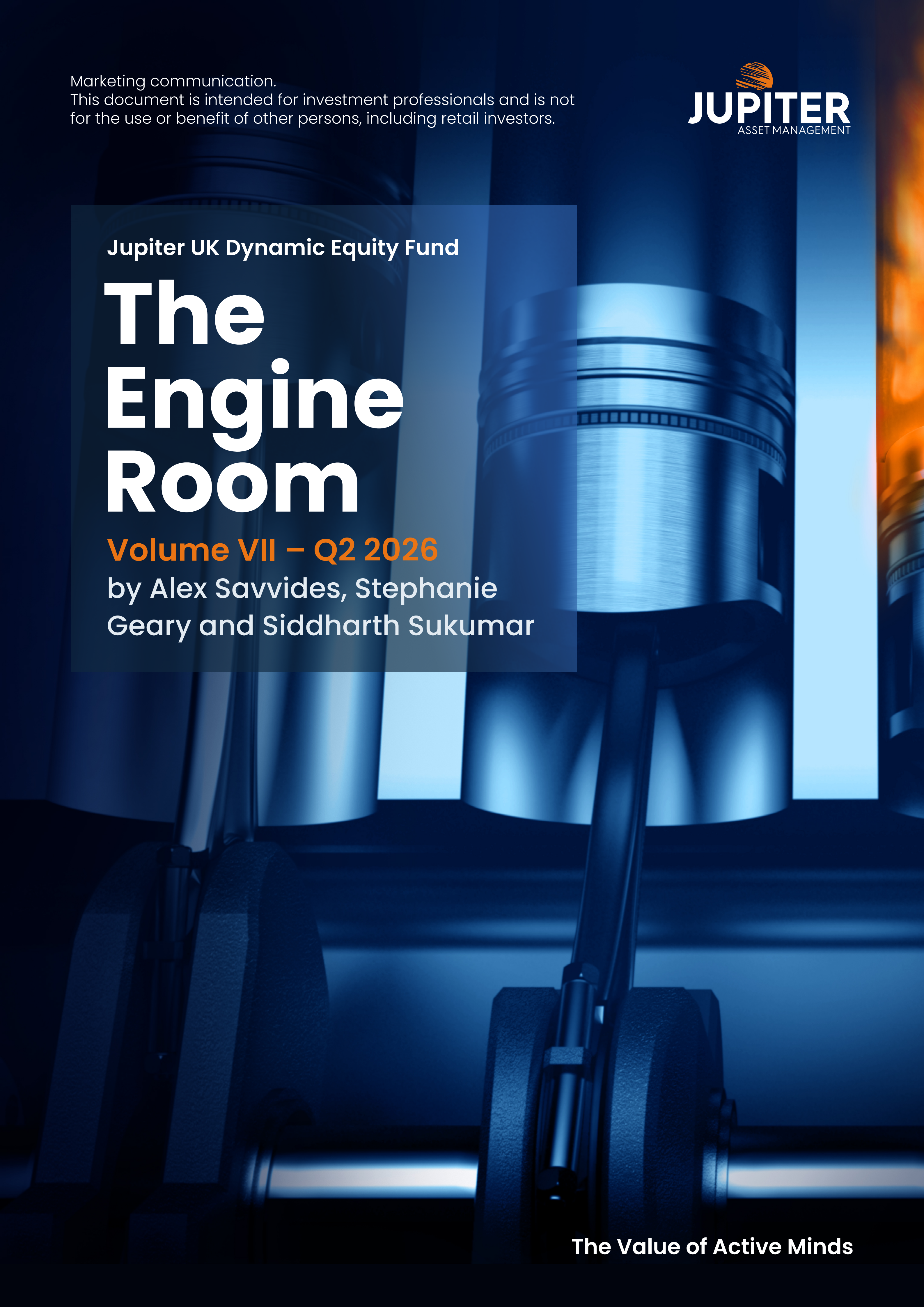

JUPITER
ASSET MANAGEMENT

Jupiter UK Dynamic Equity Fund

The Engine Room

Volume VII – Q2 2026

by Alex Savvides, Stephanie Geary and Siddharth Sukumar

The Value of Active Minds

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Dear Shareholders,

It has not been an easy three months. From oil price inflation to oil price-led deflation; from more uncertainty in AI to more uncertainty in UK politics. These are not the conditions for a change in the factor forces driving the market. Momentum remained dominant.

In fact, if measured by momentum winners in the SOX semiconductor index, it would seem to be a new record for exuberance. The index finished the quarter up 85%, a record move for one quarter.

It is for others to decide whether this or the SpaceX valuation portends something like a top. In the meantime, we buckle in and wait, investing where we see decent businesses, where we understand the valuation and with strategies to create or unleash value.

Whilst this quarter had its positive moments for us, there were too few to really propel the Fund forward, particularly against such strong factor headwinds. Indeed, this quarter was marked by what we would consider random outcomes.

Some stocks were punished for minor indiscretions; others punished for fear of indiscretions to come. Some stocks had a fantastic quarter operationally and the shares responded, others had a fantastic quarter operationally and were ignored. As we said last quarter, it's complicated, and it became more so.

The search for idiosyncratic self-help driven returns from a particular type of company does mean that at times you just simply need to wait. For much of this year, this has been the case as market preferences have been for certainty.

The rewards for winning and penalties for losing remain far too large, but the pace at which the same stocks can be rewarded but then penalised is also dizzying. This pace has been increasing of late.

But as the trends accelerate and the tail increasingly wags the dog, there is no doubt in our minds that it is leaving mispricing in many corners and, as a result, low-priced options are available to exploit almost everywhere in the UK.

This quarter we will look deeper at some of the **optionality** residing in the current portfolio as we wait for that value to become more visible and more in demand. Given current trends, some of these options appear to be undervalued by the market.

Thanks as ever for your ongoing support.

Alex, Steph and Sid

Market backdrop

On our way to a lunch meeting the other day we caught a conversation between a couple of construction workers on a building site. Nothing abnormal about that, of course, but what they were talking about was far from normal.

They were in fact debating the performance of the S&P 500! Indeed, one of the construction workers was animatedly showing his friend a price chart on his mobile phone and discussing his gains. Crikey!

What should we make of this chance encounter? On its own, not much. But viewed alongside other events from the quarter, it is hard not to wonder whether it says something meaningful about the stock market.

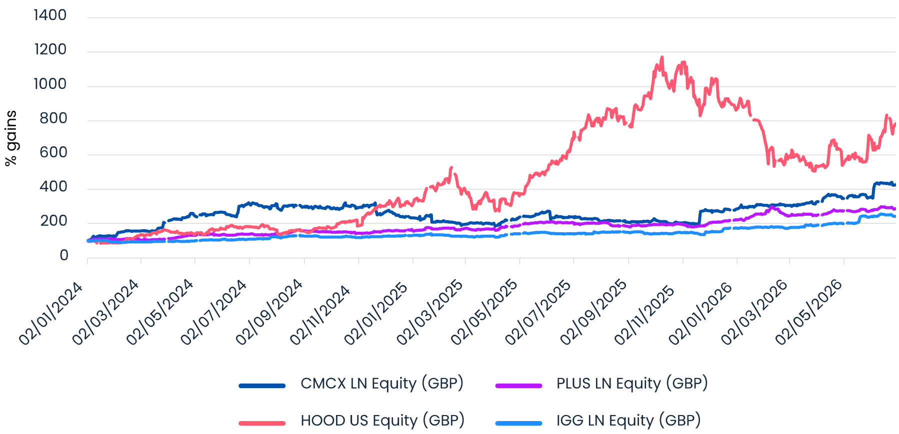
This was the quarter that saw the biggest IPO by market cap ever, with the introduction of SpaceX to the US market. Priced at $135/share but starting at $150 it was soon trading at $225, broadly a $3tn valuation or c.76x forecast sales. It is unlikely you ever make money buying above 10x sales, let alone 76x.

SpaceX IPO was of course a retail frenzy. Retail trading has been all the rage in the US since COVID, and the UK has its own strong retail platforms, with UK-listed CMC Markets confirming a blowout period on 1st July (technically not last quarter).

It is not just a CMC phenomenon – IG has been strong, as has Plus500, whilst Robinhood in the US continues to outperform. Since AI fever properly took over through 2024, these shares have posted phenomenal returns:

Platform returns

Source:
Bloomberg, as at 9.7.26

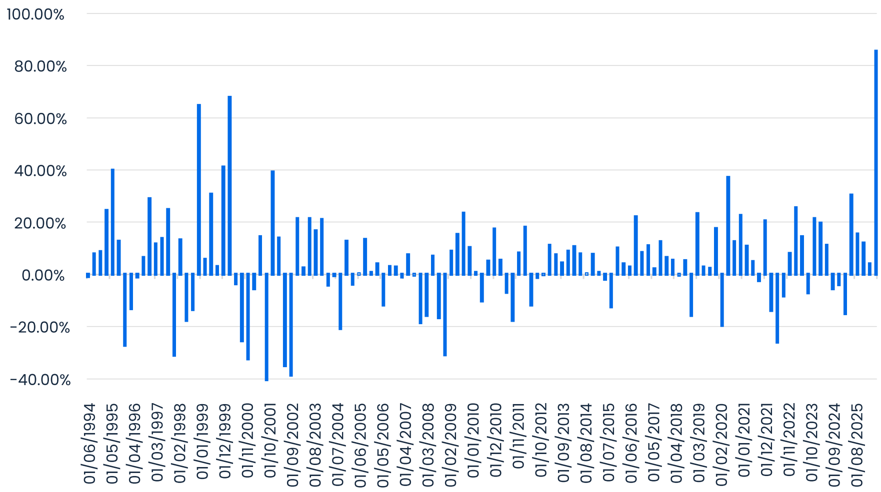


The point is that animal spirits in the retail investing world are well and truly back and narrowly focused on an evolving AI thematic. Attention has moved from the MAG7 and tech hyperscalers to the semiconductor supply chain, where constrained capacity has met rapidly rising demand.

As we said in the opening, the SOX index's 85% gain this quarter is a record for exuberance – higher than 1998 (+65%) and March 2000 (+68%), the two previous highs.

SOX index quarterly gain/loss

Source: Bloomberg, as at 30.6.26



We aren't saying that this is wrong per-se (simply an observation), but we have felt for a while that the greater fool theory might be in full effect; last quarter only cemented the thinking.

Making money has (seemingly) become far too easy, focused on a tight number of stocks and sectors. In such conditions, it is hard not to think that the most basic of human impulses, 'greed,' also is in full effect.

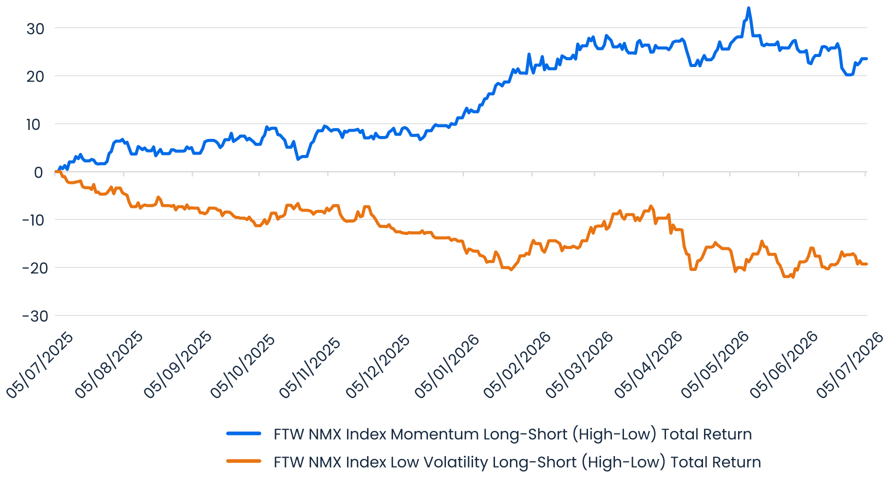
We discussed it last quarter in the context of momentum leading to the FOBI (fear of being included) and FOMO (fear of missing out) bifurcation – fear of being in the wrong themes versus the fear of missing out on thematic winners.

The purchases must be funded from somewhere: lower volatility, safer but boring sectors – healthcare, food, utilities, consumer durables – were heavily sold this quarter to fund more exciting ones.

This was very noticeable at a stock level within the Fund and even more so at factor level. As momentum peaked early in the quarter, the lower volatility factor hit new lows:

FTSE 350 LS momentum vs low volatility

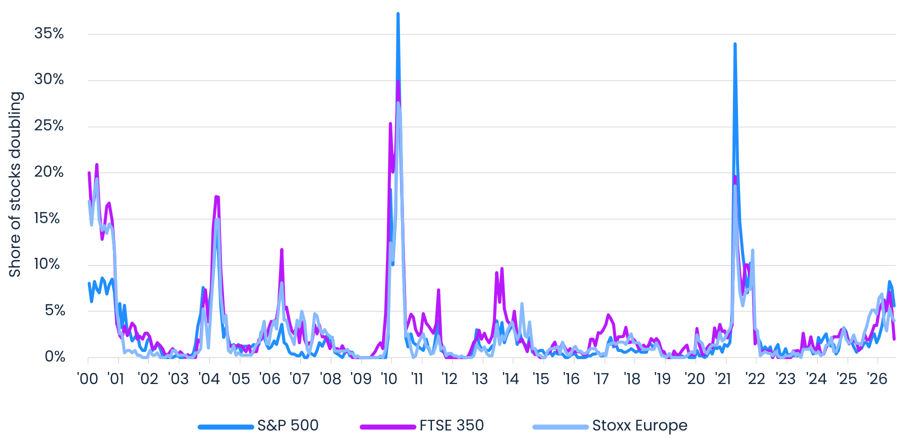
Source: Bloomberg, as at 30.6.26



Whilst the momentum impact has been phenomenal, this chart from Panmure Liberum highlighting the number of stocks that are doubling is equally interesting:

Share of stocks >100% return last 12 months

Source: Panmure Liberum, Bloomberg as at 30.6.26



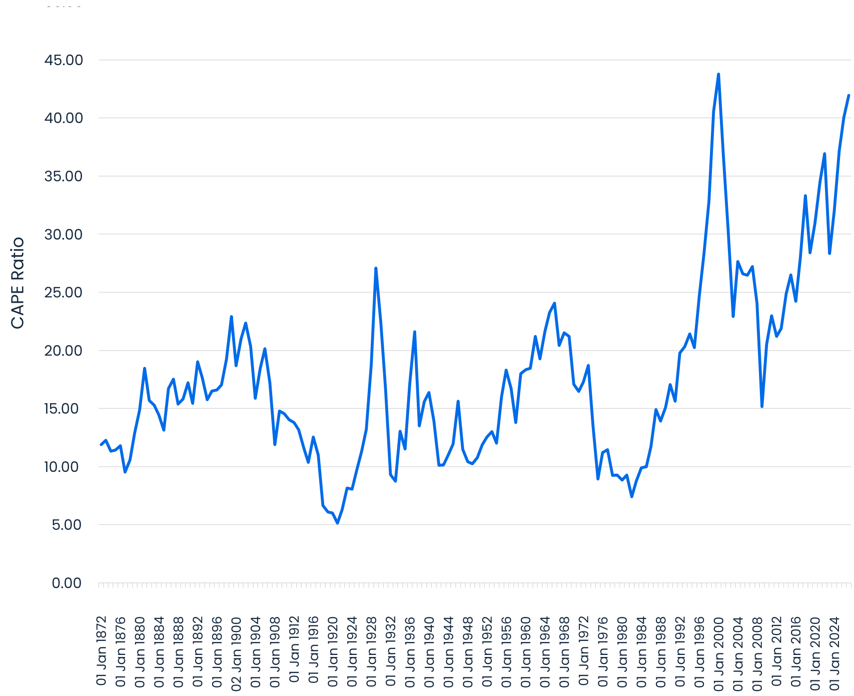
Ignoring the periods of recovery coming out of major bear markets, recent trends are worth considering. Perhaps not at the exuberant levels we have seen before in the lead-up to a big market reversal or change in leadership, but in our view, *the warning signs are clear.*

At the end of the day, these are just charts, and all they show is that there are some powerful trends in place that are working well. They may or may not be symptomatic of anything. There are plenty of commentators in the market with counter views. The headline cheapness of PE of the Korean KOSPI index (dominated by two hyper cyclical stocks) for example.

But one PE measure with far better predictive power, the Shiller PE, is objectively not cheap and is relentlessly grinding towards its all-time high. If current trends persist it will likely beat it.

Shiller PE (CAPE ratio) historical view

Source: https://www.multpl.com/shiller-pe, as at 30.6.26



What it doesn't show you is the differences in valuation within the mix and how many stocks are trading nearer their trough.

We cannot predict how or when this cycle ends, but it feels like 3am and you promised to be home by 12. How long the music plays remains the only question.

We will leave it on that thought and turn to some cheapness and, more interestingly, **some hidden and underpriced optionality** (in our view) in this portfolio.

Getting to grips with the situation – three smaller companies on the turn

The early stages of a transformation are always complicated but are often the source of this Fund's best ideas. There are a few stocks in the portfolio worth looking at, all residing in what we would describe as the 'analysis phase' of their transformations.

During this phase the key question is typically "What has gone wrong, and how should we fix it"? Whilst these periods are typically more volatile in share price terms, they are always the most interesting, as it is where the foundations for the future investment case for years to come will be built.

It is however a period marked by a market focus on what has happened rather than what *will* happen. It is also the period where the 'lowest common denominator effect' is most clearly at work.

Given that we tend to look forward with the board at these points we focus on what could happen, particularly where there is evidence building that the new management is more in control of the organisation and starting to effect change. This mindset allows business transformation investors to recognise *real optionality* lost on myopic participants.

Starting with the smallest, **C&C Group**, which is home to two businesses – broadly a good one and a bad one (currently). The good one is a branded beer and cider owner, manufacturer, marketer and third-party brewer and distributor. The bad one is a UK drinks wholesaler for the UK hotels, restaurants and catering industry called Matthew Clarke Bibendum.

The **optionality** inherent in this structure is that it can be *and now has been* separated functionally, and the board is open to splitting the company up in future.

What could be the value in doing so? The branded part has real value: operating profit of €51m last year, up €5m, now better managed, with pockets of opportunity suggesting growth continues and could accelerate.

C&C own Tennent's, a 140-year-old brand that is Scotland's largest beer by far with a dominant share-– a hugely impressive 1 out of every 2nd pint of lager poured in the Scottish on-trade. They also own the 91-year-old Bulmer's brand in Ireland, where again there is a dominant share in the cider category (60% share in the Irish on-trade) and the Magners brand in the UK, which is still number one in the bottled cider category in the on-trade, and which is being relaunched. This is a strong base of embedded brands from which to grow.

Lesser-known assets include a new cider brand, Outcider, which is quickly taking share on-trade with a wider distribution planned this year. The company also exclusively brew and distribute Menabrea, a fast-growing premium beer taking on Peroni and Estrella.

Elsewhere they are a 10% owner of the rapidly growing peach beer, Jubel, and contract brew for Hawkstone, one of the UK's fastest growing beers. The business's excess capacity provides further opportunity and is key to the new strategy.

More recently, they bought the Innis & Gunn brand from administration for £4.5m, reportedly loss making (c.£1m) on c.£24m of 2025 revenues, we feel it could become immediately profitable in C&C's hands.

But a major brewer such as Heineken, owner of the Bulmers brand outside of Ireland, (and another large cider player in the UK) would have clear synergies. In a sale process, a premium to the 12x is more than achievable; 14x would be €770m, or 2.3x our forecast revenues. For a near 17% ebit margin business, with enviable market positions, that is not a ridiculous valuation.

The current market capitalisation of the whole Group is €390m, the EV including leases is c.€660m. The wholesale division, excluding all its leases is therefore in for free at worst. We prefer to think though that at the current discount *we are being paid to own the turnaround.*

This is a pure operational turnaround albeit in a tough industry. Management, with new CEO Roger White, is acutely aware of the challenges but has for the first time in a while, presented a clear plan. The wholesale division has a target of 3-4% margins by 2030, after being just 1.5% in fiscal 2026. Profits were €31m in 2025 and €19.5m in 2026, on net revenue of €1.37bn and €1.26bn respectively.

There are a wide range of possible outcomes here. Some revenue growth and operational turnaround success could see recovered profits as high as €50m, (note from a fiscal 2026 base a 1% CAGR to fiscal 2030 and reaching the 4% ebit margin target is €52.5m). Equally, we can't discount further declines either given a tough UK market. On balance, getting back to the €30m profit seems a good target for now, and we note that a -1% revenue CAGR until fiscal 2030 but a 2.5% margin equates to ebit of €30.3m.

What multiple would one put on that? Who knows? Without getting into the specifics of the cash flow recovery and de-leveraging which would further support the earnings and the equity value, we feel we are being more than amply paid to wait through a deep discount in valuation.

YouGov is the second small cap and offers optionality in two ways. One simple and the second more complex, but in our view just as likely *and* the more powerful of the two options.

Option one is simple and we referred to it in last quarter's Engine Room. The board is currently conducting a strategic review of YouGov Shopper, which they only bought in 2024 from GFK at €315m, whilst the group's market cap currently sits at c.£270m on an ebit of £53m post investment.

We have no idea if the division gets sold, but we do think that the collection of shopper data retains a relevant moat in a very consolidated industry globally and is embedded in customer workflows. Since the announcement of the strategic review the shares have recovered their poise.

The second source of optionality is that YouGov as a group turns from AI *loser to AI winner.*

We have long thought that the provision of continuous live data offering on-the-spot insights into what people think will remain relevant in a world of synthetic personas. There is work to do to evolve the model to prove this as possible, but the company are now moving at pace to try and make this happen. Indeed, in their three-wave cost plan that was announced with interim results in March, wave 3 is noted as a material evolution in the business model and would target the delivery of:

"…a margin profile aligned with an AI led data business, marking a step-change from our historical margin structure". YouGov interim results, March 2026.

…a margin profile aligned with an AI led data business, marking a step-change from our historical margin structure". YouGov interim results, March 2026

A few days ago, YouGov launched 'YouGov Parallax,' the most direct step in proving that the combination of AI and real, constantly updated data to validate can be very powerful. They claim it to be the world's first research product to combine AI-powered simulation with real world validation.

Whilst the degree of success of this product remains to be seen, we think the optionality of such a future isn't fully reflected in the share price. The hurdle is low, with the current multiple of profits being where it is (c.8X EV/ebit for reference). Combined with better execution across the board from a refreshed and improved management team, YouGov continues to meet our investment criteria.

Victrex is our third small cap name, where new CEO Dr. James Routh is getting to grips with the situation. After years of underperformance the board is under extreme pressure for change; it has been our biggest engagement agenda item since we invested in late 2024.

Like YouGov, Victrex offers dual optionality. First, is the value to be realised from a simple recovery combining better execution with a cyclical turn in revenues and margins. The second, more interesting, is that the refreshed strategy can focus more on the jewel in the crown – the medical division.

The medical division has favourable characteristics in that there is a regulatory barrier to entry and that the quality of the polymer supply is of critical importance. This creates high switching costs and is reflected in the divisions meaningfully higher gross margins (75%) and net margins vs the group.

The ambition to grow under previous management via new applications to c.30% of group revenue by 2032 has seen little traction. Through a combination of slow execution, further erosion of the existing spine business and an extended period of post COVID de-stocking, divisional revenues have stagnated.

This remains a division with real optionality, where investment for growth will remain central to the new strategy. With new product growth likely delayed not denied, and de-stocking headwinds diminishing, any recovery in this division would have a materially positive mix effect on margins, cash and returns.

Victrex shares have de-rated so much, and investor expectations with it, that we are of the belief that the optionality of a medical division recovery and growth is materially mis-priced if at all priced.

We do not expect the Victrex medical division to be a monetizable asset in its current form – there are short-term revenue and margin challenges to overcome, and proof needed that it is a more diversified business by product. But the optionality is there and could underwrite a significant part of group value.

In time, might Victrex follow the Johnson Matthey route? In 2024, JMAT completed the sale of their medical business to private equity for £550m, which was roughly 20x ebit, materially above the group multiple, releasing value trapped by the LCD effect.

If the inherent value within the division does not get recognised as part of the group, we highlight that there is an alternative way available at the right time.

We look forward to hearing more at the investor day in September.

A look at some larger names

Further up the market cap scale let's look at a few other hidden options that the market may have forgotten about or spent less time on.

The **Marks & Spencer** cyber incident and transformation is debated deeply, but there are pockets of value within the group that are less so. The international business is one example but still gets more airtime than the Ocado Retail Limited (ORL) joint venture despite being much smaller.

What do my shareholders think? They don't think there is a lot of value in it, probably zip. What do I think? I think it's going to be worth a lot of money."

M&S Chair Archie Norman

What price would you pay for 16.3% of the UK online grocery market (focused on affluent customers) and growing? It's a question we are increasingly asking ourselves in the context of our ongoing research into **Marks & Spencer**.

The answer, according to its invisibility in analyst notes and explicit forecasts, is seemingly not very much. Archie Norman, architect of the deal, disagrees. This is what he had to say about it at the 2025 Retail Technology show:

"What do my shareholders think? They don't think there is a lot of value in it, probably zip. What do I think? I think it's going to be worth a lot of money."

Now consolidated in the M&S accounts, it is carrying losses at an earnings level. The best way to think about its value therefore is the loss accruing to M&S multiplied by the group multiple. Let's call that a £300m liability. If we were being kind, we might give it the balance sheet value of £385m, but we doubt that others would. Let's perhaps just call it worth zero.

Why is this the case, we ask, when explicit M&S strategy is for ORL to become sustainable and self-funded, run as commercially as possible to maximise its economics and value?

This is a scaled standalone business: revenues of £3.2bn last year, up 15%. M&S Food product sales were around one-third and grew 18%; in many fresh categories M&S accounts for more than 50% of sales.

Growing M&S volumes provide wider buying synergies to M&S Food – around £60m previously stated, and growing. ORL now accounts for more than 10% of M&S Food volumes.

Last year ORL generated its first operating profit since the pandemic, despite a growing view that the JV could be run far more commercially. M&S want improved performance before committing further growth capex.

How could the JV financials be improved?

1. Capacity utilisation: push hard to fill existing fulfilment centres and increase throughput, for example through enhanced picks per hour.
2. Reduce funding costs: both owners provide shareholder loans at high interest rates; as profitability improves the JV should refinance away from them.

3. Cross-selling: huge, untapped potential. M&S has a deep, long-lived brand and national customer base; Ocado does not. What is the value in integrating “Sparks” with Ocado?

4. Renegotiate service fees: not expected yet, but the fees are expensive – a direct cost to ORL for Ocado Group’s benefit. It might take a mindset shift at Ocado Group to see the major value in a more profitable, faster growing ORL.

Left in its current trajectory, we think ORL might contribute c.2p of EPS by 2030. With the implementation of some of the above measures, it could be c.4p of EPS to M&S or close to £1.2bn value. On a current market capitalisation of c.£7.6bn, that is 16%. Just from ORL being run like a properly commercial organisation. Real optionality in a widely followed transformation.

To highlight other parts of the portfolio, we remind investors about a few other hidden options that might not be fully appreciated.

Within **Travis Perkins** there are several businesses. Most analyst effort goes on a turnaround at the main builders’ merchant, which has seen gross margin decline and share losses for years but remains the UK’s largest.

Whilst sector capacity is now more likely to *reduce* than grow over the next couple of years, demand remains febrile. Recovery optionality keeps being pushed to the right, although Prime Minister Andy Burnham promises the biggest council housebuilding programme since the post-war period.

But the Group still offers structural growth via Toolstation, which competes with the successful Screwfix and caters mainly to tradespeople. In the year ahead, assuming exit from loss-making Belgium, Toolstation will account for around 40% of group profits.

Toolstation has a range of interesting investment dimensions.

1. Maturation profile: Existing stores’ maturation provides natural growth. Even the largest, most mature stores still underperform Screwfix on sales density with no structural good reasons.

2. Margin expansion: Targeting 7% plus from the current 4%, and management are confident of getting there.

3. Long growth runway: from c.590 UK stores currently, management intend c.1,000.

4. Proximate targets: The UK business did £843m revenue and £44m ebit in 2025; £1bn+ revenues and £60-100m ebit are in sight.

The Group is better managed now, with continued deleveraging giving Travis freedom to invest in Toolstation.

Our core UK Dynamic pack shows a £300m to £1bn valuation range for Toolstation; given current UK conditions and comparator multiples, closer to £500m is more likely now.

Travis Perkins – A Valueplus case study

Deep transformation meets market repair

Holding/Stock examples are for illustrative purposes only and are not a recommendation to buy or sell. Source: Bloomberg consensus, company data, Jupiter forecasts, S&P Global, as at May 2026.

4 **Is there potential for a re-rating:** Yes, if supply side repairs and the company takes share. Further Toolstation growth and disciplined capital reallocation would drive value

- 100p EPS on 15x? [2]

3 **Can company returns be improved:** Highly credible new CEO and Chair. Material scope for structural cost savings, commercial and working capital discipline

- Cost efficiencies
- Commercial discipline

2 **Is an economic return possible:** Yes, but market repair/recovery needed and is highly likely given the current situation

- ROCE < WACC
- Demand recovery
- Supply side exit likely

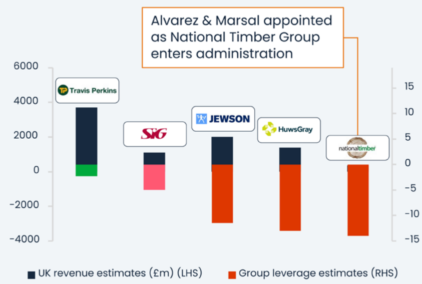
1 **Can we get our money back:** The balance sheet has high tangible asset backing

Market cap	Freehold property	Working capital	Toolstation
£1.1B	£900m[3]	£490m	£300m- £1B[1]

Market repair

20-30% of the market is under extreme balance sheet pressure	
Huws Gray 7% share | 13x leverage	**Jewson** 11% share | 11.5x leverage
SIG 30% share | 5x leverage	**National Timber** 2% share | 14x leverage

Supply side contraction is happening



But with Travis Perkins Group valued at c.£1bn market cap, a net-cash balance sheet pre-leases, £0.9bn of freehold property backing, and £0.49bn of working capital, in our view this shows the potential valuation may not be reflected in the share price.

The purpose of knowledge is action, not knowledge" - Aristotle

How we add value to the re-pricing of this optionality

" The purpose of knowledge is action, not knowledge" - Aristotle

Our valuation approach, exemplified by the examples in this quarter's Engine Room, forces us to look everywhere for value within an organisation. We then ruminate over the strategies and narrative that might extract that value which leads to a purposeful debate with the board of the company.

That debating process allows us to build a deeper understanding of the optionality allowing us to assess two things:

1. Whether the optionality is real and priced optimally

2. The rational strategic paths to translate optionality into reality

Our valuation work is where it starts but, it's then complimented by the constructive engagement that follows. And that engagement can be simple, and sometimes more complex.

In the simple camp is **Renishaw**, which we covered in last quarter's Engine Room as having hidden value in Additive Manufacturing. We had specifically asked the company for more details over the market potential for them and in June management simply obliged with some further detail at the investor day (see here). As simple as that.

Note: The opportunity for Renishaw was even better than we expected, offering a deep profit pool and giving the group diversification benefits.

Last quarter we also spent a lot of time trying to understand whether **RS Group** is optimally structured as an organisation. This would be in the more complex camp.

A particular focus of ours is whether the US business 'RS Americas' is adding enough value to the group and whether it might have more value to an alternate owner, releasing capital to reinvest in the European platform, where RS has more history and more strength.

Our questioning to the board is leading to a deeper understanding of the risks and opportunities for RS in the Americas, and its strengths and weaknesses as a business, both standalone and relative to competition.

Whilst our work is not yet done, and we have not got all the answers yet, we do wonder whether RS is as differentiated in the US in the same way as it is in Europe.

Now is probably not the time to do anything as there is a clear cyclical revenue and margin upside within RS Americas, and we expect the company to deliver that under new regional leadership.

In the meantime, as we learn more, the optionality keeps building in the investment case.

Performance review

Q2 was a tough quarter for Fund performance, where much of the underperformance came late – particularly the second half of June, after the US/Iran 'peace' plan lit a flare under certain thematic exposures and created curious conditions unhelpful to this Fund.

The Fund finished up 2.6% against 4.7% for the FTSE All-Share TR; within this the FTSE 100 rose 4.0%, the FTSE 250 9.8%. Given the Fund's increasing FTSE 250 exposure this was disappointing, though we feel more a timing issue.

By sector, FTSE 350 banks led, rising 21%, a c.150bps headwind. Travel and leisure rose 26% on declining oil prices as Gulf tensions eased and on bid interest for EasyJet. The fund has limited exposures to these.

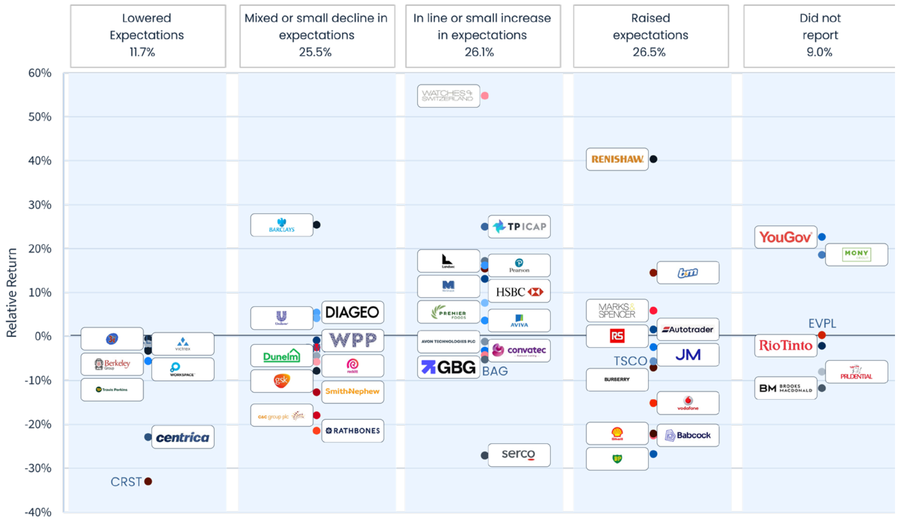
Declining bond yields supported a recovery in housebuilders, construction and real estate names and indeed riskier assets generally outperformed. The basic materials sector suffered some profit taking as did aerospace and defence, except for Rolls-Royce, which moved more with the airlines and had another strong quarter. More defensive sectors like consumer goods, household goods, healthcare, utilities, tobacco and telecommunications all lagged.

Focusing down on stock-level performance within the Fund, we would typically expect a reasonable correlation between what a stock delivers financially and the share price outcome. This past quarter the correlation between the two broke down, and outcomes were far more random, as can be seen here:

A difficult quarter for corporates

Second quarter earnings results

Source: Bloomberg and Jupiter. Stock returns shown 31.03.26 to 30.06.26 (or period held by fund if purchased during the period). Jupiter UK Dynamic holdings as at 30.06.26. Weights based on average over period shown. Lowered expectations = EPS consensus downgrades >-5% and/or lowered forward guidance. Mixed and small decline in expectations = EPS consensus downgrades up to -5%. In line or small increase in expectation = EPS consensus in line up to +5% upgrades. Raised expectations = YTD EPS beat or in line EPS and current year guidance raised >5%. ttps://www.multpl.com/shiller-pe, as at 30.6.26 as at 30.6.26

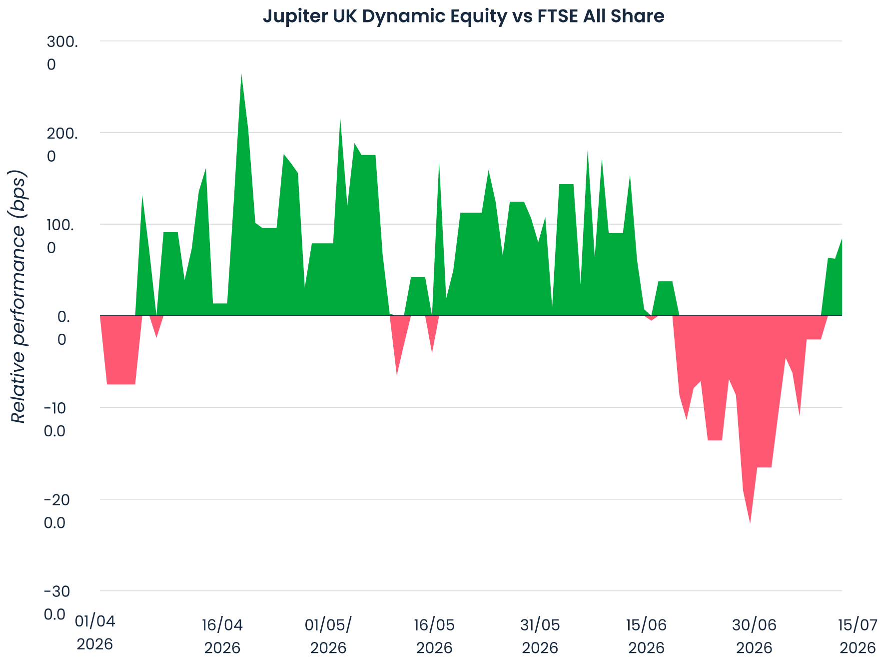


As discussed in the market backdrop, macro-thematics, geopolitics and factor basket exposures have dominated share prices with the lower volatility factor lagging materially relative to any sector with ongoing momentum. Any mishaps within those have been harshly treated.

These trends visibly accelerated into the period end, worsening the negative performance in June and put a bad complexion on the Fund's quarterly performance. We note early weeks in July have already seen those impacts largely unwound, see chart below.

Fund performance 1H July 2026

Source: Past performance does not predict future returns. Source: Bloomberg as at 15.7.26.



That said, we are not absolving ourselves of the responsibility for Fund performance both last quarter and year-to-date. Too many underperformers and not enough winners. It's that simple.

We do expect better and whilst there have been genuine challenges that were hard to foresee, some things we did foresee, but were perhaps not aggressive enough in execution; others we were too slow to pick up on the gathering risks. This stock market offers you very limited time to react.

But in most cases the lack of performance is more to do with the stock market being on a different page for now and wanting hard evidence of a change in momentum before it will re-rate a share; and that is it. Patience is our only friend in these situations.

In the meantime, rather than make wholesale changes we are dealing with issues systematically. We are re-evaluating where there has been a genuine impairment of the investment case, whilst doubling down on investments where there has been none and it is just a matter of time.

Major negative relative contributors

There was a distinctly geopolitical feel to the major losers this quarter.

Centrica (-100bps) was the biggest detractor, as several things reversed the strong year-to-date trend. A modest earnings downgrade at its AGM update, weaker oil and gas prices as the Iran war temporarily ended, and Andy Burnham comments fuelling UK energy policy concerns. The shares fell 18% having risen 25% in Q1.

BP (-71bps) was the second- worst of the overweights, falling c.23% as lower oil prices (Brent -18%) and boardroom changes weighed after strong outperformance. **Shell** (materially underweight) also fell 19%, an offsetting positive **(+83bps).**

The negative idiosyncratic overlays – BP's chair change, Centrica's downgrade – are disappointing but will be forgotten in time. The bigger picture is whether the boards can dampen business model volatility through consistent operational performance, deleveraging and improved cash generation. We think they can.

Away from oil, defence- related stocks were pushed around by the changing war thematic and some idiosyncrasies on top meant material underperformance from both **Babcock** and **Serco.**

Babcock (-58bps) shares declined 18% as the sector underperformed and after a further £140m provision on the troubled Type 31 frigate programme, confirmed with June's results. This overshadowed otherwise robust trading and underlying upgrades for 2027 and beyond. The nuclear business was a clear standout with 20% profit growth, near 10% margins which strongly underpins group valuation.

Serco (-54 bps) shares fell 23% on political rhetoric around UK government outsourcing: Andy Burnham's Makerfield by-election comments, echoed by Reform UK, raised concerns over asylum accommodation contracts. This despite an in-line H1, maintained guidance, contract wins and a growing order book.

Major positive contributors

Land Securities (+76 bps) performed strongly as falling gilt yields and robust FY26 results supported the shares. Like-for-like net rental income, occupancy, EPS and NAV all came in towards the top end of guidance. Operational performance remains strong across its well-located portfolio of prime retail and London office assets – occupancy exceeded 98% and drove a 7% increase in estimated rental values (ERVs). Their prime retail assets, valued at around a 50% discount to current build cost, delivered 6% rental income growth with occupancy of approximately 98%, the highest level in 20 years.

Watches of Switzerland (+69 bps) shares rose 60% in the period, following a strong FY26 trading statement in which management upgraded FY revenue and profit guidance. The upgrade was primarily driven by continued strength in the US business, where demand remains robust and management's efforts to broaden the offering in recent years are clearly bearing fruit. Through a combination of acquisitions and strong organic investment, the board has built a US watch and jewellery business of significant scale and market share over the last eight years, with further growth appearing likely.

Renishaw (+58 bps) shares rallied 45% following upgrades to revenue and profit guidance driven by robust demand from semiconductor, electronics manufacturing, aerospace and defence customers. A further positive trading update in May reinforced the accelerating revenue and order momentum, particularly in position measurement and specialised technologies, prompting additional earnings upgrades.

Other noteworthy moves

AI risk bucket

Readers will know this Fund holds a small group of stocks whose prevailing narrative is AI risk. Interestingly, several were strong this quarter: **Pearson (+38bps), MONY Group (+34 bps)** and **YouGov (+20bps)** moved strongly after statements reiterating guidance and supportive strategy updates. **GB Group** and **WPP** remained in the doldrums (unfairly, we think) despite showing progress.

Crest Nicholson (-27bps) fell sharply following an April profit warning citing a deterioration in the macroeconomic outlook. The revised outlook implied a potential debt covenant breach, raising concerns over a dilutive equity raise. Management had reaffirmed full-year guidance at its AGM only a few weeks earlier, having indicated there was no visible impact from the weaker macro backdrop. The Fund's position was reduced following unsuccessful engagement with the board for faster land sales throughout much of 2025. The Fund's residual position has been exited.

Portfolio activity

During the quarter we made some important changes to position sizes after further research, engagement and with new evidence coming to light of better management decision making and improved operational performance.

Positions in **Burberry, Marks & Spencer, Renishaw, Travis Perkins, RS Group, Watches of Switzerland, Premier Foods** and **Victrex** were increased, and in some cases, materially. These stocks represent some of the deepest mid-cap transformations in the UK stock market.

They are businesses with high market shares, strong histories, relevant products and decent core qualities. Management are starting to get to grips with their underlying issues and are moving forward with strategic change. In virtually all cases, their balance sheets are improving materially, but their shares remain undervalued.

Some other small positions were introduced in response to attractive valuations and early evidence of strategic initiatives starting to take place. These businesses have a UK consumer flavour: **Dunelm, Berkely Group** and **B&M European Value Retail.**

Dunelm offers exposure to a high-quality retailer trading below historical valuation with a strong balance sheet whilst **B&M** was purchased as an attractively valued early-stage turnaround opportunity. **Berkeley Group** offers a strong balance sheet, advantaged assets, a proactive board and a price-to-book at multi-decade lows.

We were also opportunistic in **3i Group** (a core position for this team for many years) after a rapid fall from share price grace over the last few quarters following a decline in like-for-like performance in France and Germany at core asset Action. In the past 12 months the shares have moved from 1.5x book to a trough of c. 0.75x (where we re-entered). The shares have since started to recover.

We also partially returned to **HSBC** after partially selling down the successful **Prudential** position, mindful of its exposures whilst spreading some of the risk from **Barclays.** Like 3i, HSBC used to be a core position.

Note that the Fund remains materially underweight HSBC and banks in general and is likely to remain so.

To make way for some of these we exited the Fund's remaining position in **Tesco,** and residual small positions in **AG Barr** and **Crest Nicholson.** Tesco has been a major success for many years, but we now see more opportunity in Marks & Spencer. AG Barr was a small position, but we could not get comfortable with capital allocation. Crest Nicholson sold down for reasons explained above.

Outlook

The market environment remains volatile, with the ceasefire in the Middle East remaining fragile and the UK political backdrop increasingly uncertain. We remain mindful of these risks but are selectively allocating capital to business transformation opportunities where we see the potential for significant idiosyncratic value creation.

In several cases, valuation multiples have compressed further despite resilient or improving earnings trajectories, which only serves to reinforce our conviction in the Fund's holdings.

The Fund contains significant future value that in our view isn't fully reflected in current market prices and which may be realised on a through-cycle view and as boards improve capital allocation idiosyncratically[1].

[1] This analysis reflects the investment teams's own assumptions and valuation methodology, and actual outcomes may differ materially.

Fund performance Jupiter UK Dynamic Equity Fund - I GBP ACC thru June 2026

Cumulative

As of 30/06/2026	1 year	3 years	5 years	10 years	Since Inception
Fund	11.61%	49.67%	67.57%	140.82%	959.67%
Target benchmark	21.89%	53.09%	67.88%	129.76%	725.60%
Comparator benchmark	12.51%	37.67%	33.50%	97.92%	555.72%

Year on year

Series	July 2016 - June 2017	July 2017 - June 2018	July 2018 - June 2019	July 2019 - June 2020	July 2020 - June 2021	July 2021 - June 2022	July 2022 - June 2023	July 2023 - June 2024	July 2024 - June 2025	July 2025 - June 2026
Fund	27.13%	6.88%	(5.22%)	(14.42%)	30.39%	5.56%	6.06%	13.35%	18.31%	11.61%
Target benchmark	18.12%	9.02%	0.57%	(12.99%)	21.45%	1.64%	7.89%	12.98%	11.16%	21.89%
Comparator benchmark	22.43%	9.23%	(2.17%)	(11.03%)	27.36%	(8.58%)	6.07%	12.67%	8.61%	12.51%

Past performance does not predict future returns. Source: Morningstar, NAV to NAV, gross income reinvested, net of fees, in GBP, to 30.6.26. Target Benchmark: FTSE All-Share. Comparator: IA UK All Companies.

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.

The value of active minds – independent thinking: A key feature of Jupiter's investment approach is that we eschew the adoption of a house view, instead preferring to allow our specialist fund managers to formulate their own opinions on their asset class. As a result, it should be noted that any views expressed – including on matters relating to environmental, social and governance considerations – are those of the author(s), and may differ from views held by other Jupiter investment professionals.

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