

JPM Life Global Dynamic Fund

All information as at 31 December 2009 unless otherwise indicated

A unique, high alpha generating global strategy

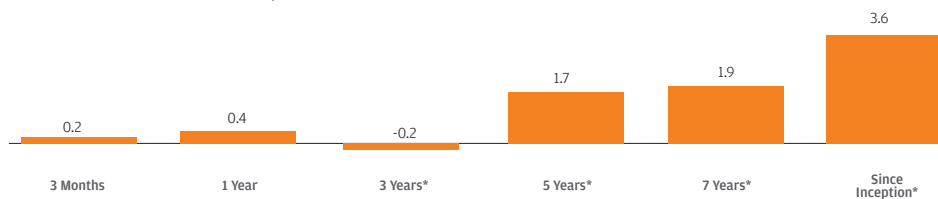
The JPM Life Global Dynamic Fund is an aggressively managed long-only global equity strategy which invests wherever the best opportunities are in the global stock market irrespective of benchmark weighting. The investment process is based on our significant experience in investing using both behavioural finance theory and fundamental research.

The fund aims to deliver 4% excess return (gross of fees) p.a. above the MSCI World Index over a full market cycle.

A top quartile performer

Applying the Dynamic/Intrepid Team's unique style-driven approach of selecting the best of growth and value stocks, JPM Global Dynamic Fund (a Lux SICAV) has consistently outperformed the MSCI World Index (Net) since its launch in December 2000. The strategy is first quartile since inception in the Micropal Universe. These returns have been achieved at volatility in line with the market resulting in an information ratio of 0.8 since inception - a very attractive ratio.

Relative return vs. MSCI World, %



Strategy and benchmark returns, GBP, %:

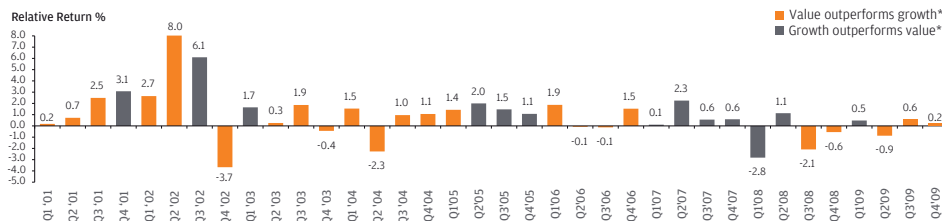
	3 Months	1 Year	3 Years*	5 Years*	7 Years*	Since Inception*
Global Dynamic Composite	3.2	16.2	0.4	7.4	9.7	4.1
MSCI World Index	3.1	15.7	0.6	5.6	7.7	0.4

Source: JPMorgan, Global Dynamic Composite, Gross of fees, GBP. Relative returns calculated geometrically. *Annualised. Inception date is 31 December 2000

Outperforming in 27 out of 36 quarters

Having outperformed the MSCI World Index (Net) in 75% of quarters since its launch, the JPM Global Dynamic strategy has demonstrated a high level of consistency in both up and down markets. On an annualised basis, this led to outperformance of 3.6% p.a. since inception.

Global Dynamic quarterly performance vs. MSCI World to 31 December 2009



Source: JPMorgan Asset Management, JPM Global Dynamic Composite, Gross of fees, GBP. Relative returns calculated geometrically. Inception: December 2000. *Based on performance of MSCI World Value and MSCI World Growth indices.

Fund fact file

Fund risk profile	Medium-to-higher risk
Investment horizon	Long term
Fund managers	Sandeep Bhargava Howard Williams
Strategy inception	December 2000
Number of stocks	200-300
Target excess return	4% p.a.
Target tracking error	4-7% p.a.
Region/sector limits	Typically +/-5%
Stock limits	n/a

Fund & Market Review - Update Q4 2009

Market Review

After a cautious start to the fourth quarter, global equity markets finished 2009 well with strong monthly gains in November and December. Solid earnings results for the third quarter and improving earnings expectation for 2010 were key drivers of returns this quarter. 80% of S&P 500 companies beat profit expectations and 60% topped revenue forecasts. Central banks in the major developed economies kept interest rates at a level close to zero and better than expected macro economic data indicated that a number of major economies have emerged from recession. There was a clear distinction between regions as the US and the United Kingdom led the market, posting fourth-quarter returns of over 5% while Japan, the year's most significant underperformer, was only just able to finish the month in positive territory. By sector there was no clear distinction between defensives and cyclicals. Media, Basic Industries and Information Technology were among the best performing sectors while Financials lagged the market. There were significant moves in the currency markets. After initial weakness the US dollar strengthened significantly at the end of the quarter particularly against the Japanese Yen and Euro. The gold price reached all time highs, hitting USD 1,200-a-troy-ounce and the oil price finished the quarter at nearly USD 80 a barrel.

Fund Review

The underlying portfolio performed in line with the benchmark this quarter. Positive contributions to returns came from stock selection within the materials, healthcare and industrials sectors, while financials was a considerable detractor. By region, our stock selection within Japan added the most to performance while North America was the main detractor.

The particular value and growth/momentum styles targeted in Global Dynamic had mixed performance this quarter. Overall, growth styles performed better than value styles.

Style performance, dominated by stock selection within momentum, was positive for the portfolio this quarter. Value also added to returns. The portfolio's size bias has continued to change away from large cap stocks and now reflects an overweight in small and mid cap stocks. This had a mixed impact on returns this quarter.

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The JPM Global Dynamic Fund is managed by Sandeep Bhargava and Howard Williams. These managers are responsible and accountable for stock selection decisions within the fund, drawing on the experience gained from managing a range of unconstrained, themed and higher risk funds. The managers are supported by investment specialists of the Global Equities Team (GET).

Investment approach

- It is a style driven strategy which aims to find the best growth and value stocks across global stock markets.
- By holding both growth and value stocks, we are able to maximise the probability of outperformance. While growth or value has each been shown to outperform in six out of ten periods, a combination of the two styles increases this frequency to around eight out of ten periods.
- The strategy is high alpha generating and has low correlation with conventional conviction-based managers.
- The successful investment process is a distinct blend of disciplined proprietary stock screens combined with fundamental analysis.
- The strategy is highly diversified by stock, sector and region as well as having a multicap approach.
- The portfolio is rebalanced every month to ensure that only highly ranked and fundamentally sound stocks are included in the portfolio.
- We believe the Global Dynamic approach will continue to generate sustained alpha due to the persistent growth and value anomalies that exist in markets caused by behavioural biases of market participants.

For more information please contact your JPMorgan Asset Management Representative
www.jpmorganassetmanagement.co.uk/institutional

A fund for all seasons

JPM Global Dynamic's attractive performance has been achieved against a backdrop of significant equity market volatility, including:

- The collapse of the Technology, Media and Telecom (TMT) bubble
- Extremes in oil prices
- Significant changes in the level of interest rate
- Rotation between large and small-cap, and between value and growth

Given the strategy's excellent ability to adapt to changing market conditions, we are confident that it can continue to deliver excess returns at relatively low levels of volatility over the medium and long term.

Targeting higher alpha

The strategy is high alpha generating and targets an excess return of 4% (gross of fees) above that of the MSCI World (Net) over a full market cycle. It has low correlation with conventional conviction-based managers which makes this product ideal as a complementary global equity strategy to those of other global equity managers. It is aimed at investors looking to add a performance boost to an existing core portfolio, but is also ideal as a core holding for investors who are comfortable with the fund's risk/return profile.

Bottom-up stock selection

The product relies strictly on bottom-up stock selection to generate excess returns. Using the proven investment process which has been successfully implemented for over 15 years in Europe and 8 years globally, the JPM Global Dynamic strategy aims to capture the best growth and value opportunities in the global stock market.

Growth stocks - companies growing their earnings faster than the market, supported by good newsflow.

Value stocks - companies which are fundamentally sound and have positive momentum, but currently out of fashion with the market.

By combining stocks offering the best growth or value characteristics, we create a portfolio with both better growth and value characteristics than the market.

Disciplined portfolio construction

The product is rebalanced monthly and only highly ranked and fundamentally sound stocks are included in the portfolio. Stock and sector positions are typically around +/-5% against the MSCI World Index (Net). The large number of stocks allows for efficient capture of targeted value and growth style tilts while minimising other biases such as stock specific risk. These stock ideas are not diluted by index constraints, enabling the portfolio managers to hold only those stocks that they like the most. The strategy is therefore benchmark aware, but not benchmark focused.

JPMAM Global Equities Team

The GET consists of 28 highly experienced and expert investment professionals, headed by Howard Williams.

The team is comprised of 12 experienced portfolio managers and 10 global sector specialists, and is responsible for managing around £28 billion in global and international equity mandates (as at 30 September 2009).

Source: JPMorgan Asset Management.

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