Jupiter **Emerging European Opportunities Fund**

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

Investment Objective

To achieve long-term capital growth through investment primarily in Central and Eastern Europe.

Investment Policy

The scheme will invest primarily in companies which operate or reside in Central or Eastern Europe including Russia, the Baltic States, all other member states of the former USSR and Turkey. The scheme may also invest in shares in investment trusts and other closed or (to the extent permitted by the Regulations) open ended funds which are themselves dedicated to investments in the markets and countries listed above. The scheme shall be free to invest in companies which are established in countries outside those identified above which, in the Manager's opinion, conduct a material proportion of their business(es) in one or more of those countries and, in any event, the scheme shall be permitted to invest an aggregate of up to 10 per cent of its total assets at the time of investment in companies which do not necessarily conduct a material proportion of their business(es) in one or more of those countries but which reside in Israel, Uzbekistan, Turkmenistan, Tajikistan and Kyrgyzstan.

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 benchmark comparison from launch to 31 December 2013

	6 months	1 year	5 years	10 years	Since launch*
Jupiter Emerging European Opportunities Fund	-0.1	-3.7	49.9	152.9	291.7
MSCI Emerging Markets Europe 10/40 Index	-1.5	-5.5	83.8	194.8	396.9

Source: FE, Retail Units, bid to bid, net income reinvested.
**Launch date 16 September 2002.*
Due to the diverse nature of the funds in the Specialist sector, sector rankings will not be shown.

Risk Profile

The Fund has little exposure to credit, counterparty or cash flow risk. The risks it faces from its financial instruments are liquidity, market price, foreign currency and interest rate risk. The Manager reviews policies for managing these risks in pursuance of the Investment Objective and Policy. It should also be borne in mind that there are particular risks associated with the less developed nature of the markets that the Fund invests in. Fuller details are contained in the Key Investor Information Document.

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.

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.

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.

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 below.

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	1.93%	1.87%
Ongoing charges for I-Class Units	1.18%	1.12%

Portfolio Turnover Rate (PTR)

Six months to 31.12.13	Six months to 31.12.12
68.97%	61.41%

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.

Accumulations

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

Fund Facts

Fund accounting dates		Fund 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 Accumulation	I-Class Accumulation*	Retail Accumulation	I-Class Accumulation*
30.06.13	£239,484,589	186.32p	188.40p	120,459,924	7,987,856
31.12.13	£214,199,343	186.04p	188.81p	104,508,550	10,473,317

Unit Price Performance

Calendar Year	Highest offer		Lowest bid	
	Retail Accumulation	I-Class Accumulation*	Retail Accumulation	I-Class Accumulation*
2009	218.83p	n/a	97.67p	n/a
2010	257.93p	n/a	194.02p	n/a
2011	265.63p	190.16p	157.51p	157.60p
2012	216.28p	205.76p	157.66p	158.53p
2013	229.96p	220.71p	177.10p	179.73p

Accumulation Record (net accumulations)

Calendar Year	Pence per unit	
	Retail Accumulation	I-Class Accumulation*
2009	0.0000p	n/a
2010	0.0000p	n/a
2011	0.0000p	n/a
2012	0.0000p	1.5570p
2013	1.8570p	3.3133p

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

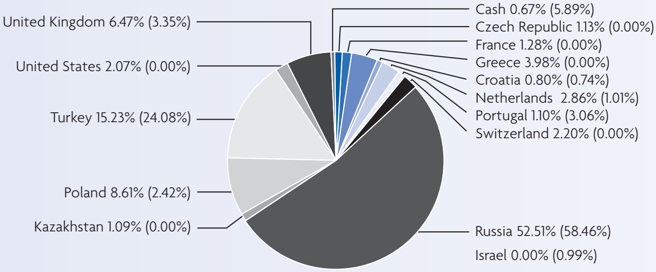
Major Holdings

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
Sberbank	7.39	Lukoil ADR	9.26
Lukoil ADR	7.01	Sberbank	8.44
Gazprom	5.97	Garanti Bankasi	6.79
Magnit	5.01	Synergy	5.15
Mobile Telesystems ADR	4.28	Magnit	4.59
Synergy	4.16	Mobile Telesystems ADR	3.56
Mail.Ru GDR	3.99	Megafon WI GDR	3.47
Mondi	3.37	Turkiye Halk Bankasi	3.33
Garanti Bankasi	3.19	Jeronimo Martins	3.06
International Personal Finance	3.10	Turkiye Is Bankasi	3.04

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

In the six months to 31 December, the value of the Fund was almost unchanged at -0.1%*, while its benchmark MSCI EM Europe 10x40 Index fell by -1.5%*. Since its launch, the Fund has returned 291.7%* as opposed to 396.9%* for its benchmark.

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

Market Review

In the period under review, regional markets diverged, with healthy gains in Russia and Poland offset by steep falls in the Turkish market. The ongoing recovery in developed economies has favoured countries such as Poland which have strong export links to the West, while the concomitant expectations of tighter monetary policy penalised countries such as Turkey that are most dependent on external financing.

Economic growth in Poland accelerated to 1.9% in the third quarter, the fastest rate for over a year. Similar trends were observed in Hungary (gross domestic product of 1.8% year-on-year) and to a lesser extent in the Czech Republic. The Polish market rose 13.4%, delivering the strongest returns in our region.

In November, Greece was reclassified as an emerging market, and thus became part of our universe with around a 5% index weighting. The contraction in the economy narrowed to -3% year-on-year in the third quarter from -5.5% year-on-year in the first quarter. Greece is expected to return to growth in 2014, as it emerges from a long period of difficult adjustment. Following an extended run of strong performance (+80% in the 12 months ending 22 May), the Turkish market started to face headwinds as the US Federal Reserve began to taper its quantitative easing programme and internal political struggles intensified. It fell by 23% from its peak through to the end of June, before declining a further 27% in the period under review. While the economy grew 4.4% in the third quarter, the stock market was pressured by expectations that higher funding costs could cause a slowdown in 2014.

In Russia, the economy continued to expand slowly but steadily at 1.2% year-on-year in the third quarter. While the consumer sector performed robustly, with retail sales growing 4.5% in November, this was offset by weaker investment, in part because public spending was constrained by strict budgetary discipline. Russian public finances are strong compared to international peers, with the budget deficit for 2013 expected at less than 1% of GDP while sovereign debt is below 10% of GDP.

Policy Review

We significantly reduced the weighting in Turkey, from 24% at the end of June to 15% by the end of December, restructuring the Fund's exposure away from banks in favour of diversified consumer companies, whose earnings are expected to be less affected by increased funding costs. Positions such as construction conglomerate Enka Insaat and airline caterer Do&Co Restaurants and Catering delivered positive returns, due to their strong balance sheets and international operations. This worked well for the Fund.

We almost doubled the Fund weighting in Central Europe (from 8.8% to 17.3%), on the view that earnings estimates are likely to be upgraded as a result of the improving macroeconomic environment. New positions were established, including Polish bank PKO Bank Polski, Polish rail freight operator PKP Cargo, Polish utility Energa and Czech Komercni Bank.

In Greece, we favoured companies with significant international earnings (such as Asia-focused jeweller Folli Follie and conglomerate Mytilineos) or strong balance sheets and potential for earnings upgrades (local stock market operator Hellenic Exchange).

The Russian portfolio was restructured, with the high-growth technology sector favoured at the expense of infrastructure-related companies whose prospects have deteriorated due to the slowdown in fixed investments. Additions were made to internet search engine Yandex and social network Mail.ru, which occupy leading positions in this underpenetrated growth market. We added new positions in high-end software providers EPAM Systems & Luxoft, which enjoy global competitive advantages due to the quality of technical education in the region coupled with low costs. Within the oil and gas sector, the weighting in Gazprom was increased at the expense of oil companies such as Lukoil and Rosneft Oil; the outlook for gas exports to the EU was improving at a point where we believe Gazprom had become undervalued, with its dividend yield exceeding 6%.

Investment Outlook

The recovery in Central European economies is expected to strengthen further in 2014, with Poland in particular expected to grow to the tune of 3% on the back of higher demand in export markets, some easing of fiscal austerity, and renewed inflows from EU structural funds. The improving macroeconomic outlook creates scope for earnings upgrades, and the Manager has repositioned the Fund to take advantage of this.

While the Turkish economy faces short-term headwinds from higher financing costs and political uncertainty, the long-term case for investing in Turkey in our view remains firmly intact: the country still has favourable demographics, low levels of debt and a highly competitive export sector. Meanwhile, valuations have already readjusted significantly, creating the potential for a stock market rebound in the event that interest rates stabilise and political disputes are resolved.

In Greece, the turnaround is still in its early stages, with uncertainties surrounding the sovereign debt yet to be resolved. Consequently, we have aimed to identify companies whose earnings ought to remain robust across a range of Greek macroeconomic scenarios, while remaining alert to opportunities that may emerge in domestically-focused sectors should the recovery take hold.

The Russian economy is expected to grow in the region of 2.5% this year. Certain parts of the economy – such as technology, financials and the consumer sector – are likely to grow significantly faster due to structural growth drivers. This should allow companies operating in these areas to post sustainably higher earnings growth. The manager believes that continued focus on high-quality companies operating in the 'sweet spots' of the economy have the potential to deliver superior returns.

Elena Shaftan and Colin Croft
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 Emerging European Opportunities 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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