Jupiter **High Income Fund**

Short Annual Report – for the year ended 30 September 2013

JUPITER

Investment Objective

To achieve a high and rising income with capital growth.

Investment Policy

To invest principally in equities and high yielding convertible securities with some exposure to fixed interest securities primarily in the UK.

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 30 September 2013

	1 year	3 years	5 years	10 years	Since launch*
Jupiter High Income Fund	14.2	31.6	61.5	122.4	416.5
UK Equity & Bond Income sector position	10/15	8/15	4/12	5/11	1/8

Source: FE, Retail Units, bid to bid, net income reinvested.
**Launch date 12 February 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, 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. The Manager has the power to invest in bonds which are not rated by a credit rating agency. While these may offer a higher income, the interest paid on them and their capital value is at greater risk, particularly during periods of changing market conditions.

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 bonds issued by governments and 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 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:	30.09.13	30.09.12
Ongoing charges for Retail Units	1.81%	1.81%
Ongoing charges for I-Class Units	1.06%	1.06%

Portfolio Turnover Rate (PTR)

Year to 30.09.13	Year to 30.09.12
44.46%	21.98%

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

	Final Distributions for six months to 30.09.13	Interim Distributions for six months to 31.03.13
	Pence per unit	
Retail Income units	2.5600	2.4000
I-Class Income units	2.6400	2.4600

Fund Facts

Fund accounting dates		Fund payment dates	
31 March	30 September	31 May	30 November

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 Income*	Retail Income	I-Class Income*
30.09.12	£513,741,100	105.44p	107.91p	487,228,051	921
30.09.13	£522,964,262	115.32p	118.83p	444,185,732	9,039,803

Unit Price Performance

Calendar Year	Highest offer		Lowest bid	
	Retail Income	I-Class Income*	Retail Income	I-Class Income*
2008	130.67p	n/a	76.88p	n/a
2009	107.09p	n/a	74.60p	n/a
2010	112.24p	n/a	91.73p	n/a
2011	115.39p	n/a	92.51p	n/a
2012	115.64p	110.48p	98.15p	105.36p
to 30.09.13	127.52p	124.61p	106.90p	109.72p

Income Record

Calendar Year	Pence per unit	
	Retail Income	I-Class Income*
2008	5.2500p	n/a
2009	4.9400p	n/a
2010	4.4500p	n/a
2011	5.0400p	n/a
2012	5.0100p	0.0813p
to 30.11.13	4.9600p	5.1000p

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

All of the Fund's annual periodic charge is charged to capital. This has had the effect of increasing the distributions paid on an annualised basis on Retail Units by up to 1.50% (I-Class Units 0.75%) of the class' average Net Asset Value during the period under review and constraining the class' capital performance to an equivalent extent.

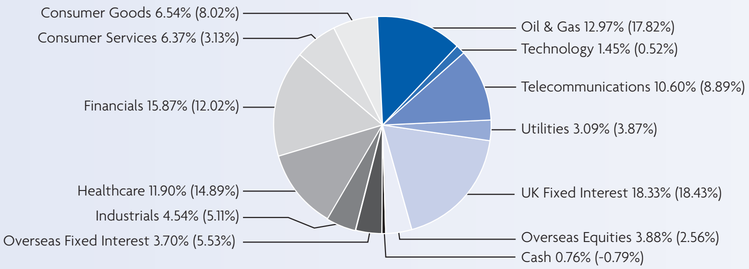
Major Holdings

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 30.09.13	Holding	% of Fund as at 30.09.12
GlaxoSmithKline	7.31	GlaxoSmithKline	7.28
Vodafone	6.23	Royal Dutch Shell 'B'	6.50
HSBC	5.87	AstraZeneca	6.47
Royal Dutch Shell 'B'	5.52	Vodafone	6.30
BP	4.89	BP	5.86
AstraZeneca	4.00	HSBC	5.15
BT	3.79	British American Tobacco	3.47
British American Tobacco	3.13	Diageo	2.59
WPP	2.43	AMEC	2.56
British Sky Broadcasting	2.24	BT	2.51

Portfolio Information

Classification of investments as at 30 September 2013



The figures in brackets show allocations as at 30 September 2012.
The sectors are based on the Industry Classification Benchmark (see page 4).

Investment Review

Performance Review

For the 12 months ending 30 September 2013 the total return on the units was 14.2%* compared to a return of 18.9%* for the Fund's benchmark, the FTSE All-Share Index and a return of 4.3%* for the iBoxx Sterling Corporates Index. The average return for the IMA UK Equity & Bond Income sector was 14.9%*. Over five years the Fund has returned 61.5%* against a return of 66.2%* for the FTSE All-Share Index and a return of 53.5%* for the iBoxx Sterling Corporates Index. The sector average over five years has been 55.7%*.

A final distribution of 2.56 pence per unit will be paid to holders of Retail income units on 30 November 2013, this is compared to 2.66 pence per unit for holders of Retail income units in respect of the same period last year. Holders of I-Class income units will be paid a distribution of 2.64 pence per unit.

The Fund was ranked 10th out of 15 funds over one year, 4th out of 12 funds over five years and 1st out of 8 funds since launch in the IMA UK Equity & Bond Income sector.

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

The statistics disclosed above relate to Retail Units unless otherwise stated.

Market Review

After strength in the first part of the year, the UK equity markets turned choppy, especially in early summer. The markets rose to a record high in May, boosted by another wave of quantitative easing (or money printing), diminishing fears of a eurozone implosion and brightening prospects for global growth. But when the US Federal Reserve (Fed) said in May it was considering a reduction in stimulus to the US economy, UK stocks tumbled in the global market rout, losing over 11% in a single month.

The market turbulence persisted in July and August amid febrile speculation of an imminent reduction in the Fed's quantitative easing programme. Investors reappraised investment markets and repatriated funds. Calm was gradually restored as Fed officials sought to dampen the speculation and it became apparent that no imminent 'taper' was on the horizon.

The Bank of England also introduced a policy of 'forward guidance', implying it would keep interest rates low for the next three years. From July, economic reports began to show a UK recovery was gaining momentum and broadening. The pound climbed steadily against the dollar in recent months, virtually erasing its almost 9% drop over the full year, while the FTSE All-Share Index reversed most of its decline since the end of March.

Policy Review

During the period under review, there was a change in fund manager of the equity portion of the Fund. Alastair Gunn took over from Anthony Nutt on 1 July 2013. Ariel Bezalel continued to manage the bond/fixed income portion of the Fund.

For the period as a whole, returns came from a wide range of holdings including Bayer, Beazley, BT, IG and Intermediate Capital. However, not holding certain stocks in sectors such as mining and oil & gas also aided returns amid further signs of a slowdown in the Chinese economy.

Nonetheless, the Fund was behind the FTSE All-Share Index over the period due to being underweight in banks and financials. These rallied strongly as more cyclical sectors of the stock market rebounded on the back of the monetary easing programmes.

While Alastair has a similar investment style to Anthony, he has taken steps since assuming management of the Fund to reduce some of the heavier weightings towards more defensive sectors such as oil and pharmaceuticals.

In recent months, the Fund has opened new positions in life insurers such as Prudential and Resolution, which in our view are uniquely positioned to benefit from growth in Asia, and which currently offer a very attractive yield.

We also added software company Micro Focus International, which generates high financial returns and is committed to returning capital to shareholders, house builder Galliford Try on an improving outlook and insurer Esure. We were cognisant of an improving UK consumer environment, participating in several flotations, including Conviviality Retail, which had a prospective dividend yield of 8% with no debt. We also added International Airlines Group to the Fund. It owns British Airways and Iberia and, in our view, is an interesting restructuring play at a time of industry wide capacity discipline.

In the bond/fixed income portion of the Fund, we took the opportunity presented by market volatility to add high yield names such as German auto parts manufacturer FTE, which continues to have strong growth, and debt collector Marlin. Investing in the asset-backed debt of pub companies also benefited the Fund amid increasing confidence among consumers.

Outlook

The recovery in the UK appears to us to be broad-based. Manufacturing and services data have both shown signs of improvement, while housing too is benefiting from government schemes such as the Help to Buy programme and a general uplift in sentiment. The advertising industry seems in our view to be undergoing a global recovery. Companies or industries exhibiting capacity discipline and/or benefiting from pricing power should continue to do well. Similarly an improving macro backdrop should be positive for companies with self-help/restructuring initiatives.

It is also likely, given an anticipated increase in UK GDP growth for the third quarter, that corporate earnings will strengthen and international mergers and acquisition activity could increase. If better earnings numbers do come through, then this will justify rising share prices and should feed through into a virtuous cycle, e.g. more investment, higher employment and greater spending power and confidence. In credit markets, there remains the US debt ceiling debate to resolve in the longer term. However, now that an eleventh hour deal has been reached by politicians, there is currently nothing on the horizon to suggest that markets will not be able to make further progress towards the end of the year. Macroeconomic data is improving, even in Europe where some areas have bottomed out and are starting to expand again.

Alastair Gunn and Ariel Bezalel
Fund Managers

Change of Fund Manager The management of the equity portion of the Fund was taken on by Alastair Gunn from Anthony Nutt on 1 July 2013.

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 High Income Fund for the year ended 30 September 2013. The full Report and Accounts of the Fund is available on our website **www.jupiteronline.com** or upon written request to the Report & Accounts Department, 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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