



Quarterly Report – Quarter 4 2007

# JPMorgan ISA Range

insight + process = results

**JPMorgan**   
Asset Management

# Performance summary

Share Class Name Benchmark	Cumulative performance in Fund Currency (%) as at 31/12/07					Rolling 12 months as at 31 December				
	1 mth	3 mths	1 year	3 years	5 years	2007/ 2006	2006/ 2005	2005/ 2004	2004/ 2003	2003/ 2002
<b>America</b>										
<b>JPM US Small Cap Growth A-(dist)-GBP<sup>A</sup></b> Russell 2000 Growth Net	-0.2 0.6	-3.8 -2.2	9.6 6.9	33.3 25.7	115.9 112.6	9.6 6.9	15.3 13.1	5.5 4.0	15.4 14.2	40.4 48.2
<b>JPM US Strategic Growth A-(dist)-GBP</b> Russell 1000 Growth Index Total Return Net <sup>B</sup>	1.4 -3.8	-0.8 -4.2	10.2 7.6	27.2 22.7	53.8 68.1	10.2 7.6	9.8 8.7	5.1 4.9	4.0 6.0	16.3 29.3
<b>JPM US Value A-(dist)-GBP</b> Russell 1000 Value Index Total Return Net <sup>C</sup>	0.0 -1.1	-2.7 -6.0	2.6 -1.0	28.1 27.7	84.2 94.8	2.6 -1.0	18.5 21.3	5.4 6.3	15.6 15.7	24.4 31.8
<b>JPM US Technology A-(dist)-GBP</b> CSFB Technology Index Total Return Gross <sup>D</sup>	0.0 -0.6	-1.2 -4.9	12.7 6.6	20.0 16.1	99.7 106.8	12.7 6.6	4.2 7.3	2.2 1.6	8.0 8.6	54.2 64.0
<b>Europe</b>										
<b>JPM Europe Dynamic A-(dist)-GBP</b> MSCI Europe Net <sup>E</sup>	-0.9 -1.4	-3.8 -3.2	2.7 2.7	78.6 54.9	133.3 100.3	2.7 2.7	28.9 19.6	34.9 26.1	10.1 12.2	18.7 15.3
<b>JPM Europe Small Cap A-(dist)-GBP</b> HSBC Smaller Pan-European Index Total Return Gross <sup>G</sup>	-3.2 -2.7	-8.9 -8.6	-7.2 -5.8	73.6 71.6	167.6 191.6	-7.2 -5.8	31.5 32.7	42.3 37.3	21.2 24.2	27.2 36.8
<b>JPM Europe Strategic Growth A-(dist)-GBP</b> FTSE World Europe Net <sup>H</sup>	-1.9 -1.4	-4.0 -2.9	1.8 3.3	65.2 57.3	114.5 104.8	1.8 3.3	23.8 20.4	31.2 26.4	12.9 12.3	15.0 15.9
<b>JPM Europe Strategic Value A-(dist)-GBP</b> FTSE World Europe Net <sup>H</sup>	-1.3 -1.4	-7.0 -2.9	-7.7 3.3	44.1 57.3	109.6 104.8	-7.7 3.3	21.7 20.4	28.3 26.4	18.2 12.3	23.1 15.9
<b>JPM Europe Technology A-(dist)-GBP</b> Morgan Stanley Eurotec Index Capital Only <sup>F</sup>	-2.1 -3.8	-6.5 -12.4	5.4 -11.7	47.3 9.2	123.3 70.2	5.4 -11.7	12.4 2.9	24.3 20.1	-3.4 -5.9	56.9 65.8
<b>JPM UK Equity A-(dist)-GBP</b> FTSE All-Share Net <sup>I</sup>	0.0 0.3	-2.1 -0.4	-5.5 5.3	35.0 50.1	81.7 104.7	-5.5 5.3	15.5 16.8	23.5 22.0	9.8 12.8	22.7 20.9
<b>FAR EAST</b>										
<b>JF Asia Equity A-(dist)-GBP</b> MSCI AC Far East ex Japan Net	-3.0 -1.4	-2.6 -1.7	33.5 36.5	113.2 118.2	232.8 269.5	33.5 36.5	30.6 31.7	22.2 21.3	14.0 17.2	37.0 44.5
<b>JF Japan Equity A-(dist)-GBP</b> TOPIX Net <sup>J</sup>	-5.6 -4.3	-9.9 -6.0	-10.4 -5.3	12.0 21.7	74.3 95.9	-10.4 -5.3	-3.7 2.0	29.8 26.0	11.5 16.4	39.6 38.4
<b>JF Pacific Equity A-(dist)-GBP</b> MSCI AC Pacific Net <sup>K</sup>	-4.2 -3.0	-3.7 -4.2	17.7 12.4	58.1 59.9	146.9 164.3	17.7 12.4	8.7 15.7	23.6 23.0	12.5 18.2	38.9 39.8
<b>JF Pacific Technology A-(dist)-GBP</b> MSCI AC Pacific Information Technology Net <sup>L</sup>	-3.2 -3.0	-1.5 -5.7	24.3 3.5	78.4 34.5	152.3 107.7	24.3 3.5	13.2 8.1	26.9 20.3	6.0 7.6	33.4 43.5
<b>Emerging Markets</b>										
<b>JPM Emerging Markets Equity A-(dist)-GBP</b> MSCI Emerging Markets Net <sup>M</sup>	1.7 0.4	5.5 3.6	36.9 39.4	158.4 146.9	411.0 382.9	36.9 39.4	34.8 32.2	40.1 34.0	32.8 25.6	48.9 55.8
<b>Global</b>										
<b>JPM Global Dynamic A-(dist)-GBP</b> MSCI World Index Net <sup>N</sup>	-0.5 -1.3	-1.9 -2.4	10.5 9.0	50.8 43.3	131.7 118.9	10.5 9.0	20.8 20.1	13.0 9.5	13.9 14.7	35.0 33.1
<b>JPM Global Life Sciences A-(dist)-GBP</b> 75% NASDAQ Biotechnology Gross/25% AMEX Pharmaceutical Gross <sup>O</sup>	-1.1 -3.7	-2.0 -1.9	6.6 4.2	2.5 11.4	49.6 58.3	6.6 4.2	1.2 3.6	-5.1 3.3	11.7 2.9	30.7 38.0

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	Fund manager	Fund launch date Share Class launch date	Fund size (GBP) (31/12/07)	NAV per share (08/02/08)	Charges %		Page number
					initial	annual	
	<b>Eytan Shapiro</b>	<b>09/84</b> 10/00	<b>28.7m</b>	<b>6.62</b>	<b>5.0</b>	<b>1.50</b>	<b>6</b>
	<b>Silvio Tarca, Rob Weller &amp; Jason Alonzo</b>	<b>10/00</b> 10/00	<b>346.0m</b>	<b>4.79</b>	<b>5.0</b>	<b>1.50</b>	<b>8</b>
	<b>Jonathan Simon</b>	<b>10/00</b> 10/00	<b>545.3m</b>	<b>11.13</b>	<b>5.0</b>	<b>1.50</b>	<b>10</b>
	<b>Gary Liberman</b>	<b>12/97</b> 10/00	<b>105.7m</b>	<b>1.21</b>	<b>5.0</b>	<b>1.50</b>	<b>12</b>
	<b>Jonathan Ingram &amp; John Baker</b>	<b>12/00</b> 12/00	<b>577.9m</b>	<b>15.61</b>	<b>5.0</b>	<b>1.50</b>	<b>14</b>
	<b>Mark Davids, Francesco Conte &amp; Jim Campbell</b>	<b>04/94</b> 10/00	<b>417.9m</b>	<b>14.27</b>	<b>5.0</b>	<b>1.50</b>	<b>16</b>
	<b>Chris Complin, Michael Barakos &amp; David Allen</b>	<b>02/00</b> 10/00	<b>1,271.5m</b>	<b>11.88</b>	<b>5.0</b>	<b>1.50</b>	<b>18</b>
	<b>Chris Complin, Michael Barakos</b>	<b>02/00</b> 10/00	<b>2,400.2m</b>	<b>16.28</b>	<b>5.0</b>	<b>1.50</b>	<b>20</b>
	<b>European Equities Team</b>	<b>11/99</b> 10/00	<b>96.1m</b>	<b>5.82</b>	<b>5.0</b>	<b>1.50</b>	<b>22</b>
	<b>Chris Complin, Michael Barakos</b>	<b>04/92</b> 04/92	<b>224.6m</b>	<b>8.12</b>	<b>5.0</b>	<b>1.50</b>	<b>24</b>
	<b>Victor Lee &amp; David Smith</b>	<b>09/89</b> 10/00	<b>397.3m</b>	<b>15.95</b>	<b>5.0</b>	<b>1.50</b>	<b>26</b>
	<b>Richard Aston &amp; Shoichi Mizusawa</b>	<b>12/88</b> 10/00	<b>629.6m</b>	<b>6.68</b>	<b>5.0</b>	<b>1.50</b>	<b>28</b>
	<b>Piers Litherland &amp; Jeffrey Roskell</b>	<b>12/88</b> 10/00	<b>579.4m</b>	<b>11.09</b>	<b>5.0</b>	<b>1.50</b>	<b>30</b>
	<b>Victor Lee</b>	<b>06/00</b> 10/00	<b>30.7m</b>	<b>9.92</b>	<b>5.0</b>	<b>1.50</b>	<b>32</b>
	<b>Austin Forey</b>	<b>04/94</b> 10/00	<b>4,371.8m</b>	<b>27.29</b>	<b>5.0</b>	<b>1.50</b>	<b>34</b>
	<b>Sandeep Bhargava &amp; Howard Williams</b>	<b>12/00</b> 12/00	<b>1,328.2m</b>	<b>11.73</b>	<b>5.0</b>	<b>1.50</b>	<b>36</b>
	<b>Healthcare Team</b>	<b>04/00</b> 10/00	<b>19.0m</b>	<b>3.63</b>	<b>5.0</b>	<b>1.50</b>	<b>38</b>

All performance details shown are offer to offer, UK PEP/ISA tax basis, with income reinvested unless otherwise stated.

Source: JPM/JPMorgan Chase

All figures as at 31/12/07 – please call the numbers on the back cover for more recent figures if required.

A Formerly JPMF America Small Cap Fund, the Fund name was changed on 01/12/04.

B The S&P/BARRA 500 Growth Index was replaced by the Russell 1000 Growth Index on 01/01/02.

C Prior to 01/01/06 the benchmark for the Fund was S&P/BARRA 500 Value.

D Prior to 01/04/02, the benchmark was JPMorgan H&Q Technology Index.

E The FTSE World Europe Index replaced by the MSCI Europe Index on 01/01/02. On 01/10/02 the benchmark for this Fund was changed from a gross dividends reinvested basis to a net dividends reinvested as this better reflects the tax status of the Fund.

F The FTSE World Index replaced by Morgan Stanley Eurotec Index with effect from 01/01/02.

G On 01/10/03 the benchmark for this Fund changed from a Capital Only to a Total Return Index.

H On 01/10/02 the benchmark for this Fund was changed from a gross dividends reinvested basis to a net dividends reinvested as this better reflects the tax status of the Fund.

I The FTSE World Pacific Index was replaced by the MSCI AC Pacific Free Grs Index on 01/02/01 to better reflect the investment style of the Fund. On 01/01/01 the benchmark for this Fund was changed from a gross dividends reinvested basis to a net dividends reinvested as this better reflects the tax status of the Fund.

J The MSCI Pacific Grs Index was replaced by the MSCI AC Pacific Information Technology Index on 01/07/01. On 02/06/00 the benchmark for this Fund was changed from a gross dividends reinvested basis to a net dividends reinvested as this better reflects the tax status of the Fund.

K On 01/01/01 the benchmark changed to MSCI Emerging Markets Net.

L Prior to 01/04/02, the benchmark was the JPMorgan H&Q Healthcare Index.

# Quarterly investment report

## 2007: a horrible fourth quarter for global equities

".....while fear and uncertainty are the defining features of markets today, we can expect enhanced clarity over the coming months."

Fear of the risks posed by the international credit crunch, weaker US economic data, decelerating G7 earnings growth and the falling US dollar dominated the last three months of 2007. In this environment, government bonds rallied strongly and global equities suffered capital losses and materially underperformed both bonds and cash.

For 2007 as a whole in US dollar terms, world stock markets rose 9.0%, lagging the JPMorgan World Bond Index, which grew by 10.8%, but outperformed dollar cash, which gave returns of 5.3%. However, due to currency volatility, total returns for sterling and euro-based investors were materially affected. In sterling terms, global equities yielded 7.2%, behind bond returns, but ahead of cash. However, for euro-based investors, cash returns of 4.2% materially outperformed both global bonds and global equities.

With regards specific markets, judged in local currency terms Germany stands out, returning an impressive +22% and dwarfing returns from Spain, (+12%), the UK (+6.5%), US (+5%) and France (+2%). Of particular note were the major markets that suffered net losses in 2007: Japan (-10%), Italy (-4%) and Switzerland (-2%). Finally, one of the key stories of 2007 was the continued strong showing of emerging markets, which generated a truly impressive 33% return for the year. Here, the winners delivered local currency returns of 50% and above, including China, Indonesia, India, Egypt and Brazil.

### How good were our predictions for 2007?

To keep me honest and because our CEO checks up on me, here is the annual steward's inquiry into our predictions for 2007.

### What we got right

- 1) What we said in January 2007: **We would remain overweight in equities, underweight bonds and underweight cash.**  
**The outcome:** For the first nine months of 2007, this was the right call. For investors based in US dollars, sterling and euros, global equities comfortably outperformed both bonds and cash over this period.
- 2) What we said in January 2007: **Large caps should do well – Valuations of large caps in core markets (especially the US, Europe and the UK) are looking very attractive.**  
**The outcome:** Large cap stocks outperformed smaller companies significantly in all major markets during 2007.
- 3) What we said in January 2007: **Ebbing liquidity means the volatility of returns is likely to rise. It worries me that most commentators seem very complacent about the current super-abundance of**

**global liquidity. It seems inevitable that the cumulative effects of tightening monetary policy by the world's central banks will ultimately lead to both lower liquidity, higher volatility of returns and ultimately a more cautious appetite for risk from investors.**

**The outcome:** We did not forecast the credit crunch, but the second half of 2007 did see a sharp rise in the Vix implied volatility index, resulting in a marked fall in investors' appetite for risk.

### What we got wrong

- 1) What we said in January 2007: **We would remain overweight in equities, underweight bonds and underweight cash.**  
**The outcome:** For the fourth quarter of 2007, for investors based in US dollars, sterling and euros, global equities suffered capital losses and materially underperformed both bonds and cash.
- 2) What we said in January 2007: **Underweight Emerging Markets.**  
**The outcome:** Emerging markets again did very well in 2007. In hindsight, we worried too much about expensive PER valuations and misjudged investors' appetite for impressive emerging market earnings growth. However, we were successful at predicting specific winners such as Asia, Latin America and Brazil, together with relative laggards such as Russia and Eastern Europe.
- 3) What we said in January 2007: **Overweight US equities. We fear an aggressively underweight position in US equities leaves a portfolio vulnerable.**  
**The outcome:** US equities had a modest year, giving US dollar total returns of +5.4%. On a local currency basis, this was ahead of the return for global equities (+4.7%) and a better equity performance than France, Italy and Japan. However, given that the US dollar fell sharply against both the euro and sterling, 2007 returns from US equities for European and UK investors were disappointing.

### Edmund's top themes for 2008

My annual attempt at forecasting future investment themes for the year ahead comes loaded with caveats – I am neither prescient nor infallible! But the following are worth considering when setting asset allocation for 2008:

#### a) Analysing the Factors of Fear

2008 started where 2007 left off, with global markets worrying about the risks posed by the international credit crunch, weaker economic data, decelerating G7 earnings growth and

record commodity prices. Investor uncertainty is high, equity volatility is rising and risk appetite is fragile. Investor fears are manifold. The key questions are:

- The credit crunch – how bad will it get?
- Earnings- are forecasts just too optimistic?
- US economic trends- how high is recession risk?
- Can eurozone and UK GDP growth take the strain?
- Can emerging markets and Asia again outperform?
- Will the spectre of stagflation stalk the stock markets?

This unattractive cocktail will likely cause indigestion for investors in the first half of 2008. However, while fear and uncertainty are the defining features of markets today, we can expect enhanced clarity over the coming months. By July, if not before, the signals we identified in last month's report should be showing clearly whether the factors of fear outlined above are justified, in which case expect a red blooded bear market, or whether macro Armageddon has been avoided, in which case expect the mother of all relief rallies.

#### b) Are earnings forecasts just too optimistic?

While headline price-to-earnings ratios look increasingly cheap in Europe, Japan and the US, my nagging fear for 2008 is whether equity valuations are really attractive or profits forecasts are just too optimistic. Of concern, the momentum of earnings revisions (as measured by the ratio of upgrades to downgrades), has fallen during the past three months in the US, Continental Europe, Japan and the UK. Meanwhile, although earnings momentum is impressive in both Asia and the emerging markets, investor expectations are already high, with consensus growth forecasts in 2008 of circa 15-20% for both regions.

Negative earnings risk is rising in the US, emerging markets and Asia. The US looks especially vulnerable, particularly for financial stocks, since consensus profits' growth estimates for the S&P 500 in 2008 are a wildly optimistic 15%. By contrast, earnings risk seems lower in the eurozone than in America and the UK. Corporate restructuring, ongoing consolidation in key industries and a rise in real incomes offer more scope for both cost cutting and growth in the eurozone than in the UK and US where both profit margins and return on equity seem close to peak levels.

#### c) Underweight global financial stocks

Conventional wisdom says the banks will flush out all the bad news at year-end, and the combination of new management and new capital means the worst is now over. But my instinct is that this is too optimistic. The credit crunch continues because undercapitalised banks continue to generate counterparty risk concerns. The rebuilding of capital, management credibility and inter-bank trust will not be achieved simply by a well spun headline in the Financial Times. The unwinding of the credit bubble is likely to be a messy, multi-phase event. In my view, the outlook for banks remains negative, as further credit-related losses, slower loan growth, higher customer default rates, recapitalisation announcements and dividend cut rumours are likely over the coming months. Overall, it

seems too early to be buying bank stocks.

#### **d) Overweight global convertible bonds**

Global convertible bonds had a good 2007. Rising implied and realised volatility increased the value of their embedded call warrant, while in the second half the fixed income portion reduced perceived risk. Risk adjusted returns for convertible bonds are now looking delicious. We remain overweight convertible bonds, which are prime beneficiaries of rising volatility of returns, higher investor uncertainty and eroding appetite for risk.

#### **e) Overweight growth stocks versus value stocks**

My analysis is that growth stocks (and indeed growth markets) will continue to outperform value stocks, while investors fret over slowing GDP and earnings momentum. The perceived scarcity of growth will ensure genuine outperformers continue to make a strong showing in 2008. However, growth stocks (and emerging markets) that see slowing earnings momentum, or disappoint expectations, are likely to be punished severely. Caveat emptor: sparkling stock selection will be even more vital than in 2007.

#### **f) M&A support for equities – down but not out!**

Many investors are acting as if mergers and acquisition (M&A) activity is over for this business cycle. Not only does this ignore the gigantic bid by Rio Tinto Zinc for Anglo American, but it also ignores the fact that there are still cash buyers with deep pockets prowling the prairie. Specifically, corporate cash flow generation is high and balance sheets are strong. Trade buyers were squeezed out in the feeding frenzy of 2007, but are likely to be active at the right price. Meanwhile, the recycling of export, commodity and oil profits continues. Sovereign wealth funds will remain high profile buyers of bargain assets. Finally, private equity companies still have sizeable war chests, with the prospect of further funding from pension funds. We expect M&A to be down by at least 25% from 2007's exuberant levels as debt is more expensive to source. But, M&A is likely to be a continued presence, underpinning equity markets in 2008.

#### **g) Is the US dollar near its turning point in 2008?**

A key problem in 2007 was that the sharp depreciation in the US dollar savaged total returns for US equities. In the first half of 2008, the US dollar may depreciate further as interest rate differentials widen and I expect further downside against some emerging market currencies. In addition, the Japanese yen continues to look undervalued and may appreciate further. However, we feel that the US dollar is towards the bottom end of its trading range against the major European currencies. The euro appears expensive, but a reluctance by the ECB to cut interest rates may support the currency for a while longer. Meanwhile, sterling faces significant headwinds from a high UK current account deficit, lower interest rates and slowing growth.

#### **Conclusion: Play it safe for now**

Currently, investors are feeling risk averse with good reason. Uncertainty over the outlook for

both the global economy and earnings is now at a multi-year high, as the tug of war between lower growth and lower interest rates continues. While global equity valuations are drifting into the cheap range, investors need reassurance that earnings forecasts are realistic. We would wait for clear signs of improvement on the Factors of Fear outlined above, before increasing overall equity exposure.

In the short term, our instinct is to play it safe. We are therefore overweight in real cash, neutral in equities, neutral in bonds (with a preference for G7 government bonds) and underweight in investment property. We expect the volatility of returns to rise for all assets over the coming months and sharp asset allocation rotations to occur. Investors will need to be both nimble and pragmatic over the next 12 months. 2008 may be a rollercoaster ride for global stock markets. Within equities, we continue to favour European, US and UK large caps over small caps and to prefer growth stocks over value stocks. We expect the market to retain a bias towards high quality earnings and strong cash-flow generation while perceived risk remains high.

#### **Asset Allocation – in order of preference**

##### **Europe ex UK – Neutral (unchanged)**

We remain neutrally weighted until the extent of any slowdown in European GDP growth and profits momentum is clearer. A key unknown for 2008 is whether the eurozone and the UK can maintain respectable GDP growth in the region of above 1.5%. Expectations appear low, with analysts pessimistic about the outlook for consumption. However, our instinct is that negative earnings risk in the eurozone is lower than for either the US or the UK. With regards short-term pan European earnings momentum, we note a wide divergence between Germany (very strong), Spain and the UK (neutral) and France and Italy (weak). This is likely to be a key theme for 2008.

##### **Asia – Neutral (unchanged)**

Asian equities have performed superbly, and it is quite possible that their positive price momentum will continue. But earnings quality is becoming lower, as securities investment gains creep up as a proportion of total profits, while both price-to-earnings and price-to-book ratio valuations are now looking expensive. For Asia to continue to outperform in 2008, China must resolve its overheating problem and G7 demand for Asian exports must avoid disappointment. All of this is achievable, but it seems likely that investor confidence in the Asian growth story is likely to be tested. To take some profits at this stage may prove early, but seems prudent.

##### **US – Neutral (unchanged)**

The GMAG desk view remains overweight in US equities, as they see scope for greater interest rate cuts than the market is currently forecasting and this is historically very positive for US share prices. But Edmund's view is more wary because: 1) for euro and sterling-based investors US equities will not become truly attractive until the US dollar is perceived to have bottomed and 2) our instinct is that US earnings newsflow will remain negative for the next six months as the gap between cautious economists and optimistic equity analysts gradually converges, with aggregate earnings

forecasts trending consistently lower. While this painful process is underway, investors will be wary about how cheap US price-to-earnings valuations really are.

#### **Emerging Markets – Neutral (unchanged)**

##### **(Eastern Europe – Underweight, Latin America – Overweight, Asia – Neutral, EMEA – Neutral)**

Emerging market valuations no longer look attractive relative to US, European and UK large caps. While earnings momentum is strongly positive, much good news is already discounted in current share prices. Emerging markets remain vulnerable to a sustained fall in risk appetite leading asset allocators to cut back significantly on their emerging market weightings. We are cautious towards Russia and Eastern European markets, but see Latin American countries (notably Brazil) as still undervalued. We also continue to favour domestic demand oriented Asian equities.

##### **UK – Neutral (unchanged)**

Recent comments from both the Bank of England and the Financial Services Authority, Britain's financial regulator, have highlighted the risk of a sharp growth slowdown in bank lending and the housing market next year. At the same time, producer price inflation for November rose to 4.5%, the highest for 16 years. The risk of stagflation in the UK therefore exists. Meanwhile, the FTSE All Share index is more concentrated by sectors than either its US or European neighbours and therefore the stock market effect of negative newsflow on financial, property, construction and consumer companies will be a headwind for share prices in 2008. Consensus earnings growth is forecast at 7% for 2008. This will be a challenge. However, the relatively high dividend yield of around 3.1% and the fact that UK stocks continue to trade at a price-to-earnings discount to both their US and European equivalents should provide support for the FTSE All Share.

##### **Japan – Underweight (unchanged)**

On most valuation measures, Japan is now looking cheap. However, Japan is behaving like a classic value trap right now. Price-to-earnings valuations are undoubtedly low by historic standards and a stronger yen is likely to increase the stock market's attractiveness for international investors. However, for us the key is that the outlook for profits and earnings momentum has weakened sharply in the short term. Until economic and earnings momentum turns strongly positive in Japan, there seems little catalyst for a robust TOPIX rally.

#### **Edmund Brandt**

9 January 2008

Edmund writes in his capacity as global equity strategist and investment director. His views are based on a 12 month time horizon and reflect the input from various investment teams within JPMAM. His opinions may therefore diverge from the GMAG team outlook, which is based on a three-to-six month time horizon and reflects the investment strategy of our Global Multi Asset Group.

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)

★★★

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in a growth style biased portfolio of small capitalisation US companies.

### Fund statistics

<b>Fund manager(s)</b>	Eytan Shapiro
<b>Client portfolio manager(s)</b>	Stephanie Fennessey Jonathan Price
<b>Fund launch date</b>	11/09/84
<b>Fund size (as at 08/02/08)</b>	USD 48.6m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Ansys (Technology)	1.9%
Investools (Financial Services)	1.7%
Penn Virginia (Other Energy)	1.7%
Gentiva Health Services (Health Care)	1.7%
Nuance Communications (Technology)	1.6%
Chemed (Consumer Discretionary)	1.6%
General Cable (Producer Durables)	1.6%
Icon (Health Care)	1.5%
Tessera Technologies (Technology)	1.5%
Invetsment Technology (Financial Services)	1.5%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

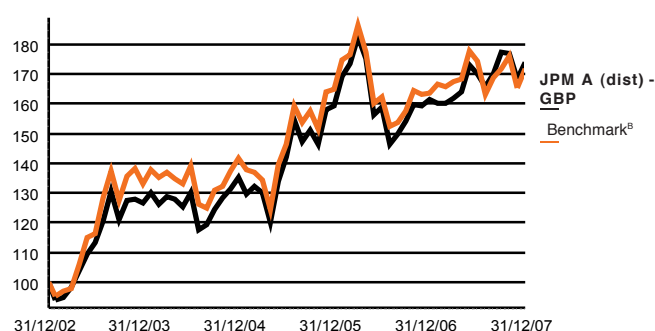
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

Russell 2000 Growth (Total Return Net)

### Cumulative performance

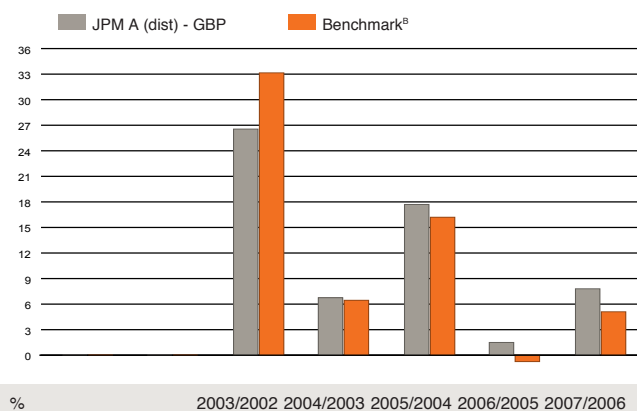
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	<b>3.46</b>	<b>-1.84</b>	<b>7.79</b>	<b>28.79</b>	<b>74.13</b>	-
Benchmark <sup>B</sup>	3.91	0.14	5.07	21.21	71.93	-

### Rolling 12m performance

(as at 31/12)



### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	<b>8.80</b>	<b>11.73</b>	-	<b>-3.96</b>
Benchmark <sup>B</sup>	6.62	11.45	-	-1.72

Please read the disclaimer at the end of this document

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

All performance details are NAV - NAV with gross income reinvested.

Formerly JPMF America Small Cap Fund, the Fund name was changed on 01/12/04.

The Morningstar Rating™ is for the above Share Class in the Europe OE U.S. Small Cap Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase

## JPMorgan Funds - US Small Cap Growth Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEFAP1 LX
<b>ISIN</b>	LU0119093705
<b>Reuters</b>	LU0119093705.LUF
<b>Sedol</b>	4481731
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	6.62 (08/02/08)
<b>12M NAV High</b>	7.95 (11/10/07)
<b>12M NAV Low</b>	6.35 (22/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Technology</b>	23.7 %	18.1 %	5.6 %
<b>Health Care</b>	21.7 %	21.1 %	0.6 %
<b>Consumer Discretionary</b>	20.2 %	20.4 %	-0.2 %
<b>Financial Services</b>	11.3 %	10.0 %	1.3 %
<b>Other Energy</b>	7.0 %	6.8 %	0.2 %
<b>Producer Durables</b>	6.2 %	8.7 %	-2.5 %
<b>Materials &amp; Processing</b>	5.9 %	8.3 %	-2.4 %
<b>Consumer Staples</b>	2.2 %	1.3 %	0.9 %
<b>Utilities</b>	1.0 %	1.5 %	-0.5 %
<b>Auto &amp; Transportation</b>	0.8 %	2.9 %	-2.1 %
<b>Integrated Oils</b>	0.0 %	0.2 %	-0.2 %
<b>Other</b>	0.0 %	0.7 %	-0.7 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation<sup>C</sup></b>	0.96	0.95
<b>Alpha<sup>C</sup></b>	0.18	0.08
<b>Beta<sup>C</sup></b>	0.96	0.90
<b>Annualised volatility</b>	16.33	15.72
<b>Sharpe ratio</b>	0.34	0.57
<b>Tracking error<sup>C</sup></b>	4.55	5.22
<b>Information ratio<sup>C</sup></b>	0.45	0.03

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

The fourth quarter saw the weakest performance in a volatile year for US equity markets as the major indices declined over the period.

During the quarter, the fund underperformed its benchmark due to lackluster returns from financial and healthcare positions. Amongst the holdings that disappointed during the period was firearm concern Smith & Wesson. The company's second-quarter earnings were negatively impacted by softness in the market for hunting rifles and shotguns. This softness was driven by lower-than-expected consumer demand, higher inventory and unseasonably warm autumn weather.

Amongst the portfolio holdings which enjoyed strong returns was drug maker Adams Respiratory Therapeutics. The company's share price advanced after announcing it is being acquired by Reckitt Benckiser. The deal places a substantial premium on Adams' over-the-counter business compared with previous acquisitions in this space.

### Outlook

It is reasonably clear that the fallout from last summer's turn in the credit cycle has further to go. As analysts continue to cut S&P 500 earnings estimates out to the second quarter of 2008, expectations for growth in US corporate profits are quite gloomy. However, every cloud has a silver lining. While corporate cost cutting may cut into economic growth in the near term, we see it as a vital tool in reducing inflationary pressures and maintaining corporate profitability. As in prior profit cycles, current earnings challenges are likely to be succeeded by an eventual rebound in profit growth which ultimately could bode well for stock prices.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> On 31/01/98 the benchmark for the Fund was changed from Russell 2000 to Russell Growth 2000 Net.

<sup>C</sup> The time difference between Fund NAV calculation and the US market can distort this figure.



All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)

★★

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in a growth style biased portfolio of US companies.

### Fund statistics

<b>Fund manager(s)</b>	Silvio Tarca Rob Weller Jason Alonzo
<b>Client portfolio manager(s)</b>	Stephanie Fennessey
<b>Fund launch date</b>	20/10/00
<b>Fund size (as at 08/02/08)</b>	USD 563.7m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Mastercard (Information Technology)	1.8%
Oracle (Information Technology)	1.7%
Apple Computers (Information Technology)	1.7%
Nvidia (Information Technology)	1.6%
IBM (Information Technology)	1.6%
Hewlett Packard (Information Technology)	1.6%
Intel (Information Technology)	1.6%
Amazon.com (Consumer Discretionary)	1.5%
Medco Health Solutions (Health Care)	1.5%
Deere (Industrials)	1.5%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

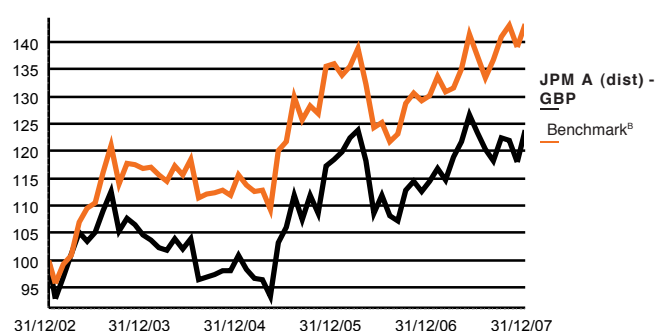
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

Russell 1000 Growth Index (Total Return Net)

### Cumulative performance

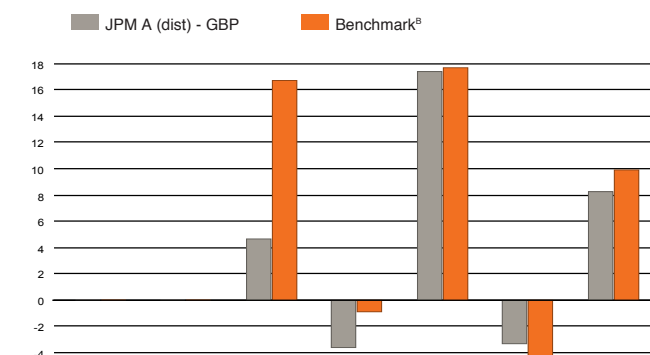
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	<b>4.97</b>	<b>1.15</b>	<b>8.20</b>	<b>22.79</b>	<b>23.94</b>	-
Benchmark <sup>B</sup>	2.92	1.56	9.93	23.82	43.20	-

### Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JPM A (dist) - GBP</b>	<b>4.69</b>	<b>-3.59</b>	<b>17.44</b>	<b>-3.37</b>	<b>8.20</b>
Benchmark <sup>B</sup>	16.68	-0.88	17.72	-4.32	9.93

### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	<b>7.08</b>	<b>4.39</b>	-	<b>-8.49</b>
Benchmark <sup>B</sup>	7.38	7.45	-	-5.14

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All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE U.S. Large Cap Growth Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase



## JPMorgan Funds - US Strategic Growth Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FFUSGAP LX
<b>ISIN</b>	LU0119089182
<b>Reuters</b>	LU0119089182.LUF
<b>Sedol</b>	4481968
<b>Fund price</b>	
<b>Share class launch date</b>	20/10/00
<b>NAV price</b>	4.79 (08/02/08)
<b>12M NAV High</b>	5.41 (01/06/07)
<b>12M NAV Low</b>	4.54 (22/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Information Technology</b>	27.8 %	28.4 %	-0.6 %
<b>Health Care</b>	16.1 %	15.9 %	0.2 %
<b>Industrials</b>	12.6 %	13.0 %	-0.4 %
<b>Consumer Discretionary</b>	11.0 %	11.2 %	-0.2 %
<b>Consumer Staples</b>	9.7 %	10.3 %	-0.6 %
<b>Energy</b>	8.9 %	8.7 %	0.2 %
<b>Financials</b>	7.4 %	7.0 %	0.4 %
<b>Materials</b>	3.8 %	3.4 %	0.4 %
<b>Utilities</b>	1.7 %	1.4 %	0.3 %
<b>Telecom Services</b>	1.0 %	0.7 %	0.3 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation<sup>C</sup></b>	0.92	0.92
<b>Alpha<sup>C</sup></b>	-0.02	-0.24
<b>Beta<sup>C</sup></b>	1.05	1.03
<b>Annualised volatility</b>	13.14	12.54
<b>Sharpe ratio</b>	0.26	0.13
<b>Tracking error<sup>C</sup></b>	5.08	4.99
<b>Information ratio<sup>C</sup></b>	-0.02	-0.55

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

The fourth quarter was the weakest in a volatile year for US equity markets as the major indices registered declines for the period. The fund generated a negative return but outperformed its benchmark, rebounding strongly in December. The portfolio's positive momentum/growth exposure positively contributed to results, outweighing the negative contribution from the smaller value exposure. Strong stock selection in the consumer discretionary and healthcare sectors also added value. The top stock level contributor was an overweight position in MasterCard, which reported a 63% increase in quarterly net income, boosted by an asset sale and higher consumer spending. Our overweight position in the stock is due to its above-median momentum score.

Despite the portfolio's positive relative performance, several sectors, notably consumer staples, negatively impacted performance. Amongst the stock-level detractors was an underweight exposure to Microsoft, which advanced on better-than-expected PC sales. Our underweight position is due to the stock's below-median valuation score.

### Outlook

It is reasonably clear that the fallout from last summer's turn in the credit cycle has further to go. As analysts continue to cut S&P 500 earnings estimates, expectations for US corporate profit growth are quite gloomy. However, while corporate cost cutting may hurt economic growth in the near term, we see it as a vital tool in reducing inflationary pressures and maintaining corporate profitability. As was the case in prior profit cycles, current earnings challenges are likely to be succeeded by an eventual rebound in profit growth which ultimately could bode well for stock prices.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> The S&P/BARRA 500 Growth Index was replaced by the Russell 1000 Growth Index on 01/01/02

<sup>C</sup> The time difference between Fund NAV calculation and the US market can distort this figure.

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)  
S&P Fund Management Rating (31/12/07)

★★★  
AA

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in a value style biased portfolio of US companies.

### Fund statistics

<b>Fund manager(s)</b>	Jonathan Simon
<b>Client portfolio manager(s)</b>	Stephanie Fennessey Jonathan Price
<b>Fund launch date</b>	20/10/00
<b>Fund size (as at 08/02/08)</b>	USD 1,004.3m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Exxon Mobil (Energy)	4.5%
Devon Energy (Energy)	4.1%
AT&T (Telecom Services)	3.3%
Assurant (Financials)	3.0%
Williams (Energy)	2.9%
Verizon Communications (Telecom Services)	2.3%
Chubb (Financials)	2.3%
Conoco Phillips (Energy)	2.0%
Charles Schwab (Financials)	1.9%
Altria (Consumer Staples)	1.8%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

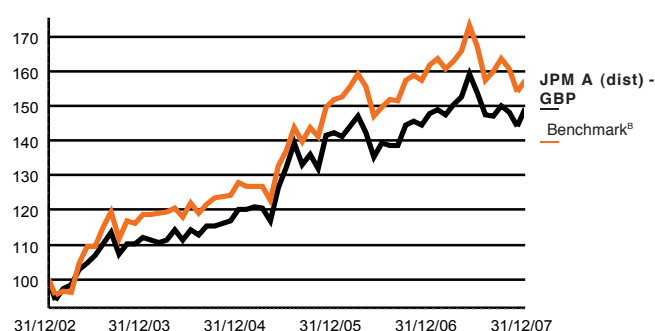
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

Russell 1000 Value Index (Total Return Net)

### Cumulative performance

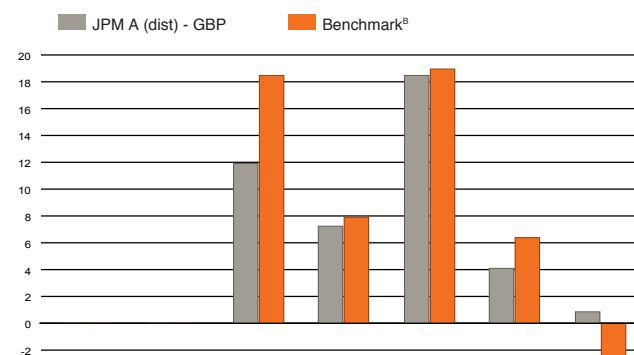
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	<b>3.59</b>	<b>-0.67</b>	<b>0.85</b>	<b>24.33</b>	<b>49.22</b>	<b>-</b>
Benchmark <sup>B</sup>	2.21	-3.82	-2.61	23.20	57.53	-

### Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JPM A (dist) - GBP</b>	<b>11.94</b>	<b>7.22</b>	<b>18.45</b>	<b>4.08</b>	<b>0.85</b>
Benchmark <sup>B</sup>	18.52	7.89	18.92	6.38	-2.61

### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	<b>7.53</b>	<b>8.33</b>	<b>-</b>	<b>2.56</b>
Benchmark <sup>B</sup>	7.20	9.51	-	0.06

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All performance details are NAV - NAV with gross income reinvested.

Formerly JPM US Strategic Value Fund, the Fund name was changed on 01/06/06.

The Morningstar Rating™ is for the above Share Class in the Europe OE U.S. Large Cap Value Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase

## JPMorgan Funds - US Value Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FFUSVAP LX
<b>ISIN</b>	LU0119089935
<b>Reuters</b>	LU0119089935.LUF
<b>Sedol</b>	4482701
<b>Fund price</b>	
<b>Share class launch date</b>	20/10/00
<b>NAV price</b>	11.13 (08/02/08)
<b>12M NAV High</b>	12.64 (01/06/07)
<b>12M NAV Low</b>	10.51 (22/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Financials</b>	28.8 %	29.0 %	-0.2 %
<b>Energy</b>	16.6 %	16.5 %	0.1 %
<b>Consumer Discretionary</b>	15.1 %	7.2 %	7.9 %
<b>Consumer Staples</b>	8.1 %	8.8 %	-0.7 %
<b>Telecom Services</b>	7.9 %	6.5 %	1.4 %
<b>Health Care</b>	6.9 %	7.3 %	-0.4 %
<b>Industrials</b>	5.5 %	10.6 %	-5.1 %
<b>Information Technology</b>	4.8 %	3.3 %	1.5 %
<b>Materials</b>	3.8 %	4.1 %	-0.3 %
<b>Utilities</b>	2.5 %	6.7 %	-4.2 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation<sup>C</sup></b>	0.96	0.93
<b>Alpha<sup>C</sup></b>	0.03	-0.03
<b>Beta<sup>C</sup></b>	0.98	0.87
<b>Annualised volatility</b>	10.96	10.17
<b>Sharpe ratio</b>	0.32	0.51
<b>Tracking error<sup>C</sup></b>	3.21	4.07
<b>Information ratio<sup>C</sup></b>	0.10	-0.28

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

The fourth quarter saw the weakest performance in a volatile year for US equity markets, as the major indices declined.

During the quarter, the fund generated a negative return but outperformed its benchmark. Strong stock selection in the financials and information technology sectors aided relative performance the most. Amongst the top contributors to performance was insurance concern Assurant, which rebounded from its third-quarter sell-off. The company reported strong third-quarter earnings which were aided in part by higher specialty property revenue.

Despite the fund's strong relative performance, a few holdings disappointed during the period, including mortgage giant Freddie Mac. The company reported that its third-quarter loss had widened to about \$2 billion, due to write-offs and write-downs tied, in part, to subprime losses. As long-term investors, we are willing to look through this period of heightened volatility and credit uncertainty.

### Outlook

It is reasonably clear that the fallout in the credit cycle has further to go. As analysts continue to cut S&P 500 earnings estimates out to the second quarter of 2008, expectations for growth in US corporate profits are quite gloomy. However, every cloud has a silver lining. While corporate cost cutting may dent economic growth in the near term, we see it as a vital tool in reducing inflationary pressures and maintaining corporate profitability. Similar to prior profit cycles, current earnings challenges are likely to be succeeded by an eventual rebound in profit growth which ultimately could bode well for stock prices.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> Prior to 01/01/06 the benchmark for the Fund was S&P/BARRA 500 Value.

<sup>C</sup> The time difference between Fund NAV calculation and the US market can distort this figure.

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)

★★★

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in technology, media and telecommunications related US companies.

### Fund statistics

<b>Fund manager(s)</b>	Gary Liberman
<b>Client portfolio manager(s)</b>	Stephanie Fennessey Jonathan Price
<b>Fund launch date</b>	05/12/97
<b>Fund size (as at 08/02/08)</b>	USD 137.1m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Apple Computers (Hardware)	5.5%
Research In Motion (Data-Comm/Tele-Comm)	4.7%
Amazon.com (Internet)	4.0%
Google (Internet)	3.9%
Oracle (Software)	3.6%
Nokia (Data-Comm/Tele-Comm)	3.5%
MEMC Electronic (Semiconductors)	3.3%
Nvidia (Semiconductors)	3.2%
Cisco Systems (Data-Comm/Tele-Comm)	2.8%
Amphenol (Data-Comm/Tele-Comm)	2.6%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

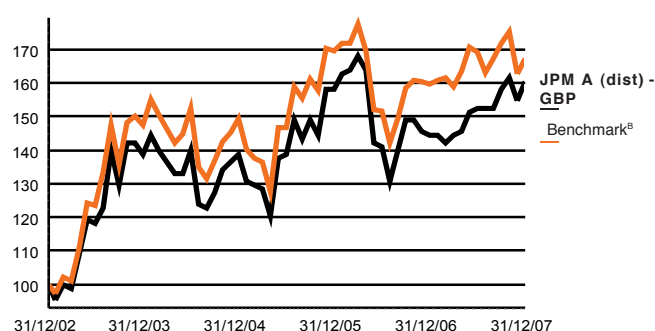
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

CTN (CSFB Technology Index) (Total Return Gross)

### Cumulative performance

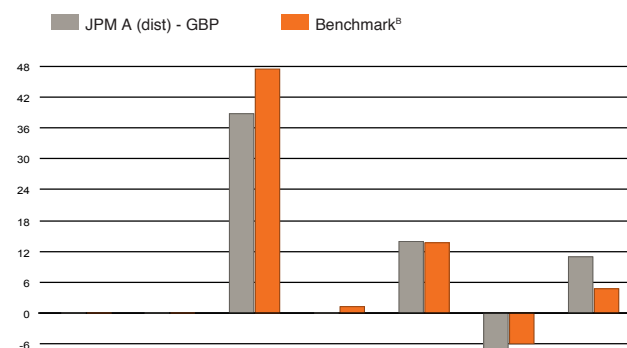
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	<b>3.68</b>	<b>1.44</b>	<b>11.02</b>	<b>15.57</b>	<b>60.23</b>	-
Benchmark <sup>B</sup>	2.71	-2.63	4.80	12.00	67.24	-

### Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JPM A (dist) - GBP</b>	<b>38.64</b>	<b>0.00</b>	<b>13.93</b>	<b>-8.63</b>	<b>11.02</b>
Benchmark <sup>B</sup>	47.48	1.25	13.60	-5.92	4.80

### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	<b>4.94</b>	<b>9.89</b>	-	<b>-23.78</b>
Benchmark <sup>B</sup>	3.85	10.83	-	-10.87

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All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE Sector Equity Technology category, other classes may have different ratings.

Source: JPM/JPMorgan Chase



## JPMorgan Funds - US Technology Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEUSTP LX
<b>ISIN</b>	LU0119095742
<b>Reuters</b>	LU0119095742.LUF
<b>Sedol</b>	4481399
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	1.21 (08/02/08)
<b>12M NAV High</b>	1.45 (11/10/07)
<b>12M NAV Low</b>	1.16 (23/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Data-Comm/Tele-Comm</b>	23.5 %	18.5 %	5.0 %
<b>Software</b>	21.9 %	22.8 %	-0.9 %
<b>Semiconductors</b>	19.2 %	21.5 %	-2.3 %
<b>Hardware</b>	17.9 %	18.1 %	-0.2 %
<b>Internet</b>	9.9 %	11.2 %	-1.3 %
<b>Service Provider</b>	4.3 %	3.8 %	0.5 %
<b>IT Services</b>	2.4 %	4.1 %	-1.7 %
<b>IC &amp; Component</b>	0.9 %	0.0 %	0.9 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation<sup>C</sup></b>	0.95	0.96
<b>Alpha<sup>C</sup></b>	0.10	-0.05
<b>Beta<sup>C</sup></b>	0.98	0.97
<b>Annualised volatility</b>	16.99	18.27
<b>Sharpe ratio</b>	0.12	0.42
<b>Tracking error<sup>C</sup></b>	5.31	5.25
<b>Information ratio<sup>C</sup></b>	0.22	-0.16

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

The fourth quarter saw the weakest performance in a volatile year for US equity markets as the major indices registered declines for the period. During the quarter, the fund generated a negative return but outperformed its benchmark. Strong stock selection in the semiconductor and hardware sectors aided relative performance the most. Amongst the top contributors to performance was MEMC Electronic Material, a polysilicon wafer maker. The company's stock price advanced after it reported a 62% increase in third-quarter earnings due to strong solar panel sales.

Despite the portfolio's strong relative performance, several holdings disappointed during the period, including VeriFone Holdings, an electronic payment systems provider. The company said it will restate results for its fiscal first, second and third quarters, due to errors in accounting related to in-transit inventory.

### Outlook

It is reasonably clear that the fallout from last summer's turn in the credit cycle has further to go. As analysts continue to cut S&P 500 earnings estimates, expectations for US corporate profit growth are quite gloomy. However, while corporate cost cutting may hurt economic growth in the near term, we see it as a vital tool in reducing inflationary pressures and maintaining corporate profitability. As was the case in prior profit cycles, current earnings challenges are likely to be succeeded by an eventual rebound in profit growth which ultimately could bode well for stock prices.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> Prior to 01/04/02, the benchmark was the JPMorgan H&Q Technology Index.

<sup>C</sup> The time difference between Fund NAV calculation and the US market can distort this figure.

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)

★★★★★

## Investment objective<sup>a</sup>

To maximise long-term capital growth by investing primarily in an aggressively managed portfolio of European companies.

### Fund statistics

<b>Fund manager(s)</b>	Jon Ingram John Baker
<b>Client portfolio manager(s)</b>	Louise Bonzano Paul Shutes
<b>Fund launch date</b>	08/12/00
<b>Fund size (as at 08/02/08)</b>	EUR 880.8m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Telefonica (Telecommunications)	2.7%
Vodafone (Telecommunications)	2.5%
E.ON (Utilities)	2.4%
Banco Santander (Financials)	2.2%
Nokia (Technology)	2.2%
BP (Oil & Gas)	2.2%
Nestle (Consumer Goods)	2.1%
Novartis (Health Care)	2.1%
Unilever (Consumer Goods)	2.0%
Yara International (Basic Materials)	1.8%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

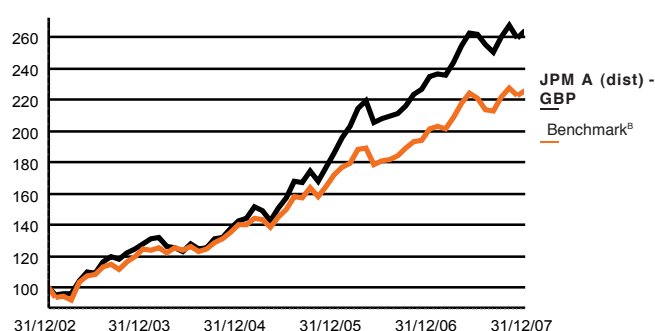
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

MSCI Europe (Total Return Net)

### Cumulative performance

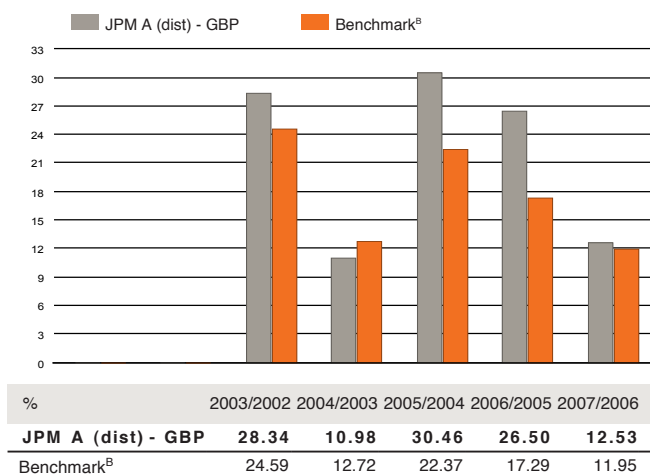
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	<b>2.15</b>	<b>1.63</b>	<b>12.53</b>	<b>85.70</b>	<b>164.51</b>	-
Benchmark <sup>B</sup>	1.48	1.87	11.95	60.68	125.64	-

### Rolling 12m performance

(as at 31/12)



### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	<b>22.92</b>	<b>21.48</b>	-	<b>10.96</b>
Benchmark <sup>B</sup>	17.13	17.67	-	4.52

Please read the disclaimer at the end of this document

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE Europe Large Cap Value Equity category, other classes may have different ratings.

This Fund is a capacity constrained fund as set out in the Prospectus. This means that there is a limit on the number of shares that are able to be issued from time to time. Once this limit is reached, then subject to the terms of the Prospectus no further investments will be allowed into the Fund. Please refer to the internet [www.jpmorgan.com/assetmanagement](http://www.jpmorgan.com/assetmanagement) to ascertain the current status of this Fund.

Source: JPM/JPMorgan Chase

## JPMorgan Funds - Europe Dynamic Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FFEUDAP LX
<b>ISIN</b>	LU0119088705
<b>Reuters</b>	LU0119088705.LUF
<b>Sedol</b>	4721880
<b>Fund price</b>	
<b>Share class launch date</b>	08/12/00
<b>NAV price</b>	15.61 (08/02/08)
<b>12M NAV High</b>	18.72 (13/07/07)
<b>12M NAV Low</b>	15.16 (23/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Industrials</b>	16.1 %	10.6 %	5.5 %
<b>Financials</b>	15.9 %	26.2 %	-10.3 %
<b>Basic Materials</b>	13.4 %	7.8 %	5.6 %
<b>Consumer Goods</b>	13.1 %	13.0 %	0.1 %
<b>Telecommunications</b>	9.8 %	7.3 %	2.5 %
<b>Oil &amp; Gas</b>	8.5 %	10.4 %	-1.9 %
<b>Health Care</b>	7.9 %	7.1 %	0.8 %
<b>Utilities</b>	7.7 %	7.0 %	0.7 %
<b>Technology</b>	3.9 %	3.5 %	0.4 %
<b>Consumer Services</b>	3.7 %	7.1 %	-3.4 %
<b>Cash</b>	0.0 %	0.0 %	0.0 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

Geographical breakdown (as at 31/12/07)			
Country	Fund	Benchmark <sup>B</sup>	Deviation
<b>United Kingdom</b>	24.0 %	31.7 %	-7.7 %
<b>Germany</b>	19.2 %	13.4 %	5.8 %
<b>France</b>	9.5 %	15.2 %	-5.7 %
<b>Switzerland</b>	8.9 %	9.6 %	-0.7 %
<b>Netherlands</b>	8.6 %	4.1 %	4.5 %
<b>Spain</b>	5.7 %	6.3 %	-0.6 %
<b>Norway</b>	4.7 %	1.5 %	3.2 %
<b>Italy</b>	4.1 %	5.7 %	-1.6 %
<b>Finland</b>	3.5 %	2.7 %	0.8 %
<b>Other</b>	11.8 %	9.8 %	2.0 %
<b>Cash</b>	0.0 %	0.0 %	0.0 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation</b>	0.96	0.92
<b>Alpha</b>	0.29	0.34
<b>Beta</b>	1.13	0.94
<b>Annualised volatility</b>	11.01	11.04
<b>Sharpe ratio</b>	1.55	1.52
<b>Tracking error</b>	3.28	4.49
<b>Information ratio</b>	1.55	0.73

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

European markets endured another difficult quarter as investors remained concerned about the impact of the credit crunch and the potential repercussions for the global economy.

The fund was broadly flat despite the turbulence, aided by its unconstrained portfolio construction and active approach to stock selection. The biggest positive contributions came from stock selection in the banks and technology hardware sectors, together with an overweight position in the chemicals sector. Detractors included stock selection in the mining sector and stock selection and an underweight position in the oil & gas producers sector. At the stock level, the strongest contributor to relative returns was an overweight position in Swedish chemical company Yara International, which reported record third-quarter profit. An underweight position in Ericsson was also positive, after the wireless equipment maker lowered its sales forecast on reduced demand for network upgrades. An underweight position in BP was a detractor as the producer was boosted by higher oil prices, while an overweight position in Charter was also detrimental after the welding equipment maker was hit by worries over the impact of an industrial slowdown in Europe and the US on its earnings. However, the fund benefited from underweight positions in HBOS and RBS as investors worried about the repercussions of the credit crunch for the UK banking sector.

### Outlook

Although the likely slowdown in global demand over the coming months will have an impact, ongoing corporate restructuring should help to provide support.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> The FTSE World Europe Index was replaced by the MSCI Europe Index on 01/01/02. On 01/10/02 the benchmark for this Fund was changed from a gross dividends reinvested basis to net dividends reinvested as this better reflects the tax status for the Fund.

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)  
S&P Fund Management Rating (31/12/07)

★★★★  
AA

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in small capitalisation European companies.

### Fund statistics

<b>Fund manager(s)</b>	Georgina Brittain Francesco Conte Jim Campbell
<b>Client portfolio manager(s)</b>	Louise Bonzano Paul Shutes
<b>Fund launch date</b>	18/04/94
<b>Fund size (as at 08/02/08)</b>	EUR 581.7m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Eramet (Basic Materials)	1.6%
D/S Norden (Industrials)	1.6%
SMIT International (Industrials)	1.1%
Ubisoft Entertainment (Consumer Goods)	1.0%
Peab (Industrials)	1.0%
Arkema (Basic Materials)	0.9%
Sonova (Health Care)	0.8%
Tubacex (Basic Materials)	0.7%
Kinnevik Investment (Financials)	0.7%
Kappahl (Consumer Services)	0.7%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

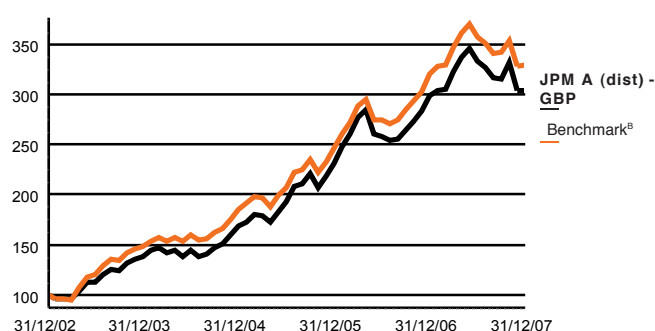
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

HSBC Smaller Pan-European Index (Total Return Net)

### Cumulative performance

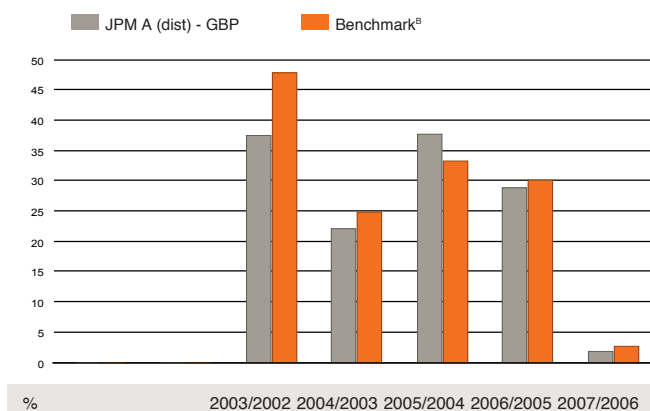
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	-0.12	-3.73	1.77	80.73	203.57	-
<b>Benchmark<sup>B</sup></b>	0.13	-3.77	2.70	78.09	228.59	-

### Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JPM A (dist) - GBP</b>	37.58	22.09	37.79	28.88	1.77
<b>Benchmark<sup>B</sup></b>	47.81	24.83	33.24	30.15	2.70

### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	21.81	24.87	-	7.82
<b>Benchmark<sup>B</sup></b>	21.21	26.86	-	11.09

Please read the disclaimer at the end of this document

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All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE Europe Small Cap Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase



## JPMorgan Funds - Europe Small Cap Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEFESP LX
<b>ISIN</b>	LU0119093531
<b>Reuters</b>	LU0119093531.LUF
<b>Sedol</b>	4483469
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	14.27 (08/02/08)
<b>12M NAV High</b>	18.96 (01/06/07)
<b>12M NAV Low</b>	13.47 (21/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Industrials</b>	38.4 %	29.9 %	8.5 %
<b>Financials</b>	14.4 %	18.1 %	-3.7 %
<b>Consumer Goods</b>	11.3 %	10.9 %	0.4 %
<b>Basic Materials</b>	9.5 %	7.1 %	2.4 %
<b>Consumer Services</b>	9.2 %	13.7 %	-4.5 %
<b>Oil &amp; Gas</b>	5.5 %	5.2 %	0.3 %
<b>Technology</b>	5.3 %	4.9 %	0.4 %
<b>Health Care</b>	3.1 %	6.5 %	-3.4 %
<b>Utilities</b>	2.2 %	2.6 %	-0.4 %
<b>Telecommunications</b>	0.3 %	1.1 %	-0.8 %
<b>Cash</b>	0.8 %	0.0 %	0.8 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

Geographical breakdown (as at 31/12/07)			
Country	Fund	Benchmark <sup>B</sup>	Deviation
<b>United Kingdom</b>	28.6 %	27.2 %	1.4 %
<b>France</b>	10.4 %	9.0 %	1.4 %
<b>Italy</b>	9.1 %	8.3 %	0.8 %
<b>Germany</b>	8.0 %	9.8 %	-1.8 %
<b>Switzerland</b>	7.5 %	6.5 %	1.0 %
<b>Sweden</b>	6.1 %	6.3 %	-0.2 %
<b>Netherlands</b>	4.9 %	4.4 %	0.5 %
<b>Spain</b>	4.3 %	5.8 %	-1.5 %
<b>Denmark</b>	4.2 %	3.4 %	0.8 %
<b>Other</b>	16.1 %	19.3 %	-3.2 %
<b>Cash</b>	0.8 %	0.0 %	0.8 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation</b>	0.99	0.97
<b>Alpha</b>	-0.10	-0.17
<b>Beta</b>	1.12	1.03
<b>Annualised volatility</b>	14.74	14.13
<b>Sharpe ratio</b>	1.13	1.42
<b>Tracking error</b>	2.51	3.18
<b>Information ratio</b>	0.29	-0.47

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

Ongoing risk aversion as investors focused on the potential impact of the credit crunch on the global economy meant European small cap stocks underperformed their larger cap counterparts. However, we found continued to find attractive value and growth opportunities, and the fund performed broadly in line with its benchmark.

The biggest positive contributions came from stock selection in the industrial metals and industrial transportation sectors. Stock selection in the support services sector and stock selection and an overweight position in the construction & materials sector were among the detractors. At the stock level, the strongest contributor to relative returns was an overweight position in Eramet, as the French mining company was buoyed by speculation that Areva or ArcelorMittal may bid for a 37% stake currently held by the Duval family. Also positive was an overweight position in Danish shipping company D/S Norden, which rose after announcing that third quarter profit soared as raw materials shipping costs hit record highs. Detractors included overweight positions in UK construction companies Galliford Try and Keller Group, as investors remained concerned over the outlook for the sector. However, an overweight position in Ubisoft, which increased its 2008 revenue and profit forecasts on record sales of its "Assassin's Creed" game, provided a boost.

### Outlook

Although the likely slowdown in global demand over the coming months will have an impact on the direction of the market, we will continue to seek value and growth opportunities.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> On 01/10/03 the benchmark for this Fund changed from a Capital Only to a Total Return Index. On 01/10/07 the benchmark for the Fund was changed from the HSBC Smaller Pan-European Index Gross to the HSBC Smaller Pan-European Index (Total Return Net).

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)  
S&P Fund Management Rating (31/12/07)

★★★  
AA

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in a growth style biased portfolio of European countries.

### Fund statistics

<b>Fund manager(s)</b>	Chris Complin Michael Barakos David Allen
<b>Client portfolio manager(s)</b>	Louise Bonzano Paul Shutes
<b>Fund launch date</b>	14/02/00
<b>Fund size (as at 08/02/08)</b>	EUR 1,739.0m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Nestle (Consumer Goods)	4.0%
Nokia (Technology)	3.3%
Telefonica (Telecommunications)	2.9%
E.ON (Utilities)	2.8%
Rio Tinto (Basic Materials)	2.4%
Siemens (Industrials)	2.0%
Anglo American (Basic Materials)	1.9%
Tesco (Consumer Services)	1.7%
BHP Billiton (Basic Materials)	1.6%
ABB (Industrials)	1.6%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

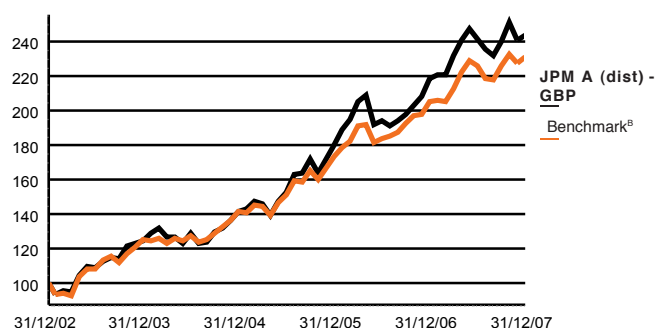
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

FTSE World Europe Index (Total Return Net)

### Cumulative performance

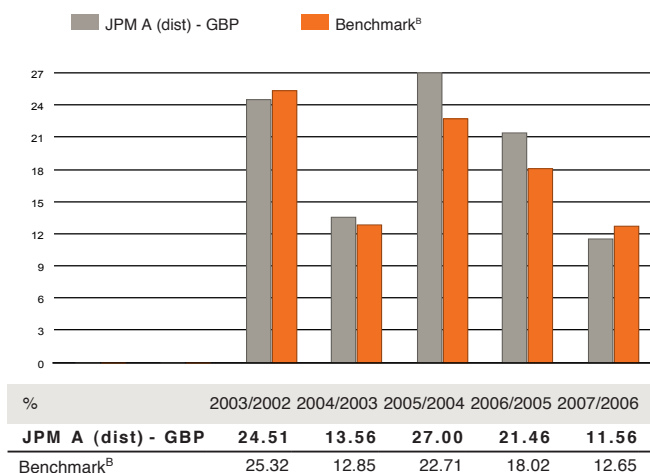
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	<b>1.20</b>	<b>1.43</b>	<b>11.56</b>	<b>72.09</b>	<b>143.33</b>	-
Benchmark <sup>B</sup>	1.45	2.13	12.65	63.14	130.72	-

### Rolling 12m performance

(as at 31/12)



### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	<b>19.84</b>	<b>19.47</b>	-	<b>5.14</b>
Benchmark <sup>B</sup>	17.72	18.20	-	5.56

Please read the disclaimer at the end of this document

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE Europe Mid Cap Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase

## JPMorgan Funds - Europe Strategic Growth Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEESGP LX
<b>ISIN</b>	LU0119091675
<b>Reuters</b>	LU0119091675.LUF
<b>Sedol</b>	4481559
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	11.88 (08/02/08)
<b>12M NAV High</b>	13.95 (29/10/07)
<b>12M NAV Low</b>	11.22 (23/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Industrials</b>	23.3 %	10.2 %	13.1 %
<b>Consumer Goods</b>	17.3 %	13.1 %	4.2 %
<b>Basic Materials</b>	14.6 %	8.1 %	6.5 %
<b>Consumer Services</b>	9.5 %	6.7 %	2.8 %
<b>Financials</b>	8.2 %	27.3 %	-19.1 %
<b>Utilities</b>	6.6 %	7.4 %	-0.8 %
<b>Technology</b>	6.6 %	3.1 %	3.5 %
<b>Oil &amp; Gas</b>	5.1 %	10.2 %	-5.1 %
<b>Telecommunications</b>	4.7 %	7.2 %	-2.5 %
<b>Health Care</b>	4.3 %	6.7 %	-2.4 %
<b>Cash</b>	-0.2 %	0.0 %	-0.2 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

Geographical breakdown (as at 31/12/07)			
Country	Fund	Benchmark <sup>B</sup>	Deviation
<b>United Kingdom</b>	31.0 %	30.6 %	0.4 %
<b>Germany</b>	15.3 %	13.3 %	2.0 %
<b>Switzerland</b>	14.0 %	9.3 %	4.7 %
<b>France</b>	10.6 %	16.6 %	-6.0 %
<b>Spain</b>	5.9 %	6.8 %	-0.9 %
<b>Finland</b>	3.9 %	2.3 %	1.6 %
<b>Sweden</b>	3.6 %	3.3 %	0.3 %
<b>Italy</b>	3.4 %	6.0 %	-2.6 %
<b>Netherlands</b>	3.1 %	3.9 %	-0.8 %
<b>Other</b>	9.4 %	7.9 %	1.5 %
<b>Cash</b>	-0.2 %	0.0 %	-0.2 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation</b>	0.95	0.91
<b>Alpha</b>	-0.04	0.08
<b>Beta</b>	1.21	1.02
<b>Annualised volatility</b>	11.88	12.04
<b>Sharpe ratio</b>	1.23	1.26
<b>Tracking error</b>	4.27	5.00
<b>Information ratio</b>	0.49	0.25

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

European stock markets experienced a difficult quarter, as concerns over tight credit conditions and the outlook for global economic growth continued to dent investor confidence.

The fund's returns are driven by its growth style exposures rather than by specific stock ideas. Over the quarter the fund underperformed its benchmark, the FTSE World Europe Net. An underweight position in the food producers sector detracted most from relative returns, while an underweight position in oil and gas producers also negatively contributed. Not holding BP and Total was detrimental for relative returns, as oil prices increased. Similarly, an underweight holding in BG Group detracted, after the stock was boosted by rising oil prices and the announcement that a Brazilian oil field, of which it has a 25% stake, has larger than expected reserves. In contrast, an underweight position in the banks sector boosted relative returns most. Not holding several banks, including HSBC, HBOS and Royal Bank of Scotland Group was particularly beneficial for returns as the banking sector continued to suffer from concerns over its exposure to the US subprime mortgage crisis. Meanwhile, an overweight position in Telefonica also positively contributed, after the company reported record third-quarter profit on Latin American growth and lower taxes.

### Outlook

Although the likely slowdown in global demand over the coming months will have an impact on market direction, ongoing corporate restructuring should help to provide support.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> On 01/10/02 the benchmark for this Fund was changed from a gross dividends reinvested basis to net dividends reinvested as this better reflects the tax status of the Fund.

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)  
S&P Fund Management Rating (31/12/07)

★★★  
AA

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in a value style biased portfolio of European countries.

### Fund statistics

<b>Fund manager(s)</b>	Chris Complin Michael Barakos
<b>Client portfolio manager(s)</b>	Louise Bonzano Paul Shutes
<b>Fund launch date</b>	14/02/00
<b>Fund size (as at 08/02/08)</b>	EUR 3,501.6m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Royal Dutch Shell (Oil & Gas)	6.7%
BP (Oil & Gas)	5.7%
HSBC (Financials)	4.6%
Total (Oil & Gas)	4.5%
Banco Santander (Financials)	3.5%
Daimlerchrysler (Consumer Goods)	2.6%
Allianz (Financials)	2.5%
ENI (Oil & Gas)	2.5%
France Telecom (Telecommunications)	2.1%
AXA (Financials)	2.0%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

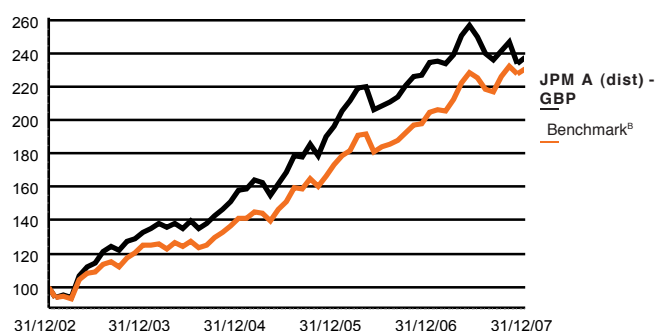
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

FTSE World Europe Index (Total Return Net)

### Cumulative performance

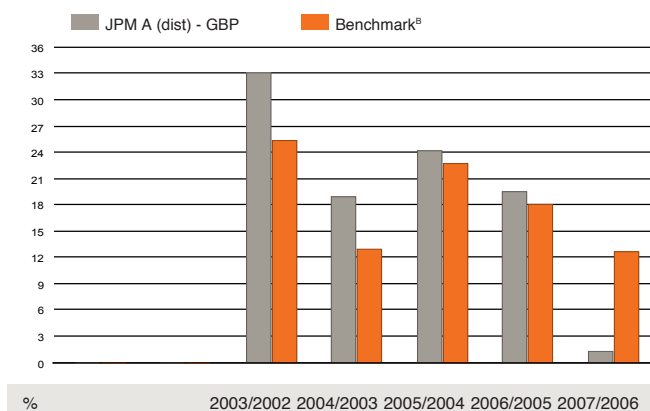
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	<b>1.75</b>	<b>-1.69</b>	<b>1.20</b>	<b>50.08</b>	<b>137.47</b>	-
Benchmark <sup>B</sup>	1.45	2.13	12.65	63.14	130.72	-

### Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JPM A (dist) - GBP</b>	<b>33.05</b>	<b>18.92</b>	<b>24.17</b>	<b>19.44</b>	<b>1.20</b>
Benchmark <sup>B</sup>	25.32	12.85	22.71	18.02	12.65

### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	<b>14.49</b>	<b>18.88</b>	-	<b>11.55</b>
Benchmark <sup>B</sup>	17.72	18.20	-	5.56

Please read the disclaimer at the end of this document

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

All performance details are NAV - NAV with gross income reinvested.

The JPMorgan Funds Europe Strategic Value Fund is currently closed to new investors. Only shareholders of this Fund as of 24 April 2007, may make further investments in this Fund, in accordance with the current prospectus.

The Morningstar Rating™ is for the above Share Class in the Europe OE Europe Large Cap Value Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase



## JPMorgan Funds - Europe Strategic Value Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEESVP LX
<b>ISIN</b>	LU0119092640
<b>Reuters</b>	LU0119092640.LUF
<b>Sedol</b>	4481452
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	16.28 (08/02/08)
<b>12M NAV High</b>	21.19 (01/06/07)
<b>12M NAV Low</b>	16.13 (23/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Financials</b>	38.1 %	27.3 %	10.8 %
<b>Oil &amp; Gas</b>	22.0 %	10.2 %	11.8 %
<b>Industrials</b>	9.8 %	10.2 %	-0.4 %
<b>Basic Materials</b>	6.7 %	8.1 %	-1.4 %
<b>Consumer Goods</b>	6.6 %	13.1 %	-6.5 %
<b>Consumer Services</b>	4.6 %	6.7 %	-2.1 %
<b>Telecommunications</b>	4.5 %	7.2 %	-2.7 %
<b>Utilities</b>	3.2 %	7.4 %	-4.2 %
<b>Health Care</b>	2.4 %	6.7 %	-4.3 %
<b>Other</b>	0.4 %	3.1 %	-2.7 %
<b>Cash</b>	1.7 %	0.0 %	1.7 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

Geographical breakdown (as at 31/12/07)			
Country	Fund	Benchmark <sup>B</sup>	Deviation
<b>United Kingdom</b>	32.3 %	30.6 %	1.7 %
<b>France</b>	18.2 %	16.6 %	1.6 %
<b>Germany</b>	11.8 %	13.3 %	-1.5 %
<b>Italy</b>	7.1 %	6.0 %	1.1 %
<b>Switzerland</b>	6.7 %	9.3 %	-2.6 %
<b>Spain</b>	6.5 %	6.8 %	-0.3 %
<b>Netherlands</b>	3.6 %	3.9 %	-0.3 %
<b>Sweden</b>	3.6 %	3.3 %	0.3 %
<b>Belgium</b>	2.1 %	1.7 %	0.4 %
<b>Other</b>	6.4 %	8.5 %	-2.1 %
<b>Cash</b>	1.7 %	0.0 %	1.7 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation</b>	0.95	0.96
<b>Alpha</b>	-0.36	-0.03
<b>Beta</b>	1.14	1.08
<b>Annualised volatility</b>	11.11	12.11
<b>Sharpe ratio</b>	0.89	1.22
<b>Tracking error</b>	3.59	3.64
<b>Information ratio</b>	-0.73	0.20

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

European stock markets experienced a difficult quarter, as concerns over tight credit conditions and the outlook for global economic growth continued to dent investor confidence.

The fund's returns are driven by its value style exposures rather than by stock specific ideas. Value strategies have underperformed the wider market this quarter, and the fund's value bias led it to underperform its benchmark, the FTSE World Europe Net. Stock selection and overweight positions in banks and nonlife insurance detracted relative to the broad market. In particular, the fund's overweight exposure to several banking stocks, including HSBC, the Royal Bank of Scotland Group, BNP Paribas and ING, was detrimental as the sector continued to suffer from concerns over its exposure to the US subprime mortgage crisis and general economic outlook. An overweight holding in Swiss Reinsurance also detracted, when their share price tumbled after a shock CHF 1.2 billion subprime-related writedown was announced. In contrast, an underweight position in technology hardware and equipment boosted returns most. Not holding Ericsson positively contributed, after the telecommunications company's share price dropped in October on lower than predicted earnings. Meanwhile, overweight holdings in Total and Yara International also contributed. Total benefited from rising oil prices, while the Swedish chemical company said that a joint venture with Praxair had generated substantial profits.

### Outlook

Although the likely slowdown in global demand over the coming months will have an impact on market direction, ongoing corporate restructuring should help to provide support.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> On 01/10/02 the benchmark for this Fund was changed from a gross dividends reinvested basis to net dividends reinvested as this better reflects the tax status of the Fund.

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)

★★★★★

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in technology (including media and telecommunication) related European companies.

### Fund statistics

<b>Fund manager(s)</b>	European Equities Team
<b>Client portfolio manager(s)</b>	Louise Bonzano Paul Shutes
<b>Fund launch date</b>	08/11/99
<b>Fund size (as at 08/02/08)</b>	EUR 136.8m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Siemens (Electronic & Electrical Equipment)	8.2%
Nokia (IT Hardware)	7.4%
Business Objects (It Software & Service)	6.6%
ASML (Electronic & Electrical Equipment)	5.5%
ST Micro Electronics (IT Hardware)	4.6%
Dassault Systems (It Software & Service)	3.7%
SAP (It Software & Service)	3.6%
Koninklijke Philips Electric (Electronic & Electrical Equipment)	3.3%
Cap Gemini (It Software & Service)	3.2%
Atos Origin (It Software & Service)	2.7%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

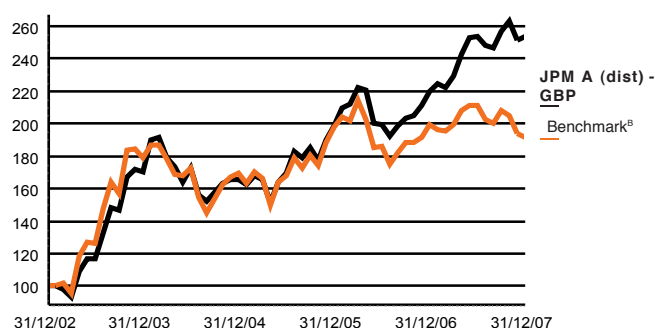
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

Morgan Stanley Eurotec Index (Price Index)

### Cumulative performance

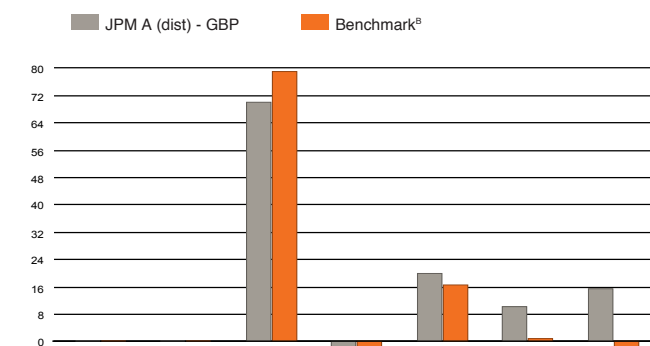
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	<b>1.05</b>	<b>-1.17</b>	<b>15.56</b>	<b>53.24</b>	<b>153.69</b>	-
Benchmark <sup>B</sup>	-1.02	-7.84	-3.77	13.25	91.81	-

### Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JPM A (dist) - GBP</b>	<b>70.00</b>	<b>-2.61</b>	<b>20.13</b>	<b>10.38</b>	<b>15.56</b>
Benchmark <sup>B</sup>	79.18	-5.48	16.59	0.94	-3.77

### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	<b>15.29</b>	<b>20.46</b>	-	<b>-5.11</b>
Benchmark <sup>B</sup>	4.24	13.91	-	-14.48

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All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE Sector Equity Technology category, other classes may have different ratings.

Source: JPM/JPMorgan Chase

## JPMorgan Funds - Europe Technology Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEUTEP LX
<b>ISIN</b>	LU0119095668
<b>Reuters</b>	LU0119095668.LUF
<b>Sedol</b>	4481388
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	5.82 (08/02/08)
<b>12M NAV High</b>	7.14 (11/10/07)
<b>12M NAV Low</b>	5.63 (23/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>IT Software &amp; Service</b>	32.3 %	50.3 %	-18.0 %
<b>IT Hardware</b>	29.1 %	31.7 %	-2.6 %
<b>Electronic &amp; Electrical Equipment</b>	23.9 %	18.0 %	5.9 %
<b>Telecommunications</b>	9.2 %	0.0 %	9.2 %
<b>Media</b>	2.8 %	0.0 %	2.8 %
<b>Other</b>	1.1 %	0.0 %	1.1 %
<b>Cash</b>	1.6 %	0.0 %	1.6 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

Geographical breakdown (as at 31/12/07)			
Country	Fund	Benchmark <sup>B</sup>	Deviation
<b>France</b>	26.7 %	34.2 %	-7.5 %
<b>Germany</b>	23.5 %	15.9 %	7.6 %
<b>United Kingdom</b>	18.9 %	23.3 %	-4.4 %
<b>Netherlands</b>	10.6 %	11.9 %	-1.3 %
<b>Finland</b>	9.4 %	11.3 %	-1.9 %
<b>Spain</b>	2.8 %	0.0 %	2.8 %
<b>Norway</b>	2.3 %	0.0 %	2.3 %
<b>Belgium</b>	1.8 %	0.0 %	1.8 %
<b>Sweden</b>	1.1 %	3.4 %	-2.3 %
<b>Switzerland</b>	0.9 %	0.0 %	0.9 %
<b>Portugal</b>	0.4 %	0.0 %	0.4 %
<b>Cash</b>	1.6 %	0.0 %	1.6 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation</b>	0.94	0.93
<b>Alpha</b>	0.84	0.63
<b>Beta</b>	0.83	0.80
<b>Annualised volatility</b>	13.91	18.46
<b>Sharpe ratio</b>	0.79	0.92
<b>Tracking error</b>	5.28	8.07
<b>Information ratio</b>	1.87	0.63

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

European stock markets experienced a difficult quarter, as concerns over tight credit conditions and the outlook for global economic growth continued to dent investor confidence. This investor nervousness and risk aversion caused the technology sector to underperform the wider market.

Index, over the quarter. Stock selection and an underweight position in the IT hardware sector boosted performance most, while stock selection in the IT software and service sector also significantly contributed. At the stock level, an underweight holding in Ericsson contributed most. The telecommunications company's share price dropped in October on lower than predicted earnings. Meanwhile, an overweight holding in Telefonica also contributed, after the company reported record third-quarter profit on Latin American growth and lower taxes. An overweight holding in EVS Broadcast Equipment, a Belgian supplier of digital disk recorders, also boosted returns. The company forecast a 10% rise in sales for the year and announced an interim dividend payment. An underweight position in Logica CMG was also beneficial. The UK software developer lowered its full-year revenue growth forecasts due to a drop in sales in the third quarter. In contrast, overweight position in Nexans detracted from performance. The US housing market slowdown dented demand for products from the world's largest cable manufacturer.

### Outlook

Although the likely slowdown in global demand over the coming months will have an impact on market direction, ongoing corporate restructuring should help to provide support.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> The FTSE Europe World Index was replaced by the Morgan Stanley Eurotec Index on 01/01/02.

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)

★★

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in UK companies.

### Fund statistics

<b>Fund manager(s)</b>	Chris Complin Michael Barakos
<b>Client portfolio manager(s)</b>	Louise Bonzano Paul Shutes Nadia Boulila
<b>Fund launch date</b>	01/04/92
<b>Fund size (as at 08/02/08)</b>	GBP 153.6m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Royal Dutch Shell (Oil & Gas)	8.2%
BP (Oil & Gas)	7.5%
Vodafone (Telecommunications)	6.5%
HSBC (Financials)	4.6%
Rio Tinto (Basic Materials)	3.9%
JPM UK Smaller Companies Fund (Financials)	3.6%
GlaxoSmithKline (Health Care)	3.0%
BHP Billiton (Basic Materials)	2.9%
Anglo American (Basic Materials)	2.7%
BG (Oil & Gas)	2.7%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

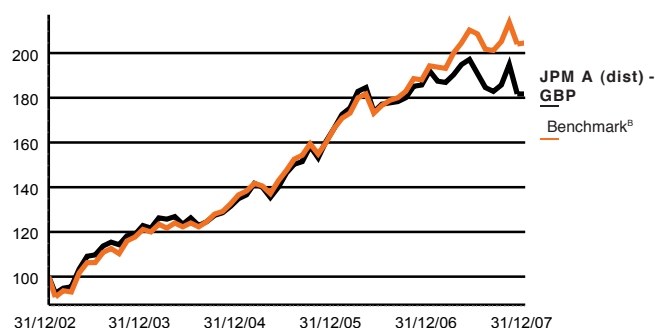
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

FTSE All-Share (Total Return Net)

### Cumulative performance

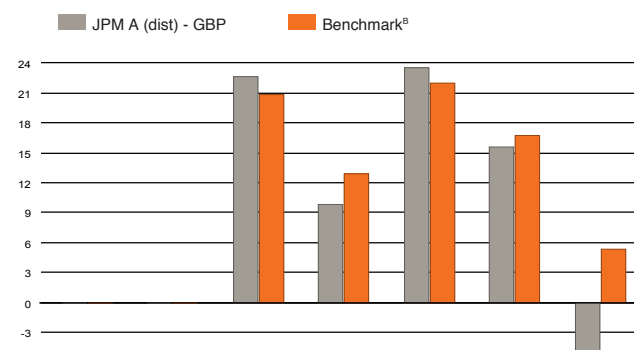
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	<b>0.00</b>	<b>-2.13</b>	<b>-5.45</b>	<b>34.95</b>	<b>81.73</b>	<b>67.14</b>
Benchmark <sup>B</sup>	0.26	-0.35	5.32	50.06	104.65	82.55

### Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JPM A (dist) - GBP</b>	<b>22.66</b>	<b>9.78</b>	<b>23.53</b>	<b>15.54</b>	<b>-5.45</b>
Benchmark <sup>B</sup>	20.86	12.84	22.04	16.75	5.32

### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	<b>10.51</b>	<b>12.69</b>	<b>5.27</b>	<b>9.40</b>
Benchmark <sup>B</sup>	14.49	15.40	6.20	10.10

Please read the disclaimer at the end of this document

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All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE UK Large Cap Blend Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase



## JPMorgan Funds - UK Equity Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEFUEI LX
<b>ISIN</b>	LU0053694286
<b>Reuters</b>	LU0053694286.LUF
<b>Sedol</b>	4332992
<b>Fund price</b>	
<b>Share class launch date</b>	01/04/92
<b>NAV price</b>	8.12 (08/02/08)
<b>12M NAV High</b>	10.40 (21/05/07)
<b>12M NAV Low</b>	7.71 (22/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Oil &amp; Gas</b>	24.6 %	17.4 %	7.2 %
<b>Financials</b>	22.0 %	25.6 %	-3.6 %
<b>Basic Materials</b>	14.7 %	10.1 %	4.6 %
<b>Industrials</b>	13.0 %	6.9 %	6.1 %
<b>Consumer Services</b>	9.4 %	10.8 %	-1.4 %
<b>Telecommunications</b>	6.8 %	7.1 %	-0.3 %
<b>Health Care</b>	4.4 %	6.6 %	-2.2 %
<b>Consumer Goods</b>	3.0 %	10.2 %	-7.2 %
<b>Technology</b>	2.0 %	0.9 %	1.1 %
<b>Utilities</b>	0.0 %	4.4 %	-4.4 %
<b>Cash</b>	0.1 %	0.0 %	0.1 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation</b>	0.96	0.95
<b>Alpha</b>	-0.42	-0.22
<b>Beta</b>	1.18	1.03
<b>Annualised volatility</b>	10.29	10.44
<b>Sharpe ratio</b>	0.61	0.88
<b>Tracking error</b>	3.27	3.14
<b>Information ratio</b>	-1.04	-0.74

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

UK equities experienced a volatile quarter amid concerns surrounding subprime-related losses, poor credit conditions and signs that economic growth and house prices may be stalling.

The fund's behavioural finance-based investment process focuses on identifying the most attractive growth and value stocks. Over the quarter, the fund underperformed as value stocks struggled and growth stocks were flat. The strongest contributions to relative returns came from stock selection in the travel & leisure sector, together with stock selection and an underweight position in the banks sector. Stock selection and overweight positions in the construction and industrial engineering sectors were detrimental. At the stock level, an overweight position in FirstGroup contributed positively after the train operator reported that fiscal first-half profit more than doubled on higher ticket sales. A further boost came from an overweight position in Stagecoach, which also reported an increase in first-half earnings. An overweight position in Keller was detrimental after the construction company was hit by concerns over its exposure to the slowing US housing market, while an overweight position in welding equipment maker Charter was a detractor on concerns over the potential impact of an industrial slowdown in Europe and the US on its earnings. However, the fund benefited from underweight positions in HBOS and RBS as investors worried about the repercussions of the credit crunch for the banking sector.

### Outlook

The UK market is attractively valued but question marks continue over the economic outlook as the housing market weakens and credit conditions remain tight.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> On 01/10/02 the benchmark for this Fund was changed from a gross dividends reinvested basis to net dividends reinvested as this better reflects the tax status of the Fund.

All performance data relates to the:  
JF A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)

★★

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in companies in Asia (excluding Japan).

### Fund statistics

<b>Fund manager(s)</b>	David Smith Victor Lee
<b>Client portfolio manager(s)</b>	Adam Matthews Pinakin Patel
<b>Fund launch date</b>	12/09/89
<b>Fund size (as at 05/02/08)</b>	USD 684.5m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
China Mobile (Telecommunication Services)	6.3%
Samsung Electronics (Information Technology)	3.2%
Daelim Industrial (Industrials)	2.9%
Hang Lung Properties (Financials)	2.6%
China Construction Bank (Financials)	2.5%
IJM (Industrials)	2.5%
Esprit (Consumer Discretionary)	2.3%
Hutchison Whampoa (Industrials)	2.0%
China Life Insurance (Financials)	1.9%
LG Chemical (Industrials)	1.9%

### Fund charges

JF A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

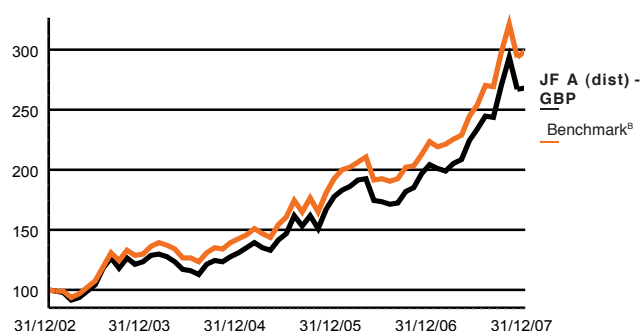
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

MSCI AC Far East ex-Japan (Total Return Net)

### Cumulative performance

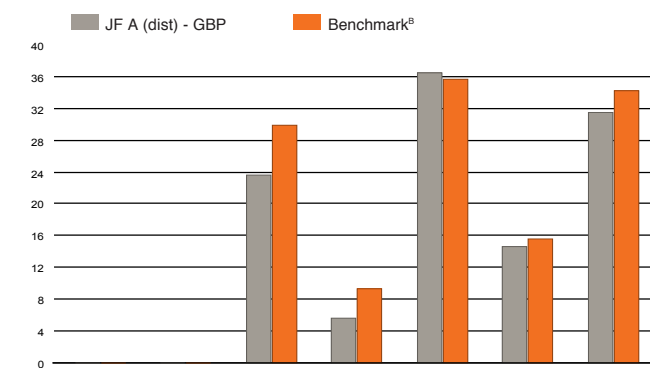
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JF A (dist) - GBP</b>	<b>0.52</b>	<b>-0.51</b>	<b>31.48</b>	<b>105.63</b>	<b>168.05</b>	-
Benchmark <sup>B</sup>	1.84	0.63	34.20	110.43	198.85	-

### Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JF A (dist) - GBP</b>	<b>23.55</b>	<b>5.51</b>	<b>36.48</b>	<b>14.59</b>	<b>31.48</b>
Benchmark <sup>B</sup>	29.96	9.28	35.69	15.56	34.20

### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JF A (dist) - GBP</b>	<b>27.16</b>	<b>21.80</b>	-	<b>10.00</b>
Benchmark <sup>B</sup>	28.15	24.48	-	12.08

Please read the disclaimer at the end of this document

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE Asia Pacific ex Japan Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase

## JPMorgan Funds - JF Asia Equity Fund

JF A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEFEPA LX
<b>ISIN</b>	LU0119093960
<b>Reuters</b>	LU0119093960.LUF
<b>Sedol</b>	4483191
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	15.95 (05/02/08)
<b>12M NAV High</b>	19.33 (29/10/07)
<b>12M NAV Low</b>	12.81 (05/03/07)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Financials</b>	29.5 %	30.1 %	-0.6 %
<b>Industrials</b>	19.6 %	14.7 %	4.9 %
<b>Consumer Discretionary</b>	15.5 %	6.6 %	8.9 %
<b>Information Technology</b>	14.5 %	15.7 %	-1.2 %
<b>Telecommunication Services</b>	8.8 %	9.9 %	-1.1 %
<b>Materials</b>	6.2 %	8.1 %	-1.9 %
<b>Energy</b>	1.9 %	8.1 %	-6.2 %
<b>Consumer Staples</b>	0.8 %	3.3 %	-2.5 %
<b>Utilities</b>	0.0 %	3.3 %	-3.3 %
<b>Health Care</b>	0.0 %	0.2 %	-0.2 %
<b>Cash</b>	3.2 %	0.0 %	3.2 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

Geographical breakdown (as at 31/12/07)			
Country	Fund	Benchmark <sup>B</sup>	Deviation
<b>Korea</b>	23.0 %	24.0 %	-1.0 %
<b>China</b>	22.8 %	26.7 %	-3.9 %
<b>Hong Kong</b>	17.9 %	15.5 %	2.4 %
<b>Taiwan</b>	12.3 %	16.7 %	-4.4 %
<b>Singapore</b>	5.8 %	7.1 %	-1.3 %
<b>Indonesia</b>	4.0 %	2.8 %	1.2 %
<b>India</b>	2.7 %	0.0 %	2.7 %
<b>Malaysia</b>	2.5 %	4.1 %	-1.6 %
<b>Australia</b>	2.5 %	0.0 %	2.5 %
<b>Other</b>	3.3 %	3.1 %	0.2 %
<b>Cash</b>	3.2 %	0.0 %	3.2 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation</b>	0.99	0.99
<b>Alpha</b>	-0.11	-0.26
<b>Beta</b>	1.03	1.06
<b>Annualised volatility</b>	16.98	16.98
<b>Sharpe ratio</b>	1.26	1.05
<b>Tracking error</b>	2.96	3.00
<b>Information ratio</b>	-0.23	-0.68

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

Asian stockmarkets were volatile during the fourth quarter, in line with constantly shifting facts and sentiments relating to the global economy. Undeniably economic data emanating from the US and other parts of the first world has deteriorated to the point where a recession is a real possibility in America. Offsetting this bad news will be a steady procession of interest rate cuts and buoyant economic conditions in emerging markets. As is always the case when the global picture is turbid, we prefer to focus on stocks in Asia. Viewed through this lens, the outlook for the fund remains adequate, though not as glaringly positive as earlier in 2007.

The fund managed outperformed its benchmark. Our asset allocation bets were the main source of relative outperformance, notably the significant overweight positions in India and Indonesia and the underweight in Taiwan. Stock selection overall was a negative contributor to relative returns as some of our previous China winners suffered as H-shares and red chips experienced a correction.

### Outlook

We are cautiously optimistic heading into 2008, though in the near term a slightly more defensive position is warranted. The performance and valuation gap between India and the rest of Asia looks stretched and may be reduced in favour of boosting the China position. Of course, the fund will continue to favour Asian consumer and infrastructure sectors over externally-oriented stocks.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> On 01/01/99 the benchmark for the Fund was changed from the MSCI AC Far East ex Japan Gross to MSCI AC Far East ex Japan Net.

All performance data relates to the:  
JF A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07) ★ ★ ★ ★  
S&P Fund Management Rating (31/12/07) A

## Investment objective<sup>A</sup>

To provide long-term capital growth by investing primarily in Japanese companies.

### Fund statistics

<b>Fund manager(s)</b>	Richard Aston Shoichi Mizusawa
<b>Client portfolio manager(s)</b>	Adam Matthews Pinakin Patel
<b>Fund launch date</b>	01/12/88
<b>Fund size (as at 08/02/08)</b>	USD 996.8m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Toyota Motor (Transportation Equipment)	4.5%
Daiichi Sankyo (Pharmaceutical)	3.4%
Takeda Pharmaceutical (Pharmaceutical)	3.3%
Murata Manufacturing (Electric Appliances)	2.7%
Japan Tobacco (Foods)	2.7%
East Japan Railway (Land Transportation)	2.7%
Nintendo (Other Products)	2.6%
Mitsubishi UFJ Financial (Banks)	2.5%
Mitsui (Wholesale Trade)	2.3%
Sony (Insurance)	2.2%

### Fund charges

JF A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

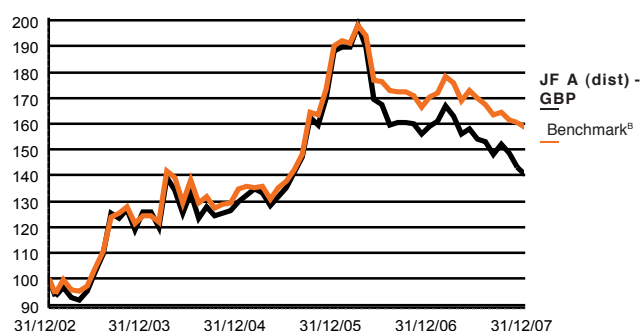
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

Tokyo Stock Price Index (TOPIX) (Total Return Net)

### Cumulative performance

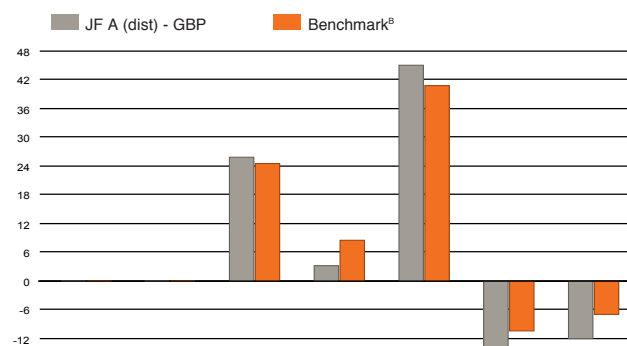
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JF A (dist) - GBP</b>	-2.30	-7.90	-11.94	7.91	40.12	-
<b>Benchmark<sup>B</sup></b>	-1.15	-3.74	-6.86	17.37	58.46	-

### Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JF A (dist) - GBP</b>	25.78	3.24	44.93	-15.45	-11.94
<b>Benchmark<sup>B</sup></b>	24.44	8.49	40.88	-10.55	-6.86

### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JF A (dist) - GBP</b>	2.57	6.98	-	-4.40
<b>Benchmark<sup>B</sup></b>	5.48	9.64	-	-3.46

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All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE Japan Large Cap Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase

## JPMorgan Funds - JF Japan Equity Fund

JF A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEJAPP LX
<b>ISIN</b>	LU0119094695
<b>Reuters</b>	LU0119094695.LUF
<b>Sedol</b>	4800745
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	6.68 (08/02/08)
<b>12M NAV High</b>	8.82 (27/02/07)
<b>12M NAV Low</b>	6.41 (22/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
Transportation Equipment	18.9 %	9.9 %	9.0 %
Electric Appliances	14.4 %	14.5 %	-0.1 %
Chemicals	9.9 %	5.7 %	4.2 %
Pharmaceutical	9.2 %	4.1 %	5.1 %
Machinery	6.4 %	4.5 %	1.9 %
Banks	5.6 %	10.8 %	-5.2 %
Information & Communication	5.6 %	5.3 %	0.3 %
Wholesale Trade	5.3 %	4.7 %	0.6 %
Land Transportation	3.8 %	3.2 %	0.6 %
Other Products	3.3 %	3.1 %	0.2 %
Foods	2.9 %	2.9 %	0.0 %
Securities & Commodity Futures	2.4 %	1.8 %	0.6 %
Real Estate	1.9 %	2.7 %	-0.8 %
Services	1.4 %	1.4 %	0.0 %
Other Financing Business	1.4 %	1.3 %	0.1 %
Mining	1.1 %	0.4 %	0.7 %
Iron & Steel	1.0 %	3.3 %	-2.3 %
Non-Ferrous Metals	0.7 %	1.3 %	-0.6 %
Insurance	0.6 %	2.4 %	-1.8 %
Construction	0.5 %	1.7 %	-1.2 %
Precision Instruments	0.5 %	1.6 %	-1.1 %
Other	0.8 %	13.4 %	-12.6 %
Cash	2.4 %	0.0 %	2.4 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>0.0 %</b>

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation</b>	0.97	0.97
<b>Alpha</b>	-0.23	-0.23
<b>Beta</b>	1.11	1.09
<b>Annualised volatility</b>	14.34	17.57
<b>Sharpe ratio</b>	-0.05	0.28
<b>Tracking error</b>	3.98	4.58
<b>Information ratio</b>	-0.64	-0.47

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

The Japanese stock market ended the year on a weak note on the back of renewed concerns over the repercussion of the credit crisis. The main concern for investors over the quarter was the credit crisis for major global financial institutions and its impact on Japanese companies along with soaring raw material and oil prices, which prompted fears of a US recession and slowdown in the global economy. Of the 33 TSE industries, only Other Manufacturers, Retail, Information & Telecommunication and Mining recorded positive performance. On the other hand commodities such as Non-Ferrous Metals, Steel and Rubber as well as export related Shipping came under pressure from profit taking. Our stock selection in Pharmaceuticals and underweight in Insurance contributed positively while exposure to Electronic Appliances, Machinery and Metal Products detracted from performance.

### Outlook

We continue to monitor the implications of the fallout of the US subprime problem and its impact to the global economy, international credit conditions and exchange rates. At this stage we do not envisage a dramatic dislocation to the growth trends in emerging regions of the world that have become increasingly important to Japanese exports over recent years. On many traditional measures the Japanese equity market now trades on valuations that are attractive in comparison both to global markets and its own history. Most notably on valuations metrics, which give consideration to the balance sheet such as EV/EBITDA or PBR, Japan offers an attractive proposition.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> On 01/10/02 the benchmark for this Fund was changed from a gross dividends reinvested basis to net dividends reinvested as this better reflects the tax status of the Fund.

All performance data relates to the:  
JF A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)  
S&P Fund Management Rating (31/12/07)

★ ★  
A

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in companies in the Pacific Basin (including Japan).

### Fund statistics

<b>Fund manager(s)</b>	Piers Litherland Jeffrey Roskell
<b>Client portfolio manager(s)</b>	Adam Matthews Pinakin Patel
<b>Fund launch date</b>	01/12/88
<b>Fund size (as at 08/02/08)</b>	USD 1,037.6m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Nintendo (Information Technology)	5.1%
BHP Billiton (Materials)	3.6%
Rio Tinto (Materials)	3.6%
East Japan Railway (Industrials)	3.4%
Mitsui (Industrials)	3.1%
Bharti Airtel (Telecommunication Services)	3.0%
China Mobile (Telecommunication Services)	2.4%
Suzuki Motors (Consumer Discretionary)	2.0%
Daelim Industrial (Industrials)	2.0%
HDFC Bank (Financials)	1.9%

### Fund charges

JF A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

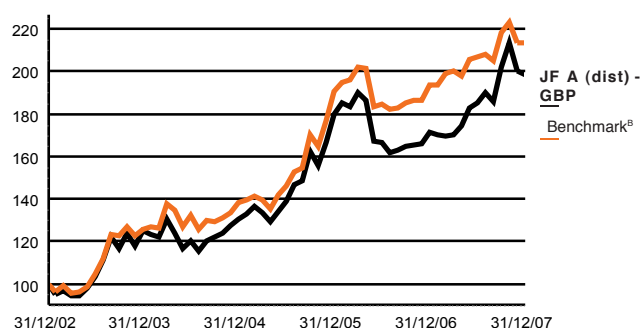
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

MSCI AC Pacific (Total Return Net)

### Cumulative performance

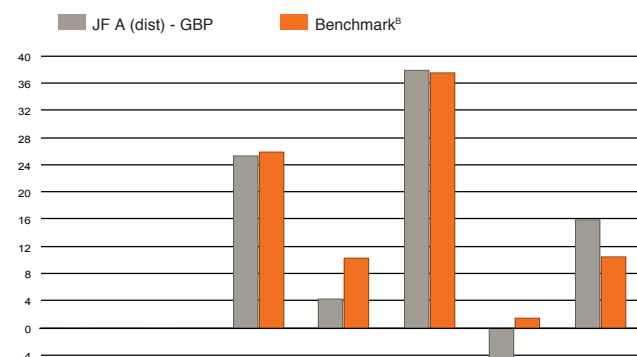
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JF A (dist) - GBP</b>	-0.65	-1.61	15.82	52.41	98.72	-
<b>Benchmark<sup>B</sup></b>	0.24	-1.95	10.47	54.21	113.75	-

### Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JF A (dist) - GBP</b>	25.19	4.15	37.93	-4.60	15.82
<b>Benchmark<sup>B</sup></b>	25.76	10.22	37.58	1.47	10.47

### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JF A (dist) - GBP</b>	15.08	14.72	-	3.57
<b>Benchmark<sup>B</sup></b>	15.53	16.41	-	3.18

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The Morningstar Rating™ is for the above Share Class in the Europe OE Asia Pacific with Japan Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase



## JPMorgan Funds - JF Pacific Equity Fund

JF A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEFPCP LX
<b>ISIN</b>	LU0119094851
<b>Reuters</b>	LU0119094851.LUF
<b>Sedol</b>	4483168
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	11.09 (08/02/08)
<b>12M NAV High</b>	13.31 (29/10/07)
<b>12M NAV Low</b>	10.21 (05/03/07)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Financials</b>	21.4 %	26.8 %	-5.4 %
<b>Information Technology</b>	18.3 %	12.7 %	5.6 %
<b>Industrials</b>	16.5 %	15.3 %	1.2 %
<b>Consumer Discretionary</b>	14.4 %	12.4 %	2.0 %
<b>Materials</b>	12.4 %	11.4 %	1.0 %
<b>Telecommunication Services</b>	5.9 %	5.5 %	0.4 %
<b>Energy</b>	4.6 %	4.4 %	0.2 %
<b>Consumer Staples</b>	1.8 %	5.0 %	-3.2 %
<b>Utilities</b>	1.5 %	3.4 %	-1.9 %
<b>Health Care</b>	1.3 %	3.1 %	-1.8 %
<b>Cash</b>	1.9 %	0.0 %	1.9 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

Geographical breakdown (as at 31/12/07)			
Country	Fund	Benchmark <sup>B</sup>	Deviation
<b>Japan</b>	37.7 %	47.3 %	-9.6 %
<b>Australia</b>	16.7 %	15.4 %	1.3 %
<b>China</b>	10.1 %	9.9 %	0.2 %
<b>Korea</b>	8.0 %	8.9 %	-0.9 %
<b>India</b>	7.6 %	0.0 %	7.6 %
<b>Hong Kong</b>	7.5 %	5.8 %	1.7 %
<b>Taiwan</b>	3.8 %	6.2 %	-2.4 %
<b>Singapore</b>	2.1 %	2.6 %	-0.5 %
<b>Malaysia</b>	2.0 %	1.5 %	0.5 %
<b>Other</b>	2.6 %	2.4 %	0.2 %
<b>Cash</b>	1.9 %	0.0 %	1.9 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation</b>	0.94	0.93
<b>Alpha</b>	-0.09	-0.15
<b>Beta</b>	1.09	1.04
<b>Annualised volatility</b>	14.14	14.59
<b>Sharpe ratio</b>	0.76	0.79
<b>Tracking error</b>	4.95	5.27
<b>Information ratio</b>	-0.03	-0.24

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

Pacific stock markets were volatile, in line with constantly shifting facts and sentiments relating to the global economy. As is always the case when the global picture is volatile we preferred to focus on stocks in Asia during the period rather than on Japan where the economic data has deteriorated.

The fund significantly outperformed its benchmark over the quarter, boosted by our asset allocation decisions, notably the significant overweight positions in India, HK/China and Indonesia plus the strategic underweight in Japan. Stock selection was largely neutral as positive contributions from stock picks in Australia and China were offset by underperformance from holdings in Taiwan and Japan, where IT stocks sold off heavily.

### Outlook

We are cautiously optimistic for 2008, though in the near term a slightly more defensive position is warranted. The performance and valuation gap between India and the rest of Asia looks stretched and may be reduced in favour of boosting other markets, including China. Of course, the fund will continue to prefer Asian consumer and infrastructure sectors over export-oriented stocks. For Japan, we do not see an abrupt end to the strong emerging economy growth that is a key driver for Japanese exports, while Topix is currently trading on valuations that historically appear attractive. But without a strong catalyst in sight, Japan remains underweight although less so than before.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> The FTSE World Pacific Index was replaced by the MSCI AC Pacific Free Grs Index on 01/02/01 to better reflect the investment style of the Fund. On 01/01/01 the benchmark for this Fund was changed from a gross dividends reinvested basis to net dividends reinvested as this better reflects the tax status of the Fund.

All performance data relates to the:  
JF A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)

★★★★★

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in technology, media and telecommunications related companies in the Pacific Basin (including Japan).

## Fund statistics

<b>Fund manager(s)</b>	Victor Lee
<b>Client portfolio manager(s)</b>	Adam Matthews Pinakin Patel
<b>Fund launch date</b>	02/06/00
<b>Fund size (as at 05/02/08)</b>	USD 41.4m

## 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Nintendo (Information Technology)	10.0%
Samsung Electronics (Information Technology)	8.1%
Canon (Information Technology)	6.3%
Bharti Airtel (Telecommunication Services)	4.7%
Hon Hai Precision (Information Technology)	4.5%
Taiwan Semiconductor (Information Technology)	4.3%
Innolux Display (Information Technology)	3.4%
Samsung Heavy (Industrials)	3.3%
AU Optronics (Information Technology)	3.2%
Focus Media Holding (Consumer Discretionary)	2.4%

## Fund charges

JF A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

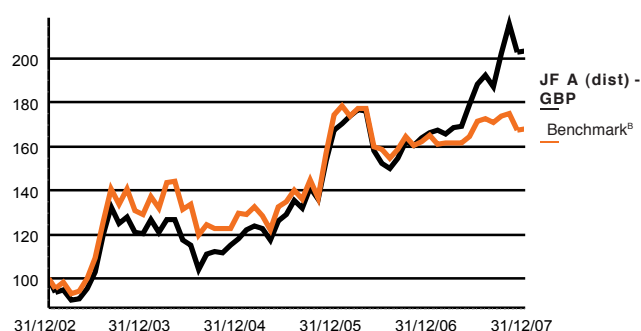
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

## Benchmark<sup>B</sup>

MSCI AC Pacific Information Technology (Total Return Net)

## Cumulative performance

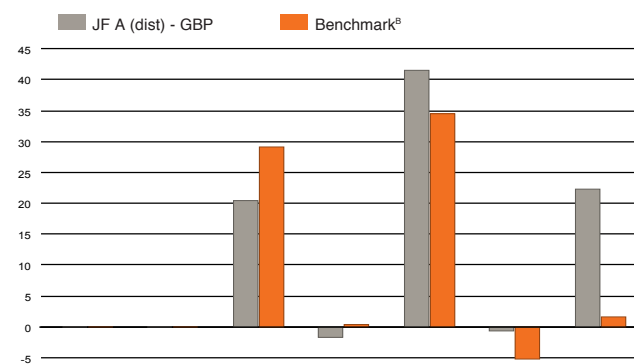
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JF A (dist) - GBP</b>	<b>0.36</b>	<b>0.54</b>	<b>22.36</b>	<b>72.03</b>	<b>103.39</b>	-
Benchmark <sup>B</sup>	0.20	-3.52	1.71	29.76	67.94	-

## Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JF A (dist) - GBP</b>	<b>20.36</b>	<b>-1.77</b>	<b>41.59</b>	<b>-0.71</b>	<b>22.36</b>
Benchmark <sup>B</sup>	29.05	0.29	34.57	-5.20	1.71

## Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JF A (dist) - GBP</b>	<b>19.82</b>	<b>15.26</b>	-	<b>3.13</b>
Benchmark <sup>B</sup>	9.07	10.93	-	-3.21

Please read the disclaimer at the end of this document

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE Asia Pacific with Japan Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase

## JPMorgan Funds - JF Pacific Technology Fund

JF A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEMPTB LX
<b>ISIN</b>	LU0119095072
<b>Reuters</b>	LU0119095072.LUF
<b>Sedol</b>	4481355
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	9.92 (05/02/08)
<b>12M NAV High</b>	11.86 (29/10/07)
<b>12M NAV Low</b>	9.07 (05/03/07)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Information Technology</b>	60.9 %	100.0 %	-39.1 %
<b>Industrials</b>	17.7 %	0.0 %	17.7 %
<b>Telecommunication Services</b>	7.5 %	0.0 %	7.5 %
<b>Consumer Discretionary</b>	6.7 %	0.0 %	6.7 %
<b>Energy</b>	4.2 %	0.0 %	4.2 %
<b>Materials</b>	2.1 %	0.0 %	2.1 %
<b>Cash</b>	0.9 %	0.0 %	0.9 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

Geographical breakdown (as at 31/12/07)			
Country	Fund	Benchmark <sup>B</sup>	Deviation
<b>Japan</b>	29.8 %	53.6 %	-23.8 %
<b>Taiwan</b>	24.0 %	28.7 %	-4.7 %
<b>Korea</b>	23.3 %	13.4 %	9.9 %
<b>India</b>	7.1 %	0.0 %	7.1 %
<b>China</b>	4.9 %	1.3 %	3.6 %
<b>Singapore</b>	3.4 %	0.3 %	3.1 %
<b>Malaysia</b>	3.2 %	0.0 %	3.2 %
<b>United States</b>	1.8 %	0.0 %	1.8 %
<b>Canada</b>	0.9 %	0.0 %	0.9 %
<b>Hong Kong</b>	0.7 %	2.1 %	-1.4 %
<b>Australia</b>	0.0 %	0.6 %	-0.6 %
<b>Cash</b>	0.9 %	0.0 %	0.9 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation</b>	0.89	0.92
<b>Alpha</b>	0.84	0.39
<b>Beta</b>	0.90	0.89
<b>Annualised volatility</b>	15.67	17.93
<b>Sharpe ratio</b>	0.96	0.69
<b>Tracking error</b>	7.18	7.35
<b>Information ratio</b>	1.33	0.51

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

Asian markets performed well at the beginning of the quarter but then were dragged down by renewed concerns over credit markets, weak US macro numbers and the unwinding of the yen carry trade. The fund was boosted by an underweight in semiconductor stocks. The accelerated drop in DRAM prices due to the massive increase in supply this year put a lot of pressure on memory makers in the region. Stock selection focused on engineering services companies and LCD panel makers across the region. Engineering companies in Asia continued to benefit from strong infrastructure spending within the region and new orders from the Middle East. An undersupply of LCD panels has improved the pricing environment and profitability of LCD panel makers.

### Outlook

After five consecutive years of a bull market, it will be a more challenging year for Asia in 2008 given the macro concerns we are now facing, including US slowdown, global credit contraction, and sharply increased market volatility. It has been our investment strategy to invest only in the "industry leader" of each category within the technology space and to also focus on companies that can deliver visible growth. While the weakness in the credit market and the housing market in the US will continue to weigh on Asian IT exporters, domestic growth names should continue to attract fund flows, including Indian mobile companies, engineering services companies and internet stocks across the region.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> The MSCI Pacific Grs Index was replaced by the MSCI AC Pacific Information Technology Index on 01/07/01. On 02/06/00 the benchmark for this Fund was changed from a gross dividends reinvested basis to net dividends reinvested as this better reflects the tax status of the Fund.

# JPMorgan Funds - Emerging Markets Equity Fund

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)  
S&P Fund Management Rating (31/12/07)

★★★★  
AA

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in emerging markets companies.

### Fund statistics

<b>Fund manager(s)</b>	Austin Forey
<b>Client portfolio manager(s)</b>	Claire Simmonds Claudia Barrulas
<b>Fund launch date</b>	18/04/94
<b>Fund size (as at 08/02/08)</b>	USD 7,283.6m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Petroleo Brasileiro (Energy)	7.0%
CVRD (Materials)	5.6%
China Mobile (Telecommunication Services)	4.4%
America Movil (Telecommunication Services)	3.6%
Housing Development Finance (Financials)	3.4%
MTN (Telecommunication Services)	2.5%
Bharti Airtel (Telecommunication Services)	2.4%
Banco Itau (Financials)	2.4%
Sasol (Energy)	2.3%
Hon Hai Precision (Information Technology)	2.2%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

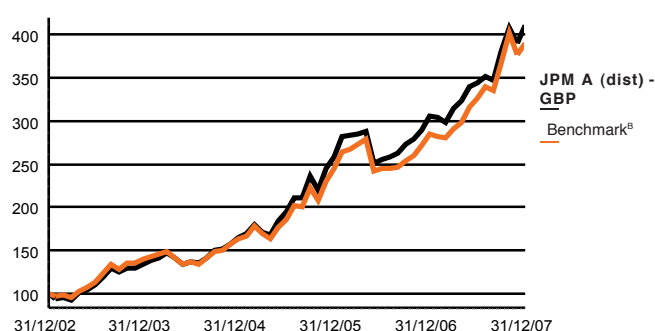
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

MSCI Emerging Markets Total Return Net

### Cumulative performance

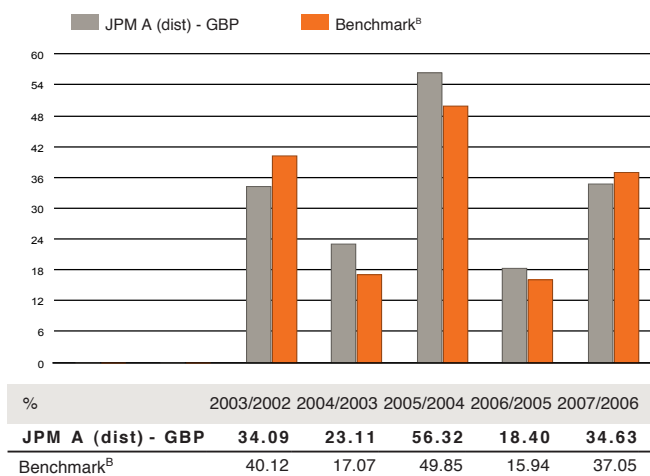
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	5.44	7.83	34.63	149.19	311.36	-
<b>Benchmark<sup>B</sup></b>	3.66	6.07	37.05	138.09	290.56	-

### Rolling 12m performance

(as at 31/12)



### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	35.57	32.69	-	17.50
<b>Benchmark<sup>B</sup></b>	33.53	31.32	-	16.72

Please read the disclaimer at the end of this document

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All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE Emerging Markets Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase

## JPMorgan Funds - Emerging Markets Equity Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEFEMP LX
<b>ISIN</b>	LU0119096559
<b>Reuters</b>	LU0119096559.LUF
<b>Sedol</b>	4483663
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	27.29 (08/02/08)
<b>12M NAV High</b>	30.64 (02/01/08)
<b>12M NAV Low</b>	21.55 (05/03/07)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Financials</b>	23.7 %	21.8 %	1.9 %
<b>Telecommunication Services</b>	17.2 %	11.5 %	5.7 %
<b>Materials</b>	15.3 %	14.7 %	0.6 %
<b>Energy</b>	11.3 %	18.0 %	-6.7 %
<b>Consumer Staples</b>	10.3 %	4.2 %	6.1 %
<b>Information Technology</b>	7.4 %	10.1 %	-2.7 %
<b>Consumer Discretionary</b>	7.0 %	4.9 %	2.1 %
<b>Health Care</b>	3.0 %	1.6 %	1.4 %
<b>Industrials</b>	2.9 %	9.7 %	-6.8 %
<b>Utilities</b>	0.4 %	3.5 %	-3.1 %
<b>Cash</b>	1.5 %	0.0 %	1.5 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

Geographical breakdown (as at 31/12/07)			
Country	Fund	Benchmark <sup>B</sup>	Deviation
<b>Brazil</b>	17.0 %	13.3 %	3.7 %
<b>China</b>	13.6 %	15.9 %	-2.3 %
<b>India</b>	11.7 %	8.3 %	3.4 %
<b>South Africa</b>	11.2 %	6.7 %	4.5 %
<b>South Korea</b>	10.0 %	14.3 %	-4.3 %
<b>Mexico</b>	6.7 %	4.5 %	2.2 %
<b>Russia</b>	5.9 %	10.1 %	-4.2 %
<b>Taiwan</b>	4.3 %	9.9 %	-5.6 %
<b>Egypt</b>	3.3 %	0.8 %	2.5 %
<b>Other</b>	14.8 %	16.2 %	-1.4 %
<b>Cash</b>	1.5 %	0.0 %	1.5 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

Statistical analysis review (as at 31/12/07)		
	3 years	5 years
<b>Correlation</b>	0.98	0.97
<b>Alpha</b>	0.19	0.15
<b>Beta</b>	0.97	0.97
<b>Annualised volatility</b>	17.82	16.52
<b>Sharpe ratio</b>	1.58	1.61
<b>Tracking error</b>	3.79	3.81
<b>Information ratio</b>	0.40	0.28

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

Comments (as at 31/12/07)	
<b>Review</b>	

The fourth quarter was volatile, although the asset class as a whole managed to produce positive returns. Emerging EMEA was the strongest regional performer, outperforming the wider Emerging Markets index. Latin America also outperformed, boosted by strong returns from Brazil, despite low returns across the rest of the region. Emerging Asia underperformed the asset class, as both China and Korea finished negatively.

The fund outperformed. Stock selection in China was the greatest contributor to returns. The fund also benefited from investment ideas in Brazil and South Africa. Stock selection in India detracted from returns, as did cash holdings over the period.

<b>Outlook</b>
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While the emerging markets 'story' of the past has been built largely on internal factors - monetary and fiscal probity, sustained external surpluses and reserve growth, improved corporate capital discipline and healthy profitability - external factors are now increasingly important to the outlook for the asset class. Correlation across financial markets will remain high and markets will continue to be sensitive to US economic data. Recognizing that the beta of GEM equity remains high and its 'darling' status within global equity likely means leadership in either direction, in an environment of bi-modal scenarios we are inclined toward the optimistic view that central bank liquidity provision will trump the impact of US economic weakness and support further gains in emerging markets in 2008.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> The MSCI Emerging Markets Grs Index was replaced by the MSCI Emerging Markets Free Grs Index on 31/08/99. On 01/01/01 the benchmark changed to MSCI Emerging Markets Net.

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)  
S&P Fund Management Rating (31/12/07)

★★★★  
AA

## Investment objective<sup>a</sup>

To maximise long-term capital growth by investing primarily in an aggressively managed portfolio of companies, globally.

### Fund statistics

<b>Fund manager(s)</b>	Sandeep Bhargava Howard Williams
<b>Client portfolio manager(s)</b>	John Stainsby
<b>Fund launch date</b>	08/12/00
<b>Fund size (as at 08/02/08)</b>	USD 2,141.4m

### 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Exxon Mobil (Energy)	1.9%
Microsoft (Information Technology)	1.1%
Royal Dutch Shell (Energy)	1.1%
AT&T (Telecommunication Services)	1.0%
Procter & Gamble (Consumer Staples)	1.0%
General Electric (Industrials)	1.0%
Johnson & Johnson (Health Care)	1.0%
Vodafone (Telecommunication Services)	0.9%
Nestle (Consumer Staples)	0.8%
Altria (Consumer Staples)	0.8%

### Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

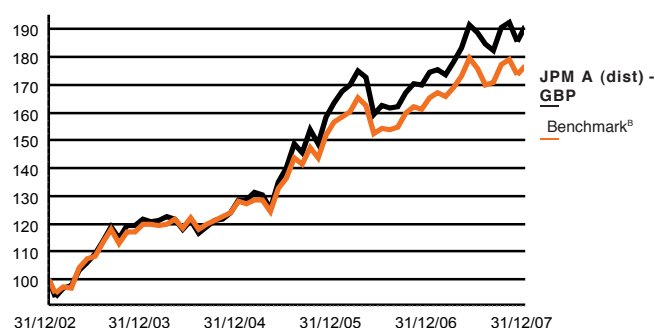
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

### Benchmark<sup>B</sup>

MSCI World Index (Total Return Net)

### Cumulative performance

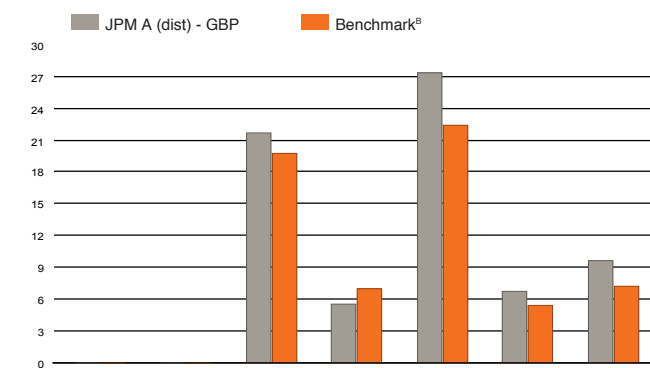
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	<b>3.10</b>	<b>0.23</b>	<b>9.54</b>	<b>48.83</b>	<b>91.07</b>	-
Benchmark <sup>B</sup>	1.96	-0.13	7.20	38.24	77.01	-

### Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JPM A (dist) - GBP</b>	<b>21.70</b>	<b>5.49</b>	<b>27.32</b>	<b>6.71</b>	<b>9.54</b>
Benchmark <sup>B</sup>	19.70	6.97	22.44	5.32	7.20

### Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	<b>14.17</b>	<b>13.82</b>	-	<b>4.63</b>
Benchmark <sup>B</sup>	11.40	12.10	-	0.59

Please read the disclaimer at the end of this document

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All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE Global Large Cap Blend Equity category, other classes may have different ratings.

Source: JPM/JPMorgan Chase



## JPMorgan Funds - Global Dynamic Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FFGDYAP LX
<b>ISIN</b>	LU0119090438
<b>Reuters</b>	LU0119090438.LUF
<b>Sedol</b>	4907839
<b>Fund price</b>	
<b>Share class launch date</b>	08/12/00
<b>NAV price</b>	11.73 (08/02/08)
<b>12M NAV High</b>	13.70 (11/10/07)
<b>12M NAV Low</b>	11.38 (22/01/08)

Sector breakdown (as at 31/12/07)			
Sector	Fund	Benchmark <sup>B</sup>	Deviation
<b>Financials</b>	22.7 %	22.6 %	0.1 %
<b>Industrials</b>	11.5 %	11.4 %	0.1 %
<b>Information Technology</b>	10.7 %	11.0 %	-0.3 %
<b>Energy</b>	10.7 %	10.9 %	-0.2 %
<b>Consumer Discretionary</b>	9.9 %	9.8 %	0.1 %
<b>Health Care</b>	8.5 %	8.7 %	-0.2 %
<b>Consumer Staples</b>	8.2 %	8.8 %	-0.6 %
<b>Materials</b>	7.9 %	7.2 %	0.7 %
<b>Telecommunication Services</b>	4.7 %	4.9 %	-0.2 %
<b>Utilities</b>	4.5 %	4.7 %	-0.2 %
<b>Cash</b>	0.7 %	0.0 %	0.7 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

Geographical breakdown (as at 31/12/07)			
Country	Fund	Benchmark <sup>B</sup>	Deviation
<b>United States</b>	48.6 %	46.9 %	1.7 %
<b>United Kingdom</b>	9.9 %	10.8 %	-0.9 %
<b>Japan</b>	8.0 %	9.7 %	-1.7 %
<b>Switzerland</b>	4.5 %	3.3 %	1.2 %
<b>France</b>	4.3 %	5.2 %	-0.9 %
<b>Germany</b>	4.1 %	4.6 %	-0.5 %
<b>Canada</b>	2.4 %	4.2 %	-1.8 %
<b>Spain</b>	2.2 %	2.1 %	0.1 %
<b>Italy</b>	1.8 %	1.9 %	-0.1 %
<b>Other</b>	13.5 %	11.3 %	2.2 %
<b>Cash</b>	0.7 %	0.0 %	0.7 %
<b>Total</b>	100.0 %	100.0 %	0.0 %

## Statistical analysis review (as at 31/12/07)

	3 years	5 years
<b>Correlation</b>	0.97	0.96
<b>Alpha</b>	0.14	0.09
<b>Beta</b>	1.15	1.07
<b>Annualised volatility</b>	11.26	10.77
<b>Sharpe ratio</b>	0.86	0.95
<b>Tracking error</b>	2.90	3.06
<b>Information ratio</b>	0.92	0.54

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

## Comments (as at 31/12/07)

### Review

Global Equity markets had a volatile quarter on the back of problems in the credit markets. US house prices have continued to decline, consumption appears to have softened and all this against the backdrop of an over-extended US consumer sector. The future direction of interest rates in many geographies seems poised between suppressing the threat of higher prices and shoring up growth in the face of a slowing US and the stretched global financial system.

The portfolio outperformed. At the sector level, stock selection within Financials, Energy and Consumer Discretionary contributed most, while Utilities and Industrials detracted. At the regional level, stock selection in North America and the Emerging Markets contributed to performance, while Europe ex UK and Japan detracted. The portfolio continues to remain overweight value and growth styles with an all-cap emphasis.

### Outlook

Concerns of a hard landing in the US have increased. A weaker US housing sector, an increase in unemployment and a more stringent credit lending environment, will continue to put pressure on consumption. We look for further interest rate cuts in the US to stave off a growth slowdown. The UK economy is also facing a slowdown. The housing market is starting to correct and with household debt at all time highs, the interest-rate squeeze on household cash flows makes a slowdown in consumption likely. However global valuations by historical standards are quite reasonable. More important than valuation, however, is whether earnings growth will slow or turn negative in the early months of 2008.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> On 01/10/02 the benchmark for this Fund was changed from a gross dividends reinvested basis to net dividends reinvested as this better reflects the tax status of the Fund.

All performance data relates to the:  
JPM A (dist) - GBP Share class

Overall Morningstar Rating™ (31/12/07)

★★

## Investment objective<sup>a</sup>

To provide long-term capital growth by investing primarily in companies from the biotechnology, healthcare and life sciences sectors (Life Sciences Companies), globally.

## Fund statistics

<b>Fund manager(s)</b>	Healthcare Team
<b>Client portfolio manager(s)</b>	Stephanie Fennessey Jonathan Price
<b>Fund launch date</b>	14/04/00
<b>Fund size (as at 08/02/08)</b>	USD 32.2m

## 10 largest holdings

(as at 31/12/07)

Equity holding	Weight
Merck & Co ()	5.3%
Celgene ()	4.5%
Gilead Sciences ()	4.5%
Schering-Plough ()	4.1%
Abbott Laboratories ()	3.8%
Shire ()	3.1%
Intercell ()	3.0%
Adams Respiratory Therapeutics ()	2.5%
Bayer ()	2.5%
Genetech ()	2.5%

## Fund charges

JPM A (dist) - GBP

<b>Initial charge</b>	5.00%
<b>Redemption charge</b>	0.50%
<b>Annual Mgt.</b>	1.50%
<b>Expenses</b>	0.40%

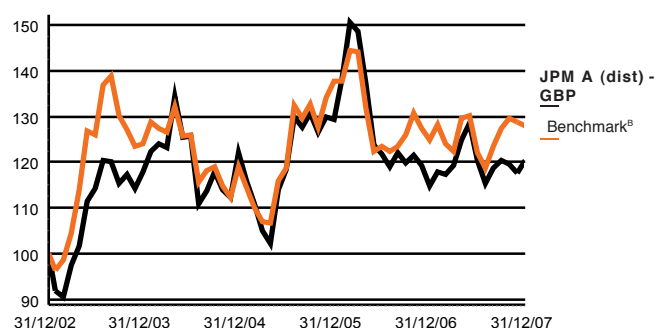
TER (Total Expense Ratio) = Annual Mgt. Fee + Expenses.

## Benchmark<sup>B</sup>

75pct NASDAQ Biotechnology/25pct AMEX Pharmaceutical (Total Return Gross)

## Cumulative performance

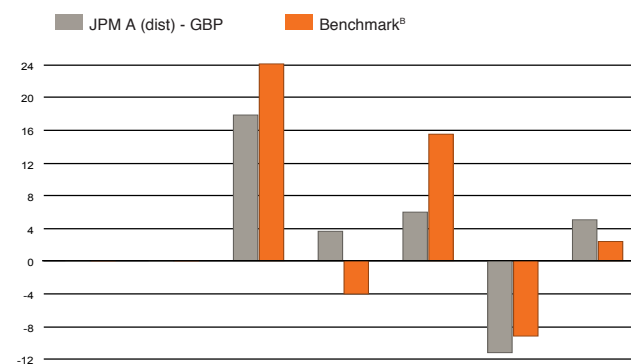
(as at 31/12/07)



%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
<b>JPM A (dist) - GBP</b>	<b>2.57</b>	<b>0.00</b>	<b>5.00</b>	<b>-1.24</b>	<b>20.54</b>	<b>-</b>
Benchmark <sup>B</sup>	-0.56	0.40	2.40	7.45	28.03	-

## Rolling 12m performance

(as at 31/12)



%	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
<b>JPM A (dist) - GBP</b>	<b>17.82</b>	<b>3.59</b>	<b>5.94</b>	<b>-11.22</b>	<b>5.00</b>
Benchmark <sup>B</sup>	24.12	-4.01	15.51	-9.16	2.40

## Annualised performance

(as at 31/12/07)

%	3 Y	5 Y	10 Y	Since inception
<b>JPM A (dist) - GBP</b>	<b>-0.41</b>	<b>3.81</b>	<b>-</b>	<b>-11.96</b>
Benchmark <sup>B</sup>	2.43	5.07	-	-3.86

Please read the disclaimer at the end of this document

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All performance details are NAV - NAV with gross income reinvested.

The Morningstar Rating™ is for the above Share Class in the Europe OE Sector Equity Biotechnology category, other classes may have different ratings.

Source: JPM/JPMorgan Chase

## JPMorgan Funds - Global Life Sciences Fund

JPM A (dist) - GBP	
<b>Fund codes</b>	
<b>Bloomberg</b>	FLEMGLP LX
<b>ISIN</b>	LU0119095312
<b>Reuters</b>	LU0119095312.LUF
<b>Sedol</b>	4738761
<b>Fund price</b>	
<b>Share class launch date</b>	13/10/00
<b>NAV price</b>	3.63 (08/02/08)
<b>12M NAV High</b>	4.27 (23/05/07)
<b>12M NAV Low</b>	3.55 (31/01/08)

Sector breakdown (as at 31/12/07)	
<b>Sector</b>	<b>Fund</b>
<b>Emerging Biotechnology</b>	36.4 %
<b>Emerging Pharmaceuticals</b>	17.3 %
<b>Large Cap Pharmaceuticals</b>	16.4 %
<b>Medical Products</b>	13.3 %
<b>Large Cap Biotechnology</b>	6.9 %
<b>Diagnostics</b>	5.1 %
<b>Health Services</b>	0.9 %
<b>Consumer Non Durable</b>	0.6 %
<b>Cash</b>	3.1 %
<b>Total</b>	100.0 %

Geographical breakdown (as at 31/12/07)	
<b>Country</b>	<b>Fund</b>
<b>North America</b>	71.7 %
<b>Europe</b>	13.3 %
<b>United Kingdom</b>	9.6 %
<b>Switzerland</b>	1.8 %
<b>Japan</b>	0.5 %
<b>Cash</b>	3.1 %
<b>Total</b>	100.0 %

Statistical analysis review (as at 31/12/07)		
	3 years	5 years
<b>Correlation</b>	0.86	0.86
<b>Alpha</b>	-0.21	-0.07
<b>Beta</b>	0.98	0.96
<b>Annualised volatility</b>	16.18	17.16
<b>Sharpe ratio</b>	-0.21	0.10
<b>Tracking error</b>	8.13	8.66
<b>Information ratio</b>	-0.31	-0.10

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

Comments (as at 31/12/07)	
<b>Review</b>	

The fourth quarter was the weakest in a volatile year for equity markets as the major indices registered declines for the period. During the quarter, the fund underperformed its benchmark as lacklustre returns from our emerging pharmaceutical and life science technology holdings hindered results. Amongst the holdings that disappointed during the period was Protalix BioTherapeutics. Its stock price declined after the company offered an additional 10 million shares to the market at USD5 per share when the stock closed at USD36 per share on the previous day. Protalix has a proprietary platform for the production of recombinant proteins using plant cells.

Amongst the portfolio holdings which enjoyed strong returns was Sucampo Pharmaceuticals. The company's share price advanced on expectations of increased market penetration for Amitiza, a drug used in the treatment of irritable bowel syndrome.

<b>Outlook</b>
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It is reasonably clear that the fallout from last summer's turn in the credit cycle has further to go. As analysts continue to cut S&P 500 earnings estimates, expectations for US corporate profit growth are quite gloomy. However, while corporate cost cutting may hurt economic growth in the near term, we see it as a vital tool in reducing inflationary pressures and maintaining corporate profitability. As was the case in prior profit cycles, current earnings challenges are likely to be succeeded by an eventual rebound in profit growth which ultimately could bode well for stock prices.

This material should not be relied on as including sufficient information to support an investment decision.

<sup>A</sup> As at 01/09/06 the investment objective of the Fund was changed to harmonise the wording across the Fund range.

<sup>B</sup> Prior to 01/04/02, the benchmark was the JPMorgan H&Q Healthcare Index.

# Glossary of terms

TERM	DEFINITION
<b>ALPHA</b>	Alpha is the term used to describe the outperformance of the Net Asset Value against its benchmark. A large alpha indicates good performance relative to the market.
<b>ANNUAL VOLATILITY</b>	Volatility is one measure used to assess the risk of a portfolio as it helps to describe the likely range of returns achieved by the fund. In statistical terms it is the standard deviation of the return distribution. Greater volatility of monthly Net Asset Value returns means that there is a wider range of likely returns in the future, or greater uncertainty regarding the fund return. Most investors would equate this greater uncertainty with greater risk.
<b>AVERAGE ANNUAL RETURN</b>	Average Annual Return expressed the average return an investor has made each year and can be used to compare returns over different periods on a consistent basis. Normally only returns over periods greater than one year are annualised in this way.
<b>AVERAGE MATURITY</b>	The remaining lifetime of all bonds in the portfolio, weighted by the amount of money invested in each bond.
<b>BETA</b>	Beta describes the sensitivity of a fund's Net Asset Value return to the return of the benchmark. The benchmark has a beta of 1.0 as it moves in line with itself. A more aggressively positioned portfolio has a beta of greater than one so that if the market rises, the Net Asset Value will rise more than the market – a higher beta means higher potential returns but also higher risk. A fund manager positions the portfolio with a beta of less than one if he thinks the market may fall so that the Net Asset Value falls less than the market – a lower beta means lower expected returns but also lower risk.
<b>CORRELATION</b>	Correlation describes the way in which Net Asset Value has moved relative to the benchmark. Correlation coefficients range between +1.0 for assets which consistently move in the same direction, and -1.0 for assets which consistently move in the opposite direction. Assets with a correlation of zero are unrelated. Portfolios combining assets with low correlations provide diversification or risk reduction benefits, potentially without decreasing total portfolio return.
<b>DURATION</b>	Duration is a measure of the average life of a bond, weighting each repayment by the time until it will be made and reflecting the fact that money flows in the near future are more valuable than the same money flows at a later date. Duration indicates how changes in interest rates will affect the price of a bond (or bond portfolio). The longer the duration of a bond, the greater the extent to which its price is affected by interest rate changes. As such duration is used as a measure of risk for bond portfolios.
<b>SHARPE RATIO</b>	The Sharpe Ratio is a measure of reward for risk taken, where risk is measured in terms of volatility. The Net Asset Value return is compared with that of the risk-free rate return (historic 1 month cash rates), to calculate an average annual excess return which is divided by the fund's annual volatility to give an excess return per unit of risk taken.
<b>TRACKING ERROR</b>	Tracking error measures the standard deviation of relative returns, i.e. the Net Asset Value return less the benchmark return. Tracking error is often used as a measure of risk taken against the Fund benchmark with a larger tracking error indicating that greater risks were taken relative to the benchmark in achieving the return of the Fund.
<b>YIELD TO MATURITY</b>	The average return achieved on a bond capturing coupon and principal repayments, assuming that the bond is held to maturity and that the coupons received are reinvested at this same rate.

#### Who to contact

Asset Managers/Stock Brokers  
0800 269 843

Intermediary Sales  
0800 727 770

Please contact your usual JPMorgan funds representative for further details.

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