

Jupiter Merlin Growth Portfolio

Short Interim Report – for the six months ended 28 February 2014



Investment Objective

To achieve long-term capital growth.

Investment Policy

To invest predominantly in unit trusts, OEIC's, Exchange Traded Funds and other collective investment schemes across several management groups. The underlying funds invest in international equities, fixed interest stocks, commodities and property with a core 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 1 May 1997 to 28 February 2014

	6 months	1 year	5 years	10 years	Since 1 May 1997*
Jupiter Merlin Growth Portfolio	5.1	6.2	83.4	142.2	275.8
Flexible Investment sector position	70/135	76/133	45/95	3/56	1/19

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

*The Jupiter Merlin Growth Portfolio was managed by John Chatfeild-Roberts and his team at Lazard from 1 May 1997 until March 2001. In March 2002 the management of the Fund was fully transferred to Jupiter Unit Trust Managers Limited under the same management team.

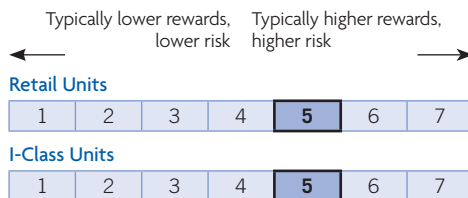
Please remember that past performance should not be seen as a guide to future performance and that the value of an investment in a unit trust and the income from it can fall as well as rise and it may be affected by exchange rate variations. You may get back less than you invested.

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.



- 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 six months (annualised) to:	28.02.14	28.02.13
Ongoing charges for Retail Units	2.47%	2.46%
Ongoing charges for I-Class Units	1.72%	1.71%

Portfolio Turnover Rate (PTR)

Six months to 28.02.14	Six months to 28.02.13
23.62%	36.27%

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 Income	Retail Accumulation	I-Class Income*	I-Class Accumulation**	Retail Income	Retail Accumulation	I-Class Income*	I-Class Accumulation**
31.08.13	£1,876,584,692	267.28p	274.95p	278.19p	278.93p	59,888,038	594,815,423	3,156,478	25,912,238
to 28.02.14	£1,937,693,509	280.90p	288.96p	292.59p	294.23p	55,834,814	549,101,442	5,121,122	60,902,139

Unit Price Performance

Calendar Year	Highest offer				Lowest bid			
	Retail Income	Retail Accumulation	I-Class Income*	I-Class Accumulation**	Retail Income	Retail Accumulation	I-Class Income*	I-Class Accumulation**
2009	212.05p	218.14p	n/a	n/a	147.16p	151.28p	n/a	n/a
2010	251.87p	259.09p	n/a	n/a	191.75p	197.25p	n/a	n/a
2011	253.01p	260.27p	n/a	234.67p	209.45p	215.46p	n/a	216.82p
2012	254.70p	262.00p	250.37p	250.40p	220.55p	226.88p	241.70p	227.95p
2013	297.69p	306.24p	294.00p	294.50p	241.52p	248.45p	250.78p	250.79p
to 28.02.14	299.94p	308.54p	297.36p	298.17p	268.71p	276.42p	280.59p	281.33p

Income/Accumulation Record

Calendar Year	Pence per unit			
	Retail Income	Retail Accumulation	I-Class Income*	I-Class Accumulation**
2009	0.4100p	0.4207p	n/a	n/a
2010	0.0000p	0.0000p	n/a	n/a
2011	0.0000p	0.0000p	n/a	n/a
2012	0.0000p	0.0000p	n/a	0.7670p
2013	0.0000p	0.0000p	0.7054p	0.7285p
to 30.04.14	0.0000p	0.0000p	0.8638p	0.8624p

*I-Class income units were introduced on 29 October 2012.

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

Distributions/Accumulations

	Interim Distributions/Accumulations for six months to 28.02.14	Interim Distributions/Accumulations for six months to 28.02.13
	Pence per unit	
Retail Income units	0.0000	0.0000
Retail Accumulation units	0.0000	0.0000
I-Class Income units	0.8638	0.4322
I-Class Accumulation units	0.8624	0.4537

Fund Facts

Fund accounting dates		Fund payment/accumulation dates	
28 February	31 August	30 April	31 October

Portfolio Holdings

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

Holding	% of Fund as at 28.02.14	Holding	% of Fund as at 31.08.13
Findlay Park American Fund	15.28	Findlay Park American Fund	17.43
Cazenove UK Opportunities Income Fund	12.08	Cazenove UK Opportunities Income Fund	11.72
Jupiter UK Special Situations Fund	9.86	Invesco Perpetual Income Fund	10.62
Invesco Perpetual Income Fund	8.20	Jupiter UK Special Situations Fund	9.38
Aptus Global Financials Fund	6.68	First State Asia Pacific Leaders Fund	7.88
AXA Framlington UK Select Opportunities Fund	6.11	AXA Framlington UK Select Opportunities Fund	5.65
Threadneedle European Select Fund	5.47	ETFS Physical Gold	5.34
Waverton European Fund	5.32	Threadneedle European Select Fund	5.33
Jupiter Growth & Income Fund	4.66	CF Morant Wright Japan Fund	4.92
Jupiter North American Income Fund	4.12	Findlay Park Latin American Fund	4.77
CF Morant Wright Japan Fund	4.02	Jupiter Growth & Income Fund	4.38
Hermes US SMID Equity Fund	3.90	Jupiter North American Income Fund	4.17
Jupiter Japan Income Fund	2.57	Hermes US SMID Equity Fund	3.95
ETFS Physical Gold	2.16	Jupiter Japan Income Fund	3.50
First State Asia Pacific Leaders Fund	1.93		
Market Vectors Gold Miners ETF	1.51		
Findlay Park Latin American Fund	1.10		

Investment Review

Performance Review

For the six months to 28 February 2014, the total return on the units was 5.1%*, compared to 6.1%* for the FTSE APCIMS Growth Index and 5.1%* for the IMA Flexible Investment sector average, in Sterling terms. The Fund was ranked 70th out of 135 funds over six months, 76th out of 133 funds over 1 year, 39th out of 111 funds over 3 years and 45th out of 95 funds over 5 years. Over 10 years, a gain of 142.2%* was recorded, placing the fund 3rd out of 56 funds in the IMA Flexible Investment sector. The Fund is ranked top quartile of its sector over ten years; all achieved by the current fund management team.

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

Market Review

Equity markets have trended upwards over recent months but not without periods of significant volatility; the greatest pain being felt in the emerging markets. What appears to be a cyclical slowdown, coupled with high inflation and in many cases political unrest, are hurting emerging markets, which is being compounded by the US

Federal Reserve (Fed) beginning to reduce (taper) its monthly bond purchases. All of these factors have led to a squeeze on liquidity as money has been repatriated to the West, threatening those economies that rely on external funding. The duration of these issues is anyone's guess, but bargain prices will emerge from the assets cast aside by investors late to join the bandwagon. However, in our opinion the drama is likely to have a number of further scenes to play out.

There was much talk before the financial crisis that the emerging markets had decoupled from the developed world and looking at markets now, that would appear to be the case, but not in the way that someone in 2007 would have expected. The markets in the Western world appear to be in rude health, the US and UK markets for example being close to all-time highs. When looking at these markets in isolation and taking account of some of the activity that has gone on recently, one would think that euphoric times were upon us! WhatsApp, the messaging system being bought for US\$19bn, has a greater total value than the whole of Japanese electronics manufacturer Sony; Tesla Motors, a US electric car company, now has a market

cap of half of either Ford or General Motors and in the UK, Appliances Online, the web-based white goods retailer jumped to a valuation of £1.6bn on its first day of trading, giving it a higher market value than Debenhams! Pricing new age opportunities for world domination has been seen before and it can go on for some time, but the trend has historically proven to be transitory.

Policy Review

At the start of the period the Portfolio was heavily skewed towards quality companies, which have lagged the recovery somewhat so, during the period, we set about rebalancing the mix between quality-focused and more cyclical areas. This led us to trim the weighting to some of our longer term holdings, initiating positions in a number of new funds, primarily Waverton European Fund and Aptus Global Financials Fund. The Waverton European Fund is managed by Oliver Kelton who takes a valuation-conscious approach, looking to identify change and mispricing in markets. Aptus Global Financials Fund is managed by a team, led by Johnny de la Hey, which seeks out the most attractive securities in this specialist sector of world markets. We have a high degree of confidence in both of these managers and believe that they are individuals who will transpire to have the longevity within our portfolios that many of our long standing managers have achieved.

During December and again in February, we raised cash from some of our Latin American, Asian and Japanese holdings, preferring to hold the majority of this capital in cash rather than reinvesting it, which was in aggregate, of benefit to the Portfolio at the close of the period. We did however initiate a small position in the Market Vectors Gold Miners ETF in February, looking to take advantage of the distressed valuations which the underlying companies are trading at, with the gold price appearing to have found a floor.

Investment Outlook

In our opinion, the current period of economic history is unique; we are in the midst of the largest monetary experiment our capitalist system has ever experienced and no one truly knows what the financial landscape will look

like when we reach our destination. Looking at 2014, the key story is likely to be if, how and when the US authorities finally bring their monetary experiments to an end.

Markets, and specifically sovereign bond markets, are now a key battleground. Bonds have enjoyed an incredible secular bull market which has lasted for in excess of 20 years. With inflation and bond yields so low and bonds so heavily owned, investors are bound to look elsewhere for returns. If the world is recovering, albeit slowly, money should naturally gravitate to equities and away from bonds.

The prospects for 2014 appear finely balanced, but there is no disputing that 2013 has pushed up equity valuations markedly in the developed world. Risks can be seen from many quarters, a resurgence of inflation, the escalation of political problems, the emergence of Emerging Market or further European crises or simply the economic recovery stalling. However, a continuation of the recovery in the developed world and the associated growth in earnings from companies around the world is also a distinct possibility. We have positioned the Portfolio where we have identified the most attractive opportunities and as always remain ready to react as the situation evolves.

**John Chatfield-Roberts, Peter Lawery and
Algy Smith-Maxwell**
Fund Managers

■ 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 Merlin Growth Portfolio for the period ending 28 February 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 period it covers and the results of those activities at the end of the period.

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