

# Jupiter Fund of Investment Trusts

Short Annual Report – for the year ended 31 October 2013



## Investment Objective

To achieve long-term capital growth through investing principally in investment trusts and other closed-end investment companies listed on the London Stock Exchange.

## Investment Policy

To achieve long-term capital growth through investing principally in investment trusts and other closed-end investment companies listed on the London Stock Exchange via a concentrated portfolio which seeks to exploit anomalies within the sector with reference to discounts, management capabilities, corporate action and capital structure.

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 October 2013

	1 year	3 years	5 years	10 years	Since launch*
Jupiter Fund of Investment Trusts	19.9	21.6	104.0	152.2	249.3
Global sector position	193/247	179/213	44/186	24/117	7/54

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

\*Launch date 9 December 1996.

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.

## Unit Classes

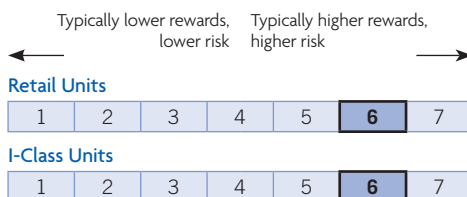
In addition to the basic class of units which are available to all types of investors, the Fund also offers I-Class units which are available to investors who invest a minimum of £5,000,000. Further details are available from the Manager on request. Please note that in order to distinguish between the 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.

## 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 Fund mainly invests in a range of investment trusts. Investment trusts are, in general, more highly geared than other pooled investments. This can accentuate the gains and losses suffered by the underlying investment trusts. There may be times when the market for shares in investment trusts becomes less liquid and this is more likely during periods of adverse economic conditions. This is particularly likely to affect specialist trusts and could adversely affect the market value of some of the Fund's holdings. 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.



- 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 investment companies, which carry a degree of risk.

**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](http://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:	31.10.13	31.10.12
Ongoing charges for Retail Units	1.88%	1.90%
Ongoing charges for I-Class Units	1.13%	1.15%

## Portfolio Turnover Rate (PTR)

Year to 31.10.13	Year to 31.10.12
34.34%	5.20%

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

	Final Distributions/Accumulation for six months to 31.10.13	Interim Distributions/Accumulation for six months to 30.04.13
	Pence per unit	
Retail Income units	0.0000	0.0000
I-Class Accumulation units	1.0258	0.2131

## Fund Facts

Fund accounting dates		Fund payment/accumulation dates	
30 April	31 October	30 June	31 December

## Comparative Tables

### Net Asset Values

Date	Net Asset Value of Fund	Net Asset Value per unit		Number of units in issue	
		Retail Income	I-Class Accumulation*	Retail Income	I-Class Accumulation*
31.10.12	£99,791,733	137.89p	137.81p	72,367,729	736
31.10.13	£107,662,119	165.35p	166.54p	64,906,295	205,546

### Unit Price Performance

Calendar Year	Highest offer		Lowest bid	
	Retail Income	I-Class Accumulation*	Retail Income	I-Class Accumulation*
2008	143.98p	n/a	72.69p	n/a
2009	122.37p	n/a	70.04p	n/a
2010	157.40p	n/a	110.10p	n/a
2011	161.35p	n/a	120.28p	n/a
2012	151.40p	144.92p	123.04p	135.03p
to 31.10.13	176.89p	170.12p	143.65p	143.38p

### Income/Accumulation Record

Calendar Year	Pence per unit	
	Retail Income	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	0.0000p
to 31.12.13	0.0000p	1.2389p

\*I-Class accumulation units were introduced on 17 September 2012.

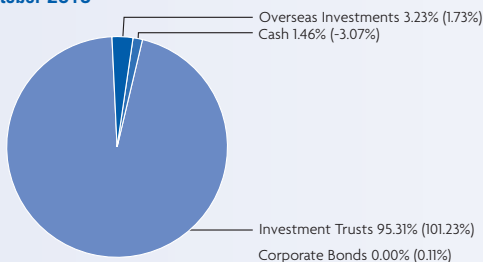
## Major Holdings

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

Holding	% of Fund as at 31.10.13	Holding	% of Fund as at 31.10.12
Henderson Smaller Companies Trust	3.81	Hansa Trust 'A'	5.52
Montanaro UK Smaller Companies Trust	3.36	Montanaro UK Smaller Companies Trust	5.47
Ecofin Water & Power Opportunities Trust	3.26	Ecofin Water & Power Opportunities Trust	4.43
TR Property Trust – Sigma Shares	3.25	City Natural Resources High Yield Trust	3.90
Baillie Gifford Japan Trust	3.16	Aberdeen All Asia Investment Trust	3.73
Hansa Trust 'A'	3.08	Montanaro European Smaller Companies Trust	3.67
Montanaro European Smaller Companies Trust	3.00	Scottish Mortgage Investment Trust	3.54
Monks Investment Trust	2.89	BlackRock World Mining Trust	3.20
International Biotechnology Trust	2.80	Advance Developing Markets Investment Trust	3.16
Scottish Mortgage Investment Trust	2.79	TR Property Trust – Sigma Shares	3.00

## Portfolio Information

### Classification of investments as at 31 October 2013



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

## Investment Review

### Performance Review

For the year ended 31 October 2013, the total return on the units was 19.9%\* compared to 22.7%\* for the FTSE All-Share Equity Investment Instruments Index, 25.3%\* for the FTSE World Index and 24.2%\* for the IMA Global sector. The Fund was ranked 193rd out of 247 funds over the year, 44th out of 186 funds over five years and 7th out of 54 funds since launch in December 1996 within the IMA Global sector.

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

### Market Review

Most global equity markets produced strong returns during the year under review, helped by monetary policy support from central banks in many developed countries, receding eurozone worries and economic improvement in the US. Japanese equities rallied, especially in the first half of the year as new Prime Minister Shinzo Abe implemented pro-growth, pro-inflation policies and the yen weakened. In April 2013, new Bank of Japan Governor Haruhiko Kuroda implemented measures to increase liquidity that far exceeded expectations. As a result, the FTSE World Index returned 25.3%\*\* over the period.

US equities continued to rise for most of the year under review, although concerns about the budget deficit caused sharp volatility at times. Investors were also concerned about the timing of the US Federal Reserve (Fed) starting to taper its quantitative easing policy. However, the continuing economic recovery supported corporate earnings which in turn bolstered the US equity market's performance. Similarly, many developed economies showed signs of improvement and this also supported the equity performance in these markets.

However, some emerging markets weakened on concerns that the Fed tapering could cause a massive outflow of investments from their economies. However, they recovered some lost ground towards the end of the year under review as the Fed did not taper its liquidity programme in September. The Chinese economy showed signs of a slowdown in the middle of the year as the country's government tightened conditions in the property market and introduced significant anti-corruption measures. However, the economy recovered from its recent weakness with GDP data confirming re-acceleration in the third quarter of 2013.

After outperforming in the first half of the year under review, the UK investment trust sector underperformed the wider UK equity

market in the volatile second half, largely due to its emerging market exposure. Trusts that invest in Japanese equities and healthcare companies outperformed, especially in the first half. Highly-g geared property funds and small & mid cap funds also generally performed well. However, emerging markets funds and resources-related trusts generally performed poorly over the period.

Government bond markets such as the US, the UK and Germany remained relatively firm in the first half of the year under review, continuing to benefit from investors' perception of them as a 'safe haven'. However, they fell for most of the second half as investors expected the Fed to start tapering its bond buying programme, while concerns about financial problems receded further in the eurozone.

*\*\*Source: FE, total return*

### Policy Review

The Fund's performance was held back by our resources-related investments such as the City Natural Resources High Yield Trust, the Baker Steel Resources Trust and the BlackRock World Mining Trust, which all fell on the back of weaker commodity prices. We reduced our resources exposure, trimming our positions in City Natural Resources and BlackRock World Mining. Our Indian exposure was also negative for performance with the New India Investment Trust and Infrastructure India falling as the outlook for the country's economy grew uncertain.

However, our holding in the Baillie Gifford Japan Trust made a good positive contribution to performance, helped by the strong rebound in the Japanese equity market. Some of our holdings in trusts that invest in mid and small cap companies also made strong contributions to performance. These included the Henderson Smaller Companies Trust, the Schroder UK Mid Cap Fund and the Montanaro UK Smaller Companies Trust.

Our holdings in the healthcare and property sectors also contributed positively to performance, with the Biotech Growth Trust, Real Estate Credit Investment Trust, International Biotechnology Trust and the TR Property Investment Trust all adding value. European Residual Income Investments Cell, which was in liquidation, rose strongly as the fund which invests in residential and commercial debt announced the sale of a holding which made higher-than-expected profits. We sold this position, locking in profits.

During the year, we took some profits in our holdings that had performed well, trimming our holdings in companies such as Montanaro UK Smaller Companies and Biotech Growth. Meanwhile, we initiated a position in the TR Property Trust.

### Investment Outlook

Although global equity markets performed strongly in recent months, we believe plenty of opportunities still remain. Any bouts of volatility in the coming months should give active investors chances to pick up carefully selected assets at attractive prices. Problems in Europe could return sporadically to haunt markets but a gradual recovery in the global economy should provide continued support for equities. Despite political problems, the US economy continues to improve, with the housing market recovering, while China's new government is expected to implement further reform measures. Following the post-Olympics weakness, the UK economy is also showing signs of improvement.

The investment trust sector outperformed during the six months as markets continued to rally from their 2012 summer lows, while discounts continued to tighten. Although it was a difficult period for resources funds, the healthcare and smaller companies sectors performed well, while Japanese equities rallied, helped by the new government's initiatives against the country's chronic deflation. We are confident that our Fund's asset allocation will benefit unitholders in the long term as the Fund is well spread over a wide variety of markets and asset types.

**Richard Curling**  
Fund Manager

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## Responsible Stewardship

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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](http://www.jupiteronline.com)

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This document is a short report of the Jupiter Fund of Investment Trusts for the year ended 31 October 2013. The full Report and Accounts of the Fund is available on our website [www.jupiteronline.com](http://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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