

Jupiter Monthly Income Fund

Short Interim Report – for the six months ended 30 September 2013



Investment Objective

To achieve a high level of sustainable income with prospects of capital growth.

Investment Policy

To invest principally in the UK, principally in equities via various classes of Investment Trust securities, with some exposure to fixed interest securities.

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

	6 months	1 year	5 years	10 years	Since launch*
Jupiter Monthly Income Fund	1.7	17.9	67.8	166.4	74.1
UK Equity & Bond Income sector position	13/15	5/15	2/12	1/11	11/11

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

*Launch date 6 March 2000.

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

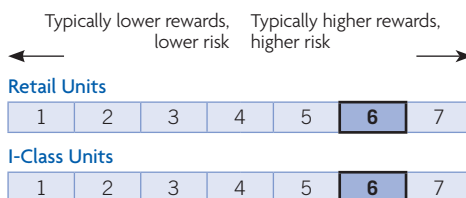
In addition to the basic class of units which are available to all types of investors, the Fund also offers I-Class units which are available to investors who invest a minimum of £5,000,000. Further details are available from the Manager on request. Please note that in order to distinguish between the 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 Fund mainly invests in various investment trust securities including the income shares of split capital trusts. Such shares are highly geared which has the effect of accentuating gains and losses and there can be no guarantee that, when the trust winds up, predetermined payment prices will be achieved. There may be times when the market for shares in investment trusts become less liquid. Up to 20% of the portfolio may be invested in high yield bonds (a type of bond with a low rating from a credit rating agency). While such bonds may offer a higher income, the interest paid on them and their capital value are at greater risk particularly during periods of rapidly changing market circumstances. The level of monthly income may fluctuate due to the overall structure of the portfolio. 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.

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:	30.09.13	30.09.12
Ongoing charges for Retail Units	1.72%	1.72%
Ongoing charges for I-Class Units	0.97%	0.97%

Portfolio Turnover Rate (PTR)

Six months to 30.09.13	Six months to 30.09.12
7.57%	2.54%

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.

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*
31.03.13	£82,472,315	27.45p	80.97p	27.77p	81.85p	208,890,590	29,413,847	3,855,492	306,771
30.09.13	£87,659,378	27.40p	82.80p	27.84p	84.02p	209,746,091	28,421,030	17,047,021	2,278,438

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*
2008	31.52p	67.60p	n/a	n/a	15.94p	36.30p	n/a	n/a
2009	24.13p	59.57p	n/a	n/a	14.90p	34.79p	n/a	n/a
2010	27.07p	70.81p	n/a	n/a	21.45p	53.62p	n/a	n/a
2011	27.53p	74.02p	24.08p	65.36p	22.42p	60.95p	22.18p	60.26p
2012	27.47p	79.28p	26.35p	76.06p	22.68p	62.60p	22.77p	62.77p
to 30.09.13	30.25p	89.40p	29.10p	86.34p	25.49p	74.07p	25.77p	74.82p

Income/Accumulation Record

Calendar Year	Pence per unit			
	Retail Income	Retail Accumulation	I-Class Income*	I-Class Accumulation*
2008	1.6300p	3.5781p	n/a	n/a
2009	1.4700p	3.4935p	n/a	n/a
2010	1.2200p	3.0992p	n/a	n/a
2011	1.2052p	3.2215p	0.2674p	0.7259p
2012	1.2321p	3.4670p	1.2660p	3.5443p
to 27.10.13	1.1850p	3.4952p	1.1910p	3.4927p

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

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% of the class' average Net Asset Value during the period under review (I-Class Units 0.75%) and constraining the class' capital performance to an equivalent extent.

Distributions/Accumulations

	Distributions/Accumulations for six months to 30.09.13	Distributions/Accumulations for six months to 30.09.12
	Pence per unit	
Retail Income units	0.6600	0.6200
Retail Accumulation units	1.9611	1.7477
I-Class Income units	0.6600	0.6400
I-Class Accumulation units	1.9637	1.7978

Fund Facts

Fund accounting dates		Fund payment/accumulation dates
31 March	30 September	See note below

Income will be distributed or accumulated on the 27th day of each month to those on the register as at the previous month end date.

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 30.09.13	Holding	% of Fund as at 31.03.13
European Assets Investment Trust	6.63	Investors Capital 'A'	6.72
Investors Capital 'A'	6.56	European Assets Investment Trust	6.40
Schroder Oriental Income Fund	5.28	Schroder Oriental Income Fund	6.18
Aberdeen Asian Income Fund	4.32	Aberdeen Asian Income Fund	5.24
Ecofin Water & Power Opportunities (Ordinary Shares)	3.78	Ecofin Water & Power Opportunities (Ordinary Shares)	4.88
Midas Income & Growth Trust	3.70	Midas Income & Growth Trust	3.84
Henderson High Income Trust	3.46	JZ Capital Partners	3.67
Carador Income Fund	2.41	Henderson High Income Trust	3.48
Real Estate Credit Investments (Preference Share)	2.29	Carador Income Fund	2.97
Japan Residential Investment	2.20	GCP Infrastructure	2.65

The portfolio as at 30 September 2013 (31 March 2013) is comprised of Investment Companies 83.35% (82.27%), UK Fixed Interest Stocks 13.66% (14.85%), Overseas Fixed Interest Stocks 0.94% (1.35%) and Cash 2.05% (1.53%).

Investment Review

Performance Review

For the six months ended 30 September 2013, the total return on the units was 1.7%* compared with an average return for the IMA UK Equity & Bond Income sector over the same period of 3.4%*. Over five years, the total return was 67.8%* compared to 55.8%* for the sector. The Fund was ranked 13th out of 15 funds over the six months and 2nd out of 12 funds over five years in the IMA UK Equity & Bond Income sector.

For the period under review, holders of Retail Income units received distributions of 0.6600 pence per unit (Retail Accumulation units 1.9611 pence per unit), compared to 0.6200 pence per unit for Retail Income units (Retail Accumulation units 1.7477 pence per unit) for the same period last year.

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

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

Market Review

After continuing to rise early in the six months under review, equity markets became more volatile on concerns about the US Federal Reserve (Fed) starting to taper its quantitative easing (QE) policy. The Chinese economy showed signs of a slowdown as the country's government tightened conditions in the property market and introduced significant anti-corruption measures. Investors were also concerned about an increase in China's 'shadow banking' (i.e. unregulated elements of its financial system).

Most developed markets subsequently recovered their losses, supported by Bernanke's reassurance about the timing of tapering of the QE policy. Many developed economies showed signs of improvement and this also bolstered the equity performance in these markets. However, emerging markets remained weak on concern that the Fed tapering could cause a massive outflow of

investments from their economies, although in September they recovered some lost ground as the Fed did not taper its liquidity programme. The FTSE World Index returned 1.7% in sterling terms over the six months.

The UK investment trust sector underperformed the wider UK equity market in the volatile six months, largely due to its emerging market exposure. The sector's share price discounts (excluding private equity, hedge funds and direct property) compared to their asset values narrowed over the period from 7.2% at the end of March to 5.2% at the end of September. Highly-g geared property funds and small & mid cap funds generally performed well, while demand for income products remained solid. However, emerging markets funds and resources-related trusts generally performed poorly over the period.

Having previously benefited from investors' flight to perceived safety, government bonds such as US Treasuries, UK gilts and German bunds fell for most of the six months. The benchmark 10-year gilt yield, for example, stayed below 1.8% in April but rose subsequently to over 3.0% in September on expectations that the US Fed might start reducing its QE policy. The gilt yield fell below 2.8% towards the end of the period as the Fed decided not to start tapering.

Policy Review

The Fund performed in line with the FTSE World Index but underperformed the IMA UK Equity & Bond Income sector average over the six months under review.

Some of our holdings in Asian and other emerging market trusts detracted from performance. Having previously performed strongly, the Aberdeen Asian Income Fund and the Schroder Oriental Income Fund gave up some of their previous gains, while our holding in the Aberdeen Latin American Income Fund fell, especially in May and June. Elsewhere, JZ Capital Partners, which invests in US and

European micro-cap companies, also fell following a strong run in the previous year and weak commodity prices continued to affect our holding in City Natural Resources High Yield.

More positively, however, some of our holdings in trusts that invest in mid and small cap companies made strong contributions to performance. The European Assets Trust which invests in listed mid-cap companies in Europe (excluding the UK) continued to perform well, benefiting from improving investor sentiment in the region. The Small Companies Dividend Trust and Aberforth Geared Income Trust also continued to perform strongly, helped by the strong performance from the UK small cap market. Among other income funds, Henderson High Income and Midas Income & Growth continued to make good contributions to performance. Some of our property-related holdings such as Japan Residential Investment and TR Property Investment also added value.

In terms of transactions, we initiated a position in Fidelity Special Values, which invests in UK-listed special situations companies, in order to increase exposure to value stocks as we expected volatility to rise following the equity market rally in early 2013. Elsewhere, we participated in the IPO of Renewables Infrastructure Group which invests in offshore and solar energy projects, while locking in profits in wind farm investor Greencoat UK Wind following a strong run. We also took profits in the City Merchants High Yield Trust after a period of good performance.

Investment Outlook

While the US economy continues to recover, the UK economy's health is improving and even Europe is at last showing signs of a nascent recovery. UK government stimulus through the provision of mortgage guarantees has kick-started the property market and this is now feeding through into other sectors of the economy, which are benefiting from an improvement in consumer demand. However, stock markets in the UK and the US are by no means as cheap as they were.

The Japanese equity market has become weak recently but we believe that the market will react positively if and when more structural reforms, as outlined by Prime Minister Abe, are pushed through. Meanwhile, many emerging markets are suffering from a cyclical slowdown. Over the medium term, inflationary pressure is ultimately what is required to force countries such as India to put much needed structural reforms in place. We believe our Fund's asset allocation will benefit unitholders as it is well spread, deriving its income from a wide variety of markets and asset types.

Richard Curling
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 Monthly Income Fund for the period 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 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.

This document contains information based on the FTSE World Index. 'FTSE®' is a trade mark owned by the London Stock Exchange Plc and is used by FTSE International Limited (FTSE) under licence. The FTSE World Index is calculated by FTSE. FTSE does not sponsor, endorse or promote the product referred to in this document and is not in any way connected to it and does not accept any liability in relation to its issue, operation and trading. All copyright and database rights in the index values and constituent list vest in FTSE.

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

