Jupiter European

Fund Research Centre
Recommended

Why we recommend the fund

- This Recommended fund is managed by a team with a rich heritage of investing in European equities. The team members have accumulated an enviable track record together and have demonstrated an ability to manage the portfolio dynamically through the market cycle.
- The investment approach is rigorous and thoughtful. The emphasis upon risk management is particularly noteworthy and the managers work hard to balance the overall risk and return characteristics of the portfolio.
- The managers are always willing to question their assumptions, and they are pro-active in seeking out external inputs. Where their assumptions are challenged, they act swiftly.

Key characteristics and expected outcome

- The managers typically manage the portfolio on a blended style basis, which means that both growth and value stocks will feature. The fund is biased to large-cap companies.
- The fund is constructed in a concentrated fashion as the managers wish to back their best ideas, ensuring that there is always a healthy competition for capital. That said, due attention is paid to industry and stock specific risks to ensure adequate portfolio diversification.
- Indeed, the team's "risk first" approach is a notable feature of the portfolio construction process. The aim is for stock specific risk to be the dominant driver of the outcome (>50% of the tracking error), while factor risks are controlled and limited (c.10% of the tracking error).
- As a large-cap, blended fund, it is ideally suited to investors who are seeking actively managed, core exposure to European ex UK equities.

Risk commentary

The fund's KIID Synthetic Risk and Reward Indicator (SRRI) is 6. This is a regulatory measurement that is, where possible, calculated from the volatility of its weekly performance over a five-year period. A score of 6 means the fund's historic volatility is between 15% and 25%.

The fund's 5-year risk score incorporates a period when it was managed by the previous managers using a different investment process. Based upon the current team's track record at Jupiter and at previous firms, our expectation is that this fund's risk profile will be similar to that of the index over time. This stems from the fund's blended style profile and bias to large-cap companies. Different share classes could have differing SRRI scores.



Key Fund Facts

Inception Date:	31 Jul 1987
Manager(s) Since:	Niall Gallagher (May 25) Chris Legg (May 25) Christopher Sellers (May 25)
Fund Domicile:	United Kingdom
Base Currency:	£ Sterling
Fund Benchmark:	FTSE World Europe ex UK
IA Sector:	Europe excluding UK

Formal documentation, including the fund prospectus and the KIID, should be sought directly from the asset manager. A link to the asset manager's website can be found on the relevant fund page at fundresearchcentre.co.uk.

Fund Snapshot

A high conviction, stock-picking European equity fund that blends rigorous fundamental analysis with strong risk controls. The fund is managed dynamically, with a constant drive to include the best ideas in the portfolio. Within its sector, the fund features in our 'Larger-Cap, Blend' category.

Investment Team

Niall Gallagher joined Jupiter as lead manager of the fund in May 2025. Prior to this, he led GAM's European Equities franchise between 2009 and 2024. Earlier in his career, he worked as a European equity fund manager at T. Rowe Price and BlackRock. He is supported by fellow investment managers, Christopher Sellers and Chris Legg, who both worked with him at GAM Investments.

Investment Philosophy

The managers invest on the basis that companies that generate superior returns on capital employed, and allocate capital efficiently, will outperform over the medium term. Therefore, they seek out companies where the returns on the capital employed exceeds the cost of capital on a consistent basis. These companies should then be capable of generating attractive long-term returns for shareholders. Equally, they strive to avoid companies that deploy capital poorly and therefore experience deteriorating returns over time.

Investment Process

The initial stage of the investment process is designed to identify companies that generate high returns on capital employed and have an above average growth outlook. The team seeks to understand the defensibility of those returns by intensive stock level research. This involves the assessment of both industry and stock level dynamics in terms of the company assessment.

The stock level analysis incorporates a review of historic company returns through the cycle, as well as an assessment of the financial gearing and balance sheet of the business. There is also an assessment of the global competitive position of the firm, as well as a review of potential technological disruption and any material ESG risks within the business. Typically, the team visits the company's management to understand the culture of the business and attitudes towards capital allocation. Significant attention is paid to the success of past capital management decisions. The team builds a detailed financial model for each business under review and generates a discounted cash flow evaluation and a multiples-based assessment of value to generate a sensible fair value range for the stock price. Throughout the process of analysing a stock, extensive use is made of Third Bridge, which is an expert network used to develop preparatory insights on both the company and the industry in which it operates.

The next step is to prioritise the best ideas for the portfolio. Any new idea will be considered in relation to the overall portfolio, with priority given to positions that can be scaled (to at least 1.5% of the portfolio) and that ideally also offer risk diversification benefits. Stocks are sold when there is a change in the operating environment or valuations are deemed excessive.

Portfolio Construction and Risk Controls

The fund features between 30 and 50 holdings and individual stock positions range between 1.5% and 4%. Decisions about position sizes are a function of the risk characteristics of any new investment in relation to the existing portfolio, twinned with the level of fundamental conviction in the potential new holding. The portfolio is constructed with a "risk first" mindset, and the expected tracking error is in the 4-6% range. The decomposition of risk factors is deciphered using multiple models, although the team favours the Bloomberg MAC3 model.

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