

**SHINING A LIGHT ON THE.....  
Jupiter Absolute Return Fund**

**AT A GLANCE**

<b>Investment Objective</b>	
The Fund seeks to generate absolute return, over a 3-year rolling period, independent of market conditions, by investing on a global basis. Capital invested in the Fund is at risk and there is no guarantee that the investment objective will be achieved over the 3 year rolling periods, or in respect of any other time period.	

<b>Inception Date</b>	14/12/2009
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000MWJP">http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000MWJP</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
James Clunie	1 September 2013

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	36.38%
Large	25.77%
Medium	28.22%
Small	8.52%
Micro	1.12%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	201	
<b>Assets in Top 10 Holdings</b>	41.49%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
United Kingdom (Government Of) 4.5%	-	6.38%
United Kingdom (Government Of) 5%	-	6.23%
United Kingdom (Government Of) 1.25%	-	6.07%
United Kingdom (Government Of) 1.75%	-	5.70%
United Kingdom (Government Of) 3.75%	-	5.61%
US Treasury Note 2.75%	-	3.32%
ETFS Physical Gold	-	2.80%
BP PLC	Energy	2.12%
Centrica PLC	Utilities	1.70%
Burford Capital Ltd	Real Estate	1.56%

<b>Volatility Measurements</b>	
<b>3-Yr Std Dev (volatility)</b>	5.98%
<b>3-Yr Mean Return (average)</b>	4.53%

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## FUND PERFORMANCE

Performance from 1 September 2013 (Fund Manager Tenure) to 31 October 2017:

	2013	2014	2015	2016	2017
<b>Jupiter Absolute Return Fund</b>	1.67%	-0.09%	6.01%	10.21%	-1.82%

Performance over 12 months, 3 years, and since fund manager tenure:

	1 year	3 years	Since tenure
<b>Jupiter Absolute Return Fund</b>	-3.10%	4.53% p.a.	3.74% p.a.

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

## UPDATE....

The fund was set up in 2009, and came under the management of James Clunie in 2013. The fund originally was more cash focused and James introduced a new strategy that he had run for many years at SWIP. It uses long / short strategies with some hedging including currency, gold and call options. Currently the fund holds 76 long strategies and 127 short, and is market neutral. So effectively the two strategies match each other.

James explained that currently the fund is 'drifting' because it is not a good time for short selling and, to counter this he has many small short-selling positions. Some of his positioning is in what he calls "zombie companies", or companies with poor product lines, high levels of debt or they are just badly priced. Some of these might be seen as 'glamour' stocks which would include the likes of Tesla, Netflix etc. Other stocks include Post Holdings and Broadcom.

He is short US equities so is vulnerable if the markets sharply rise or fall, and he has a hedged S&P call option to protect against this. But what he can't protect against is when the market slowly grinds up or down which it is currently doing.

The fund enjoys choppiness and disruption in the market, so Brexit and the events of 2016 were generally good for the fund, as was 2015. But in 2014 and 2017, where nothing is really happening it does not produce good results. When volatility comes back the fund will do well; the types of stocks he has shorted are normally sensitive to market volatility.

The fund is not sensitive to interest rates. Effectively for 36 years rates have fallen; this will reverse and again will benefit the fund.

When markets fall the fund tends either to not fall as much, or it increases. Therefore, although the past 12 months have been difficult, long term the strategy has been proven to work. The challenge is what will trigger a correction and create volatility. He explained this is difficult at the moment. Asset prices are expensive in some places, but people are still prepared to pay for them. If that changes, it could cause a correction. The UK, China and Russia are sensitive to this happening but events in Spain could be another trigger.

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This fund is about providing low volatility and blending with other strategies to protect on the downside. The fund thrives in periods of market volatility, but doesn't respond well to sterile markets where everything just seems to grind upwards (i.e. we just see slow incremental increases in the market rather than a straight fast upward rise).

In conclusion, the manager has a long track record and although a negative return is never good it is doing what it says it will do. Once volatility returns then this fund should reverse its performance.

*The source of information in this note has been provided by Jupiter and is correct as at November 2017. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*