

JUPITER MERIAN ASIA PACIFIC FUND - GBP

INVESTMENT RESEARCH NOTE
FEBRUARY 2024

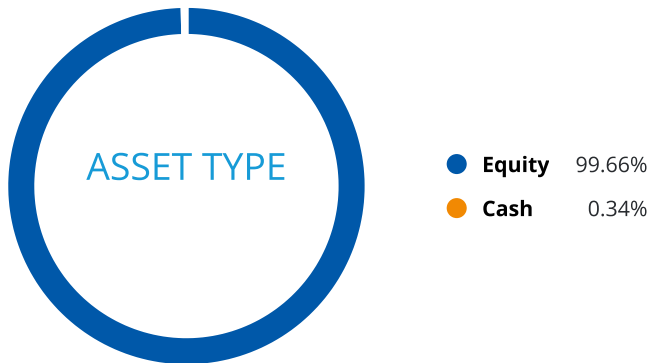
Risk warning: The past is not necessarily a guide to future performance. The value of your investment and the income from it can fall as well as rise and is not guaranteed. You may not get back the full amount invested. Our views are based upon our understanding of current legislation in England. Levels and bases of, and reliefs from, taxation are subject to change and their value to you will depend upon your personal circumstances. You should not act on any of the information without seeking professional advice. clarity Ltd is authorised and regulated by the Financial Conduct Authority (FCA).

SUMMARY

Merian Global Investors was bought out from Old Mutual Global Investors by management and a private equity firm (TA Associates) in 2018 as a stand-alone asset management business. It manages c. £28bn of assets. In February 2020, Jupiter Asset Management announced its purchase of MGI for £370m to create the UK's second largest retail asset management firm with a combined £65bn AUM.

Lead manager is Ian Heslop. He joined Merian in 2000 and is head of global equities. He manages a range of funds adopting the same systematic strategy as for this Fund. Prior to joining the business, he was a UK quantitative fund manager at Barclays Global Investors. He is supported by two other managers as well the broader global equities team.

The Merian Asia Pacific Equity fund seeks to achieve long term capital growth through the active management of a diversified portfolio invested in Asian stock markets. The management team uses a systematic, rules-based investment process that incorporates diverse stock selection criteria to identify mis-priced stocks and to capitalise on opportunities in all market conditions. The Fund seeks to exploit behavioural biases and market inefficiencies to generate returns, using the MSCI AC Asia Pacific Ex Japan Index as a benchmark. The team's strategy employs rigorous research, based on fundamental investment insights and objective evidence, to identify stock selection criteria that may predict stock price movements. The investment process aims to generate a highly diversified portfolio with favourable risk return characteristics. The strategy includes a process to identify the market environment and change the emphasis of the portfolio as sentiment changes.



INVESTMENT PROCESS

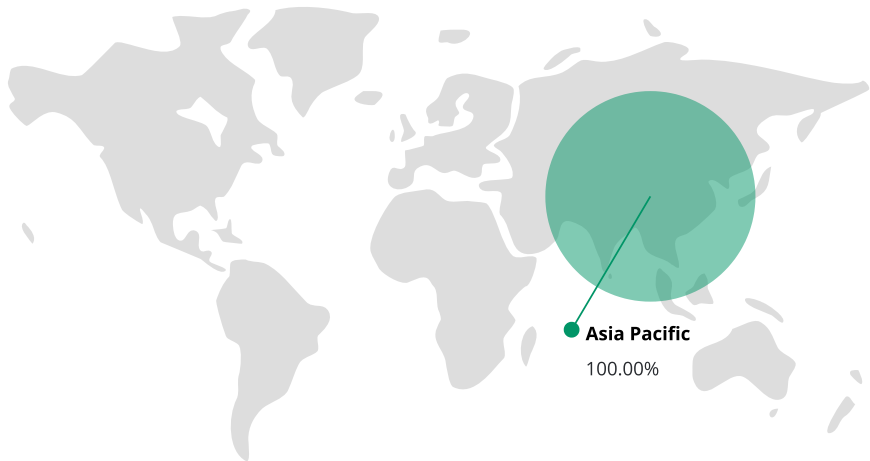
The investment philosophy centres around inefficient markets and mis-pricing of stocks away from their mean value due to investors' behavioral biases which the Fund seeks to capture and exploit. The team believe that human intervention often leads to errors and biases hence the rules-based approach. The Fund uses a stock selection approach based on five criteria that are believed to identify superior opportunities for capital appreciation. The Asia Pacific strategy tends to be slightly more momentum driven vs other Merian systematic strategies.

- Dynamic Valuation incorporates screening for stock quality into the valuation process; the blend of stocks included are adjusted based on macroeconomic conditions
- Market Dynamics, incorporating stock and sector effects, are used to establish momentum and reversal expectations. This aims to limit the volatility of momentum investing
- The Sustainable Growth criterion filters stocks with a greater level of growth sustainability. Forecasting tools are used to anticipate periods of greater opportunity
- The Analyst Sentiment phase of the selection process focuses on the exploitation of behavioural biases in order to capitalise on market reactions to changes in analyst forecasts
- The final stage of the stock selection process incorporates analyses of company management and their decisions to allocate capital

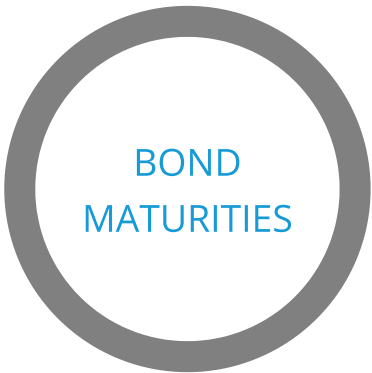
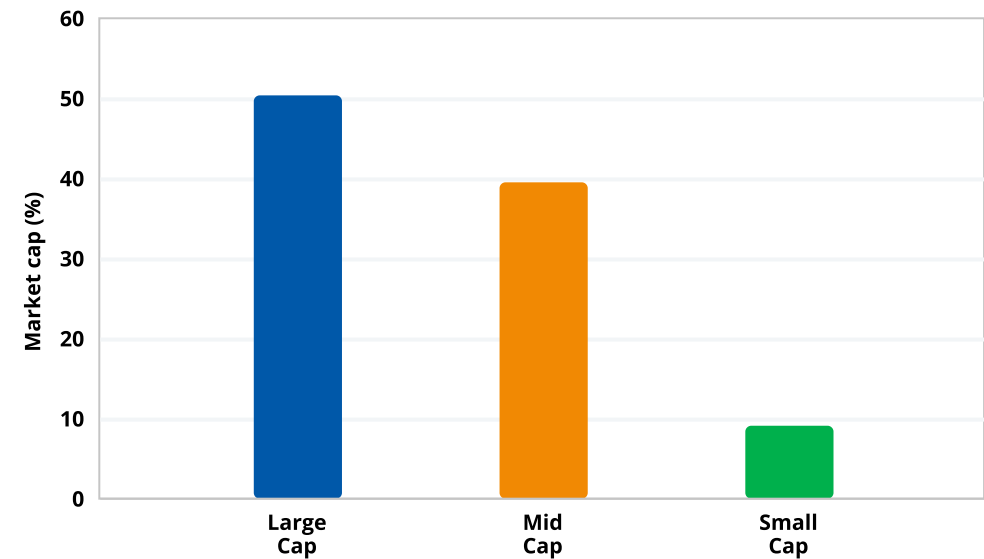
The results are aggregated into a single return forecast for each stock. Downside risk mitigation and portfolio optimisation are achieved by controlling unwanted exposures with relative weight constraints in place vs the benchmark - the maximum absolute position is set at +/- 1% of the fund's NAV. Holdings are rebalanced weekly depending on changes in alpha and risk, whilst maintaining security and sector weights in similar proportions to the MSCI AC Asia Pacific Ex Japan index. Liquidity limits on holdings minimise the market impact of sell orders. The management team calculates the marginal contribution to Value-At-Risk for each holding in order to determine optimal weightings. This allows for the ranking of ideas by profit-to-risk ratio. Scenario analysis and stress-testing are used to assess the sensitivity of the portfolio to industry trends and sentiment.

AGGREGATED NET EXPOSURE

REGIONAL EXPOSURE



EQUITY MARKET CAP (%)



Not Applicable



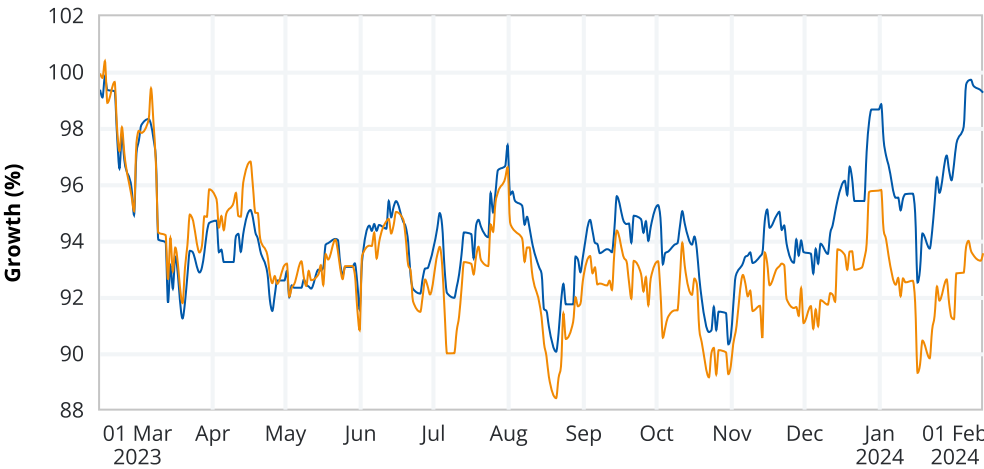
Not Applicable

OVERALL PERFORMANCE

● Jupiter Merian Asia Pacific Fund I GBP Acc ● MSCI AC Asia Pacific ex Japan Net Total Return Index GBP

GROWTH (%) - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024



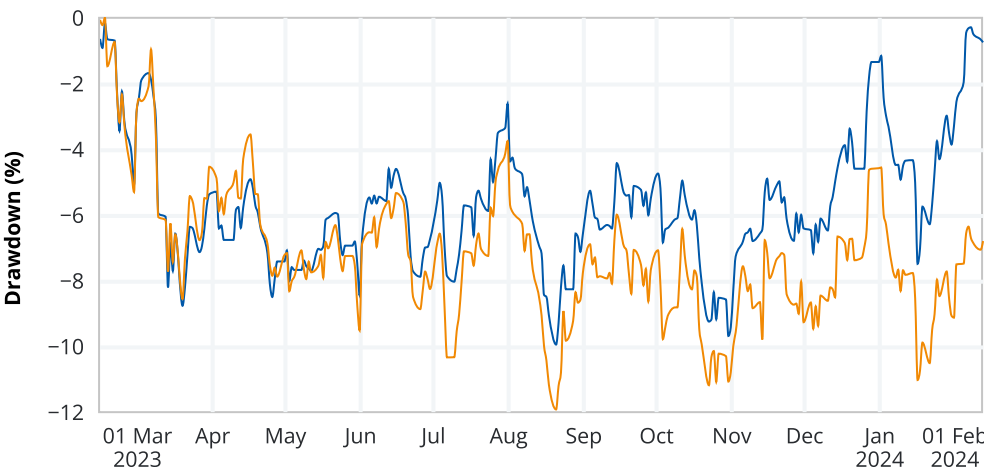
GROWTH (%) - FROM INCEPTION

3 Apr 2012 - 13 Feb 2024



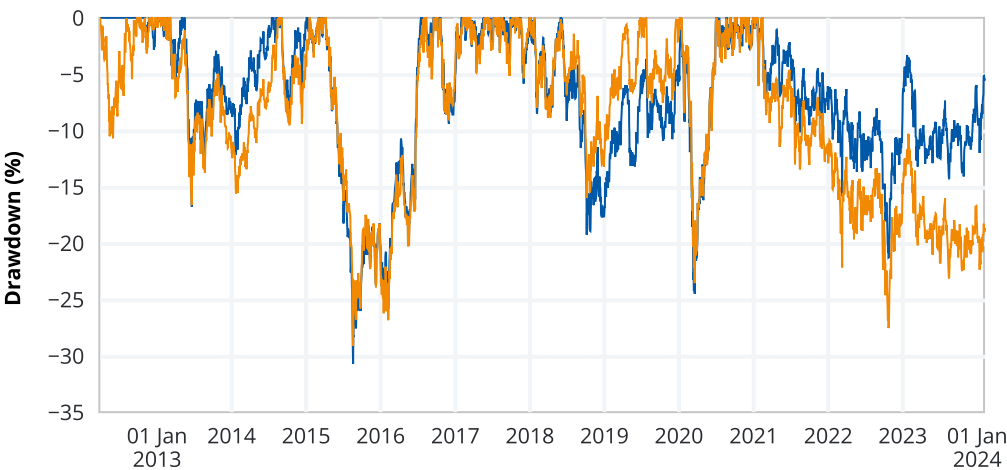
DRAWDOWN (%) - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024



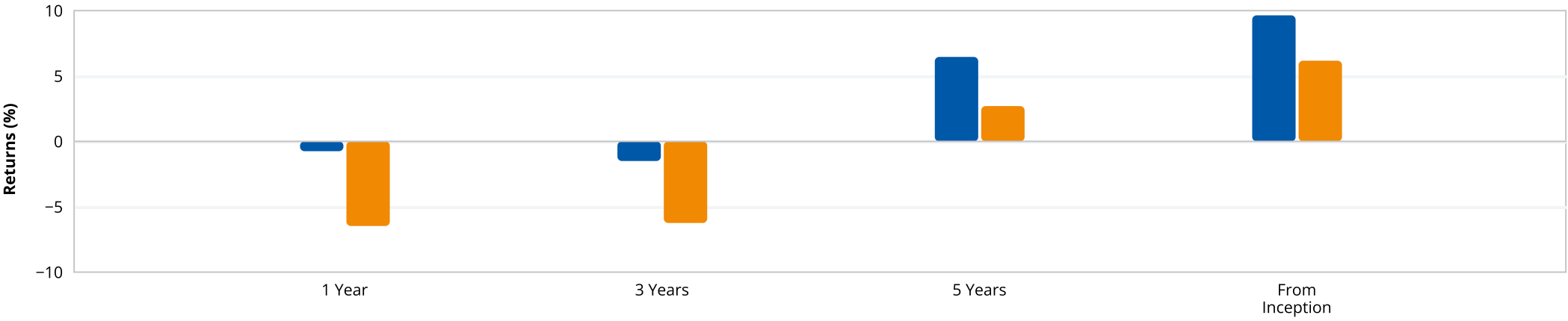
DRAWDOWN (%) - FROM INCEPTION

3 Apr 2012 - 13 Feb 2024



RETURNS

● Jupiter Merian Asia Pacific Fund I GBP Acc ● MSCI AC Asia Pacific ex Japan Net Total Return Index GBP



MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	-2.55	3.24											0.61
2023	6.40	-4.64	-0.30	-2.16	-0.05	0.78	3.63	-3.90	1.73	-4.41	4.08	4.95	5.47
2022	-3.25	-0.20	2.59	-1.94	0.03	-2.89	0.02	4.39	-7.73	-7.08	13.08	-0.20	-4.66
2021	4.50	0.55	1.56	3.38	-2.24	1.69	-6.97	3.32	-1.05	-1.21	-0.79	2.55	4.84
2020	-2.75	-3.67	-9.12	8.65	1.46	9.24	2.76	2.90	0.36	2.64	5.38	3.59	21.92
2019	4.88	0.61	3.50	2.26	-5.43	5.79	3.13	-3.89	0.00	-1.91	1.32	2.82	13.17

Capped to 6 years.

ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
Jupiter Merian Asia Pacific Fund I GBP Acc	-0.75	-1.50	6.46	9.64
MSCI AC Asia Pacific ex Japan Net Total Return Index GBP	-6.47	-6.24	2.70	6.17

CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
Jupiter Merian Asia Pacific Fund I GBP Acc	-0.75	-4.42	36.57	196.78
MSCI AC Asia Pacific ex Japan Net Total Return Index GBP	-6.45	-17.50	14.17	102.99

● Jupiter Merian Asia Pacific Fund I GBP Acc ● MSCI AC Asia Pacific ex Japan Net Total Return Index GBP

PERFORMANCE - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024

	●	●
RETURNS (%)	-0.75	-6.47
VOLATILITY (%)	12.81	14.74
ALPHA	0.38 *	
BETA	0.96 *	1.00
CORRELATION	0.97 *	1.00
SHARPE RATIO	-0.41	-0.75
SORTINO RATIO	-0.55	-1.04
MAX DRAWDOWN (%)	-9.80	-11.92

*Calculated over a 3 year period where history permits.

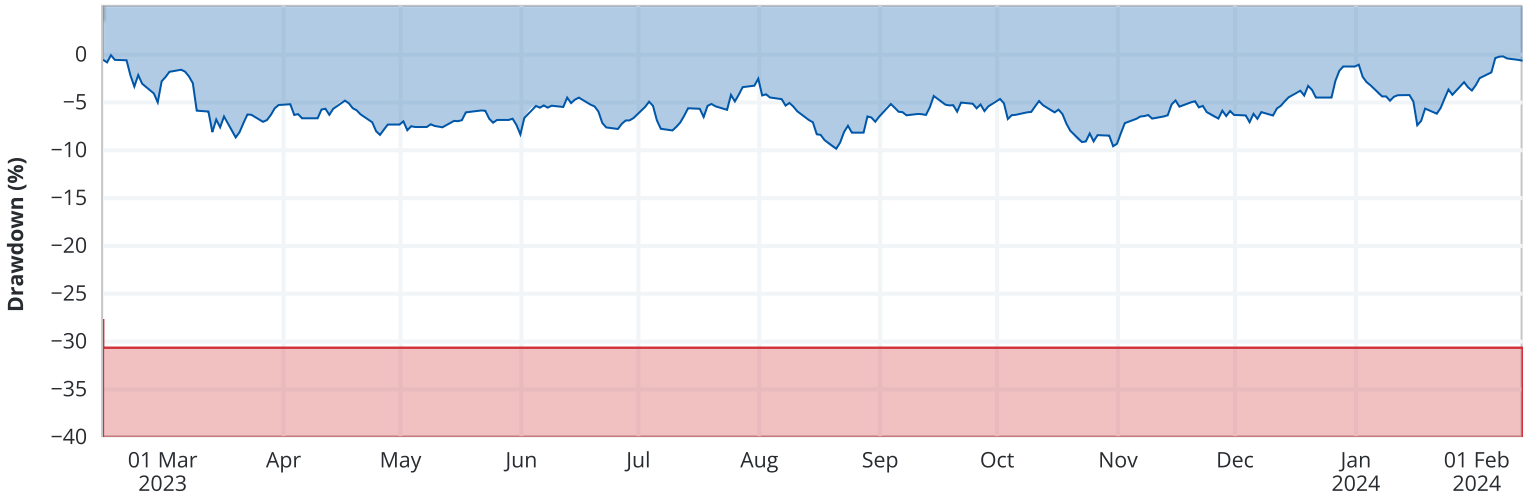
PERFORMANCE - FROM INCEPTION

3 Apr 2012 - 13 Feb 2024

	●	●
RETURNS (%)	9.64	6.17
VOLATILITY (%)	14.82	16.13
ALPHA	0.29	
BETA	0.97	1.00
CORRELATION	0.95	1.00
SHARPE RATIO	0.58	0.32
SORTINO RATIO	0.81	0.44
MAX DRAWDOWN (%)	-30.69	-29.13

SIMPLE STRESS TEST DRAWDOWN (%)

14 Feb 2023 - 13 Feb 2024



Stress test notes

The chart shows the calculated drawdown over a trailing 12-month period. The Review Point is a potential intervention point. Any drawdown above this line indicates a typical drawdown in a normal market cycle. Should the drawdown exceed the Review Point, then this indicates that market conditions may be abnormal. This is the point at which immediate action should be considered.

DISCLAIMER

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