JUPITER
ASSET MANAGEMENT

Jupiter UK Dynamic Equity Fund

THE ENGINE ROOM

VOLUME V – Q4 2025

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The value of active minds

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Dear clients,

Who would want to be a CEO?

Accelerating technological change; faltering labour markets; cautious consumers; inept politicians; cultural and economic conflict; and shifting tariff regimes. For listed company CEOs, there is the added burden of intense public scrutiny and unforgiving expectations.

More than once this year we have told the CEOs we work with that we do not envy their role. Yet uncertainty is a constant. Critical business decisions must always be made without full knowledge of what comes next – uncertainty is no excuse.

The role of management in corporate success is fiercely debated. This note does not seek to settle that debate. In business transformation however, two things are clear to us. First, corporate outcomes are shaped by many factors. Second, board decisions and management execution are critical contributors to success or failure. We see it repeatedly. **There is value in good management.**

Backing strong management teams that make value-accretive decisions is central to this Fund and one of the five pillars of our investment process. Decisive, rational decision-making, disciplined cash management and intelligent capital allocation sit at the heart of every successful transformation.

As we close the first full calendar year of the Jupiter UK Dynamic Fund, we reflect on performance through the lens of key management decisions, considering how those decisions have helped or hindered corporate and Fund performance.

We also reflect on recent management changes across the portfolio and set out a strategic wish list for 2026 – actions we believe could help unlock future value.

It has been a privilege managing capital for you over the past year. We closed the year up nearly 24%[1], in line with a strong but narrowly driven equity market.

While a par score, we believe it was achieved in a different way to many peers, and we are pleased with the progress made in a relatively short period of time.

That said, this is just the beginning, and we know we can do better.

We thank our clients for their continued support and our management teams for their efforts throughout the year. As ever, we look forward to our future engagements. The bar is high; the challenge is to clear it consistently.

With good decision-making, we believe we can.

Source::
1. See performance charts at bottom of document. Past performance is no indication of current or future performance and does not take into account commissions and costs incurred on the issue/redemption of shares. Returns may increase or decrease as a result of currency fluctuations.

What we look for in a CEO: Clarity, execution, accountability

"I can't stress this enough; we've been really working hard on improving our execution. Our do-say ratio has increased. We say what we do, and we do what we say." – Convatec CEO Karim Bitar (1965–2025).

In a year in which Karim Bitar sadly passed, it feels fitting to begin with the importance of the do-say ratio. Karim introduced this concept to us during Convatec's strategic reset in 2020, built around the five-pillar FISBE framework: Focus, Innovate, Simplify, Build and Execute. Execution, above all else, was central to his thinking.

We value management teams that tell it as it is – and then act. Open, honest, structured, self-aware and driven individuals, capable of recognising reality and responding decisively.

Accountability is non-negotiable. Management teams and boards must own their decisions, acknowledge outcomes – good or bad – and respond accordingly. Where accountability is lacking, we will not hesitate to walk away or to agitate for change.

In turnaround situations, companies must often confront uncomfortable truths. Being realistic about challenges allows for a full and correct diagnosis. But diagnosis alone is not enough. A plan only creates value if it is owned, implemented and executed effectively. Execution is where strategies often succeed or fail.

Karim was among the most deliberate and enlightened CEOs we have worked with. He set a clear strategic direction for Convatec, pursued it systematically, held himself accountable for outcomes and adjusted course when necessary. We often describe our investments as being on a journey to become better – perhaps even the best versions of themselves. Karim's approach embodied that pursuit.

Those journeys are never smooth. They require bold decisions, difficult trade-offs and, at times, short-term actions that are unpopular with shareholders – divestments, closures or periods of heightened investment that can weigh on near-term earnings.

We recall one of Karim's earliest presentations at a Goldman Sachs lunch, where he emphasised that investment – in capability as much as product – sat at the heart of the transformation. This view was not to all tastes, but he was clear: if you wanted short-term earnings upgrades, look elsewhere.

I can't stress this enough; we've been really working hard on improving our execution. Our do-say ratio has increased. We say what we do, and we do what we say.

Convatec CEO Karim Bitar (1965–2025).

Convatec – execution through adversity

Convatec endured a difficult year in share price terms. Moderate US pricing interventions, aligned with current government policy, weighed on sentiment. The business also lost a strong CEO through ill health, and its long-standing 20% shareholder, Novo Holdings – widely expected to exit at some point – chose to sell its stake via an accelerated placing. The timing was unhelpful and likely created a technical overhang.

Despite the noise, the underlying business exited the year significantly stronger.

Revenue growth continues at c.7% and is increasingly diversified across the four divisions. When Karim joined the growth rate was c. 2%. Margins have expanded, cash generation has improved and leverage is falling. The company began share buybacks as an additional capital allocation tool in 2025, while continuing to increase investment. The balance sheet was upgraded by two credit rating agencies and achieved investment-grade status for the first time in its history.

This did not happen by accident.

Karim left Convatec a vastly better and more durable business than the one he inherited. R&D investment is now roughly twice prior levels. G&A costs are structurally lower, while sales and marketing investment has increased in support of a refreshed, broader and more innovative product portfolio. Manufacturing is more automated and predictable, with new capabilities enabling progressive portfolio-wide pricing optimisation. Organisational capability – in truth – is simply much stronger.

Execution mattered.

Karim set a clear strategic vision, pursued it deliberately and was willing to absorb short-term pain in pursuit of long-term value. The transformation required difficult trade-offs: divestments, closures and elevated investment that weighed on near-term earnings and tested shareholder patience.

While shareholders did not benefit in share price terms this year, the foundations laid over several years are now visible in operational performance, financial resilience and balance sheet strength.

Karim did what he said he would do. He executed his plan. In time, shareholders should benefit from that execution – even if 2025 was not the year they did.

Starting with a bang – Johnson Matthey's cash-flow pivot

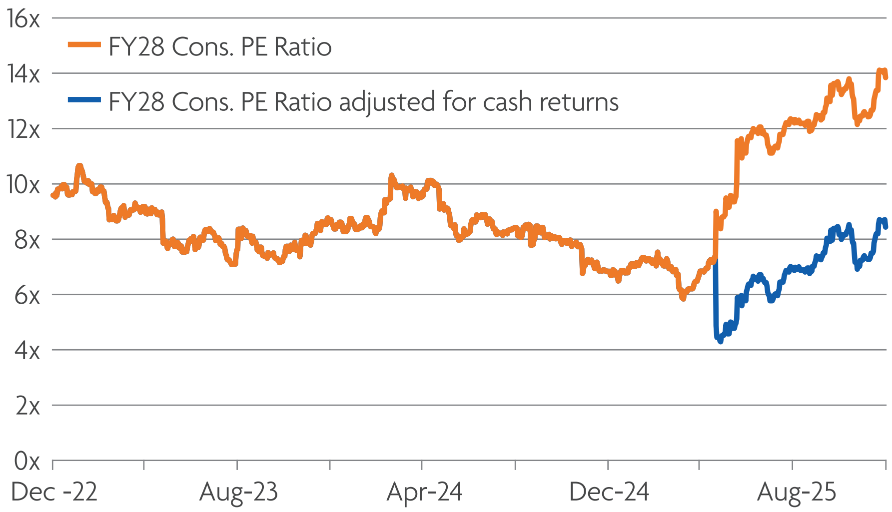
Johnson Matthey was one of the Fund's strongest contributors over the year, the second largest on a relative basis. Second largest on a relative basis. While headlines were later dominated by the decision to sell the Catalyst Technologies (CT) division to Honeywell (a transaction yet to complete), the pivotal strategic moment came earlier. In response to shareholder pressure for deeper change and greater capital discipline, the board reset priorities firmly around cash generation and returns on capital. It was arguably the most significant strategic pivot within the portfolio this year.

We reproduce the key extract from the strategy announcement below:

"Alongside the continued transformation of Johnson Matthey, the Board is resolute in its focus on driving a step change in cash generation and higher returns on capital. The Board has implemented plans to significantly increase the cash efficiency of the Group, and expects cash conversion levels to increase from around 20–30% in FY2024/25 (including the delivery of positive free cash flow in FY2024/25, in line with guidance), to at least 50% in FY2025/26, and above 80% in FY2026/27 and beyond..."

Johnson Matthey had been held since 2023, but it was at this point in January 2025 that the balance of share-price outcomes became meaningfully skewed to the upside. With the board now urgently focused on what mattered most – cash flow and ROCE – downside risk at the prevailing valuation looked limited. At the time, the shares traded on c.8x earnings, a yield of c.6% and dividend cover of c.2.5x.

JMAT consensus FY28 PE ratio, adjusted for cash returns



Source: Bloomberg/Jupiter as at 31.12.25.
FY28 PE ratio adjusted for £1.4bn cash returns due to crystalise in H1 2026.

Aided by the subsequent decision to sell CT, the shares have not looked back. Notably, we not only retained the position following the announcement but increased it, running Johnson Matthey at a higher weight. It closed the year as the Fund's largest holding.

Why we stayed – and added

There were several reasons for this conviction:

- Board strategy remains tightly focused on improved cash generation and higher ROCE – the key supports for ongoing share-price performance.
- End markets for the Clean Air business, the lowest common denominator drag on valuation, are improving. This extends asset lives and, combined with targeted efficiency gains, offers substantial upside to divisional value.
- We believe the PGM Services business – refining, trading, R&D and marketing – has infrastructure-like characteristics and is materially undervalued by the market.
- We saw deep option value in PGM prices. Earlier in the year we undertook detailed work with Johnson Matthey, Valterra Platinum and the World Platinum Investment Council, examining supply constraints, demand substitution dynamics and the implications of elevated prices in other precious metals. PGM prices closed the year at multi-year highs.

On an ongoing basis, assuming completion of the CT sale, valuation remains compelling. Working through margin and cash-flow targets post the CT sale, the remaining group traded on a free cash flow to equity yield *in excess* of 12%[2]. The ongoing PE remains around c.8x (see chart above).

There is also embedded option value in the hydrogen business. While currently loss-making and with assets mothballed, it retains meaningful future revenue and profit potential should fuel-cell or electrolyser markets recover.

The returns delivered this year were mostly driven by accepting a bid for CT. But there is little doubt that management and the board – having ceded value in 2024 – listened to shareholders and moved decisively. Strategy tightened, execution improved and value creation restarted. This was a clear example of good management decisions translating directly into share-price performance.

Source::
2. Figure is adjusted for the cash return and share buyback and assuming target free cash flow generation in 2028.

Small but noteworthy management and strategic actions in 2025

There were a number of announcements during the year which, while individually modest, were strategically important – particularly as early signals from new or evolving management teams.

Schroders – focus, accountability and intent

It is still early days for the new leadership team at Schroders, with the refreshed strategy only announced in February. In many respects it is a simple one: reduce costs, sharpen focus, allocate capital with more discipline and drive distribution and organisational synergies. Two features stand out:

First, Schroders' strategy starts from a position of strength – in brand, balance sheet, capability and global platform. Second, there is clear accountability, expressed both qualitatively through language and quantitatively through explicit transformation targets and remuneration linked to their delivery. We believe this management team will do what it says – and more.

In October, the Group announced an agreement with Lloyds to swap its 49.9% stake in Schroders Personal Wealth for Lloyds' 19.1% holding in Cazenove Capital. While small in absolute terms, the transaction was strategically meaningful.

Wealth is central to the investment case. Schroders entered the year with a broad wealth platform, but its strongest competitive advantage lies in high-and ultra-high net-worth clients, family offices, endowments and charities – primarily through Cazenove. Exchanging a minority stake in a mass-affluent joint venture for full ownership of a high-quality, established franchise at the core of the Group's strategy was a sensible, value-accretive decision and a clear statement of intent.

We believe the wealth business within Schroders is undervalued by the market. This transaction should be viewed as an early step in a broader process of making that value more visible.

Beazley – discipline over volume

Beazley had a tougher year, underperforming its own revenue growth expectations amid a more challenging pricing environment across several specialist insurance lines, including property, D&O and cyber. These conditions are likely to persist into 2026.

Looking through the cycle, however, we are more focused on two strategic decisions. First, management's willingness to maintain underwriting discipline in the face of weaker pricing – prioritising profitability over volume growth. Second, the decision to invest $500m in establishing a new Bermuda platform.

The latter was not universally welcomed by investors, some of whom had hoped for an additional return of capital following substantial buybacks in 2024 and 2025. Having engaged closely with management and considered both the rationale and execution risk, we support the decision.

Beazley is a growth business trading at lower end of historic PER and P/B multiples and under CEO Adrian Cox since 2021 has accelerated product and geographic diversification to good effect.

Over a longer period, there is a strong track record of building scaled, profitable platforms in new markets – first within Lloyd's, then in the US and Europe. Bermuda is a logical next step, particularly for areas such as cyber catastrophe reinsurance where it is a natural hub. The investment is modest in the context of the Group and has been approached with evident preparation and discipline.

Overlaying this is a strong culture of accountability and alignment. Beazley operates a deeply embedded profit-related pay scheme that incentivises underwriters to deliver profitable growth over long time horizons. This promotes long-term thinking, supports underwriting discipline and acts as an important retention tool.

The shares look undervalued.

The importance of alignment

"Show me the incentive and I'll show you the outcome." – Charlie Munger

Acting like a long-term private owner is central to our approach, and we ask the same of the management teams we back. Alignment begins with character but is ultimately expressed through incentives. We look for boards that recognise the need for accountability through remuneration structures that link executive reward to strategic success and shareholder experience.

Alignment must run through the entire value chain: the right targets, measured over the right timeframe, encouraging the right behaviours, rewarded in the right quantum and linked to financial metrics that support the long-term health and capability of the business.

Engagement and stewardship are integral to our process. Over the past year we have made a number of important interventions on pay structures across

Show me the incentive and I'll show you the outcome.

Charlie Munger

the portfolio. We do not judge success by the number of dissenting votes at AGMs – that would imply failed engagement. We judge it by the number of constructive interventions that lead to changes we can ultimately support.

Notable engagements in 2025 where we believe our input contributed to changes in policy or structure included TP ICAP, Schroders, GSK and Brooks Macdonald. There are others where alignment remains insufficient and where we have voted, or will vote, against proposed remuneration outcomes.

Where we disagree most often is when boards fail to link pay clearly to the transformation targets they set themselves – particularly where delivery is substantially within management's control. Macro headwinds are frequently cited as justification, but in many cases these are early-stage transformations where there is meaningful self-help to correct prior idiosyncratic mismanagement. That opportunity typically exists regardless of the broader economic backdrop and should be reflected as such in incentives.

Avon Technologies – alignment and execution in practice

Avon Technologies is a clear example of strong alignment with shareholders. The business is two years into the first phase of its transformation, linked to a three-year LTIP running to September 2026. The scheme is measured 70% on adjusted EPS and 30% on ROIC, with EPS thresholds of 90c, a target of 125c and a maximum of 150c. For context, earnings in the year ended September 2023 were 38c.

We view Avon as a multi-year transformation: highly cash generative, delivering high returns on invested capital and led by a seasoned, capable executive team. The company is transforming an underperforming manufacturing base through the adoption of best-in-class kaizen techniques, with the ambition of becoming the leading global manufacturer of critical defence safety equipment.

Phase one – shifting from batch to flow manufacturing – is well underway. Stock turns, margins, cash generation and working capital have all improved materially. Gross margins have increased by 600 basis points in just two years, yet at 41% – and with one division still underperforming – there is further upside.

Improved cash generation is funding increased investment: higher R&D, greater sales and marketing spend and deeper systems investment. Despite this investment, balance sheet leverage is lower, creating optionality for organic growth and selective bolt-on acquisitions.

When we invested around a year ago, consensus EPS forecasts for the current year were c.75c. Actual earnings reached 92c. Forward forecasts of c.115c still appear conservative, both on revenue and margin assumptions, and we believe cash-flow projections materially understate the opportunity.

Some mid-term financial targets have been achieved two years early. Strategic execution has been exemplary. We believe there is more to come.

Babcock – balance sheet repair, operational reset and value realisation

It would be difficult to conclude a discussion on alignment and execution without referencing Babcock, which delivered a standout year for the Fund. The strategic actions taken between 2021 and 2023 were undertaken during a deliberate and necessary phase of balance sheet restructuring and operational recovery. That period involved difficult decisions to stabilise the business, reset operations and repair financial resilience after several years of underperformance.

By the start of 2024, Babcock emerged from that process in a far stronger position – with a repaired balance sheet, improved operational control and a clearer strategic footing. In 2025, the early benefits of that reset began to translate into tangible shareholder outcomes.

Improved financial flexibility enabled both a share buyback and continued organic investment to support future growth. The board holds meaningful equity stakes, acts with integrity and demonstrates a strong awareness of all stakeholders. Against a backdrop of rising global defence expenditure, the strategic opportunity-set ahead of the business is increasingly attractive.

A new incentive scheme proposed this year further strengthened alignment. The scheme included a share-price performance kicker over a three-year period, ensuring that any value delivered to management would be directly linked to value creation for shareholders. Despite opposition from ISS, we supported the proposal.

This management team has been pivotal to the recovery and transformation of the business, and alignment with shareholder outcomes is both appropriate and deserved.

Strategic investment in support of value creation

One of the most powerful transformation tools is investment for future growth and capability. In 2025, Centrica was a clear example, having moved decisively into an investment phase after several years of balance sheet repair.

If Centrica has a persistent valuation challenge, it is earnings volatility – exposure to weather, usage and commodity prices. Addressing this through capital allocation is central to board strategy, led by CEO Chris O'Shea.

The sale of Direct Energy in 2020 was a defining moment. Since then, the Group has been developing an "investing for value" framework, with the explicit aim of building a more predictable earnings base through low-carbon and regulated infrastructure.

Strategically, 2025 was pivotal. Over the year, the company made a series of capital allocation decisions that materially reshaped its infrastructure portfolio:

- The sale of most remaining oil and gas production assets within Spirit Energy, reducing exposure to volatile upstream earnings.
- The acquisition of the Isle of Grain LNG terminal in partnership with Energy Capital Partners (project EV £1.5bn; Centrica equity investment £200m).
- The acquisition of a 15% stake in Sizewell C, involving phased investment of £1.3bn (initial £376m) with a stated IRR above 12%.
- The commissioning of two flexible gas power stations in Ireland, with two further turbine investments announced at Whitegate and Galway, both backed by capacity market contracts.
- A partnership with X-energy to deploy advanced modular nuclear reactors in the UK, with Hartlepool identified as the first potential site.

Collectively, these moves are transformational. They materially improve the scale, quality and predictability of Centrica's future earnings and underpin the ambition to deliver run-rate EBITDA of c.£1.6bn by 2028 – and potentially more.

We believe these targets are conservative, particularly if additional projects such as carbon capture at Morecambe Bay and the redevelopment of Rough gas storage receive government support. Beyond infrastructure, the next phase of transformation will need to focus on the services and solutions business.

The share price response has been muted, reflecting short-term earnings noise – weather impacts, cyclical pressures in energy marketing and deliberate but temporary losses at Rough gas storage. These issues should prove transitory.

Strategic shifts – questions raised in 2025

Not all strategic announcements were well received this year. One of the more complex to assess was the further strategic shift announced by LandSec at an investor update in February – notably at a time when we did not sense material investor dissatisfaction with the existing strategy.

At a headline level, elements of the revised ambition are reasonable. The plan involves continued rotation out of office assets, selective acquisition of prime retail (including the attractively priced £490m acquisition of Liverpool One in late 2024), and a more pronounced shift towards residential build-to-rent. Unlike earlier discussions around partnering, the revised strategy would see LandSec build and own residential assets on a proprietary basis.

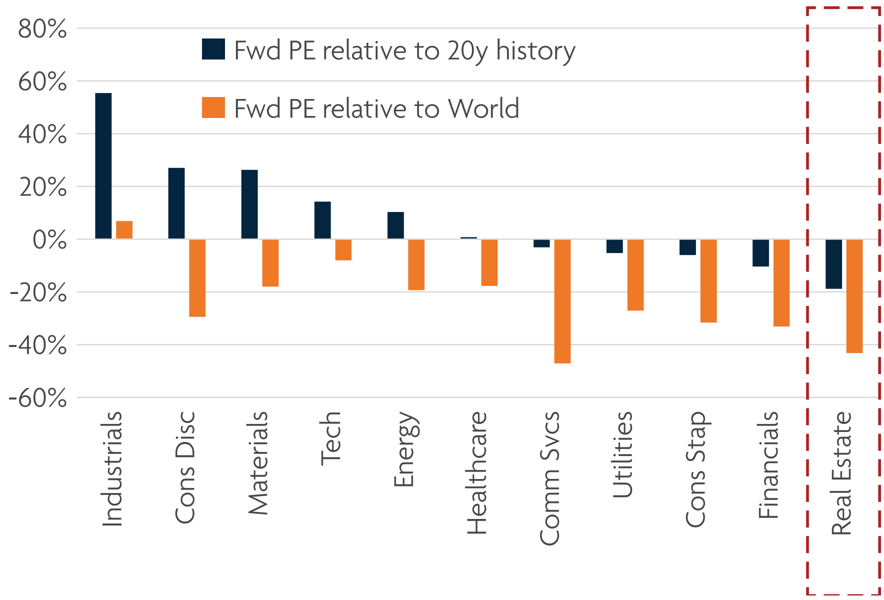
The strategic rationale is understandable: residential offers better inflation protection, with rents typically growing ahead of inflation and with lower cyclicality. That said, the announcement raised several legitimate questions. These included whether LandSec has the operational capability to execute a material shift into residential at scale; whether targeted returns adequately compensate for the execution risk; and whether the strategy implied a reduced commitment to central London offices – which still generate more than half of Group rental income.

Central London office markets are tightening, supply remains constrained, rents are recovering, occupier demand is improving and investment markets are beginning to reopen. Against this backdrop, there is a risk of leaving value on the table by accelerating disposals at an inopportune moment.

We have no issue with the retail strategy and can get comfortable with a build-to-rent platform over time. Our concern is more around timing, valuation discipline and sequencing. With interest rates stabilising and office-led REITs still trading at substantial discounts to NAV – often 30–50% – there is meaningful gearing to any recovery in values as rents rise. As a practical example, LandSec's Victoria estate, where this investment team itself is based, is currently fully let.

London office REITs remain one of the more compelling pockets of value in the UK equity market.

UK sector valuations vs history and global equivalent



Source: Barclays as at January 2026. Note: Forward PE ratio for UK sectors (based on MSCI UK) shown relative to their 20yr history and MSCI World equivalents. Premium/discount shown as a percentage.

We have been clear in our engagement with the company. Our concerns focus on the timing of the capital switch, the importance of achieving the right valuations on disposals and whether – if NAV discounts persist – excess capital from non-core assets might be better deployed buying back shares at a wide discount. On this final point, it is encouraging that share buybacks have now been introduced into the range of potential future capital allocation tools.

While the strategy update created some short-term and arguably unnecessary noise, LandSec remains among the most interesting and attractively valued holdings in the portfolio. We have retained a sizeable position. The board is listening, engagement remains constructive and we expect 2026 to be a better year for the shares.

More urgency needed – board interventions in 2025

Pressure for change has become a defining feature of public markets. There is a growing pool of impatient capital, heightened activist activity and limited tolerance for underperformance. As a result, boards are under sustained pressure to improve execution and unlock value. Johnson Matthey was one example, but this dynamic was evident across many holdings during 2025.

Boards at Rio Tinto, BP, Unilever, GSK, WPP and Diageo (not owned) made significant leadership changes during the year. While not all were anticipated, each represented a statement of intent – and, in several cases, an explicit acceleration of execution.

At Unilever, the leadership change appeared driven less by a rejection of strategy and more by concern over pace. As Chair Ian Meakins noted:

"The Growth Action Plan has put Unilever on a path to higher performance, and the Board is committed to accelerating its execution."

Following the step-up in urgency and a clearer focus on investing behind core brands to drive more consistent growth, we have begun to rebuild the position. 2026 should bring a more substantive debate around capital allocation, particularly the future of the remaining food businesses.

We also welcome the interventions at both WPP and BP. New Chairs Philip Jansen at WPP and Albert Manifold at BP bring recent, hands-on CEO experience. We see scope in both cases for a more radical approach to group structure, asset ownership, operating efficiency and cash generation. How those businesses are then positioned for future growth will be critical.

Valuations sit at meaningful discounts to peers, but there is also clear trapped value within group assets. That combination creates optionality – provided urgency is matched with decisive execution.

Our strategic wish list for 2026

January 2026 marks a new beginning for several companies in the portfolio. Four new CEOs are scheduled to start on 1 January– Luke Miels at GSK, Gavin Slark at Travis Perkins, James Routh at Victrex and Mikkel Weider at Everplay. Combined with recent changes at Unilever, WPP, Rio Tinto and BP and the forced transition at Convatec, there is much to consider as we enter the new year.

At GSK, Unilever and Everplay, our base case is continuity with greater urgency and improved execution. At Unilever, further focus may still be required. We will revisit this as the year progresses. At Everplay, the strategic direction is already set, with the new CEO appointed to execute it. The Group holds a growing cash balance of c.£70m, providing flexibility for organic and inorganic growth under an experienced leadership team.

At GSK, there are potentially more material decisions ahead. Questions remain around the vaccines business and ViiV, alongside the scale and deployment of M&A and R&D budgets. While some fear a further expansion of M&A to address the well-documented patent cliff, we question whether the industry would benefit from greater consolidation.

Large pharmaceutical companies have spent many years acquiring pipeline assets at rising prices, often compressing returns. In an environment of intensifying pricing pressure and competition, there may be greater value in scale, synergies and portfolio rationalisation. Given the wide dispersion in market multiples across global pharma – driven by exposure to GLP-1s, pipeline visibility and patent risk – the debate is becoming more compelling.

Global pharma sector ranked by R&D spend

Rank	Company	R&D Spend (USD)	Market Cap (USD)	1-Year Forward PE
1	Merck & Co Inc	$17.9 B	$275.5 B	14.7x
2	Roche Holding AG	$17.4 B	$344.5 B	17.3x
3	Johnson & Johnson	$17.2 B	$495.7 B	18.7x
4	AstraZeneca PLC	$13.6 B	$296.1 B	19.5x
5	AbbVie Inc.	$12.8 B	$396.1 B	16.3x
6	Bristol-Myers Squibb	$11.2 B	$113.8 B	9.0x
7	Eli Lilly and Company	$11.0 B	$1,025.9 B	34.2x
8	Pfizer Inc.	$10.8 B	$143.8 B	8.7x
9	Novartis AG	$10.0 B	$299.6 B	16.0x
10	**GSK plc**	**$8.2 B**	**$103.1 B**	**10.7x**
11	Sanofi	$8.0 B	$119.6 B	11.2x
12	Novo Nordisk A/S	$7.0 B	$263.2 B	17.2x
13	Bayer AG	$6.7 B	$44.8 B	8.3x
14	Takeda Pharmaceutical	$4.8 B	$51.3 B	10.8x
15	Daiichi Sankyo	$2.9 B	$42.6 B	17.5x

Source: Bloomberg as at 9.1.26.

GSK trades on c.10x forward earnings versus AstraZeneca at nearly double that and Eli Lilly at over 34x. Eli Lilly's market capitalisation is above $1trn yet five years ago was around $200bn. Against that backdrop, the bar for a more compelling strategic narrative at GSK is not high, and we doubt the valuation gaps versus the sector winners is lost on the board. More of the same may not be an option.

At Victrex, new CEO James Routh inherits a business that has materially underperformed. Poor capital allocation, weak organisational management and repeated forecasting errors have eroded value. For a company with dominant market share and deep intellectual property in PEEK polymers, this has simply not been good enough.

Following intensive engagement during 2025, including sustained pressure for change, we enter the year with clear expectations. The balance sheet remains robust. The medical division, in particular, is a high margin, differentiated business with stronger barriers to entry and lower commoditisation risk. Delivering on the growth optionality across new applications will be critical to restoring value.

What next for WPP?

On WPP, the Fund's worst relative contributor, 2026 will face the same headline challenges from AI but should be much better strategically for the media business. Indeed, in the final month of 2025 the momentum of new client wins picked up materially with new assignments with Reckitt, Kenvue and the UK Government.

Whilst new billings will take a while to improve the numbers, it shows that WPP Media is not a broken business and there are positive implications for cash generation and balance sheet leverage. Balance sheet confidence is an important factor here, with one investment bank having recently put a fundraising into their forecasts. We used that period of share-price uncertainty to rebuild some of the position as we did not agree with that thesis.

So, what next for WPP? Strategically, we feel they have struggled in two ways:

1. The US media platform, linked to ownership of the right data.
2. Not going deep enough to fix the conglomerate structure of WPP. It remains too much like a holding company.

Reflecting on our 'Engine Room Vol III,' which discussed the effects of lowest common denominator on valuation, we reprise that thinking now in the context of the new valuation. We conclude that there is value in parts of the Group that is not reflected in the share price and the current valuation which recently bottomed at a PE of 5x and EV:EBITDA (using average debt and pre-leases) of c.4.1x.

Keeping our wish list simple ahead of the forthcoming strategic update, we would hope for a deeper unpeeling of the conglomerate onion at WPP, which releases capital to support balance sheet deleveraging and re-investment into what they decide is core. There are countless businesses within businesses at WPP, fully owned, joint-ventured and as associates. A lot of them do the same or very similar things. This is far too complex and requires simplification. We are of the belief that many of these businesses would carry higher multiples as independent businesses or owned by others than they do withing this conglomerate.

With a low starting multiple, notwithstanding AI threats, and a more urgent board, the hurdle for value creation at WPP is low enough.

The 2026 dark horse – Travis Perkins

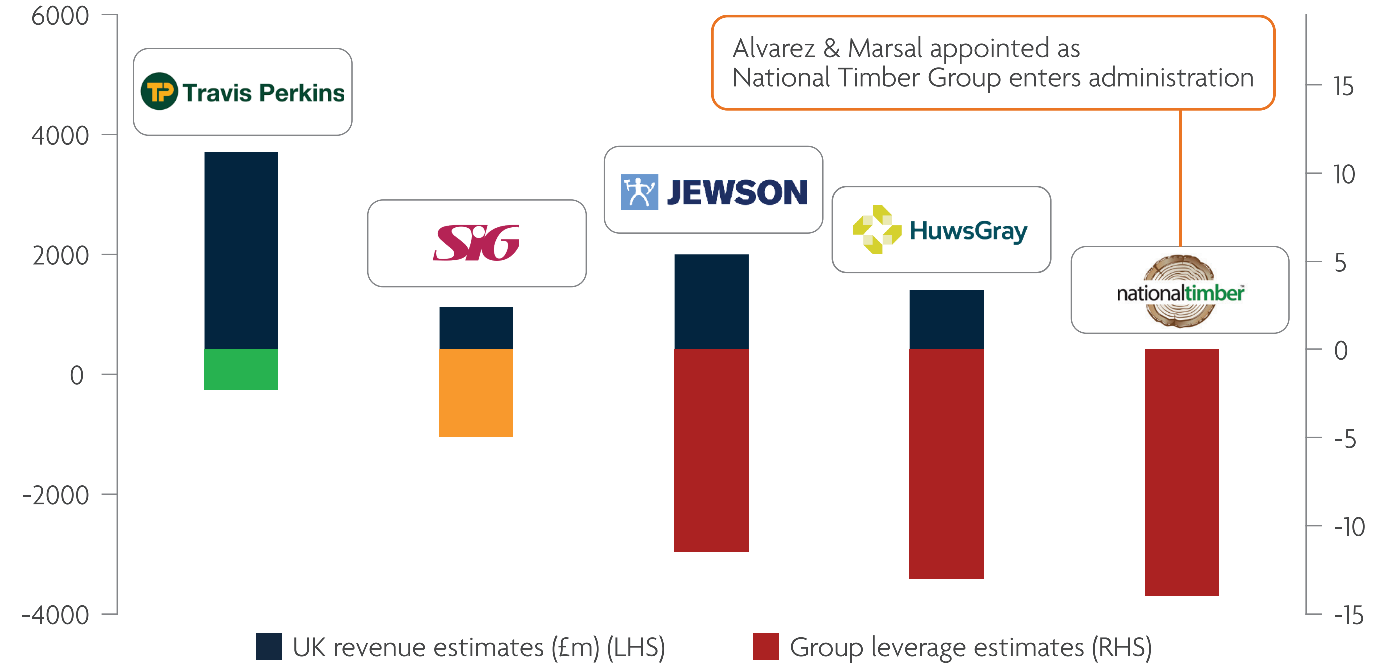
Looking ahead, Travis Perkins may be the most interesting – and potentially the most misunderstood – opportunity in the portfolio.

First, despite several years of poor decision-making, Travis remains the market leader. That mismanagement allowed private equity-backed competitors to take share. Second, many of those competitors have overextended their balance sheets. In today's tougher trading and higher-rate environment, signs of financial stress are emerging.

Third, under new leadership, Travis has focused relentlessly on cash generation and balance sheet repair. Despite weak end markets, it now enters 2026 in its strongest relative financial position for a decade.

Finally, the board has begun to act like a market leader again. Pricing strategy has been clarified – flexing for volume and share where appropriate, or for margin where conditions allow. Competitors are increasingly constrained in their ability to respond.

Travis Perkins – The last man standing?



Source: Jupiter/Bloomberg data as at 31.12.25

While we do not expect a sharp market recovery this year, Travis is far better positioned to cope. With a protected balance sheet, substantial asset backing and clear operational improvements underway, downside risk appears limited.

With continued focus on efficiency and cash, combined with strategic direction from seasoned industry CEO Gavin Slark, 2026 should represent a meaningful step forward. Any industry consolidation or supply-side retrenchment would further enhance that opportunity.

Conclusion and outlook

2025 was an incredibly dynamic year offering a variety of investment opportunities but also a huge number of trap doors. To be in-line with a market so dominated by a few large cap sectors where we were underweight is a testament to the idiosyncratic capabilities of the process once again.

The FTSE 100 had a stellar year but was very narrowly driven, and it is remarkable when we note some of the perceived higher quality names that underperformed during 2025. It's a stark reminder that quality is no substitution for value when the outlook gets cloudier.

The market can put a high multiple on momentum and certainty but can take it away as quickly as it was given. It is a reminder to all of us to be vigilant on the complex algorithm of current valuation, future opportunity and relative certainty.

Headline UK market valuation has normalised – from c.10x earnings two years ago to around c.13.5x today, above the 20-year median[3]. But dispersion across sectors, factors and market capitalisations remains wide. Mid-, small-cap and AIM indices endured much tougher years, reflecting economic pressure, structural questions and liquidity constraints. Opportunity remains abundant in UK SMID equities.

There remain clear pockets of value in the market, but as always these shares come with challenges which make the decision to invest complicated.

This set-up plays to the heart of what we do. We are inherently value focused but myopically obsessed on change and improvement. With so much change in the world and so much pressure to change and meet challenges head-on, our process of careful selection of the best transformation opportunities has never felt more relevant.

Source:
3. Barclays data as at January 2026.

We have no idea what the year ahead holds. There are far too many variables to compute, but we will maintain our investment disciplines as articulated through our presentation packs and these ‘Engine Room’ quarterlies.

It is up to us to choose wisely: the *right assets* with the *right problems* at the *right valuation* at the *right time* with the *right board*. It is up to those boards to choose the right strategy and employ the right people to implement it.

With the right decision making and a fair wind, we can benefit, as we so often have, from the **value of good management.**

Performance review 2025

In Q4 the Fund rose by 4.7%, a second-quartile performance. This represented underperformance against the benchmark FTSE All Share TR index, which rose by a very strong 6.4%. This performance left the Fund broadly in-line with the index for the year, rising by 23.9% against the benchmark which rose by 24%. This was a first-quartile performance for the fund and proof of how tough it was to beat the index.

From a portfolio construction perspective, the look back tells us that there were a few things to get right this year:

1. Sector skew – driving narrowness in outperformance
2. Size skew – FTSE 100 materially outperformed
3. Quality growth underperformance – whether AI or rotation some higher rated and perceived high quality names struggled
4. Dominant factors – size and momentum drove a yawning gap between winners and losers
5. Idiosyncratic alpha generation in a turbulent macro

Thinking about this in a little more detail and linked back to the Fund performance, we feel there were more headwinds than tailwinds.

Narrow performance drivers

Precious metals, banks, defence and tobacco were the key sectors to get right, whilst sectors and stocks exposed to toughening macro or the broadening uses and capability of AI were definite ones to avoid.

Of the top 30 performing stocks in absolute terms through 2025, seven were miners, eight were banks and four were defence stocks; 65% of the year's top performing stocks were from three sub-sectors.

By sub-sector, annual returns were +77% for aerospace and defence, +68% for banks, +56% life insurance and, somewhat surprisingly, + 49% for telecommunications. *Even Vodafone had a good year, rising by 52%*.

On a sector basis this Fund had more headwinds than tailwinds, however.

Whilst overweight defence through a targeted large exposure to Babcock and a smaller exposure to Serco and Avon Technologies, the Fund has material underweights in banks, precious metals and mining (with partial exposure to PGMs via Johnson Matthey – *although it was not a dominant share price driver)* and tobacco.

Any direct positive exposure to AI trends was minimal but in-part could be found in Centrica and Babcock (nuclear power exposures). AI had a dampening effect on the valuation and performance of a few of the Fund's holdings.

Performance from the sector skews

In defence, Babcock had a very strong performance delivering 368bps of positive relative contribution, offset by a negative 208bps from not owning Rolls-Royce and BAE Systems. It was a very strong absolute move for Babcock, with the share price rising 150% over the year, versus Rolls-Royce by 100% and BAE Systems by 52%. The low starting valuation, the excellent business transformation and now the multiple legs for future growth in seemingly high and long-cycle sectors, drove idiosyncrasy over and above the strong sector showing.

In banks, decisions to move on from previous exposures to NatWest and Standard Chartered and not immediately rebuild a previous position in HSBC proved ill-timed. We can say that the capital was employed to good effect elsewhere – Prudential and Aviva as examples – but in-truth not good enough effect.

The combination of not owning any of HSBC (-203bps), Lloyds (-89bps) NatWest (-72bps) and Standard Chartered (-48bps) cost a combined 412bps and was only partially offset by the Fund holding in Barclays (+127bps) net negative relative contribution from the large UK banks of 285bps.

In precious metals and mining, it was an interesting year. Fresnillo led the charts, rising by 468% over the year. Endeavour mining was up 183%, Atalaya 142%, Hochschild 141%, Antofagasta 110%. These are major moves. These moves were backed by large underlying moves in various metals, including a 148% rise in the silver price, 127% for platinum and 65% for gold.

This is not a natural area for this Fund. Our exposures over the year were mainly in Rio Tinto and Anglo American. The remaining Anglo American position was sold after the merger with Teck. This funded a larger position in Rio Tinto. Overall, the exposures were a net headwind to the Fund.

A lack of exposure to tobacco saw a further headwind of c.-90bps.

Size mattered

Moving to size effects, there were some strong headwinds.

Looking at index returns by market capitalisation, the FTSE 100 performed materially ahead (+26%) of the mid cap (+13%) and small cap indices (+14%). AIM was only up 9%.

Within that it was even worse – size mattered a lot.

Not owning HSBC, AstraZeneca, Rolls-Royce and BAT was either a material headwind or a material support. In combination, these four stocks contributed 17% of the return for the FTSE All-Share index. These are stocks that are widely owned. It is good for the UK market and for many pension funds that they performed so well.

Whilst none of these stocks are held in this Fund, that choice supports high-conviction holdings in a range of other interesting situations. As an example, AstraZeneca is c.7.5% of the UK index. Not owning it provides capital to support material positions in GSK, Convatec and Smith & Nephew. GSK shares rose 42% in 2025, ahead of AstraZeneca (+35%). Smith & Nephew had a year in-line with the index, up c.25%. For Convatec, although the shares peaked up 35% in July, several issues in the second half meant the shares closed the year up only 9%.

Quality growth underperformance

Looking at one of the clear style trends last year, companies perceived as quality or growth had a tough year. Some of the issues were idiosyncratic but some were thematic. For a cohort of stocks that carry higher multiples, any structural questions over future growth can be damaging in share price terms.

The AI 'loser' theme (excuse the vernacular) that has dominated some stocks over the last few years was a continuing driver of underperformance and had a continued dampening effect on the valuation of Pearson and MONY Group (which otherwise had stable years), on YouGov as a data owner, and on WPP as a media and creative agency.

WPP suffered even further from some strategic own goals and ended the year as the Fund's worst contributor (-185bps). YouGov had broadly stable earnings over the year – i.e. no profit warnings – but suffered a further de-rating, falling from c.11x to 7x over the year. The shares ended the year at a market cap of £300mn. In January 2024, just two years ago, they closed a deal to buy the consumer panel business from GFK for a value of c£275mn. Their own market cap at the time was c. £1.2bn. Not one to brag about at the golf club.

But it was the broadening out of the AI thematic into a wider cohort of data and software businesses that stood out this year. Having previously been relatively immune, RELX, LSEG, Experian and Sage were dragged into the debate, and their shares suffered accordingly. Not owning these three stocks was a c.280bps tailwind to the Fund, helping offset some of the value loss from the Fund's own AI thematic headwinds.

Elsewhere in the 'quality growth' bucket it was a tough year for Diageo, Unilever, Compass, 3i, Haleon, Bunzl and Ashtead. Many of these were for cyclical reasons, some had some structural overlays and some the added layer of strategic missteps. The Fund does not own. or is materially underweight. all these companies.

Having owned Unilever shares previously, we are interested in the step up in board urgency for change and improvement and have started to slowly rebuild the Fund's position, initially using some capital from Tesco.

The Fund retains a large position in Reckitt, which was up 25% over the year, in-line with the market. Strategically, the shares delivered on the sale of their Essential Home division, although at a slightly lower valuation. They exited the year with strong trading and share price momentum after good interim and Q3 results.

Certain factors dominate

On a factor basis, using the Bloomberg factor model, value, size, dividends and momentum were the dominant drivers over the year. Quality underperformed.

This Fund is typically overweight value and dividend, underweight size, neutral quality and marginally underweight momentum.

The portfolio construction and transformation process does provide a little more balance to the Fund factor exposures over time.

Whilst not unexposed to any of the specific factors that dominated this year, we feel that they were neither a material headwind nor a material tailwind. Interestingly, the type of value stocks that outperformed in 2025 was dominated by banks, basic materials and tobacco, where the Fund is not materially exposed. To that end, the value and dividend factor tailwinds were less pronounced for this Fund than for others.

Idiosyncratic performance drivers

This Fund prides itself on the delivery of idiosyncratic outperformance as business improvement initiatives take hold and deliver positive change. This was another year where stock selection dominated.

The performance contributions from Johnson Matthey (+204bps), Burberry (+46bps), GSK (+34bps), Vodafone (+34bps), Everplay (+33bps) and Centrica (+26bps) felt highly idiosyncratic and often were delivered despite ongoing sector headwinds.

Whilst recognising the sector carry and then the momentum overlay in Babcock and Serco, there was no doubt that both had idiosyncratic features as well. We would point to the low starting valuations of both, the ongoing success of the transformation initiatives, the free cash generation and balance sheet improvements, the share buybacks and new business wins.

There were no takeovers for the Fund this year. A rare occurrence.

Performance

Jupiter UK Dynamic Equity Fund (I GBP Acc)

	01 Jan '16 to 31 Dec '16	01 Jan '17 to 31 Dec '17	01 Jan '18 to 31 Dec '18	01 Jan '19 to 31 Dec '19	01 Jan '20 to 31 Dec '20
Jupiter UK Dynamic Equity Fund (I Acc)	**22.4**	**9.2**	**-7.3**	**16.3**	**-13.7**
FTSE All-Share	16.8	13.1	-9.5	19.2	-9.8
IA UK All Companies	11.0	14.1	-11.2	22.4	-6.2

	01 Jan '21 to 31 Dec '21	01 Jan '22 to 31 Dec '22	01 Jan '23 to 31 Dec '23	01 Jan '24 to 31 Dec '24	01 Jan '25 to 31 Dec '25
Jupiter UK Dynamic Equity Fund (I Acc)	**20.2**	**5.7**	**11.7**	**9.0**	**23.9**
FTSE All-Share	18.3	0.3	7.9	9.5	24.0
IA UK All Companies	17.1	-9.2	7.3	8.0	15.2

	1 Month	1 Year	3 Years	5 Years	10 Years	Since FM Inception[1]
Jupiter UK Dynamic Equity Fund (I Acc)	**3.4**	**23.9**	**50.9**	**91.7**	**138.5**	**25.3**
FTSE All-Share	2.2	24.0	46.5	73.9	123.4	23.8
IA UK All Companies	1.4	15.2	33.4	41.9	83.3	14.9

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

Source: Morningstar, NAV to NAV, gross income reinvested, net of fees, in GBP, to 31.12.25.
Target Benchmark: FTSE All-Share. Comparator: IA UK All Companies. The highlighted column denotes periods managed by the current investment team.[1] 11.10.24.

Jupiter UK Dynamic Equity Fund risks

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

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

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

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

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

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

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.

JUPITER ASSET MANAGEMENT