Jupiter **Merlin Worldwide Portfolio**

Short Annual Report – for the year ended 31 May 2013

JUPITER

Investment Objective

To achieve long-term capital growth.

Investment Policy

To invest predominantly in unit trusts, OEICs, 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.

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 May 2013

	1 year	3 years	5 years	10 years	Since 1 May 1997*
Jupiter Merlin Worldwide Portfolio	22.1	25.9	35.8	187.1	248.8
Global sector position	206/242	170/211	71/183	17/111	7/55

Source: FE, Retail Units, bid to bid, net income reinvested.
**The Jupiter Merlin Worldwide 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 main 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.

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

Retail Units

1	2	3	4	5	**6**	7

I-Class Units

1	2	3	4	5	**6**	7

- 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.

I-Class Units

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. They include the costs (less any rebates) incurred by the underlying funds held during the period.

Charges taken from the Fund over the year to:	31.05.13	31.05.12
Ongoing charges for Retail Units	2.58%	2.57%
Ongoing charges for I-Class Units	1.83%	1.82%

Portfolio Turnover Rate (PTR)

Year to 31.05.13	Year to 31.05.12
95.61%	-4.42%

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.

Distributions/Accumulation

There was insufficient income to make a distribution or accumulation in respect of the period under review.

Fund Facts

Fund accounting dates		Fund payment/ accumulation date	
31 May	30 November	31 July	–

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*
31.05.12	£741,175,588	167.05p	167.05p	n/a	167.94p	56,844,134	386,804,729	n/a	39,939
31.05.13	£866,352,312	203.83p	203.83p	206.33p	206.37p	51,409,907	363,033,519	1,915,591	8,543,569

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	161.45p	161.45p	n/a	n/a	105.49p	105.49p	n/a	n/a
2009	160.85p	160.85p	n/a	n/a	111.14p	111.14p	n/a	n/a
2010	194.17p	194.17p	n/a	n/a	144.49p	144.49p	n/a	n/a
2011	194.49p	194.49p	n/a	171.16p	156.78p	156.78p	n/a	157.53p
2012	191.71p	191.71p	180.32p	182.81p	163.70p	163.70p	174.19p	164.54p
to 31.05.13	222.13p	222.13p	213.59p	213.62p	178.64p	178.64p	180.35p	180.35p

Income/Accumulation Record

Calendar Year	Pencer per unit			
	Retail Income	Retail Accumulation	I-Class Income**	I-Class Accumulation*
2008	0.00p	0.00p	n/a	n/a
2009	0.00p	0.00p	n/a	n/a
2010	0.00p	0.00p	n/a	n/a
2011	0.00p	0.00p	n/a	n/a
2012	0.00p	0.00p	0.00p	0.00p
to 31.07.13	0.00p	0.00p	0.00p	0.00p

*I-Class accumulation units were introduced on 19 September 2011.
**I-Class income units were introduced on 29 October 2012.

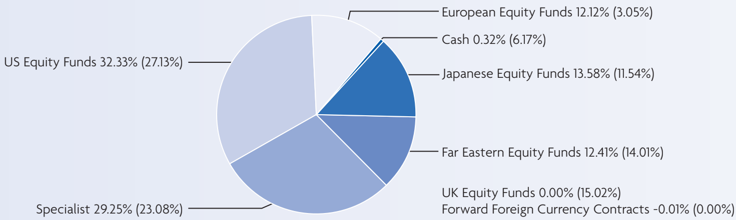
Major Holdings

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

Holding	% of Fund as at 31.05.13	Holding	% of Fund as at 31.05.12
Findlay Park American Fund	22.81	Findlay Park American Fund	18.16
Fundsmith Equity Fund	13.16	Invesco Perpetual High Income Fund	15.02
First State Asia Pacific Leaders 'B' Fund	12.41	First State Asia Pacific Leaders 'B' Fund	14.01
Threadneedle European Select Fund	10.52	ETFS Physical Gold	7.13
Jupiter Global Fund – Japan Select	10.33	Guinness Global Energy Fund	5.94
Findlay Park Latin American Fund	8.75	GLG International Japan CoreAlpha Fund	5.45
BlackRock Gold & General Fund	5.18	Jupiter Global Fund – Japan Select	4.83
Jupiter Global Fund – North American	4.82	AXA Framlington American Growth Fund	4.70
Hermes US SMID Equity Fund	4.70	Findlay Park Latin American Fund	4.41
CF Morant Wright Japan Fund	3.25	Jupiter Global Fund – North American	4.27

Portfolio Information

Classification of investments as at 31 May 2013



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

Investment Review

Performance Review

For the year to 31 May 2013, the total return on the units was 22.1%*, compared to 29.4%* for the FTSE World Index and 27.8%* for the IMA Global sector average. The Portfolio was ranked 206th out of 242 funds over 1 year, 170th out of 211 funds over 3 years, 71st out of 183 funds over 5 years, 17th out of 111 funds over 10 years and 7th out of 55 funds since 1 May 1997 in the IMA Global sector*. The Portfolio is second quartile over 5 years and first quartile over 10 years and since 1 May 1997 in its sector*.

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

Market Review

Since Greece caught the eye of the wary global investor in 2010, Europe has been fire fighting. Trying to produce a plausible and structured response to banking and sovereign risks is difficult enough for single sovereign states, but fold in nationalistic tendencies, cultural differences and a sprinkle of deep-seated historical animosity, and achieving any sort of agreement within the 17 Eurozone states was always going to be challenging. This resulted in previously insured Cypriot depositors almost being forced to help foot the bill to recapitalise their ailing banks, immediately making a Euro held by a northern European bank safer and thus more valuable, than a Euro held by a southern counterpart, a perfect way to initiate capital flight from already embattled southern European banks. So far, printing money has papered over some colossal structural and economic problems in Europe and this action has bought time for politicians to implement meaningful and beneficial change. On the whole, we believe that this time has been wasted. In our view, literally anything could happen in Europe; until the structural inefficiencies are tackled, we believe European economic growth is at best going to be sporadic.

The most dramatic moves during the year were seen in Japan, where enthusiasm to rid themselves of the zero growth, deflationary spiral that has gripped their nation for over twenty years, produced a landslide victory for Shinzo Abe with his pro-growth, inflationary agenda. In the new Bank of Japan governor, Haruhiko Kuroda, Prime Minister Abe has found a kindred spirit. In his first meeting in charge of the Bank of Japan, Kuroda exceeded market expectations, planning to massively increase Japan's quantitative easing efforts. This has the potential to return the world's third largest economy to growth after years in the doldrums, but may create an inflationary spiral that could dwarf their current issues. Their markets had been in optimistic mood since November, with the Yen tumbling against the other major world currencies, but jitters surrounding potential US monetary tightening resulted in shares giving back some of their gains at the end of May.

Policy Review

During the second half of 2012, we cut our direct exposure to energy and UK equities and trimmed our exposure to Japanese equities, which transpired to be ill-timed. We added to our holdings in Asian, European, Latin American and Global equities, the European and Global equities being via two new funds for the Portfolio, Threadneedle European Select Fund and Fundsmith Equity Fund. Both funds tend to focus on investing in multi-national, large cap, consistent-earnings growth companies, those which led the strong rally during the first five months of 2013.

In January we switched our technology-related equities into Latin America due to our positive view on the domestically-orientated growth that we foresee in this region.

In March we increased our Japanese weighting as its equity market continued to appreciate strongly and moved our US growth holding into the Hermes US SMID Equity Fund. The managers of this fund impressed us with their value conscious style, our investment being further backed by our conviction in the growth opportunity in smaller capitalisation US equities in the resurgent US economy.

In April we reduced our Asia weighting, allowing us to increase our exposure to Japan and chose to hedge the yen exposure of our Japanese holdings, as we deemed the recent policy measures taken in Japan as likely to be positive for the equity market but negative for the yen.

Finally, in May, we switched our physical gold ETF into the Blackrock Gold & General Fund to gain exposure to large cap gold miners, as its shares had been sold off dramatically relative to the gold price and global equities more generally. We believe this fund has the potential to provide geared returns on any gold price recovery.

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 twenty-five 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, although in recession-hit Europe there is certainly scope for interest rates to go negative in the not too distant future. With the tidal waves of money printing battering the shores of every country around the world, inflation is a present danger. This is not to say that interest rates are in imminent danger of rising, and bond yields following suit, as financial repression has so far kept these constrained, but declining interest rates are a thing of the past. The distortions created by Western monetary policy, mimicked by many emerging markets via mercantilist currency manipulation, have seen all boats rise. As the benefits of continued monetary intervention wane, we may soon discover which are seaworthy.

Beyond our European shores, the fate of three countries will likely define the world's fortune, Japan, the US and China. In China, a nation that has thrived from being the outsourcing capital of the world, one quote suffices to highlight the current situation. "From 2000 to 2010, wages in the Yangtze Delta, a manufacturing hotbed, jumped from 72 cents an hour to $8.62*". It is thus immediately apparent why the new Chinese leadership is so keen to re-orientate their economy towards a more domestically-biased one; their labour cost advantage has clearly gone. What Japan (or more specifically the yen) does from here, is the key for many export-orientated economies in both the developed and emerging worlds. How do you compete with superior Japanese exports that are becoming more competitively priced by the day? And finally the US, the ultimate export destination, is not out of the woods yet, but she has cleansed many of her past ills. America is growing, but the cheap and available labour force, the potentially plentiful supply of energy (if indeed their shale reserves are the bonanza that many hope) and falling input costs, will be crucial for momentum to build.

The world we are faced with is one where manipulation abounds, bond yields are extremely low, cash pays nothing and inflation concerns lurk around the corner. Once you consider the undoubtedly huge cash piles sitting on the side lines and the thirst for both yield and real return from investors around the globe, then one could create a pretty bullish view for equities. The flows that we have seen into equities over the last year may be but the tip of the iceberg. If the macro-economic picture was a little clearer, then the next twelve months could be quite a solid year for equities.

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.

**Quote Source: originally from Reuters, via Cornerstone Macro, May 9 2013*

John Chatfeild-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 Worldwide Portfolio for the year ended 31 May 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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