

**Objective Type:**

Absolute Return

Investment Area:

International

Jupiter Absolute Return Fund

January 2011

Objective

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

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 (MMIs) and deposits. At times the portfolio may be concentrated in any one or a combination of such assets and, as well as holding physical long positions the Manager may create synthetic long and short positions through derivatives.

Outlook – 1st Quarter

Despite the market's optimism towards the end of 2010, the struggle to kick start the Western economy continues and policy risk remains high. In the US, the decision to extend quantitative easing and tax breaks may yet get the economy back on track and recent data has supported this view. But, the cost of such strategies in terms of inflationary and sovereign debt risk could well be steep, and rising US long bond rates are adding pressure to the ailing property market. In Europe, we may see more volatility in capital markets before difficult decisions are made to draw a line under its debt crisis. Ultimately some states may be forced to restructure their debt, which could be very difficult for markets to digest.

These conditions continue to provide opportunities for the portfolio where we favour businesses exposed to emerging market growth. We believe the US dollar will be supported by an improved domestic economy and inflation in the Far East, and retain exposure to safe-haven currencies and high yielding corporate bonds. Against this, we remain cautious about Europe (including the euro)

and continue to hold a short position in Japanese government bonds believing yields are extremely low given the country's government debt is expected to exceed 200% of GDP this year.

Fund Manager Style

The Fund takes an unconstrained approach to investing in terms of global market sectors and investment strategies, has a robust risk framework and is focused on Philip's particular areas of expertise.

Philip initially takes a macro view of the economy and examines how current themes might affect different business sectors and regions. Next, he looks for mispriced stocks or bonds through which to best play out these themes.

Philip actively manages the portfolio's net and gross exposure levels through a combination of directional (long and short) and market neutral (hedge/pairs) strategies. Active management of market exposure is, in Philip's view, key to meeting the aim of generating positive returns in all market conditions.

He is not afraid to back strong convictions about a company with a sizeable position in the fund, whether long or short. In order to deliver returns for unit holders, he believes it is sensible to concentrate the fund's assets only on his very best ideas.

There is a high degree of competition between holdings: each must work hard for inclusion in the portfolio and Philip regularly adjusts his positions to maximise returns. Additionally, should Philip anticipate a change in market sentiment, he will take steps to restructure to portfolio both to increase the prospect of positive performance and protect client capital. The Fund would normally aim to achieve absolute returns (i.e. more than zero) over a 12 month period.

Fund Manager



Philip Gibbs

Philip Gibbs is a graduate of Cambridge University. In 1983 he qualified as a chartered accountant with Peat Marwick Mitchell. Between 1983 and 1990 he worked for Laing and Cruickshank as a stockbroking analyst specialising in equities of UK financial companies. Between 1990 and 1997 he performed the same role for BZW. Philip also manages the Jupiter International Financials Fund (Unit Trust) and is Deputy Manager of the Jupiter Financial Opportunities Fund (Unit Trust).

Philip has managed the Jupiter Absolute Return Fund since launch.

Performance – 31.12.2010

	1yr	3yrs	5yrs	Since Launch
Growth	1.5%	-	-	0.9%
Benchmark	0.7%	-	-	0.7%

Year on Year % Growth ending 31.12.2010

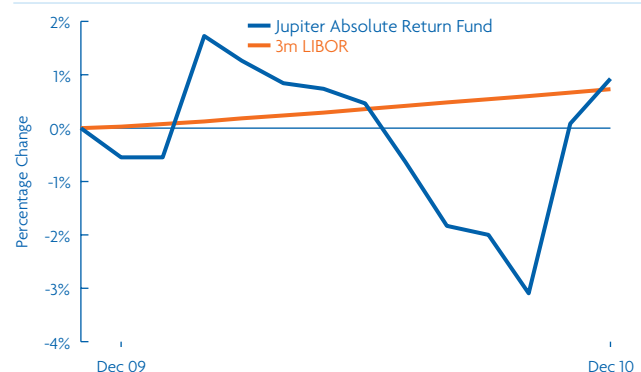
2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
-	-	-	-	1.5%

Past performance should not be seen as a guide to future performance.

All performance in this factsheet is based on accumulation units in GBP.

Source: Financial Express, bid to bid net income reinvested, as at 31.12.2010.

% Growth over 5 years



Fund Value: £680m

Long: 11 **Short:** 4

Launch date: 14.12.09

As at 31.12.2010

Jupiter Absolute Return Fund

January 2011

Fund Facts – 31.12.2010

Fund Information		Investment Limits		Min	Max
Launch offer price	50.00p	Unit Trust (lump sum)		£500	–
Offer price	50.48p	Unit Trust (monthly saving)		£50	–
IMA Sector	Absolute Return	Stocks & Shares ISA (lump sum)		£500	£10,200
Benchmark	3 Month Sterling LIBOR	Stocks & Shares ISA (monthly saving)		£50	£850
Fund charges		Market Exposure		Net ^{††}	Gross
Initial	5.25%	As a % of assets		-23.26%	48.93%
Annual	1.25%			Long	Short
Performance	15% [†]	Positions as a % of assets		12.83%	-36.10%
Bid/Offer spread	6.25%				
Distribution report/dates		<i>^{††}15% of outperformance above hurdle rate, 3 month Sterling LIBOR, subject to High Water Mark.</i>			
31 December	Annual				
30 June*	Interim				
*No distribution					

Sector Breakdown – 31.12.2010

% of Net Assets	Short	Long
Banks		2.22%
Mining		1.43%
Commodities		1.16%
Real Estate Investments & Services		0.55%
Support Services	-0.57%	
General Retailers	-2.69%	
Sub Total	-3.26%	5.35%
Fixed Income	-32.84%	7.48%
Total	-36.10%	12.83%

Country Allocation – 31.12.2010

% of Net Assets	Short	Long
United Kingdom	-0.57%	7.09%
United States		3.95%
Australia		0.98%
Hong Kong & China		0.55%
Norway		0.27%
Sweden	-2.69%	
Germany	-9.93%	
Japan	-22.91%	
Total	-36.10%	12.83%

Past performance should not be seen as a guide to future performance. The value of an investment in a unit trust and the income from it can go down as well as up, it may be affected by exchange rate variations, and you may not get back the amount invested. The outlook expressed in this factsheet represents the views of the fund manager at the time of preparation and are not necessarily those of the Jupiter Group as a whole. They may be subject to change and should not be interpreted as investment advice. Jupiter Unit Trust Managers Limited is authorised and regulated by the Financial Services Authority whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS. Registered address: 1 Grosvenor Place, London SW1X 7JJ. Quoted yields are not guaranteed. The impact of charges, which may have a greater proportionate effect on returns if investments are sold in the shorter term, are contained in the Key Features (incorporating the Simplified Prospectus). Current tax levels and reliefs will depend on your individual circumstances and details are also contained in the Key Features (including the Simplified Prospectus). For your security we may record or randomly monitor all telephone calls. If you are unsure of the suitability of this investment please contact your Independent Financial Adviser.

Top 5 Long Positions* – 31.12.2010

% of Net Assets	
Barclays Bank 14% VRN PERP	3.34%
Altria Group 9.95% 10/11/38	3.16%
ETF Securities - Physical Gold ETF	1.16%
Australia Government 5.75% 15/05/21	0.98%
Rio Tinto	0.86%
Total	12.57%

*Some of this exposure is through derivatives

^{††}Remaining exposure is through cash of various currencies. In addition to cash held in GBP, the fund holds notable long positions in NOK and USD and Short Positions in EUR.

Ratings*

Citywire: Philip Gibbs A


*Information about ratings can be found in the glossary which forms part of the 'Help' section of the Jupiter website.

Specific Risks

The Jupiter Absolute Return 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 prices of units in the fund. The fund may incur losses greater than its initial investment into derivative contracts (although unit holders 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 in to. Further information is contained within the Key Features (incorporating Simplified Prospectus).

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.

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.

*Short exposure for the Fund will be created through the use of derivatives. No physical stock will be sold.

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Customer Services

 Telephone: **0844 620 7600**

 Freephone: **0500 0500 98**

 Fax: **0844 620 7603**

 Website: **www.jupiteronline.co.uk**

Broker Sales Team

 Telephone: **020 7314 7699**

 Email: **brokerdesk@jupiter-group.co.uk**