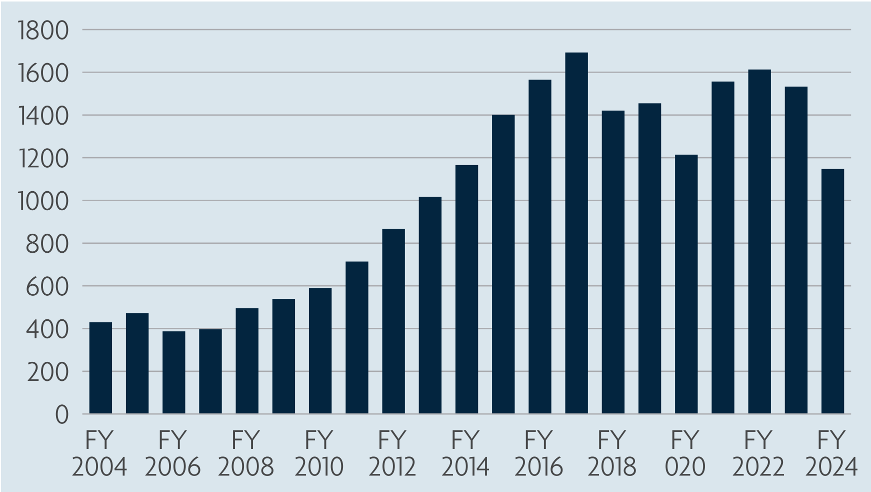
Reported ROE vs 5 yrs Avg ROE

Source: Bloomberg, as at December 2024.



Book value of Equity

Source: Bloomberg, as at December 2024.



Three things stand out:

1. **The business is clearly cyclical. It periodically goes through volatility in the returns, and this is one such period.**

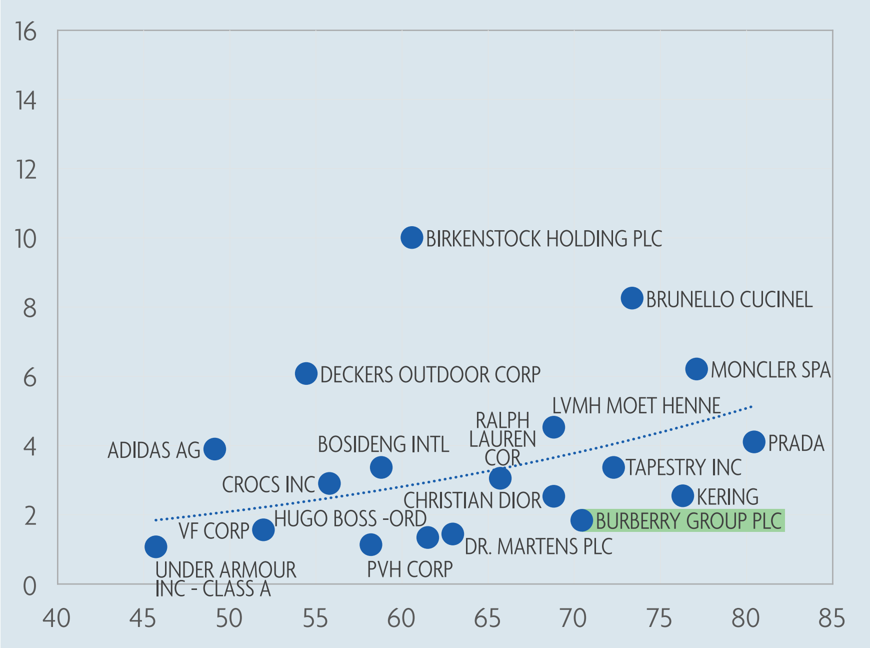
2. **Looking through the noise, the business consistently creates value for its owners with returns comfortable clearing a hurdle rate of 10% on equity with a 5-yr average ROE consistently >20% over multiple cycles.**

3. **Equally impressive is that these returns have come about a through a period of steady asset growth and extended periods of strategic mismanagement.**

Is this purely a sector issue? Let's have a look:

EV/Gr Profit (Y axis) Vs Gross Margin (X Axis)

Source: Jupiter, Bloomberg as at December 2024



This chart above plotting Burberry and its sector peers on a Gross Margin vs EV/Gross Profit tells its own story. Of all the companies with a Gross margin greater than 65%, Burberry is the cheapest and of all the companies that trade below 2x EV/Gross Profit, Burberry has the highest gross margins. Yes, the sector has seen turbulent times but even within that, Burberry carries a greater weight of pessimism in its valuation.

With a management and board now in place that is focussed on restoring profitability and cash generation and better aligning strategy, what might the returns of the business be in the coming years? We don't have a crystal ball but if the past is a rough guide, starting at a book equity value of c.£1.2bn, business earnings would reach c.£240m on £2bn market cap, implying a 12% earnings yield. If the commercial initiatives under new management can reignite the brand and drive momentum beyond 20% returns, creating up to an additional 5% ROE, we would be looking at a normalized earnings figure of £300m. With an enviable cash conversion track record and management actively prioritising cash, that would imply FCF yield of close to 15%.

How likely is all this? We can't be sure but for context, the business generated an average adjusted net income of £301m over the last 17 years earning more than £300m on 11 different occasions. A median quarterly PE multiple of c.19x over 20 yrs implies a market cap closer to £6bn. With a debt book that has no leverage covenants, history, valuation support, time, and urgent management action all seems favourable.

Lastly, **Johnson Matthey**, a company with core infrastructure like characteristics within the PGM (platinum group metals) ecosystem and enviable positions in the auto and industrial catalyst market. We, like others, are frustrated with the slow pace of cash generation and have heavily supported recent efforts to force greater capital allocation and cash flow discipline on this board (see here for **Standard Industries letter** and **Johnson Matthey's published response**). With a confirmed new direction and a new chair (forthcoming) and new finance director we have been hypothesizing what even greater operational efficiency and cash conversion would mean.

Prior to the changes the business was expected to earn a 15% free cash flow yield by 2027. The business spent c.£650m in gross R&D (£200m), capex (£370m) and corporate overhead (£80m) in FY 2024. A detailed right sizing exercise could additionally generate an *additional* 15% in free cash flow. But wait, there's more. The group also has £2.7bn of Inventory and Trade receivables on the balance sheet. A 20% reduction in this figure from better working capital management would unlock free cash equal to 27% of market cap distributable to shareholders. Fanciful? No. Much of the unwind comes mechanically when the new PGM refinery comes on stream next year. The market just wants to believe it when it sees it. Fair enough, but whatever happens this board is under pressure to deliver.

Yes, there is noise around the auto market and the nascent hydrogen market, and headwinds from tariffs may partially offset some of these benefits. With the opportunity to release c.27% of market cap from working capital and generate up to 30% FCF yield with a board under pressure and taking decisive action, the odds are meaningfully stacked in the investor's favour. You just need to be bothered to wait.

Our playbook is more than a lens. It's a system that creates repeatable opportunities for time arbitrage, because human behaviour and corporate inertia tend to follow similar patterns, cycle after cycle.

Heading into the eye of the storm

If the market was anxious in the first quarter, the announcements of tariffs by President Trump early in April triggered panic selling. In these early stages, we think a very interesting phenomenon is appearing at the individual stock level owing to indiscriminate nature of the selling. The dispersion effect that was already observable in our portfolio in Q1 and has since combined with the moves in early April giving bottom-up investors an opportunity to create value.

Our shares are discounted at the point of entry for an *idiosyncratic* reason and often have low analyst and market expectations. In many cases a subsequent market breakdown affecting *all companies* as per recently just makes these shares even cheaper. Whilst it isn't immediately helpful to performance, it isn't personal. It has happened before; we are used to it and have in the past bounced back[4]. In fact, it often seeds our best ideas.

While the market was busy clubbing stocks together using broad thematic brushes, bottom-up investors like us assess investment return potential not just based on how similar two stocks are but more importantly how their differences might come to define their prospective returns.

Never let a good crisis go to waste

For investment processes that are highly engaged driving urgency and focus, this crisis presents not only danger but real opportunity.

The organisational inertia to change is never lower than when a crisis, perceived or real, is at the doorstep. It is no coincidence that some of the best transformations are born out of crisis. Cast your mind back to Rolls-Royce and the *"burning platform"*[5] moment and the crisis of confidence suffered through much of 2022.

Highly active, thoughtful and engaged investment processes can find greater yield on efforts creating the opportunity to deliver highly idiosyncratic returns. Put simply: it is easier to push on an open door than to kick down a locked door. This crisis can unlock doors.

4. Past performance is no indication of present or future performance.

5. https://www.theguardian.com/business/2023/jan/27/rolls-royce-is-a-burning-platform-that-must-transform-says-new-ceo

What to make of it all?

We started this piece with "The Quarter That Felt Like a Decade" because that's precisely how distorted market perception became. But the lesson we take from this period is simple: it was, in the end, *just one quarter*. A challenging one, yes – but a timely reminder of why we stay grounded in our process. Real business transformations continue to unfold, creating lasting value for those who with the will to believe and who stay the course.

We recognise that uncertainty tests even the most experienced investors. But our conviction in the process and our responsibility to our clients remains unchanged.

With a market so overwhelmingly short-term focused. This may not be the time (measured in weeks and months rather than anything more sinister) for an idiosyncratic business transformation Fund to materially outperform. History tells us that there might be a period of treading water and underperformance – hopefully mild and transitory.

But ultimately this period of volatility will prove to be no different to others. We believe that the narrative will evolve; capital will get reallocated to take advantage of mispricing and valuations will reset accordingly. Today's headline news will be tomorrow's fish and chip paper.

We will use our time to understand the Fund's investments *even more* deeply, applying the right type of influence to ensure the right type of strategic urgency and focus and disciplined capital allocation. And it goes without saying that we will seek to arbitrage this yawning value gap opening between today's low expectations and the prodigious future cash generating capabilities of many of this Fund's stocks.

Thanks, as ever for your continued trust and support.

Short-term portfolio performance

It was a strange quarter in more ways than one. The performance disparity was stark all around with the FTSE 100 returning +5%, while the FTSE 250 fell -6%, a >10% spread in quarterly performance that illustrates the anxiety observed during the quarter. Amplifying this impact further, even within the FTSE 100 market breadth was narrow: five names (Shell, HSBC, Rolls-Royce, AstraZeneca, BAE Systems) accounted for 70% of the FTSE All-Share's +4.5% return.

This strange performance backdrop was acutely reflected in the Fund's two benchmarks. The comparator benchmark IA UK All companies index returned 0.1% vs the target benchmark FTSE All Share returned 4.5% for the quarter- a 440 bps delta in just 3 months.

Stock selection, where this Fund does its best work, was a modest positive over the quarter. This however was not enough to offset the confluence of headwinds from underweight to FTSE 100 (currently ~23%), narrowness of index returns, Style and Sector. From a style perspective, underweights to Momentum and Size factors were the major detractors.

Taken together, what that meant was we beat the IA UK all companies index by +250 bps, however, that was not enough to overcome the headwinds faced during a quarter where we underperformed the FTSE All share by –190bps.

A closer look at the puts and takes

We titled our Q4 2024 portfolio exercise "*A gargantuan effort*," and it was pleasing to see an immediate impact from those actions—particularly in our highest-conviction allocations at the top of the portfolio.

Babcock (+122bps) was the Fund's star performer, delivering a strong set of results, with beats in both the marine and nuclear segments, providing an immediate return on our actions to increase the position last quarter.

Convatec (+49bps) the Fund's largest and highest-conviction position at quarter-end, released a strong set of full-year results that confirmed that the company continues to transform at pace. The deferral of the implementation of the proposed LCD (local coverage determinations) had a small further positive effect.

St. James's Place (+36bps) also featured among the top five contributors. We chose to remain patient in Q4 rather than take profits and were rewarded by a trading update that significantly exceeded expectations, particularly on Funds Under Management & Advisory. We exited the position near YTD highs, recycling the capital into other positions, for example, **Schroders**.

Centrica (+36bps) a top three conviction holding and another material beneficiary of the capital allocation exercise in Q4 delivered good returns. Highlights included new 2028 EBITDA targets, a further £500m buyback (taking the total committed over the last few years to c.£2bn), and a stated commitment to raise the payout ratio to 50% by 2028.

Prudential (+32bps) had a strong quarter owing to multiple factors. Management signalled their commitment to unlock value with the announcement of a partial listing of its stake in ICICI-Prudential. This was followed by results that beat expectations and included guidance for stronger cashflow growth and enhanced shareholder returns.

Large relative underweight relative positions had a big impact this quarter proving to be a material headwind. These included HSBC (-62bps), Shell (-31bps), AstraZeneca (-28bps), Rolls-Royce (-56bps), Lloyds (-38bps), and BAE Systems (-46bps)—collectively a -261bps drag. They were partially offset by Diageo (+57bp) and Glencore (+46bps) contributing positively.

On the Idiosyncratic negative side, **WPP** (-92bps) was the biggest detractor, following weak revenues across US, UK, and China divisions, and disappointing performance from global integrated agencies. This led to a revenue guidance downgrade for FY25 and a flurry of analyst downgrades.

YouGov (-47bps) also struggled. We began building the Fund's position in Q4 2024 following a series of profit warnings in 2023 and 2024. The company has since seen the immediate departure of CEO Steve Hatch, with co-founder Stephan Shakespeare stepping in as interim CEO. This was followed by a reaffirmed return to the strategic vision presented in 2023 and a renewed focus on its Data Products division.

Travis Perkins (-69bps) faced several issues, that began with the surprise resignation of the newly appointed CEO Pete Redfern due to illness and a delay to publishing results due to a new finance system implementation. As noted above, the stock trades materially below book value with the market leading operating businesses arguably being offered for free.

Easyjet (-45bps) had a slightly weaker-than-expected Q1 trading statement where it warned of softer summer bookings. Market sentiment soured through the quarter as analysts contemplated a possible slowdown for the sector.

Portfolio activity in the quarter

We exited positions in **Standard Chartered** and **NatWest** in early January. While both offered earnings momentum, they did not align with our business transformation philosophy. Proceeds were recycled into a blend of healthcare names and financials, including **Prudential**, **Barclays**, and **Schroders**. Notably, Prudential retains Asian exposure like Standard Chartered but offers a clearer and more compelling transformation narrative.

Forterra was sold due to limited business transformation potential and liquidity concerns. We redirected some of its proceeds into **Crest Nicholson**, following a constructive Capital Markets Day and encouraging meetings with management.

We exited **ITV** following takeover speculation. We are not aligned with management's strategic direction and capital allocation and prefer to focus our capital into higher conviction opportunities.

We have initiated a small new position in **Brooks Macdonald**.

Holding examples are for illustrative purposes only and are not a recommendation to buy or sell.

Performance

Jupiter UK Dynamic Equity Fund (I Acc)

	01 Apr '15 to 31 Apr '16	01 Apr '16 to 31 Mar '17	01 Apr '17 to 31 Mar '18	01 Apr '18 to 31 Mar '19	01 Apr '19 to 31 Mar '20
JupiterUK Dynamic Equity Fund (I Acc)	**-4.1**	**28.2**	**-2.2**	**2.8**	**-21.7**
FTSE All-Share	-3.9	22.0	1.2	6.4	-18.5
IA UK All Companies	-2.2	18.1	2.8	2.8	-19.2

	01 Apr '20 to 31 Mar '21	01 Apr '21 to 31 Mar '22	01 Apr '22 to 31 Mar '23	01 Apr '23 to 31 Mar '24	01 Apr '24 to 31 Mar '25
JupiterUK Dynamic Equity Fund (I Acc)	**38.1**	**9.9**	**9.9**	**6.8**	**9.2**
FTSE All-Share	26.7	13.0	2.9	8.4	10.5
IA UK All Companies	37.8	5.3	-2.0	7.6	5.0

	1 Month	1 Year	3 Years	5 Years	10 Years	Since FM Inception[1]
JupiterUK Dynamic Equity Fund (I Acc)	**-2.1**	**9.2**	**28.2**	**94.6**	**88.3**	**3.8**
FTSE All-Share	-2.2	10.5	23.3	76.5	81.7	4.3
IA UK All Companies	-3.4	5.0	10.8	60.7	58.6	-0.1

Past performance is no indication of current or future performance, and does not take into account commissions and costs incurred on the issue/redemption of shares. Returns may increase or decrease as a result of currency fluctuations.

Source: Morningstar, NAV to NAV, gross income reinvested, net of fees, in GBP, to 31.03.25.
Target Benchmark: FTSE All-Share. Comparator: IA UK All Companies. The highlighted column denotes periods managed by the current investment team. [1] 11.10.24.

Jupiter UK Dynamic Equity Fund risks

Pricing Risk
Price movements in financial assets mean the value of assets can fall as well as rise, with this risk typically amplified in more volatile market conditions.

Market Concentration Risk (Geographical Region/Country)
Investing in a particular country or geographic region can cause the value of this investment to rise or fall more relative to investments whose focus is spread more globally in nature.

Derivative risk
The Fund may use derivatives to reduce costs and/or the overall risk of the Fund (this is also known as Efficient Portfolio Management or "EPM"). Derivatives involve a level of risk, however, for EPM they should not increase the overall riskiness of the Fund.

Liquidity Risk (general)
During difficult market conditions there may not be enough investors to buy and sell certain investments. This may have an impact on the value of the Fund.

Counterparty Default Risk
The risk of losses due to the default of a counterparty on a derivatives contract or a custodian that is safeguarding the Fund's assets.

For a more detailed explanation of risk factors, please refer to the "Risk Factors" section of the Scheme Particulars.

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