

JPM Strategic Bond Fund

All data as at 30 November 2009 unless otherwise indicated

Key facts

“This best ideas bond fund can move dynamically to maximise returns from the most attractive fixed income opportunities, wherever they are to be found.”

Bob Michele, Fund Manager

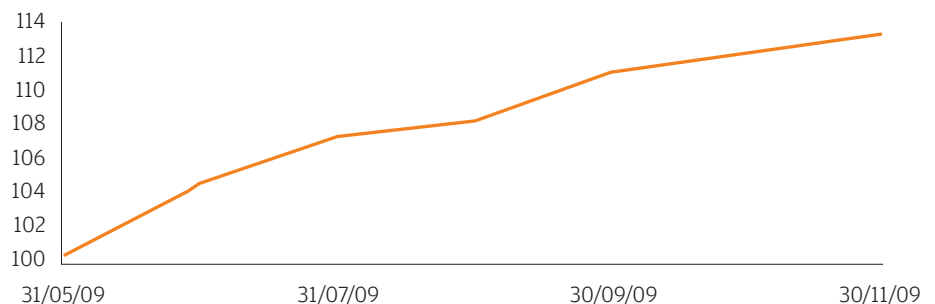
- 1. Outsource your clients' fixed income asset allocation** – our flexible unconstrained approach and expert fund management ensures your clients' fixed income positioning is always optimised
- 2. Benefit from an unconstrained best ideas fund** – has the freedom to take advantage of only the most compelling opportunities on global bond markets, wherever they exist
- 3. Capitalise on all sources of fixed income return** – allocates across the fixed income spectrum within a single portfolio, providing access to emerging markets debt, high yield bonds, investment grade corporate bonds and agency securities, as well as government bonds
- 4. Invests globally for added diversification** – gives UK investors access to more attractive sources of fixed income return outside their home market, while minimising currency risk¹
- 5. Managed by experts** – the fund is managed by our highly experienced Global Chief Investment Officer for international fixed income, who is supported by the expert insights of our fixed income sector specialists, based in local markets across the globe

¹ At least 80% of the portfolio's holdings will be denominated in sterling or hedged to sterling at all times

The ability to maximise returns from global bond markets

With its ability to invest across the fixed income spectrum anywhere in the world, from government bonds to corporate credit to high yield and emerging market debt, the JPM Strategic Bond Fund provides an all-in-one, diversified fixed income investment solution. Your clients can therefore rest assured that their fixed income portfolio allocation is always optimised for the prevailing market conditions.

Since its launch in May 2009 the fund has capitalised on strong bond markets globally to produce compelling returns.



Source: J.P.Morgan Asset Management. Fund return shown net of all applicable expenses, fees and taxes for 'JPM A - Net Acc' class.

Outsource your clients' fixed income asset allocation

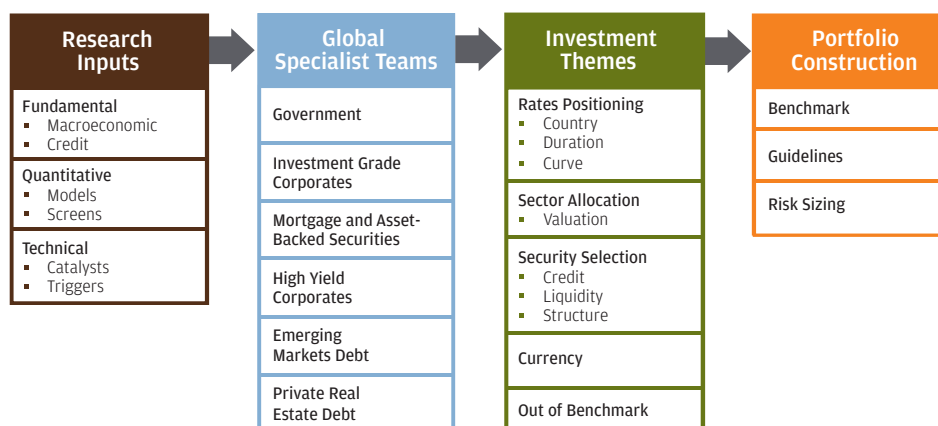
The fund is a portfolio of our best fixed income ideas. There is no obligation to maintain an exposure to any market or sector, so if the fund manager does not like a market, we simply do not own it. The fund has no predetermined regional or sector allocations, meaning, for example, that it can maintain a conservative allocation in uncertain periods and then move into opportunities in high-yield or emerging markets debt as market conditions improve.

This dynamic asset allocation means the fund can move flexibly in response to shifting market conditions - for example, seeking to identify and benefit from changes in the yield curve or in interest rates. It therefore provides a unique opportunity for you to outsource your clients' fixed income asset allocation to an expert fund management team within a single portfolio.

Benefit from an unconstrained best ideas fund

We employ a globally integrated investment approach, drawing on the in-house research generated by our locally based sector specialists. As Global Chief Investment Officer for fixed income, the fund's manager Bob Michele is uniquely placed to identify the opportunities in which these market and sector experts have the highest conviction.

The below chart illustrates the investment process for the fund. Bob combines the local insights of our sector specialists with a global perspective on the themes driving fixed income markets, seeking to create a portfolio that captures the best ideas in the current market environment without constraints.



Capitalise on all sources of fixed income return

The fund is able to capitalise on a vast opportunity set by investing flexibly across all global fixed income markets and sectors. Sector specialists in each area of the market provide dedicated expertise and insight. Our sector team leaders have an average 19 years' industry experience.

We believe that allowing portfolio managers and analysts to specialise in particular sectors of the fixed income market means they are better able to identify and exploit the opportunities that offer the best return potential for your clients.

Government bonds

- Issued predominantly by governments in developed markets, sovereign debt is a potential source of stable returns and a steady income for your clients.
- Our global rates team analyses government securities of different maturities across the yield curve, looking at structural, political and economic factors to determine where the best value can be obtained.

Investment grade corporate bonds

- Issued by higher quality companies, investment grade corporate bonds can help your clients potentially boost portfolio returns and target a higher level of income.
- Our investment grade credit analysts scrutinise companies and assess their balance sheets and cashflows to determine the best value securities.
- They also make use of our global equity teams drawing on input from our rates, mortgage and high yield experts to identify where the best opportunities and greatest dangers lie.

Mortgage and asset-backed securities

- Mortgage backed securities are driven by a pool of mortgage payments, while asset backed securities are typically driven by consumer loans, such as credit card debt.

- These securities can provide diversification in a bond portfolio and can also offer higher yields than are available from comparably rated bonds.
- Our locally based mortgage and asset backed teams have unrivalled knowledge of these markets and constantly analyse securities to find undervalued opportunities.

High yield bonds

- Issued by companies deemed to have a higher threat of default, high yield bonds provide investors with potentially higher long term returns and the ability to produce a substantially higher yield than is available from investment grade debt.
- Our experienced high yield team consists of expert credit analysts focused on finding valuation anomalies to boost client returns. Based in the US, the world's largest high yield market, our team can exploit the greatest range of opportunities.

Emerging markets debt

- Issued by emerging market governments, these bonds are often sub investment grade and carry higher default risk. As a result, they also provide your clients with greater return potential and the ability to boost their income yield.
- Our highly experienced emerging markets debt team is based in New York and has a strong track record in the emerging bond markets.

Invests globally for added diversification

The JPM Strategic Bond Fund allows UK investors to capture the best fixed income opportunities from across the globe. This means it could be particularly valuable for investors who want to diversify a UK-biased portfolio, or who want access to a wider range of opportunities.

Access to overseas opportunities may be particularly beneficial given the popularity of fixed income in current market conditions, which has resulted in some markets and sectors becoming very crowded. The JPM Strategic Bond Fund allows investors to access the widest possible fixed income investment universe and pursue the most attractive returns.

To allow the fund to take advantage of the opportunities in global fixed income markets without taking on a large amount of currency risk, at least 80% of the portfolio's holdings will be denominated in sterling or hedged to sterling at all times.

Managed by experts

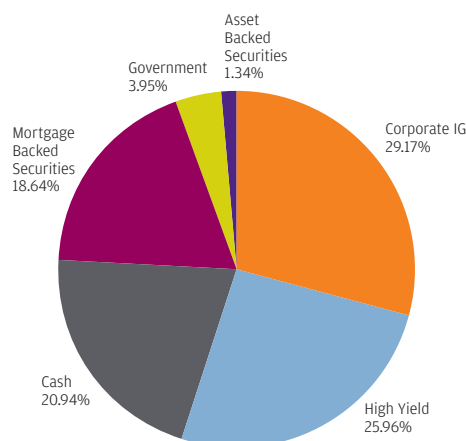
- Managed by Bob Michele, our Global Chief Investment Officer for fixed income, who has over 30 years' industry experience
 - Draws on the expertise of our highly experienced sector specialist and portfolio management teams, including:
 - Lisa Coleman, Head of Global Investment Grade Credit, 28 years' industry experience
 - Rob Cook, Head of Global High Yield, 15 years' industry experience
 - David Tan, Head of Global Rates, 23 years' industry experience
 - Pierre-Yves Bateau, Head of Emerging Market Debt, 19 years' industry experience
 - Andrew Headley, Head of US Agency Mortgage Backed Securities, 15 years' industry experience
 - Ray McGarrigal, Head of US Non-Agency Mortgage Backed Securities, 18 years' industry experience
- Supported by the global resources of J.P. Morgan Asset Management, one of the world's largest fixed income managers

Using the fund in a client's portfolio

- Adds diversification to existing fixed income holdings
- Allows investors to capture fixed income opportunities outside the UK
- May be used as a one-stop fixed income solution due to its diverse sources of return

Sample portfolio

The chart below is a sample portfolio for the fund, illustrating a potential allocation across markets and sectors.



An expert manager



Robert Michele, managing director, is the Global Chief Investment Officer within J.P. Morgan Asset Management's Global Fixed Income and Currency Group. In this role, he is responsible for overseeing the activities of our New York and London fixed income investment teams. Prior to joining the firm in 2008, Bob was at Schroder Investment Management for ten years, most recently serving as the global head of fixed income. He also previously served as the head of Schroder's U.S. Fixed Income Group, based in New York. Bob was at BlackRock from 1995 to 1998, responsible for managing core bond portfolios and developing credit strategies across all client mandates. Prior to that, Bob spent five years at FirstBoston Asset Management as head of their domestic fixed income desk. Before that, he was at Brown Brothers Harriman for eight years managing taxable, total return portfolios for non-U.S. institutions. Bob began his career at Bankers Trust, working as an investment analyst and portfolio manager. He holds a BA in Classics from the University of Pennsylvania, is a CFA charterholder and has the Investment Management Certificate of the UK Society of Investment Professionals.

Fund facts (A class)

Launch date	6 May 2009
Benchmark	Merrill Lynch GBP Broad Market Index
Initial charge	3.5%
Annual charge	1.0%
Operating expenses	0.18%

For more information call our dedicated brokerline on **0800 727 770**
www.jpmorganassetmanagement.co.uk

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