

Jupiter European Special Situations Fund



Short Annual Report – for the year ended 31 January 2014

Investment Objective

To achieve long-term capital growth by exploiting special situations principally in Europe.

Investment Policy

To attain the objective by investing principally in European equities, in investments considered by the Manager to be undervalued.

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 January 2014

	1 year	3 years	5 years	10 years	Since launch*
Jupiter European Special Situations Fund	11.2	24.2	78.6	200.1	514.8
European excluding UK sector position	54/99	34/94	31/87	5/64	1/45

Source: FE, Retail Units, bid to bid, net income reinvested.
*Launch date 1 March 1999.

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 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
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I-Class Units

1	2	3	4	5	6	7
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- 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 these accounts 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:	31.01.14	31.01.13
Ongoing charges for Retail Units	1.78%	1.79%
Ongoing charges for I-Class Units	1.03%	1.04%

Portfolio Turnover Rate (PTR)

Year to 31.01.14	Year to 31.01.13
60.63%	72.33%

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.

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*
31.01.13	£701,960,951	262.32p	264.73p	249,136,938	18,296,375
31.01.14	£818,594,548	291.61p	296.55p	245,997,024	34,142,186

Unit Price Performance

Calendar Year	Highest offer		Lowest bid	
	Retail Accumulation	I-Class Accumulation*	Retail Accumulation	I-Class Accumulation*
2009	230.81p	n/a	142.74p	n/a
2010	249.57p	n/a	190.49p	n/a
2011	271.23p	220.30p	187.67p	187.76p
2012	255.14p	244.73p	200.82p	201.91p
2013	323.30p	312.44p	241.48p	243.85p
to 31.01.14	327.01p	316.15p	291.31p	296.57p

Accumulation Record

Calendar Year	Pence per unit	
	Retail Accumulation	I-Class Accumulation*
2009	2.81p	n/a
2010	1.79p	n/a
2011	1.07p	n/a
2012	1.89p	0.00p
2013	1.21p	2.91p
to 31.03.14	1.68p	3.88p

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

Accumulations

	Final Accumulations for year to 31.01.14	Final Accumulations for year to 30.01.13
	Pence per unit	
Retail Accumulation units	1.68	1.21
I-Class Accumulation units	3.88	2.91

Fund Facts

Fund accounting dates		Fund accumulation date	
31 January	31 July	31 March	-

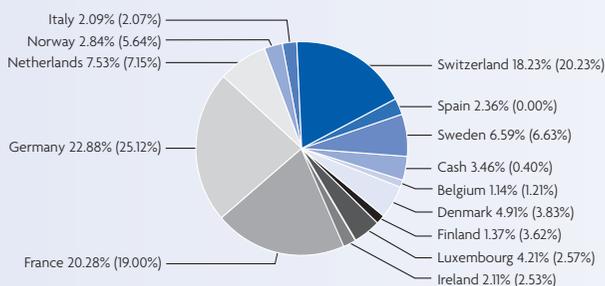
Major Holdings

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 31.01.14	Holding	% of Fund as at 31.01.13
ING Groep	3.48	UBS (registered)	3.48
Novartis (registered)	3.28	Syngenta	3.15
Bayer	3.24	SAP	3.15
Continental	3.10	Sanofi	3.14
BNP Paribas	3.05	Sagem	3.05
Nordea	2.96	Linde	2.94
Safran	2.61	Bayer	2.85
SAP	2.56	The Swatch Group	2.83
Sanofi	2.55	Adidas-Salomon	2.72
Linde	2.48	Fresenius Medical Care	2.71

Portfolio Information

Classification of investments as at 31 January 2014



The figures in brackets show allocations as at 31 January 2013.

Investment Review

Performance Review

For the year ended 31 January 2014 the total return on the units was 11.2%* compared to a return of 11.1%* for the benchmark FTSE World Europe excluding UK Index and 11.9%* for the average fund in the IMA Europe excluding UK sector. Over three years, your Fund has returned 24.2%* compared to 18.7%* for the benchmark index and 21.8%* for the average fund in the sector.

Over five years the Fund has increased in value by 78.6%* compared to 79.8%* for the benchmark index and 78.3%* for the average fund in the sector. Since launch, in March 1999, the Fund has increased in value by 514.8%* compared to 122.1%* for the benchmark index and 117.2%* for the average fund in the sector.

The Fund was ranked 54th out of 99 funds over one year, 34th out of 94 funds over three years, 31st out of 87 funds over five years and 1st out of 45 funds since launch in the IMA Europe excluding UK sector*.

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

Market Review

As the period began, markets had one of their best starts to the year in a decade. This was due to greater optimism about the prospects for global growth. In March, however, volatility increased thanks to political uncertainty. In Italy a government initially failed to take shape, following inconclusive elections. Cyprus had to contend with the controversial terms of its bailout.

Markets were volatile in the second quarter of 2013. This was due to indications from the US Federal Reserve (Fed) that it could begin tapering quantitative easing (QE) if the economy continued to recover and due to signs of slower growth in China. Europe proved to be more resilient in this environment than other regions. This was due to an expectation of improving corporate profits, as well as the prospect of further support for peripheral countries.

Markets were choppy in the third quarter, thanks to the Fed's decision not to yet taper its QE programme, as had been expected. Emerging markets appeared to continue to slow, while economic data from developed areas improved. Sentiment towards Europe improved as evidence indicated

that the deterioration of the eurozone economy may have bottomed out.

European equity markets made reasonable progress during the final quarter of 2013. Economic data showed support for a modest recovery, however, eurozone inflation slowed sharply in Q4 to below the European Central Bank (ECB) target. With the rate of inflation dropping to its slowest annual rate in four years, the ECB cut its main refinancing rate by 0.25% to 0.25%.

European markets fell in January, correcting some of the exuberance that entered the market at the end of 2013. European leading indicators improved from a low base. However, companies were still cautious on the outlook as they continued to face currency headwinds from emerging markets, potentially impacting growth prospects.

Policy Review

The Fund performed in line with the index over the year, capturing elements of the market rally. High quality growth stocks performed well, but many now appear expensive and we have been proactive in taking profits among these sorts of stocks.

We delivered good stock selection in a number of sectors, i.e. Continental (Automotive), SEB Bank (Banks), Safran and Zodiac (Aerospace) and Kabel Deutschland (Telecommunications).

We saw a strong relative performance from the banking sector, where we decided to close out our underweight sector position, increasing and diversifying our holdings. The absolute weighting is now at its highest level for any time during the last five years. We added to holdings in BNP Paribas, Nordea, Unicredit and ING. We also increased the cyclicality of the portfolio with a quality buy in the automotive industry via Continental and we added Nokia to our technology holdings.

During the fourth quarter we participated in the IPO of French cable operator Numericable, a company we view as a strategic asset in the consolidating European telecommunications sector. We also invested in Publicis in the media sector.

Investment Outlook

The last twelve months have been good for European equities. There was selective profit taking towards the end of the period as investors took the opportunity to lock in strong gains in some share prices following the rise in valuations. However, the market does not appear to be expensively valued, trading at a discount to other regions, and could look particularly attractive in its own right if we see better top line growth. Over the medium term we continue to believe that Europe should be a significant beneficiary of any acceleration in global economic growth and that southern Europe will continue to stabilise. This should eventually drive a better outlook for sales growth, leading to higher earnings growth and a lower valuation for the market. In the interim, we view setbacks in the market as buying opportunities. We remain selective on high quality growth stocks, given their elevated valuations. We continue to increase exposure to companies that can benefit from the global economic recovery and stabilisation in Europe. We are also looking to invest in companies with quality franchises, good operating leverage to a pick-up in top line growth and the flexibility to utilise their strong balance sheets for investment purposes, or to return cash to shareholders.

Cédric de Fonclare
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 European Special Situations Fund for the year ended 31 January 2014. 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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