

Marketing communication. This document is intended for investment professionals and is not for the use or benefit of other persons, including retail investors.



Jupiter UK Dynamic Equity Fund

THE ENGINE ROOM

VOLUME VIII – Q3 2026

by Alex Savvides,
Stephanie Geary & Sid Sukumar



Alex Savvides
Investment Manager



Stephanie Geary
Investment Manager



Siddharth Sukumar
Investment Manager

Dear clients,

In a period of profound global change, it is easy to focus on the macro and lose sight of the micro. Yet even within the largest structural shifts, *cycles* continue to shape company and stock market returns.

As we endeavour to be the best at mastering the transformation lifecycle, we look for ways to improve our probability of success. One such way is to understand and harness the business cycle that can amplify the effects of positive change.

In *Mastering the Market Cycle*, published in 2018, investor Howard Marks examines the inevitability of cycles and how investors can use them to improve the odds in their favour. Drawing on his 2001 memo, *You Can't Predict. You Can Prepare*, Marks also explains how easily cycles are forgotten or dismissed as we convince ourselves that "this time it's different."

The supply and demand disruptions that followed the pandemic, the emergence of artificial intelligence and the long-term democratisation of investing through passive funds and ETFs have all given us reasons to believe that this time may indeed be different across many asset classes.

Last quarter offered a timely reminder that ***cycles still matter***. They continue to influence the returns of individual companies and entire sectors.

In this edition of *Engine Room*, we look more closely at three UK small and mid-cap companies that had been written off as neither "growthy" nor "value" enough. Each has delivered strong returns for the **UK Dynamic Equity Fund**, both over the quarter and across the year, and we believe significant opportunity remains.¹

Their stories highlight the distinctive opportunities available to the industrious transformation investor – and the real gems that can still be found in the lower reaches of the UK market, despite the negative perceptions surrounding it.

Above all, they show how positive internal change can be unlocked, harnessed and accelerated when the relevant business cycle turns.

Thanks, as ever, for your support. We hope you enjoy the read.

Alex, Sid and Steph

Source:

1. Past performance does not predict future returns.

A NARROW PERFORMANCE YEAR: LOOKING WHERE OTHERS ARE NOT

It has been a tough year to outperform markets. Returns have been dominated by companies with earnings momentum, linked to commodities, energy/power, interest rates and an AI spending boom.

If you have done well this year it is likely you have a portfolio skewed to these elements. You are likely also to have benefitted from some of the incredible amount of inbound M&A in the UK, which currently shows no real signs of stopping.

Companies that traditionally would be seen as defensive and reasonably high quality in that they have strong market positions, embedded brands, pricing power and non-cyclical demand drivers have not done well this year despite the challenging macro – see the healthcare or consumer goods sectors for details.

UK Dynamic has not had a history of being majorly overweight banks, energy or commodities more broadly. Whilst this has been a headwind this year, we have regardless tried to keep moving forward by selecting a range of stocks which are true to the transformation ethos, are undervalued and might have exposures that can interest the broader stock market. Schroders, Man Group and Beazley have been strong financials for the Fund this year in place of banks.

We have, however, had a strong interest in industrials. In Engine Room Vol VI in the section talking about the nuance of valuation, we posed the following question:

“When we say valuation is nuanced, we think also about some cyclicals. What’s cheaper, RS Group on c. 14x with <1x forward leverage after an extended period of low global growth and declining PMIs or a bank getting structural hedge upgrades on c. 10x (you decide the leverage)?”

We playfully suggested that the answer was whichever had the most momentum. This was ironic: we were highlighting a market more focused on momentum than on leverage or risk-adjusted valuations. We have nothing against banks and held sufficient exposure in 2023, when we considered them *really* cheap and did not need to rely on relative P/E multiples rather than a price-to-book ratio to confirm it..

But the more serious point beneath, was that some very interesting cyclicals were being left behind by the market that whilst more “expensive” on a headline P/E multiple (than a bank, say), perhaps represented better value when adjusted for leverage and cycle.



When we say valuation is nuanced, we think also about some cyclicals.

We believe that RS Group could do better operationally, perhaps through greater market focus, but we are sure the answer to hitting their targets is intrinsically linked to an improvement in Purchasing Managers' Index (PMI) data, a key indicator of economic activity. If correct, a P/E of 14x with a very strong balance sheet would be very interesting. We allocated capital accordingly:

RS Group position size, shares relative to FTSE All Share Index

Source: Jupiter/LSEG as at 9.10.26.
Stock holding examples are for illustrative purposes only and are not a recommendation to buy or sell.



SLIPPING THROUGH THE GAPS: TRADITIONAL LENSES CAN HAVE BLIND SPOTS

Sometimes good, even great, companies slip through the gaps because they can't at that time be pigeonholed to satisfy any of the thematic, style or factor preferences most investors are looking for.

They may have previously been growth stocks commanding high multiples, but those growth credentials have disappeared or are being questioned, causing those growth investors to walk away.

As pure value investors might then look to step in, the multiples may have only partially corrected and remain at a headline level higher than average, leaving value investors to wait longer for a lower entry point and leaving the shares in a dead zone.

Income investors might also be attracted but these companies might not have the requisite distribution policy or immediate free cash flow to support the demands of the income-hungry funds. This can be for a variety of reasons including a more prudent approach to cash and balance sheet management.

To the observant investor, however, it is even more interesting when the boards of those companies believe the lack of current growth to be cyclical rather than structural and are therefore busy investing into the downturn to provide the products and capacity for the future upturn in demand.

Occasionally, these companies do have the yield credentials but the cloud over their prior performance and outlook is so severe that the market expects or requires a re-set of dividend policy, earnings and share price before being interested. These situations might be labelled as being in structural decline or a value trap. In short, it is too messy for most to bother with.

With a mantra of looking forward not back and supporting dynamic management teams prepared to make changes to positively affect their future outcomes, opportunistic stock pickers like us with processes dedicated to such situations must fill the investment void.

In an investing world dominated by positive momentum and size, we are very surprised by what we see as *the quality of opportunity being left behind* in the UK for the industrious transformation investor.

HIDING IN PLAIN SIGHT: THREE UK SMALL AND MID-CAP GEMS

Memories are long in the stock market and so, when the turn starts, there are often fewer eyes and ears willing to believe what they see and hear. It is this very scepticism that can make recoveries more enduring and financially profitable than many first perceive them to be.

There are three stocks currently sitting in UK Dynamic at a combined weight of c. 8% that represent everything we have discussed. They quite simply fell through the gaps after a period of financial volatility and underperformance, particularly post the pandemic. This left a void of suspicion, fear and narrative uncertainty.

With the transformations progressing at different paces, but with the cycles also turning for each of these companies, we think in each case, despite some good recent share price returns, the case for a more enduring recovery is growing.

Victrex

MARKET POSITION: Victrex are the market leading producer of a specialist high-performance polymer called PEEK, a polymer they pioneered over 48 years ago when part of ICI. It holds over 45% of a c. 9,000-tonne global market – more than twice its nearest rival – and stays differentiated through superior product performance and applications engineering expertise.

THE OPPORTUNITY: Victrex through much of the last decade was seen as a high-growth, high-return quality growth stock. Those credentials have sadly been eaten away over the last few years.

Excitement about PEEK displacing metal has given way to fears of commoditisation as low-end competitors have undercut on price. Margins have declined, but we believe that owes as much to poor mix and execution by prior management as to any loss of competitive advantage.

The numbers behind this story read as follows: with a broadly unchanged share count, underlying EPS averaged c. 99p in 2011–19 and c. 65p in 2020–25, and analyst expectations are for c. 42p this year. The shares have fallen from c. 3,400p in Q4 2018 to 515p in Q1 2026, and the dividend has been cut to what we believe to be a sustainable level. No dividend, no growth and value trap fears.

Through all this, since 2011 Victrex has returned over £890m to shareholders – well above its £560m average market capitalisation in H1 this year – and net debt is below £50m.²

THE TRANSFORMATION: Victrex is going through a deep and long-overdue strategic transformation. We have been strong proponents of that transformation and have been promoting change with urgency to the board from the moment we first invested in the shares. Our first letter proposing deeper changes was sent to the board in December 2024. Since then, the engagement has been consistent and metronomic.

We could see clearly that the company was being mismanaged along the critical vectors of pricing, efficiency, capital allocation, and internal and external stakeholder management. The status quo was simply untenable to us.

During 2025, the board belatedly and under pressure, appointed Dr. James Routh as CEO. Since he took over in January 2026, the CFO and the heads of all key divisions have been changed. We remain focused on the board evolution and would welcome further refreshment.

The new CEO is leading change with the urgency and dynamism we would expect. It is a tough job, but much has been accomplished in the first nine months. This includes a new efficiency programme, a customer first strategy, a new commercial proposition underpinned by targeted investments and a better narrative that focuses on strengths and differentiation rather than wallowing in the past mud bath.

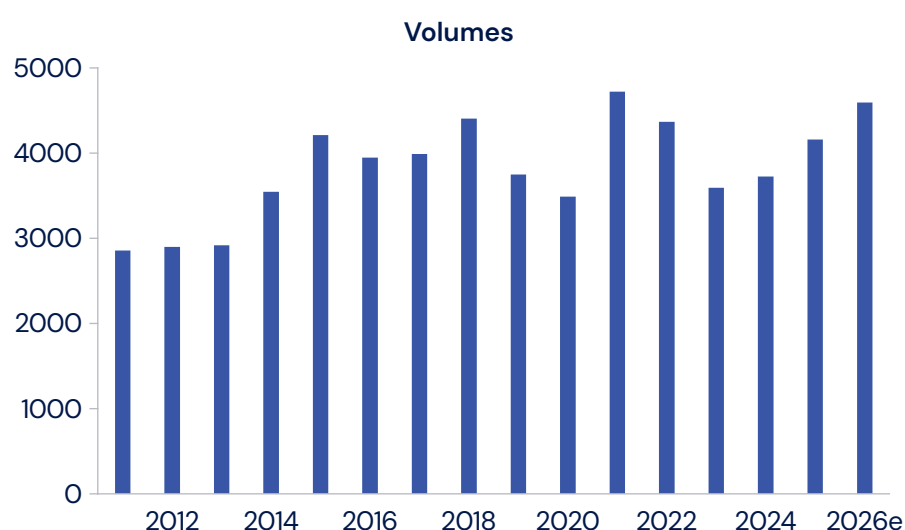
We were introduced to this strategic update in September at a capital markets event. We have been to many strategic refreshes over the years. They often promise loads and deliver little. This was at the better end of all we have ever heard: Structured, rational, achievable; a visible lodestar for the journey ahead. Watch it yourself.

Source: 2. Company reports, Bloomberg, as at 9.10.26.

THE CYCLE: PEEK can structurally displace metal across industries from healthcare to heavy industry. Management has wisely dropped the long-overpromised “mega programmes” in favour of a modest 5% growth target, yet those programmes – now joined by robotics – still feature in the presentation as significant upside optionality.

Within this structural growth opportunity there is, however, quite clearly a cycle – proven by a downturn in 2019 and 2020, but then a post-pandemic recovery was also short-lived and turned negative again in 2023. But look closely enough and you will see that for the last three years volumes have started to rise again. What started as a restocking exercise by value-added resellers has recently broadened into improving demand across a wide range of industries.

Victrex PEEK volumes



Source: Jupiter, Victrex as at 9.10.26.

What has sparked this new capex cycle is unclear, but this year it has embedded and broadened out. The cycle has become a tailwind and not a headwind.

THE PAY-OFF: Fears over the growth characteristics of PEEK as a market look misplaced. Concerns over pricing and Chinese competition will not disappear and cannot be answered immediately. But that said, whilst we can focus on the risks from emerging competition, we could also focus on the opportunities for a resurgent, established and embedded Victrex.

Victrex upgraded guidance for this year in early September. That is the first upgrade for many years. The shares responded accordingly. Forecasts have yet to fully catch up. Yes, the shares have gone back up but remain in the doldrums on any longer-term perspective. This is a multi-year transformation with structural growth and now a cyclical tailwind.

Victrex shares relative to FTSE All Share Index

Victrex

YTD +57%



Source: LSEG, Jupiter as at 9.10.26.

Remember those average earnings numbers we mentioned for the last decade? Nearly 100p each year. The path from here is likely higher not lower.

Renishaw

MARKET POSITION: Is there a more innovative company on the UK stock market than Renishaw? We feel it has rightful claim to be up there with the best. Starting from their first product, the touch trigger probe, invented by the founder, the late Sir David McMurtry, and used on the Olympus engines for Concorde, they have revolutionised the world of three-dimensional coordinate measurement. From there, through a continuous commitment to spending 13% to 18% of sales on R&D and engineering, they have continued to produce innovative and world-leading precision measurement, metrology and now additive manufacturing machines.

Product-level market share data is scarce, but in Industrial Metrology, Renishaw is widely regarded as number 1 or 2 in CMM (co-ordinate measuring machine) sensors and machine tool probes, and a global leader in optical laser and magnetic encoders.

The company cites market shares above 20% for established products, and above 12% across every market it serves, including newer ones.

In the nascent additive manufacturing market, Renishaw may sit outside the top 3 today, but it is growing fast with a differentiated, in-demand product and is targeting a top 2 or 3 position.

It is rare for a UK company to have such high shares in competition with manufacturing equipment powerhouse countries like Germany, Japan and the US. That they continue to innovate and maintain such high shares is extraordinary.

THE OPPORTUNITY: We have no doubts that Renishaw would be in any quality growth basket. A founder-led business with a long track record of innovation, engineering excellence, growth, cash generation, high margins and an asset-backed balance sheet (all properties are owned, cash levels at c. 10% of market capitalisation). How did we as value/change investors get the opportunity?

In 2021, the company was riding high in the post-pandemic reflation trade. The company's founders, in a surprise to many but linked to their impending retirements, launched a formal sale process. That process was aborted a few months later, reportedly on valuation but with many believing the founders sought too many post-sale conditions that would seek to respect the engineering heritage, the UK manufacturing base and the continued commitment to engineering and R&D investment.

What promptly followed was a semiconductor down-cycle whose impact was compounded on an earnings and cash basis by that same commitment to keep investing in engineering and a reluctance to cut costs.

On a capex basis, they also invested heavily in their manufacturing site in Miskin, South Wales, to increase capacity for future growth.

During this period one of the founders sadly passed, adding to uncertainty. The shares, having peaked near 7,000p after the announcement of the sales process in 2021, reversed course soon after and bottomed in 2025 at around 2,100p.

Their growth credentials were questioned and a range of growth investors sold out. The P/E rating fell from the mid-20s (20-year median P/E of c. 21x) to a very brief low of c. 14x in March 2025. Ex cash that was even lower, closer to 12x.

But with a mindset of investing and prudent cash management, the yield, typically low, only peaked at c. 3% in 2025 and was not attractive enough to income seekers.

Yet again, we had another quality situation ignored by growth and income leaving more specialist investors to pick up the slack.

THE TRANSFORMATION: This transformation, subtle on the surface, but more radical underneath, was missed by many.

The passing of the founder in 2025 was the catalyst. Initially we had a look in 2025 because we wondered whether acquirers might return. The shares were approaching the lowest P/E they had been on for more than a decade, the cash on balance sheet was near all-time highs and the capex investment in Miskin was coming to an end.

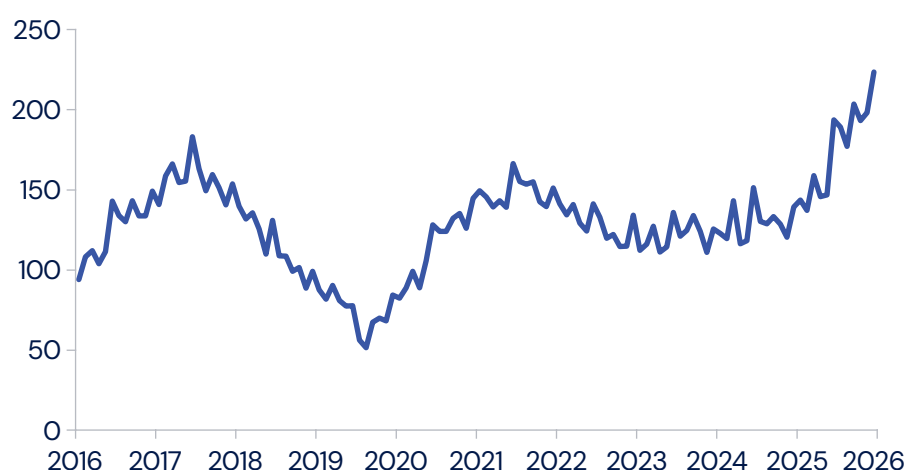
But what immediately struck us was twofold. Whilst not new per se, Will Lee, the CEO, was a man unbound, in our view. It was effectively the same as having a new CEO. The cadre of younger executives who had served under Sir David were ready to start imprinting their own vision on Renishaw.

Strategic and management changes followed with an explicit focus on being more commercial as an organisation, preserving the commitment to investing heritage but with more intent. They introduced new productivity KPIs including, for the first time, a return on invested capital target and a cost-saving programme of £20m, which was virtually unheard of at Renishaw.

THE CYCLE: There are two cycles at play here. The semiconductor cycle, best expressed through Japanese machine tool ordering patterns, and the general industrial capex cycle, which is probably more closely linked to Purchasing Managers' Index data. Whilst both of these are moving in the right direction it is the Japanese machine tool index that has taken off recently, spurred by the AI capex cycle:

Japan machine tool orders total demand (JPY billions)

JMTBA Index (JPY Billions)



Source: LSEG, as at 9.10.26.

Having been in the doldrums for the last few years, this year the Position Measurement division within Renishaw (which is most exposed to the semiconductor cycle) was up 26% year-on-year and up 44% in the second half. Margins grew from 22% last year to c. 27% this year but reached over 30% in H2.³ You can transform all you like, but it takes a boom in demand to create those sorts of returns.

We are not here to predict this cycle other than to say that we, and the company, clearly understand that it will be ... a cycle, albeit each cycle tends to be bigger than the last and underpinned by secular growth dynamics.

Industrial Metrology, twice the size of Position Measurement, grew just 4% last year and has yet to see a major upturn, while Specialised Technologies, home to additive manufacturing, is growing fastest in a structural market worth over €1bn. Both offer balance against any downturn in semiconductor demand.

THE PAY-OFF: The shares are up c. 66% year-to-date through Q3. Consensus EPS for 2026 has risen from c. 150p to 180p over the year,

Source: 3. Company reports, Bloomberg, as at 9.10.26.

and for 2027 from c. 170p to 213p. The P/E is back above 20x, towards its long-run average.

Back in 2025, adjusting for cash, and with additive manufacturing swinging from £10m losses to profit, we thought we were buying at c. 17x FY26 EPS when in truth, it was nearer 13x – for a global leader. This year Renishaw also paid its first special dividend, a yield of over 5% on our initial purchase price.

Renishaw is, by their own words, a “manufacturing technology powerhouse” providing essential technologies that enable advanced manufacturing. We can think of worse places to expose the Fund’s capital, but not many better.

Renishaw shares relative to FTSE All Share Index

Renishaw

YTD +64%



Source: LSEG, as at 9.10.26.

Avon Technologies

MARKET POSITION: Avon Protection is a world leader in respiratory and ballistic protection, delivering life-critical solutions for Militaries, Law Enforcement and First Responders. Through their original Avon Protection division, the company have a dominant position in military CBRN (chemical, biological, radiological, nuclear) respirators in the US and Europe, with shares well in excess of 60%. In military helmets through Team Wendy, they have between 25% and 40% share, depending on the programme.

THE OPPORTUNITY: Avon Technologies was a previously good and high return CBRN respirators business that failed through acquisition and mismanagement. Decisions to enter the US protection market in 2019 through the acquisition of 3M’s ballistic protection business and Team Wendy in 2020, levered the balance sheet and brought problems into the organisation.

A product failure within the ballistic protection body armour business, mixed with other operational and manufacturing issues ultimately led to profit warnings, the closure and full write-down of the 3M acquisition and the retirement of the CEO.

Again, having been a successful, predominantly small cap growth investment, as they lost their growth credentials, they fell between filters for growth, yield or book value. The yield, having never been particularly high, was of no support during the downturn as the increase in leverage meant the dividend had to be reduced in 2023.

The shares, which peaked at c. 4,400p in 2020 reached a low of c. 600p in March 2023, shortly after the arrival of a new management team and a strategic reset.

THE TRANSFORMATION: Avon Technologies is one of the most interesting transformations on the UK stock market. As well as offering the more typical management and strategic reset focusing on an operational turnaround, CEO Jos Sclater and CFO Rich Cashin introduced a major manufacturing improvement initiative involving a complete process rebuild with all key global sites moving from batch to flow manufacturing.

This has been a mammoth task involving new ways of working. Staff have had to be retrained and reskilled to develop the necessary expertise to allow them to deliver not just on the manufacturing process rebuild but to codify and embed the continuous improvement capabilities and mindset.

The interesting aspect of the transformation plan is its scalability and portability as a platform capability. Once embedded, the system can be applied not just to the existing group operations but can be used as a repeatable model to be applied through an inorganic strategy of acquiring other manufacturing businesses in close adjacent markets and transforming their own operations.

The ambition is to expand the value creation opportunity into the broader global protection technologies markets.

THE CYCLE: As a provider of CBRN respirators and military helmets, Avon Technologies's fortunes are tied to the defence spending investment cycle, as is any defence equipment supplier.

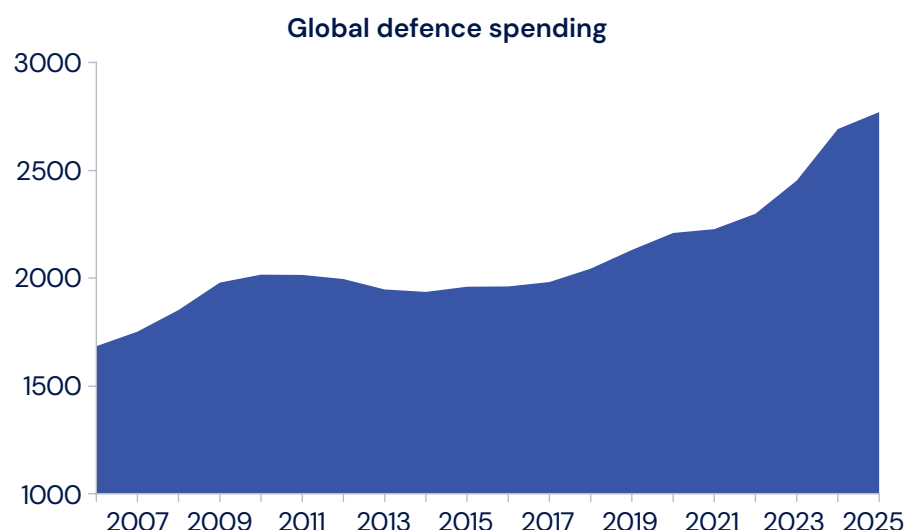
In the post-GFC era with Governments expanding their balance sheets via quantitative easing and focusing on repairing the financial economy, defence investment took a back seat in a period marked by relative geopolitical calm.

Since 2022 and the Russian invasion of Ukraine, the world has become a more fragile place. Whether linked or not, multiple conflicts have since erupted in the Middle East and Asia that threaten the balance of the pre-existing geopolitical world order.

The defence investment cycle has therefore materially turned, particularly in Europe, where direct threat from Russian ambitions and enforced action by the US government under Donald Trump have led to increased spending commitments.

The result has been a marked increase in the committed and actual spending patterns.

Global defence spending (USD billions)



Source: LSEG as at 9.10.26.

THE PAY-OFF: At its heart, Avon Technologies has a highly attractive business model. They sell mission-critical products into highly specialised and growing markets with a cyclical tailwind. They have high market shares and deep customer relationships with qualification barriers to entry. They have a large and growing installed base, which fuels a strong base of growing sustainment and replacement parts and service revenues: a true razor/razor blades model.

Phase 1 of the transformation over the last three years has been a major financial success. Revenues have grown at a CAGR of c. 13%. EPS, having been 40.3c is expected to close this year at c. 140c, whilst net debt is lower. Return on invested capital, a key target, has risen to above 20%. The shares are starting to re-rate accordingly.

Despite the financial success, share price progress over the last 12 months was limited as the early transformation successes gave way to some caution over what would happen next and as the general market demand for defence stocks softened. However, the recent trading statement and strategy update, setting the scene for the next phase of transformation and growth, has reignited market interest in the shares.

Avon shares relative to FTSE All Share Index

Avon

YTD +30%

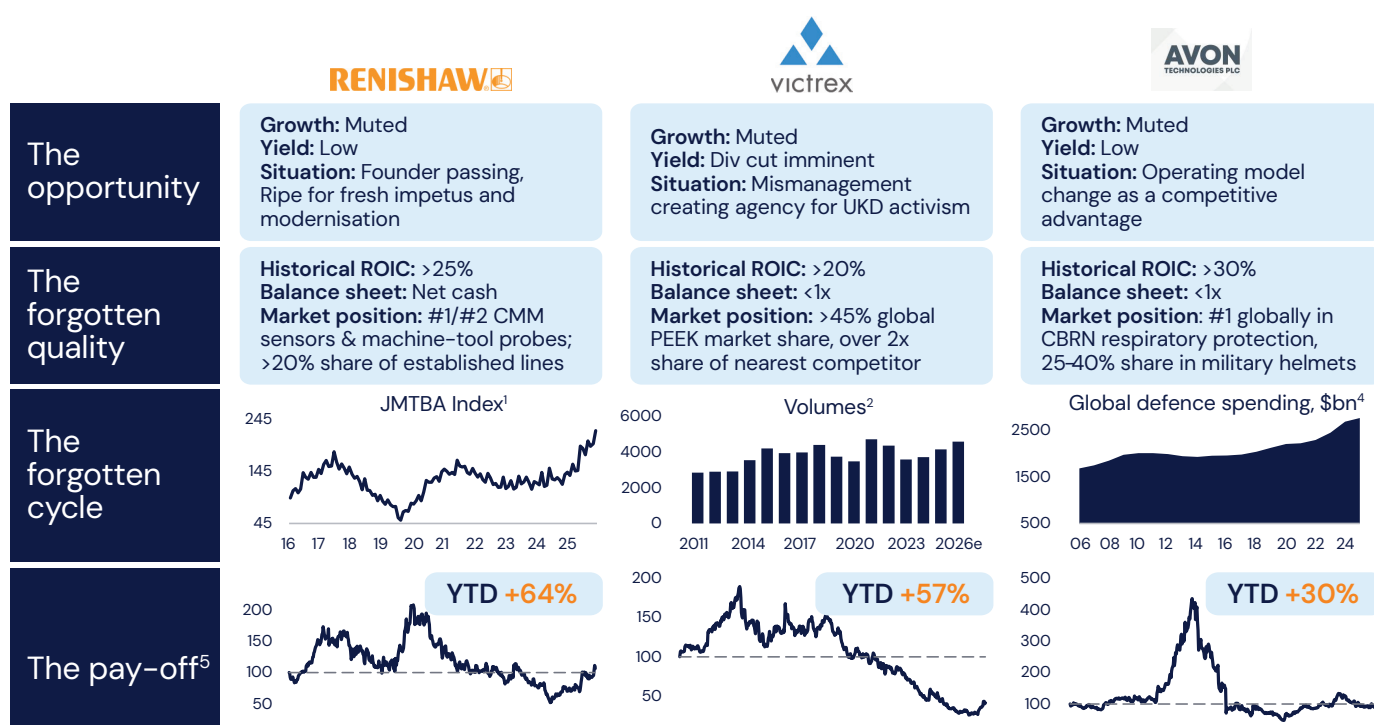


Source: LSEG as at 9.10.26.

Avon have a highly incentivised management team, a strong operating model and a recipe for compound growth both organically and now, inorganically. Whilst that introduces some risk, it offers real long-term opportunity if we remain patient and allow the full UK Dynamic business transformation process to unfold.

The shares have re-rated, but the earnings capability of this company remains highly attractive.

Three UK small and mid-cap gems



Source: Jupiter, LSEG as at 9.10.26.

WHERE ELSE COULD IT BE CYCLICAL NOT STRUCTURAL?

Rule #1 – most things will prove to be cyclical.

Rule #2 – some of the greatest opportunities for gain and loss come when other people forget rule #1.

Howard Marks

This report was in no way supposed to be an exhaustive look at all areas of the portfolio that might go from a cyclical headwind to a cyclical tailwind at *the same time* as transforming their businesses to become better versions of themselves. It is a core part of the process to look for cyclical tailwind optionality that can add leverage to core transformation returns.

A cursory glance across the portfolio offers a range of other interesting opportunities.

Staying with industrial cyclicals, readers will know that we believe strongly that **RS Group** has been and remains an undervalued growth cyclical. It has had a tough few years as it responded to the combination of some poor strategic delivery and capital allocation decisions in the immediate post-pandemic period and clear cyclical headwinds through declining global PMIs. New management have had a bigger job to do to invest in the capability required in a rapidly evolving and competitive sector.

Whilst there is much more to do, there again the PMI cycle seems to be turning and there have been some marginal earnings upgrades coming through recently. Combined with a £100m share buyback programme recently announced, the shares have started their recovery.

In the commercial real estate sector **Land Securities** springs to mind as a fascinating “*It’s structural not cyclical! Isn’t it?*” case study. Demand for office space collapsed post-pandemic as the world shifted to a working from home and then a hybrid model. We moved very quickly to perceptions of structurally lower demand, reduced supply and collapsing values. And yet here we are just five years later and their main office campus in Victoria is fully let, with an excess of *demand over supply*, and rents rising accordingly. Despite the major move higher in bond yields more recently, values are stable given higher rents.



Rule #1 – most things will prove to be cyclical.

Rule #2 – some of the greatest opportunities for gain and loss come when other people forget rule #1.

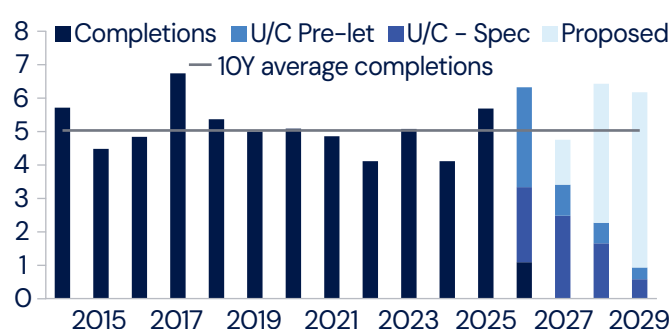
Howard Marks

London office active demand (m sq ft)



Source: Savills, as at 9.10.26.

Central London office pipeline (m sq ft)



Source: CBRE, as at 9.10.26.

The undersupply of office stock looks like a global not just a UK phenomenon. This is attracting the interests of major real estate private equity houses. Just think what might happen if the interest rate cycle were to turn and bond yields were to move back lower again?

On the consumer side, we have **Burberry**. It is another stock which has lost its global growth credentials through some poor strategic decisions at the same time as a general downturn in luxury demand. Without a yield to fall back on, the shares again have been for specialist recovery investors only.

The transformation under Josh Schulman is developing well, with a consistent improvement in like-for-like full-price sales across the globe, including in China, where a number of brands have suffered from a downturn in demand. Conflict in the Middle East, an ongoing tough economic environment in Europe and selective demand in a K-shaped US economy have added to the complicated backdrop.

These headwinds at a more macro level are masking a myriad of idiosyncratic improvements taking place. The shares have thus had a tough year, down c. 20%, more in line with the sector rather than reflecting their improvements.

CAPITAL CYCLE AND BUILDING MATERIALS

And lastly, there is the *capital cycle*. Sometimes, prior investment cycles are so strong that they draw far too much capital into the sector and when it turns, the effects of the oversupply are felt for far longer than can be considered purely cyclical. This is what is happening in the UK building materials market, where Fund holding **Travis Perkins** is the market leader.

Years of low interest rates post the global financial crisis and a major recovery in housebuilding and house prices, fuelled by supportive government policies has attracted a huge amount of private capital into the builder's merchant market.

Demand conditions today are materially different such that many of the major private equity-backed competitors to Travis Perkins, including Jewson, Huws Gray and MKM Building Supplies, have suffered materially. It is a matter of public record⁴ that Huws Gray and Jewson are highly levered and may need debt and financial restructuring (please see [Engine Room Vol VII](#)).

The Travis Perkins management team are controlling the controllables and doing it well. In early Q3, they had a good trading statement, beating expectations on gross margins, profits and cash. The shares rose materially but by the end of the quarter had retraced all of the move given the weakening external demand drivers.

Not until the capital cycle has fully turned and supply has exited, which will likely take a few years, will the full benefits of the improved operational performance and any improvement in external demand be felt in the Travis Perkins share price, in our view.

But the current situation does look untenable for so many participants and so, when the capital cycle does turn, we expect the rewards for the patience to be material, as they so often are when cycles turn.

PERFORMANCE REVIEW

Against this backdrop, the Fund returned +5.7% in the third quarter compared to +2.4% for the FTSE All Share, a relative outperformance of +3.2%.⁵

The Fund's outperformance over the quarter was overwhelmingly due to stock selection, particularly within Industrials, although sector allocation presented a modest headwind, due to the Fund's underweight to Energy and overweight to Consumer Discretionary.

Stock positives

VICTREX (+105bps) contributed strongly to relative performance as their positive Q3 trading update and greater strategic urgency under new CEO James Routh drove a material reassessment of the earnings outlook. July's Q3 update marked the initial inflection: trading remained in line with FY expectations despite the market positioning for a further warning, while the underlying revenue and profit run-rate was sufficiently strong to prompt upgrades and a sharp rerating. This momentum continued into September, with improving performance

Sources: 4. S&P Global in a note dated 7.11.25 placed Jewson owner Stark Group/Winterfell Financing on Credit Watch negative.. <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3474882>. S&P Global in a note dated 9.9.24 cut Huws Gray owner Patagonia's credit rating to CCC+. Patagonia Holdco 3 (Huws Gray) Cut To 'CCC+' S&P Global Ratings.

5. See full performance charts at bottom of article.

across end-markets and regions leading management to raise FY26 underlying PBT guidance to £45m–47m from £42m–44m.

The subsequent five-year strategy outlined a path towards mid-single-digit organic growth and a recovery in operating margins from the mid-teens towards the mid-20s by FY31, with much of the improvement expected to come from self-help through greater pricing discipline, cost reduction and improved utilisation of existing capacity. While the dividend rebasing weighed on the shares following the strategy update, this overshadowed the improving profitability and cash-generation potential of a business retaining significant competitive advantages in higher-value PEEK applications.

RS GROUP (+94bps) was a strong positive contributor over the quarter as the shares rerated from depressed cyclical valuations alongside improving evidence that earnings may be approaching a trough. July's AGM trading update pointed to a solid start to the new financial year and prompted modest earnings upgrades, which were particularly well received given investor positioning for further weakness and a low starting valuation. The rerating continued through August and September as additional upgrades and improving expectations for the industrial cycle reinforced confidence in an earnings recovery. We continue to see material value and strategic optionality in the business, supported by a strong balance sheet, high free-cash-flow generation and the potential for operational improvement as cyclical conditions normalise.

WPP (+93bps) delivered a strong quarter as deeply depressed valuation levels began to unwind. July's strength was initially driven by a reversal in momentum-factor leadership, which benefited lowly valued AI-impacted stocks and was likely helped by positioning ahead of results. The fundamental catalyst followed in August, when H1 results beat expectations on both the top line and margins, driving a c. 30% one-day share-price rise and providing encouraging early evidence that the Elevate28 strategy is beginning to improve performance. Having reduced the position materially last year, we rebuilt the holding around the lows through much of 2026 ahead of this improvement.

JOHNSON MATTHEY (+63bps) was a positive contributor over the quarter as investor focus shifted towards the simplified remaining business following the completion of the Catalyst Technologies disposal. Performance was supported by PGM (Platinum Group Metal) prices, expectations of a substantial capital return and several broker upgrades. The shares also benefitted from the ongoing £200m buyback and insider buying, notably CEO Liam Condon. With the disposal enabling a significant return of capital, we continue to see value in the remaining business.

RENISHAW (+38bps) was a positive contributor over the quarter as strong trading continued to drive earnings upgrades. July's unscheduled update marked the second FY26 upgrade of the year, with revenue expected to rise 14% to £815m and adjusted PBT 31% to £167m,

demonstrating strong operational leverage as volumes recovered. September's full-year results confirmed this progress, with adjusted operating margins expanding 300bps to 18.7%, supported by AI-related semiconductor demand and a return to profitability in Specialised Technologies as additive manufacturing sales into aerospace and defence accelerated. Continued strong trading into FY27, alongside a special dividend, prompted further upgrades to analyst forecasts.

Underweight positions in **AstraZeneca (+112bps)** and **British American Tobacco (+45bps)** also contributed to relative outperformance of the Fund.

Stock negatives

CENTRICA (-51bps) had a tough quarter on the performance front, with the majority of the weakness occurring around its July half-year results, where they downgraded market expectations for H2 26 and FY27 for their trading division, Centrica Energy, whilst also confirming that their retail business continues to see slightly tougher conditions. The infrastructure businesses continue to outperform, and long-term targets were reiterated, underpinned by the retail transformation programme. Having reduced the position earlier this year, we may look for opportunities to rebuild this core position after the recent de-rating.

LAND SECURITIES (-30bps) declined as higher bond yields drove a de-rating across the real estate sector. Company-specific activity centred on the £211m disposal of 123 Victoria Street, continuing the strategy of recycling capital from lower-returning legacy London offices into higher-yielding prime shopping centres. Immediately after month-end, Landsec announced the £516m acquisition of Metrocentre near Newcastle, funded by a £500m equity raise. Anticipation of the potential capital raise linked to the purchase of Metrocentre was also a partial driver of the share price.

GB GROUP (-29bps) had an unscheduled trading update where the company downgraded guidance driven by a few significant contract losses in its US Identity division. This led to the departure of the US Chief Revenue Officer, and the setback has undermined confidence in management's turnaround of the division and raised concerns around its ability to retain key customers. Analysts cut FY27 earnings forecasts by double digits and trimmed expectations for subsequent years, with the shares falling 28% on the day of the announcement.

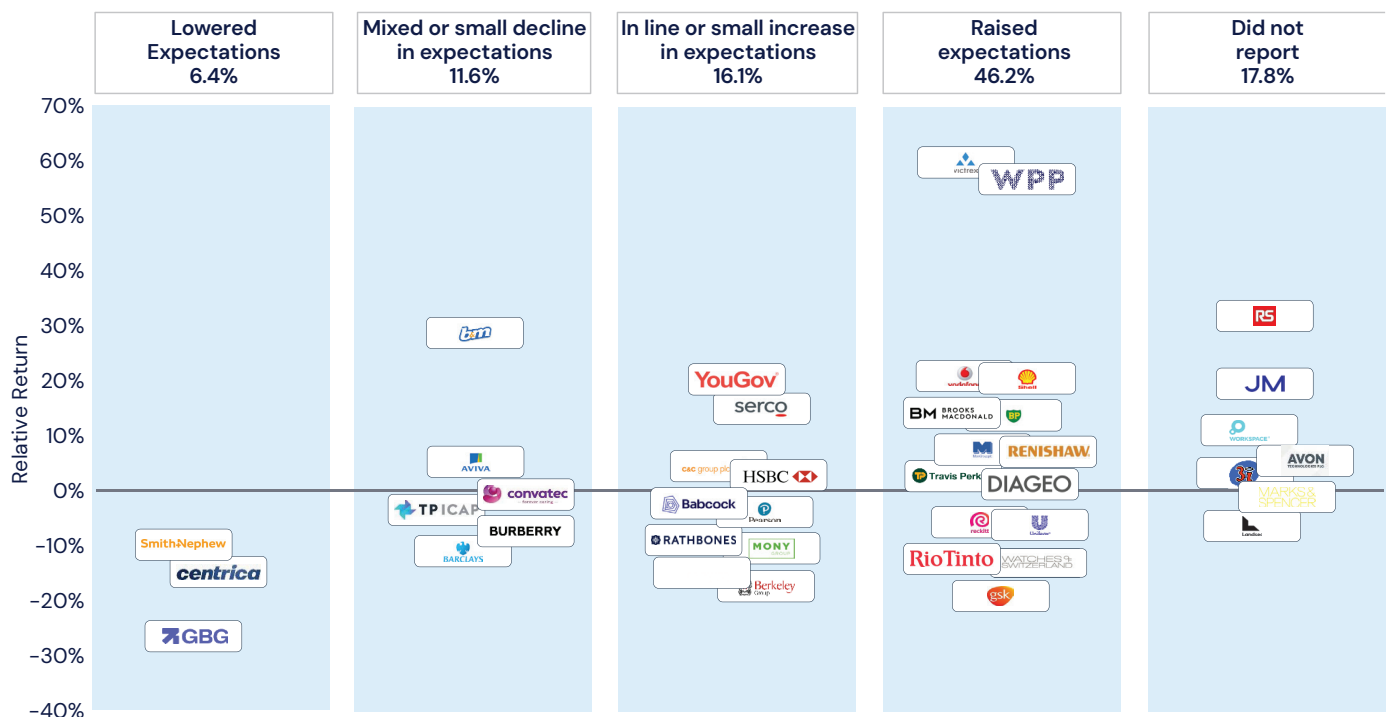
Following the warning, the UK Dynamic team has engaged with the company on multiple occasions, focusing on the causes of the contract losses, management accountability and the actions required to stabilise the US business and rebuild credibility. We have also discussed the broader opportunities available to unlock value across the Group. Following the decline, the shares trade on a >12% FY27 free cash flow yield, with balance sheet leverage of c. 1x.

GSK (-23bps) detracted modestly despite a quarter of broadly encouraging fundamental developments. Q2 and H1 results were solid, while a positive read-out for a key cancer drug and a very solid investor strategic update reinforced confidence in the company's ability to deliver their ambitious revenue targets and to maintain margins through a key patent expiry period for HIV drug Dolutegravir. Taken together these were all quite encouraging. The weakness in the pharma sector was more than offset at a portfolio level by the underweight in **AstraZeneca**.

SMITH & NEPHEW (-22bps) detracted over the quarter, shaped by two distinct events: The first being the H1 results, which saw a guidance cut to revenue growth for FY26, then the surprise departure of CFO John Rogers, causing the shares to continue drifting lower throughout the quarter. The shares are back down close to their decade low P/E rating, with a much-improved cash and cost profile. However, continued inconsistency in growth and margin delivery has also validly resurfaced the debate around whether the current group structure is the most effective way to create shareholder value.

Underweight in **Shell (-62bps)** also detracted from relative performance.

Q3 earnings results for portfolio holdings



Source: LSEG. Stock returns shown 30.06.26 to 30.09.26 (or period held by fund if purchased during the period). Jupiter UK Dynamic holdings as at 30.09.26 shown. 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%.

Portfolio Activity

Capital allocation remained active over the quarter, with one new position initiated, four holdings exited and capital recycled into a number of higher-conviction existing investments.

A small starting position was initiated in **Rentokil** following a profit warning that highlighted weaker trading in North American residential pest control and the decision to abandon FY27 margin targets as cost savings are reinvested into the business. While integration challenges and a tougher market backdrop have weighed on execution, Rentokil retains a strong position in the US pest-control market. A refreshed board and more operationally focused strategy create scope for improvement, while the shares have fallen to an eight-year low and now offer an attractive free-cash-flow yield.

Elsewhere, **Dunelm** was exited following its strategy reset and capital markets event. The original thesis anticipated increased investment to reinvigorate growth, but the scale of revised capital and operating expenditure was materially greater than expected, with benefits weighted towards the end of a three-year investment period. A minor position in **Autotrader** was also exited after the Fund was unable to build sufficient conviction in the investment case, while the remaining **Prudential** position was sold as conviction in the durability of earnings growth reduced amid increasing regulatory uncertainty in Mainland China and a greater shift towards bancassurance. Finally, the remaining **Everplay** position was also exited to use the capital elsewhere.

Proceeds were recycled into existing holdings where conviction increased. **Diageo** was the largest beneficiary of capital, as management actions on asset disposals, dividend reduction, cash generation and cost efficiency improved confidence in the pace of deleveraging and strategic execution. **Renishaw** was increased further through its upgrade cycle, reflecting continued confidence in earnings momentum and the longer-term opportunity across both industrial metrology and faster-growing Specialised Technologies. **GSK** was also increased following recent results and management engagement, which strengthened confidence in the strategy under new leadership.

Elsewhere, the Fund began rebuilding **Centrica** following its recent derating after taking profits earlier in the year. **Travis Perkins** and **RS Group** were increased further as conviction continued to build in both investment cases (Travis Perkins subsequently had solid results in challenging conditions) while **Burberry** was added to on share-price weakness given continued confidence in management's turnaround execution and valuation upside. **Serco** was also increased, where improving strategic delivery continues to be overshadowed by what we believe is excessive pessimism around the UK Asylum contract. **Pearson** was the most meaningful trim over the quarter, following

strong share-price performance, primarily for position-size management. **B&M** and **Man Group** were also reduced after strong gains, while **ConvaTec** was trimmed to keep the position appropriately sized given the number of recent changes around the business.

Market Outlook

The external backdrop remains volatile, with political and fiscal uncertainty likely to remain elevated around the October Budget. Higher borrowing costs have increased scrutiny of the government's fiscal position, while questions around taxation, energy prices and the outlook for inflation and interest rates remain unresolved. Globally, geopolitical uncertainty continues to create risks for inflation, rates and supply chains.

Against this backdrop, we remain cautiously confident in the Fund, while seeking to maintain balance to manage the risks ahead. We remain focused on companies combining attractive valuations with management teams acting with urgency to drive idiosyncratic change.

The timing of improvements in any individual investment is difficult to predict, but we believe that our diversified approach to transformation and cycle awareness, alongside disciplined capital allocation, should help navigate continued market volatility.

PERFORMANCE

Jupiter UK Dynamic Equity Fund (I GBP Acc)

	01 Oct '16 to 30 Sep '17	01 Oct '17 to 30 Sep '18	01 Oct '18 to 30 Sep '19	01 Oct '19 to 30 Sep '20	01 Oct '20 to 30 Sep '21
Jupiter UK Dynamic Equity Fund (I Acc)	14.6	4.6	-0.3	-22.9	39.8
FTSE All-Share	11.9	5.9	2.7	-16.6	27.9
IA UK All Companies	13.7	5.6	0.0	-12.8	32.1

	01 Oct '21 to 30 Sep '22	01 Oct '22 to 30 Sep '23	01 Oct '23 to 30 Sep '24	01 Oct '24 to 30 Sep '25	01 Oct '25 to 30 Sep '26
Jupiter UK Dynamic Equity Fund (I Acc)	-2.0	19.2	12.0	18.7	13.7
FTSE All-Share	-4.0	13.8	13.4	16.2	16.8
IA UK All Companies	-15.4	12.6	14.2	9.5	12.6

	1 Month	1 Year	3 Years	5 Years	10 Years	Since FM Inception ¹
Jupiter UK Dynamic Equity Fund (I Acc)	-1.3	13.7	51.2	76.6	127.5	36.0
FTSE All-Share	-1.9	16.8	53.9	68.2	118.4	35.9
IA UK All Companies	-1.8	12.6	40.8	34.2	85.6	24.5

PPast performance does not predict future returns. Source: Morningstar, NAV to NAV, gross income reinvested, net of fees, in GBP, to 30.09.26. Target Benchmark: FTSE All-Share. Comparator: IA UK All Companies. The highlighted column denotes periods managed by the current investment team. Note 1: FM inception 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.

Important Information:

This is a marketing communication. This document is intended for investment professionals and is not for the use or benefit of other persons, including retail investors. This document is for informational purposes only and is not investment advice. Past performance does not predict future returns. The value of investments and income may go down as well as up and investors may not get back amounts originally invested. Exchange rate changes may cause the value of investments to fall as well as rise. Forecasts are an estimate of future performance based on evidence from the past on how the value of this investment varies, and/or current market conditions. Forecasts are not a reliable prediction of future returns. What you will get will vary depending on how the market performs and how long you keep the investment/product. The views expressed are those of the authors at the time of preparation, are not necessarily those of Jupiter as a whole, and may be subject to change. This is particularly true during periods of rapidly changing market circumstances. Every effort is made to ensure the accuracy of the information, but no assurance or warranties are given. Holding examples are for illustrative purposes only and are not a recommendation to buy or sell. Issued in the UK by Jupiter Asset Management Limited (JAM), registered address: The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ is authorised and regulated by the Financial Conduct Authority. No part of this document may be reproduced in any manner without the prior permission of JAM/JAMI.