

Jupiter Merlin Growth Portfolio

Short Annual Report – for the year ended 31 August 2013



Investment Objective

To achieve long-term capital growth.

Investment Policy

To invest predominantly in unit trusts, OEIC's, Exchange Traded Funds and other collective investment schemes across several management groups. The underlying funds invest in international equities, fixed interest stocks, commodities and property with a core in the UK.

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
1 May 1997 to 31 August 2013

	1 year	3 years	5 years	10 years	Since 1 May 1997*
Jupiter Merlin Growth Portfolio	13.8	29.9	44.5	154.7	257.6
Flexible Investment sector position	76/128	52/107	11/94	4/52	1/19

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

*The Jupiter Merlin Growth Portfolio was managed by John Chatfeild-Roberts and his team at Lazard from 1 May 1997 until March 2001. In March 2002 the management of the Fund was fully transferred to Jupiter Unit Trust Managers Limited under the same management team.

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 Fund has little exposure to liquidity, credit, counterparty or cash flow 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 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.

As at 31.08.13

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

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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As at 31.08.12

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

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 Fund 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 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 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 Fund, 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:	31.08.13	31.08.12
Ongoing charges for Retail Units	2.49%	2.56%
Ongoing charges for I-Class Units	1.74%	1.81%

Portfolio Turnover Rate (PTR)

Year to 31.08.13	Year to 31.08.12
59.57%	20.41%

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

Comparative Tables

Net Asset Values

Date	Net Asset Value of Fund	Net Asset Value per unit				Number of units in issue			
		Retail Income	Retail Accumulation	I-Class Income*	I-Class Accumulation**	Retail Income	Retail Accumulation	I-Class Income*	I-Class Accumulation**
31.08.12	£1,665,975,325	234.89p	241.63p	n/a	243.29p	63,735,863	627,091,469	n/a	426,807
31.08.13	£1,876,584,692	267.28p	274.95p	278.19p	278.93p	59,888,038	594,815,423	3,156,478	25,912,238

Unit Price Performance

Calendar Year	Highest offer				Lowest bid			
	Retail Income	Retail Accumulation	I-Class Income*	I-Class Accumulation**	Retail Income	Retail Accumulation	I-Class Income*	I-Class Accumulation**
2008	210.83p	215.65p	n/a	n/a	143.58p	147.31p	n/a	n/a
2009	212.05p	218.14p	n/a	n/a	147.16p	151.28p	n/a	n/a
2010	251.87p	259.09p	n/a	n/a	191.75p	197.25p	n/a	n/a
2011	253.01p	260.27p	n/a	234.67p	209.45p	215.46p	n/a	216.82p
2012	254.70p	262.00p	250.37p	250.40p	220.55p	226.88p	241.70p	227.95p
to 31.08.13	297.69p	306.24p	294.00p	294.50p	241.52p	248.45p	250.78p	250.79p

Income/Accumulation Record

Calendar Year	Pence per unit			
	Retail Income	Retail Accumulation	I-Class Income*	I-Class Accumulation**
2008	0.5700p	0.5833p	n/a	n/a
2009	0.4100p	0.4207p	n/a	n/a
2010	0.0000p	0.0000p	n/a	n/a
2011	0.0000p	0.0000p	n/a	n/a
2012	0.0000p	0.0000p	n/a	0.7670p
to 31.10.13	0.0000p	0.0000p	0.7054p	0.7285p

*I-Class income units were introduced on 29 October 2012.

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

Distributions/Accumulations

	Interim Distributions/Accumulation for six months to 28.02.13	Final Distributions/Accumulation for six months to 31.08.13
	Pence per unit	
Retail Income units	0.0000	0.0000
Retail Accumulation units	0.0000	0.0000
I-Class Income units	0.4322	0.2732
I-Class Accumulation units	0.4537	0.2748

Fund Facts

Fund accounting dates		Fund payment/accumulation dates	
28 February	31 August	30 April	31 October

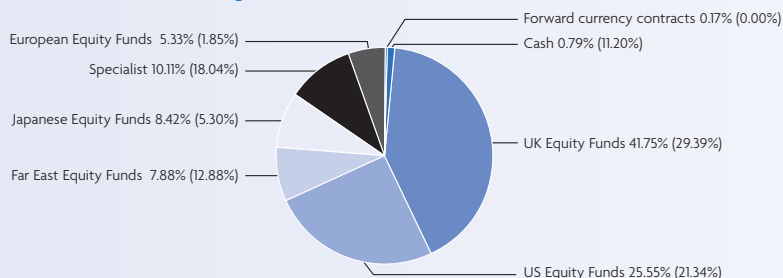
Portfolio Holdings

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

Holding	% of Fund 31.08.13	Holding	% of Fund as at 31.08.12
Findlay Park American Fund	17.43	Findlay Park American Fund	15.33
Cazenove UK Opportunities Income Fund	11.72	First State Asia Pacific Leaders Fund	12.88
Invesco Perpetual Income Fund	10.62	Invesco Perpetual Income Fund	10.35
Jupiter UK Special Situations Fund	9.38	M&G Recovery Fund	9.53
First State Asia Pacific Leaders Fund	7.88	ETFS Physical Gold	7.03
AXA Framlington UK Select Opportunities Fund	5.65	Jupiter UK Special Situations Fund	6.22
ETFS Physical Gold	5.34	Findlay Park Latin American Fund	4.52
Threadneedle European Select Fund	5.33	Jupiter North American Income Fund	3.91
CF Morant Wright Japan Fund	4.92	Jupiter Japan Income Fund	3.33
Findlay Park Latin American Fund	4.77	AXA Framlington UK Select Opportunities Fund	3.29
Jupiter Growth & Income Fund	4.38	BlackRock - World Energy Fund	2.41
Jupiter North American Income Fund	4.17	AXA Framlington American Growth Fund	2.10
Hermes US SMID Equity Fund	3.95	Henderson Global Technology Fund	2.08
Jupiter Japan Income Fund	3.50	Morgan Stanley Global Brands Fund	2.00
		Threadneedle European Select Fund	1.85

Portfolio Information

Classification of investments as at 31 August 2013



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

Investment Review

Performance Review

For the year ended 31 August 2013, the total return on the units was 13.8%*, compared to 15.2%* for the FTSE APCIMS Growth Index and 13.8%* for the IMA Flexible Investment sector average in sterling terms. The Fund was ranked 76th out of 128 funds over one year, 52nd out of 107 funds over 3 years, 11th out of 94 funds over 5 years, 4th out of 52 funds over 10 years and 1st out of 19 funds since 1 May 1997 in the IMA Flexible Investment sector*. This means that the Fund has achieved top quartile performance over five and ten years and since 1 May 1997, all achieved by the current fund management team.

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

Market Review

Markets in aggregate rose strongly during the final few months of 2012 and carried this momentum into 2013, making a short term peak in March before rallying again until late May. Since this point gyrations have curbed capital returns. Much of this volatility has surrounded the US Federal Reserve's (FED) plans to curb its monthly injections of further quantitative easing (QE), its initial comments stimulating falls, but the subsequent downplaying of previous statements resulted in the markets' relief rally.

The key development in markets in the last six months has been the marked underperformance of the emerging world relative to that of the developed. As developed market economies have picked up momentum from a low base, a cyclical slowdown has simultaneously hit these emerging

regions, resulting in capital flight and deteriorating fundamentals. Whether these areas are likely to be the real losers when the FED finally tapers QE is still uncertain, but if this is the case, it will result in global reverberations.

Policy Review

Having held a reasonable allocation to cash a year ago, we deployed this into our core holdings in the major Western equity markets in September. However, the portfolio underperformed its benchmark due to a lack of cyclicality as equity markets rose strongly from mid-November. Coming into the close of 2012, we reorganised our UK equity holdings, reducing our exposure to specialist resources and AIM listed stocks, reinvesting in more mainstream large and mid-cap companies through two new funds for the portfolio, the Jupiter Growth & Income and the Cazenove UK Opportunities funds, which both take a pragmatic approach to investment.

The portfolio performed strongly during the first few months of 2013, regaining the lost ground of the fourth quarter of 2012 as more defensive sectors caught up the lost ground. Our bias to equities also helped boost performance. During March and April we moved our US growth holding into the value conscious Hermes US SMID equity Fund and closed out, at a profit, the partial US Dollar hedge that we had held in the portfolio since February. We also chose to hedge out our Yen exposure, as we viewed the recent policy measures taken in Japan as likely to be positive for the equity market but negative for the Yen. To that end, we reduced our Asian equity weighting somewhat in May, allowing us to increase our exposure to Japanese equities.

The portfolio underperformed its index from the middle of April as our weighting towards the slowing Asian and emerging markets weighed on performance and our bias to the US dollar was a detriment as sterling appreciated materially. In July, we trimmed a number of our overseas exposures and redeemed our holding in a specialist consumer staples-orientated fund which had performed strongly since our purchase a year earlier, using this capital to increase our weighting to the Cazenove UK Opportunities Fund.

Investment Outlook

It is fairly clear that we are close to, maybe even beyond, an inflection point in a number of global themes that have been in place for many years, if not decades. Primarily, the economic world has benefitted for over 25 years from a disinflationary tailwind resulting in a trend of declining interest rates. With interest rates at effectively zero in the Western world and Japan, they can fall no further. This is not to say that interest rates are in imminent danger of rising, but declining interest rates and potentially falling bond yields are a thing of the past. As the prospect for further developed world monetary intervention wanes, this fundamental change in the macro economic backdrop should make all investors sit up and challenge their past assumptions.

In this ever changing world, where long term trends fade and flourish, we believe active asset allocation and pragmatic investment principles are critical to capture the strongest investment themes and avoid the mean-reversion of yesterday's winners. Thus, flanked by our underlying fund managers who have similar long term philosophies, we stand ready to face the challenges and embrace the opportunities of the future.

**John Chatfield-Roberts, Peter Lawery and
Algy Smith-Maxwell**
Fund Managers

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 Merlin Growth Portfolio for the year ended 31 August 2013. The full Report and Accounts of the Fund 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 Fund during the year it covers and the results of those activities at the end of the year.

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