Jupiter **International Financials Fund**

Short Annual Report – for the year ended 31 October 2013

Investment Objective

To achieve long term capital growth principally through investment in equities and equity related securities of financial sector companies on an international basis, but with the power to invest in other asset types when the Manager considers it appropriate for market conditions.

Investment Policy

The Fund invests in a global portfolio of equities, equity related securities (including derivatives), cash, near cash, fixed interest securities, currency exchange transactions, index linked securities, money market instruments and deposits. At times the portfolio may be concentrated in any one of a combination of such assets and, as well as holding physical long positions the Manager may create synthetic long and short positions through derivatives.

The Fund aims to profit from falls as well as rises in value of market indices, currencies or shares by using derivatives. This may cause periods of high volatility for the price of units in the Fund. The Fund may incur losses greater than its initial investment into derivative contracts (although unitholders will not incur any liabilities beyond their initial investment). The Fund is able to gain market exposure in excess of its Net Asset Value which can increase or decrease the value of units to a greater extent than would have occurred had no additional market exposure beyond the Fund's net asset value been in place. The Fund's value is unlikely to mirror increases and decreases in line with the respective markets it is invested into. Further information is contained within the Supplementary Information Document.

Performance Record

Percentage change from launch to 31 October 2013

	1 year	3 years	Since launch*
Jupiter International Financials Fund	33.8	34.4	29.8
FTSE All World Financials Index	28.8	30.3	37.8

Source: FE, Retail Units, bid to bid, net income reinvested.
**Launch date 14 December 2009.*
The Fund is in the Specialist IMA sector. Due to the diverse nature of the funds in the sector, sector rankings will not be shown.

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 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 and can use derivatives for investment purposes, all of which carry some level of risk.

Risk Profile

The Fund has little exposure to liquidity, credit or cash flow risk. The risks it faces from its financial instruments are market price, foreign currency, interest rate and counterparty risk. The Manager reviews policies for managing these risks in pursuance of the Investment Objective and Policy.

For more detailed information regarding these risks, derivatives used and the Risk Management procedures that the Manager has in place, unitholders should refer to the full report and accounts which are available as indicated on page 4.

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:	31.10.13	31.10.12
Ongoing charges for Retail Units	1.64%	1.61%
Ongoing charges for I-Class Units	1.14%	1.08%

No performance fee has been charged to the Fund during the period under review, however the Fund may incur a performance fee in certain circumstances. The fee is based on 15% of the out performance of the Fund's Net Asset Value (NAV), excluding I-Class Units, over the benchmark (known as the Hurdle rate) as at 31 October each year. For more information please refer to the Scheme Particulars.

Portfolio Turnover Rate (PTR)

Year to 31.10.13	Year to 31.10.12
387.35%	638.96%

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 Accumulations for year to 31.10.13	Total Accumulations for year to 31.10.12
	Pence per unit	
Retail Accumulation units	0.8141	0.8872
I-Class Accumulation units	1.0818	1.0733

Fund Facts

Fund accounting dates		Fund accumulation date	
30 April	31 October	–	31 December

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**
31.10.12	£30,429,454	46.17p	46.33p	65,787,346	118,351
31.10.13	£43,145,108	61.78p	62.31p	55,280,017	14,429,295

Unit Price Performance

Calendar Year	Highest offer		Lowest bid	
	Retail Accumulation	I-Class Accumulation**	Retail Accumulation	I-Class Accumulation**
2009*	50.41p	n/a	46.16p	n/a
2010	55.34p	n/a	43.91p	n/a
2011	49.96p	41.40p	37.27p	37.31p
2012	51.97p	49.63p	39.76p	39.82p
to 31.10.13	65.81p	63.09p	49.43p	49.72p

Accumulation Record

Calendar Year	Pence per unit	
	Retail Accumulation	I-Class Accumulation**
2009*	n/a	n/a
2010	0.0000p	n/a
2011	0.0000p	0.0143p
2012	0.8872p	1.0733p
to 31.12.13	0.8141p	1.0818p

*Launch date 14 December 2009.
**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 31.10.13	Holding	% of Fund as at 31.10.12
Mastercard	3.25	Elm BV VRN perpetual	6.69
Sumitomo Mitsui Financial Group	2.71	Scor 6.154% VRN perpetual	3.76
ING Groep	2.11	International Personal Finance 11.5% 06/08/2015	3.37
Bank of Nova Scotia	2.07	Franklin Resources	2.97
Scor 6.154% VRN perpetual	2.05	SLM Corp 8% 25/03/2020	2.81
Societe Generale	2.01	Discover Financial Services	2.69
American International Group	1.91	JP Morgan Chase	2.47
Close Brothers	1.83	CapitaRetail China Trust	2.33
Invesco	1.79	Bank Of Nova Scotia	2.33
Amlin 6.5% VRN 19/12/2026	1.73	Mastercard	2.32

Portfolio Information

Sector breakdown as at 31.10.13 % of Net Assets*	Long	Market Expsoure as at 31.10.13	Net	Gross
Financial Services	39.20%	As a % of assets	103.92%	103.92%
Banks	33.20%			
Non-Life Insurance	11.40%		**Long**	**Short**
Life Insurance	7.47%	Positions as a % of assets	103.92%	0.00%
Real Estate Investments & Services	6.13%			
Real Estate Investment Trusts	1.04%			
Equity Investment Instruments	0.85%			
Fixed Income	4.63%			
Cash	-3.92%			
Total	100.00%			

There were no short positions as at 31.10.13
**Including notional face value of derivative contracts.*

Investment Review

Performance Review

For the 12 months ending 31 October 2013 the total return on your units was 33.8% compared to 28.8% for its benchmark, the FTSE All World Financials Index.

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

Market Review

Financial company share prices made strong gains in the period under review, supported by the continuation of exceptionally loose monetary policy. This had the effect of increasing asset prices, particularly US house prices and peripheral European sovereign debt. This, in turn, drove a reduction in credit and funding costs for banks and credit companies in those regions and an amelioration of balance sheet concerns. Financial service companies, particularly in asset management and payments processing, generally saw good growth in revenues and earnings and benefited from a re-rating of cash earnings yields in the low interest rate environment. In Japan, the introduction of 'Abenomics', alongside a weakening Yen, increased the profitability of Japanese exporters and drove an increased demand for financial services. This provided relief for financial companies from the intensely competitive environment that had pervaded the industry, allowing a noticeable improvement in returns on equity from better positioned banks and finance companies. Share prices for companies in emerging markets typically performed less well, particularly in regions reliant on international funding. The threat that the US Federal Reserve (Fed) would reduce its bond purchasing programme resulted in concerns over repatriation of funds from emerging countries, leading to a sharp fall in currencies and share prices.

Policy Review

The Manager's strategy is to invest in companies with a high return on equity and sustainable growth, or those with the potential to improve returns and eliminate valuation discounts. The Fund benefited from its exposure to European banks such as BNP Paribas, KBC Group, UBS and Lloyds Banking Group, where high return core businesses emerged as legacy credit costs, fines and penalties began to fall out. The Fund also benefited from its position in ING Group where a significant sum-of-the parts discount was closed by an asset disposal programme. Positions in credit card and payments processing companies, such as American Express and Mastercard, also did well. Other positive contributors were asset management companies such as Schroders and Invesco and exchanges such as CBOE, Nasdaq and London Stock Exchange. The Fund increased its exposure to Japan as evidence of improving profitability started to emerge. We reduced emerging market positions in response to Fed statements indicating that it might start 'tapering' its quantitative easing programme sooner than previously anticipated.

Outlook

The outlook in the near-term is supported by the clear commitment of central bankers to enhance economic growth through monetary policy. Structural initiatives in China have also been supportive. We believe global GDP is likely to grow at a reasonable rate under these conditions. Yields on risk assets continue to move closer to those on government bonds. Banking systems have recovered substantially since the financial crisis. Most banks are benefiting from lower funding costs, declining bad debt charges and reduced risk attached to sovereign debt holdings. Growth in developed markets, however, is very slow and competition for new business is intense. Regulatory capital requirements are making it challenging for many banks to earn an economic return on equity and many investment banks still have litigation issues to deal with. Valuations are, in our view, still relatively low; we believe good value can still be found in specific situations. Insurance companies continue to be challenged by low interest rates, but have some growth and are making good progress on costs and technology. Specialist financials look well placed to benefit from demand for finance by businesses and individuals bypassed by the banks. Secular trends such as the move from cash to card payments, the growth of passive fund management and increased demand for services such as risk management, compliance and corporate governance are also supportive of these trends. Wealth and asset management companies should continue to benefit from wealth generation in emerging markets and ageing demographics in the west.

Robert Mumby
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 International Financials Fund for the year ended 31 October 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.

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.

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