Jupiter **Emerging European Opportunities Fund**

Short Annual Report – for the year ended 30 June 2013

JUPITER

Investment Objective

To achieve long-term capital growth through investment primarily in Central and Eastern Europe.

Investment Policy

The scheme will invest primarily in companies which operate or reside in Central or Eastern Europe including Russia, the Baltic States, all other member states of the former USSR and Turkey. The scheme may also invest in shares in investment trusts and other closed or (to the extent permitted by the Regulations) open ended funds which are themselves dedicated to investments in the markets and countries listed above. The scheme shall be free to invest in companies which are established in countries outside those identified above which, in the Manager's opinion, conduct a material proportion of their business(es) in one or more of those countries and, in any event, the scheme shall be permitted to invest an aggregate of up to 10 per cent of its total assets at the time of investment in companies which do not necessarily conduct a material proportion of their business(es) in one or more of those countries but which reside in Israel, Uzbekistan, Turkmenistan, Tajikistan and Kyrgyzstan.

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 benchmark comparison from launch to 30 June 2013

	1 year	3 years	5 years	10 years	Since launch*
Jupiter Emerging European Opportunities Fund	9.3	-7.6	-30.0	201.5	292.0
MSCI Emerging Markets Europe 10/40 Index	9.4	11.9	-5.1	270.2	404.6

Source: FE, Retail Units, bid to bid, net income reinvested.
**Launch date 16 September 2002.*
Due to the diverse nature of the funds in the Specialist sector, sector rankings will not be shown.

Risk Profile

The Fund has little exposure to credit, counterparty or cash flow risk. The risks it faces from its financial instruments are liquidity, market price, foreign currency and interest rate risk. The Manager reviews policies for managing these risks in pursuance of the Investment Objective and Policy. It should also be borne in mind that there are particular risks associated with the less developed nature of the markets that the Fund invests in. Fuller details are contained in the Key Investor Information Document.

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.

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.

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.

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 below.

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:	30.06.13	30.06.12
Ongoing charges for Retail Units	1.91%	2.08%
Ongoing charges for I-Class Units	1.16%	1.33%

Portfolio Turnover Rate (PTR)

Year to 30.06.13	Year to 30.06.12
148.29%	104.08%

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.

Accumulations

	Total Accumulation for year to 30.06.13	Total Accumulation for year to 30.06.12
	Pence per unit	
Retail Accumulation units	1.8570	0.0000
I-Class Accumulation units	3.3133	1.5570

Fund Facts

Fund accounting dates		Fund accumulation date	
30 June	31 December	31 August	–

Comparative Tables

Net Asset Values

Date	Net Asset Value of Fund	Net Asset Value per unit		Number of units in issue	
		Retail Accumulation	I-Class Accumulation*	Retail Accumulation	I-Class Accumulation*
30.06.12	£266,676,866	168.93p	169.58p	151,416,822	6,416,552
30.06.13	£239,484,589	186.32p	188.40p	120,459,924	7,987,856

Unit Price Performance

Calendar Year	Highest offer		Lowest bid	
	Retail Accumulation	I-Class Accumulation*	Retail Accumulation	I-Class Accumulation*
2008	305.87p	n/a	98.36p	n/a
2009	218.83p	n/a	97.67p	n/a
2010	257.93p	n/a	194.02p	n/a
2011	265.63p	190.16p	157.51p	157.60p
2012	216.28p	205.76p	157.66p	158.53p
to 30.06.13	229.96p	220.71p	178.47p	180.87p

Accumulation Record (net accumulations)

Calendar Year	Pence per unit	
	Retail Accumulation	I-Class Accumulation*
2008	0.0000p	n/a
2009	0.0000p	n/a
2010	0.0000p	n/a
2011	0.0000p	n/a
2012	0.0000p	1.5570p
to 31.08.13	1.8570p	3.3133p

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

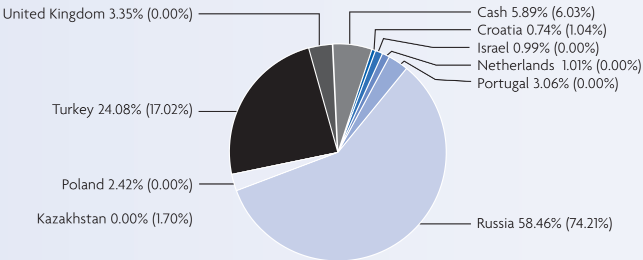
Major Holdings

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 30.06.13	Holding	% of Fund as at 30.06.12
Lukoil ADR	9.26	Lukoil ADR	9.64
Sberbank	8.44	Gazprom	8.55
Garanti Bankasi	6.79	Sberbank	8.37
Synergy	5.15	Garanti Bankasi	5.30
Magnit	4.59	Novatek GDR	4.66
Mobile Telesystems ADR	3.56	Turkiye Halk Bankasi	4.60
Megafon WI GDR	3.47	KOC	4.10
Turkiye Halk Bankasi	3.33	Synergy	3.98
Jeronimo Martins	3.06	Rosneft Oil GDR	3.97
Turkiye Is Bankasi	3.04	Mobile Telesystems ADR	3.93

Portfolio Information

Geographical spread of investments as at 30 June 2013



The figures in brackets show allocations as at 30 June 2012.

Investment Review

Performance Review

In the period under review the value of the Fund increased by 9.3%*, broadly in line with its benchmark MSCI EM Europe 10/40 Index (9.4%)*. Since inception the Fund has returned 292.0%* as opposed to 404.6%* for the index.

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

Market Review

Regional markets performed strongly in the second half of 2012, fuelled by ample liquidity and improving political visibility in developed markets. However, they subsequently gave back some of these gains on mounting expectations of tighter US monetary policy.

The Russian economy grew 3.4% in 2012 due to strong consumer demand, driven by rising wages and record low unemployment (5.2% in May 2013). While the first quarter of 2013 saw a slowdown in GDP (to 1.6%) this partially reflects a high base effect. Russian market returns diverged; a 24% fall in index heavyweight Gazprom produced a distorted picture of low returns for Russian equities (1.6%) even as blue chips such as Sberbank and Lukoil rose by 12-13%.

The Turkish government successfully engineered a soft landing following the rapid economic expansion seen in previous years. Turkey's GDP grew 2.2% in 2012, before accelerating to 3% in the first quarter of 2013. This, along with an increase in the sovereign rating to investment grade, drove the Turkish market up 40% by spring 2013.

However, since the end of May, Turkish equities came under pressure – principally due to demonstrations against Prime Minister Erdogan, whose style of government has become somewhat autocratic following a decade of electoral and economic success. Turkey nevertheless outperformed other regional markets, returning 20% during the period under review.

Central European economies were most affected by the Eurozone slowdown, with export-oriented Hungary and Czech Republic contracting, and Polish growth slowing to 0.5% in the first quarter of 2013, down from 2% in 2012. Following the European Central Bank's liquidity injections, European sovereign bond yields fell, fuelling hopes that the Eurozone crisis would ease. This helped stock markets in Central Europe partially recover (Poland 8.5%, Hungary 13%) during the period under review, from the over 30% losses sustained in the previous year.

Policy Review

The Managers maintained focus on the strongest regional economies – Russia and Turkey. The weighting in Turkey was increased from 17% to a peak of 30% due to attractive valuations and better than expected macro data which suggested upside to earnings estimates. This worked well until late May, when the Turkish market declined on the back of the protests and tightening global liquidity, to which Turkey is sensitive due to its external funding needs. By the end of the period, the Managers had trimmed Turkish exposure to 24% on the view that these factors could continue to affect the market in the short term.

The Managers further increased positions in Russian consumer-oriented companies that pay high dividends or have visible structural earnings growth, at the expense of state-controlled companies operating in extractive industries. The Managers believe that privately-owned firms have better cost control, while companies operating outside the commodity space have greater pricing power and do not face rising extraction taxes. This approach delivered some notable successes. For example, the decision to underweight Gazprom (which fell 24%), while favouring food retailer O'Key (which rose 53%), contributed positively to performance. Similarly, the Fund benefited from avoiding Russian state-owned utilities (which fell by over 30%) while holding overweight positions in dividend-rich Russian telecom providers MTS and Megafon.

The change of government in Russia caused delays to some tenders and project launches, hitting infrastructure construction company Mostotrest, real estate developer Etalon and oil pump producer HMS. This led to disappointing earnings and share-price underperformance. Their results ought to improve this year as this one-off factor falls out. Russian gold miners Petropavlovsk and Polymetal also weighed on performance as the gold price fell 20%.

The Fund had zero exposure to Central Europe in June 2012, as the Manager considered that Eurozone-related economic headwinds would pressure earnings. This has in large part played out, and some acceleration is expected towards year end. Consequently the Managers added selectively to high-quality companies in Central Europe, principally to off-index positions such as microlender IPF, food retailer Jeronimo Martins and paper producer Mondi, which performed well.

The Fund's holding in unlisted Croatian real estate developer IO Adria was revalued downwards, from 0.38 EUR per share to 0.12 EUR per share. While Adria performed well operationally, the Manager believed it prudent to make the adjustment due to on-going financial pressures faced by the company and the illiquid nature of this position. The Fund would have outperformed its benchmark during the period under review if not for this factor.

Investment Outlook

While recent anti-government demonstrations weighed on Turkish shares, the example of Russia – which was also affected by protests towards the end of 2011 – is that the stock market can recover within months, provided that disorder is not prolonged. Meanwhile, the long term structural factors underpinning Turkey's investment case – such as favourable demographics, underpenetrated markets, rising productivity and improved macroeconomic governance – remain intact.

The Russian economy is expected to accelerate in the second half of 2013 as the high base effect drops out and government stimulus measures (including increased infrastructure investments and efforts to cut finance costs for businesses) take effect. The economy should grow in the tune of 3%** for the full year, provided oil prices remain around the current level. Its low public debt (12%** of GDP), small budget deficit (<1%**) and trade surplus make it more resilient to tightening global liquidity. Outside the state-controlled sector, we see many examples of well-run companies steadily growing earnings – and importantly – dividends. The dividend yield for the Russian market is currently 4.8%***, well above the emerging market average of 3.6%***.

*Source: **Bloomberg, ***Credit Suisse*

In Central Europe, the Managers remain cautious on the state-owned companies that dominate local stock markets, however, a number of good quality off-index stocks have been identified that with a view to benefiting from an expected recovery in the regional economy.

Across the region, valuations have become particularly attractive following recent market turbulence. The Russian market, for example, trades on just 4.6x earnings, near the bottom of its historical range. The scope for incremental outflows from this under-owned market is limited, but should risk appetite improve, it is exactly this kind of deeply undervalued market that has the greatest upside potential. Consequently, long term investors may find a good entry point amidst summer volatility.

Elena Shaftan, Ingrid Kukuljan and Colin Croft
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 Emerging European Opportunities Fund for the year ended 30 June 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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