

Financial and investment
services for charities,
endowments and foundations



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Everything we know at your service

By bringing together all the skills and experience of J.P. Morgan, we provide charities with a complete range of investment and financial solutions

Fifty years of charity commitment

For more than 50 years, J.P. Morgan has been committed to serving charitable organisations across the full range of their financial activities.

A stable, long-term partner

We have become the trusted partner of charities worldwide. Clients range from leading international organisations to foundations, endowments, and small local charities; who have been with us, on average, for more than 10 years. J.P. Morgan's own financial strength and prudent risk management offers the assurance of our continued presence and commitment to the charity sector.

Understanding from practical experience

Charities have unique requirements, so we retain charity specialists across all areas of our business.

In addition, our own philanthropic activities give us a solid understanding of the challenges involved in funding and managing charitable commitments (see below).

We hope the following pages show the many ways in which we can work with your organisation to help deliver on its financial and investment goals.

Philanthropy at J.P. Morgan

J.P. Morgan is one of the financial sector's biggest philanthropists, which has deeply informed our understanding of the challenges faced by charities across many sectors.

Every year, we provide grants and sponsorship in support of the arts, education and community development, to hundreds of non-profit organisations in the UK and worldwide. We also encourage employees to become actively involved through fund raising and volunteering activities.

In addition to active philanthropy, we employ specialists who work with high net worth individuals for foundation creation.

J.P. Morgan: strength, scope and commitment

There are many attributes that make J.P. Morgan stand apart as an adviser, services provider and investment manager to the charities sector

World-class expertise

By partnering with J.P. Morgan, charities have the reassurance of working with one of the most respected and stable financial services organisations in the world.

J.P. Morgan is part of JPMorgan Chase & Co., one of the largest global financial services firms with clients and customers across more than 100 countries.

Delivering the firm

We look to harness J.P. Morgan's full expertise to the benefit of all our charity clients.

Whether a charity wants to use our brokerage services, requires full discretionary investment management or wants to look at efficient means of capital raising, we strive to deliver the right solution in a co-ordinated, client-focused way.

Long-term relationships

- We are committed to developing close long-term relationships.
- We serve charities with named relationship managers.
- We support trustees with regular reporting, providing full accountability for all their activities with us.
- We are available to share all our insight into financial markets.

Active lobbying

J.P. Morgan is also an active and visible member of leading industry groups such as the Charity Finance Directors' Group, the Charity Tax Group, the Charity Investors' Group and the European Association for Philanthropy and Giving.

Our involvement in issues facing the charities sector means we can work closely with charities in discussions with their Regulator and HM Revenue & Customs.

Expertise for charities at J.P. Morgan



An investment strategy built around you

In today's challenging market conditions, we assess a range of factors to provide each charity with the most appropriate investment solution

Support in challenging times

Charities face massive challenges in the current economic climate, both to maintain levels of funding and to ensure those funds are invested appropriately.

As a global investment manager, we can help by devising an investment policy and strategy designed to protect capital, generate income and/or provide potential for capital growth over the longer term.

The most appropriate investment solution will depend on many factors. To help your organisation devise a suitable investment policy, we will look to assess a range of issues, including:

- **Growth and income objectives** - We will look to assess your charity's short, medium and long-term investment objectives;
- **Risk tolerance** - It is vital to know the level of investment volatility your portfolio can tolerate to achieve its investment aims;
- **Segregated / pooled investment** - We will discuss the respective merits of pooled or segregated investment, and assess which is most suitable for your organisation and level of assets.

- **Ethical constraints** - There may be certain industries or companies you wish to exclude from your portfolio. Our discretionary portfolio management service can accommodate most investment constraints (see page 6).

- **Benchmark requirements** - We will discuss a suitable benchmark to assess the investment results we deliver for you.

Holistic view

We take a charity's full position into consideration - it is important to know if the invested assets are your prime source of income or contingency if fund raising falls short, and what other assets are on the balance sheet.

Reviewing your strategy

We are committed to ensuring the on-going suitability of your investment strategy.

We will look to meet regularly to keep up to date with the needs of your charity.

Investment reporting

We know charities need to provide detailed information both on their investment policy and their investment results. We look to provide all the analysis you need to stay abreast of your investment performance, both day-to-day and when compiling your annual report and accounts.

Investment solutions at J.P.Morgan

Our investment services can match whatever level of engagement your charity requires from us - from competitive security trading to total portfolio management.

FULL ADVICE

EXECUTION ONLY



Discretionary portfolio management

Full discretionary portfolio management enables charities to delegate total management of their investment assets to J.P. Morgan

Total portfolio management

Discretionary management enables your organisation to task us with all investment decision-making, based on the parameters you have instructed. By delegating all investment activities, trustees are free to focus on the core activities of their organisation.

Portfolio management is also available on an 'advisory' basis, whereby all investment actions must be approved by trustees prior to execution.

Disciplined investment approach

J.P. Morgan is the chosen discretionary manager of charities, foundations and endowments worldwide.

Its approach combines a deep understanding of each charity's requirements and parameters with a disciplined investment approach designed to generate consistent returns in line with a charity's expectations.

Strategic and tactical allocation

Asset allocation is considered key to long-term investment results. While most firms base asset allocation on a backward look at asset performance, the discretionary teams at J.P. Morgan also incorporate a forward view of market returns, risks and correlations.

Where appropriate, the teams may consider incorporating alternative or absolute-return-based assets to enhance a portfolio's risk-return profile.

To capture short-term opportunities or manage risk, the portfolio team may recommend tactical adjustments from time to time. This can allow a portfolio to benefit from market events without deflecting from its long-term strategy.

Best-of-breed opportunities

Discretionary portfolios have the freedom to use both in-house and third-party investment vehicles to give clients access to the best intellectual capital available.

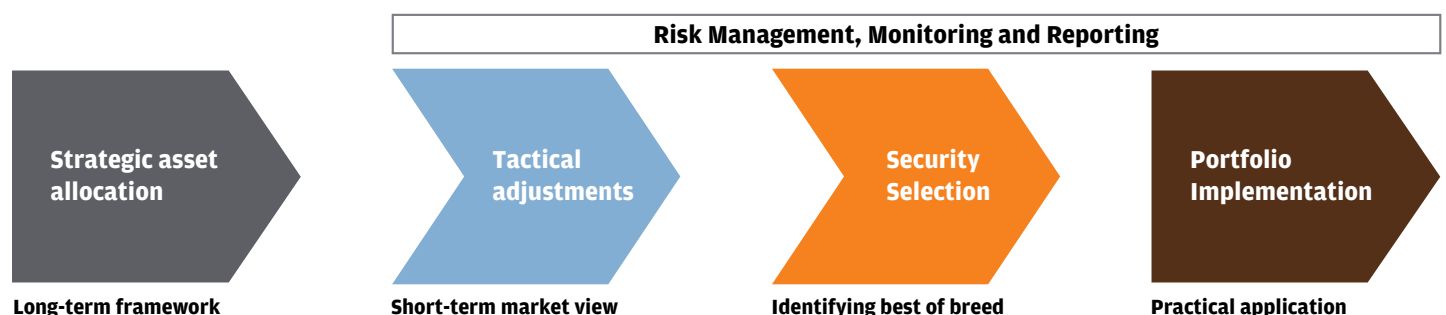
All funds are appraised through a rigorous process of research and due diligence using global teams of fund specialists to identify 'best of breed' funds and managers

Managing risks

Risk management is a consideration at every stage of the investment process. The team aims to ensure that risks are known and controlled throughout the portfolio. Where new market risks arise, the teams look to assess their potential impact swiftly and decisively.

Reporting and trustee support

J.P. Morgan's investment culture is based on full accountability and transparency. Charity trustees are kept fully informed of the investment team's thinking with regular reporting and meetings.



Single-strategy solutions

Our range of single-strategy solutions enable charities to target almost any asset class or investment market to achieve their investment goals

Solutions across the range

Many charities look to manage their investments on a multi-manager, multi-strategy basis. For these charities, we can provide single-strategy solutions across an exceptionally wide range of asset classes and markets.

J.P. Morgan is one of the world's leading investment managers with investment teams located in more than 20 investment centres worldwide.

Breadth and depth of expertise

The range of strategies from J.P. Morgan spans both core and specialist asset classes (see table below).

Features of interest to charity clients include:

- A choice of global equity income funds - especially popular among charities looking to generate regular income;
- A wide range of strategies designed to protect capital over the medium to long term and/or generate capital growth;
- A selection of total and absolute return approaches that aim to achieve a stated excess return over cash deposits;
- A variety of fixed income offerings from low risk government bonds to dynamically managed opportunistic strategies.

Access to investment strategies

All of our strategies are available on a 'pooled fund' basis, enabling charities of any size to gain access to professional investment management; larger charities can opt for a segregated portfolio built specifically for them.

Pooled vehicles include 'open-ended funds' such as OEICs and offshore SICAVs. We are also the UK's leading manager of listed investment trusts.

We also offer a wide range of 'funds of funds' which are readymade portfolios of funds selected by our professionals.

Common Investment Funds (CIFs).

We offer two Common Investment Funds (CIFs) expressly for charitable assets.

Our two CIFs offer low-cost, tax-efficient access to UK equity and bond strategies, thereby helping to address charities' requirements for both capital preservation and a regular income stream.

Single-strategy solutions at J.P. Morgan

| | | | |
|--------------|----------------------|----------------------------|-------------------------|
| Market focus | Global | Regional | Single-country/sector |
| Objective | Income | Capital growth | Capital protection |
| Equity | Core/constrained | Dynamic/High alpha | Market neutral |
| Multi-asset | Balanced | Downside protection | Absolute return (cash+) |
| Fixed income | Core/broad | Emerging market/High yield | Opportunistic |
| Cash | AAA-rated/Stable NAV | Enhanced yield | Treasuries |
| Alternatives | Hedge funds | Private equity | Real assets |

Further investment opportunities

For some charities, diversification into non-core asset classes could offer potential investment benefits

Interest in alternatives

Our Charity Investment Survey shows a growing number of charity portfolios have moved into alternative investment strategies. So, alongside core asset classes, J.P. Morgan offers alternative sources of potential return, including hedge funds, private equity and real assets.

Different types of alternatives bring different attributes and benefits at the total portfolio level. We are happy to provide training and education to your Trustee Board.

Hedge funds

Well-managed hedge fund strategies from experienced managers can play an important role within some charity portfolios - from offering uncorrelated sources of return, to managing risk and reducing volatility.

Our multi-strategy hedge funds offer well-diversified and generally 'beta-neutral' investments through either a fund-of-funds structure or a directly-invested structure.

We also offer more specialist single strategies designed to exploit market dislocations for greater growth potential. In all cases, risk control and proper management of investment exposures are fundamental to our investment approach.

Private equity

Unquoted equity can potentially provide an additional source of return within a charity's investment portfolio. However, it is essential to partner with managers who genuinely possess the expertise, insight and resources to operate in this highly specialist arena.

J.P. Morgan has more than 30 years' experience in private equity, providing access to managers that have proven their ability to acquire, manage and realise unquoted investments successfully.

Alongside traditional private equity portfolios, we also offer access to 'opportunistic' secondary market investments.

Real assets

Many UK charities have exposure to UK property. Now, other 'real assets', including global real estate, infrastructure, maritime and clean energy are being recognised as a source of investment potential - and a means to diversify investment risk.

Roles of real assets in a charity portfolio can include:

- Tapping directly into long-term economic growth of developing markets e.g. through infrastructure projects;
- Generating inflation-proofed income through regulated assets such as toll roads and utilities;
- Lowering portfolio volatility by introducing lowly-correlated sources of return.

Please note: Alternative strategies are not suitable for all charities. We only recommend alternative investments that we believe to be appropriate to a charity's circumstances and regulatory constraints.

Liquidity funds for your cash

J.P. Morgan liquidity funds offer a low-risk and fully accessible alternative to deposits for your working capital and investment reserves

Looking beyond deposits

Many charities look to hold a high proportion of their assets as cash deposits. But as recent events have shown, holding high balances with individual banks can be high risk. Plus, ultra-low interest rates have diminished returns.

'Stable NAV' liquidity funds from J.P. Morgan offer a low-risk alternative to bank deposits for charities of all sizes, in sterling plus a range of other currencies.

The chief benefits of our liquidity funds are:

Scale

J.P. Morgan is the world's leading manager of non-US AAA-rated liquidity funds and one of the three largest cash managers in the world*. This scale enables us to ensure daily liquidity and exceptional levels of diversification across all our liquidity funds.

Low risk

J.P. Morgan Stable NAV liquidity funds each carry the highest AAA rating from all the leading credit rating agencies. They are also fully ring-fenced from the J.P. Morgan balance sheet so investors have the reassurance that their capital is completely separate from the bank's other activities.

*(source: iMoney.net, March 2009).

Diversification

Each fund has a highly diversified portfolio of short-term, high-quality money market instruments. To minimise counterparty risk, the maximum exposure per issuer for AAA-rated funds is just 5% (excluding deposits).

Competitive yield

The liquidity team aims to outperform cash deposits over the long term, while maintaining daily liquidity and high credit quality.

Accessible

Unlike many bank accounts with comparable yields, our stable NAV liquidity funds are not constrained by penalties for early redemption.

Global cash portal

We look to support liquidity clients with the highest level of client service. This includes access to our online Global Cash Portal to conduct transactions, analyse balances and download reporting and research.

| Deposits v Liquidity Funds | | |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Bank Deposits | J.P. Morgan Liquidity Funds |
| Operation & costs | <ul style="list-style-type: none"> Daily management through reinvestment, incurring costs and investment resources; Rolling and breakage costs | <ul style="list-style-type: none"> No need to reinvest No subscription or redemption fees; published management fee taken upfront |
| Yield | <ul style="list-style-type: none"> Limited yield potential | <ul style="list-style-type: none"> Potential to invest in longer-duration securities to increase yield |
| Liquidity | <ul style="list-style-type: none"> Daily access available only with 1-day deposits | <ul style="list-style-type: none"> Daily access at all times |
| Risks | <ul style="list-style-type: none"> Credit exposure concentrated with one counterparty Diversification requires deposits with multiple banks Execution risk and liquidity risk | <ul style="list-style-type: none"> AAA rating Broad portfolio mix diversifies credit and reduces volatility No settlement/execution risk, with online trading and direct debit functionality |
| Interest paid | <ul style="list-style-type: none"> Paid daily | <ul style="list-style-type: none"> Choice of accumulating or distributing share classes |

Expertise wherever you need it

We can support many financial and investment activities across your organisation

Global custody

If your organisation has segregated investment management, we can meet all of your requirements for custody and administration of assets.

We already share our expertise in this field with a large number of charities.

Custody can encompass a wide range of activities. We therefore take a highly consultative approach to determine which services are required. We then design and deliver an appropriate solution, aiming to deliver clear economic, governance and risk management benefits to your organisation.

Custody services include:

- Safekeeping of assets, transaction settlement, fund valuation and accounting;
- Corporate actions and proxy voting;
- Cash management, foreign exchange and passive currency overlay;
- Commission recapture and transaction cost analysis;
- Alternative investment services.

We have even implemented a securities lending solution for clients who want to generate revenue for their fund.

Credit and financing

J.P. Morgan's financial strength and sound capitalisation enables us to extend credit even in challenging market conditions.

We can explore lending options for charities whose statutes allow them to take on such liabilities and whose asset backing makes it prudent to do so. The financial assets of a charity will often provide good collateral for competitively-priced short or longer-term lending arrangements.

We can also help charities seeking financing for a commercial property portfolio through our extensive UK and European real estate franchise.

Major charitable organisations looking for finance on a large scale may want to consider bond issuance. As one of the leading names in debt capital markets, J.P. Morgan can structure, market and distribute an appropriate issue, helping charities to achieve the desired level of funding as efficiently as possible.

Transition management

We know charities need to provide detailed information both on their investment policy and their investment results. We look to provide all the analysis you need to stay ahead of your investment performance, both day-to-day and when compiling your annual report and accounts.

We know that transitions can be time and resource-intensive. With our service we aim to:

- Minimise the administrative and operational burden through centralised project management;
- Control market risks and costs by maintaining appropriate market exposures and by trading efficiently;
- Provide complete reporting, including pre-trade cost analysis, daily execution reports and full post-transition performance attribution.

Through this approach, we have a proven and demonstrable track record of achieving transitions on time and within pre-trade cost estimates.

Brokerage services

Some charities choose to manage their investments internally, whether due to statute or preference. We can support these clients with extensive brokerage capabilities – including:

- Best execution and settlement across the full spectrum of equity, treasury and corporate debt markets;
- Full trading in listed and over-the-counter derivative securities;
- Strategic and tactical trading advice;
- Access to structured products, pooled vehicles and alternative strategies.

In all instances our duty of care is to ensure that all activities and products are suitable to a charity's situation and understanding, and are permissible within the charitable regulatory environment.

Pension management

J.P. Morgan works closely with many pension schemes both within the charity and corporate environment.

We are able to facilitate the needs of both defined benefit and defined contribution schemes through our wide range of product solutions.

Insight

We look to help charities make informed investment choices by providing regular research and analysis into stock markets, investment trends and issues that are affecting charity portfolio management.

Each month, we can supply revised asset allocation models, supported by full commentary to explain our recommended weightings.

As to industry analysis, our Charity Investment Industry Survey has built up a picture investment trends in the UK charity sector every year since 2002. The Charity Investment Industry Survey and our regular market insight can be downloaded at www.jpmorganassetmanagement.co.uk/institutional

Trustee training

We work closely with many charity clients to provide one-to-one trustee education on subjects such as understanding financial markets, alternative investments and portfolio strategy.

In this way, we can help trustees to participate fully in their organisation's investment policy-making.

We hope this brochure has provided an insight into the services available to charities from J.P. Morgan.

To discuss the requirements of your organisation, please email your query and contact details to charities_generalenquiries@jpmorgan.com and we will ensure a quick response from the relevant specialist.

We look forward to hearing from you.

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