Jupiter **Strategic Reserve Fund**

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

Investment Objective

The Fund seeks to generate absolute return, over a 3 year rolling period, independent of market conditions, by investing on a global basis. Capital invested in the Fund is at risk and there is no guarantee that the investment objective will be achieved over the 3 year rolling periods or in respect of any other time period.

Investment Policy

The Investment Manager will seek to achieve the objective by making strategic investment and asset allocation decisions using a wide range of asset classes and financial derivative instruments which will be used for investment purposes as well as hedging and efficient management of the Fund. The ability of the Fund to maintain a portfolio of both long and short positions provides the flexibility to hedge against periods of falling markets, to reduce the risk of absolute loss at portfolio level and to minimise the volatility of portfolio returns. Asset classes may include equities, corporate bonds, government bonds, convertible bonds, currencies, money market instruments, deposits and exchange traded funds. Derivative instruments likely to be used include contracts for difference, sector SWAPS, futures and options (on single stocks, bonds, currencies, equity indices, financial indices, commodity indices and interest rates), and forward foreign exchange contracts. **The Fund aims to profit from falls as well as rises in value of market indices, currencies or shares by using derivatives. This may cause periods of high volatility for the price of units in the Fund. The Fund may incur losses greater than its initial investment into derivative contracts (although unitholders will not incur any liabilities beyond their initial investment). The Fund is able to gain market exposure in excess of its Net Asset Value which can increase or decrease the value of units to a greater extent than would have occurred had no additional market exposure beyond the Fund's net asset value been in place. The Fund's value is unlikely to mirror increases and decreases in line with the respective markets it is invested into. Further information is contained within the Supplementary Information Document.**

Risk Profile

The Fund 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.

For more detailed information regarding these risks, derivatives used and the Risk Management procedures that the Manager has in place, unitholders should refer to the full report and accounts which are available as indicated on page 4.

Performance Record

Percentage change from launch to 30 November 2013

	6 months	1 year	Since launch*
Jupiter Strategic Reserve Fund	0.9	5.2	6.1
1 month LIBOR	0.2	0.5	0.8

Source: FE, Retail Units, bid to bid, net income reinvested.
**Launch date 24 April 2012.*
The Fund is in the Specialist IMA sector. Due to the diverse nature of the Funds in the sector, sector rankings will not be shown.

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 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 and bonds, and can use derivatives for investment purposes, all of which carry some level 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:	30.11.13	30.11.12
Ongoing charges for Retail Units	1.49%	1.52%
Ongoing charges for I-Class Units	0.84%	0.87%

Portfolio Turnover Rate (PTR)

Six months to 30.11.13	Period from 24.04.12 to 30.11.12
59.31%	9.10%

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

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

Fund Facts

Fund accounting dates		Fund payment/ accumulation date	
30 November	31 May	–	31 July

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.

Comparative Tables

Net Asset Values

		Net Asset Value per unit				Number of units in issue			
Date	Net Asset Value of Fund	Retail Income	Retail Accumulation	I-Class Income	I-Class Accumulation	Retail Income	Retail Accumulation	I-Class Income	I-Class Accumulation
31.05.13	£23,446,614	52.28p	52.53p	52.28p	52.84p	55,593	844,504	34,088,933	9,750,572
30.11.13	£27,939,397	52.76p	53.02p	52.90p	53.47p	826,219	5,172,014	35,053,735	11,627,860

Unit Price Performance

	Highest price				Lowest price			
Calendar Year	Retail Income	Retail Accumulation	I-Class Income	I-Class Accumulation	Retail Income	Retail Accumulation	I-Class Income	I-Class Accumulation
2012*	50.60p	50.59p	50.77p	50.77p	49.42p	49.42p	49.45p	49.45p
to 30.11.13	52.90p	53.15p	53.02p	53.59p	50.65p	50.64p	50.83p	50.82p

Income/Accumulation Record

	Pence per unit			
Calendar Year	Retail Income	Retail Accumulation	I-Class Income	I-Class Accumulation
2012*	n/a	n/a	n/a	n/a
to 30.11.13	0.2605p	0.2605p	0.5556p	0.5556p

*Launch date 24 April 2012.

Major Holdings

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

Holding	% of Fund as at 30.11.13	Holding	% of Fund as at 31.05.13
UK Treasury 2.25% 07/03/2014	7.55	UK Treasury 5% 07/09/2014	12.19
UK Treasury 5% 07/09/2014	7.04	UK Treasury 2.25% 07/03/2014	11.68
Volkswagen International Finance 2.125% 19/12/2014	1.45	Siemens Financieringsmat 1.05% CV 16/08/2017	1.48
Swedbank AB FRN 06/11/2015	1.44	UBS 6.375% 20/07/2016	1.47
National Australia Bank FRN 12/11/2016	1.43	Merrill Lynch FRN 30/05/2014	1.45

Portfolio Information

Sector breakdown as at 30.11.13 % of Net Assets*	Short	Long	Market Exposure*	Net	Gross
Corporate Bonds		38.32	As a % of assets	78.2	107.4
Floating Rate Notes		16.75			
Equities		15.67		**Long**	**Short**
Government Bonds		14.59	Positions as a % of assets	91.64	-14.18
Convertible Bonds		6.31			
Bond Futures	-14.18				
Total	-14.18	91.64			

*Includes notional value of derivative contracts

Investment Review

Performance Review

For the six months ending 30 November 2013 the total return on the units was 0.9%* compared to a return of 0.2%* for the LIBOR GDP 1m TR Index. Since launch on the 24 April 2012, the total return on the units was 6.1%* compared to a return of 0.8%* for the LIBOR GDP 1m TR Index.

**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, financial markets were predominantly driven by the pronouncements and subsequent inaction of the US central bank. Earlier, in May, the Federal Reserve (Fed) triggered a sell-off in bond markets after stating that it might reduce the scale of its $85bn-a-month asset purchase scheme. The reverberations were felt around the world as investors repatriated capital from Asian and emerging market financial assets back to the US dollar. The scale of the reaction gave an indication of the degree of speculation which had arisen on the back of ultra-loose policy and the vulnerability of emerging market debt in countries that depend on foreign capital flows to plug their current account deficits.

The next five months saw markets being prepared for the apparent certainty that US monetary policy would become marginally less stimulatory from October onwards. However, the US government shutdown provided sufficient cause for the Fed to delay the 'tapering' of easy money commonly regarded as the first step in a journey towards the eventual normalisation of monetary policy.

In Japan, Mr Abe secured a strong mandate for his stated policy of reflating the economy. By August, the monetary base had expanded 40% year-on-year, consumer prices were rising and bank lending had grown at its fastest rate in over a decade. The yen weakened and Japanese equities rallied.

In the eurozone, economies emerged tentatively from six quarters of contraction but remained weak. As if by common consent, there were no major shocks that might have upset the single currency area as everyone waited for the formation of a new German coalition government in the autumn.

Policy Review

The Fund's positive return and low volatility during the period under review should be seen in the context of the sharp sell-off in US government bonds, which was a response to prospects for a reduction in the size of the ongoing extraordinary monetary stimulus. For example, from May (just prior to the review period) to July, at a time when many fixed interest assets fell, the Fund rose. This was due largely to our short positions in French, Italian and US government bonds. In particular, we took the view that the yield premium of French OATs over German bunds was too narrow given the structural problems facing the French economy.

In the US, our view was that the normalization of monetary policy was a matter of 'when' not 'if', and that risk premia were likely to return to bond markets. In early autumn we began to increase our short position in US Treasury futures.

Having closed our short in the Australian dollar in June after it fell to our target, we reopened the position in October. In recent years, ultra-low US monetary policy led global investors to seek more attractive yields in other markets, such as Australia. Conversely, a more normal level for the US yield curve should reduce the attraction of other currencies. Such has been the strength of the Australian dollar that it has made most of the country's export industry uncompetitive apart from digging iron ore and coal out of the ground. As the economy weakened and the country faced a decade of budget deficits, the head of the Reserve Bank of Australia indicated his preference for a weaker currency over further cuts to interest rates.

The Fund was short the South African rand because of the county's deteriorating political backdrop, combustible labour relations, large current account deficit and high dependency on foreign capital flows. This position remained in a trading range over the summer but we maintained it in expectation of gains going forward.

Although our Japanese equity holdings had contributed significantly to performance earlier in the calendar year, we had reduced our exposure there by the start of the period under review. We gradually increased equity exposure over the summer in anticipation of potential gains in Q4 2013 and 2014. Our holding in German and Japanese equities contributed to returns in September along with our holdings in convertible bonds which we regard as a form of 'conservative' equity.

Investment Outlook

Any tightening of monetary policy is likely to be a bumpy ride as the US central bank will be in uncharted waters. Although it should be able to move market rates in the right direction, the market response to this is likely to be highly unpredictable.

Any steps to tighten US monetary policy could lead to sharp movements in the yield curve, as investors try to anticipate the longer-term impact of the policy reversal, with reduced market liquidity being just one likely consequence. Market expectations, rather than central bank policy, may then drive longer-term yields. In our view, the risks lie increasingly on the downside and this has led us to hold short positions in certain government bonds.

We continue to focus our exposure to equity in Japan. Mr Abe's third arrow may well disappoint in the short term but as long as global growth doesn't collapse, Japan should benefit from Mr Kuroda's commitment to monetary largesse, and equities still offer value and earnings growth, and are under-owned.

Miles Geldard and Lee Manzi
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

Notifiable event

The investment objective of the Jupiter Strategic Reserve Fund has been clarified in line with new prospectus disclosure requirements in the FCA's Collective Investment Scheme Sourcebook ('COLL') in relation to funds which have absolute return type objectives.

The investment objective for the Fund has been clarified so that each now sets out the timeframe over which the Fund's investment objective is to be achieved. The changes also include clarification for investors that their capital is at risk and that there is no guarantee the investment objective will be achieved over the specified time period or any time period.

Please note these changes do not have any impact on how the Fund is managed or on the risk profile of the Fund.

The revised investment objective is set out below, with the changes shown in bold.

The Fund seeks to generate absolute return, **over a 3 year rolling period**, independent of market conditions, by investing on a global basis. **Capital invested in the Fund is at risk and there is no guarantee that the investment objective will be achieved over the 3 year rolling periods or in respect of any other time period.**

This document is a short report of the Jupiter Strategic Reserve Fund for the period ended 30 November 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.

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.

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