Jupiter **European Fund**

Short Annual Report – for the year ended 30 June 2013

Investment Objective

To achieve long-term capital growth.

Investment Policy

To invest in companies quoted on a European Stock Exchange.

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 June 2013

	1 year	3 years	5 years	10 years	Since launch*
Jupiter European Fund	30.3	55.8	73.0	265.8	2453.9
Europe excluding UK sector position	65/102	5/98	4/87	2/62	1/13

Source: FE, Retail Units, bid to bid, net income reinvested.
**Launch date 3 August 1987.*

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

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.

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:	30.06.13	30.06.12
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 30.06.13	Year to 30.06.12
23.12%	29.54%

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

	Total Distributions for year to 30.06.13	Total Distributions for year to 30.06.12
	Pence per unit	
Retail Income units	10.6700	4.0800
I-Class Income units	18.7306	11.0055
I-Class Accumulation units	18.9583	10.6443

Fund Facts

Fund accounting dates		Fund payment/ 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 Income	I-Class Income*	I-Class Accumulation*	Retail Income	I-Class Income*	I-Class Accumulation*
30.06.12	£1,506,422,181	901.60p	898.88p	909.54p	164,985,671	378,266	1,706,116
30.06.13	£2,158,140,658	1,164.54p	1,162.03p	1,195.26p	166,079,983	10,937,593	8,112,996

Unit Price Performance

Date	Highest offer			Lowest bid		
	Retail Income	I-Class Income*	I-Class Accumulation*	Retail Income	I-Class Income*	I-Class Accumulation*
2008	829.36p	n/a	n/a	468.48p	n/a	n/a
2009	818.90p	n/a	n/a	507.39p	n/a	n/a
2010	1,015.29p	n/a	n/a	739.16p	n/a	n/a
2011	1,096.91p	883.94p	883.86p	760.60p	760.96p	760.96p
2012	1,075.97p	1,027.08p	1,039.63p	828.49p	830.60p	830.36p
to 30.06.13	1,298.05p	1,242.79p	1,257.97p	1,018.23p	1,020.90p	1,033.42p

Income/Accumulation Record

Calendar Year	Pence per unit		
	Retail Income	I-Class Income*	I-Class Accumulation*
2008	3.8300p	n/a	n/a
2009	6.1400p	n/a	n/a
2010	2.8200p	n/a	n/a
2011	13.6400p	n/a	n/a
2012	4.0800p	11.0055p	10.6443p
to 31.08.13	10.6700p	18.7306p	18.9583p

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

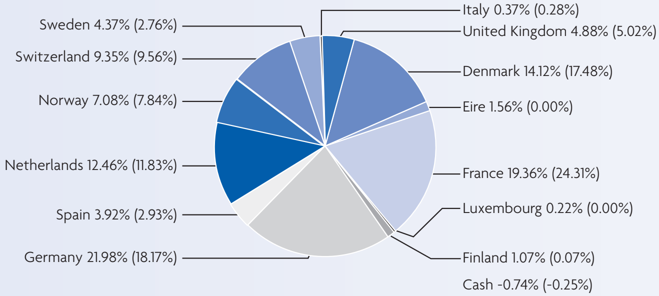
Major Holdings

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
Reed Elsevier	6.87	Novo Nordisk 'B'	9.62
Novozymes 'B'	6.68	Syngenta	7.23
Novo Nordisk 'B'	6.41	Novozymes 'B'	7.13
Fresenius SE	6.08	Fresenius SE	6.49
Syngenta	5.89	Vopak	5.24
Wirecard	5.02	Reed Elsevier	4.99
Bayer	4.91	Wirecard	4.84
DNB	4.67	Ingenico	4.73
Dassault Systemes	4.50	Dassault Systèmes	4.72
Amadeus	3.92	DNB	4.48

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

The total return on the units was 30.3%* in the year to 30 June 2013. This compares with a 27.9%* rise, in sterling terms, of the FTSE World Europe ex UK Index. The FTSE World Index was up 22.1% in sterling terms. The MSCI Latin America Index lost 3.7%; the MSCI AC Asia ex Japan Index ended 12.9%* higher; the S&P Index returned 24.6% in sterling terms. Over the period the Fund was ranked 65th out of 102 funds, over five years 4th out of 87 funds and 1st out of 13 funds since launch in the IMA Europe excluding UK sector.

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

Market and Policy Review

The explanation for the strength of European equities cannot be found in economic growth. According to the International Monetary Fund (IMF), the European Union's economy contracted by 0.2% in 2012; a further contraction of 0.1% is forecast in 2013; only 1.2% growth is expected in 2014. This does not compare well with other parts of the world. Developing Asia (26 countries including China and India) boasts figures of 6.5%, 6.9% and 7.0% respectively. The rate of growth in Latin America has slowed down. Nevertheless the IMF expects the Brazilian economy to grow by 2.5% in 2013 and a further 3.2% in 2014. The US economy too is proving to be much more dynamic with growth rates of 2.2%, 1.7% and 2.7% for the years 2012, 2013 and 2014 respectively. Rather, the good performance of European equities can be explained by two partly related factors: the announcement in July 2012 by European Central Bank President Mario Draghi that he would intervene such that sovereign borrowing costs remained low in those countries with poor public finance, and; a confidence that corporate profits will continue to improve in Europe. This latter view is underpinned by forecasts. According to UBS, the investment bank, corporate profits in Europe ex financials improved slightly in 2012. However, there is greater optimism for progress in 2013 and 2014 where the forecasts are 8.4% and 10.1% respectively.

The Fund's outperformance in the period under review was due to stock picking. The principal positive contributors were Reed Elsevier, Wirecard and Amadeus. These all share certain characteristics although they are engaged in totally different business activities. They are beneficiaries of digital technology, have extensive multi-national interests and can claim some unique, strong and sustainable points of differentiation. Other stocks that improved performance included DNB, Grenkeleasing and SCA. DNB, the Norwegian bank, performed strongly against a backdrop of a buoyant domestic housing market; Grenkeleasing, the German-listed provider of IT leasing equipment, has benefited from traditional Eurozone banks struggling with legacy problems and political issues. Meanwhile SCA, the paper manufacturer, is developing its branded tissue and hygiene product offering. The main negative contributors were Vopak, Novo Nordisk and MTG. Vopak, the oil and chemical storage company, suffered price pressure as a result of industry overcapacity. Shares in Novo Nordisk fell after the US Food and Drug Administration rejected a new diabetes drug. MTG, the Scandinavian broadcaster, reported poor results with lower market shares in its core markets.

There were few outright sales. We sold the position in Takkt, the German mail order company, as growth disappointed; shares in Neopost, the French franking machinery company, were sold as, again, growth rates remained low. Likewise, we sold the position in MTG and our holding in Pearson. While we recognise the strength of its assets and strategy, it faces significant difficulties in execution. We reduced the position in Novo Nordisk, the world's leading insulin company, following the failure in America to gain approval for a key new drug. However, we remain convinced that the company enjoys excellent prospects and have since bought more shares. Indeed, we increased positions in a range of core holdings where new developments, coupled with attractive valuations, strengthened our confidence. Thus we invested more in Fresenius (as its clinical nutrition business prospers), Wirecard (results corroborate our appreciation of its business), and Grenkeleasing, where results confirm the success of their business model.

Outlook

Operating profit margins in Europe (and indeed capital's share of GDP) are already high by historical standards so it is reasonable to question whether further increases are realistic. We believe that 'winning' business models can deliver further improvements in profitability. For companies with highly differentiated products and services where there is evidence of pricing power, prospects remain good in our view. As never before, these sorts of companies are able to deploy their advantages worldwide. The lacklustre economic backdrop is largely irrelevant to our investment process and to investment prospects. Instead, an understanding of 'real world' drivers is critical. Our focus on company specifics underpins our confidence for the future.

Alexander Darwall
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 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.

Jupiter Unit Trust Managers Limited, PO Box 10666, Chelmsford CM99 2BG
Tel: **0844 620 7600** | Fax: **0844 620 7603** | **www.jupiteronline.com**

Registered in England and Wales, No. 2009040
Registered office: 1 Grosvenor Place, London SW1X 7JJ
Authorised and regulated by the Financial Conduct Authority whose address is:
25 The North Colonnade, Canary Wharf, London E14 5HS

SF5399a-08.13

JUPITER