Jupiter Strategic Bond

Fund Research Centre
Recommended

Why we recommend the fund

- This Recommended fund is managed by Ariel Bezalel, an experienced fixed income practitioner who leads a small retail fixed income team.
- While the fund has a flexible approach, the manager exhibits pragmatism in implementing strategies that are deemed most appropriate for the prevailing market conditions. This approach reinforces his aim of delivering attractive returns in a risk-aware fashion.
- In keeping with his strong sense of risk, we like the way in which the manager seeks to understand a range of potential outcomes and address them through this dynamic, diversified strategy.

Key characteristics and expected outcome

- The unconstrained approach enables the manager to implement his highest conviction ideas within the context of a diversified portfolio.
- The manager's holistic macro views are married with stock-specific analysis. He aims to avoid overvalued bonds and adjusts aggregate risk according to his broad outlook for the asset class.
- The manager is willing to take a more cautious stance when he has less conviction in market direction. As a result, investors need to be prepared for fallow performance periods when compared to some peers/indices.
- We see this as a good option for investors who are seeking a flexibly-managed and diversified fixed income fund, where all aspects of the fixed income opportunity set are considered.

Risk commentary

The fund's KIID Synthetic Risk and Reward Indicator (SRRI) is 4. 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 4 means the fund's historic volatility is between 5% and 10%.

The fund's risk score is in keeping with the sector. The manager takes advantage of the flexibility of the fund's mandate to shift portfolio allocations according to his market views, so its positioning and risk profile at any point in time can vary. Different share classes could have differing SRRI scores.



Key Fund Facts

Inception Date:	02 June 2008
Manager(s) Since:	Ariel Bezalel (Jun 08) Harry Richards (Jun 19)
Fund Domicile:	United Kingdom
Base Currency:	£ Sterling
Fund Benchmark:	IA £ Strategic Bond
IA Sector:	£ Strategic Bond

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

An unconstrained bond fund, managed flexibly, according to the manager's identification of long-term value. The approach combines the manager's holistic macro views with stock-specific analysis. Within its sector, the fund features in our 'Dynamic' category.

Investment Team

The fund is managed by Ariel Bezalel, Head of Strategy, Fixed Income, and Harry Richards. Mr Bezalel Joined Jupiter in 1997 and has managed this strategy since launch. They are supported by Assistant Fund Manager, Vikram Aggarwal, together with a team of credit analysts.

Investment Philosophy

The manager seeks to expose the portfolio to the most attractive risk-adjusted opportunities, based upon his assessments of top-down factors and value in global bond markets. He deploys a flexible approach, shifting the risk and the balance of the portfolio between income-generating and capital growth opportunities, as befits the prevailing environment. The dynamism of the approach is combined with an awareness of the impact of market volatility on the portfolio and the risk of drawdowns.

Investment Process

The process blends top-down and bottom-up analysis, with an expectation that sector allocation and issuer selection will be more important drivers of returns than yield curve and duration positioning.

The starting point for the process is an assessment of the macro-economic environment, which helps to determine the preferred interest rate sensitivity and maturity profile for the portfolio. The manager analyses a range of economic data points, as well as drawing upon research from third-party sources for help in formulating his views. An appreciation of market technicals is also an important facet of his work. This research generates preferences for different countries and sectors, with the manager seeking to identify situations that he believes offer value and an asymmetric risk / reward payoff.

The selection of individual bonds for the portfolio is undertaken by a dedicated team of analysts and the wider fixed income team. This selection process incorporates industry research, company balance sheet analysis and in-depth credit modelling. Potential buy candidates are those for which their perception of value differs from the market. The manager also considers special situations where there is potential for material upside in the bond price. Throughout this process, there is an emphasis on understanding the risks associated with the manager's central expectations and he seeks to explore these risks and consider trades which could help protect the portfolio.

Portfolio Construction and Risk Controls

Given the absence of a formal benchmark and the flexible nature of the mandate, there are few constraints to which the manager must adhere. Rather, every position in the fund earns its place on the basis of his total return expectations. Aggregate portfolio duration has ranged between 1 year and 6 years over the life of the fund. Portfolio risk assessments are undertaken by the Portfolio Analytics Team (ex-post monthly attribution) and the Investment Risk Team (ex-ante daily risk reporting).

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