Jupiter **Income Trust**

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

JUPITER

Investment Objective

To produce a high income, increasing at least in line with inflation, from a managed portfolio chiefly invested in UK equities and fixed interest stocks, although with some overseas exposure.

Investment Policy

To invest principally in the UK in high quality companies with above average income and sound prospects.

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

	6 months	3 years	5 years	10 years	Since launch*
Jupiter Income Trust	11.6	38.4	32.0	117.3	1219.5
UK Equity Income sector position	43/98	72/88	59/73	31/54	1/9

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 Trust has little exposure to liquidity, credit or cash flow risk. The risks it faces from its financial instruments are market price, foreign currency, interest rate and counterparty 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 Trust 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 Trust. The shaded area in the table below shows the Trust'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 Trust 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 Trust 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 Trust 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 Trust, 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:	30.06.13	30.06.12
Ongoing charges for Retail Units	1.70%	1.69%
Ongoing charges for I-Class Units	0.95%	0.94%

Portfolio Turnover Rate (PTR)

Six months to 30.06.13	Six months to 30.06.12
27.17%	6.96%

The PTR provides an indication of the rate the Manager has bought and sold the underlying assets of the Trust during the period as indicated above. In general, the higher the PTR of a trust, the greater level of portfolio transaction costs will be incurred.

Distributions/Accumulations

	Total Distributions for period to 30.06.13	Total Distributions for period to 30.06.12
	Pence per unit	
Retail Income units	12.8300	10.3400
I-Class Income units	13.1302	10.4803
I-Class Accumulation units	13.8803	10.5801

Fund Facts

Trust accounting dates		Trust payment/ accumulation dates	
30 June	31 December	31 August	28 February

Comparative Tables

Net Asset Values

Date	Net Asset Value of Trust	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*
31.12.12	£1,852,379,785	407.65p	415.95p	439.72p	449,308,610	4,991,637	5,279
30.06.13	£1,881,591,539	442.19p	452.92p	492.71p	419,687,903	5,611,458	69,413

Unit Price Performance

Calendar Year	Highest offer			Lowest bid		
	Retail Income	I-Class Income*	I-Class Accumulation*	Retail Income	I-Class Income*	I-Class Accumulation*
2008	559.02p	n/a	n/a	314.27p	n/a	n/a
2009	431.86p	n/a	n/a	292.14p	n/a	n/a
2010	454.11p	n/a	n/a	358.79p	n/a	n/a
2011	463.48p	414.31p	414.31p	361.33p	366.78p	366.78p
2012	450.39p	437.23p	453.06p	390.26p	396.97p	401.09p
to 30.06.13	508.51p	496.26p	524.47p	412.12p	421.16p	445.25p

Income/Accumulation Record

Calendar Year	Pence per unit		
	Retail Income	I-Class Income*	I-Class Accumulation*
2008	19.58p	n/a	n/a
2009	18.64p	n/a	n/a
2010	16.43p	n/a	n/a
2011	18.53p	n/a	n/a
2012	19.04p	14.5504p	14.6515p
to 31.08.13	21.01p	21.4681p	22.5475p

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

All of the Trust's expenses are charged to capital. This has had the effect of increasing the distributions paid on an annualised basis on Retail Units by up to 1.70% of the class' average Net Asset Value during the period under review (I-Class Units 0.95%) and constraining the class' capital performance to an equivalent extent.

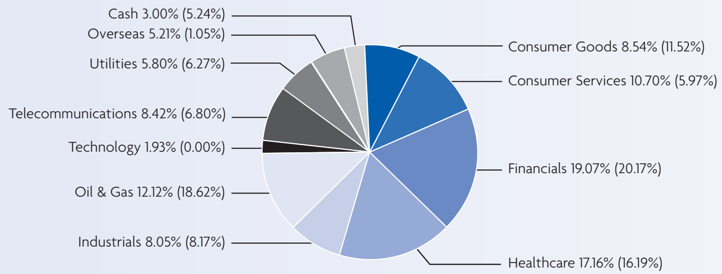
Major Holdings

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

Holding	% of Trust as at 30.06.13	Holding	% of Trust as at 31.12.12
AstraZeneca	7.87	AstraZeneca	8.43
GlaxoSmithKline	7.13	Royal Dutch Shell 'B'	7.06
BP	6.88	BP	6.85
Vodafone	5.18	HSBC Holdings (London listed)	6.07
HSBC Holdings (London listed)	5.09	GlaxoSmithKline	5.91
British American Tobacco	3.69	Vodafone	4.34
Royal Dutch Shell 'B'	3.48	Scottish & Southern Energy	3.62
BT	3.24	British American Tobacco	3.42
BAE Systems	3.06	Imperial Tobacco	3.16
Melrose	3.06	Ladbrokes	3.02

Portfolio Information

Classification of investments as at 30 June 2013



The figures in brackets show allocations as at 31 December 2012.
The sectors as shown above are based on the Industry Classification Benchmark (see page 4).

Investment Review

Performance Review

For the six months ended 30 June 2013 the total return on the units rose by 11.6%* compared with a rise of 8.5%* for the FTSE All-Share Index, which is the Trust's benchmark. Over three years the Trust has risen 38.4%* compared with a rise of 43.5%* for the same benchmark. The Trust was ranked 43rd out of 98 funds in the IMA UK Equity Income Sector over six months and 72nd out of 88 funds over 3 years.

An interim distribution of 12.83 pence per unit will be paid to holders of Retail income units on 31 August 2013 compared to 10.34 pence per unit for the same period last year. Also, an interim distribution of 13.1302 pence per unit will be paid to holders of I-Class income units on 31 August 2013 (I-Class accumulation units 13.8803 pence per unit) in respect of the period under review.

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

Market Review

The stock market rallied during the period but retreated sharply towards the end when the Federal Reserve indicated it was likely to reduce its quantitative easing. This is good news, in the sense that the American economy is starting to heal, but markets reacted badly as the almost unlimited liquidity is coming to an end. Economic data from China was poor. Overall the worst performing asset classes were those where this liquidity has primarily flowed into – commodities, high yield debt and emerging markets.

Significant changes were made to the Trust to reflect the change to my investment style. I am looking to purchase a diversified list of statistically cheap stocks. This is achieved by using two value based screens to search the market and then analysing the individual characteristics of the company.

These characteristics are around the ability of the company to generate cash as opposed to profits, the margin of safety in the valuation and the ability of the balance sheet to cope with unanticipated events. Importantly, the investment process concentrates on measuring value and not on forecasting the future earnings of a company or those of economies or interest rates. Of particular note were the purchases of Aviva, Wolters Kluwer, Pearson, Hewlett Packard, Reed Elsevier, Sage, National Express and Mitie. These are all franchises which are lowly valued by the stock market but where they are out of fashion either due to a recent fall in profitability or an element of unpopularity.

Investment Outlook

According to the Graham and Dodd value screen less than 20% of the top 250 companies trade on less than 16x ten year average earnings. This is low in relation to history and highlights the lack of value within the stock market. The Trust is biased towards the areas of value such as some of the largest companies (BP, GlaxoSmithKline, Astra Zeneca), financials (Aviva, HSBC), defence companies (BAE Systems), media stocks (Reed Elsevier, Wolters Kluwer and Pearson) and IT companies (Sage and Hewlett Packard).

Within the overall stock market there is a large gap between the valuations accorded to growth stocks (primarily those companies exposed to Asia and Latin America) and value stocks (primarily those exposed to western economies stocks). Over the last five years growth stocks have performed significantly better than value stocks due to the scarcity of growth in the world and their low starting valuations in relation to value stocks. The valuation of growth stocks is now high in relation to value stocks when looking back over forty years albeit not at the level witnessed in the 'dot com' boom in the late 1990's.

Given these circumstances the Trust has increased its bias to value stocks. The Trust is particularly exposed to financials, particular industrials, IT, integrated oil, media and pharmaceutical companies that trade on very significant discounts to the stock market when valued on their ten year average earnings. These are often international businesses with a bias to North America and very strong free cash flow available for shareholders in the form of rising dividends or reducing net debt.

Conversely it has limited exposure to companies primarily exposed to China, for example the mining sector, industrials, luxury goods and Asian based banks. These stocks trade on very significant premiums to the market when looking over a ten year period. Whilst the Asian economies are in a better position than the western economies this is more than reflected in the valuations accorded to their shares. In particular, I remain cautious towards companies that are exposed to China which has some characteristics that indicate that the present strength of the economy may be unsustainable. When combined with such investor optimism it could prove to be a difficult period for those shares if this optimism proves misplaced.

Ben Whitmore
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 Income Trust for the period ended 30 June 2013. The full Report and Accounts of the Trust 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 Trust during the period it covers and the results of those activities at the end of the period.

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

SF5364i-08.13