

# Jupiter Corporate Bond Fund

For the six months ended 31 August 2019

# INTERIM

Report & Accounts (unaudited)



ON THE PLANET TO PERFORM

  
**JUPITER**



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## Fund Information

### Manager, Registrar and Administrator

Jupiter Unit Trust Managers Limited

PO Box 10666

Chelmsford

CM99 2BG

Tel: 0800 561 4000

Fax: 0800 561 4001

[www.jupiteram.com](http://www.jupiteram.com)

Registered Address:

The Zig Zag Building,

70 Victoria Street,

London SW1E 6SQ

Authorised and regulated by the Financial Conduct Authority.

### Directors

The Directors of Jupiter Unit Trust Managers Limited are:

**R Corfield**

**P M Moore**

**J Singh**

**N Ring\***

**K Baillie\*\***

**T Scholefield\*\***

**P Wagstaff\*\*\***

\*Resigned 31 May 2019

\*\*Independent. Appointed 1 May 2019

\*\*\*Appointed 31 July 2019

### Trustee

National Westminster Bank plc (Prior to 1 June 2019)

Trustee and Depositary Services

Floor 1

280 Bishopsgate

London EC2M 4RB

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and by the Prudential Regulation Authority.

Northern Trust Global Services SE (UK branch)

(From 1 June 2019)

50 Bank Street

Canary Wharf

London E14 5NT

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and by the Prudential Regulation Authority.

### Investment Adviser

Jupiter Asset Management Limited

The Zig Zag Building

70 Victoria Street

London SW1E 6SQ

Authorised and regulated by the Financial Conduct Authority.

### Independent Auditors

PricewaterhouseCoopers LLP

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

It is the intention of Jupiter Unit Trust Managers Limited to make this Report & Accounts available on their website. The maintenance and integrity of the Jupiter Unit Trust Managers Limited website is the responsibility of the Directors; the work carried out by the auditors of the Jupiter Corporate Bond Fund does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

## Fund Information (continued)

### Investment Objective

To achieve high income and the opportunity for capital growth.

### Investment Policy

To invest primarily in fixed interest securities, as well as convertibles and preference shares, with potential for international exposure.

The Manager has the power to use derivatives but it is intended that these will only be used for efficient portfolio management and not for investment purposes.

### Status

The Fund operates under the Investment Funds Sourcebook (FUND) where applicable and the Collective Investment Schemes Sourcebook (COLL) of the Financial Conduct Authority. The Fund is an authorised unit trust scheme under Section 237 of the Financial Services and Markets Act 2000 and is a UCITS scheme as defined in the COLL rules. It is in the 'Sterling Corporate Bond' Investment Association sector.

The Fund is a qualifying fund for inclusion within a stocks and shares Individual Savings Account (ISA). It is the Manager's intention to continue to manage the affairs of the Fund in order to meet the qualifying requirements as outlined in current legislation.

### Unit Classes

In addition to the basic class of units which are available to all types of investors, the Fund also offers I-Class units which are available to investors who invest a minimum of £5,000,000. Further details are available from the Manager on request. Please note that in order to distinguish between the unit classes within the Fund they are defined in these accounts as either Retail Units (non I-Class) or I-Class Units. The unit types associated with each unit class are disclosed in the Comparative Tables on page 5.

### Fund Accounting Services

With effect from 16 September 2019 responsibility for performing fund accounting services moved from HSBC Securities Services (UK) Limited to Northern Trust Global Services SE.

## Cumulative Performance (% change to 31 August 2019)

	6 months	1 year	3 years	5 years	Since launch*
Percentage growth	8.9	9.8	10.6	25.0	174.10
Sector position	21/92	23/92	25/84	54/79	8/16
Quartile ranking	1st	1st	2nd	3rd	2nd

Source: FE, I-Class Units, NAV to NAV or bid to NAV dependent on the period of reporting, all performance is net of fees with net income reinvested. Past performance is no guide to the future. \*Launch date 25 May 1998.

This document is for informational purposes only and is not investment advice. Market and exchange rate movements can cause the value of an investment to fall as well as rise, and you may get back less than originally invested. We recommend you discuss any investment decisions with a financial adviser, particularly if you are unsure whether an investment is suitable. Jupiter is unable to provide investment advice. Current tax levels and reliefs will depend on your individual circumstances and are subject to change in the future. **The Fund can invest up to 20% of the portfolio in bonds which are not rated by a credit rating agency. While such bonds may offer a higher income, the interest paid on them and their capital value is at greater risk of not being repaid, particularly during periods of changing market conditions. In difficult market conditions, reduced liquidity in bond markets may make it harder for the manager to sell assets at the quoted price. This could have a negative impact on the value of your investment. In extreme market conditions, certain assets may become hard to sell in a timely manner or at a fair price. This could affect the Fund's ability to meet investors' redemption requests upon demand. This Fund can invest more than 35% of its value in securities issued or guaranteed by an EEA state.** For definitions please see the glossary at [jupiteram.com](http://jupiteram.com). Every effort is made to ensure the accuracy of any information provided but no assurances or warranties are given. Company examples are for illustrative purposes only and are not a recommendation to buy or sell. Quoted yields are not guaranteed and may change in the future. Jupiter Unit Trust Managers Limited is authorised and regulated by the Financial Conduct Authority and their registered address is The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ.

# INTERIM REPORT

## Jupiter Corporate Bond Fund

For the six months ended 31 August 2019

### Investment Report

#### Performance Review

The Fund has produced a total return of 8.9%\* over the six month period to 31 August 2019. This compares with the return of 8.8%\* produced by the iBoxx UK Corporate All Maturities Index. The Fund was ranked 21st out of 92 funds during the period, 23rd out of 92 funds over one year, 25th out of 85 funds over 3 years and 8th out of 16 funds since launch in the IA Sterling Corporate Bond Sector.

\*Source: FE, NAV to NAV or bid to NAV dependent on the period of reporting, all performance is net of fees with net income reinvested. The statistics disclosed above relate to I-Class Units unless otherwise stated.

#### Market Review

The UK sterling corporate bond market made strong gains over the six months to 31 August 2019. The majority of the gains were attributable to the significant decline in government bond yields, with the yield on the 10 year gilt falling from 1.30% to 0.48% over the period. In common with other developed markets, the fall in gilt yields reflected a growing investor consensus that interest rates would stay low as central banks sought to support economic growth against a backdrop of macroeconomic tensions. Key economic data and inflation signals appeared to be weakening as companies and consumers became more concerned about the lack of progress in resolving potential flashpoints such as Brexit and the trade war between China and the USA.

In the UK, the key political development was the replacement of Theresa May by Boris Johnson as Prime Minister on 24 July 2019, following repeated defeats in parliament of May's Brexit deal. The new government seems more prepared, if necessary, to trigger a 'hard Brexit' in order to leave the EU, and the concern of financial markets around the economic risk of this approach was reflected in the continued weakening of the Sterling against other currencies and accelerating declines in gilt yields during August. Given the ongoing parliamentary struggle over passing final Brexit legislation and the apparent reluctance of the EU to negotiate amendments to the previous deal negotiated with Theresa May, UK risk assets are likely to remain volatile in the run up to the 31 October deadline for leaving the EU.

UK economic data was mixed over the period. The labour market remained robust with unemployment at multi-decade lows continuing to support modest wage growth. However, the fall in new vehicle registrations and housing transactions suggested that consumers may be taking a more cautious approach as Brexit approaches. Lead indicators of business confidence also suggested growing concerns within companies about the economic outlook and the potential disruption which could result from Brexit. The Bank of England's Monetary Policy Committee (MPC) has left its policy interest rate unchanged at 0.75% since August 2018 as it seeks clarity around the final political deal on Brexit and its economic impacts.

Despite the macroeconomic uncertainty, corporate credit spreads fell in the period as investors were encouraged to 'reach for yield' by the assumption of continuing supportive monetary policy from central banks. However, there is increasing awareness of pockets of risk growing within credit markets. The gradual deterioration of some corporate balance sheets has led to strong focus on the BBB rated sector, the weakest credit rating within investment grade bonds, where investors could be exposed to high price volatility if issuers are downgraded to high yield status. This fear has seen names such as General Electric trade poorly as investors fret about downgrade risk. Within the UK, we have also seen property businesses exposed to the retail sector, such as Intu and Hammerson, trade poorly as the ongoing shift of retail from high street to online ('bricks to clicks') is disrupting their business models and undermining the property valuations which support their debt.

#### Policy Review

We continued to hold a more defensive position in the fund relative to its benchmark index, maintaining a higher average credit rating<sup>1</sup> and shorter duration<sup>2</sup> than the index. During the period, in anticipation of more volatile market conditions and a weakening global economy, we reduced exposure to certain companies which we considered to carry more cyclical risk and/or potentially

## Investment Report (continued)

stressed balance sheets. We maintained a core AAA rated position of c19.5% of the fund (consisting of US government bonds and highly rated corporates such as Microsoft), but also added selected high yield bonds which offered attractive spread and yield pick-up over the index (such as Gems Menasa Cayman, a Middle Eastern education business, and Altice, a European telecom operator).

We continue to maintain exposure to US interest rates (c25% of the portfolio is in USD) as we believe that US interest rates are too high relative to UK interest rates based on economic conditions in both countries. During the period, the difference in yields between 10 year US and 10 year UK government bonds reduced from 1.41% to 1.0%, to the fund's advantage, and we believe that this differential will continue to reduce going forward.

We have continued to watch corporate activity closely, initiating positions where we saw attractive catalysts. One example is our recent investment into the bonds of Greene King, the UK pub company which received a takeover offer from CK Asset Holdings of Hong Kong. Our analysis of the transaction suggests potential upside of 10 – 15% if the bonds are redeemed as part of the takeover. Conversely, we have avoided sectors where we see scope for ongoing deterioration of credit profiles, such as commercial property (online disruption of the high street), the automobile manufacturers (global slowdown in vehicle sales after a multi-year boom driven by cheap consumer financing), and lower rated UK utility bonds (political risk from nationalisation under a potential Corbyn government).

Portfolio duration ended the period marginally higher than February 2019 at 7.5 years, as we reacted to increasing evidence of global economic slowdown and the ongoing news flow around Brexit.

### Investment Outlook

In the short term, Brexit is likely to remain the dominant concern for UK domestic financial markets, and signals about the likely outcome of Brexit negotiations will continue to drive volatility in investor sentiment and UK asset valuations.

Despite the recovery in asset valuations seen so far in 2019, we expect financial markets to face a more challenging outlook as the business cycle ages and the global economy has to deal with some of the excesses

caused by a decade of loose monetary policy. The combination of record low interest rates and bond purchases by central banks has contributed to driving up valuations in global asset markets and to some excesses in corporate behaviour, where cheap money has encouraged value destructive Mergers & Acquisitions and share buybacks at the expense of sound balance sheets. As the global economy slows, we see increasing potential for volatility in corporate credit markets as investors recognise the potential downside risk to corporate earnings and credit profiles.

Finally, we remain cognizant of geopolitical tail risks against a backdrop of growing tension between the United States and China over trade, a US presidential election cycle in 2020, and the ongoing uncertainty around Brexit.

Against this backdrop, we continue to focus on maintaining a diversified portfolio of bonds issued by well-managed and financially robust corporations that we consider to be well placed to cope in a potentially more challenging macroeconomic environment.

### Adam Darling and Harry Richards Co-Managers

*1 An assessment of a borrower's creditworthiness, i.e the likelihood of the borrower to repay its debts.*

*2 Duration is a measure of the sensitivity of the price.*

## Comparative Tables

### Change in net assets per unit

	Retail Income				I-Class Income			
	31.08.19	28.02.19	28.02.18	28.02.17	31.08.19	28.02.19	28.02.18	28.02.17
Opening net asset value per unit	55.91p	56.46p	57.46p	54.76p	55.98p	56.53p	57.55p	54.84p
Return before operating charges*	5.15p	1.28p	0.60p	4.48p	5.16p	1.28p	0.58p	4.43p
Operating charges	(0.37p)	(0.71p)	(0.73p)	(0.72p)	(0.19p)	(0.37p)	(0.38p)	(0.38p)
Return after operating charges*	4.78p	0.57p	(0.13p)	3.76p	4.97p	0.91p	0.20p	4.05p
Distributions on income units	(0.60p)	(1.12p)	(0.87p)	(1.06p)	(0.78p)	(1.46p)	(1.22p)	(1.34p)
Closing net asset value per unit	60.09p	55.91p	56.46p	57.46p	60.17p	55.98p	56.53p	57.55p
*after direct transaction costs of:	0.00p	0.00p	0.00p	0.00p	0.00p	0.00p	0.00p	0.00p

### Performance

Return after charges	8.55%	1.01%	(0.23%)	6.87%	8.88%	1.61%	0.35%	7.39%
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### Other information

Closing net asset value (£'000)	50,690	50,320	58,888	83,680	74,108	64,826	67,084	69,822
Closing number of units	84,353,620	90,004,036	104,299,800	145,634,466	123,163,484	115,806,376	118,667,203	121,316,312
Operating charges	1.26%	1.26%	1.26%	1.26%	0.66%	0.66%	0.66%	0.66%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

### Prices

Highest unit price	60.63p	56.90p	61.00p	61.58p	60.80p	57.04p	58.80p	59.33p
Lowest unit price	56.06p	55.08p	57.02p	54.57p	56.13p	55.15p	57.13p	54.65p

### Change in net assets per unit

	Retail Accumulation**			I-Class Accumulation			
	31.08.19	28.02.19	28.02.18	31.08.19	28.02.19	28.02.18	28.02.17
Opening net asset value per unit	57.24p	56.66p	56.83p	64.98p	63.94p	63.76p	59.35p
Return before operating charges*	5.30p	1.30p	(0.13p)	6.03p	1.46p	0.60p	5.10p
Operating charges	(0.38p)	(0.72p)	(0.04p)	(0.23p)	(0.42p)	(0.42p)	(0.41p)
Return after operating charges*	4.92p	0.58p	(0.17p)	5.80p	1.04p	0.18p	4.69p
Distributions on accumulation units	(0.62p)	(1.13p)	(0.20p)	(0.91p)	(1.67p)	(1.37p)	(1.74p)
Retained distributions on accumulation units	0.62p	1.13p	0.20p	0.91p	1.67p	1.37p	1.46p
Closing net asset value per unit	62.16p	57.24p	56.66p	70.78p	64.98p	63.94p	63.76p
*after direct transaction costs of:	0.00p	0.00p	0.00p	0.00p	0.00p	0.00p	0.00p

### Performance

Return after charges	8.60%	1.02%	(0.30%)	8.93%	1.63%	0.28%	7.90%
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### Other information

Closing net asset value (£'000)	15,858	15,086	15,991	2,303	1,903	1,928	396
Closing number of units	25,512,025	26,354,803	28,222,452	3,253,735	2,929,037	3,014,900	620,860
Operating charges	1.26%	1.26%	1.26%	0.66%	0.66%	0.66%	0.66%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

### Prices

Highest unit price	62.43p	57.65p	56.94p	71.09p	65.44p	65.70p	64.56p
Lowest unit price	57.42p	56.14p	56.49p	65.19p	63.62p	63.29p	59.15p

\*\*The class was launched on 9 February 2018



## Comparative Tables (continued)

## Risk and reward indicator

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

← Typically lower rewards, lower risk      Typically higher rewards, higher risk →

## Retail Units

1	2	<b>3</b>	4	5	6	7
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### I-Class Units

1	2	3	4	5	6	7
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- The lowest category does not mean 'no risk'. Some risk will still be present in funds with a risk and reward rating of 1.
- The Fund is in this category as it invests in a wide range of bonds issued by governments and companies, which carry a degree of risk.

### Charges

The charges you pay are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

<b>Charges taken from the Fund over the six months (annualised) to:</b>	<b>31.08.19</b>	<b>31.08.18</b>
Ongoing charges for Retail Units	1.26%	1.26%
Ongoing charges for I-Class Units	0.66%	0.66%

## Portfolio Statement

As at 31 August 2019

Holding	Investment	Market value £	Total net assets %
	<b>CORPORATE BONDS AND FIXED INTEREST STOCKS – 99.48% (97.75%)</b>		
	<b>Canada – 0.19% (0.72%)</b>		
\$332,000	First Quantum Minerals 7% 15/02/2021	272,612	0.19
	<b>Cayman Islands – 0.29% (0.00%)</b>		
\$500,000	Gems Menasa Cayman 7.125% 31/07/2026	418,360	0.29
	<b>Channel Islands – 3.37% (2.43%)</b>		
£1,250,000	Gatwick Airport 6.125% 02/03/2028	1,588,898	1.11
£668,000	Glencore Finance Europe 3.125% 26/03/2026	683,682	0.48
£1,100,000	Heathrow Funding 6.75% 03/12/2028	1,489,650	1.04
\$1,400,000	Sirius Minerals Finance 5% 23/05/2027	1,058,751	0.74
		4,820,981	3.37
	<b>Czech Republic – 0.00% (0.25%)</b>		
	<b>France – 3.98% (3.66%)</b>		
£1,000,000	BNP Paribas 3.375% 23/01/2026	1,092,035	0.76
£800,000	Electricite De France 6.25% 30/05/2028	1,100,350	0.77
\$1,750,000	Electricite De France 4.5% 21/09/2028	1,615,865	1.13
£1,100,000	Orange 3.25% 15/01/2032	1,255,395	0.88
\$800,000	Scor 5.25% VRN perpetual	626,277	0.44
		5,689,922	3.98
	<b>Ireland – 0.00% (0.94%)</b>		
	<b>Italy – 1.27% (1.31%)</b>		
€1,908,000	Intesa Sanpaolo SpA 1.75% 04/07/2029	1,819,557	1.27
£1,000,000	Parmalat Capital Finance 9.375% Perpetual* <sup>Δ</sup>	–	–
		1,819,557	1.27
	<b>Japan – 1.04% (1.02%)</b>		
£1,000,000	East Japan Railway 5.25% 22/04/2033	1,483,746	1.04
	<b>Luxembourg – 2.14% (3.92%)</b>		
\$900,000	Aroundtown 5.375% 21/03/2029	834,031	0.58
£1,010,000	Aroundtown 3.625% 10/04/2031	1,059,762	0.74
€500,000	CPI Property Group 4.875% VRN perpetual	454,389	0.32
€400,000	Eurofins Scientific 7% VRN Perpetual	371,198	0.26
\$400,000	Topaz Marine 9.125% 26/07/2022	342,083	0.24
		3,061,463	2.14
	<b>Mauritius – 0.00% (0.22%)</b>		

## Portfolio Statement (continued)

Holding	Investment	Market value £	Total net assets %
	<b>Netherlands – 0.81% (0.99%)</b>		
€456,000	PPF Arena 3.125% 27/03/2026	427,276	0.30
£700,000	Volkswagen Financial Services 2.75% 10/07/2023	726,246	0.51
		1,153,522	0.81
	<b>New Zealand – 0.00% (1.09%)</b>		
	<b>Norway – 0.00% (1.61%)</b>		
	<b>Spain – 2.65% (1.75%)</b>		
£1,700,000	Abertis Infraestructuras 3.375% 27/11/2026	1,806,557	1.26
£1,900,000	Banco Santander 2.75% 12/09/2023	1,986,613	1.39
		3,793,170	2.65
	<b>Sweden – 0.00% (0.52%)</b>		
	<b>United Arab Emirates – 0.18% (0.00%)</b>		
€300,000	Aabar Investments 0.5% CV 27/03/2020	263,557	0.18
	<b>United Kingdom – 54.67% (51.31%)</b>		
£1,350,000	ABP Finance 6.25% 14/12/2026	1,686,793	1.18
£1,500,000	Anglian Water Services Finance 1.625% 10/08/2025	1,521,210	1.06
£850,000	Anglian Water Services Finance 4.5% 22/02/2026	950,124	0.66
£1,000,000	Aviva 6.125% VRN Perpetual	1,074,775	0.75
£600,000	Bank of Scotland 4.875% 20/12/2024	717,654	0.50
£1,800,000	Barclays 3.25% 12/02/2027	1,856,153	1.30
\$953,000	Barclays 5.088% VRN 20/06/2030	812,622	0.57
£1,697,000	Bazalgette Finance 2.375% 29/11/2027	1,827,583	1.28
£1,500,000	Bunzl Finance 2.25% 11/06/2025	1,542,808	1.08
£1,250,000	BUPA Finance 6.125% VRN Perpetual	1,297,837	0.91
£1,000,000	Cadent Finance 2.125% 22/09/2028	1,030,817	0.72
£573,000	Coventry Building Society 6.875% VRN Perpetual	588,897	0.41
£1,452,000	CYBG 4% VRN 03/09/2027	1,441,676	1.01
£850,000	CYBG 9.25% VRN perpetual	864,445	0.60
£1,250,000	Eastern Power Networks 5.75% 08/03/2024	1,491,220	1.04
£1,350,000	Eversholt Funding 6.359% 02/12/2025	1,680,040	1.18
£1,414,000	Eversholt Funding 3.529% 07/08/2042	1,513,192	1.06
£1,000,000	Glaxosmithkline Capital 3.375% 20/12/2027	1,165,867	0.82
£2,250,000	Greene King Finance FRN 15/09/2021	416,633	0.29
£500,000	Greene King Finance 5.318% 15/09/2031	401,798	0.28
£396,000	Greene King Finance 5.106% 15/03/2034	473,391	0.33
£2,500,000	HSBC Holdings 2.175% VRN 27/06/2023	2,539,656	1.78
£1,750,000	HSBC Holdings 3% 29/05/2030	1,847,211	1.29
£1,050,000	Investec Bank 4.25% VRN 24/07/2028	1,066,715	0.75
£1,100,000	Legal & General 5.375% VRN 27/10/2045	1,222,433	0.86
£660,000	Legal & General 5.125% VRN 14/11/2048	729,056	0.51

## Portfolio Statement (continued)

Holding	Investment	Market value £	Total net assets %
	<b>United Kingdom (continued)</b>		
\$1,400,000	Lloyds Bank 3.75% 11/01/2027	1,197,283	0.84
£2,350,000	Lloyds Bank 4.875% 30/03/2027	2,992,972	2.09
€800,000	Lloyds Bank 6.375% VRN perpetual	735,110	0.51
£1,000,000	London Power Networks 2.625% 01/03/2029	1,084,191	0.76
£400,000	Matalan Finance 6.75% 31/01/2023	352,252	0.25
£937,000	Morrison WM Supermarkets 4.75% 04/07/2029	1,157,964	0.81
£1,750,000	Network Rail 4.75% 29/11/2035	2,714,231	1.90
£1,725,000	Next 3.625% 18/05/2028	1,844,858	1.29
£1,816,000	Northumbrian Water Finance 2.375% 05/10/2027	1,924,592	1.35
£1,000,000	PRS Finance 2% 23/01/2029	1,085,070	0.76
£700,000	Prudential 3.875% VRN 20/07/2049	711,830	0.50
£1,044,000	RL Finance Bonds No.3 6.125% 13/11/2028	1,199,300	0.84
£2,625,000	Royal Bank of Scotland 5.125% 13/01/2024	3,103,813	2.17
£1,070,000	Royal Bank of Scotland 3.125% VRN 28/03/2027	1,095,043	0.77
\$2,250,000	Royal Bank of Scotland 4.892% VRN 18/05/2029	2,025,724	1.42
\$500,000	Royal Bank of Scotland 8.625% VRN perpetual	434,680	0.30
£1,648,000	RSA Insurance Group 1.625% 28/08/2024	1,650,931	1.15
£1,000,000	Santander UK 5.75% 02/03/2026	1,304,521	0.91
£1,600,000	Santander UK 2.92% VRN 08/05/2026	1,639,238	1.15
£767,000	Santander UK 5.25% 16/02/2029	1,044,035	0.73
£597,000	Scotland Gas Network 3.25% 08/03/2027	666,784	0.47
£1,123,000	TC Dudgeon Ofco 3.158% 12/11/2038	1,257,241	0.88
£2,000,000	Thames Water Utilities Cayman Finance 1.875% 24/01/2024	2,034,862	1.42
£486,000	TP ICAP 5.25% 29/05/2026	506,225	0.35
£2,000,000	Transport for London 3.625% 15/05/2045	2,687,155	1.88
£1,700,000	Unilever 1.5% 22/07/2026	1,744,102	1.22
£2,250,000	United Utilities Water Finance 2% 14/02/2025	2,334,652	1.63
\$1,750,000	Vodafone Group 5% 30/05/2038	1,671,016	1.17
£709,000	Vodafone Group 4.875% VRN 03/10/2078	742,600	0.52
\$731,000	Vodafone Group 6.25% VRN 03/10/2078	638,677	0.45
£1,250,000	Western Power Distribution Holding 3.875% 17/10/2024	1,396,895	0.98
£1,250,000	Zurich Finance 6.625% VRN Perpetual	1,402,796	0.98
		78,141,249	54.67

## Portfolio Statement (continued)

Holding	Investment	Market value £	Total net assets %
	<b>United States – 28.89% (26.01%)</b>		
£1,195,000	Apple 3.05% 31/07/2029	1,400,745	0.98
\$1,900,000	Bayer US Finance II LLC 2.85% 15/04/2025	1,507,663	1.05
£1,000,000	Berkshire Hathaway Finance Corporation 2.375% 19/06/2039	1,081,728	0.76
\$625,000	Berkshire Hathaway Finance Corporation 5.75% 15/01/2040	730,444	0.51
£594,000	Berkshire Hathaway Finance Corporation 2.625% 19/06/2059	693,294	0.49
£1,400,000	Brown Forman Corporation 2.6% 07/07/2028	1,543,910	1.08
£1,000,000	DXC Technology 2.75% 15/01/2025	1,013,997	0.71
£1,104,000	Fidelity National Information 3.36% 21/05/2031	1,233,267	0.86
£300,000	General Electric Capital 5.25% 07/12/2028	350,634	0.25
\$2,500,000	Johnson And Johnson 2.9% 15/01/2028	2,175,147	1.52
£1,392,000	Mckesson Corporation 3.125% 17/02/2029	1,500,415	1.05
\$3,500,000	Microsoft Corporation 3.3% 06/02/2027	3,135,824	2.19
\$1,300,000	Pfizer 7.2% 15/03/2039	1,698,646	1.19
£1,680,000	Procter & Gamble 1.375% 03/05/2025	1,725,632	1.21
£1,080,000	Procter & Gamble 1.8% 03/05/2029	1,160,127	0.81
€1,500,000	Prologis Euro Finance 1.5% 10/09/2049	1,303,216	0.91
\$3,000,000	US Treasury 5.25% 15/02/2029	3,277,516	2.29
\$2,000,000	US Treasury 4.5% 15/08/2039	2,390,098	1.67
\$4,000,000	US Treasury 2.25% 15/08/2046	3,477,055	2.43
\$1,000,000	US Treasury 2.875% 15/11/2046	979,473	0.69
\$3,000,000	US Treasury 3% 15/02/2047	3,008,856	2.10
\$1,375,000	Verizon Communications 6.55% 15/09/2043	1,682,024	1.18
\$1,662,000	Walmart 3.7% 26/06/2028	1,533,437	1.07
£750,000	Wells Fargo 3.5% 12/09/2029	867,541	0.61
£1,500,000	Welltower 4.8% 20/11/2028	1,825,147	1.28
		41,295,836	28.89
	<b>Futures – 0.01% (0.00%)</b>		
(67)	ICF Long Gilt Future December 2019	19,430	0.01
	<b>Forward Foreign Currency Contracts – (0.07%) (0.17%)</b>		
	Bought Euro €448,210: Sold Sterling £406,788	(1,074)	0.00
	Bought Sterling £4,078,484: Sold Euro €4,489,611	14,538	0.01
	Bought Sterling £35,849,028: Sold US Dollar \$43,856,446	(114,207)	(0.08)
		(100,743)	(0.07)
	Total value of investments	142,132,662	99.42
	Net other assets	825,916	0.58
	<b>Net assets</b>	<b>142,958,578</b>	<b>100.00</b>

The figures in brackets show allocations as at 28 February 2019.

\*Represents an unquoted security.

^Represents an unapproved security.

## Portfolio Statement continued

Portfolio split by investment grade <sup>†</sup>	Market value £	% of Total net assets
Investments of investments grade	132,091,932	92.40
Investments below investments grade	6,271,381	4.39
Unrated	3,850,662	2.69
Total Corporate Bonds and Fixed Interest Stocks	142,213,975	99.48
Futures	19,430	0.01
Forward Foreign Currency Contracts	(100,743)	(0.07)
Portfolio of investments	142,132,662	99.42
Net other assets	825,916	0.58
<b>Net assets</b>	<b>142,958,578</b>	<b>100.00</b>

<sup>†</sup>Source: The Composite Rating is created using a methodology developed by Jupiter Asset Management Limited using ratings from various ratings agencies. The Composite Rating is not a credit opinion nor is it a rating issued from a ratings agency, including Standard & Poor's.

Although an S&P rating may be used in Jupiter Asset Management Limited's methodology in creating the Composite Rating, S&P does not sponsor, endorse or promote the Composite Rating. To the extent that the Composite Rating has been created using an S&P rating, such S&P rating was used under license from S&P and S&P reserves all rights with respect to such S&P rating.

## Statement of Total Return

For the six months ended 31 August 2019

	Six months to 31.08.19		Six months to 31.08.18	
	£	£	£	£
Income				
Net capital gains/(losses)		9,807,553		(451,115)
Revenue	2,268,535		2,290,026	
Expenses	(647,900)		(683,314)	
Interest payable and similar charges	(178)		(281)	
Net revenue before taxation	1,620,457		1,606,431	
Taxation	–		–	
Net revenue after taxation		1,620,457		1,606,431
<b>Total return before distributions</b>		<b>11,428,010</b>		<b>1,155,316</b>
Distributions		(1,621,781)		(1,606,510)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>9,806,229</b>		<b>(451,194)</b>

## Statement of Change in Net Assets Attributable to Unitholders

For the six months ended 31 August 2019

	Six months to 31.08.19		Six months to 31.08.18	
	£	£	£	£
<b>Opening net assets attributable to unitholders</b>		<b>132,135,158</b>		<b>143,891,009</b>
Amounts receivable on issue of units	11,517,393		4,893,216	
Amounts payable on cancellation of units	(10,688,856)		(10,022,713)	
		828,537		(5,129,497)
Change in net assets attributable to unitholders from investment activities		9,806,229		(451,194)
Retained distribution on accumulation units		188,380		180,935
Unclaimed distributions		274		918
<b>Closing net assets attributable to unitholders</b>		<b>142,958,578</b>		<b>138,492,171</b>

## Balance Sheet

As at 31 August 2019

	31.08.19	28.02.19
	£	£
<b>Assets</b>		
Investments	142,247,943	129,389,274
Current Assets:		
Debtors	3,753,322	6,314,062
Cash and bank balances	2,441,772	10,443,479
Total assets	148,443,037	146,146,815
<b>Liabilities</b>		
Investment liabilities	(115,281)	(366)
Creditors:		
Bank overdrafts	(993,724)	(1,269,643)
Distribution payable	(671,474)	(608,111)
Other creditors	(3,703,980)	(12,133,537)
Total liabilities	(5,484,459)	(14,011,657)
<b>Net assets attributable to unitholders</b>	<b>142,958,578</b>	<b>132,135,158</b>

## Directors' Statement

### Jupiter Corporate Bond Fund

This report has been prepared in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook and Investment Funds Sourcebook where applicable and the Statement of Recommended Practice issued by the Investment Association.

### Directors: Paula Moore, Rupert Corfield

Jupiter Unit Trust Managers Limited  
London  
22 October 2019



## Notes to the Interim Financial Statements

For the six months ended 31 August 2019

### 1. Accounting Policies

The interim financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook. They have been prepared in accordance with FRS 102 and the Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by The Investment Management Association (now referred to as the Investment Association) in May 2014 (the 2014 SORP).

Unless otherwise stated all other accounting policies applied are consistent with those of the annual financial statements for the year ended 28 February 2019 and are described in those financial statements.

### 2. Financial Instruments

In pursuing its investment objectives the Fund holds a number of financial instruments. These comprise securities and other investments, cash balances, short term fixed deposits, bank overdrafts and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable from issues and payable for cancellations and debtors for accrued revenue.

The Fund may enter into derivative transactions, the purpose of which will only be for efficient management of the Fund and not for investment purposes.

The Fund has little exposure to liquidity and cash flow risk. These risks are not significant at current levels. The main risks it faces from its financial instruments are market price, foreign currency, interest rate, credit and counterparty risk. The Manager reviews policies for managing these risk in pursuance of the Investment Objective and Policy as set out on page 2. These risks remain unchanged from the prior year.

Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, Scheme Particulars and in the rules of the Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Manager's Report and Portfolio Statement.

#### Use of Derivatives

The Manager made use of the following derivatives during the period under review:

#### Index Futures

The Manager bought some stock market index futures during the period with the aim of protecting the Fund from the risk of index volatility. This resulted in realised and unrealised losses of £375,724 (31.08.18: £77,107) to the Fund during the period which are included in net capital gains/(losses) on page 12. All contracts were undertaken with UBS AG as counterparty during the period.

#### Forward Foreign Currency Contracts

The Manager made use of forward foreign currency contracts during the period in order to hedge out some of the currency exposure in the Fund. This resulted in realised and unrealised losses of £3,281,385 to the Fund during the period (31.08.18 £3,050,462). All contracts were undertaken with Northern Trust as counterparty during the period.

The underlying exposure for forward currency contracts were as follows:

Counterparty	31.08.19 £	31.08.18 £
Northern Trust	14,538	322,061

All open contracts are shown on page 10.

## Distribution Tables

### For the quarter ended 31 May 2019

#### Distribution in pence per unit

Group 1: units purchased prior to 1 March 2019

Group 2: units purchased on or after 1 March 2019 to 31 May 2019

	Income	Equalisation	Distribution paid 31.07.19	Distribution paid 31.07.18
<b>Retail Income Units</b>				
Group 1	0.3335	–	0.3335	0.2485
Group 2	0.0692	0.2643	0.3335	0.2485

	Income	Equalisation	Distribution accumulated 31.07.19	Distribution accumulated 31.07.18
<b>Retail Accumulation Units</b>				
Group 1	0.3418	–	0.3418	0.2488
Group 2	0.1544	0.1874	0.3418	0.2488

	Income	Equalisation	Distribution paid 31.07.19	Distribution paid 31.07.18
<b>I-Class Income Units</b>				
Group 1	0.4209	–	0.4209	0.3349
Group 2	0.2153	0.2056	0.4209	0.3349

	Income	Equalisation	Distribution accumulated 31.07.19	Distribution accumulated 31.07.18
<b>I-Class Accumulation Units</b>				
Group 1	0.4887	–	0.4887	0.3787
Group 2	0.2634	0.2253	0.4887	0.3787

### All Unit Types

The relevant information required by a corporate unitholder is as follows:

- Franked investment income 0.00%
- Annual payment 100.00%  
(non-foreign element)

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

## Distribution Tables

### For the quarter ended 31 August 2019

#### Distribution in pence per unit

Group 1: units purchased prior to 1 June 2019

Group 2: units purchased on or after 1 June 2019 to 31 August 2019

	Income	Equalisation	Distribution payable 31.10.19	Distribution paid 31.10.18
<b>Retail Income Units</b>				
Group 1	0.2701	–	0.2701	0.3151
Group 2	0.1059	0.1642	0.2701	0.3151

	Income	Equalisation	Distribution to be accumulated 31.10.19	Distribution accumulated 31.10.18
<b>Retail Accumulation Units</b>				
Group 1	0.2781	–	0.2781	0.3176
Group 2	0.1961	0.0820	0.2781	0.3176

	Income	Equalisation	Distribution payable 31.10.19	Distribution paid 31.10.18
<b>I-Class Income Units</b>				
Group 1	0.3602	–	0.3602	0.4014
Group 2	0.1553	0.2049	0.3602	0.4014

	Income	Equalisation	Distribution to be accumulated 31.10.19	Distribution accumulated 31.10.18
<b>I-Class Accumulation Units</b>				
Group 1	0.4212	–	0.4212	0.4567
Group 2	0.1960	0.2252	0.4212	0.4567

### All Unit Types

The relevant information required by a corporate unitholder is as follows:

- Franked investment income 0.00%
- Annual payment 100.00%  
(non-foreign element)

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

## General Information (unaudited)

### Advice to unitholders

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our unitholders to be cautious so that they can protect themselves and spot the warning signs.

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they are only making the offer available to you
- ask you to not tell anyone else about it

You can avoid investment scams by:

- **Rejecting unexpected offers** – Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high risk investment or a scam.
- **Checking the FCA Warning List** – Use the FCA Warning List to check the risks of a potential investment. You can also search to see if the firm is known to be operating without proper FCA authorisation.
- **Getting impartial advice** – Before investing get impartial advice and don't use an adviser from the firm that contacted you.

If you are suspicious, report it

- You can report the firm or scam to the FCA by contacting their Consumer Helpline on **0800 111 6768** or using their online reporting form.
- If you have lost money in a scam, contact **Action Fraud** on **0300 123 2040** or **www.actionfraud.police.uk**

For further helpful information about investment scams and how to avoid them please visit **www.fca.org.uk/scamsmart**

Jupiter continues to monitor developments in the Brexit negotiations and Jupiter's overarching aim is to ensure continuity of its business for all of its clients, and plans are in place to manage risks associated with Brexit, both 'hard' and 'soft'.

### Responsible Stewardship

Jupiter believes that responsible stewardship is an important issue and aims to act in the best interests of all its stakeholders by engaging with the companies that it invests in, and by exercising its voting rights with care. We believe companies with high standards of corporate responsibility, governance and sustainable business practices create an appropriate culture to enhance good investment performance. **Jupiter's Corporate Governance and Voting Policy** and its compliance with the **UK Stewardship Code**, together with supporting disclosure reports are available at **www.jupiteram.com**









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