

JPM Europe Dynamic (ex-UK) Fund

All information as at 30 September 2008 unless indicated otherwise

Key facts

“JPM Europe Dynamic (ex-UK) has the freedom to invest in the best stocks in Europe, based purely on their performance potential and investment credentials.”

Jonathan Ingram, Fund Manager

1. Consistent outperformance – the fund has comfortably outperformed its benchmark and is ranked in the top quartile over three years and since inception.

2. Unconstrained by benchmarks – and free to pick from the best stocks in Europe purely on their investment potential.

3. Actively seeking market anomalies for alpha – by exploiting inefficiencies, we dig out under-recognised value and growth opportunities.

4. Combines growth and value – the combination of growth and value enhances the potential for consistent outperformance.

5. Highly experienced investment team – fund managers, Jonathan Ingram and John Baker (A rated by Citywire) are supported by the European Equity Group.

Performance without constraints

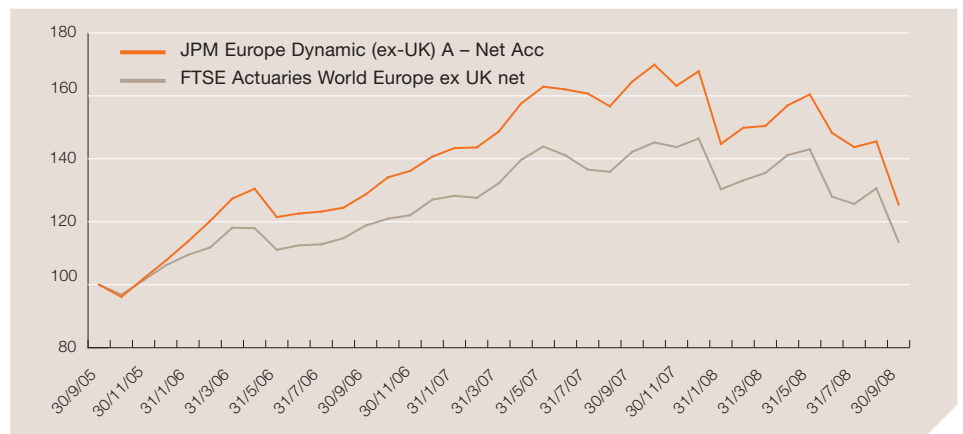
Returns of
25.5%
over three years

Source: JPM/JPMorgan Chase. All performance details are nav to nav, net of fees, with net income reinvested. Past performance is not a guide to the future.



★★★★★ Overall Morningstar Rating™

Cumulative performance



In its first three years, JPM Europe Dynamic (ex-UK) has clearly demonstrated the benefits of its unconstrained investment approach.

Cumulative performance	1 Year	3 Years	Since inception
JPM Europe Dynamic (ex-UK) A – Net Acc	-23.70%	25.52%	73.04%
FTSE-Actuaries World Europe ex UK Net	-20.12%	13.60%	46.94%
Quartile ranking	3	1	1

European Equity Group at JPMAM

- A team of 40 European investment professionals, with an average of 12 years of investment experience.
- Based in London, working in a collegiate environment and sharing a common transparent investment philosophy.

Using dynamic funds to break away from market constraints

Traditionally, investment funds have looked to avoid underperformance by controlling how far they deviate from their benchmark index. But this can have big drawbacks for performance:

- Funds may have high exposure to poor-performing large-caps simply because they represent a big part of the index;
- Conversely, attractive smaller companies may get little attention because their index weighting is low;
- Sector and country weightings are also determined by the index.

Dynamic funds from JPMorgan Asset Management break away from these constraints.

- Each dynamic fund only holds stocks that merit investment;
- Small and large stocks can have equal weightings;
- If the team doesn't like a stock, it won't get into the portfolio – no matter how much of the index it represents.

There are also no sector constraints – although exposure to any single market or industry is carefully monitored.

Given this unconstrained 'best ideas' approach, dynamic funds can perform very differently from the market in which they invest. This also means they also have greater scope to defend against losses when markets decline.

Capture the best of growth and value

JPM Europe Dynamic (ex-UK) Fund aims to hold the most attractive stocks in Europe excluding UK region. To deliver consistent performance, it holds two types of stock:

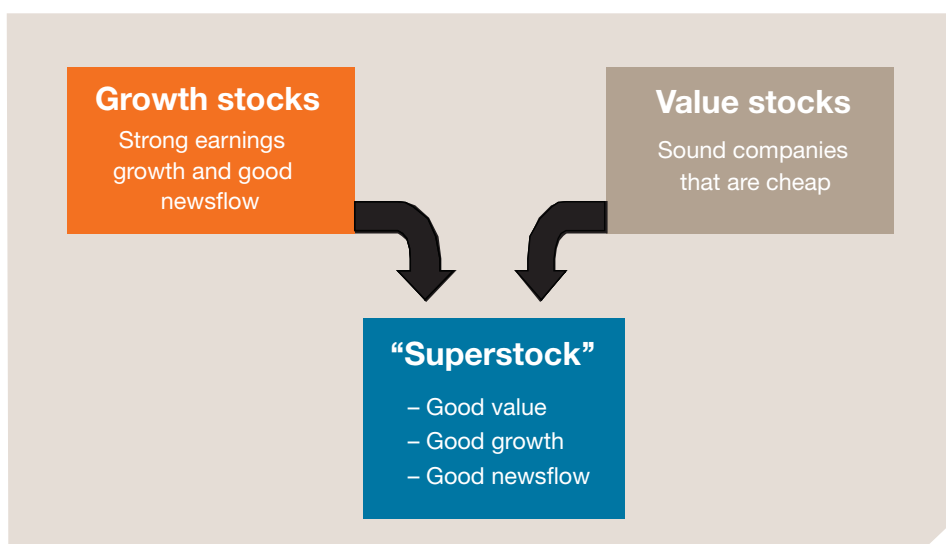
Growth stocks – Companies enjoying positive newsflow and share price momentum and which are growing their earnings faster than the overall market.

Value stocks – Fundamentally sound companies that have fallen out of fashion and are therefore trading cheaply.

Growth and value stocks tend to have their own performance cycles, and have historically outperformed at different times. By holding both types of stocks within one portfolio, the fund can increase the potential for outperformance throughout the market cycle.

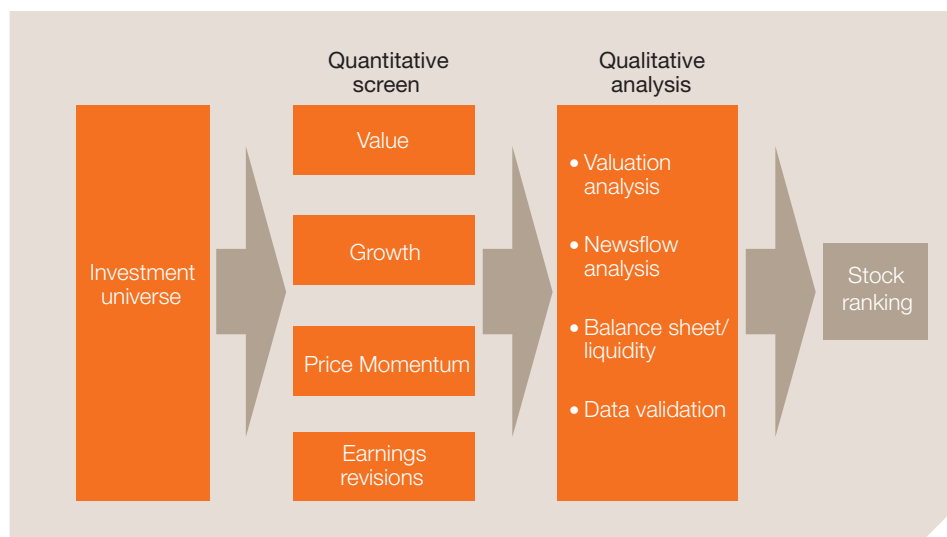
Creating a 'superstock' to outperform

Blending growth and value characteristics in a portfolio also allows us to build a 'superstock' – a group of stocks which collectively have better growth, value and newsflow characteristics than the market as a whole, which puts the portfolio in a strong position to outperform.



Disciplined proven process to seek out Europe's best opportunities

All funds managed by the European Equity Group are managed using a disciplined, transparent process to identify the strongest growth and value opportunities. This process is a quantitative screen that allows the team to assess continually the growth and value characteristics of more than 2,000 stocks in the pan-European market.



Once stocks with strong growth and value characteristics are identified, they are subject to intense fundamental analysis. This ensures all new information about a stock is taken into account and that stocks that are cheap for a reason (eg companies with weak balance sheets) are identified.

Each stock is ranked on the strength of its growth or value characteristics. Around 100-150 of the top-ranking stocks are used to build JPM Europe Dynamic (ex-UK) Fund.

Using the fund in a client's portfolio

Diversify a UK-heavy portfolio – Because the fund invests mainly in continental Europe it can provide valuable diversification for investors who are heavily exposed to UK equities. But it still offers the reassurance of investing in mature, stable markets 'close to home'.

Get exposure to both growth and value opportunities – Provides potential for strong performance throughout the market cycle, whether growth or value styles are outperforming.

Balance out constrained funds – Complements equity funds that are more constrained to benchmark/market returns, such as our core JPM Europe Fund.

Active positions

Top 4 overweight holdings

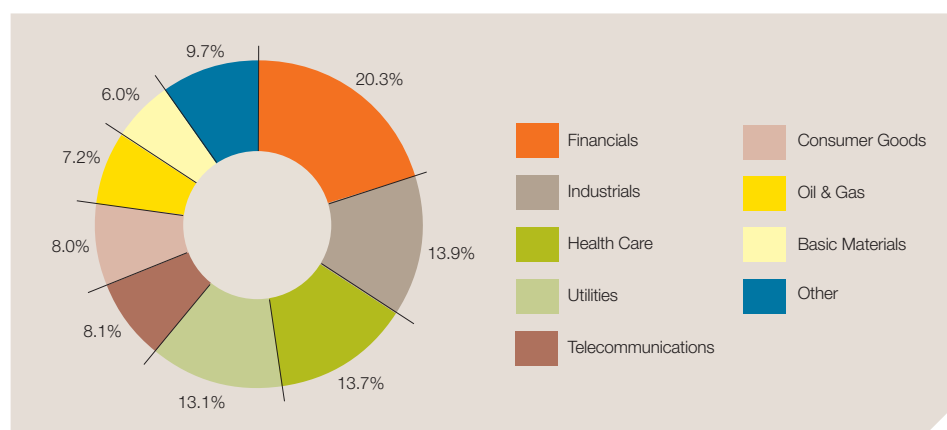
1. Nestle	3.9 %
2. Novartis	3.7 %
3. E.ON	3.7 %
4. BNP Paribas	3.2 %
5. Telefonica	3.2 %

Top 5 geographic regions

1. France	22.4%
2. Germany	18.4%
3. Switzerland	15.1%
4. Spain	11.7%
5. Italy	10.5%

Taking a bottom-up, unconstrained approach to stock selection, the team focus exclusively on high-conviction opportunities.

Sector Breakdown



Source: JPM/JPMorgan Chase.

Fund managers

Jonathan Ingram is Joint Fund Manager and works within the high alpha team of the JPMAM European Equity Group. An employee since 2000.

John Baker is Joint Fund Manager within the JPMAM European Equity Group. John joined the company in 1994.

Jonathan and John also benefit from being members of JPMorgan Asset Management's European Behavioural Finance Team.

Fund facts

Launch date	30 September 2004
Benchmark	FTSE Actuaries World Europe ex UK net
Initial charge	4.25%
Annual charge	1.5%
Investment minimum	£1,000
Minimum top-up	£100
Availability	Direct/ISA

For more information contact your usual JPMorgan Asset Management representative or call the dedicated brokerline **0800 727 770**
www.jpmorganassetmanagement.co.uk

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