Jupiter **North American Income Fund**

Short Annual Report – for the year ended 31 July 2013

JUPITER

Investment Objective

To achieve long-term capital growth and income by investing primarily in North American securities.

Investment Policy

To invest primarily in North American 'blue-chip' companies.

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 July 2013

	1 year	3 years	5 years	10 years	Since launch*
Jupiter North American Income Fund	28.0	60.1	86.6	134.8	91.3
North American sector position	47/100	33/90	17/78	5/53	24/38

Source: FE, Retail income units, bid to bid, net income reinvested.
**Launch date 7 September 1998.*
With effect from 8 May 2007 the Fund's objective changed to include the provision of income and its current name and objective reflects this change. Also with effect from 1 August 2007 charges have been taken from capital which will increase income but constrain capital growth.

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, counterparty or cash flow risk. The risks it faces from its financial instruments are market price, credit, 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.

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:	31.07.13	31.07.12
Ongoing charges for Retail Units	1.79%	1.79%
Ongoing charges for I-Class Units	1.04%	1.04%

Portfolio Turnover Rate (PTR)

Year to 31.07.13	Year to 31.07.12
-0.16%	-1.71%

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/Accumulations

	Interim Distributions/ Accumulations for the six months to 31.01.13	Final Distributions/ Accumulations for the six months to 31.07.13
	Pence per unit	
Retail Income units	0.6393	0.6210
Retail Accumulation units	0.6979	0.6839
I-Class Income units	0.6466	0.6293
I-Class Accumulation units	0.6992	0.6936

Fund Facts

Fund accounting dates		Fund payment/ accumulation dates	
31 January	31 July	31 March	30 September

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*
31.07.12	£373,575,887	65.05p	71.00p	65.58p	71.41p	406,438,520	151,380,313	2,601,699	1,502
31.07.13	£502,420,340	81.97p	90.93p	83.26p	92.15p	364,745,385	171,941,157	27,597,954	26,163,245

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	56.56p	57.49p	n/a	n/a	40.36p	41.12p	n/a	n/a
2009	57.66p	59.83p	n/a	n/a	38.71p	39.83p	n/a	n/a
2010	65.41p	68.91p	n/a	n/a	50.92p	53.66p	n/a	n/a
2011	67.81p	72.08p	62.17p	66.62p	51.85p	55.56p	54.87p	58.80p
2012	71.18p	77.68p	68.41p	74.50p	61.04p	65.41p	61.18p	65.56p
to 31.07.13	87.71p	96.58p	84.66p	93.00p	66.24p	72.30p	67.06p	73.01p

Income/Accumulation Record

Calendar Year	Pencer per unit			
	Retail Income	Retail Accumulation	I-Class Income*	I-Class Accumulation*
2008	0.8900p	0.8940p	n/a	n/a
2009	0.8500p	0.8723p	n/a	n/a
2010	0.8200p	0.8540p	n/a	n/a
2011	1.0105p	1.0695p	n/a	n/a
2012	1.1856p	1.2765p	1.0569p	1.1343p
to 30.09.13	1.2603p	1.3818p	1.2759p	1.3928p

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

All of the Fund'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 1.79% of the class' average Net Asset Value during the period under review (I-Class Units 1.04%) and constraining the class' capital performance to an equivalent extent.

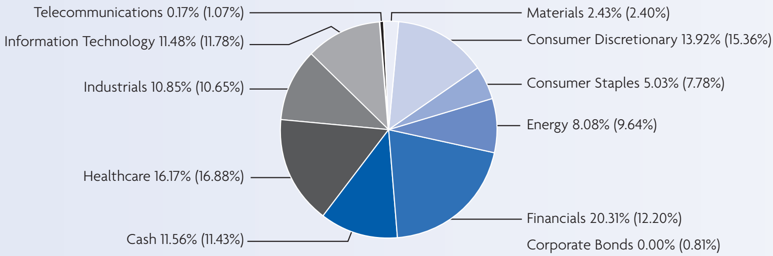
Major Holdings

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 31.07.13	Holding	% of Fund as at 31.07.12
Bank of America	3.37	Chevron	3.54
Johnson & Johnson	3.32	Microsoft	3.44
Chevron	2.80	Johnson & Johnson	3.04
Comcast 'A'	2.71	Wal-Mart Stores	3.01
JP Morgan Chase	2.68	Comcast 'A'	2.96
CVS Caremark	2.65	Pfizer	2.92
Microsoft	2.55	CVS Caremark	2.85
Pfizer	2.52	Emerson Electric	2.37
Honeywell International	2.27	Honeywell International	2.32
Cisco Systems	2.19	Tyco International	2.27

Portfolio Information

Classification of investments as at 31 July 2013



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

Investment Review

Performance Review

For the year ended 31 July 2013, the total return on the units was 28.0%* compared to a return of 28.1%* for the IMA North American sector average and 29.2%* for the Fund's benchmark, the S&P 500 Index, in sterling terms. Over five years the total return was 86.6%* compared to 74.4%* for the sector average and 94.3%* for the benchmark. Over ten years, the total return was 134.8%* compared to 93.8%* for the sector average and 121.4%* for the benchmark. The Fund was ranked 47th out of 100 funds over the year, 17th out of 78 funds over 5 years and 5th out of 53 funds over ten years in the IMA North American sector.

A final distribution of 0.6210 pence per unit will be paid to holders of Retail income units on 30 September 2013 (Retail accumulation units 0.6839 pence per unit), bringing the total distributions paid in respect of the year under review to 1.2603 pence per unit for Retail income units (Retail accumulation units 1.3818 pence per unit) compared to 1.1856 pence per unit for Retail income units (Retail accumulation units 1.2765 pence per unit) paid in respect of the same period last year. Also, a final distribution of 0.6293 pence per unit will be paid to holders of I-Class income units on 30 September 2013 (I-Class accumulation units 0.6936 pence per unit), bringing the total distributions paid in respect of the year under review for holders of I-Class income units to 1.2759 pence per unit (I-Class accumulation units 1.3928 pence per unit).

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

Market Review

US equities performed strongly during the year under review, supported by the Federal Reserve introducing the third round of its quantitative easing (QE3) in September 2012. Ironically, the market became volatile following the introduction, as investors became more concerned about the presidential election and the 'fiscal cliff'.

The 'fiscal cliff' was a term used for large scale tax rises and spending cuts scheduled to come into effect on 1 January 2013 unless the Republicans, who hold the majority in Congress, would agree on a deal to avert this. The US avoided falling off this cliff at the last minute as the Senate passed a deal on New Year's Eve and this triggered strong rallies in early 2013. The US economy also showed increasing signs of recovery with the job and housing markets improving gradually.

US equities continued to rise until the middle of May when volatility returned to the market as comments from US Federal Reserve Chairman Ben Bernanke raised concerns that the central bank would start tapering its QE programme soon. However, US equities rose again, ending the period at around the highest level on record, after Bernanke's further comments eased these concerns. Economic news flow in general continued to improve, with the consumer sector remaining relatively resilient, although the job market recovered only very slowly on the back of patchy improvement in manufacturing. The S&P 500 Index gained 29.2% over the year under review.

Policy Review

The Fund returned 28.1% over the year, performing broadly in line with its peer group, despite the detrimental effect of our overweight position in cash. Our holdings in gold miners Newmont Mining and Yamana Gold also detracted from performance as the gold price fell during the year.

However, our underweight stance and stock selection in the technology and oil sectors both contributed positively to performance during the year. Among technology shares, not holding Apple proved positive for performance as the stock fell on concerns about weakening demand, while our holdings in communications equipment maker Cisco Systems outperformed on the back of strong earnings growth. In the oil sector, not holding Exxon Mobil was positive, while our holdings in refiner Phillips 66 and explorer Hess whose earnings are being boosted by sales of its assets performed well.

Stock selection was also positive in the financial and consumer services sectors. Within the financial sector, our holdings in Bank of America, Citigroup and life assurer Lincoln National made significant contributions to performance. Among our consumer services holdings, food retailer Kroger and cable/satellite TV providers Comcast and Dish Network outperformed, benefiting from a recovery in the domestic economy.

In terms of transactions, further signs of stability in the housing market led us to increase exposure to the financial sector in the first half of the period, adding to our holdings in Citigroup and Bank of America. In the latter half of the period, as the market rose to record levels, we increased the Fund's cash level again, locking in profits in our holdings, such as Phillips 66, Krispy Kreme Doughnuts and Yum! Brands, that had performed strongly. We also sold our holding in mobile network operator Sprint as it was acquired by Japan's Softbank.

Investment Outlook

The US economy continues to recover with private sector impulse being felt in a way that has been largely absent for much of the past seven years. The main drivers of this continuing recovery have been areas such as housing and manufacturing. With the former, the US has for some time seen fewer homes built than being necessary to cater for long-term household formation and this has set the stage for a housing recovery by helping absorb excess inventory.

With manufacturing, the US shed jobs for years as companies relocated their production to countries like China. However, the tide looks to have turned and US manufacturing is seeing something of a renaissance. Much of this is owing to big pay increases for Chinese workers in the past decade, while US unit labour costs have scarcely changed over the same period. Helped also by its shale energy boom and the economy is seeing home prices rise, unemployment claims hit new cycle lows and the fiscal deficit shrink as tax revenues recover.

This however comes against the backdrop of financial repression as central banks use extreme policy levers to fulfil their goals of growth in activity and employment (price stability remains a distant runner up in this respect). Such has the market's focus gotten that Federal Reserve policy has almost supplanted fundamentals as the narrative for equity markets. However with growing employment and a steepening yield curve, the artificial support the world has gotten used to keeping rates on US Treasuries at extremely low levels will ultimately draw to a close. As Warren Buffett remarked, that process of normalising monetary policy will be the shot heard around the world. So while the recovery is likely to continue, equities sitting at record highs may face some volatility as the long awaited taper of QE gets under way. This makes it all the more important to focus on valuation as a margin of safety and explains our relatively defensive positioning.

Sebastian Radcliffe
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 North American Income Fund for the year ended 31 July 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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