

JPM Highbridge Statistical Market Neutral Fund

Bringing alternative asset management to your clients

All information as at 31 March 2011 unless indicated otherwise

Our ground-breaking JPM Highbridge Statistical Market Neutral Fund uses sophisticated quantitative techniques, with the aim of providing long-term positive returns in excess of cash, with relatively low volatility and low correlation to equities.

Key selling points – at a glance

- 1. Aligned with your clients' objectives** – aims to beat the returns available from cash over the long term, independent of market performance.
- 2. Minimises market risk** – the fund's market neutral approach aims to minimise broad market exposure so returns are driven purely by stock selection.
- 3. Proven proprietary research** – fully automated quantitative investment approach capitalises on the experience and expertise of one of the world's leading alternative asset managers.

Fund performance

Since its inception in August 2010, the fund's innovative approach has resulted in it producing returns in excess of its cash benchmark.

	1 month	3 months	1 year	3 years	Since inception
JPM A (acc) - GBP	0.66%	1.58%	-	-	3.88%
BBA Libor* (Total Return Gross)	1.02%	-0.99%	-	-	2.50%

* British Banker Association Libor Overnight Index

Share class inception: 11 Aug 2010. Source: J.P. Morgan Asset Management

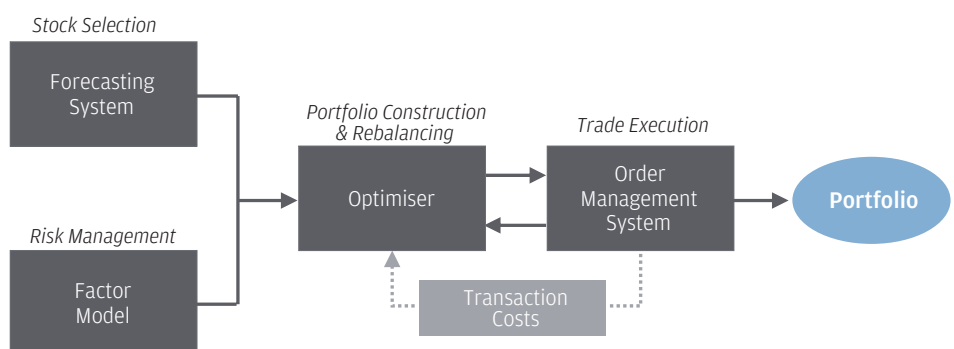
Benefit from Highbridge's proprietary research

The fund's stock selection is driven by Highbridge's proprietary statistical arbitrage forecasting system and risk model, which constantly monitor the US and European stock markets in search of mispriced stocks using traditional and innovative valuation techniques. Stock analysis is continuously updated and fed into Highbridge's portfolio optimiser, which buys stocks that are deemed to be undervalued, while maintaining equal and offsetting short exposure to stocks that appear overvalued.

The optimiser rebalances the portfolio every five minutes during the trading day, constantly adjusting long and short exposure as risk/return opportunities change, in order to minimise the impact of market movements on returns. The trades are then executed as efficiently as possible using a fully automated, sophisticated proprietary order system. It's this combination of a market neutral approach, Highbridge's diversified stock selection model, a constantly optimised portfolio and a sophisticated execution system that gives the fund the potential to produce positive annual returns in a variety of market conditions with a low volatility compared to stock markets.

Statistical arbitrage investment process

The portfolio results from the interaction of Highbridge's proprietary statistical arbitrage model and optimiser.



Source: Highbridge Capital Management, LLC

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How the fund may fit in a client's portfolio

The fund may be suitable for investors with an investment horizon of at least five years, who are looking to produce positive annual returns over the long term.

The fund could also help investors looking for a investment that has a low correlation to global stock markets and who want to add diversification to their portfolio.

- **Region:** US/Europe
- **Stock selection:** Statistical arbitrage
- **Portfolio construction:** Market neutral

Highbridge Capital Management

The fund is sub-advised by Highbridge Capital Management, a leading global alternative asset management firm that is now fully owned by J.P. Morgan Asset Management. Together, we are one of the world's leading alternative asset managers.

Founded in 1992, Highbridge employs a highly experienced statistical arbitrage team consisting of broadly talented mathematicians, statisticians, computer scientists, investment analysts and traders. The team has a track record of successful statistical arbitrage investing and currently manages over USD 9 billion of capital across long-only and market neutral strategies.

Expert managers

Highbridge's statistical arbitrage team consists of highly talented and experienced mathematicians, statisticians and computer scientists, with the ability to manage all aspects of systems development, research and trading.

To learn how the **JPM Highbridge Statistical Market Neutral Fund** can bring alternative assets to your clients call us on **0800 727 770** or visit us on **www.jpmorganassetmanagement.co.uk/adviser**

Key Risks

The information in this document is based on our understanding of law and regulation at the time of print. Telephone lines are recorded to ensure compliance with our legal and regulatory obligations and internal policies. Past performance is not a guide to the future. The value of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. There is no guarantee that the use of long and short positions will succeed in limiting the fund's exposure to domestic stock market movements, capitalisation, sector swings or other risk factors. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions. The fund's investment approach is speculative and entails risks. There can be no assurance that the investment objective of the fund will be realised. Issued by JPMorgan Asset Management Marketing limited, authorised and regulated by the Financial Services Authority. Investment is subject to documentation (Prospectus, Simplified Prospectus and Terms and Conditions), copies of which can be obtained free of charge from JPMorgan Asset Management Marketing Limited, Registered in England No. 288553, 125 London Wall, London EC2Y 5AJ.