

Investment Objective

To produce a high income, increasing at least in line with inflation, from a managed portfolio chiefly invested in UK equities and fixed interest stocks, although with some overseas exposure.

Investment Policy

To invest principally in the UK in high quality companies with above average income and sound prospects.

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.

Performance Record

Percentage change and sector ranking from launch to 31 December 2013

	1 year	3 years	5 years	10 years	Since launch*
Jupiter Income Trust	25.8	34.7	69.0	118.9	1387.1
UK Equity Income sector position	43/96	52/87	64/72	34/53	1/10

Source: FE, Retail Units, bid to bid, net income reinvested.

*Launch date 3 August 1987.

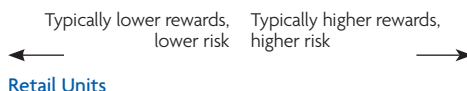
Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in a unit trust and the income from it can fall as well as rise and it may be affected by exchange rate variations. You may get back less than you invested.

Risk Profile

The Trust has little exposure to liquidity, credit, cash flow or counterparty risk. The risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews policies for managing these risks in pursuance of the Investment Objective and Policy.

Risk and reward indicator

The Risk and Reward Indicator table demonstrates where the Trust 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 Trust. The shaded area in the table below shows the Trust's ranking on the Risk and Reward Indicator.



Retail Units

1	2	3	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 Trust is in this category as it invests in a wide range of company shares, which carry a degree of risk.

Unit Classes

In addition to the basic class of units which are available to all types of investors, the Trust 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 Trust they are defined in this report 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 2.

Warning to Unitholders Customers of financial institutions can be prone to attempts by fraudsters to obtain personal information or money. There are many ways they can initiate contact, such as emails, letters and cold calls, but methods are constantly evolving so it is important that you are aware of the types of scams so that you are better able to protect yourself. Please visit our website www.jupiteronline.com or call 0844 620 7600 for further information.

Charges

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

Charges taken from the Fund over the year to:	31.12.13	31.12.12
Ongoing charges for Retail Units	1.70%	1.70%
Ongoing charges for I-Class Units	0.95%	0.95%

Portfolio Turnover Rate (PTR)

Year to 31.12.13	Year to 31.12.12
38.76%	9.80%

The PTR provides an indication of the rate the Manager has bought and sold the underlying assets of the Trust during the period as indicated above. In general, the higher the PTR of a trust, the greater level of portfolio transaction costs will be incurred.

Comparative Tables

Net Asset Values

Date	Net Asset Value of Trust	Net Asset Value per unit			Number of units in issue		
		Retail Income	I-Class Income*	I-Class Accumulation*	Retail Income	I-Class Income*	I-Class Accumulation*
31.12.12	£1,852,379,785	407.65p	415.95p	439.72p	449,308,610	4,991,637	5,279
31.12.13	£2,003,570,877	489.75p	503.64p	557.47p	397,327,852	9,378,480	1,866,257

Unit Price Performance

Calendar Year	Highest offer			Lowest bid		
	Retail Income	I-Class Income*	I-Class Accumulation*	Retail Income	I-Class Income*	I-Class Accumulation*
2009	431.86p	n/a	n/a	292.14p	n/a	n/a
2010	454.11p	n/a	n/a	358.79p	n/a	n/a
2011	463.48p	414.31p	414.31p	361.33p	366.78p	366.78p
2012	450.39p	437.23p	453.06p	390.26p	396.97p	401.09p
2013	526.78p	516.41p	561.48p	412.12p	421.16p	445.25p

Income/Accumulation Record

Calendar Year	Pence per unit		
	Retail Income	I-Class Income*	I-Class Accumulation*
2009	18.64p	n/a	n/a
2010	16.43p	n/a	n/a
2011	18.53p	n/a	n/a
2012	19.04p	14.5504p	14.6515p
2013	21.01p	21.4681p	22.5475p
to 28.02.14	8.47p	8.7032p	9.4096p

*I-Class income and accumulation units were introduced on 19 September 2011.

All of the Trust's expenses are charged to capital. This has had the effect of increasing the distributions paid on an annualised basis on Retail Units by up to 1.70% of the class' average Net Asset Value during the period under review (I-Class Units 0.95%) and constraining the class' capital performance to an equivalent extent.

Distributions/Accumulations

	Final Distributions/Accumulations for six months to 31.12.13	Interim Distributions/Accumulations for six months to 30.06.13
	Pence per unit	
Retail Income units	8.4700	12.8300
I-Class Income units	8.7032	13.1302
I-Class Accumulation units	9.4096	13.8803

Fund Facts

Trust accounting dates		Trust payment/accumulation dates	
30 June	31 December	31 August	28 February

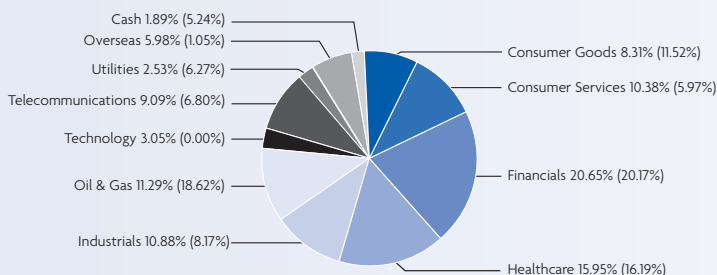
Major Holdings

The top ten holdings at the end of the current year and at the end of the previous year are shown below.

Holding	% of Trust as at 31.12.13	Holding	% of Trust as at 31.12.12
AstraZeneca	7.69	AstraZeneca	8.43
BP	7.00	Royal Dutch Shell 'B'	7.06
Vodafone	5.88	BP	6.85
GlaxoSmithKline	5.71	HSBC Holdings (London listed)	6.07
HSBC Holdings (London listed)	4.10	GlaxoSmithKline	5.91
BAE Systems	3.25	Vodafone	4.34
BT	3.21	Scottish & Southern Energy	3.62
Aviva	3.14	British American Tobacco	3.42
Sage	3.05	Imperial Tobacco	3.16
Wolters Kluwer Certificates	3.01	Ladbrokes	3.02

Portfolio Information

Classification of investments as at 31 December 2013



The figures in brackets show allocations as at 31 December 2012.

The sectors as shown above are based on the Industry Classification Benchmark (see page 4).

Investment Review

Performance Review

For the year ended 31 December 2013 the total return on the units rose by 25.8%* compared with a rise of 20.8%* for the FTSE All-Share Index, which is the Trust's benchmark and a return of 25.2%* in the IMA UK Equity Income Sector. Over three years the Trust has risen 34.7%* compared with a rise of 31.0%* for the same benchmark. The Trust was ranked 43rd out of 96 funds in its universe of comparable funds over one year, 52nd out of 87 funds over 3 years and 64th out of 72 funds over 5 years.

A final distribution of 8.47 pence per unit will be paid to holders of Retail income units on 28 February 2014 bringing the total paid in respect of the period under review for Retail income units of 21.30 pence per unit, compared to 18.52 pence per unit for the same period last year. Also, for holders of I-Class income units a final distribution of 8.7032 pence per unit will be paid on

28 February 2014 (I-Class accumulation units 9.4096 pence per unit) bringing the total paid in respect of the period under review for I-Class income units of 21.8334 pence per unit (I-Class accumulation units 23.2899 pence per unit), compared to 18.8182 pence per unit for I-Class income units (I-Class accumulation units 19.2473 pence per unit) for the same period last year.

**Source: FE, Retail Units, bid to bid, net income re-invested.
The statistics disclosed above relate to Retail Units unless otherwise stated.*

Market and Policy Review

The stock market rallied during the period due to improving economic data in the US and UK, and a stabilisation in the Eurozone. This, combined with unprecedented central bank liquidity, led to a strong year for the stock market. Economic growth slowed in China and other emerging market countries but this was

not enough to offset the positive news elsewhere. It is difficult to know whether it is the better economic news or the abundant liquidity that is the main cause of the rise in the stock market.

I am looking to purchase a diversified list of statistically cheap stocks. This is achieved by using two value based screens to search the market and then analysing the individual characteristics of the company. These characteristics are around the ability of the company to generate cash as opposed to profits, the margin of safety in the valuation and the ability of the balance sheet to cope with unanticipated events. Importantly, the investment process concentrates on measuring value and not on forecasting the future earnings of a company or those of economies or interest rates. Of particular note were the new positions in Aviva, Cobham, De La Rue, Hewlett-Packard, Legal & General, National Express, Pearson, Reed Elsevier, Sage, Tate & Lyle, Wolters Kluwer. These were funded by the sale of a substantial number of holdings of which the main sales were AMEC, British American Tobacco, Beazley, BG, Bayer, HSBC, IMI, Investec, Intermediate Capital, Royal Dutch Shell, SAB Miller, SSE and Sainsbury.

The Trust has witnessed substantial change this year. However, looking forward the portfolio turnover will fall back to a much lower level as has been evidenced by funds I have managed.

Investment Outlook

According to the Graham and Dodd value screen less than 20% of the top 250 companies trade on less than 16x ten year average earnings. This is low in relation to history and highlights the lack of value within the stock market using this measure. The Fund is biased towards

the areas of value such as some of the largest companies (BP, GlaxoSmithKline, AstraZeneca), financials (Aviva, HSBC, RBS), defence companies (BAE, Cobham), media stocks (Reed Elsevier, Wolters Kluwer and Pearson) and IT companies (Sage, Hewlett-Packard).

Within the overall stock market there was a very large gap between the valuations accorded to growth stocks (primarily those companies exposed to Asia and Latin America) and value stocks (primarily those exposed to western economies stocks). This gap has closed somewhat over the last nine months and ideas are not so plentiful but the value I think still remains in some of these areas. The caution towards companies primarily exposed towards China (luxury goods, banking, manufacturing, mining etc) remains albeit some of the mining companies are beginning to show up on the Graham & Dodd screens.

Ben Whitmore
Fund Manager

■ 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.jupiteronline.com

This document is a short report of the Jupiter Income Trust for the year ended 31 December 2013. The full Report and Accounts of the Trust is available on our website www.jupiteronline.com or upon written request to Jupiter Unit Trust Managers Limited, PO Box 10666, Chelmsford CM99 2BG.

The information in this report is designed to enable you to make an informed judgement on the activities of the Trust during the year it covers and the results of those activities at the end of the year.

This document contains information based on the FTSE All-Share Index and the Industry Classification Benchmark (ICB). 'FTSE®' is a trade mark owned by the London Stock Exchange Plc and is used by FTSE International Limited ('FTSE') under licence. The FTSE All-Share Index is calculated by FTSE. FTSE does not sponsor, endorse or promote the product referred to in this document and is not in any way connected to it and does not accept any liability in relation to its issue, operation and trading. All copyright and database rights in the index values and constituent list vest in FTSE. The ICB is a product of FTSE and all intellectual property rights in and to ICB vest in FTSE. Jupiter Asset Management Limited has been licensed by FTSE to use ICB. FTSE and its licensors do not accept liability to any person for any loss or damage arising out of any error or omission in ICB.

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