Jupiter **European Fund**

Short Interim Report – for the six months ended 31 December 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 31 December 2013

	6 months	1 year	5 years	10 years	Since launch*
Jupiter European Fund	7.6	24.7	121.6	242.2	2649.4
Europe excluding UK sector position	92/101	62/99	4/84	4/64	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 six months (annualised) to:	31.12.13	31.12.12
Ongoing charges for Retail Units	1.78%	1.79%
Ongoing charges for I-Class Units	1.03%	1.04%

Portfolio Turnover Rate (PTR)

Six months to 31.12.13	Six months to 31.12.12
6.74%	13.37%

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

There are no distributions or accumulations due in respect of the period under review.

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*
30.06.13	£2,158,140,658	1,164.54p	1,162.03p	1,195.26p	166,079,983	10,937,593	8,112,996
31.12.13	£2,416,454,339	1,253.97p	1,256.24p	1,292.11p	154,407,364	23,064,795	14,741,867

Unit Price Performance

Date	Highest offer			Lowest bid		
	Retail Income	I-Class Income*	I-Class Accumulation*	Retail Income	I-Class Income*	I-Class Accumulation*
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
2013	1,325.07p	1,265.72p	1,301.76p	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*
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
2013	10.6700p	18.7306p	18.9583p

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

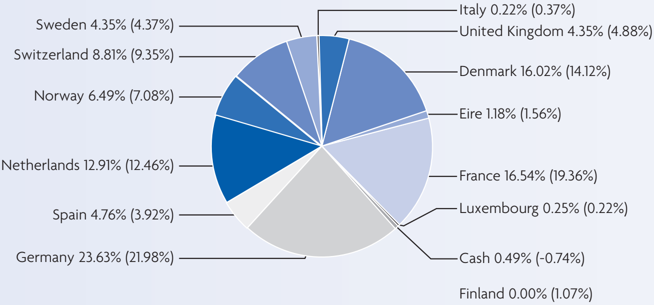
Major Holdings

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

Holding	% of Fund as at 31.12.13	Holding	% of Fund as at 30.06.13
Reed Elsevier	7.36	Reed Elsevier	6.87
Novozymes 'B'	7.17	Novozymes 'B'	6.68
Novo Nordisk 'B'	6.70	Novo Nordisk 'B'	6.41
Wirecard	6.33	Fresenius SE	6.08
Fresenius SE	6.17	Syngenta	5.89
Syngenta	6.07	Wirecard	5.02
Bayer	5.01	Bayer	4.91
Amadeus	4.76	DNB	4.67
DNB	4.34	Dassault Systemes	4.50
Ingenico	4.25	Amadeus	3.92

Portfolio Information

Geographical spread of investments as at 31 December 2013



The figures in brackets show allocations as at 30 June 2013.

Investment Review

Performance Review

For the six months ending 31 December 2013, the total return on the units was 7.6%* compared to 12.8%* for the FTSE World Europe ex UK Index and 12.5%* for the IMA Europe excluding UK sector average. Over the period the Fund was ranked 92nd out of 101 funds and 4th out of 84 funds over 5 years.

**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 FTSE World (total return) Index was up 6.6% in sterling terms. The MSCI Latin America Index fell 6.8%; meanwhile the MSCI AC Asia ex-Japan Index rose by 0.2%. The S&P500 Index returned 6.6% in sterling terms.

Central banks, notably the US and Japanese, have continued to inject massive liquidity into financial markets explaining the buoyancy of equity markets. Over the course of 2013 the European Central Bank (ECB) reduced its main refinancing rate from 0.75% to 0.25%, an historic low. A further important factor was the marked fall in energy costs: the cheap shale gas effect. The sterling price of WTI oil fell by 6.6% in the six month period. The benefits of cheaper energy were felt most in America where shale gas is plentiful; as a result, against a backdrop of slight reductions in world GDP estimates, American GDP expectations, according to the forecasters, were little changed. The same was true of Europe though that region does not benefit from lower energy costs in the same way. On the contrary, Europe is pursuing a high cost energy policy: energy price differentials across the world are extraordinary. Nevertheless, Europe's equity markets outperformed. Inextricably linked with the cheap monetary policy of the ECB, corporate earnings have remained resilient. The latest estimates from UBS point to Europe ex UK earnings growth of 4.5% in 2013 to be followed by 17.7% in 2014.

Growth rates in the major emerging markets – China, Brazil and India – all fell markedly from earlier expectations in 2013. Thus 2013 marked the reversal of the pattern of preceding years that saw strong emerging market growth and weak performance in developed economies. This reversal explains in large part the Fund's underperformance in the six month period: exposure to emerging markets, a feature of the portfolio, was not the positive driver that it had been, whereas more local 'plays', notably financials, utilities and telecommunications, performed well. Poor stock picking in oil services, specifically CGG, which manufactures equipment and collects data for seismic surveys, was a further drag on performance. Against that there were notable successes: the electronic digital payments companies Ingenico and Wirecard performed well; our decision to retain a big position in Reed Elsevier, which controls legal, scientific and personal information, was vindicated by its strong showing; likewise, the decision to keep Novozymes, the world leading industrial enzymes company, proved to be wise as it has contributed significantly to performance. Amadeus, the Spanish listed, world leader in its field of air travel IT, again performed well. Like many of the 'winners' in the portfolio, it is a beneficiary of the development of digital technology, extending its reach, monetising better its services and offering new services.

There were no sales of major positions. The largest holding sold was that of Schneider Electric. The reason for the sale was that its prospects appeared to depend on macro factors to a greater extent than expected. Other sales included Tecan and Wartsila. Tecan, we believe, enjoys excellent management but suffers from an increasingly competitive landscape, exacerbated by technology developments. Our decision to sell Wartsila was prompted by poor results. Of the seven recent new positions, Gemalto, Leonteq and Millicom International Cellular are all, to some extent, 'digital plays'. Gemalto is a world leader in chips for security, authentication and other card based products; Leonteq is a Swiss listed provider of structured financial solutions; and Millicom is the telecoms operator that is developing mobile financial services in emerging markets. The other notable purchase was that of CGG. We took a small position in Biotest during the period under review, which develops, produces and markets blood plasma products. Three of the major positions were reinforced. We increased the holding in NovoNordisk, the world leader in the treatment of diabetes, when temporary setbacks were seen to present good buying opportunities; we bought more shares in Amadeus as strong results underpinned our confidence in the business model; and we increased the weighting in Provident Financial as their refreshed business plan was convincing.

Outlook

Our strategy remains the same: we identify companies that, we believe, provide differentiated products or services and get well rewarded for so doing. Whilst it is clear that exposure to emerging markets is not, if ever it was, a panacea, we are confident that 'our' companies are well placed to succeed in many markets. Whilst there are always protectionist impulses, the drivers of globalisation, leading to productivity gains, are still in place. A good proportion of these gains accrue to owners of capital. For this reason we remain confident that there are good investment opportunities and we believe that our process for finding them is still an appropriate one.

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 period ended 31 December 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 period it covers and the results of those activities at the end of the period.

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