Jupiter **Absolute Return Fund**

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

Investment Objective

The Fund seeks to generate absolute return, independent of market conditions, by investing on a global basis.

Investment Policy

The Fund invests in a global portfolio of equities, equity related securities (including derivatives), cash, near cash, fixed interest securities, currency exchange transactions, index linked securities, money market instruments and deposits. At times the portfolio may be concentrated in any one of a combination of such assets and, as well as holding physical long positions the Manager may create synthetic long and short positions through derivatives.

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.

Performance Record

Percentage change from launch to 30 April 2013

	6 months	1 year	3 years	Since launch*
Jupiter Absolute Return Fund	0.3	-0.2	0.9	1.8
3 month Sterling LIBOR Index	0.3	0.7	2.4	2.7

Source: FE, Retail Units, bid to bid, net income reinvested.
**Launch date 14 December 2009.*
The Fund is in the Absolute Return 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.

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 or cash flow risk. The risks it faces from its financial instruments are market price, credit, 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.

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:	30.04.13	30.04.12
Ongoing charges for Retail Units	1.48%	1.48%
Ongoing charges for I-Class Units	0.85%	0.85%

Portfolio Turnover Rate (PTR)

Six months to 30.04.13	Six months to 30.04.12
6.11%	26.84%

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

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

Fund Facts

Fund accounting dates		Fund accumulation date	
30 April	31 October	–	31 December

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**
31.10.12	£707,601,912	48.20p	48.46p	1,263,557,448	203,417,552
30.04.13	£564,128,372	48.37p	48.71p	947,397,923	217,346,527

Unit Price Performance

Calendar Year	Highest offer		Lowest bid	
	Retail Accumulation	I-Class Accumulation**	Retail Accumulation	I-Class Accumulation**
2009*	50.08p	n/a	47.16p	n/a
2010	51.42p	n/a	45.66p	n/a
2011	51.11p	48.31p	45.46p	46.13p
2012	52.13p	49.77p	47.67p	47.78p
to 30.04.13	51.42p	49.15p	48.01p	48.35p

Accumulation Record

Calendar Year	Pence per unit	
	Retail Accumulation	I-Class Accumulation**
2009*	n/a	n/a
2010	0.0000p	n/a
2011	0.0000p	0.0348p
2012	0.0000p	0.0498p
to 30.04.13	n/a	n/a

*Launch date 14 December 2009.
**I-Class accumulation units were introduced on 19 September 2011.

Major Holdings

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

Holding	% of Fund as at 30.04.13	Holding	% of Fund as at 31.10.12
Financial Select Sector SPDR Fund	5.33	Altria Group 9.95% 10/11/2038	5.99
Altria Group 9.95% 10/11/2038	4.99	Financial Select Sector SPDR Fund	2.22
Barclays Bank 14% VRN perpetual	3.49	Barclays Bank 14% VRN perpetual	1.18
ETFS Physical Gold	1.80	ETFS Physical Gold	1.11
Bank of China	0.75	Australian Government 5.75% 15/05/2021	1.10

Portfolio Information

Sector breakdown as at 30.04.13 % of Net Assets*	Short	Long	Market Exposure as at 30.04.13	Net	Gross
Index Futures		6.10%	As a % of assets	3.02%	49.24%
Financials		5.30%			
Commodities		1.95%		**Long**	**Short**
Banks		1.48%	Positions as a % of assets	26.13%	-23.11%
Bond Futures	-23.11%	0.00%			
	-23.11%	**14.83%**	The remaining exposure is through cash of various currencies		
Fixed Income		11.30%			
Total	**-23.11%**	**26.13%**			

*Includes notional face value of derivative contracts.

Investment Review

Performance Review

For the period 31 October 2012 to 30 April 2013 the total return on the units was 0.3%* compared to 0.3%* for the Fund's benchmark, the 3 month Sterling LIBOR 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 what has been dubbed 'the Great Reflation', central banks have continued to experiment with policies that far exceed a traditional monetary remit and call into question their political independence. Early in the period, the Federal Reserve rewrote the rulebook by introducing an 'open-ended' asset purchase programme with a key aim of reducing the US unemployment rate to about 6.5%, even if this came at the risk of above target inflation. Late in the period, the Bank of Japan capitulated to pressure from newly-elected Prime Minister Shinzo Abe by announcing a massive quantitative easing programme with the aim of driving inflation up to 2% through the injection of some ¥140tn into the country's money supply over the next two years. This latest news unleashed the sorts of speculative behaviour that has become de rigueur with central bank policy announcements around the world. Japanese equities surged by over 50% during the period, while the yen plummeted. Meanwhile, an early drop in Japanese government bond yields started to reverse as foreign investors sold down their positions in search of yield elsewhere in the world, while the sovereign bonds of mature and developing economies rallied on expectations that Japanese investors would follow suit. The renewed appetite for risk meant US stock markets also reached new highs.

Policy Review

The Fund produced a modest absolute gain during the six month period. Positives came from long positions in US stock indices and corporate bonds. Less successful was our short position in the euro which strengthened in part on expectation that high yields in Spain and Italy might prove attractive to Japanese investors. This technical uplift in the euro came despite persistent economic difficulties in Spain, political uncertainty in Italy and a stalled reform process in France.

We increased our short position in 10 year Japanese government bonds. Yields for these dropped to an absurdly low level of about 0.5% during the period, despite myriad risks: a ballooning government deficit, public debt of about 235% of GDP, prospect of inflation, demographic challenges and a history of failed government attempts at economic reform. Elsewhere, we continued to favour Scandinavian currencies which continued to be supported by strong government balance sheets and were not subject to dilutive central bank policies. We also remained cautiously optimistic about equities, particularly in the US where economic data was supportive, although we remained mindful of the longer term risks associated with unravelling excessive deficits and aggressive monetary policies.

Outlook

It takes a lot to 'shock and awe' the market given how bloated the balance sheets of the US Federal Reserve and the European Central Bank have become in recent years, but the Bank of Japan has certainly come close with its latest effort to reflate the economy. Time will tell whether it achieves its objective. However, with the central bank aiming to generate 2% inflation by 2015, global bond markets have reacted to the potential disincentive this policy will create for the historically loyal investor base to remain in Japanese government bonds. The ebullience in bond markets following this latest announcement exemplifies the ability for central bank policies to distort the perception of risk. Yields for Spain's 10 year government bonds, for example, fell to about 4% during April, the lowest level since 2010. This was despite the dire outlook for an economy in a disjointed monetary union with a fiscal deficit of over 10% of GDP and an unemployment rate of 27.1%. Markets may be in an ebullient mood for now, but the risks associated with sovereign debt problems should not be ignored, in our view.

Philip Gibbs
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

Glossary

Long Position – The buying of a security with the expectation that it will deliver a positive return if the stock goes up in value. However there will be a negative return if the stock falls in value.

Short Position – Selling a borrowed security with the expectation of buying it back at a lower price to make a profit. However if the stock goes up in value it will make a loss. Short exposure for the Fund will be created through the use of derivatives. No physical stock will be sold.

Gross Exposure – The overall exposure of the Fund – the sum of the % value of long positions and the % value of the short positions.

Net Exposure – The directional market exposure of the Fund – the % value of the long positions less the % value of the short positions.

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

SF5440i-06.13

JUPITER