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Interim Report & Accounts

# JPMorgan Fund ICVC

31 July 2011

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This material should not be relied on as including sufficient information to support an investment decision.

The opinions and views expressed in this document are those held by J.P. Morgan Asset Management as at 12 September 2011, which are subject to change and are not to be taken as or construed as investment advice.

For up-to-date performance information please contact J.P. Morgan Asset Management using the numbers shown on the back of this document.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. The level of tax benefits and liabilities will depend on individual circumstances and may change in the future.

The information in this booklet is based on our understanding of law, regulation and HM Revenue & Customs practice as at 12 September 2011.

# Authorised Corporate Director's (ACD) Report

We are pleased to present the Interim Report & Accounts for JPMorgan Fund ICVC for the six-months ending 31 July 2011.

## Authorised Status

JPMorgan Fund ICVC is an Open-Ended Investment Company (OEIC) with variable capital, authorised under Regulation 12 of the OEIC Regulations by the Financial Services Authority on 6 October 1997.

The Company was launched as a UCITS Scheme on 16 November 2001 and acts as an umbrella company comprising of various sub-funds. Its registration number is IC00005 and its registered address is Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ.

## Structure & Liabilities

The assets of each sub-fund are treated as separate from those of every other sub-fund and are invested in accordance with the investment objective and investment policies applicable to that sub-fund. Details of the investment objective, the policies for achieving these objectives, the performance record and a review of the investment activities for each of the sub-funds can be found in this report.

Each sub-fund has a specific portfolio of securities to which its assets and liabilities are attributable. So far as shareholders are concerned each sub-fund is managed as a separate entity. However, if the assets of any sub-fund were insufficient to meet the liabilities attributable to it, the shortfall may have to be met out of the assets attributable to the other sub-funds in the OEIC. In the event of this happening, the ACD would advise shareholders as soon as possible. Each sub-fund has different classes of shares which are applicable to different types of investors.

The ACD report includes for each sub-fund the:

- Investment objective and policy
- Risk profile
- Fund review
- Fund outlook
- Portfolio statement
- Portfolio movements

Shareholders are not liable for the debts of the OEIC. Shareholders are not liable to make any further payment to the Company after the purchase of their shares is paid for.

## Changes to Funds, Prospectus and Instrument of Incorporation

The following changes were made or had come into effect during the six months under review:

### JPM UK Active Index Plus Fund

Shareholders were informed of proposed changes to the investment objective and policy of the sub-fund and the introduction of a performance fee on 5 January 2011 which were subsequently approved at an Extraordinary General Meeting of Shareholders on 28 January 2011. These changes took effect from 1 February 2011. At the same time the name of the sub-fund was changed from the JPM UK Active 350 Fund to the JPM UK Active Index Plus Fund and the existing 'A' and 'I' Share Classes were consolidated into a new 'E' Share Class with an Authorised Corporate Director's fee of 0.25% p.a. and Fixed Expenses of 0.15% p.a.

### JPM Emerging Markets Infrastructure Fund, JPM UK Managed Equity Fund, JPM UK Strategic Growth Fund and JPM US Equity Income Fund

The investment policies of the above sub-funds were amended on 1 February 2011 to clarify that any future use of derivatives for investment purposes may change the risk profile of the relevant sub-fund. For the avoidance of doubt, we are not giving notice that the above sub-funds may use derivatives for investment purposes. Any such notice will be subject to at least 60 days notice to shareholders.

### JPM UK Equity Fund (formerly the JPM Premier Equity Growth Fund)

Shareholders were informed in the Annual Report of the year ending 31 January 2011 that the investment objective and policy of the sub-fund was changed to "To provide long-term capital growth by investing primarily in equity and equity linked securities of UK companies. Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed interest securities, cash and cash equivalents may be held on an ancillary basis, as appropriate." This amendment came into effect on 1 August 2011 and the name of the sub-fund was changed from the JPM Premier Equity Growth Fund to the JPM UK Equity Fund.

### JPM UK Higher Income Fund (formerly the JPM Premier Equity Income Fund)

Shareholders were informed in the Annual Report of the year ending 31 January 2011 that the investment objective and policy of the sub-

fund was changed to "To provide income and prospects of capital growth by investing primarily in equity and equity linked securities of UK companies. The Fund aims to provide a higher income yield than the yield on the FTSE™ All-Share Index. Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed interest securities, cash and cash equivalents may be held on an ancillary basis, as appropriate." This amendment came into effect on 1 August 2011 and the name of the sub-fund was changed from the JPM Premier Equity Income Fund to the JPM UK Higher Income Fund.

### Launch of new Sub-funds

The JPM Global Mining Fund and the JPM Global Equity Absolute Alpha Fund were launched on 1 February 2011 and 6 July 2011 respectively.

## Change of Depositary

As part of an internal re-structuring, The Royal Bank of Scotland plc is in the process of transferring its Trustee and Depositary Services business from The Royal Bank of Scotland plc to National Westminster Bank plc and consequently National Westminster Bank plc will be appointed as Depositary of the Company in October 2011 subject to approval from the Financial Services Authority.

As Depositary, National Westminster Bank plc will have the same duties and responsibilities as The Royal Bank of Scotland plc and this change will have no impact on the way the Company operates.

## Management and Administration

### Authorised Corporate Director

JPMorgan Funds Limited  
3 Lochside View  
Edinburgh Park  
Edinburgh, EH12 9DH  
(Authorised and regulated by the Financial Services Authority)

### Depositary

The Royal Bank of Scotland plc  
36 St. Andrew Square  
Edinburgh, EH2 2YB  
(Authorised and regulated by the Financial Services Authority)

### Independent Auditors

PricewaterhouseCoopers LLP  
PO Box 90, Erskine House  
68-73 Queen Street  
Edinburgh, EH2 4NH

# Authorised Corporate Director's (ACD) Report, continued

## Investment Adviser

JPMorgan Asset Management (UK) Limited  
125 London Wall  
London, EC2Y 5AJ  
(Authorised and regulated by the Financial Services Authority)

## Registrar

JPMorgan Asset Management Marketing Limited  
125 London Wall  
London, EC2Y 5AJ  
(Authorised and regulated by the Financial Services Authority)

By order of the Authorised Corporate Director,



Mr R Thompson  
Director  
JPMorgan Funds Limited  
12 September 2011



Mr J Broderick  
Director  
JPMorgan Funds Limited  
12 September 2011

# Investment Adviser's Report for the six months ending 31 July 2011

## Market review

Global stock markets came under pressure on several fronts in the six months ending July 2011, with the MSCI World Index falling 1.0% in Sterling terms (Source: FactSet, total return index).

Equities had a challenging six months as the health of the global economic recovery came into question. Data indicated a slowdown in growth, particularly in the US and China, while sovereign debt problems deepened in the eurozone. In contrast, bonds performed well, with the Bank of America Merrill Lynch GBP Broad Market Index up 7.0% in Sterling terms. The index covers a wide range of global bond markets from government bonds to emerging market debt.

Non-government bond markets did particularly well, with the Barclays Capital Sterling Aggregate Corporate Index returning 6.3% in Sterling terms, while the JPMorgan Government Bond Index ex UK hedged into Sterling was up 2.5%. Strong corporate profits and balance sheet rebuilding contributed to demand for corporate debt, particularly given the higher yields on offer in the current low interest rate environment. Meanwhile, sovereign yields were supported by widespread government austerity measures and weaker economic growth, which led to a reappraisal of interest rate expectations.

Stock markets rose at the beginning of the review period, supported by robust corporate profit growth and expectations of an acceleration in global economic growth. However, confidence was quickly undermined by spreading unrest in the Middle East and North Africa, which forced oil prices sharply higher. The global economy was dealt another blow on 11 March, when a 9.0 magnitude earthquake and tsunami hit Japan, devastating the north-eastern Tohoku area and causing disruptions to production lines and global manufacturing supply chains.

A strong first-quarter earnings season offered some respite to global markets. However, in late spring, the impact of higher oil prices, the Japanese earthquake and tighter monetary policy started to come through in economic data, casting doubt over the strength of the recovery. In China, investors began to worry about a hard landing for the economy as

industrial data softened and inflation continued to rise, hitting a three-year high of 6.5% in July. The People's Bank of China reacted by raising interest rates and bank reserve requirements to cool the economy. In the US, economic data pointed towards a slowdown, with manufacturing activity weakening, unemployment rising and the housing market continuing to struggle.

The re-emergence of the eurozone sovereign debt crisis put further downward pressure on markets. A swift rescue package from the European Union (EU) and International Monetary Fund (IMF) for Portugal reassured investors, but investor concerns soon turned to Greece, where a debt default appeared increasingly likely.

At the end of June, the Greek parliament eased investor concerns by approving a new five-year package of additional spending cuts, tax increases and state asset sales, paving the way for the EU and IMF to release the next tranche of bailout funds. And in late July, European leaders agreed a new EUR 109 billion bailout for Greece, with options to extend debt maturities and reduce repayment terms. In a bid to reduce the risk of contagion to other heavily indebted countries, the lending powers of the European Financial Stability Facility – the EU's bailout fund for indebted countries – were extended to include to Spain and Italy.

Despite the sovereign debt crisis, the European Central Bank increased interest rates by a quarter of a percentage point in April and again in July, taking its benchmark rate to 1.5%, and suggested that further rate rises may follow to bring eurozone inflation back below its 2% target.

Debt problems also came to a head across the Atlantic, with investors forced to confront the possibility of a US default as the Obama administration and the Republican-led Congress struggled to reach an agreement to raise the federal debt ceiling. A deal was finally reached in early August to raise the debt ceiling by around USD 2.4 trillion. However, concerns over the ability of US politicians to work together to reduce the deficit prompted S&P to cut the US sovereign credit rating from the highest level for the first time in the nation's history, taking it to AA+.

## Market outlook

With economic data disappointing and sovereign debt issues weighing on business and consumer confidence, investors are beginning to fear that the current soft patch might become a double-dip recession. However, the intense market volatility resulting from these concerns has increased the chance of further policy stimulus to support economic expansion.

Monetary policy currently remains very accommodative in Europe and the US, which is positive for both economic growth and equities. In Europe, the most likely scenario is still for modest economic expansion to continue. However, with 2011 government forecasts for GDP growth now looking challenging in many countries (eg Spain's estimate of 1.3%), newsflow in the near term will remain mixed. In the US, the Federal Reserve has reinforced its accommodative stance, saying on 9 August it would effectively freeze short-term interest rates for two years.

Investors are now looking for indications that the US central bank will announce a third round of quantitative easing (QE3). In late August 2010, the Federal Reserve chairman Ben Bernanke signalled the introduction of a second round of quantitative easing at a meeting of the world's central bankers at Jackson Hole. At the same meeting this year, investors may be listening for hints that Mr Bernanke is preparing to launch QE3.

Any such announcement from the Federal Reserve could be positive for equities. Investors are also hopeful for progress towards a resolution of the eurozone debt crisis. However, EU politicians remain some way from agreement on issues such as fiscal union and markets are likely to remain nervous, particularly as recent economic data has been disappointing.

Nevertheless, markets remain well supported, with equity valuations looking attractive on both price-to-earnings (P/E) and price-to-book (P/B) ratio analysis. Given low investor confidence in the growth outlook currently, P/B ratios are a useful measure of absolute value. On this basis, all key markets look cheap. Meanwhile, equity/bond relative value indicators suggest that equities are cheap relative to bonds and that government bonds look overbought in the short term.

August 2011

# JPM Asia Fund

## Investment objective and policy

To provide long-term capital growth from investment primarily in the securities of companies quoted or trading in Asia (excluding Japan).

## Risk profile

This equity based Fund is designed to give broad market exposure (which may include emerging markets and smaller companies) to stock markets across the Asia ex-Japan region.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

The Fund may be invested in emerging markets, which may be subject to additional political and economic risks, low liquidity, poor transparency and greater financial risks.

The underlying assets of the Fund are denominated in currencies other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

In the period, the Fund produced a moderate positive return, which was in line with its benchmark. Asset allocation contributed positively, with an overweight position in Thailand and underweight in Taiwan benefiting relative returns. Good stock selection in China and India also helped performance and partially offset the less favourable stock selection in South Korea.

After a desultory start to 2011, Asian stock markets revived late in the first quarter to eke out a small gain. South Korea was the standout market as demand for its technology and auto exports recovered. Conversely, Taiwan was a big underperformer, primarily due to falling earnings forecasts. In the second quarter, European debt problems weighed on risk appetite and weak employment data in the US called into question the health of the global economic recovery. In China, headlines were dominated by concerns about the extent of economic slowdown, the size of local government debt, the arc of inflation and the quality of corporate governance. The result was another quarter of underperformance by Chinese equities.

## Fund outlook

The outlook for the second half of the year remains uncertain. There are reasons to be cautiously optimistic. Developed world interest rates will remain accommodative, while interest rates in Asia are within eyesight of peaking. At the corporate level, valuations in Asia are attractive given the solid underlying balance sheets and robust medium to longer term growth outlooks. The Fund redeployed some of its cash at opportune levels, believing that Asian stock markets are currently locked in a trading range. The Fund will look to augment positions in India and Thailand as they experience weakness on political ructions and earnings disappointments.

## 12 month performance to 31 July

|                              | 2011  | 2010  | 2009  | 2008   | 2007  |
|------------------------------|-------|-------|-------|--------|-------|
| <b>JPM Asia</b>              |       |       |       |        |       |
| A-Class Acc                  | 19.2% | 17.0% | 13.6% | -13.7% | 51.4% |
| <b>JPM Asia</b>              |       |       |       |        |       |
| B-Class Acc                  | 19.7% | 17.7% | -     | -      | -     |
| Benchmark Index <sup>A</sup> | 14.7% | 21.0% | 12.8% | -10.5% | 41.6% |

## Six month performance to 31 July 2011

|                              |             |
|------------------------------|-------------|
| <b>JPM Asia A-Class Acc</b>  | <b>0.8%</b> |
| Benchmark Index <sup>A</sup> | 0.8%        |

## Fund statistics

|                              |  |
|------------------------------|--|
| Fund size                    | £127.2m                                  |
| Benchmark Index <sup>A</sup> | MSCI AC Asia ex Japan (Total Return Net) |
| Fund charges                 |  |
| A-Class                      | Initial 4.25%, Annual 1.50%              |
| B-Class                      | Initial Nil, Annual 1.00%                |

## Top ten holdings

|                                | %   |
|--------------------------------|-----|
| Samsung Electronics            | 5.0 |
| China Construction Bank 'H'    | 4.3 |
| Hyundai Heavy Industries       | 3.6 |
| KB Financial Group             | 3.4 |
| Agricultural Bank of China 'H' | 3.4 |
| Hutchison Whampoa              | 2.7 |
| Jardine Matheson               | 2.6 |
| CNOOC                          | 2.5 |
| OCI Company                    | 2.4 |
| Overseas-Chinese Banking       | 2.3 |

## Geographical breakdown

|                  | %    |
|------------------|------|
| South Korea      | 24.5 |
| Hong Kong        | 20.0 |
| China            | 18.9 |
| Taiwan           | 12.1 |
| India            | 7.2  |
| Singapore        | 6.0  |
| Indonesia        | 4.5  |
| Thailand         | 3.6  |
| Malaysia         | 2.1  |
| Philippines      | 0.7  |
| Net other assets | 0.4  |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 01/03/09 the Fund's benchmark was changed from MSCI AC Far East ex Japan Net to the MSCI AC Asia ex Japan (Total Return Net) Index.

Benchmark Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express of implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 70.60p              | 53.80p             | 0.49p                        |
| 2007   | 108.1p              | 67.31p             | 0.00p                        |
| 2008   | 98.28p              | 46.88p             | 0.32p                        |
| 2009   | 99.50p              | 54.94p             | 0.58p                        |
| 2010   | 123.8p              | 91.30p             | 0.14p                        |
| 2011 <sup>a</sup>                              | 126.4p              | 110.0p             | 0.19p                        |
| <b>A-Class Income Shares<sup>c</sup></b>       |                     |                    |                              |
| 2007   | 61.87p              | 50.00p             | -                            |
| 2008   | 56.27p              | 26.79p             | 0.05p                        |
| 2009   | 56.38p              | 31.14p             | 0.31p                        |
| 2010   | 70.01p              | 51.66p             | 0.09p                        |
| 2011 <sup>a</sup>                              | 71.49p              | 62.14p             | 0.11p                        |
| <b>B-Class Accumulation Shares<sup>d</sup></b> |                     |                    |                              |
| 2008   | 103.9p              | 64.36p             | -                            |
| 2009   | 137.4p              | 75.51p             | 0.61p                        |
| 2010   | 171.8p              | 126.1p             | 0.00p                        |
| 2011 <sup>a</sup>                              | 175.4p              | 152.8p             | 0.92p                        |

<sup>a</sup> To 31 July 2011.

<sup>c</sup> A-Class Income Shares were launched on 1 September 2007.

<sup>d</sup> B-Class Accumulation Shares were launched on 4 September 2008.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 166.6% |
| 31.07.11 | 74.8%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|---------------------------------------|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 86,982                                | 142,677,284      | 60.96p                    | 1.65%               |
| 31.01.10                           | 121,961                               | 131,885,355      | 92.47p                    | 1.68%               |
| 31.01.11                           | 129,367                               | 108,855,370      | 118.8p                    | 1.68%               |
| 31.07.11                           | 126,437                               | 105,586,332      | 119.7p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09 <sup>e</sup>              | 95                                    | 275,248          | 34.52p                    | 1.63%               |
| 31.01.10 <sup>e</sup>              | 320                                   | 612,454          | 52.30p                    | 1.68%               |
| 31.01.11 <sup>e</sup>              | 513                                   | 764,239          | 67.11p                    | 1.68%               |
| 31.07.11                           | 731                                   | 1,081,534        | 67.62p                    | 1.68%               |
| <b>B-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 1,555                                 | 1,857,364        | 83.75p                    | 1.13%               |
| 31.01.10                           | 10                                    | 8,000            | 127.7p                    | 1.15%               |
| 31.01.11                           | 10                                    | 6,000            | 165.0p                    | 1.15%               |
| 31.07.11                           | 10                                    | 6,000            | 166.7p                    | 1.15%               |

<sup>e</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end. The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                | Holding    | Market value<br>£'000 | Total net<br>assets % |
|---|------------|-----------------------|-----------------------|
| <b>South Korea – 24.5% (22.9%)</b>        |            |                       |                       |
| Dongsuh                                   | 19,200     | 419                   | 0.3                   |
| E-mart                                    | 7,000      | 1,115                 | 0.9                   |
| Hana Financial Group                      | 93,997     | 2,260                 | 1.8                   |
| Hyundai Development                       | 69,000     | 1,330                 | 1.0                   |
| Hyundai Heavy Industries                  | 19,200     | 4,555                 | 3.6                   |
| KB Financial Group                        | 142,000    | 4,332                 | 3.4                   |
| KCC                                       | 3,500      | 713                   | 0.6                   |
| KT&G                                      | 35,300     | 1,348                 | 1.1                   |
| LG Electronics                            | 14,100     | 660                   | 0.5                   |
| Lotte Shopping                            | 2,300      | 610                   | 0.5                   |
| OCI Company                               | 13,000     | 3,081                 | 2.4                   |
| POSCO                                     | 4,800      | 1,297                 | 1.0                   |
| Samsung C&T                               | 27,000     | 1,319                 | 1.0                   |
| Samsung Electronics                       | 13,000     | 6,381                 | 5.0                   |
| Samsung Engineering                       | 9,800      | 1,481                 | 1.2                   |
| Shinsegae                                 | 1,278      | 244                   | 0.2                   |
| <b>Hong Kong – 20.0% (18.9%)</b>          |            |                       |                       |
| Agile Property                            | 1,883,000  | 1,868                 | 1.5                   |
| BOC Hong Kong                             | 689,000    | 1,266                 | 1.0                   |
| Cheung Kong                               | 284,000    | 2,664                 | 2.1                   |
| China Resources Land                      | 1,522,000  | 1,819                 | 1.4                   |
| China Shineway Pharmaceutical             | 555,000    | 575                   | 0.4                   |
| China Yurun Food Group                    | 654,000    | 1,261                 | 1.0                   |
| Hang Lung Properties                      | 674,000    | 1,530                 | 1.2                   |
| Hidili Industry International Development | 2,700,000  | 1,211                 | 1.0                   |
| Hutchison Whampoa                         | 482,000    | 3,450                 | 2.7                   |
| Intime Department Store                   | 898,000    | 919                   | 0.7                   |
| Jardine Matheson                          | 92,400     | 3,254                 | 2.6                   |
| Kerry Properties                          | 427,000    | 1,272                 | 1.0                   |
| Sands China                               | 452,400    | 836                   | 0.7                   |
| Springland International                  | 1,386,000  | 806                   | 0.6                   |
| Wharf                                     | 595,200    | 2,682                 | 2.1                   |
| <b>China – 18.9% (17.9%)</b>              |            |                       |                       |
| Agricultural Bank of China 'H'            | 12,983,000 | 4,309                 | 3.4                   |
| Aluminium Corp of China 'H'               | 2,692,000  | 1,409                 | 1.1                   |
| Anhui Conch Cement 'H'                    | 310,000    | 892                   | 0.7                   |
| China Construction Bank 'H'               | 10,943,460 | 5,418                 | 4.3                   |
| China National Building Material 'H'      | 1,036,000  | 1,277                 | 1.0                   |
| China Petroleum & Chemical 'H'            | 2,084,000  | 1,262                 | 1.0                   |
| CNOOC                                     | 2,340,000  | 3,206                 | 2.5                   |
| Lianhua Supermarket 'H'                   | 531,000    | 713                   | 0.6                   |
| Ping An Insurance 'H'                     | 358,000    | 2,138                 | 1.7                   |
| Tencent                                   | 79,000     | 1,263                 | 1.0                   |
| Yanzhou Coal Mining 'H'                   | 864,000    | 2,026                 | 1.6                   |
| <b>Taiwan – 12.1% (12.5%)</b>             |            |                       |                       |
| Advanced Semiconductor Engineering        | 2,627,529  | 1,754                 | 1.4                   |
| Asustek Computer                          | 284,260    | 1,404                 | 1.1                   |
| E.SUN Financial Holding                   | 2,150,000  | 913                   | 0.7                   |
| Formosa Chemical & Fibre                  | 575,000    | 1,273                 | 1.0                   |
| Foxconn Technology                        | 397,000    | 1,124                 | 0.9                   |
| Fubon Financial                           | 1,695,759  | 1,697                 | 1.3                   |
| Kinsus Interconnect Technology            | 257,000    | 651                   | 0.5                   |
| Taishin Financial Holdings                | 4,432,607  | 1,454                 | 1.1                   |
| Taiwan Cement                             | 1,130,743  | 1,098                 | 0.9                   |
| Taiwan Semiconductor Manufacturing        | 1,717,000  | 2,629                 | 2.1                   |
| TPK                                       | 42,000     | 760                   | 0.6                   |
| Unimicron Technology                      | 610,000    | 665                   | 0.5                   |

| Investment                                 | Holding    | Market value<br>£'000 | Total net<br>assets % |
|--|------------|-----------------------|-----------------------|
| <b>India – 7.2% (10.0%)</b>                |            |                       |                       |
| Bharti Airtel                              | 242,000    | 1,470                 | 1.1                   |
| HDFC Bank                                  | 274,000    | 1,853                 | 1.5                   |
| Hindalco Industries                        | 165,000    | 386                   | 0.3                   |
| Indusind Bank                              | 305,000    | 1,149                 | 0.9                   |
| Infosys Technologies                       | 52,000     | 2,005                 | 1.6                   |
| Infrastructure Development Finance         | 279,000    | 489                   | 0.4                   |
| ITC  | 432,000    | 1,251                 | 1.0                   |
| Reliance Industries                        | 49,500     | 569                   | 0.4                   |
| <b>Singapore – 6.0% (5.0%)</b>             |            |                       |                       |
| DBS Group                                  | 270,148    | 2,137                 | 1.7                   |
| Keppel                                     | 269,500    | 1,521                 | 1.2                   |
| Keppel Land                                | 522,000    | 1,016                 | 0.8                   |
| Overseas-Chinese Banking                   | 570,000    | 2,888                 | 2.3                   |
| <b>Indonesia – 4.5% (2.8%)</b>             |            |                       |                       |
| Astra International                        | 212,000    | 1,076                 | 0.8                   |
| Bank Mandiri (Persero)                     | 2,250,000  | 1,268                 | 1.0                   |
| PT Bank Negara Indonesia                   | 4,739,581  | 1,524                 | 1.2                   |
| United Tractors                            | 965,216    | 1,876                 | 1.5                   |
| <b>Thailand – 3.6% (2.9%)</b>              |            |                       |                       |
| Bangkok Bank Non-Voting Depository Receipt | 467,000    | 1,669                 | 1.3                   |
| Krung Thai Bank (Alien Market)             | 3,727,000  | 1,589                 | 1.2                   |
| Siam Cement Non-Voting Depository Receipt  | 184,100    | 1,437                 | 1.1                   |
| <b>Malaysia – 2.1% (1.9%)</b>              |            |                       |                       |
| CIMB Group                                 | 387,000    | 663                   | 0.5                   |
| Genting Berhad                             | 203,000    | 454                   | 0.4                   |
| Parkson Retail Group                       | 872,000    | 751                   | 0.6                   |
| Petronas Chemicals                         | 584,600    | 830                   | 0.6                   |
| <b>Philippines – 0.7% (0.7%)</b>           |            |                       |                       |
| Alliance Global Group                      | 2,739,000  | 462                   | 0.4                   |
| Megaworld                                  | 12,839,000 | 408                   | 0.3                   |
| <b>Investment assets</b>                   |            | <b>126,634</b>        | <b>99.6</b>           |
| <b>Net other assets</b>                    |            | <b>544</b>            | <b>0.4</b>            |
| <b>Net assets</b>                          |            | <b>127,178</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>51,703</b> | <b>Total of all sales for the period</b> | <b>49,709</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| OCI Company                                  | 3,091         | United Overseas Bank                     | 2,068           |
| Overseas-Chinese Banking                     | 2,723         | Zijin Mining Group 'H'                   | 1,817           |
| Taiwan Semiconductor Manufacturing           | 2,622         | Neptune Orient Lines                     | 1,602           |
| Agricultural Bank of China 'H'               | 2,405         | Hon Hai Precision Industry               | 1,575           |
| Hutchison Whampoa                            | 2,368         | Daelim Industrial                        | 1,465           |
| HSBC   | 1,667         | HSBC                                     | 1,448           |
| Aluminium Corp of China 'H'                  | 1,495         | Ping An Insurance 'H'                    | 1,406           |
| Bharti Airtel                                | 1,318         | Hutchison Whampoa                        | 1,402           |
| Asustek Computer                             | 1,298         | Korea Kumho Petrochemical                | 1,401           |
| Samsung C&T                                  | 1,254         | GS Engineering & Construction            | 1,378           |
| United Overseas Bank                         | 1,247         | Korea Electric Power                     | 1,252           |
| Bangkok Bank Non-Voting Depository Receipt   | 1,239         | Acer                                     | 1,252           |
| KT&G   | 1,134         | Indo Tambangraya Megah                   | 1,206           |
| Bank Mandiri (Persero)                       | 1,118         | China National Building Material 'H'     | 1,178           |
| Keppel Land                                  | 1,094         | China Construction Bank 'H'              | 1,176           |
| United Tractors                              | 1,061         | Taiwan Fertilizer                        | 1,071           |
| Cheung Kong                                  | 1,052         | Reliance Industries                      | 1,009           |
| Foxconn Technology                           | 1,024         | Rural Electrification                    | 983             |
| Genting Singapore                            | 1,008         | Genting Singapore                        | 965             |
| Ping An Insurance 'H'                        | 982           | Orient Overseas International            | 854             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011       | 2010          |
|---|------------|---------------|
|   | £'000      | £'000         |
| Income  |            |               |
| Net capital gains   | 363        | 9,553         |
| Revenue   | 1,754      | 1,659         |
| Expenses  | (1,045)    | (1,059)       |
| Net revenue before taxation   | 709        | 600           |
| Taxation  | (169)      | (144)         |
| Net revenue after taxation  | 540        | 456           |
| <b>Total return before distributions</b>  | <b>903</b> | <b>10,009</b> |
| Finance costs: Distributions  | (4)        | (38)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>899</b> | <b>9,971</b>  |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011   | 31 January 2011 |
|--|----------------|-----------------|
|  | £'000          | £'000           |
| <b>ASSETS</b>                                  |                |                 |
| Investment assets                              | 126,634        | 123,995         |
| Debtors  | 1,415          | 3,667           |
| Cash and bank balances                         | 480            | 2,759           |
| <b>Total other assets</b>                      | <b>1,895</b>   | <b>6,426</b>    |
| <b>Total assets</b>                            | <b>128,529</b> | <b>130,421</b>  |
| <b>LIABILITIES</b>                             |                |                 |
| Creditors                                      | (1,351)        | (530)           |
| Distribution payable on income shares          | -              | (1)             |
| <b>Total liabilities</b>                       | <b>(1,351)</b> | <b>(531)</b>    |
| <b>Net assets attributable to shareholders</b> | <b>127,178</b> | <b>129,890</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | 2011           | 2010           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   | <b>129,890</b> | <b>122,291</b> |
| Amounts receivable on issue of shares  | 1,464          | 4,145          |
| Amounts payable on cancellation of shares  | (5,075)        | (25,447)       |
|  | (3,611)        | (21,302)       |
| Change in net assets attributable to shareholders from investment activities (see above) | 899            | 9,971          |
| <b>Closing net assets attributable to shareholders</b>                                   | <b>127,178</b> | <b>110,960</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

# JPM Balanced Total Return Fund

## Investment objective and policy

To achieve over a longer-term horizon higher returns than those available from money market instruments denominated in Sterling by investing primarily in equity securities, fixed income securities, convertible bonds and short-term securities of issuers located in any country. The Fund may invest in such securities issued by issuers in emerging countries worldwide. Additionally, subject to market conditions the Fund may invest up to 90% in cash and cash equivalents. Asset and country allocations may vary over time to reflect market conditions and opportunities. The Fund may invest up to 90% in government and public securities (see section 3.11(e) of the full Prospectus). The Fund may use derivatives for investment purposes or Efficient Portfolio Management including hedging, where appropriate.

## Risk profile

This multi-asset Fund invests in equities (which may include investment in emerging markets and smaller companies), bonds, convertible bonds, cash and cash equivalents, typically maintaining a bias towards equities.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

Bond prices can fluctuate significantly depending not only on the global economic and interest rate conditions but also on the general credit market environment and the creditworthiness of the issuer.

The investment policy of the Fund permits the use of derivatives and/or forward transactions for investment purposes, potentially increasing the volatility and therefore risk of the Fund.

Total return funds seek to provide a positive return but this is not guaranteed and they should not be used as a substitute for traditional liquidity funds or cash accounts. As the priority of these funds is to provide positive returns, they will not perform in line with stock markets.

This Fund charges the fees of the ACD against capital, which will increase the amount of income available for distribution to Shareholders, but may constrain capital growth. It may also have tax implications for certain investors.

## Fund review

The six-month period to the end of July 2011 was a volatile time for markets. In this environment, the Fund posted a small positive return but slightly lagged its cash benchmark. We maintained a positive view on risk assets throughout the period, although this exposure has been actively managed. The Fund's equity sensitivity (delta) averaged around 50%, but varied considerably from a high of 56% to a low of 32%. Although March was a month of strong relative performance for the equity stock picking module, returns slightly lagged the MSCI World Index over the six-month period.

In the Fund, we introduced a short Japanese Yen versus Norwegian Krone position in March, which detracted from performance in the latter half of the period. We also added a long US Dollar versus Euro position in April. In fixed income, our core positions - long UK ten-year Gilts, UK and Australian inflation-linked bonds, and US Treasury bonds - all added significant value in July, when AAA-rated bond markets saw a huge flight to quality.

## Fund outlook

Clearly the dual risks of further discord in Europe via the periphery and the fiscal strains evident in the US makes the macro backdrop particularly treacherous. Much will now depend on the effectiveness of the policy response. We anticipate keeping equity exposure lower with higher levels of duration to benefit from attractive roll and carry until there is further clarity.

## 12 month performance to 31 July

|  | 2011        | 2010        | 2009         | 2008         |
|--|-------------|-------------|--------------|--------------|
| <b>JPM Balanced Total Return A-Class Acc</b> | <b>6.7%</b> | <b>5.8%</b> | <b>-3.8%</b> | <b>-3.1%</b> |
| <b>JPM Balanced Total Return I-Class Acc</b> | <b>7.7%</b> | <b>6.6%</b> | <b>-3.1%</b> | <b>-2.4%</b> |
| Benchmark Index                              | 0.6%        | 0.5%        | 2.6%         | 6.0%         |

## Six month performance to 31 July 2011

|  |             |
|--|-------------|
| <b>JPM Balanced Total Return A-Class Acc</b> | <b>0.2%</b> |
| Benchmark Index                              | 0.3%        |

## Fund statistics

|                 |                                    |
|-----------------|------------------------------------|
| Fund size       | <b>£11.4m</b>                      |
| Benchmark Index | <b>1 month GBP LIBOR</b>           |
| Fund charges    |                                    |
| A-Class         | <b>Initial 4.25%, Annual 1.50%</b> |
| I-Class         | <b>Initial Nil, Annual 0.75%</b>   |

## Top ten holdings

|                            | %   |
|----------------------------|-----|
| Treasury 4.5% 2013         | 9.3 |
| Australia 4% 2020          | 5.1 |
| Treasury 8% 2013           | 2.0 |
| KFW 3.25% Convertible 2013 | 1.6 |
| Apple                      | 1.4 |
| Chevron                    | 0.9 |
| Citigroup                  | 0.9 |
| Wells Fargo                | 0.9 |
| Vodafone Group             | 0.8 |
| Royal Dutch Shell 'A'      | 0.8 |

## Sector breakdown

|                            | %     |
|----------------------------|-------|
| Equities                   | 69.4  |
| Fixed interest securities  | 16.4  |
| Convertible bonds          | 1.6   |
| Futures                    | 1.5   |
| Options                    | 0.4   |
| Forward currency contracts | (1.0) |
| Net other assets           | 11.7  |

In line with current accounting practice the sector breakdown includes the unrealised profit or loss on derivative holdings and consequently the economic market exposure of the fund cannot be fully determined from the above disclosure.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.  
Source: J.P. Morgan.

## Highest/lowest share price and distribution record

| Calendar year                      | Highest share price | Lowest share price | Distribution per share (net) |
|------------------------------------|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b> |                     |                    |                              |
| 2006                               | 52.63p              | 49.61p             | -                            |
| 2007                               | 55.17p              | 51.95p             | 0.64p                        |
| 2008                               | 54.89p              | 44.65p             | 0.95p                        |
| 2009                               | 53.46p              | 43.72p             | 1.02p                        |
| 2010                               | 57.82p              | 51.12p             | 0.87p                        |
| 2011 <sup>A</sup>                  | 58.26p              | 55.19p             | 0.80p                        |
| <b>A-Class Income Shares</b>       |                     |                    |                              |
| 2006                               | 52.63p              | 49.61p             | -                            |
| 2007                               | 54.68p              | 51.56p             | 0.63p                        |
| 2008                               | 54.23p              | 43.32p             | 0.93p                        |
| 2009                               | 50.96p              | 42.24p             | 0.99p                        |
| 2010                               | 54.07p              | 48.21p             | 0.79p                        |
| 2011 <sup>A</sup>                  | 54.10p              | 51.42p             | 0.75p                        |
| <b>I-Class Accumulation Shares</b> |                     |                    |                              |
| 2006                               | 105.6p              | 99.26p             | -                            |
| 2007                               | 111.4p              | 104.4p             | 2.37p                        |
| 2008                               | 111.1p              | 90.89p             | 2.70p                        |
| 2009                               | 109.5p              | 89.20p             | 2.41p                        |
| 2010                               | 119.6p              | 105.4p             | 2.01p                        |
| 2011 <sup>A</sup>                  | 121.2p              | 114.5p             | 1.79p                        |
| <b>I-Class Income Shares</b>       |                     |                    |                              |
| 2006                               | 105.6p              | 99.26p             | -                            |
| 2007                               | 109.6p              | 103.2p             | 2.34p                        |
| 2008                               | 108.6p              | 86.65p             | 2.62p                        |
| 2009                               | 102.4p              | 84.53p             | 2.27p                        |
| 2010                               | 109.3p              | 97.24p             | 1.85p                        |
| 2011 <sup>A</sup>                  | 109.8p              | 104.2p             | 1.64p                        |

<sup>A</sup> To 31 July 2011.

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.01.11 | 57.0% |
| 31.07.11 | 70.3% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|---------------------------------------|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 5,606                                 | 11,866,420       | 47.24p                    | 1.67%               |
| 31.01.10                           | 8,053                                 | 15,543,846       | 51.81p                    | 1.68%               |
| 31.01.11                           | 8,014                                 | 14,190,303       | 56.48p                    | 1.68%               |
| 31.07.11                           | 8,149                                 | 14,356,062       | 56.76p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09                           | 2,883                                 | 6,318,157        | 45.63p                    | 1.67%               |
| 31.01.10                           | 2,083                                 | 4,244,130        | 49.10p                    | 1.68%               |
| 31.01.11                           | 2,292                                 | 4,354,913        | 52.63p                    | 1.68%               |
| 31.07.11                           | 2,250                                 | 4,297,951        | 52.35p                    | 1.68%               |
| <b>I-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 809                                   | 840,337          | 96.29p                    | 0.75%               |
| 31.01.10                           | 496                                   | 465,872          | 106.4p                    | 0.75%               |
| 31.01.11                           | 545                                   | 465,872          | 117.1p                    | 0.75%               |
| 31.07.11                           | 551                                   | 465,872          | 118.2p                    | 0.75%               |
| <b>I-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09                           | 758                                   | 831,000          | 91.24p                    | 0.75%               |
| 31.01.10                           | 440                                   | 445,722          | 98.68p                    | 0.75%               |
| 31.01.11                           | 476                                   | 445,722          | 106.6p                    | 0.75%               |
| 31.07.11                           | 474                                   | 445,722          | 106.4p                    | 0.75%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                        | Holding | Market value<br>£'000 | Total net<br>assets % | Investment                              | Holding | Market value<br>£'000 | Total net<br>assets % |
|-----------------------------------|---------|-----------------------|-----------------------|---|---------|-----------------------|-----------------------|
| <b>Equities - 69.4% (70.2%)</b>   |         |                       |                       | <b>United States of America - 35.1%</b> |         |                       |                       |
| Abercrombie & Fitch 'A'           | 518     | 23                    | 0.2                   | Limited Brands                          | 1,021   | 23                    | 0.2                   |
| Accenture 'A'                     | 776     | 28                    | 0.2                   | Lincoln National                        | 1,107   | 18                    | 0.2                   |
| Agilent Technologies              | 657     | 17                    | 0.1                   | Littelfuse                              | 622     | 20                    | 0.2                   |
| Amazon                            | 284     | 39                    | 0.4                   | Macy's                                  | 1,338   | 24                    | 0.2                   |
| American Capital                  | 4,278   | 26                    | 0.2                   | Marathon Oil                            | 1,032   | 20                    | 0.2                   |
| American Express                  | 720     | 22                    | 0.2                   | Marathon Petroleum                      | 645     | 17                    | 0.1                   |
| American Financial Group          | 1,000   | 21                    | 0.2                   | Mead Johnson Nutrition                  | 574     | 25                    | 0.2                   |
| Ameriprise Financial              | 695     | 23                    | 0.2                   | Medicis Pharmaceutical                  | 830     | 19                    | 0.2                   |
| AmerisourceBergen                 | 892     | 21                    | 0.2                   | Merck                                   | 1,450   | 31                    | 0.3                   |
| Amgen                             | 828     | 27                    | 0.2                   | Metropcs Communications                 | 2,531   | 25                    | 0.2                   |
| Anadarko Petroleum                | 613     | 31                    | 0.3                   | Microsoft                               | 2,410   | 41                    | 0.4                   |
| Analog Devices                    | 844     | 18                    | 0.2                   | Moody's                                 | 1,056   | 23                    | 0.2                   |
| Anixter International             | 525     | 20                    | 0.2                   | Morgan Stanley                          | 1,590   | 22                    | 0.2                   |
| Apache                            | 310     | 24                    | 0.2                   | Motorola Solutions                      | 850     | 24                    | 0.2                   |
| Apple                             | 654     | 158                   | 1.4                   | National Oilwell Varco                  | 500     | 25                    | 0.2                   |
| Aruba Networks                    | 1,392   | 20                    | 0.2                   | Norfolk Southern                        | 667     | 31                    | 0.3                   |
| AT&T                              | 1,950   | 35                    | 0.3                   | Northrop Grumman                        | 504     | 19                    | 0.2                   |
| Baker Hughes                      | 470     | 23                    | 0.2                   | Occidental Petroleum                    | 525     | 32                    | 0.3                   |
| Baxter International              | 699     | 25                    | 0.2                   | Oil States International                | 536     | 27                    | 0.2                   |
| BB&T                              | 1,230   | 19                    | 0.2                   | Oracle                                  | 2,263   | 43                    | 0.4                   |
| BE Aerospace                      | 1,109   | 27                    | 0.2                   | Owens Corning                           | 950     | 20                    | 0.2                   |
| Biogen Idec                       | 467     | 29                    | 0.3                   | Parker-Hannifin                         | 333     | 16                    | 0.1                   |
| Brinker International             | 1,720   | 25                    | 0.2                   | Pfizer                                  | 6,683   | 80                    | 0.7                   |
| Bristol-Myers Squibb              | 1,450   | 26                    | 0.2                   | Philip Morris International             | 899     | 40                    | 0.4                   |
| Broadcom 'A'                      | 1,211   | 27                    | 0.2                   | Pier 1 Imports                          | 3,037   | 20                    | 0.2                   |
| Cabot Oil & Gas                   | 577     | 27                    | 0.2                   | Pioneer Natural Resources               | 424     | 24                    | 0.2                   |
| Capital One Financial             | 754     | 22                    | 0.2                   | PNC Financial Services Group            | 743     | 25                    | 0.2                   |
| Caterpillar                       | 411     | 25                    | 0.2                   | Priceline                               | 76      | 24                    | 0.2                   |
| CBS 'B'                           | 1,406   | 24                    | 0.2                   | Pricesmart                              | 513     | 18                    | 0.2                   |
| Chevron                           | 1,545   | 100                   | 0.9                   | Principal Financial Group               | 1,160   | 20                    | 0.2                   |
| Chicago Bridge & Iron             | 1,199   | 30                    | 0.3                   | Prudential Financial                    | 968     | 35                    | 0.3                   |
| Cigna                             | 940     | 29                    | 0.3                   | Qualcomm                                | 905     | 31                    | 0.3                   |
| Citigroup                         | 4,119   | 97                    | 0.9                   | Ross Stores                             | 487     | 23                    | 0.2                   |
| Cliffs Natural Resources          | 409     | 23                    | 0.2                   | RPC                                     | 1,287   | 19                    | 0.2                   |
| Coca-Cola                         | 1,342   | 57                    | 0.5                   | Sandisk                                 | 986     | 26                    | 0.2                   |
| Coca-Cola Enterprises             | 1,711   | 30                    | 0.3                   | Smucker (J.M.)                          | 480     | 23                    | 0.2                   |
| Cognizant Technology Solutions    | 637     | 27                    | 0.2                   | Sothebys 'A'                            | 1,049   | 28                    | 0.2                   |
| Comcast 'A'                       | 1,827   | 27                    | 0.2                   | Sprint Nextel                           | 9,633   | 26                    | 0.2                   |
| Cooper                            | 567     | 26                    | 0.2                   | State Street                            | 1,002   | 26                    | 0.2                   |
| Covidien                          | 1,055   | 33                    | 0.3                   | Stone Energy                            | 1,039   | 21                    | 0.2                   |
| CSX                               | 1,983   | 30                    | 0.3                   | Tesoro                                  | 1,680   | 25                    | 0.2                   |
| Cummins                           | 491     | 32                    | 0.3                   | TIBCO Software                          | 1,186   | 20                    | 0.2                   |
| Danaher                           | 622     | 19                    | 0.2                   | Time Warner Cable                       | 487     | 22                    | 0.2                   |
| DaVita                            | 420     | 21                    | 0.2                   | United Health Group                     | 740     | 23                    | 0.2                   |
| Dell                              | 3,054   | 31                    | 0.3                   | United Technologies                     | 477     | 24                    | 0.2                   |
| Devon Energy                      | 336     | 17                    | 0.1                   | Universal Health Services 'B'           | 581     | 18                    | 0.2                   |
| Discover Financial Services       | 1,674   | 26                    | 0.2                   | US Bancorp                              | 1,812   | 29                    | 0.3                   |
| Dow Chemical                      | 1,183   | 26                    | 0.2                   | Valero Energy                           | 1,510   | 23                    | 0.2                   |
| East West Bancorp                 | 1,806   | 21                    | 0.2                   | Veeco Instruments                       | 1,389   | 35                    | 0.3                   |
| El Paso                           | 2,234   | 28                    | 0.2                   | VF                                      | 395     | 28                    | 0.2                   |
| El Paso Electric                  | 1,000   | 20                    | 0.2                   | Viacom 'B'                              | 839     | 25                    | 0.2                   |
| Eli Lilly & Co                    | 1,130   | 26                    | 0.2                   | Vishay International                    | 2,126   | 18                    | 0.2                   |
| EMC                               | 1,205   | 20                    | 0.2                   | Warner Chilcott                         | 114     | 2                     | -                     |
| Endo Pharmaceutical               | 930     | 21                    | 0.2                   | Watson Pharmaceuticals                  | 671     | 28                    | 0.2                   |
| Exelon                            | 790     | 22                    | 0.2                   | Weight Watchers International           | 555     | 26                    | 0.2                   |
| Express                           | 1,570   | 22                    | 0.2                   | Wellpoint                               | 733     | 31                    | 0.3                   |
| ExxonMobil                        | 1,096   | 55                    | 0.5                   | Wells Fargo                             | 5,452   | 95                    | 0.9                   |
| Fortinet                          | 1,562   | 19                    | 0.2                   | Zimmer                                  | 644     | 24                    | 0.2                   |
| Fossil                            | 334     | 26                    | 0.2                   | <b>United Kingdom - 10.6%</b>           |         |                       |                       |
| Freeport-McMoRan Copper & Gold    | 1,013   | 34                    | 0.3                   | Aberdeen Asset Management               | 7,480   | 17                    | 0.1                   |
| Gardner Denver                    | 471     | 25                    | 0.2                   | Afren                                   | 15,879  | 22                    | 0.2                   |
| General Electric                  | 2,835   | 32                    | 0.3                   | ARM Holdings                            | 4,907   | 28                    | 0.2                   |
| Goodrich                          | 449     | 26                    | 0.2                   | Ashmore Group                           | 6,997   | 28                    | 0.2                   |
| Google 'A'                        | 190     | 71                    | 0.6                   | AstraZeneca                             | 977     | 29                    | 0.3                   |
| Guess                             | 946     | 22                    | 0.2                   | Aviva                                   | 6,999   | 28                    | 0.2                   |
| Hain Celestial Group              | 1,001   | 20                    | 0.2                   | Barclays                                | 19,637  | 43                    | 0.4                   |
| Halliburton                       | 768     | 26                    | 0.2                   | BG Group                                | 3,067   | 44                    | 0.4                   |
| Hansen Natural                    | 492     | 23                    | 0.2                   | British American Tobacco                | 2,200   | 62                    | 0.6                   |
| Hartford Financial Services Group | 1,713   | 25                    | 0.2                   | British Land                            | 3,857   | 23                    | 0.2                   |
| Helmerich & Payne                 | 510     | 22                    | 0.2                   | BT Group                                | 14,070  | 28                    | 0.2                   |
| Herbalife                         | 728     | 25                    | 0.2                   | Burberry Group                          | 2,650   | 39                    | 0.4                   |
| Humana                            | 614     | 28                    | 0.2                   | Cape                                    | 3,218   | 18                    | 0.2                   |
| IBM                               | 674     | 75                    | 0.6                   | Cookson Group                           | 2,322   | 15                    | 0.1                   |
| Intel                             | 2,014   | 28                    | 0.2                   | Ferrexpo                                | 5,503   | 25                    | 0.2                   |
| Interpublic Group                 | 2,576   | 16                    | 0.1                   | Gazprom ADR                             | 2,971   | 26                    | 0.2                   |
| Jazz Pharmaceuticals              | 961     | 21                    | 0.2                   | GKN                                     | 7,813   | 17                    | 0.1                   |
| Johnson & Johnson                 | 1,871   | 75                    | 0.6                   | IMI                                     | 1,930   | 20                    | 0.2                   |
| Kansas City Southern              | 703     | 26                    | 0.2                   | Imperial Tobacco Group                  | 1,043   | 22                    | 0.2                   |
| Kroger                            | 1,835   | 28                    | 0.2                   | Inchcape                                | 5,564   | 22                    | 0.2                   |
|                                   |         |                       |                       | Intercontinental Hotels Group           | 1,955   | 24                    | 0.2                   |
|                                   |         |                       |                       | International Personal Finance          | 5,945   | 19                    | 0.2                   |

# Portfolio statement – continued

As at 31 July 2011

| Investment                           | Holding | Market value<br>£'000 | Total net<br>assets % | Investment                                       | Holding     | Market value<br>£'000 | Total net<br>assets % |
|--------------------------------------|---------|-----------------------|-----------------------|--|-------------|-----------------------|-----------------------|
| Legal & General Group                | 18,000  | 20                    | 0.2                   | <b>Canada – 1.2%</b>                             |             |                       |                       |
| Petrofac                             | 1,287   | 18                    | 0.2                   | BCE  | 832         | 20                    | 0.2                   |
| Prudential                           | 2,859   | 20                    | 0.2                   | First Quantum Minerals                           | 434         | 37                    | 0.3                   |
| Renishaw                             | 979     | 17                    | 0.1                   | Kinross Gold                                     | 2,794       | 29                    | 0.2                   |
| Resolution                           | 9,305   | 25                    | 0.2                   | Lundin Mining                                    | 3,705       | 17                    | 0.1                   |
| Rio Tinto                            | 1,758   | 76                    | 0.6                   | Telus Non-Voting                                 | 630         | 20                    | 0.2                   |
| Royal Dutch Shell 'A'                | 3,855   | 87                    | 0.8                   | Toronto-Dominion Bank                            | 440         | 22                    | 0.2                   |
| Shire                                | 1,287   | 27                    | 0.2                   | <b>Hong Kong – 1.2%</b>                          |             |                       |                       |
| Spectris                             | 1,300   | 20                    | 0.2                   | Agile Property                                   | 28,000      | 28                    | 0.2                   |
| Standard Chartered                   | 3,073   | 48                    | 0.4                   | Ala Group  | 8,600       | 19                    | 0.2                   |
| Taylor Wimpey                        | 56,000  | 20                    | 0.2                   | Sands China                                      | 18,800      | 35                    | 0.3                   |
| Travis Perkins                       | 1,337   | 12                    | 0.1                   | SJM  | 14,000      | 22                    | 0.2                   |
| Tullow Oil                           | 2,096   | 26                    | 0.2                   | Wharf  | 6,500       | 29                    | 0.3                   |
| Unilever                             | 1,124   | 22                    | 0.2                   | <b>Australia – 1.0%</b>                          |             |                       |                       |
| Vodafone Group                       | 51,477  | 89                    | 0.8                   | BHP Billiton                                     | 2,420       | 67                    | 0.6                   |
| Weir Group                           | 1,353   | 28                    | 0.2                   | Flight Centre                                    | 1,117       | 16                    | 0.1                   |
| WPP                                  | 3,088   | 21                    | 0.2                   | Iluka Resources                                  | 2,130       | 25                    | 0.2                   |
| Xstrata                              | 3,489   | 45                    | 0.4                   | Regis Resources                                  | 8,521       | 15                    | 0.1                   |
| <b>Japan – 4.9%</b>                  |         |                       |                       | <b>Italy – 0.7%</b>                              |             |                       |                       |
| Asics                                | 3,000   | 28                    | 0.2                   | Enel   | 7,488       | 26                    | 0.2                   |
| Hitachi                              | 7,000   | 27                    | 0.2                   | Intesa Sanpaolo                                  | 22,287      | 31                    | 0.3                   |
| Honda Motor                          | 900     | 22                    | 0.2                   | Prada  | 6,800       | 25                    | 0.2                   |
| Itochu                               | 3,900   | 27                    | 0.2                   | <b>Finland – 0.6%</b>                            |             |                       |                       |
| JX Holdings                          | 7,300   | 32                    | 0.3                   | Metso  | 458         | 14                    | 0.1                   |
| KDDI Corporation                     | 6       | 27                    | 0.2                   | Nokian Renkaa                                    | 730         | 21                    | 0.2                   |
| Komatsu                              | 1,900   | 36                    | 0.3                   | Stora Enso 'R'                                   | 3,191       | 17                    | 0.1                   |
| Marubeni                             | 7,000   | 32                    | 0.3                   | UPM-Kymmene                                      | 2,239       | 21                    | 0.2                   |
| Mitsubishi                           | 2,500   | 41                    | 0.4                   | <b>Netherlands – 0.6%</b>                        |             |                       |                       |
| Mitsubishi Electric                  | 5,000   | 36                    | 0.3                   | ING Groep  | 5,904       | 39                    | 0.4                   |
| Mitsui & Co                          | 2,100   | 24                    | 0.2                   | KPN  | 3,250       | 28                    | 0.2                   |
| Nippon Sheet Glass                   | 13,000  | 25                    | 0.2                   | <b>Belgium – 0.5%</b>                            |             |                       |                       |
| Nippon Telegraph & Telephone         | 1,200   | 36                    | 0.3                   | KBC Groep  | 957         | 21                    | 0.2                   |
| Nissan Motor                         | 3,400   | 22                    | 0.2                   | Solvay   | 370         | 34                    | 0.3                   |
| Orix                                 | 620     | 41                    | 0.4                   | <b>Sweden – 0.4%</b>                             |             |                       |                       |
| Sanrio                               | 1,000   | 26                    | 0.2                   | Ericsson 'B'                                     | 3,183       | 24                    | 0.2                   |
| SMC                                  | 300     | 34                    | 0.3                   | Volvo 'B'  | 2,136       | 21                    | 0.2                   |
| Sumitomo                             | 2,300   | 20                    | 0.2                   | <b>South Korea – 0.4%</b>                        |             |                       |                       |
| Sumitomo Electric                    | 3,200   | 29                    | 0.3                   | Hyundai Motor                                    | 158         | 22                    | 0.2                   |
| <b>France – 3.7%</b>                 |         |                       |                       | Kia Motors                                       | 515         | 23                    | 0.2                   |
| AXA                                  | 3,233   | 37                    | 0.3                   | <b>India – 0.4%</b>                              |             |                       |                       |
| BNP Paribas                          | 1,226   | 49                    | 0.4                   | ICICI Bank ADR                                   | 768         | 22                    | 0.2                   |
| LVMH                                 | 265     | 30                    | 0.3                   | Tata Motors ADR                                  | 1,774       | 23                    | 0.2                   |
| Michelin                             | 370     | 19                    | 0.2                   | <b>Singapore – 0.2%</b>                          |             |                       |                       |
| PPR                                  | 274     | 31                    | 0.3                   | Avago Technologies                               | 1,248       | 27                    | 0.2                   |
| Sanofi-Aventis                       | 1,670   | 79                    | 0.7                   | <b>Spain – 0.2%</b>                              |             |                       |                       |
| Schneider Electric                   | 311     | 27                    | 0.2                   | Banco Bilbao Vizcaya Argentaria                  | 4,138       | 26                    | 0.2                   |
| Societe Generale                     | 1,274   | 38                    | 0.4                   | <b>Denmark – 0.2%</b>                            |             |                       |                       |
| Technip                              | 420     | 28                    | 0.2                   | Carlsberg 'B'                                    | 419         | 25                    | 0.2                   |
| TOTAL S.A.                           | 1,653   | 55                    | 0.5                   | <b>Indonesia – 0.2%</b>                          |             |                       |                       |
| Valeo                                | 544     | 21                    | 0.2                   | Bank Rakyat Indonesia                            | 49,000      | 24                    | 0.2                   |
| <b>Germany – 2.6%</b>                |         |                       |                       | <b>Austria – 0.2%</b>                            |             |                       |                       |
| BASF                                 | 506     | 28                    | 0.2                   | voestalpine                                      | 760         | 24                    | 0.2                   |
| Bayer                                | 681     | 33                    | 0.3                   | <b>Brazil – 0.2%</b>                             |             |                       |                       |
| BMW                                  | 403     | 25                    | 0.2                   | TIM Participacoes ADR                            | 739         | 22                    | 0.2                   |
| Commerzbank                          | 10,900  | 24                    | 0.2                   | <b>Mexico – 0.2%</b>                             |             |                       |                       |
| Continental                          | 399     | 24                    | 0.2                   | Fomento Economico Mexicano                       | 470         | 21                    | 0.2                   |
| Deutsche Bank                        | 840     | 28                    | 0.2                   | <b>Taiwan – 0.2%</b>                             |             |                       |                       |
| Infineon Technologies                | 3,916   | 24                    | 0.2                   | HTC  | 1,050       | 19                    | 0.2                   |
| Lanxess                              | 444     | 22                    | 0.2                   | <b>Greece – 0.1%</b>                             |             |                       |                       |
| Linde                                | 244     | 27                    | 0.2                   | Duty Free Shops                                  | 895         | 7                     | 0.1                   |
| Rheinmetall                          | 400     | 20                    | 0.2                   | <b>Fixed interest securities – 16.4% (19.3%)</b> |             |                       |                       |
| Siemens                              | 301     | 23                    | 0.2                   | <b>Sterling – 11.3%</b>                          |             |                       |                       |
| Volkswagen Non-Voting Preference     | 290     | 36                    | 0.3                   | Treasury 4.5% 2013                               | £1,000,000  | 1,061                 | 9.3                   |
| <b>Switzerland – 2.6%</b>            |         |                       |                       | Treasury 8% 2013                                 | £200,000    | 231                   | 2.0                   |
| ACE                                  | 602     | 25                    | 0.2                   | <b>Australian Dollar – 5.1%</b>                  |             |                       |                       |
| Compagnie Financiere Richemont 'A'   | 659     | 26                    | 0.2                   | Australia 4% 2020                                | AUD 500,000 | 585                   | 5.1                   |
| Credit Suisse                        | 1,422   | 31                    | 0.3                   | <b>Convertible bonds – 1.6% (1.6%)</b>           |             |                       |                       |
| Nestle                               | 1,996   | 77                    | 0.6                   | <b>Euro – 1.6%</b>                               |             |                       |                       |
| Novartis                             | 1,815   | 67                    | 0.6                   | KFW 3.25% Convertible 2013                       | €200,000    | 182                   | 1.6                   |
| Swiss Life                           | 220     | 20                    | 0.2                   |  |             |                       |                       |
| Tyco Electronics                     | 1,010   | 22                    | 0.2                   |  |             |                       |                       |
| UBS                                  | 3,747   | 37                    | 0.3                   |  |             |                       |                       |
| <b>China – 1.2%</b>                  |         |                       |                       |  |             |                       |                       |
| Baidu ADR                            | 261     | 25                    | 0.2                   |  |             |                       |                       |
| China Construction Bank 'H'          | 55,000  | 27                    | 0.2                   |  |             |                       |                       |
| China Merchants Bank 'H'             | 15,357  | 22                    | 0.2                   |  |             |                       |                       |
| China National Building Material 'H' | 22,000  | 27                    | 0.2                   |  |             |                       |                       |
| China Southern Airlines 'H'          | 52,000  | 21                    | 0.2                   |  |             |                       |                       |
| Zhoushi Coal Mining 'H'              | 12,000  | 28                    | 0.2                   |  |             |                       |                       |

# Portfolio statement – continued

As at 31 July 2011

| Investment  | Holding | Market value<br>£'000 | Total net<br>assets % |
|---|---------|-----------------------|-----------------------|
| <b>Futures – 1.5% ((1.5)%)</b>                      |         |                       |                       |
| Amsterdam Index Futures Aug 2011                    | (4)     | 4                     | -                     |
| Canada 10 Year Bond Futures Aug 2011                | 9       | (10)                  | (0.1)                 |
| DAX Index Futures Sep 2011                          | 1       | (2)                   | -                     |
| DJ Euro Stoxx 50 Index Futures Sep 2011             | (77)    | 67                    | 0.6                   |
| Euro Bund Futures Sep 2011                          | 13      | 5                     | 0.1                   |
| Euro Schatz Futures Sep 2011                        | (18)    | (7)                   | (0.1)                 |
| FTSE 100 Index Futures Sep 2011                     | 1       | -                     | -                     |
| Hang Seng Index Futures Aug 2011                    | 6       | 2                     | -                     |
| IBEX 35 Index Futures Aug 2011                      | 3       | -                     | -                     |
| Long Gilt Futures Sep 2011                          | 13      | 51                    | 0.5                   |
| Nasdaq 100 E-Mini Futures Sep 2011                  | 20      | 35                    | 0.3                   |
| Russell 2000 Mini Futures Sep 2011                  | (11)    | (13)                  | (0.1)                 |
| S&P 500 Emini Futures Sep 2011                      | (45)    | (32)                  | (0.3)                 |
| S&P/TSX 60 Index Futures Sep 2011                   | 3       | (3)                   | -                     |
| SPI 200 Futures Sep 2011                            | (3)     | 10                    | 0.1                   |
| Swiss Market Index Futures Sep 2011                 | (6)     | 22                    | 0.2                   |
| SX5E Dividend Futures Dec 2012                      | (54)    | 8                     | 0.1                   |
| SX5E Dividend Futures Dec 2013                      | 59      | (21)                  | (0.2)                 |
| Topix Index Futures Sep 2011                        | 2       | 6                     | 0.1                   |
| US 2 Year Note Futures Sep 2011                     | (6)     | (3)                   | -                     |
| US 5 Year Note Futures Sep 2011                     | 35      | 30                    | 0.3                   |
| US Long Bond Futures Sep 2011                       | (7)     | (5)                   | -                     |
| <b>Options – 0.4% (0.3%)</b>                        |         |                       |                       |
| Banco Bilbao Call Options €11 Dec 2011              | 402     | -                     | -                     |
| DJ Euro Stoxx 50 Put Options 2550 Sep 2011          | (21)    | (11)                  | (0.1)                 |
| DJ Euro Stoxx 50 Call Options 2750 Aug 2011         | 60      | 14                    | 0.1                   |
| FTSE 100 Index Put Options 5800 Sep 2011            | 34      | 37                    | 0.3                   |
| Hang Seng Put Futures Options 21800 Aug 2011        | 18      | (4)                   | -                     |
| HSCEI Stocks Put Futures Options 11600 Sep 2011     | 45      | (3)                   | -                     |
| HSCEI Stocks Put Futures Options 12400 Sep 2011     | (23)    | (3)                   | -                     |
| S&P500 Put Options 1200 Sep 2011                    | 28      | 23                    | 0.2                   |
| S&P500 Put Options 1250 Sep 2011                    | (14)    | (19)                  | (0.2)                 |
| S&P500 Call Options 1375 Sep 2011                   | 6       | 2                     | -                     |
| Societe Generale Call Options €64 Dec 2011          | 86      | -                     | -                     |
| Unicredit Call Options €2.4 Dec 2011                | 161     | 1                     | -                     |
| VIX Index Call Options 27.5 Aug 2011                | 297     | 19                    | 0.2                   |
| VIX Index Call Options 35 Aug 2011                  | (297)   | (8)                   | (0.1)                 |
| <b>Forward currency contracts – (1.0)% ((0.2)%)</b> |         |                       |                       |
| <b>Australian Dollar</b>                            |         |                       |                       |
| Sell AUD 1,095,352 buy £703,972 dated 16/09/11      |         | (28)                  | (0.2)                 |
| <b>Canadian Dollar</b>                              |         |                       |                       |
| Buy CAD 598,197 sell £382,027 dated 16/09/11        |         | 4                     | -                     |
| Sell CAD 860,399 buy £537,991 dated 16/09/11        |         | (18)                  | (0.1)                 |
| <b>Euro</b>   |         |                       |                       |
| Buy €12,752 sell DKK 95,083 dated 16/09/11          |         | -                     | -                     |
| Buy €17,965 sell £15,954 dated 16/09/11             |         | -                     | -                     |
| Buy €630,000 sell \$904,964 dated 16/09/11          |         | (5)                   | -                     |
| Sell €2,569,269 buy £2,261,363 dated 16/09/11       |         | 14                    | 0.1                   |
| <b>Hong Kong Dollar</b>                             |         |                       |                       |
| Buy HKD 852,207 sell £68,047 dated 16/09/11         |         | (1)                   | -                     |
| Buy HKD 840,832 sell \$107,948 dated 16/09/11       |         | -                     | -                     |
| Sell HKD 1,511,316 buy £121,601 dated 16/09/11      |         | 2                     | -                     |
| Sell HKD 2,241,336 buy £189,997 dated 16/09/11      |         | (1)                   | -                     |
| <b>Japanese Yen</b>                                 |         |                       |                       |
| Buy ¥109,687,414 sell NOK 7,511,376 dated 16/09/11  |         | 22                    | 0.2                   |
| Buy ¥7,320,498 sell £57,736 dated 16/09/11          |         | -                     | -                     |
| Buy ¥70,105,474 sell \$899,096 dated 16/09/11       |         | 9                     | 0.1                   |
| Sell ¥182,283,461 buy £1,388,213 dated 16/09/11     |         | (56)                  | (0.5)                 |
| <b>Norwegian Krone</b>                              |         |                       |                       |
| Buy NOK 4,980,000 sell ¥74,621,316 dated 16/09/11   |         | (29)                  | (0.2)                 |
| Buy NOK 7,529,727 sell £844,973 dated 16/09/11      |         | 5                     | 0.1                   |
| <b>Singapore Dollar</b>                             |         |                       |                       |
| Sell SGD 97,001 buy £48,068 dated 16/09/11          |         | (1)                   | -                     |
| <b>Swedish Krona</b>                                |         |                       |                       |
| Sell SEK 995,607 buy £95,928 dated 16/09/11         |         | -                     | -                     |
| <b>Swiss Franc</b>                                  |         |                       |                       |
| Buy CHF 49,718 sell £37,445 dated 16/09/11          |         | 1                     | -                     |
| Sell CHF 510,368 buy £371,266 dated 16/09/11        |         | (21)                  | (0.2)                 |

| Investment  | Holding | Market value<br>£'000 | Total net<br>assets % |
|---|---------|-----------------------|-----------------------|
| <b>US Dollar</b>  |         |                       |                       |
| Buy \$902,033 sell €627,082 dated 16/09/11                  |         | 6                     | 0.1                   |
| Buy \$184,380 sell €131,725 dated 16/09/11                  |         | (2)                   | -                     |
| Buy \$942,717 sell ¥76,680,591 dated 16/09/11               |         | (28)                  | (0.2)                 |
| Buy \$85,663 sell £52,509 dated 16/09/11                    |         | -                     | -                     |
| Buy \$68,475 sell £42,568 dated 16/09/11                    |         | (1)                   | -                     |
| Sell \$292,982 buy £182,464 dated 16/09/11                  |         | 2                     | -                     |
| Sell \$5,681,138 buy £3,467,591 dated 16/09/11              |         | (25)                  | (0.2)                 |
| <b>Investment assets (including investment liabilities)</b> |         | <b>10,087</b>         | <b>88.3</b>           |
| <b>Net other assets</b>                                     |         | <b>1,337</b>          | <b>11.7</b>           |
| <b>Net assets</b>   |         | <b>11,424</b>         | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

|   | Market value<br>£'000 |
|---|-----------------------|
| <b>Portfolio credit ratings</b>                             |                       |
| AAA   | 2,059                 |
| <b>Total bonds</b>  | <b>2,059</b>          |
| Equities  | 7,987                 |
| Futures   | 134                   |
| Options   | 58                    |
| Forward currency contracts                                  | (151)                 |
| <b>Investment assets (including investment liabilities)</b> | <b>10,087</b>         |

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000        |  | £'000           |
|--|--------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>4,707</b> | <b>Total of all sales for the period</b> | <b>5,256</b>    |
| <b>Major purchases</b>                       | <b>Cost</b>  | <b>Major sales</b>                       | <b>Proceeds</b> |
| Johnson & Johnson                            | 75           | Canada 5% 2037                           | 402             |
| Google 'A'                                   | 71           | Hewlett Packard                          | 69              |
| Oracle                                       | 66           | Cisco Systems                            | 64              |
| Coca-Cola                                    | 56           | Morgan Stanley                           | 57              |
| HTC  | 45           | Google 'A'                               | 54              |
| Hitachi                                      | 42           | Abbott Laboratories                      | 53              |
| Microsoft                                    | 41           | Intel                                    | 47              |
| Commerzbank                                  | 41           | Bank of America                          | 46              |
| KBC Groep                                    | 37           | BP                                       | 45              |
| Intel  | 37           | Zurich Financial Services                | 40              |
| AT&T   | 36           | Telefonica                               | 40              |
| Verizon Communications                       | 36           | GlaxoSmithKline                          | 39              |
| Citigroup                                    | 36           | General Electric                         | 39              |
| Wells Fargo                                  | 35           | Altria Group                             | 38              |
| Amazon                                       | 34           | Verizon Communications                   | 36              |
| General Electric                             | 34           | Fiat Industrial                          | 35              |
| Aruba Networks                               | 34           | Talisman Energy                          | 35              |
| Tata Motors ADR                              | 33           | Merck                                    | 33              |
| Solvay                                       | 33           | American Express                         | 33              |
| Deutsche Bank                                | 33           | Hess                                     | 32              |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|---|-------|---------------|-------|---------------|
| Income  |       |               |       |               |
| Net capital gains   |       | 13            |       | 156           |
| Revenue   | 149   |               | 147   |               |
| Expenses  | (90)  |               | (97)  |               |
| Net revenue before taxation   | 59    |               | 50    |               |
| Taxation  | (9)   |               | (9)   |               |
| Net revenue after taxation  |       | 50            |       | 41            |
| <b>Total return before distributions</b>  |       | <b>63</b>     |       | <b>197</b>    |
| Finance costs: Distributions  |       | (123)         |       | (115)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>(60)</b>   |       | <b>82</b>     |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000 | 2011<br>£'000 | £'000   | 2010<br>£'000 |
|--|-------|---------------|---------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |       | <b>11,327</b> |         | <b>11,072</b> |
| Amounts receivable on issue of shares  | 601   |               | 2,974   |               |
| Amounts payable on cancellation of shares  | (536) |               | (2,317) |               |
|  |       | 65            |         | 657           |
| Change in net assets attributable to shareholders from investment activities (see above) |       | (60)          |         | 82            |
| Retained distributions on accumulation shares  |       | 92            |         | 91            |
| <b>Closing net assets attributable to shareholders</b>                                   |       | <b>11,424</b> |         | <b>11,902</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |               | 31 January 2011 |               |
|--|--------------|---------------|-----------------|---------------|
|  | £'000        | £'000         | £'000           | £'000         |
| <b>ASSETS</b>                                  |              |               |                 |               |
| Investment assets                              |              | 10,447        |                 | 10,438        |
| Debtors  | 201          |               | 155             |               |
| Cash and bank balance                          | 1,324        |               | 1,187           |               |
| <b>Total other assets</b>                      |              | <b>1,525</b>  |                 | <b>1,342</b>  |
| <b>Total assets</b>                            |              | <b>11,972</b> |                 | <b>11,780</b> |
| <b>LIABILITIES</b>                             |              |               |                 |               |
| Investment liabilities                         |              | (360)         |                 | (279)         |
| Creditors                                      | (172)        |               | (164)           |               |
| Distribution payable on income shares          | (16)         |               | (10)            |               |
| <b>Total other liabilities</b>                 |              | <b>(188)</b>  |                 | <b>(174)</b>  |
| <b>Total liabilities</b>                       |              | <b>(548)</b>  |                 | <b>(453)</b>  |
| <b>Net assets attributable to shareholders</b> |              | <b>11,424</b> |                 | <b>11,327</b> |

# JPM Cautious Total Return Fund

## Investment objective and policy

To achieve over a medium-term horizon higher returns than those available from money market instruments denominated in Sterling by investing primarily in fixed income securities, convertible bonds, equity securities and short-term securities of issuers located in any country. The Fund may invest in such securities issued by issuers in emerging countries worldwide. Additionally, the Fund may invest up to 100% in cash and cash equivalents. Asset and country allocations may vary over time to reflect market conditions and opportunities. The Fund may invest up to 100% in government and public securities (see section 3.11(e) of the full Prospectus). The Fund may use derivatives for investment purposes or Efficient Portfolio Management, including hedging, where appropriate.

## Risk profile

This multi-asset Fund invests in bonds, convertible bonds, equities (which may include investment in emerging markets and smaller companies), cash and cash equivalents with a bias towards bonds.

Bond prices can fluctuate significantly depending not only on the global economic and interest rate conditions but also on the general credit market environment and the creditworthiness of the issuer.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

The investment policy of the Fund permits the use of derivatives and/or forward transactions for investment purposes, potentially increasing the volatility and therefore risk of the Fund.

Total return funds seek to provide a positive return but this is not guaranteed and they should not be used as a substitute for traditional liquidity funds or cash accounts. As the priority of these funds is to provide positive returns, they will not perform in line with stock markets.

## Fund review

The six-month review period was volatile for global markets. In this environment, the Fund posted a negative return and lagged its cash benchmark. We maintained a positive view on risk assets, although this exposure has been actively managed. The Fund's equity sensitivity (delta) averaged around 23%, but varied considerably from a high of 40% to a low close to 7%.

Although our stocks added performance on an absolute basis, their defensive nature has meant we have underperformed an equity market that has been up for the year despite volatility. Fixed income exposure was positive, with our constructive position in Gilts and our position at the front of the US curve generating alpha. Our currency positions (long Norwegian krone/Japanese yen and short euro/US dollar) detracted from performance, but we remain committed to both.

## Fund outlook

Clearly the dual risks of further discord in peripheral Europe and the fiscal strains evident in the US makes the macro backdrop particularly treacherous. Much will now depend on the effectiveness of the policy response. We anticipate keeping equity exposure lower with higher levels of duration to benefit from attractive roll and carry until there is further clarity.

## 12 month performance to 31 July

|  | 2011  | 2010 | 2009 | 2008 | 2007 |
|--|-------|------|------|------|------|
| <b>JPM Cautious Total Return A-Class Acc</b>       | -0.5% | 4.1% | 0.5% | 2.8% | 5.1% |
| <b>JPM Cautious Total Return C-Class Inc</b>       | 0.0%  | 4.9% | 1.2% | -    | -    |
| <b>JPM Cautious Total Return I-Class Acc</b>       | 0.1%  | 4.7% | 1.1% | 3.5% | 5.7% |
| <b>JPM Cautious Total Return X-Class Gross Acc</b> | -     | -    | -    | -    | -    |
| Benchmark Index                                    | 0.6%  | 0.5% | 2.6% | 6.0% | 5.5% |

## Six month performance to 31 July 2011

|  |       |
|--|-------|
| <b>JPM Cautious Total Return A-Class Acc</b> | -2.3% |
| Benchmark Index                              | 0.3%  |

## Fund statistics

|                 |                             |
|-----------------|-----------------------------|
| Fund size       | £658.3m                     |
| Benchmark Index | 1 month GBP LIBOR           |
| Fund charges    |                             |
| A-Class         | Initial 4.25%, Annual 1.25% |
| C-Class         | Initial Nil, Annual 0.65%   |
| I-Class         | Initial Nil, Annual 0.65%   |
| X-Class         | On application <sup>A</sup> |

## Top ten holdings

|  | %    |
|--|------|
| Treasury 2.5% 2013   | 12.2 |
| Italy 3% 2015  | 7.6  |
| European Investment Bank 3.625% 2021                           | 6.3  |
| United States Treasury 2.375% 2015                             | 5.7  |
| European Investment Bank 4.75% 2017                            | 4.1  |
| European Financial Stability Facility 3.375% 2021              | 3.1  |
| European Investment Bank 4.25% 2019                            | 2.7  |
| Australia 4% 2020  | 2.7  |
| Lloyds Banking Group 4% 2011                                   | 2.7  |
| Portugal Telecom International Finance 4.125% Convertible 2014 | 2.0  |

## Sector breakdown

|                            | %     |
|----------------------------|-------|
| Fixed interest securities  | 53.6  |
| Equities                   | 29.2  |
| Convertible bonds          | 5.3   |
| Options                    | 0.7   |
| Forward currency contracts | 0.3   |
| Swaps                      | 0.2   |
| Futures                    | (0.1) |
| Net other assets           | 10.8  |

In line with current accounting practice the sector breakdown includes the unrealised profit or loss on derivative holdings and consequently the economic market exposure of the fund cannot be fully determined from the above disclosure.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation or income shares. Performance returns are in Sterling.

<sup>A</sup> As agreed from time to time between the ACD and the relevant JPMorgan Chase & Co. entity.

Source: J.P. Morgan.

## Highest/lowest share price and distribution record

| Calendar year  | Highest share price | Lowest share price | Distribution per share |
|--|---------------------|--------------------|------------------------|
| <b>A-Class Accumulation Shares</b>                   |                     |                    |                        |
| 2006   | 54.77p              | 52.55p             | 1.10p                  |
| 2007   | 58.73p              | 54.62p             | 1.40p                  |
| 2008   | 59.58p              | 52.88p             | 1.45p                  |
| 2009   | 60.07p              | 54.70p             | 0.81p                  |
| 2010   | 62.92p              | 58.68p             | 0.65p                  |
| 2011 <sup>a</sup>                                    | 62.40p              | 59.64p             | 0.46p                  |
| <b>A-Class Income Shares</b>                         |                     |                    |                        |
| 2006   | 53.28p              | 51.70p             | 1.08p                  |
| 2007   | 55.71p              | 52.84p             | 1.33p                  |
| 2008   | 55.91p              | 49.21p             | 1.37p                  |
| 2009   | 54.75p              | 50.34p             | 0.74p                  |
| 2010   | 56.74p              | 53.17p             | 0.59p                  |
| 2011 <sup>a</sup>                                    | 56.28p              | 53.54p             | 0.42p                  |
| <b>C-Class Income Shares<sup>c</sup></b>             |                     |                    |                        |
| 2008   | 102.8p              | 90.73p             | 2.09p                  |
| 2009   | 100.9p              | 92.76p             | 1.87p                  |
| 2010   | 104.6p              | 98.01p             | 1.62p                  |
| 2011 <sup>a</sup>                                    | 103.8p              | 98.71p             | 1.19p                  |
| <b>I-Class Accumulation Shares</b>                   |                     |                    |                        |
| 2006   | 55.29p              | 52.85p             | 1.42p                  |
| 2007   | 59.62p              | 55.15p             | 2.11p                  |
| 2008   | 60.63p              | 53.94p             | 1.84p                  |
| 2009   | 61.74p              | 55.94p             | 1.18p                  |
| 2010   | 65.03p              | 60.48p             | 1.06p                  |
| 2011 <sup>a</sup>                                    | 64.57p              | 61.91p             | 0.80p                  |
| <b>I-Class Gross Accumulation Shares<sup>d</sup></b> |                     |                    |                        |
| 2007   | 108.3p              | 99.90p             | 2.85p                  |
| 2008   | 110.4p              | 98.57p             | 4.19p                  |
| 2009   | 113.5p              | 102.5p             | 2.77p                  |
| 2010   | 120.0p              | 111.4p             | 2.38p                  |
| 2011 <sup>a</sup>                                    | 119.2p              | 114.5p             | 1.80p                  |
| <b>I-Class Income Shares</b>                         |                     |                    |                        |
| 2006   | 53.32p              | 51.74p             | 1.39p                  |
| 2007   | 55.77p              | 53.39p             | 1.66p                  |
| 2008   | 55.96p              | 49.26p             | 1.72p                  |
| 2009   | 54.80p              | 50.37p             | 1.06p                  |
| 2010   | 56.81p              | 53.20p             | 0.92p                  |
| 2011 <sup>a</sup>                                    | 56.35p              | 53.61p             | 0.69p                  |
| <b>X-Class Gross Accumulation Shares<sup>e</sup></b> |                     |                    |                        |
| 2010   | 100.3p              | 98.18p             | -                      |
| 2011 <sup>a</sup>                                    | 100.3p              | 96.71p             | 1.79p                  |

<sup>a</sup> To 31 July 2011.

<sup>c</sup> C-Class Income Shares were launched on 26 February 2008.

<sup>d</sup> I-Class Gross Accumulation Shares were launched on 1 February 2007.

<sup>e</sup> X-Class Gross Accumulation Shares were launched on 15 November 2010.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 166.9% |
| 31.07.11 | 109.5% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                                     | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|--|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b>       |  |                  |                           |                     |
| 31.01.09                                 | 514,351                                  | 921,532,833      | 55.81p                    | 1.42%               |
| 31.01.10                                 | 632,628                                  | 1,063,250,961    | 59.50p                    | 1.42%               |
| 31.01.11                                 | 674,922                                  | 1,104,447,828    | 61.11p                    | 1.43%               |
| 31.07.11                                 | 584,858                                  | 976,398,253      | 59.90p                    | 1.43%               |
| <b>A-Class Income Shares</b>             |  |                  |                           |                     |
| 31.01.09                                 | 54,701                                   | 106,497,214      | 51.36p                    | 1.39%               |
| 31.01.10                                 | 59,455                                   | 109,909,238      | 54.09p                    | 1.43%               |
| 31.01.11                                 | 58,610                                   | 106,559,667      | 55.00p                    | 1.43%               |
| 31.07.11                                 | 45,012                                   | 83,964,304       | 53.61p                    | 1.43%               |
| <b>C-Class Income Shares</b>             |  |                  |                           |                     |
| 31.01.09                                 | 3,360                                    | 3,553,780        | 94.54p                    | 0.77%               |
| 31.01.10                                 | 1,931                                    | 1,938,109        | 99.62p                    | 0.77%               |
| 31.01.11                                 | 1,606                                    | 1,585,261        | 101.3p                    | 0.77%               |
| 31.07.11                                 | 1,446                                    | 1,464,241        | 98.75p                    | 0.77%               |
| <b>I-Class Accumulation Shares</b>       |  |                  |                           |                     |
| 31.01.09                                 | 8,301                                    | 14,551,847       | 57.04p                    | 0.65%               |
| 31.01.10                                 | 13,781                                   | 22,522,053       | 61.19p                    | 0.65%               |
| 31.01.11                                 | 7,802                                    | 12,332,439       | 63.26p                    | 0.65%               |
| 31.07.11                                 | 7,174                                    | 11,532,637       | 62.20p                    | 0.65%               |
| <b>I-Class Gross Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                                 | 23,486                                   | 22,483,966       | 104.5p                    | 0.65%               |
| 31.01.10                                 | 22,797                                   | 20,253,443       | 112.6p                    | 0.65%               |
| 31.01.11                                 | 12,815                                   | 10,972,505       | 116.8p                    | 0.65%               |
| 31.07.11                                 | 10,603                                   | 9,213,054        | 115.1p                    | 0.65%               |
| <b>I-Class Income Shares</b>             |  |                  |                           |                     |
| 31.01.09                                 | 4,748                                    | 9,244,378        | 51.36p                    | 0.65%               |
| 31.01.10                                 | 5,831                                    | 10,780,377       | 54.09p                    | 0.65%               |
| 31.01.11                                 | 4,557                                    | 8,284,282        | 55.00p                    | 0.65%               |
| 31.07.11                                 | 3,003                                    | 5,600,486        | 53.61p                    | 0.65%               |
| <b>X-Class Gross Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.11                                 | 7,927                                    | 8,060,623        | 98.34p                    | 0.06%               |
| 31.07.11                                 | 6,226                                    | 6,407,096        | 97.18p                    | 0.06%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment  | Holding        | Market value<br>£'000 | Total net<br>assets % |
|---|----------------|-----------------------|-----------------------|
| <b>Fixed interest securities - 53.6% (37.6%)</b>                  |                |                       |                       |
| <b>Euro - 23.9%</b>   |                |                       |                       |
| European Financial Stability Facility<br>3.375% 2021              | €23,500,000    | 20,555                | 3.1                   |
| European Investment Bank 4.75% 2017                               | €28,000,000    | 27,163                | 4.1                   |
| European Investment Bank 4.25% 2019                               | €19,000,000    | 17,979                | 2.7                   |
| European Investment Bank 3.625% 2021                              | €46,000,000    | 41,266                | 6.3                   |
| Italy 3% 2015   | €62,000,000    | 49,839                | 7.6                   |
| Sanofi-Aventis 3.5% 2013  | €660,000       | 595                   | 0.1                   |
| <b>Sterling - 16.5%</b>   |                |                       |                       |
| Deutsche Telekom International Finance<br>7.125% 2012             | £300,000       | 318                   | 0.1                   |
| Lloyds Banking Group 4% 2011                                      | £17,500,000    | 17,664                | 2.7                   |
| Nationwide Building Society 3.75% 2011                            | £10,000,000    | 10,089                | 1.5                   |
| Treasury 2.5% 2013  | £28,000,000    | 80,398                | 12.2                  |
| <b>US Dollar - 7.3%</b>   |                |                       |                       |
| Hutchison Whampoa 6% Perpetual                                    | \$7,400,000    | 4,718                 | 0.7                   |
| United States Treasury 2.375% 2015                                | \$58,000,000   | 37,540                | 5.7                   |
| Verizon Wireless Capital 5.5% 2014                                | \$9,000,000    | 6,090                 | 0.9                   |
| <b>Australian Dollar - 5.4%</b>                                   |                |                       |                       |
| Australia 4% 2020   | AUD 15,200,000 | 17,784                | 2.7                   |
| European Investment Bank 6% 2013                                  | AUD 15,939,000 | 10,952                | 1.7                   |
| European Investment Bank 5.375% 2014                              | AUD 9,725,000  | 6,610                 | 1.0                   |
| <b>Swiss Franc - 0.5%</b>   |                |                       |                       |
| Swiss Prime Site 1.875% 2015                                      | CHF 4,140,000  | 3,295                 | 0.5                   |
| <b>Convertible bonds - 5.3% (10.7%)</b>                           |                |                       |                       |
| <b>Euro - 3.5%</b>  |                |                       |                       |
| AXA 2.5% Convertible 2014   | €1,710,800     | 3,293                 | 0.5                   |
| Portugal Telecom International Finance<br>4.125% Convertible 2014 | €17,100,000    | 13,300                | 2.0                   |
| Wereldhave 0% Convertible 2014                                    | €7,700,000     | 6,770                 | 1.0                   |
| <b>US Dollar - 1.2%</b>   |                |                       |                       |
| Liberty Media FRN Convertible 2023                                | \$9,110,000    | 6,599                 | 1.0                   |
| QBE Funding Trust V 0% Convertible 2030                           | \$3,500,000    | 1,336                 | 0.2                   |
| <b>Singapore Dollar - 0.6%</b>                                    |                |                       |                       |
| Capitaland Convertible 2.875% 2016                                | SGD 7,750,000  | 3,909                 | 0.6                   |
| <b>Equities - 29.2% (35.3%)</b>                                   |                |                       |                       |
| <b>United Kingdom - 11.0%</b>                                     |                |                       |                       |
| BG Group  | 481,562        | 6,985                 | 1.1                   |
| BHP Billiton  | 211,119        | 4,816                 | 0.7                   |
| BP  | 1,544,838      | 7,006                 | 1.1                   |
| British American Tobacco  | 191,777        | 5,401                 | 0.8                   |
| Burberry Group  | 286,468        | 4,260                 | 0.6                   |
| Centrica  | 1,699,393      | 5,198                 | 0.8                   |
| HSBC  | 1,142,255      | 6,846                 | 1.0                   |
| Intercontinental Hotels Group                                     | 216,581        | 2,627                 | 0.4                   |
| National Grid   | 641,957        | 3,836                 | 0.6                   |
| Northumbrian Water Group  | 1,699,393      | 7,654                 | 1.2                   |
| Resolution  | 1,223,614      | 3,345                 | 0.5                   |
| Standard Chartered  | 458,439        | 7,133                 | 1.1                   |
| Vodafone Group  | 4,243,345      | 7,320                 | 1.1                   |
| <b>United States of America - 10.8%</b>                           |                |                       |                       |
| Apple   | 30,276         | 7,291                 | 1.1                   |
| Barrick Gold  | 246,837        | 7,303                 | 1.1                   |
| CF Industries   | 38,178         | 3,724                 | 0.6                   |
| Chevron   | 51,464         | 3,321                 | 0.5                   |
| Coca-Cola   | 85,640         | 3,622                 | 0.6                   |
| Du Pont de Nemours  | 217,359        | 6,989                 | 1.1                   |
| General Motors 4.75% 'B' Junior Preference                        | 225,579        | 6,444                 | 1.0                   |
| Newmont Mining  | 193,711        | 6,874                 | 1.0                   |
| Occidental Petroleum  | 52,523         | 3,220                 | 0.5                   |
| Union Pacific   | 154,192        | 9,775                 | 1.5                   |
| United Technologies   | 146,114        | 7,447                 | 1.1                   |
| Wells Fargo 'A' 7.5% Convertible Preference                       | 6,838          | 4,446                 | 0.7                   |
| <b>Germany - 2.8%</b>   |                |                       |                       |
| BMW   | 68,917         | 4,209                 | 0.6                   |
| Commerzbank   | 1,418,946      | 3,180                 | 0.5                   |
| Deutsche Wohnen   | 164,182        | 1,623                 | 0.2                   |
| Thyssen Krupp   | 231,451        | 6,212                 | 0.9                   |
| Volkswagen Non-Voting Preference                                  | 29,828         | 3,671                 | 0.6                   |
| <b>France - 2.8%</b>  |                |                       |                       |
| LVMH  | 36,979         | 4,133                 | 0.6                   |
| PPR   | 37,188         | 4,238                 | 0.6                   |
| TOTAL S.A.  | 311,091        | 10,267                | 1.6                   |
| <b>Netherlands - 0.5%</b>   |                |                       |                       |
| KPN   | 409,764        | 3,535                 | 0.5                   |

| Investment  | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>Australia - 0.5%</b>                             |           |                       |                       |
| Fortescue Metals Group                              | 805,052   | 3,414                 | 0.5                   |
| <b>Japan - 0.5%</b>                                 |           |                       |                       |
| Komatsu   | 157,900   | 3,006                 | 0.5                   |
| <b>Hong Kong - 0.3%</b>                             |           |                       |                       |
| China Resources Land                                | 1,864,000 | 2,228                 | 0.3                   |
| <b>Taiwan - 0.0%</b>                                |           |                       |                       |
| MediaTek  | 197       | 1                     | -                     |
| <b>Options - 0.7% (1.2%)</b>                        |           |                       |                       |
| Banco Bilbao Call Options €11 Dec 2011              | 38,334    | 24                    | -                     |
| DJ Euro Stoxx 50 Put Options 2750 Aug 2011          | 5,196     | 1,214                 | 0.2                   |
| DJ Euro Stoxx 50 Call Options 2950 Aug 2011         | 5,380     | 52                    | -                     |
| DJ Euro Stoxx 50 Put Options 2550 Sep 2011          | (1,210)   | (620)                 | (0.1)                 |
| FTSE 100 Index Call Options 6800 Dec 2011           | 1,800     | 18                    | -                     |
| FTSE 100 Index Put Options 5800 Sep 2011            | 1,989     | 2,148                 | 0.3                   |
| Nikkei Call Options 10000 Aug 2011                  | 535       | 360                   | 0.1                   |
| S&P500 Call Options 1375 Sep 2011                   | 341       | 130                   | -                     |
| S&P500 Put Options 1200 Sep 2011                    | 7,315     | 5,978                 | 0.9                   |
| S&P500 Put Options 1250 Sep 2011                    | (3,658)   | (5,080)               | (0.8)                 |
| Societe Generale Call Options €64 Dec 2011          | 5,862     | 5                     | -                     |
| Unicredit Call Options €2.4 Dec 2011                | 17,130    | 57                    | -                     |
| VIX Index Call Options 27.5 Aug 2011                | 17,278    | 1,115                 | 0.2                   |
| VIX Index Call Options 35 Aug 2011                  | (17,278)  | (478)                 | (0.1)                 |
| VIX Index Put Options 17 Aug 11                     | 14,100    | 217                   | -                     |
| <b>Forward currency contracts - 0.3% ((0.6%))</b>   |           |                       |                       |
| <b>Australian Dollar</b>                            |           |                       |                       |
| Sell AUD 55,479,934 buy €36,573,296 dated 24/08/11  |           | (591)                 | (0.1)                 |
| <b>Canadian Dollar</b>                              |           |                       |                       |
| Sell CAD 8,852,539 buy £5,751,415 dated 24/08/11    |           | 30                    | -                     |
| <b>Euro</b>   |           |                       |                       |
| Buy €10,000,000 sell £8,801,200 dated 24/08/11      |           | (51)                  | -                     |
| Buy €4,000,000 sell \$5,754,800 dated 24/08/11      |           | (37)                  | -                     |
| Sell €329,326,436 buy £289,246,770 dated 24/08/11   |           | 1,068                 | 0.2                   |
| <b>Hong Kong Dollar</b>                             |           |                       |                       |
| Buy HKD 26,238,972 sell €2,350,000 dated 24/08/11   |           | 13                    | -                     |
| Buy HKD 28,690,391 sell \$3,683,403 dated 24/08/11  |           | (1)                   | -                     |
| Sell HKD 96,934,530 buy £7,722,674 dated 24/08/11   |           | 77                    | -                     |
| <b>Japanese Yen</b>                                 |           |                       |                       |
| Buy ¥256,620,356 sell £2,020,335 dated 24/08/11     |           | 12                    | -                     |
| Buy ¥4,233,447,025 sell \$53,680,621 dated 24/08/11 |           | 530                   | 0.1                   |
| Sell ¥9,365,371,470 buy £73,598,320 dated 24/08/11  |           | (568)                 | (0.1)                 |
| <b>Norwegian Krone</b>                              |           |                       |                       |
| Buy NOK 287,160,612 sell £32,079,644 dated 24/08/11 |           | 364                   | 0.1                   |
| <b>Singapore Dollar</b>                             |           |                       |                       |
| Sell SGD 9,874,701 buy £5,041,503 dated 24/08/11    |           | 7                     | -                     |
| <b>Swiss Franc</b>                                  |           |                       |                       |
| Sell CHF 4,418,798 buy £3,340,816 dated 24/08/11    |           | (51)                  | -                     |
| <b>US Dollar</b>                                    |           |                       |                       |
| Buy \$8,489,124 sell £5,268,444 dated 24/08/11      |           | (50)                  | -                     |
| Sell \$82,572,915 buy £51,230,249 dated 24/08/11    |           | 476                   | 0.1                   |
| <b>Swaps - 0.2% (0.0%)</b>                          |           |                       |                       |
| <b>DJ Euro Stoxx 50 Equity Variance Swaps</b>       |           |                       |                       |
| 16 Mar 2012   | 2,391     | 23                    | -                     |
| <b>DJ Euro Stoxx 50 Equity Variance Swaps</b>       |           |                       |                       |
| 16 Mar 2012   | 2,362     | (12)                  | -                     |
| <b>Hang Seng China Enterprises Index Equity</b>     |           |                       |                       |
| Variance Swap 29 Dec 2011                           | 15,764    | (785)                 | (0.1)                 |
| 100,000,000   | 476       | 0.1                   |                       |
| <b>Itraxx Credit Default Swap 20 Jun 2016</b>       |           |                       |                       |
| Kopsi 200 Index Equity Variance Swaps               |           |                       |                       |
| KRW 0.23 8 Dec 2011                                 | 8,116,437 | (781)                 | (0.1)                 |
| <b>Kopsi 200 Index Equity Variance Swaps</b>        |           |                       |                       |
| KRW 0.25 8 Dec 2011                                 | 4,247,095 | (779)                 | (0.1)                 |
| <b>Kopsi 200 Index Put Options Swaps</b>            |           |                       |                       |
| KRW 245 8 Sep 2011                                  | 6,423     | 170                   | -                     |
| <b>Kopsi 200 Index Put Options Swaps</b>            |           |                       |                       |
| KRW 260 8 Sep 2011                                  | (3,211)   | (291)                 | -                     |
| <b>S&amp;P500 Equity Variance Swaps</b>             |           |                       |                       |
| \$29.45 16 Dec 2011                                 | 2,699     | 966                   | 0.1                   |
| <b>S&amp;P500 Equity Variance Swaps</b>             |           |                       |                       |
| \$29.80 16 Dec 2011                                 | 2,635     | 974                   | 0.1                   |
| <b>S&amp;P500 Index Equity Variance Swaps</b>       |           |                       |                       |
| \$0.24 16 Dec 2011                                  | 7,037     | 1,026                 | 0.2                   |
| <b>DS&amp;P500 Index Equity Variance Swaps</b>      |           |                       |                       |
| \$0.22 16 Mar 2012                                  | 4,130     | (16)                  | -                     |
| <b>S&amp;P500 Index Equity Variance Swaps</b>       |           |                       |                       |
| \$0.24 16 Mar 2012                                  | 4,242     | (55)                  | -                     |

## Portfolio statement – continued

As at 31 July 2011

| Investment  | Holding | Market value   | Total net    |
|---|---------|----------------|--------------|
|   |         | £'000          | assets %     |
| <b>Futures – (0.1)% ((0.4)%)</b>                            |         |                |              |
| DJ Euro Stoxx 50 Index Futures Sep 2011                     | (1,717) | 883            | 0.1          |
| Euro Bund Futures Sep 2011                                  | 772     | 322            | 0.1          |
| Euro BUXL 30 Year Bond Futures Sep 2011                     | (396)   | (1,549)        | (0.2)        |
| Euro Schatz Futures Sep 2011                                | (4,429) | (3,354)        | (0.5)        |
| Hang Seng Put Futures 21800 Aug 2011                        | 1,038   | (206)          | -            |
| HSCEI Put Futures 11600 Sep 2011                            | 2,758   | (174)          | -            |
| HSCEI Put Futures 12400 Sep 2011                            | (1,379) | (202)          | -            |
| JPN 10 Year Bond Futures Sep 2011                           | (53)    | (466)          | (0.1)        |
| Long Gilt Futures Sep 2011                                  | 1,226   | 3,957          | 0.6          |
| Russell 2000 Mini Futures Sep 2011                          | (1,317) | 306            | -            |
| US 5 Year Note Futures Sep 2011                             | 3,130   | 272            | -            |
| US Long Bond Futures Sep 2011                               | (1,517) | (679)          | (0.1)        |
| <b>Investment assets (including investment liabilities)</b> |         | <b>587,056</b> | <b>89.2</b>  |
| <b>Net other assets</b>                                     |         | <b>71,266</b>  | <b>10.8</b>  |
| <b>Net assets</b>   |         | <b>658,322</b> | <b>100.0</b> |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

| Portfolio credit ratings                                    | Market value<br>£'000 |
|---|-----------------------|
| AAA   | 288,000               |
| AA-   | 49,839                |
| A   | 1,931                 |
| A-  | 6,090                 |
| BBB+  | 3,611                 |
| BBB   | 4,718                 |
| BBB-  | 17,746                |
| B+  | 6,599                 |
| Unrated   | 13,974                |
| <b>Total bonds</b>  | <b>392,508</b>        |
| Equities  | 188,154               |
| Options   | 5,140                 |
| Forward currency contracts                                  | 1,228                 |
| Swaps   | 916                   |
| Futures   | (890)                 |
| <b>Investment assets (including investment liabilities)</b> | <b>587,056</b>        |

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000          |  | £'000           |
|--|----------------|--|-----------------|
| <b>Total of all purchases for the period</b>                   | <b>416,166</b> | <b>Total of all sales for the period</b> | <b>475,700</b>  |
| <b>Major purchases</b>   | <b>Cost</b>    | <b>Major sales</b>                       | <b>Proceeds</b> |
| Italy 3% 2015  | 52,606         | Japan 1.8% 2030                          | 40,515          |
| European Investment Bank 3.625% 2021                           | 39,724         | Treasury 4.25% 2039                      | 22,678          |
| European Financial Stability Facility 3.375% 2021              | 20,459         | European Investment Bank 4.25% 2019      | 17,702          |
| KPN  | 14,622         | British American Tobacco                 | 14,828          |
| Union Pacific  | 11,417         | Fresenius Medical Care                   | 12,608          |
| Telefonica   | 11,316         | Abbott Laboratories                      | 12,478          |
| European Investment Bank 6% 2013                               | 9,996          | Vornado Realty 3.875% 2025               | 11,239          |
| Resolution   | 9,219          | Xstrata                                  | 10,876          |
| Singapore Telecommunications                                   | 9,142          | Telefonica                               | 10,438          |
| BP   | 8,669          | Singapore Telecommunications             | 10,203          |
| HSBC   | 7,764          | Sanofi-Aventis                           | 10,165          |
| BG Group   | 7,507          | McDonald's                               | 9,592           |
| Wereldhave 0% Convertible 2014                                 | 7,504          | Union Pacific                            | 9,242           |
| Portugal Telecom International Finance 4.125% Convertible 2014 | 7,489          | WPP                                      | 8,858           |
| Barrick Gold   | 7,183          | KPN                                      | 8,781           |
| Thyssen Krupp  | 6,966          | KFW 3.25% Convertible 2013               | 8,603           |
| British American Tobacco                                       | 6,831          | Norfolk Southern                         | 8,078           |
| Apple  | 6,396          | Boston Properties 3.75% Convertible 2036 | 7,907           |
| United States Treasury 2.375% 2015                             | 6,373          | Coca-Cola                                | 7,848           |
| European Investment Bank 5.375% 2014                           | 6,013          | Health Care REIT 3% Convertible 2029     | 7,345           |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000   | 2011<br>£'000   | £'000   | 2010<br>£'000 |
|---|---------|-----------------|---------|---------------|
| Income  |         |                 |         |               |
| Net capital (losses)/gains  |         | (18,139)        |         | 1,778         |
| Revenue   | 10,611  |                 | 11,103  |               |
| Expenses  | (4,967) |                 | (5,250) |               |
| Net revenue before taxation   | 5,644   |                 | 5,853   |               |
| Taxation  | (367)   |                 | (160)   |               |
| Net revenue after taxation  |         | 5,277           |         | 5,693         |
| <b>Total return before distributions</b>  |         | <b>(12,862)</b> |         | <b>7,471</b>  |
| Finance costs: Distributions  |         | (5,254)         |         | (5,690)       |
| <b>Change in net assets attributable to shareholders from investment activities</b> |         | <b>(18,116)</b> |         | <b>1,781</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000     | 2011<br>£'000  | £'000    | 2010<br>£'000  |
|--|-----------|----------------|----------|----------------|
| <b>Opening net assets attributable to shareholders</b>                                   |           | <b>768,239</b> |          | <b>736,423</b> |
| Amounts receivable on issue of shares  | 5,385     |                | 73,276   |                |
| Amounts payable on cancellation of shares  | (100,916) |                | (56,386) |                |
|  |           | (95,531)       |          | 16,890         |
| Change in net assets attributable to shareholders from investment activities (see above) |           | (18,116)       |          | 1,781          |
| Retained distributions on accumulation shares  |           | 3,759          |          | 4,221          |
| Stamp duty reserve tax   |           | (29)           |          | (49)           |
| <b>Closing net assets attributable to shareholders</b>                                   |           | <b>658,322</b> |          | <b>759,266</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                 | 31 January 2011 |                 |
|--|--------------|-----------------|-----------------|-----------------|
|  | £'000        | £'000           | £'000           | £'000           |
| <b>ASSETS</b>                                  |              |                 |                 |                 |
| Investment assets                              |              | 603,932         |                 | 668,796         |
| Debtors  | 5,700        |                 | 9,875           |                 |
| Cash and bank balances                         | 72,238       |                 | 160,167         |                 |
| <b>Total other assets</b>                      |              | <b>77,938</b>   |                 | <b>170,042</b>  |
| <b>Total assets</b>                            |              | <b>681,870</b>  |                 | <b>838,838</b>  |
| <b>LIABILITIES</b>                             |              |                 |                 |                 |
| Investment liabilities                         |              | (16,876)        |                 | (24,904)        |
| Creditors                                      | (6,518)      |                 | (45,555)        |                 |
| Distribution payable on income shares          | (154)        |                 | (140)           |                 |
| <b>Total other liabilities</b>                 |              | <b>(6,672)</b>  |                 | <b>(45,695)</b> |
| <b>Total liabilities</b>                       |              | <b>(23,548)</b> |                 | <b>(70,599)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>658,322</b>  |                 | <b>768,239</b>  |

# JPM Emerging Markets Fund

## Investment objective and policy<sup>A</sup>

To provide long term capital growth by investing primarily in equity and equity-linked securities of emerging markets companies. Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed interest securities, cash and cash equivalents may be held on an ancillary basis, as appropriate.

## Risk profile

This equity based Fund is designed for investors looking for exposure to emerging markets which may include smaller company investments.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

The Fund invests in emerging markets, which may be subject to additional political and economic risks, low liquidity, poor transparency and greater financial risks.

The underlying assets of the Fund are denominated in currencies other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

Emerging markets rose in sterling terms in the review period, outperforming developed markets. The asset class was range bound, weighed down by inflation worries, tighter monetary policy and concerns over a slowdown in Chinese growth.

Emerging EMEA was the best performing region, after Russia, which delivered strong performance, boosted by the oil price. Emerging Asia declined, although performance was diverse across markets. Korea and Indonesia delivered healthy returns on strong consumer sectors, while Indian equities suffered on higher inflation and monetary tightening. Underperforming its regional peers, Latin America declined as Brazil was negatively impacted by tighter policy and political risk.

The Fund outperformed in the period. Stock selection in China, India and Korea contributed positively to returns. However, names in Taiwan, South Africa and Mexico detracted. Our positions in Indonesia were positive, as were Asian industrials ideas. Underweights in Russia and Korea hurt performance as both markets performed strongly over the period.

## Fund outlook

We believe emerging markets are attractively valued but face headwinds from inflation and policy tightening, though inflation is close to a cyclical peak. If central banks move to a neutral stance we could see a strong finish to the year. The main risk to this scenario comes from fiscal challenges in the developed world not from emerging markets. If central banks successfully contain inflation, growth will need to moderate - there are already signs of this across emerging markets. Areas of strong thematic interest for the portfolio are focused exposure in the consumer sector, service businesses and franchise-quality industrials.

## 12 month performance to 31 July

|   | 2011         | 2010         | 2009        | 2008         | 2007         |
|---|--------------|--------------|-------------|--------------|--------------|
| <b>JPM Emerging Markets A-Class Acc</b> | <b>9.3%</b>  | <b>27.0%</b> | <b>0.1%</b> | <b>-0.4%</b> | <b>35.9%</b> |
| <b>JPM Emerging Markets B-Class Acc</b> | <b>9.9%</b>  | <b>27.7%</b> | <b>-</b>    | <b>-</b>     | <b>-</b>     |
| <b>JPM Emerging Markets I-Class Acc</b> | <b>10.1%</b> | <b>27.8%</b> | <b>0.8%</b> | <b>0.2%</b>  | <b>36.7%</b> |
| Benchmark Index                         | 12.1%        | 27.0%        | -0.6%       | -1.9%        | 38.3%        |

## Six month performance to 31 July 2011

|   |             |
|---|-------------|
| <b>JPM Emerging Markets A-Class Acc</b> | <b>2.3%</b> |
| Benchmark Index                         | 0.7%        |

## Fund statistics

|                 |   |
|-----------------|---|
| Fund size       | <b>£1,056.6m</b>                                |
| Benchmark Index | <b>MSCI Emerging Markets (Total Return Net)</b> |
| Fund charges    |   |
| A-Class         | <b>Initial 4.25%, Annual 1.50%</b>              |
| B-Class         | <b>Initial Nil, Annual 1.00%</b>                |
| I-Class         | <b>Initial Nil, Annual 1.00%</b>                |

## Top ten holdings

|                                    | %   |
|------------------------------------|-----|
| Vale ADR Preference                | 4.3 |
| Housing Development Finance        | 4.3 |
| Samsung Electronics                | 3.7 |
| Petrobras ADR Preference           | 3.4 |
| Taiwan Semiconductor Manufacturing | 3.1 |
| Hyundai Mobis                      | 3.0 |
| CNOOC                              | 2.7 |
| Bharti Airtel                      | 2.6 |
| Infosys Technologies               | 2.5 |
| Hyundai Motor                      | 2.4 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 02/08/10 the investment objective policy of the Fund was changed.

Benchmark Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express of implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

## Geographical breakdown

|                  | %    |
|------------------|------|
| Brazil           | 15.2 |
| China            | 13.9 |
| India            | 12.9 |
| South Korea      | 11.6 |
| South Africa     | 8.3  |
| Hong Kong        | 6.8  |
| Taiwan           | 5.3  |
| Mexico           | 4.6  |
| Russia           | 3.7  |
| Indonesia        | 3.5  |
| Turkey           | 2.8  |
| Chile            | 1.4  |
| Argentina        | 1.2  |
| Singapore        | 1.1  |
| Hungary          | 1.1  |
| Egypt            | 0.7  |
| Sweden           | 0.6  |
| Malaysia         | 0.5  |
| Liquidity        | 3.7  |
| Net other assets | 1.1  |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 98.32p              | 73.14p             | 0.42p                        |
| 2007   | 133.7p              | 94.19p             | 0.26p                        |
| 2008   | 134.4p              | 67.49p             | 0.35p                        |
| 2009   | 136.3p              | 76.63p             | 0.78p                        |
| 2010   | 166.5p              | 127.1p             | 0.37p                        |
| 2011 <sup>a</sup>                              | 168.0p              | 146.8p             | 0.10p                        |
| <b>A-Class Income Shares<sup>c</sup></b>       |                     |                    |                              |
| 2007   | 59.71p              | 49.14p             | -                            |
| 2008   | 59.96p              | 30.12p             | 0.04p                        |
| 2009   | 60.17p              | 33.85p             | 0.35p                        |
| 2010   | 73.25p              | 56.09p             | 0.19p                        |
| 2011 <sup>a</sup>                              | 73.88p              | 64.49p             | 0.04p                        |
| <b>B-Class Accumulation Shares<sup>d</sup></b> |                     |                    |                              |
| 2008   | 114.9p              | 100.0p             | -                            |
| 2009   | 179.4p              | 100.4p             | 0.21p                        |
| 2010   | 220.3p              | 167.3p             | 1.25p                        |
| 2011 <sup>a</sup>                              | 222.2p              | 194.2p             | 0.16p                        |
| <b>B-Class Income Shares<sup>e</sup></b>       |                     |                    |                              |
| 2010   | 103.9p              | 100.3p             | -                            |
| 2011 <sup>a</sup>                              | 104.8p              | 91.57p             | 0.00p                        |
| <b>I-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 359.5p              | 266.6p             | 3.04p                        |
| 2007   | 491.8p              | 344.4p             | 3.00p                        |
| 2008   | 495.2p              | 249.4p             | 3.56p                        |
| 2009   | 507.7p              | 283.6p             | 5.15p                        |
| 2010   | 624.4p              | 473.6p             | 4.17p                        |
| 2011 <sup>a</sup>                              | 629.9p              | 550.5p             | 4.14p                        |

<sup>a</sup> To 31 July 2011.

<sup>c</sup> A-Class Income Shares were launched on 1 September 2007.

<sup>d</sup> B-Class Accumulation Shares were launched on 3 December 2008.

<sup>e</sup> B-Class Income Shares were launched on 14 December 2010.

## Portfolio turnover rate

|          |      |
|----------|------|
| 31.01.11 | 3.1% |
| 31.07.11 | 9.3% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 236,115                                  | 280,194,314      | 84.27p                    | 1.67%               |
| 31.01.10                           | 435,085                                  | 340,501,356      | 127.8p                    | 1.67%               |
| 31.01.11                           | 575,212                                  | 376,893,683      | 152.6p                    | 1.68%               |
| 31.07.11                           | 563,372                                  | 361,966,658      | 155.6p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>f</sup>              | 514                                      | 1,380,730        | 37.24p                    | 1.67%               |
| 31.01.10 <sup>f</sup>              | 4,938                                    | 8,785,925        | 56.20p                    | 1.66%               |
| 31.01.11 <sup>f</sup>              | 9,978                                    | 14,871,643       | 67.09p                    | 1.68%               |
| 31.07.11                           | 9,879                                    | 14,438,285       | 68.42p                    | 1.68%               |
| <b>B-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 625                                      | 566,900          | 110.3p                    | 1.15%               |
| 31.01.10                           | 1,929                                    | 1,146,736        | 168.2p                    | 1.15%               |
| 31.01.11                           | 2,493                                    | 1,234,606        | 201.9p                    | 1.15%               |
| 31.07.11                           | 9,465                                    | 4,583,552        | 206.5p                    | 1.15%               |
| <b>B-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.11 <sup>f</sup>              | 20,942                                   | 21,984,985       | 95.26p                    | 1.15%               |
| 31.07.11                           | 30,532                                   | 31,350,758       | 97.39p                    | 1.15%               |
| <b>I-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 119,908                                  | 38,438,851       | 311.9p                    | 1.00%               |
| 31.01.10                           | 241,402                                  | 50,701,924       | 476.1p                    | 1.00%               |
| 31.01.11                           | 372,358                                  | 65,031,129       | 572.6p                    | 1.00%               |
| 31.07.11                           | 443,368                                  | 75,679,464       | 585.9p                    | 1.00%               |

<sup>f</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment  | Holding    | Market value<br>£'000 | Total net<br>assets % |
|---|------------|-----------------------|-----------------------|
| <b>Brazil - 15.2% (16.4%)</b>                       |            |                       |                       |
| All America Latina Logistica                        | 1,174,527  | 5,127                 | 0.5                   |
| Banco Itau Non-Cum Preference                       | 1,535,802  | 18,668                | 1.8                   |
| Cielo   | 735,233    | 12,175                | 1.2                   |
| Companhia de Bebidas das Americas<br>ADR Preference | 1,175,395  | 22,015                | 2.1                   |
| Itau Unibanco Multiplo ADR Preference               | 215,900    | 2,663                 | 0.3                   |
| OGX Petroleo e Gas Participacoes                    | 2,588,200  | 13,050                | 1.2                   |
| Petrobras ADR Preference                            | 1,986,146  | 37,249                | 3.4                   |
| Vale ADR Preference                                 | 2,484,956  | 45,627                | 4.3                   |
| WEG   | 691,700    | 4,525                 | 0.4                   |
| <b>China - 13.9% (12.4%)</b>                        |            |                       |                       |
| Anhui Conch Cement 'H'                              | 7,216,000  | 20,764                | 2.0                   |
| China Construction Bank 'H'                         | 44,275,050 | 21,920                | 2.1                   |
| China Merchants Bank 'H'                            | 15,504,650 | 22,589                | 2.1                   |
| CNOOC   | 20,758,000 | 28,442                | 2.7                   |
| New Oriental Education & Technology ADR             | 146,958    | 11,024                | 1.0                   |
| Ping An Insurance 'H'                               | 3,817,500  | 22,798                | 2.2                   |
| Tsingtao Brewery 'H'                                | 3,758,000  | 14,576                | 1.4                   |
| Wumart Stores 'H'                                   | 2,955,000  | 4,538                 | 0.4                   |
| <b>India - 12.9% (11.6%)</b>                        |            |                       |                       |
| ACC   | 670,066    | 9,417                 | 0.9                   |
| Ambuja Cements                                      | 1,584,459  | 2,847                 | 0.3                   |
| Bharti Airtel                                       | 4,531,926  | 27,531                | 2.6                   |
| Housing Development Finance                         | 4,699,200  | 44,983                | 4.3                   |
| Infosys Technologies                                | 293,269    | 11,310                | 1.1                   |
| Infosys Technologies ADR                            | 380,187    | 14,436                | 1.4                   |
| Jindal Steel & Power                                | 933,200    | 7,622                 | 0.7                   |
| Reliance Capital                                    | 764,847    | 6,116                 | 0.6                   |
| United Spirits                                      | 721,300    | 10,269                | 1.0                   |
| <b>South Korea - 11.6% (10.6%)</b>                  |            |                       |                       |
| E-mart  | 65,199     | 10,382                | 1.0                   |
| Hyundai Mobis                                       | 141,370    | 31,277                | 3.0                   |
| Hyundai Motor                                       | 189,409    | 25,915                | 2.4                   |
| POSCO   | 42,817     | 11,567                | 1.1                   |
| Samsung Electronics                                 | 78,711     | 38,632                | 3.7                   |
| Shinsegae   | 23,026     | 4,397                 | 0.4                   |
| <b>South Africa - 8.3% (8.3%)</b>                   |            |                       |                       |
| African Bank Investments                            | 3,690,741  | 11,391                | 1.1                   |
| FirstRand   | 4,169,706  | 7,324                 | 0.7                   |
| Impala Platinum                                     | 1,035,510  | 16,329                | 1.5                   |
| Massmart  | 606,745    | 7,959                 | 0.8                   |
| MTN Group   | 1,683,312  | 21,966                | 2.1                   |
| Naspers 'N'   | 494,100    | 16,264                | 1.5                   |
| Rand Merchant Insurance                             | 1,459,744  | 1,634                 | 0.2                   |
| RMB   | 1,826,544  | 4,228                 | 0.4                   |
| <b>Hong Kong - 6.8% (9.4%)</b>                      |            |                       |                       |
| AIA Group   | 6,893,000  | 15,542                | 1.5                   |
| China Mobile  | 2,861,500  | 17,461                | 1.7                   |
| China Resources Enterprise                          | 4,628,000  | 12,332                | 1.2                   |
| Hang Lung Properties                                | 4,045,000  | 9,184                 | 0.9                   |
| Li & Fung   | 15,256,000 | 15,563                | 1.5                   |
| <b>Taiwan - 5.3% (6.2%)</b>                         |            |                       |                       |
| Delta Electronics                                   | 4,007,000  | 8,661                 | 0.8                   |
| Hon Hai Precision Industry                          | 8,167,292  | 14,296                | 1.4                   |
| Taiwan Semiconductor Manufacturing                  | 3,979,480  | 6,093                 | 0.6                   |
| Taiwan Semiconductor Manufacturing ADS              | 3,449,754  | 26,096                | 2.5                   |
| <b>Mexico - 4.6% (6.7%)</b>                         |            |                       |                       |
| Grupo Financiero Banorte 'O'                        | 6,940,372  | 18,236                | 1.7                   |
| NII Holdings  | 461,416    | 11,940                | 1.1                   |
| Wal-Mart de Mexico 'V'                              | 11,621,720 | 19,298                | 1.8                   |
| <b>Russia - 3.7% (4.3%)</b>                         |            |                       |                       |
| Magnit  | 40,500     | 3,506                 | 0.3                   |
| Magnit GDR  | 818,200    | 15,249                | 1.4                   |
| Sberbank  | 9,475,395  | 21,386                | 2.0                   |
| <b>Indonesia - 3.5% (2.7%)</b>                      |            |                       |                       |
| Astra International                                 | 3,966,500  | 20,128                | 1.9                   |
| Bank Rakyat Indonesia                               | 26,677,194 | 13,200                | 1.2                   |
| Unilever Indonesia                                  | 4,465,600  | 5,016                 | 0.4                   |

| Investment                           | Holding    | Market value<br>£'000 | Total net<br>assets % |
|--------------------------------------|------------|-----------------------|-----------------------|
| <b>Turkey - 2.8% (2.9%)</b>          |            |                       |                       |
| KOC                                  | 2,785,300  | 7,169                 | 0.7                   |
| Turkiye Garanti Bankasi              | 8,182,260  | 22,134                | 2.1                   |
| <b>Chile - 1.4% (1.3%)</b>           |            |                       |                       |
| Banco Santander Chile ADR            | 263,983    | 15,057                | 1.4                   |
| <b>Argentina - 1.2% (1.4%)</b>       |            |                       |                       |
| Tenaris ADR                          | 488,355    | 13,075                | 1.2                   |
| <b>Singapore - 1.1% (0.0%)</b>       |            |                       |                       |
| Jardine Matheson                     | 344,000    | 12,115                | 1.1                   |
| <b>Hungary - 1.1% (1.1%)</b>         |            |                       |                       |
| OTP Bank                             | 643,900    | 11,232                | 1.1                   |
| <b>Egypt - 0.7% (0.6%)</b>           |            |                       |                       |
| Orascom Constructions Industry       | 283,767    | 7,533                 | 0.7                   |
| <b>Sweden - 0.6% (0.7%)</b>          |            |                       |                       |
| Oriflame Cosmetics SDR               | 241,297    | 6,629                 | 0.6                   |
| <b>Malaysia - 0.5% (0.6%)</b>        |            |                       |                       |
| British American Tobacco Malaysia    | 566,000    | 5,428                 | 0.5                   |
| <b>Liquidity - 3.7% (0.0%)</b>       |            |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^ | 39,450,000 | 39,450                | 3.7                   |
| <b>Investment assets</b>             |            | <b>1,044,555</b>      | <b>98.9</b>           |
| <b>Net other assets</b>              |            | <b>12,061</b>         | <b>1.1</b>            |
| <b>Net assets</b>                    |            | <b>1,056,616</b>      | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000          |  | £'000           |
|--|----------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>168,443</b> | <b>Total of all sales for the period</b> | <b>91,295</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>    | <b>Sales</b>                             | <b>Proceeds</b> |
| JPM Sterling Liquidity 'X' (Income)          | 56,900         | JPM Sterling Liquidity 'X' (Income)      | 17,450          |
| China Construction Bank 'H'                  | 11,056         | America Movil ADR                        | 10,726          |
| Jardine Matheson                             | 10,939         | Tencent                                  | 10,673          |
| Delta Electronics                            | 10,807         | Massmart                                 | 8,471           |
| Samsung Electronics                          | 7,710          | KT&G                                     | 8,319           |
| CNOOC  | 6,922          | Esprit                                   | 7,127           |
| Naspers 'N'                                  | 6,111          | Anhui Conch Cement 'H'                   | 6,182           |
| Bharti Airtel                                | 5,300          | Sberbank                                 | 6,029           |
| Ping An Insurance 'H'                        | 4,044          | Acer                                     | 5,571           |
| United Spirits                               | 3,234          | New Oriental Education & Technology ADR  | 3,606           |
| Li & Fung                                    | 3,105          | Cemex ADR                                | 2,907           |
| Vale ADR Preference                          | 2,531          | China Merchants Bank 'H'                 | 2,476           |
| Housing Development Finance                  | 2,485          | All America Latina Logistica             | 1,463           |
| FirstRand                                    | 2,273          | Rand Merchant Insurance Holdings         | 295             |
| Petrobras ADR Preference                     | 2,183          |  |                 |
| Taiwan Semiconductor Manufacturing ADS       | 2,129          |  |                 |
| Hyundai Mobis                                | 1,692          |  |                 |
| Infosys Technologies ADR                     | 1,602          |  |                 |
| Hyundai Motor                                | 1,471          |  |                 |
| Itau Unibanco Multiplo ADR Preference        | 1,386          |  |                 |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000   | 2011<br>£'000 | £'000   | 2010<br>£'000 |
|---|---------|---------------|---------|---------------|
| Income  |         |               |         |               |
| Net capital gains   |         | 13,356        |         | 79,949        |
| Revenue   | 13,196  |               | 8,493   |               |
| Expenses  | (6,880) |               | (5,634) |               |
| Net revenue before taxation   | 6,316   |               | 2,859   |               |
| Taxation  | (1,315) |               | (572)   |               |
| Net revenue after taxation  |         | 5,001         |         | 2,287         |
| <b>Total return before distributions</b>  |         | <b>18,357</b> |         | <b>82,236</b> |
| Finance costs: Distributions  |         | 254           |         | 57            |
| <b>Change in net assets attributable to shareholders from investment activities</b> |         | <b>18,611</b> |         | <b>82,293</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000    | 2011<br>£'000    | £'000    | 2010<br>£'000  |
|--|----------|------------------|----------|----------------|
| <b>Opening net assets attributable to shareholders</b>                                   |          | <b>980,983</b>   |          | <b>683,354</b> |
| Amounts receivable on issue of shares  | 131,175  |                  | 80,957   |                |
| Amounts payable on cancellation of shares  | (74,153) |                  | (28,469) |                |
|  |          | 57,022           |          | 52,488         |
| Change in net assets attributable to shareholders from investment activities (see above) |          | 18,611           |          | 82,293         |
| <b>Closing net assets attributable to shareholders</b>                                   |          | <b>1,056,616</b> |          | <b>818,135</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                  | 31 January 2011 |                |
|--|--------------|------------------|-----------------|----------------|
|  | £'000        | £'000            | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |                  |                 |                |
| Investment assets                              |              | 1,044,555        |                 | 954,004        |
| Debtors  | 4,788        |                  | 4,455           |                |
| Cash and bank balances                         | 8,799        |                  | 24,793          |                |
| <b>Total other assets</b>                      |              | <b>13,587</b>    |                 | <b>29,248</b>  |
| <b>Total assets</b>                            |              | <b>1,058,142</b> |                 | <b>983,252</b> |
| <b>LIABILITIES</b>                             |              |                  |                 |                |
| Creditors                                      | (1,526)      |                  | (2,263)         |                |
| Distribution payable on income shares          | -            |                  | (6)             |                |
| <b>Total liabilities</b>                       |              | <b>(1,526)</b>   |                 | <b>(2,269)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>1,056,616</b> |                 | <b>980,983</b> |

# JPM Emerging Markets Infrastructure Fund

## Important Information

### Change of investment policy

The investment policy was amended on 1 February 2011 to clarify that any future use of derivatives for investment purposes may change the risk profile of the Fund as follows:

“To achieve long-term capital growth by investing primarily in emerging markets companies related to infrastructure opportunities.

Investments may include, but are not limited to, companies found in the capital goods, transportation, telecommunication services, utilities, energy, materials and real estate sectors. Issuers of these securities may be located in any country and the Fund may invest significantly in emerging markets and smaller companies (see sections 11.8 and 11.11 – Risk Warnings). Derivatives may be used for the purpose of efficient portfolio management, including hedging, where appropriate (see Section 11.14 for Risk Warnings on derivatives). Subject to at least 60 days’ notice to shareholders, the Fund may use derivatives for investment purposes which may change the risk profile of the Fund. The Fund may hold non-equity investments from time to time, as appropriate.”

For the avoidance of doubt, this is not a notice that the above sub-funds would use derivatives for investment purposes; such notice will be subject to at least 60 days notice to shareholders.

### Risk profile

This equity based Fund is designed for investors looking for enhanced long-term capital growth, but who are comfortable with the additional economic, currency and political risks associated with emerging market and smaller company investments. The Fund may take significant positions at the stock selection, sector and country allocation levels via a relatively concentrated portfolio, with the result that the Fund’s volatility may be high.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market’s perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

The Fund invests in emerging markets, which may be subject to additional political and economic risks, low liquidity, poor transparency and greater financial risks.

Smaller companies’ securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

The underlying assets of the Fund are denominated in currencies other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

Emerging markets rose in sterling terms in the period, outperforming developed markets. The asset class was range bound, weighed down by inflation worries, tighter monetary policy and concerns over a slowdown in Chinese growth. Emerging EMEA was the best performing region, after Russia, which delivered strong performance, boosted by the oil price. Emerging Asia declined, although performance was diverse across markets. Underperforming its regional peers, Latin America declined as Brazil was negatively impacted by tighter policy and political risk.

The Fund underperformed its benchmark in the period. Stock selection in Brazil was the greatest contributor to returns, notably underweight positions in blue chip energy and materials names. Our relative positions in energy related names in China, Colombia and Turkmenistan detracted as did construction names in India. The Fund benefited from selective exposure to Turkey and Korea

## Fund outlook

We believe emerging markets are attractively valued but face headwinds from inflation and policy tightening, though inflation is close to a cyclical peak. If central banks move to a neutral stance in the fourth quarter we expect a strong finish to the year. The main risk to this scenario comes from fiscal challenges in the developed world not from emerging markets themselves.

Infrastructure in emerging markets remains a compelling urbanisation play. Emerging markets will need better housing and infrastructure - including transportation, water, sanitation and electricity. Governments in emerging markets continue to stimulate domestic markets as exports struggle, through much needed infrastructure investments, funded in many cases by current account surpluses.

## 12 month performance to 31 July

|  | 2011         | 2010         |
|--|--------------|--------------|
| <b>JPM Emerging Markets Infrastructure A-Class Acc</b> | <b>12.6%</b> | <b>25.3%</b> |
| Benchmark Index <sup>a</sup>                           | 13.4%        | 22.4%        |

## Six month performance to 31 July 2011

|  |              |
|--|--------------|
| <b>JPM Emerging Markets Infrastructure A-Class Acc</b> | <b>-2.4%</b> |
| Benchmark Index <sup>a</sup>                           | 0.2%         |

## Fund statistics

|                              |   |
|------------------------------|---|
| Fund size                    | <b>£30.6m</b>   |
| Benchmark Index <sup>a</sup> | <b>MSCI Customised Emerging Markets Infrastructure Index (Total Return Net)</b> |
| Fund charges                 | <b>Initial 4.25%, Annual 1.75%</b>  |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>a</sup> Benchmark for this Fund is customised by Morgan Stanley Capital International (MSCI), limited to seven sectors: Energy, Materials (excluding Fertilizers & Agricultural Chemicals, Metal & Glass Containers, Paper Packaging, and Gold), Capital Goods (excluding Trading Companies & Distributors), Transportation, Real Estate (excluding Residential REITs and Retail REITs), Telecommunication Services and Utilities.

Benchmark Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express of implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI’s express written consent.

## Top ten holdings

|                                     | %   |
|-------------------------------------|-----|
| Ultrapar Participacoes ADR          | 3.5 |
| Bidvest Group                       | 3.1 |
| Pacific Rubiales Energy             | 3.0 |
| Aggreko                             | 2.9 |
| OGX Petroleo e Gas Participacoes    | 2.6 |
| Millicom International Cellular BDR | 2.6 |
| Dragon Oil                          | 2.5 |
| Samsung Engineering                 | 2.4 |
| Jindal Steel & Power                | 2.4 |
| Vale ADR                            | 2.3 |

## Geographical breakdown

|                      | %    |
|----------------------|------|
| Brazil               | 22.1 |
| India                | 11.9 |
| South Africa         | 8.7  |
| Russia               | 7.1  |
| Turkey               | 6.6  |
| South Korea          | 6.6  |
| Colombia             | 4.7  |
| China                | 4.5  |
| United Arab Emirates | 3.9  |
| Mexico               | 3.0  |
| Hong Kong            | 3.0  |
| Sweden               | 2.6  |
| Turkmenistan         | 2.5  |
| Ghana                | 2.0  |
| Taiwan               | 1.5  |
| Indonesia            | 1.0  |
| Nigeria              | 1.0  |
| Argentina            | 0.8  |
| Singapore            | 0.7  |
| Net other assets     | 5.8  |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares<sup>8</sup></b> |                     |                    |                              |
| 2008   | 53.42p              | 31.26p             | -                            |
| 2009   | 68.50p              | 35.43p             | 0.00p                        |
| 2010   | 86.11p              | 64.41p             | 0.58p                        |
| 2011 <sup>c</sup>                              | 87.25p              | 76.79p             | 0.08p                        |
| <b>A-Class Income Shares<sup>8</sup></b>       |                     |                    |                              |
| 2008   | 53.42p              | 31.26p             | -                            |
| 2009   | 68.53p              | 35.43p             | 0.00p                        |
| 2010   | 85.32p              | 63.95p             | 0.58p                        |
| 2011 <sup>c</sup>                              | 86.45p              | 76.01p             | 0.05p                        |

<sup>8</sup> A-Class Accumulation and A-Class Income Shares were launched on 16 September 2008.

<sup>c</sup> To 31 July 2011.

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.01.11 | 78.8% |
| 31.07.11 | 28.4% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 1,290                                    | 3,264,404        | 39.51p                    | 1.93%               |
| 31.01.10                           | 8,379                                    | 12,938,640       | 64.76p                    | 1.93%               |
| 31.01.11                           | 21,208                                   | 26,262,505       | 80.76p                    | 1.93%               |
| 31.07.11                           | 27,655                                   | 35,063,172       | 78.87p                    | 1.93%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>9</sup>              | 1,210                                    | 3,064,308        | 39.50p                    | 1.93%               |
| 31.01.10 <sup>9</sup>              | 1,440                                    | 2,244,547        | 64.17p                    | 1.93%               |
| 31.01.11 <sup>9</sup>              | 2,358                                    | 2,949,559        | 79.94p                    | 1.93%               |
| 31.07.11                           | 2,935                                    | 3,759,575        | 78.08p                    | 1.93%               |

<sup>9</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>Brazil - 22.1% (19.8%)</b>             |           |                       |                       |
| AES Tiete                                 | 70,317    | 617                   | 2.0                   |
| BR Malls Participacoes                    | 48,870    | 341                   | 1.1                   |
| Companhia de Concessoes Rodovitarias      | 15,750    | 280                   | 0.9                   |
| HRT Participacoes                         | 600       | 337                   | 1.1                   |
| Mills Estruturas e Servicos               | 50,630    | 416                   | 1.4                   |
| OGX Petroleo e Gas Participacoes          | 155,700   | 785                   | 2.6                   |
| OSX Brasil                                | 1,700     | 244                   | 0.8                   |
| Petrobras ADR Preference                  | 16,600    | 311                   | 1.0                   |
| Randon sa Implementos e Participaco       |           |                       |                       |
| Non Cumulative Preference                 | 66,660    | 277                   | 0.9                   |
| Tegma Gestao Logistica                    | 42,800    | 400                   | 1.3                   |
| Telecomunicacoes de Sao Paulo ADR         | 31,620    | 608                   | 2.0                   |
| Ultrapar Participacoes ADR                | 97,640    | 1,061                 | 3.5                   |
| Vale ADR                                  | 35,291    | 713                   | 2.3                   |
| WEG                                       | 55,629    | 364                   | 1.2                   |
| <b>India - 11.9% (10.3%)</b>              |           |                       |                       |
| ACC                                       | 15,460    | 217                   | 0.7                   |
| Ambuja Cements                            | 116,380   | 209                   | 0.7                   |
| Bharti Airtel                             | 96,780    | 588                   | 1.9                   |
| Coal India                                | 61,273    | 331                   | 1.1                   |
| Crompton Greaves                          | 131,510   | 305                   | 1.0                   |
| Jindal Steel & Power                      | 88,550    | 723                   | 2.4                   |
| Larsen & Toubro                           | 28,400    | 681                   | 2.2                   |
| Sintex Industries                         | 156,160   | 382                   | 1.2                   |
| Ultra Tech Cement                         | 15,850    | 227                   | 0.7                   |
| <b>South Africa - 8.7% (7.9%)</b>         |           |                       |                       |
| AECI                                      | 47,170    | 343                   | 1.1                   |
| African Rainbow Minerals                  | 33,800    | 581                   | 1.9                   |
| Aveng                                     | 80,110    | 260                   | 0.8                   |
| Bidvest Group                             | 67,200    | 959                   | 3.1                   |
| Kumba Iron                                | 12,100    | 558                   | 1.8                   |
| <b>Russia - 7.1% (8.5%)</b>               |           |                       |                       |
| AO Tatneft ADR                            | 16,200    | 415                   | 1.4                   |
| EurAsia Drilling Company GDR              | 28,670    | 516                   | 1.7                   |
| Magnitogorsk Iron & Steel Works GDR       | 52,220    | 363                   | 1.2                   |
| Mobile Telesystems ADR                    | 21,900    | 251                   | 0.8                   |
| Mostotrest                                | 122,800   | 597                   | 2.0                   |
| <b>Turkey - 6.6% (4.8%)</b>               |           |                       |                       |
| Aygaz                                     | 108,500   | 411                   | 1.3                   |
| KOC                                       | 228,006   | 587                   | 1.9                   |
| TAV Havalimanlari                         | 183,446   | 547                   | 1.8                   |
| Turk Hava Yollari                         | 131,655   | 151                   | 0.5                   |
| Turkiye Petrol Rafinerileri               | 22,002    | 328                   | 1.1                   |
| <b>South Korea - 6.6% (8.8%)</b>          |           |                       |                       |
| Hyundai Heavy Industries                  | 1,210     | 287                   | 0.9                   |
| LG Chemical                               | 2,440     | 668                   | 2.2                   |
| Samsung Engineering                       | 4,800     | 725                   | 2.4                   |
| STX Offshore & Shipbuilding               | 23,900    | 340                   | 1.1                   |
| <b>Colombia - 4.7% (2.9%)</b>             |           |                       |                       |
| First Quantum Minerals                    | 5,900     | 507                   | 1.7                   |
| Pacific Rubiales Energy                   | 52,707    | 929                   | 3.0                   |
| <b>China - 4.5% (11.3%)</b>               |           |                       |                       |
| CNOOC                                     | 500,000   | 685                   | 2.2                   |
| Dongfang Electric 'H'                     | 115,000   | 256                   | 0.8                   |
| Shanghai Electric Group 'H'               | 660,000   | 215                   | 0.7                   |
| West China Cement                         | 1,180,000 | 232                   | 0.8                   |
| <b>United Arab Emirates - 3.9% (0.0%)</b> |           |                       |                       |
| Aggreko                                   | 45,918    | 883                   | 2.9                   |
| Aramex                                    | 1,045,500 | 317                   | 1.0                   |
| <b>Mexico - 3.0% (3.0%)</b>               |           |                       |                       |
| Grupo Aeroportuario del Sureste ADS 'B'   | 10,284    | 376                   | 1.2                   |
| NII Holdings                              | 20,770    | 537                   | 1.8                   |
| <b>Hong Kong - 3.0% (5.2%)</b>            |           |                       |                       |
| China Gas Holdings                        | 1,134,000 | 262                   | 0.9                   |
| Enn Energy                                | 130,000   | 269                   | 0.9                   |
| Towngas China                             | 1,153,000 | 379                   | 1.2                   |
| <b>Sweden - 2.6% (0.0%)</b>               |           |                       |                       |
| Millicom International Cellular BDR       | 10,900    | 781                   | 2.6                   |
| <b>Turkmenistan - 2.5% (2.8%)</b>         |           |                       |                       |
| Dragon Oil                                | 134,900   | 747                   | 2.5                   |

| Investment                     | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--------------------------------|-----------|-----------------------|-----------------------|
| <b>Ghana - 2.0% (0.0%)</b>     |           |                       |                       |
| Tullow Oil                     | 48,200    | 597                   | 2.0                   |
| <b>Taiwan - 1.5% (3.1%)</b>    |           |                       |                       |
| Chunghwa Telecom ADR           | 22,160    | 470                   | 1.5                   |
| <b>Indonesia - 1.0% (1.4%)</b> |           |                       |                       |
| Perusahaan Gas Negara          | 1,107,500 | 318                   | 1.0                   |
| <b>Nigeria - 1.0% (0.0%)</b>   |           |                       |                       |
| Afren                          | 210,300   | 291                   | 1.0                   |
| <b>Argentina - 0.8% (2.2%)</b> |           |                       |                       |
| Telecom Argentina ADR 'B'      | 15,010    | 232                   | 0.8                   |
| <b>Singapore - 0.7% (0.0%)</b> |           |                       |                       |
| Hutchison Port Holding         | 468,000   | 217                   | 0.7                   |
| <b>Investment assets</b>       |           | <b>28,804</b>         | <b>94.2</b>           |
| <b>Net other assets</b>        |           | <b>1,786</b>          | <b>5.8</b>            |
| <b>Net assets</b>              |           | <b>30,590</b>         | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |   | £'000           |
|--|---------------|---|-----------------|
| <b>Total of all purchases for the period</b> | <b>17,833</b> | <b>Total of all sales for the period</b>                          | <b>11,198</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>  | <b>Proceeds</b> |
| Aggreko                                      | 853           | PetroChina 'H'  | 632             |
| Millicom International Cellular BDR          | 741           | KGHM Polska Miedz   | 440             |
| Larsen & Toubro                              | 637           | MMC Norilsk Nickel ADR  | 372             |
| Tullow Oil                                   | 636           | Magnitogorsk Iron & Steel Works GDR                               | 343             |
| STX Offshore & Shipbuilding                  | 624           | Cia Transmissao de Energia Electrica Paulista Preference          | 300             |
| Mostotrest                                   | 591           | Honam Petrochemical   | 280             |
| Ultrapar Participacoes ADR                   | 588           | Petrobras Brasileiro ADR Preference                               | 278             |
| OGX Petroleo e Gas Participacoes             | 576           | Gerdau ADR  | 277             |
| Bidvest Group                                | 460           | Teco Electric & Machinery   | 241             |
| Jindal Steel & Power                         | 448           | Daewoo Shipbuilding & Marine Engineer                             | 237             |
| First Quantum Minerals                       | 442           | China Mobile ADR  | 232             |
| LG Chemical                                  | 440           | Lukoil ADR  | 232             |
| Aygaz  | 440           | Lanco Infratech   | 229             |
| Tegma Gestao Logistica                       | 430           | China Gas Holdings  | 222             |
| Samsung Engineering                          | 427           | Companhia De Concessoes Rodoviaras                                | 220             |
| Pacific Rubiales Energy                      | 373           | Anhui Conch Cement 'H'  | 218             |
| HRT Participacoes                            | 364           | Randon Sa Implementos E Participaco Non Cum Preference            | 215             |
| KOC  | 348           | Hanwha Chemical   | 215             |
| TAV Havalimanlari                            | 343           | Anhui Expressway 'H'  | 212             |
| Afren  | 338           | PTT Exploration & Production Public Non-Voting Depositary Receipt | 207             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|---|-------|---------------|-------|---------------|
| Income  |       |               |       |               |
| Net capital (losses)/gains  |       | (861)         |       | 472           |
| Revenue   | 423   |               | 188   |               |
| Expenses  | (264) |               | (124) |               |
| Net revenue before taxation   | 159   |               | 64    |               |
| Taxation  | (32)  |               | (11)  |               |
| Net revenue after taxation  |       | 127           |       | 53            |
| <b>Total return before distributions</b>  |       | <b>(734)</b>  |       | <b>525</b>    |
| Finance costs: Distributions  |       | 18            |       | (8)           |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>(716)</b>  |       | <b>517</b>    |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000   | 2011<br>£'000 | £'000   | 2010<br>£'000 |
|--|---------|---------------|---------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |         | <b>23,566</b> |         | <b>9,819</b>  |
| Amounts receivable on issue of shares  | 9,212   |               | 5,172   |               |
| Amounts payable on cancellation of shares  | (1,472) |               | (2,826) |               |
|  |         | 7,740         |         | 2,346         |
| Change in net assets attributable to shareholders from investment activities (see above) |         | (716)         |         | 517           |
| <b>Closing net assets attributable to shareholders</b>                                   |         | <b>30,590</b> |         | <b>12,682</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |               | 31 January 2011 |               |
|--|--------------|---------------|-----------------|---------------|
|  | £'000        | £'000         | £'000           | £'000         |
| <b>ASSETS</b>                                  |              |               |                 |               |
| Investment assets                              |              | 28,804        |                 | 22,975        |
| Debtors  | 655          |               | 195             |               |
| Cash and bank balances                         | 1,467        |               | 443             |               |
| <b>Total other assets</b>                      |              | <b>2,122</b>  |                 | <b>638</b>    |
| <b>Total assets</b>                            |              | <b>30,926</b> |                 | <b>23,613</b> |
| <b>LIABILITIES</b>                             |              |               |                 |               |
| Creditors                                      | (336)        |               | (46)            |               |
| Distribution payable on income shares          | -            |               | (1)             |               |
| <b>Total liabilities</b>                       |              | <b>(336)</b>  |                 | <b>(47)</b>   |
| <b>Net assets attributable to shareholders</b> |              | <b>30,590</b> |                 | <b>23,566</b> |

# JPM Europe Dynamic (ex-UK) Fund

## Investment objective and policy

To maximise long-term capital growth by investing primarily in continental European equities.

## Risk profile

This equity based Fund is designed to give broad market exposure primarily to European stock markets (which may include investments in emerging European markets and smaller companies).

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

This Fund is aggressively managed, which may result in higher volatility of the Fund's performance and bigger differences between the performance of the Fund and its benchmark when compared to core funds.

For investors in Share Classes which are not hedged to Sterling, as the underlying assets of the Fund are denominated in currencies other than Sterling, they will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denominations of the underlying assets.

Investors in the A GBP Hedged Share Class should be aware that any currency hedging process may not give a precise hedge. Where currency hedging is undertaken, whilst it may protect an investor in Hedged Shares against a decrease in the value of the currency being hedged, it may also prevent the investor from participating in an increase in the value of that currency.

## Fund review

The FTSE All World Developed Europe ex UK Index fell 2.4% in the six months to 31 July in sterling terms amid sovereign debt concerns and a disappointing start to the second-quarter earnings season.

Against this backdrop, the fund posted a negative return and underperformed its benchmark. Positive contributions to relative returns came from stock selection and underweight positions in the banks and fixed line telecommunications sectors, and an overweight position in automobiles & parts. Stock selection and underweight positions in food producers and personal goods detracted. At the stock level, the fund benefited in relative terms from an underweight position in Italian bank UniCredit, which was hurt by sovereign debt concerns and by worries it may need to raise further capital. An overweight position in Volkswagen was also positive as the automaker reported better-than-expected first-quarter earnings. An underweight position in Nestle detracted from relative performance as the food producer was sought by investors for its defensive qualities. An underweight position in LVMH also detracted after the French luxury goods producer reported a 17% year-on-year rise in first quarter sales, beating analyst estimates, and consolidated its leadership position in the sector with the acquisition of jeweller Bulgari. However, relative performance was boosted by an overweight position in Bossard, the Swiss distributor of industrial fasteners, which rose after management said first-half profit had exceeded last year's full-year result.

## Fund outlook

Worries over debt contagion spreading to Spain and Italy caused market volatility in early August. The European Central Bank intervened to buy Italian and Spanish bonds but markets are likely to remain highly volatile in the short term. Monetary policy remains accommodative and any pickup in economic activity or coordinated policy action by global central banks would be likely to be taken positively by investors.

## 12 month performance to 31 July

|                                   | 2011  | 2010  | 2009   | 2008   | 2007  |
|-----------------------------------|-------|-------|--------|--------|-------|
| <b>JPM Europe Dynamic (ex-UK)</b> |       |       |        |        |       |
| A-Class Acc                       | 18.5% | 14.0% | -17.9% | -10.6% | 30.4% |
| <b>JPM Europe Dynamic (ex-UK)</b> |       |       |        |        |       |
| B-Class Acc                       | 19.1% | 14.9% | -17.7% | -      | -     |
| Benchmark Index <sup>A</sup>      | 11.6% | 11.2% | -10.4% | -8.0%  | 21.1% |
| <b>JPM Europe Dynamic (ex-UK)</b> |       |       |        |        |       |
| A-Class Acc (GBP Hedged)          | -     | -     | -      | -      | -     |
| Hedged Benchmark Index            | -     | -     | -      | -      | -     |

## Six month performance to 31 July 2011

|   |       |
|---|-------|
| <b>JPM Europe Dynamic (ex-UK) A-Class Acc</b> | -3.4% |
| Benchmark Index <sup>A</sup>                  | -2.4% |

## Fund statistics

|                              |   |
|------------------------------|---|
| Fund size                    | £125.3m   |
| Benchmark Index <sup>A</sup> | FTSE All World Developed Europe ex UK (Total Return Net)              |
| Hedged Benchmark Index       | FTSE All World Developed Europe ex UK (Total Return Net) (GBP Hedged) |
| Fund charges                 |   |
| A-Class                      | Initial 4.25%, Annual 1.50%   |
| B-Class                      | Initial Nil, Annual 1.00%   |

## Top ten holdings

|                                  | %   |
|----------------------------------|-----|
| Sanofi-Aventis                   | 5.0 |
| Novartis                         | 4.2 |
| TOTAL S.A.                       | 3.3 |
| BMW                              | 2.3 |
| LVMH                             | 2.0 |
| Sky Deutschland                  | 2.0 |
| Swedbank 'A'                     | 2.0 |
| SAP                              | 1.8 |
| Volkswagen Non-Voting Preference | 1.8 |
| Hugo Boss Preference             | 1.7 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 01/10/09 the name of the benchmark changed from the FTSE World Europe ex UK (Total Return Net) to the FTSE All World Developed Europe ex UK (Total Return Net).

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## Geographical breakdown

|                            | %     |
|----------------------------|-------|
| Germany                    | 25.2  |
| France                     | 20.8  |
| Switzerland                | 9.7   |
| Italy                      | 4.9   |
| Belgium                    | 4.8   |
| Spain                      | 4.5   |
| Sweden                     | 4.1   |
| Finland                    | 4.1   |
| Austria                    | 2.7   |
| Norway                     | 2.7   |
| Netherlands                | 2.3   |
| Portugal                   | 2.0   |
| United Kingdom             | 0.8   |
| Denmark                    | 0.6   |
| Poland                     | 0.4   |
| Forward currency contracts | 0.0   |
| Futures                    | (0.2) |
| Liquidity                  | 6.4   |
| Net other assets           | 4.2   |

The forward exchange contracts are only entered into by the A-Class Accumulation GBP Hedged shares.

## Highest/lowest share price and distribution record

| Calendar year   | Highest share price | Lowest share price | Distribution per share (net) |
|---|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>                        |                     |                    |                              |
| 2006  | 96.98p              | 75.13p             | 0.38p                        |
| 2007  | 117.6p              | 96.30p             | 0.49p                        |
| 2008  | 116.8p              | 68.10p             | 1.01p                        |
| 2009  | 103.3p              | 62.69p             | 1.76p                        |
| 2010  | 113.6p              | 86.16p             | 1.22p                        |
| 2011 <sup>a</sup>   | 121.5p              | 105.1p             | 0.67p                        |
| <b>A-Class Accumulation GBP Hedged Shares<sup>c</sup></b> |                     |                    |                              |
| 2010  | 109.3p              | 91.67p             | -                            |
| 2011 <sup>a</sup>   | 112.7p              | 100.0p             | 0.00p                        |
| <b>A-Class Income Shares<sup>d</sup></b>                  |                     |                    |                              |
| 2007  | 59.39p              | 48.63p             | -                            |
| 2008  | 59.00p              | 34.03p             | 0.50p                        |
| 2009  | 50.44p              | 30.62p             | 0.90p                        |
| 2010  | 54.82p              | 41.59p             | 0.52p                        |
| 2011 <sup>a</sup>   | 58.32p              | 50.47p             | 0.32p                        |
| <b>B-Class Accumulation Shares<sup>e</sup></b>            |                     |                    |                              |
| 2007  | 100.0p              | 92.48p             | -                            |
| 2008  | 99.73p              | 58.31p             | 0.14p                        |
| 2009  | 88.75p              | 53.74p             | 1.87p                        |
| 2010  | 98.38p              | 74.44p             | 1.51p                        |
| 2011 <sup>a</sup>   | 105.5p              | 91.19p             | 1.04p                        |
| <b>B-Class Income Shares<sup>f</sup></b>                  |                     |                    |                              |
| 2008  | 105.8p              | 63.29p             | -                            |
| 2009  | 94.68p              | 57.34p             | 1.21p                        |
| 2010  | 103.0p              | 77.95p             | 1.54p                        |
| 2011 <sup>a</sup>   | 109.3p              | 94.52p             | 1.09p                        |

<sup>a</sup> To 31 July 2011.

<sup>c</sup> A-Class Accumulation GBP Hedged Shares were launched on 1 September 2010.

<sup>d</sup> A-Class Income Shares were launched on 2 January 2007.

<sup>e</sup> B-Class Accumulation Shares were launched on 2 November 2007.

<sup>f</sup> B-Class Income Shares were launched on 24 April 2008.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 840.6% |
| 31.07.11 | 342.1% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date  | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|---|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b>            |  |                  |                           |                     |
| 31.01.09                                      | 93,719                                   | 126,010,933      | 74.37p                    | 1.64%               |
| 31.01.10                                      | 128,028                                  | 136,691,403      | 93.66p                    | 1.68%               |
| 31.01.11                                      | 131,877                                  | 115,968,819      | 113.7p                    | 1.68%               |
| 31.07.11                                      | 109,191                                  | 99,478,538       | 109.8p                    | 1.68%               |
| <b>A-Class Accumulation GBP Hedged Shares</b> |  |                  |                           |                     |
| 31.01.11                                      | 8,796                                    | 8,057,328        | 109.2p                    | 1.68%               |
| 31.07.11                                      | 10,941                                   | 10,662,650       | 102.6p                    | 1.68%               |
| <b>A-Class Income Shares</b>                  |  |                  |                           |                     |
| 31.01.09 <sup>g</sup>                         | 24,419                                   | 67,255,062       | 36.31p                    | 1.66%               |
| 31.01.10 <sup>g</sup>                         | 1,295                                    | 2,864,839        | 45.21p                    | 1.68%               |
| 31.01.11 <sup>g</sup>                         | 2,639                                    | 4,836,095        | 54.57p                    | 1.68%               |
| 31.07.11                                      | 3,047                                    | 5,783,304        | 52.68p                    | 1.68%               |
| <b>B-Class Accumulation Shares</b>            |  |                  |                           |                     |
| 31.01.09                                      | 5,399                                    | 8,472,834        | 63.72p                    | 1.14%               |
| 31.01.10                                      | 2,077                                    | 2,571,913        | 80.74p                    | 1.15%               |
| 31.01.11                                      | 2,573                                    | 2,610,271        | 98.56p                    | 1.15%               |
| 31.07.11                                      | 2,098                                    | 2,199,552        | 95.38p                    | 1.15%               |
| <b>B-Class Income Shares</b>                  |  |                  |                           |                     |
| 31.01.09 <sup>g</sup>                         | 9  | 13,000           | 68.02p                    | 1.15%               |
| 31.01.10 <sup>g</sup>                         | 10                                       | 12,000           | 84.55p                    | 1.15%               |
| 31.01.11 <sup>g</sup>                         | 10                                       | 10,000           | 102.1p                    | 1.15%               |
| 31.07.11                                      | 10                                       | 10,000           | 98.83p                    | 1.15%               |

<sup>g</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                        | Holding | Market value<br>£'000 | Total net<br>assets % |
|-----------------------------------|---------|-----------------------|-----------------------|
| <b>Germany - 25.2% (25.3%)</b>    |         |                       |                       |
| Adidas                            | 15,896  | 723                   | 0.6                   |
| Asian Bamboo                      | 20,954  | 416                   | 0.3                   |
| Aurubis                           | 45,217  | 1,713                 | 1.4                   |
| Bayer                             | 32,691  | 1,606                 | 1.3                   |
| Bechtle                           | 66,843  | 1,862                 | 1.5                   |
| Bertrandt                         | 4,251   | 186                   | 0.1                   |
| BMW                               | 46,467  | 2,838                 | 2.3                   |
| Cancom IT System                  | 100,052 | 841                   | 0.7                   |
| Commerzbank                       | 167,024 | 374                   | 0.3                   |
| Continental                       | 9,542   | 576                   | 0.5                   |
| Derby Cycle                       | 74,592  | 1,266                 | 1.0                   |
| Deutsche Bank                     | 50,961  | 1,684                 | 1.3                   |
| Drillisch                         | 216,075 | 1,593                 | 1.3                   |
| E.ON                              | 41,789  | 696                   | 0.5                   |
| Hugo Boss Preference              | 32,863  | 2,179                 | 1.7                   |
| Krones                            | 19,480  | 905                   | 0.7                   |
| Lanxess                           | 36,778  | 1,793                 | 1.4                   |
| Powerland                         | 33,014  | 419                   | 0.3                   |
| SAP                               | 59,911  | 2,255                 | 1.8                   |
| Sartorius                         | 61,633  | 1,969                 | 1.6                   |
| Sixt                              | 58,536  | 956                   | 0.8                   |
| Sky Deutschland                   | 858,063 | 2,479                 | 2.0                   |
| Volkswagen Non-Voting Preference  | 18,044  | 2,221                 | 1.8                   |
| <b>France - 20.8% (18.9%)</b>     |         |                       |                       |
| Altran Technologies               | 166,812 | 820                   | 0.6                   |
| Arkema                            | 28,386  | 1,699                 | 1.3                   |
| BNP Paribas                       | 47,076  | 1,863                 | 1.5                   |
| Derichebourg                      | 212,705 | 869                   | 0.7                   |
| Eiffage                           | 18,486  | 617                   | 0.5                   |
| LVMH                              | 22,276  | 2,490                 | 2.0                   |
| Michelin                          | 11,811  | 603                   | 0.5                   |
| Rexel                             | 42,772  | 572                   | 0.5                   |
| Sanofi-Aventis                    | 132,213 | 6,281                 | 5.0                   |
| SCOR                              | 132,885 | 2,085                 | 1.7                   |
| Societe Generale                  | 30,814  | 929                   | 0.7                   |
| TOTAL S.A.                        | 124,901 | 4,122                 | 3.3                   |
| Unibail-Rodamco                   | 13,851  | 1,876                 | 1.5                   |
| Vinci                             | 34,495  | 1,220                 | 1.0                   |
| <b>Switzerland - 9.7% (11.5%)</b> |         |                       |                       |
| ABB                               | 100,086 | 1,460                 | 1.2                   |
| Bossard                           | 7,040   | 726                   | 0.6                   |
| Novartis                          | 140,766 | 5,233                 | 4.2                   |
| Roche (Genusscheine)              | 12,082  | 1,312                 | 1.0                   |
| Schmolz & Bickenbach              | 201,601 | 1,468                 | 1.2                   |
| Tamedia                           | 14,041  | 1,256                 | 1.0                   |
| UBS                               | 68,400  | 675                   | 0.5                   |
| <b>Italy - 4.9% (4.8%)</b>        |         |                       |                       |
| Davide de Campari                 | 141,114 | 709                   | 0.6                   |
| De Longhi                         | 207,797 | 1,557                 | 1.2                   |
| ENI                               | 113,940 | 1,517                 | 1.2                   |
| Iride                             | 968,484 | 971                   | 0.8                   |
| Marr                              | 92,956  | 718                   | 0.6                   |
| Yoox                              | 61,496  | 644                   | 0.5                   |
| <b>Belgium - 4.8% (4.8%)</b>      |         |                       |                       |
| Roularta Media                    | 35,278  | 648                   | 0.5                   |
| SIPEF                             | 24,153  | 1,347                 | 1.1                   |
| Solvay                            | 22,630  | 2,076                 | 1.7                   |
| Tessenderlo Chemie                | 77,527  | 1,897                 | 1.5                   |
| Tessenderlo Chemie VVPR Strips    | 2,735   | 1                     | -                     |
| <b>Spain - 4.5% (5.6%)</b>        |         |                       |                       |
| Gas Natural                       | 129,293 | 1,591                 | 1.3                   |
| Red Electrica Corporacion         | 26,837  | 893                   | 0.7                   |
| Repsol YPF                        | 101,067 | 1,939                 | 1.5                   |
| Telefonica                        | 92,881  | 1,267                 | 1.0                   |
| <b>Sweden - 4.1% (9.3%)</b>       |         |                       |                       |
| Africa Oil                        | 316,067 | 303                   | 0.2                   |
| Bilia 'A'                         | 34,387  | 343                   | 0.3                   |
| Ericsson 'B'                      | 48,236  | 370                   | 0.3                   |
| FinnvedenBulten                   | 153,375 | 675                   | 0.5                   |
| Know It                           | 53,056  | 319                   | 0.3                   |
| Nishcayah 'B'                     | 403,813 | 701                   | 0.5                   |
| Swedbank 'A'                      | 233,059 | 2,463                 | 2.0                   |

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Finland - 4.1% (5.0%)</b>   |           |                       |                       |
| Nokian Renkaa  | 65,540    | 1,860                 | 1.5                   |
| PKC Group  | 106,791   | 1,407                 | 1.1                   |
| Sampo 'A'  | 98,563    | 1,826                 | 1.5                   |
| <b>Austria - 2.7% (2.5%)</b>   |           |                       |                       |
| Kapsch TrafficCom  | 28,437    | 1,476                 | 1.2                   |
| voestalpine  | 61,997    | 1,934                 | 1.5                   |
| <b>Norway - 2.7% (5.6%)</b>  |           |                       |                       |
| Atea   | 128,747   | 808                   | 0.6                   |
| Sevan Drilling   | 634,165   | 345                   | 0.3                   |
| TTS Group  | 746,996   | 938                   | 0.8                   |
| Yara International   | 37,248    | 1,299                 | 1.0                   |
| <b>Netherlands - 2.3% (2.7%)</b>   |           |                       |                       |
| BE Semiconductor   | 125,537   | 517                   | 0.4                   |
| Heineken   | 28,908    | 898                   | 0.7                   |
| Ten Cate   | 33,332    | 719                   | 0.6                   |
| TKH Group  | 41,903    | 726                   | 0.6                   |
| <b>Portugal - 2.0% (0.0%)</b>  |           |                       |                       |
| Galp Energia   | 41,974    | 586                   | 0.5                   |
| Jeronimo Martins   | 151,547   | 1,839                 | 1.5                   |
| <b>United Kingdom - 0.8% (0.0%)</b>  |           |                       |                       |
| ARM Holdings   | 178,214   | 1,027                 | 0.8                   |
| <b>Denmark - 0.6% (3.7%)</b>   |           |                       |                       |
| Thrane & Thrane  | 25,339    | 737                   | 0.6                   |
| <b>Poland - 0.4% (0.0%)</b>  |           |                       |                       |
| Jastrzebska Spolka Weglowa   | 17,954    | 532                   | 0.4                   |
| <b>Forward currency contracts A-Class Accumulation GBP Hedged Shares - 0.0% (0.1%)</b> |           |                       |                       |
| <b>Euro</b>  |           |                       |                       |
| Buy €64,912 sell DKK 483,954 dated 24/08/11  |           | -                     | -                     |
| Buy €313,946 sell NOK 2,470,251 dated 24/08/11   |           | (4)                   | -                     |
| Buy €265,101 sell £233,353 dated 24/08/11  |           | (2)                   | -                     |
| Buy €655,798 sell SEK 6,051,696 dated 24/08/11   |           | (10)                  | -                     |
| Buy €1,104,659 sell CHF 1,277,339 dated 24/08/11                                       |           | (14)                  | -                     |
| Sell €13,246,328 buy £11,633,756 dated 24/08/11  |           | 42                    | -                     |
| <b>Swedish Krona</b>   |           |                       |                       |
| Buy SEK 1,643,272 sell £158,679 dated 24/08/11   |           | -                     | -                     |
| <b>Swiss Franc</b>   |           |                       |                       |
| Buy CHF 92,720 sell £69,771 dated 24/08/11   |           | 1                     | -                     |
| Sell CHF 101,634 buy £76,739 dated 24/08/11  |           | (1)                   | -                     |
| <b>Futures - (0.2%) (0.0%)</b>   |           |                       |                       |
| Euro Stoxx 50 Futures Sep 2011   | 433       | (223)                 | (0.2)                 |
| <b>Liquidity - 6.4% (0.0%)</b>   |           |                       |                       |
| JPM Euro Liquidity 'X' (Income)^   | 9,200,000 | 8,053                 | 6.4                   |
| <b>Investment assets (including investment liabilities)</b>                            |           | <b>119,991</b>        | <b>95.8</b>           |
| <b>Net other assets</b>  |           | <b>5,296</b>          | <b>4.2</b>            |
| <b>Net assets</b>  |           | <b>125,287</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or traded on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

The forward exchange contracts are only entered into by the A-Class Accumulation GBP Hedged shares.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000          |  | £'000           |
|--|----------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>237,319</b> | <b>Total of all sales for the period</b> | <b>256,262</b>  |
| <b>Major purchases</b>                       | <b>Cost</b>    | <b>Major sales</b>                       | <b>Proceeds</b> |
| JPM Euro Liquidity 'X' (Income)              | 10,130         | Alcatel Lucent 'A'                       | 6,233           |
| Alcatel Lucent 'A'                           | 6,229          | Nestle                                   | 5,259           |
| Novartis                                     | 5,511          | SAP                                      | 4,916           |
| Nestle                                       | 5,029          | Siemens                                  | 4,031           |
| SAP  | 5,019          | Umicore                                  | 3,877           |
| Sanofi-Aventis                               | 4,473          | Allianz                                  | 3,639           |
| Societe Generale                             | 4,259          | Societe Generale                         | 3,623           |
| BMW  | 4,106          | Telefonica                               | 3,567           |
| Volkswagen Non-Voting Preference             | 3,947          | BASF                                     | 3,537           |
| E.ON   | 3,411          | Clariant                                 | 3,487           |
| Sky Deutschland                              | 3,400          | BNP Paribas                              | 3,387           |
| Solvay                                       | 2,966          | UPM-Kymmene                              | 3,272           |
| Prysmian                                     | 2,732          | Daimler                                  | 3,026           |
| Michelin                                     | 2,663          | Valeo                                    | 3,013           |
| LVMH   | 2,564          | AXA                                      | 3,005           |
| ARM Holdings                                 | 2,547          | Infineon Technologies                    | 2,972           |
| BNP Paribas                                  | 2,494          | Volkswagen Non-Voting Preference         | 2,962           |
| DSM  | 2,384          | Enel                                     | 2,687           |
| SCOR   | 2,352          | Prysmian                                 | 2,639           |
| DnB  | 2,319          | Stora Enso 'R'                           | 2,634           |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011           | 2010         |
|---|----------------|--------------|
|   | £'000          | £'000        |
| Income  |                |              |
| Net capital losses  | (7,150)        | (2,045)      |
| Revenue   | 3,531          | 2,899        |
| Expenses  | (1,102)        | (1,092)      |
| Net revenue before taxation   | 2,429          | 1,807        |
| Taxation  | (368)          | (363)        |
| Net revenue after taxation  | 2,061          | 1,444        |
| <b>Total return before distributions</b>  | <b>(5,089)</b> | <b>(601)</b> |
| Finance costs: Distributions  | (10)           | (6)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>(5,099)</b> | <b>(607)</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | 2011           | 2010           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   | <b>145,895</b> | <b>131,410</b> |
| Amounts receivable on issue of shares  | 9,887          | 5,320          |
| Amounts payable on cancellation of shares  | (25,396)       | (13,576)       |
|  | (15,509)       | (8,256)        |
| Change in net assets attributable to shareholders from investment activities (see above) | (5,099)        | (607)          |
| Stamp duty reserve tax   | -              | (1)            |
| <b>Closing net assets attributable to shareholders</b>                                   | <b>125,287</b> | <b>122,546</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011    | 31 January 2011 |
|--|-----------------|-----------------|
|  | £'000           | £'000           |
| <b>ASSETS</b>                                  |                 |                 |
| Investment assets                              | 120,245         | 145,508         |
| Debtors  | 16,762          | 7,055           |
| Cash and Bank Balances                         | 3,996           | 885             |
| <b>Total other assets</b>                      | <b>20,758</b>   | <b>7,940</b>    |
| <b>Total assets</b>                            | <b>141,003</b>  | <b>153,448</b>  |
| <b>LIABILITIES</b>                             |                 |                 |
| Investment liabilities                         | (254)           | (164)           |
| Creditors                                      | (15,462)        | (7,373)         |
| Distribution payable on income shares          | -               | (16)            |
| <b>Total other liabilities</b>                 | <b>(15,462)</b> | <b>(7,389)</b>  |
| <b>Total liabilities</b>                       | <b>(15,716)</b> | <b>(7,553)</b>  |
| <b>Net assets attributable to shareholders</b> | <b>125,287</b>  | <b>145,895</b>  |

# JPM Europe Fund

## Investment objective and policy

To provide a portfolio primarily invested in the shares of European companies in any economic sector. The Fund aims to provide capital growth over the long term.

## Risk profile

This equity based Fund is designed to give broad market exposure primarily to European stock markets (which may include investments in emerging European markets and smaller companies).

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

The underlying assets of the Fund are denominated in currencies other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

The FTSE All World Developed Europe ex UK Index fell 2.4% in the review period in Sterling terms amid sovereign debt concerns and a disappointing start to the second-quarter earnings season.

Against this backdrop, the Fund posted a negative return and underperformed its benchmark. Positive contributors to relative returns included stock selection and an underweight position in gas, water & multiutilities and stock selection in banks. An underweight in personal goods and stock selection in food producers were the most significant detractors. At the stock level, the Fund benefited in relative terms from an underweight position in Italian bank UniCredit, which was hurt by sovereign debt concerns and by worries it may need to raise further capital. An underweight position in GDF Suez was also beneficial as brokers revised down their earnings estimates for the gas and electricity provider on profitability concerns after the French government announced an energy price freeze. Stock-level detractors included an underweight position in food producer Danone, which reported stronger-than-expected first-quarter results and reiterated its long-term outlook. An underweight position in Hermes was also detrimental as the French luxury goods producer raised its full-year revenue growth target after second-quarter sales beat estimates. However, relative returns were boosted by an overweight position in French chemicals producer Arkema, which reported strong full-year results.

## Fund outlook

Worries over debt contagion spreading to Spain and Italy caused market volatility in early August. The European Central Bank intervened to buy Italian and Spanish bonds but markets are likely to remain highly volatile in the short term. Monetary policy remains accommodative and any pickup in economic activity or coordinated policy action by global central banks would be likely to be taken positively by investors.

## 12 month performance to 31 July

|                               | 2011         | 2010         | 2009          | 2008         | 2007         |
|-------------------------------|--------------|--------------|---------------|--------------|--------------|
| <b>JPM Europe A-Class Acc</b> | <b>12.3%</b> | <b>8.9%</b>  | <b>-15.2%</b> | <b>-6.9%</b> | <b>23.6%</b> |
| <b>JPM Europe B-Class Acc</b> | <b>12.9%</b> | <b>9.6%</b>  | <b>-15.0%</b> | <b>-</b>     | <b>-</b>     |
| <b>JPM Europe C-Class Inc</b> | <b>13.1%</b> | <b>10.0%</b> | <b>-12.4%</b> | <b>-</b>     | <b>-</b>     |
| Benchmark Index <sup>A</sup>  | 11.6%        | 11.2%        | -10.4%        | -8.0%        | 21.1%        |

## Six month performance to 31 July 2011

|                               |              |
|-------------------------------|--------------|
| <b>JPM Europe A-Class Acc</b> | <b>-3.8%</b> |
| Benchmark Index <sup>A</sup>  | -2.4%        |

## Fund statistics

|                              |  |
|------------------------------|--|
| Fund size                    | £204.0m  |
| Benchmark Index <sup>A</sup> | FTSE All World Developed Europe ex UK (Total Return Net) |
| Fund charges                 |  |
| A-Class                      | Initial 4.25%, Annual 1.50%                              |
| B-Class                      | Initial Nil, Annual 1.00%                                |
| C-Class                      | Initial Nil, Annual 0.75%                                |

## Top ten holdings

|                      | %   |
|----------------------|-----|
| Nestle               | 5.3 |
| Novartis             | 4.5 |
| Sanofi-Aventis       | 3.7 |
| TOTAL S.A.           | 2.7 |
| Roche (Genusscheine) | 2.5 |
| Bayer                | 2.1 |
| Telefonica           | 2.0 |
| SAP                  | 1.7 |
| Banco Santander      | 1.7 |
| Novo-Nordisk 'B'     | 1.7 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation or income shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 01/10/09 the name of the benchmark changed from the FTSE World Europe ex UK (Total Return Net) to the FTSE All World Developed Europe ex UK (Total Return Net).

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## Geographical breakdown

|                  | %     |
|------------------|-------|
| France           | 20.4  |
| Germany          | 18.1  |
| Switzerland      | 18.0  |
| Spain            | 8.6   |
| Sweden           | 5.4   |
| Italy            | 4.8   |
| Netherlands      | 2.9   |
| Belgium          | 2.8   |
| Finland          | 2.3   |
| Norway           | 1.9   |
| Denmark          | 1.7   |
| Portugal         | 1.4   |
| Austria          | 1.1   |
| Other            | 1.1   |
| Poland           | 0.4   |
| Futures          | (0.1) |
| Liquidity        | 6.5   |
| Net other assets | 2.7   |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 716.9p              | 578.5p             | 2.94p                        |
| 2007   | 839.7p              | 698.8p             | 3.31p                        |
| 2008   | 844.8p              | 510.1p             | 7.29p                        |
| 2009   | 770.6p              | 473.4p             | 15.72p                       |
| 2010   | 793.6p              | 624.6p             | 9.93p                        |
| 2011 <sup>a</sup>                              | 837.1p              | 739.1p             | 7.26p                        |
| <b>A-Class Income Shares<sup>c</sup></b>       |                     |                    |                              |
| 2007   | 53.92p              | 48.55p             | -                            |
| 2008   | 54.25p              | 32.74p             | 0.00p                        |
| 2009   | 48.17p              | 29.60p             | 0.98p                        |
| 2010   | 48.91p              | 38.49p             | 0.61p                        |
| 2011 <sup>a</sup>                              | 51.12p              | 45.12p             | 0.44p                        |
| <b>B-Class Accumulation Shares<sup>d</sup></b> |                     |                    |                              |
| 2008   | 107.4p              | 65.54p             | -                            |
| 2009   | 99.42p              | 60.90p             | 2.07p                        |
| 2010   | 103.0p              | 80.89p             | 1.70p                        |
| 2011 <sup>a</sup>                              | 108.9p              | 96.07p             | 1.43p                        |
| <b>C-Class Accumulation Shares<sup>e</sup></b> |                     |                    |                              |
| 2011 <sup>a</sup>                              | 105.9p              | 96.79p             | -                            |
| <b>C-Class Income Shares<sup>d</sup></b>       |                     |                    |                              |
| 2008   | 113.8p              | 69.54p             | -                            |
| 2009   | 108.8p              | 65.39p             | 0.00p                        |
| 2010   | 110.6p              | 86.72p             | 2.19p                        |
| 2011 <sup>a</sup>                              | 115.0p              | 101.4p             | 1.93p                        |

<sup>a</sup> To 31 July 2011.

<sup>c</sup> A-Class Income Shares were launched on 1 September 2007.

<sup>d</sup> B-Class Accumulation and C-Class Income Shares were launched on 14 April 2008.

<sup>e</sup> C-Class Accumulation Shares were launched on 27 June 2011.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 725.4% |
| 31.07.11 | 295.9% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 271,102                                  | 48,155,095       | 563.0p                    | 1.66%               |
| 31.01.10                           | 286,965                                  | 42,326,548       | 678.0p                    | 1.67%               |
| 31.01.11                           | 232,652                                  | 29,565,686       | 786.9p                    | 1.68%               |
| 31.07.11                           | 199,163                                  | 26,249,775       | 758.7p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>f</sup>              | 310                                      | 879,482          | 35.20p                    | 1.68%               |
| 31.01.10 <sup>f</sup>              | 1,680                                    | 4,021,780        | 41.78p                    | 1.68%               |
| 31.01.11 <sup>f</sup>              | 1,629                                    | 3,390,254        | 48.05p                    | 1.68%               |
| 31.07.11                           | 1,824                                    | 3,938,218        | 46.33p                    | 1.68%               |
| <b>B-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 2,125                                    | 2,935,880        | 72.37p                    | 1.09%               |
| 31.01.10                           | 2,858                                    | 3,262,022        | 87.60p                    | 1.15%               |
| 31.01.11                           | 2,666                                    | 2,608,523        | 102.2p                    | 1.15%               |
| 31.07.11                           | 2,306                                    | 2,333,151        | 98.82p                    | 1.15%               |
| <b>C-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.07.11                           | 609                                      | 628,125          | 96.90p                    | 0.87%               |
| <b>C-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>f</sup>              | 94                                       | 122,854          | 76.95p                    | 0.85%               |
| 31.01.10 <sup>f</sup>              | 313                                      | 333,963          | 93.81p                    | 0.87%               |
| 31.01.11 <sup>f</sup>              | 91                                       | 83,863           | 107.9p                    | 0.87%               |
| 31.07.11                           | 87                                       | 83,408           | 104.4p                    | 0.87%               |

<sup>f</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                 | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>France - 20.4% (20.3%)</b>              |         |                       |                       |
| Altran Technologies                        | 343,921 | 1,690                 | 0.8                   |
| Arkema                                     | 29,645  | 1,775                 | 0.9                   |
| AXA  | 153,545 | 1,751                 | 0.9                   |
| BNP Paribas                                | 67,534  | 2,673                 | 1.4                   |
| Christian Dior                             | 16,336  | 1,589                 | 0.8                   |
| Compagnie de Saint-Gobain                  | 38,898  | 1,380                 | 0.7                   |
| Credit Agricole                            | 56,924  | 427                   | 0.2                   |
| Danone                                     | 46,881  | 2,050                 | 1.0                   |
| Edenred                                    | 56,550  | 991                   | 0.5                   |
| Euler Hermes                               | 12,099  | 650                   | 0.3                   |
| France Telecom                             | 100,593 | 1,266                 | 0.6                   |
| GDF Suez                                   | 22,726  | 452                   | 0.2                   |
| L'Oreal                                    | 6,879   | 504                   | 0.2                   |
| LVMH                                       | 25,153  | 2,812                 | 1.4                   |
| Michelin                                   | 19,333  | 988                   | 0.5                   |
| Rexel                                      | 34,975  | 468                   | 0.2                   |
| Sanofi-Aventis                             | 158,291 | 7,519                 | 3.7                   |
| Schneider Electric                         | 7,327   | 640                   | 0.3                   |
| SCOR                                       | 134,258 | 2,107                 | 1.0                   |
| Societe Generale                           | 48,625  | 1,467                 | 0.7                   |
| TOTAL S.A.                                 | 169,895 | 5,607                 | 2.7                   |
| Unibail                                    | 7,225   | 979                   | 0.5                   |
| Vinci                                      | 34,976  | 1,237                 | 0.6                   |
| Vivendi                                    | 43,191  | 629                   | 0.3                   |
| <b>Germany - 18.1% (23.0%)</b>             |         |                       |                       |
| Adidas                                     | 24,315  | 1,106                 | 0.5                   |
| Aurubis                                    | 54,383  | 2,061                 | 1.0                   |
| BASF                                       | 21,699  | 1,206                 | 0.6                   |
| Bayer                                      | 87,035  | 4,275                 | 2.1                   |
| BMW  | 52,101  | 3,182                 | 1.6                   |
| Continental                                | 12,148  | 733                   | 0.3                   |
| Deutsche Bank                              | 62,241  | 2,057                 | 1.0                   |
| Deutsche Telekom                           | 167,802 | 1,570                 | 0.8                   |
| E.ON                                       | 63,594  | 1,060                 | 0.5                   |
| Hugo Boss Preference                       | 42,546  | 2,821                 | 1.4                   |
| K&S  | 27,397  | 1,338                 | 0.6                   |
| Krones                                     | 21,159  | 983                   | 0.5                   |
| Lanxess                                    | 24,720  | 1,205                 | 0.6                   |
| Linde                                      | 11,324  | 1,232                 | 0.6                   |
| MunichRe                                   | 15,576  | 1,385                 | 0.7                   |
| SAP  | 91,174  | 3,432                 | 1.7                   |
| Siemens                                    | 38,787  | 3,008                 | 1.5                   |
| Sky Deutschland                            | 381,418 | 1,102                 | 0.5                   |
| Thyssen Krupp                              | 42,897  | 1,151                 | 0.6                   |
| Volkswagen Non-Voting Preference           | 17,146  | 2,110                 | 1.0                   |
| <b>Switzerland - 18.0% (12.2%)</b>         |         |                       |                       |
| ABB  | 161,488 | 2,356                 | 1.2                   |
| Credit Suisse                              | 84,509  | 1,822                 | 0.9                   |
| Nestle                                     | 280,103 | 10,819                | 5.3                   |
| Novartis                                   | 248,595 | 9,242                 | 4.5                   |
| Roche (Genusscheine)                       | 47,170  | 5,120                 | 2.5                   |
| Schmolz & Bickenbach                       | 217,198 | 1,581                 | 0.8                   |
| Swatch Group                               | 3,880   | 1,273                 | 0.6                   |
| Syngenta                                   | 3,704   | 718                   | 0.4                   |
| Transocean                                 | 23,432  | 870                   | 0.4                   |
| UBS  | 207,511 | 2,047                 | 1.0                   |
| Zurich Financial Services                  | 5,672   | 812                   | 0.4                   |
| <b>Spain - 8.6% (6.0%)</b>                 |         |                       |                       |
| Banco Bilbao Vizcaya Argentaria            | 313,928 | 1,989                 | 1.0                   |
| Banco Santander                            | 540,034 | 3,420                 | 1.7                   |
| Construcciones y Auxiliar de Ferrocarriles | 3,573   | 1,216                 | 0.6                   |
| Gas Natural                                | 100,432 | 1,236                 | 0.6                   |
| Iberdrola                                  | 244,019 | 1,199                 | 0.6                   |
| Red Electrica Corporacion                  | 31,454  | 1,047                 | 0.5                   |
| Repsol YPF                                 | 164,869 | 3,164                 | 1.6                   |
| Telefonica                                 | 303,029 | 4,133                 | 2.0                   |
| <b>Sweden - 5.4% (9.7%)</b>                |         |                       |                       |
| Bilia 'A'                                  | 32,644  | 326                   | 0.2                   |
| Ericsson 'B'                               | 119,918 | 919                   | 0.5                   |
| Nordea Bank                                | 235,204 | 1,517                 | 0.7                   |
| Skandinaviska Enskilda Banken 'A'          | 179,444 | 827                   | 0.4                   |
| SKF 'B'                                    | 44,060  | 710                   | 0.3                   |
| Swedbank 'A'                               | 283,133 | 2,992                 | 1.5                   |
| Swedish Match                              | 18,757  | 417                   | 0.2                   |
| Tele2 'B'                                  | 154,481 | 2,003                 | 1.0                   |
| Volvo 'B'                                  | 117,481 | 1,148                 | 0.6                   |

| Investment  | Holding    | Market value<br>£'000 | Total net<br>assets % |
|---|------------|-----------------------|-----------------------|
| <b>Italy - 4.8% (6.6%)</b>                                  |            |                       |                       |
| Davide de Campari   | 153,991    | 774                   | 0.4                   |
| ENI   | 204,481    | 2,722                 | 1.3                   |
| Intesa Sanpaolo   | 266,810    | 368                   | 0.2                   |
| Lottomatica   | 149,503    | 1,815                 | 0.9                   |
| Snam Rete Gas   | 871,805    | 3,040                 | 1.4                   |
| UniCredit   | 581,287    | 623                   | 0.3                   |
| Unione di Banche Italiane                                   | 65,554     | 187                   | 0.1                   |
| Yoox  | 42,737     | 447                   | 0.2                   |
| <b>Netherlands - 2.9% (3.0%)</b>                            |            |                       |                       |
| ArcelorMittal   | 78,230     | 1,501                 | 0.8                   |
| Heineken  | 52,525     | 1,631                 | 0.8                   |
| ING Groep   | 258,525    | 1,692                 | 0.8                   |
| Unilever  | 52,711     | 1,043                 | 0.5                   |
| <b>Belgium - 2.8% (2.4%)</b>                                |            |                       |                       |
| Anheuser-Busch InBev  | 34,701     | 1,229                 | 0.6                   |
| SIPEF   | 31,917     | 1,780                 | 0.8                   |
| Solvay  | 30,872     | 2,832                 | 1.4                   |
| <b>Finland - 2.3% (5.8%)</b>                                |            |                       |                       |
| Fortum  | 35,242     | 569                   | 0.3                   |
| Nokian Renkaa   | 70,382     | 1,998                 | 1.0                   |
| Sampo 'A'   | 106,262    | 1,968                 | 1.0                   |
| <b>Norway - 1.9% (3.1%)</b>                                 |            |                       |                       |
| DnB   | 98,121     | 868                   | 0.4                   |
| Statoil   | 82,552     | 1,251                 | 0.6                   |
| Storebrand 'A'  | 165,522    | 840                   | 0.4                   |
| Yara International  | 32,048     | 1,117                 | 0.5                   |
| <b>Denmark - 1.7% (3.5%)</b>                                |            |                       |                       |
| Novo-Nordisk 'B'  | 45,435     | 3,406                 | 1.7                   |
| <b>Portugal - 1.4% (0.0%)</b>                               |            |                       |                       |
| Galp Energia  | 57,255     | 800                   | 0.4                   |
| Jeronimo Martins  | 174,646    | 2,119                 | 1.0                   |
| <b>Austria - 1.1% (1.8%)</b>                                |            |                       |                       |
| voestalpine   | 73,481     | 2,292                 | 1.1                   |
| <b>Other - 1.1% (0.9%)</b>                                  |            |                       |                       |
| JPM Europe Micro Cap 'A' (Income)^                          | 140,637    | 1,417                 | 0.7                   |
| JPM Europe Strategic Value 'A' (Income)^                    | 75,847     | 726                   | 0.4                   |
| <b>Poland - 0.4% (0.0%)</b>                                 |            |                       |                       |
| Jastrzebska Spolka Weglowa                                  | 29,286     | 868                   | 0.4                   |
| <b>Futures - (0.1%) (0.0%)</b>                              |            |                       |                       |
| Euro Stoxx 50 Futures Sep 2011                              | 480        | (246)                 | (0.1)                 |
| <b>Liquidity - 6.5% (0.0%)</b>                              |            |                       |                       |
| JPM Euro Liquidity 'X' (Income)^                            | 15,050,000 | 13,174                | 6.5                   |
| <b>Investment assets (including investment liabilities)</b> |            | <b>198,442</b>        | <b>97.3</b>           |
| <b>Net other assets</b>                                     |            | <b>5,547</b>          | <b>2.7</b>            |
| <b>Net assets</b>   |            | <b>203,989</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000          |  | £'000           |
|--|----------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>336,589</b> | <b>Total of all sales for the period</b> | <b>364,136</b>  |
| <b>Major purchases</b>                       | <b>Cost</b>    | <b>Major sales</b>                       | <b>Proceeds</b> |
| JPM Euro Liquidity 'X' (Income)              | 17,061         | Telefonica                               | 10,124          |
| Telefonica                                   | 8,089          | Daimler                                  | 8,070           |
| Nestle                                       | 7,642          | SAP                                      | 5,985           |
| Novartis                                     | 6,426          | Allianz                                  | 5,430           |
| SAP  | 5,839          | Clariant                                 | 4,957           |
| Roche (Genusscheine)                         | 5,814          | Alcatel Lucent 'A'                       | 4,855           |
| Repsol YPF                                   | 5,449          | Volvo 'B'                                | 4,662           |
| Volkswagen Non-Voting Preference             | 4,778          | Infineon Technologies                    | 4,628           |
| Alcatel Lucent 'A'                           | 4,764          | UPM-Kymmene                              | 4,592           |
| ENI  | 4,661          | Valeo                                    | 4,531           |
| BMW  | 4,303          | Umicore                                  | 4,485           |
| Prysmian                                     | 4,137          | Enel                                     | 4,388           |
| Bayer  | 4,088          | Arkema                                   | 4,064           |
| Anheuser-Busch InBev                         | 3,982          | Prysmian                                 | 3,996           |
| Solvay                                       | 3,895          | Siemens                                  | 3,825           |
| UBS  | 3,719          | RWE 'A'                                  | 3,795           |
| Ericsson 'B'                                 | 3,686          | Renault                                  | 3,787           |
| DnB  | 3,513          | ASML                                     | 3,785           |
| Valeo  | 3,478          | Merck                                    | 3,747           |
| Merck  | 3,409          | Swiss Life                               | 3,628           |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011           | 2010         |
|---|----------------|--------------|
|   | £'000          | £'000        |
| Income  |                |              |
| Net capital losses  | (10,316)       | (3,547)      |
| Revenue   | 5,218          | 6,768        |
| Expenses  | (1,858)        | (2,273)      |
| Net revenue before taxation   | 3,360          | 4,495        |
| Taxation  | (459)          | (868)        |
| Net revenue after taxation  | 2,901          | 3,627        |
| <b>Total return before distributions</b>  | <b>(7,415)</b> | <b>80</b>    |
| Finance costs: Distributions  | (157)          | (421)        |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>(7,572)</b> | <b>(341)</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | 2011           | 2010           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   | <b>237,038</b> | <b>291,816</b> |
| Amounts receivable on issue of shares  | 1,600          | 2,686          |
| Amounts payable on cancellation of shares  | (27,076)       | (61,659)       |
|  | (25,476)       | (58,973)       |
| Change in net assets attributable to shareholders from investment activities (see above) | (7,572)        | (341)          |
| Stamp duty reserve tax   | (1)            | (3)            |
| <b>Closing net assets attributable to shareholders</b>                                   | <b>203,989</b> | <b>232,499</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011    | 31 January 2011 |
|--|-----------------|-----------------|
|  | £'000           | £'000           |
| <b>ASSETS</b>                                  |                 |                 |
| Investment assets                              | 198,688         | 234,979         |
| Debtors  | 17,069          | 7,331           |
| Cash and bank balances                         | 10,072          | 5,251           |
| <b>Total other assets</b>                      | <b>27,141</b>   | <b>12,582</b>   |
| <b>Total assets</b>                            | <b>225,829</b>  | <b>247,561</b>  |
| <b>LIABILITIES</b>                             |                 |                 |
| Investment liabilities                         | (246)           | -               |
| Creditors                                      | (21,594)        | (10,507)        |
| Distribution payable on income shares          | -               | (16)            |
| <b>Total other liabilities</b>                 | <b>(21,594)</b> | <b>(10,523)</b> |
| <b>Total liabilities</b>                       | <b>(21,840)</b> | <b>(10,523)</b> |
| <b>Net assets attributable to shareholders</b> | <b>203,989</b>  | <b>237,038</b>  |

# JPM Global Consumer Trends Fund

## Investment objective and policy

To provide long term capital growth by investing primarily in companies throughout the world benefiting from consumer driven opportunities. Investments may include, but are not limited to, companies providing goods and services relating to consumer related activities, wealth, leisure, lifestyle, health and wellness. Issuers of these securities may be located in any country and the Fund may invest significantly in emerging markets and in smaller companies (see section 11.8 and 11.11 of full Prospectus - Risk Warnings). Derivatives may be used for the purposes of Efficient Portfolio Management, including hedging, where appropriate (see section 11.14 of full Prospectus - Derivatives). The Fund may hold non-equity investments from time to time as appropriate.

## Risk profile

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

The Fund is not managed with reference to an index and its composition may significantly deviate from any index used for comparison purposes.

The Fund may be invested in emerging markets, which may be subject to additional political and economic risks, low liquidity, poor transparency and greater financial risks.

Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

The underlying assets of the Fund are denominated in currencies other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

In the review period, the Fund delivered a small negative return, slightly outperforming the broader global equity market.

Our holdings in the health and wellness theme performed well, including holdings in Sanofi-Aventis, a leading provider of diabetes treatments in emerging markets, and GlaxoSmithKline. A number of our small-cap holdings in emerging markets performed poorly amid concerns over inflation and corporate governance. These included VisionChina Media, which provides digital advertising on transport across China, and Longtop Financial Technologies, which was suspended from trading as the US investigate alleged fraud - a good reminder of why we are always diversified across stock, region, sector and theme. Selective holdings in the aspirational theme performed well, such as Volkswagen, which saw significant Chinese demand for its Audi brand.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.  
Source: J.P. Morgan.

<sup>a</sup> As at 01/11/09 the primary benchmark for the JPM Global Consumer Trends Fund changed from MSCI World Index Consumer Discretionary/MSCI World Index Consumer Staples - Market Cap Weighted (Total Return Net) to MSCI World Index (Total Return Net).

The Fund is not managed with reference to the indices shown. They are provided for comparison purposes only. The benchmark - the MSCI World Index - shows how the Fund has performed against the broader global market. The Comparator - MSCI World Index Consumer Discretionary/MSCI World Index Consumer Staples - Market Cap Weighted - is a narrower composite index of consumer sectors.

Benchmark Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by JPMorgan Asset Management (UK) Ltd. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

## Fund outlook

We continue to identify companies that are benefiting from structural changes in the consumer landscape and our long-term outlook remains positive. We have increased our direct emerging market exposure as we have been able to buy a number of stocks at very attractive valuations, such as United Spirits, the leading spirits producer in India, and Vinda International, which sells toilet paper in China.

## 12 month performance to 31 July

|   | 2011        | 2010         | 2009         |
|---|-------------|--------------|--------------|
| <b>JPM Global Consumer Trends A-Class Acc</b> | <b>8.3%</b> | <b>27.6%</b> | <b>13.3%</b> |
| <b>JPM Global Consumer Trends B-Class Inc</b> | -           | -            | -            |
| <b>JPM Global Consumer Trends C-Class Acc</b> | <b>9.2%</b> | -            | -            |
| Benchmark Index <sup>a</sup>                  | 13.1%       | 16.3%        | -6.3%        |
| Comparator                                    | 17.4%       | 21.8%        | 7.2%         |

## Six month performance to 31 July 2011

|   |              |
|---|--------------|
| <b>JPM Global Consumer Trends A-Class Acc</b> | <b>-0.9%</b> |
| Benchmark Index <sup>a</sup>                  | -1.4%        |
| Comparator                                    | 4.3%         |

## Fund statistics

|                              |   |
|------------------------------|---|
| Fund size                    | £111.2m   |
| Benchmark Index <sup>a</sup> | MSCI World Index (Total Return Net)   |
| Comparator                   | MSCI World Index Consumer Discretionary/<br>MSCI World Index Consumer Staples -<br>Market Cap Weighted (Total Return Net) |
| Fund charges                 |   |
| A-Class                      | Initial 4.25%, Annual 1.50%   |
| B-Class                      | Initial Nil, Annual 1.00%   |
| C-Class                      | Initial Nil, Annual 0.75%   |

## Top ten holdings

|                 | %   |
|-----------------|-----|
| Guess           | 3.5 |
| PPR             | 2.9 |
| Nestle          | 2.9 |
| TOTAL S.A.      | 2.7 |
| Apple           | 2.7 |
| Ports Design    | 2.7 |
| GlaxoSmithKline | 2.6 |
| Sanofi-Aventis  | 2.6 |
| Chevron         | 2.5 |
| Hewlett Packard | 2.3 |

## Geographical breakdown

|                          | %    |
|--------------------------|------|
| United States of America | 31.2 |
| United Kingdom           | 11.5 |
| Hong Kong                | 10.0 |
| France                   | 10.0 |
| China                    | 8.4  |
| Switzerland              | 6.2  |
| India                    | 5.1  |
| Netherlands              | 3.2  |
| Israel                   | 1.9  |
| Germany                  | 1.5  |
| South Africa             | 1.3  |
| Greece                   | 1.1  |
| Italy                    | 0.9  |
| Taiwan                   | 0.8  |
| Brazil                   | 0.4  |
| Liquidity                | 3.7  |
| Net other assets         | 2.8  |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares<sup>B</sup></b> |                     |                    |                              |
| 2008   | 52.34p              | 34.94p             | -                            |
| 2009   | 63.15p              | 37.62p             | 0.66p                        |
| 2010   | 75.34p              | 61.53p             | 0.32p                        |
| 2011 <sup>C</sup>                              | 75.64p              | 69.64p             | 0.77p                        |
| <b>A-Class Income Shares<sup>B</sup></b>       |                     |                    |                              |
| 2008   | 52.34p              | 34.94p             | -                            |
| 2009   | 62.22p              | 37.07p             | 0.66p                        |
| 2010   | 73.87p              | 60.61p             | 0.31p                        |
| 2011 <sup>C</sup>                              | 74.16p              | 67.55p             | 0.75p                        |
| <b>B-Class Income Shares<sup>D</sup></b>       |                     |                    |                              |
| 2011 <sup>C</sup>                              | 102.8p              | 94.86p             | -                            |
| <b>C-Class Accumulation Shares<sup>E</sup></b> |                     |                    |                              |
| 2010   | 115.5p              | 95.74p             | -                            |
| 2011 <sup>C</sup>                              | 116.1p              | 107.1p             | 0.97p                        |
| <b>C-Class Income Shares<sup>F</sup></b>       |                     |                    |                              |
| 2011 <sup>C</sup>                              | 103.7p              | 95.78p             | -                            |

<sup>B</sup> A-Class Accumulation and A-Class Income Shares were launched on 7 April 2008.

<sup>C</sup> To 31 July 2011.

<sup>D</sup> B-Class Income Shares were launched on 14 February 2011.

<sup>E</sup> C-Class Accumulation Shares were launched on 9 June 2010.

<sup>F</sup> C-Class Income Shares were launched on 29 March 2011.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 166.0% |
| 31.07.11 | 67.5%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 1,732                                    | 4,020,600        | 43.08p                    | 1.67%               |
| 31.01.10                           | 5,234                                    | 8,525,355        | 61.39p                    | 1.68%               |
| 31.01.11                           | 44,374                                   | 61,392,409       | 72.28p                    | 1.68%               |
| 31.07.11                           | 60,566                                   | 84,538,569       | 71.64p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>G</sup>              | 1,307                                    | 3,077,685        | 42.45p                    | 1.68%               |
| 31.01.10 <sup>G</sup>              | 1,968                                    | 3,270,027        | 60.18p                    | 1.68%               |
| 31.01.11 <sup>G</sup>              | 9,323                                    | 13,297,145       | 70.11p                    | 1.68%               |
| 31.07.11                           | 12,682                                   | 18,247,278       | 69.50p                    | 1.68%               |
| <b>B-Class Income Shares</b>       |  |                  |                           |                     |
| 31.07.11                           | 2,442                                    | 2,500,045        | 97.69p                    | 1.15%               |
| <b>C-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.11                           | 34,157                                   | 30,793,224       | 110.9p                    | 0.87%               |
| 31.07.11                           | 33,635                                   | 30,470,130       | 110.4p                    | 0.87%               |
| <b>C-Class Income Shares</b>       |  |                  |                           |                     |
| 31.07.11                           | 1,897                                    | 1,923,347        | 98.62p                    | 0.87%               |

<sup>G</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                      | Holding    | Market value<br>£'000 | Total net<br>assets % |
|---|------------|-----------------------|-----------------------|
| <b>United States of America - 31.2% (32.3%)</b> |            |                       |                       |
| 3M  | 28,821     | 1,551                 | 1.4                   |
| Abbott Laboratories                             | 75,456     | 2,395                 | 2.1                   |
| Airmedia Group ADS                              | 305,087    | 602                   | 0.5                   |
| Apple   | 12,553     | 3,022                 | 2.7                   |
| Broadcom 'A'                                    | 57,256     | 1,296                 | 1.2                   |
| Celgene   | 35,271     | 1,300                 | 1.2                   |
| Chevron   | 43,267     | 2,792                 | 2.5                   |
| Cisco Systems                                   | 234,003    | 2,302                 | 2.1                   |
| Emerson Electric                                | 43,860     | 1,337                 | 1.2                   |
| Georgia Gulf Corporation                        | 83,238     | 1,015                 | 0.9                   |
| Guess   | 163,472    | 3,844                 | 3.5                   |
| Hewlett Packard                                 | 112,607    | 2,508                 | 2.3                   |
| Lam Research                                    | 21,000     | 550                   | 0.5                   |
| Merck   | 110,355    | 2,369                 | 2.1                   |
| Metlife   | 67,674     | 1,656                 | 1.5                   |
| Sprint Nextel                                   | 175,900    | 469                   | 0.4                   |
| Time Warner                                     | 84,208     | 1,850                 | 1.7                   |
| Veeco Instruments                               | 61,399     | 1,545                 | 1.4                   |
| VF  | 30,735     | 2,211                 | 2.0                   |
| <b>United Kingdom - 11.5% (13.6%)</b>           |            |                       |                       |
| British American Tobacco                        | 74,195     | 2,090                 | 1.9                   |
| Enterprise Inns                                 | 674,250    | 382                   | 0.3                   |
| GlaxoSmithKline                                 | 211,061    | 2,901                 | 2.6                   |
| Royal Dutch Shell 'A'                           | 77,317     | 1,735                 | 1.6                   |
| Standard Chartered                              | 67,813     | 1,055                 | 0.9                   |
| Unilever  | 112,635    | 2,193                 | 2.0                   |
| United Business Media                           | 106,500    | 572                   | 0.5                   |
| Vodafone Group                                  | 1,083,988  | 1,870                 | 1.7                   |
| <b>Hong Kong - 10.0% (7.7%)</b>                 |            |                       |                       |
| Agile Property                                  | 670,000    | 664                   | 0.6                   |
| China Resources Land                            | 470,000    | 562                   | 0.5                   |
| China Yurun Food Group                          | 529,000    | 1,020                 | 0.9                   |
| Franshion Properties                            | 4,150,000  | 700                   | 0.6                   |
| HengAn International                            | 176,500    | 938                   | 0.8                   |
| Oriental Watch                                  | 2,605,680  | 1,300                 | 1.2                   |
| Parkson Retail Group                            | 648,000    | 558                   | 0.5                   |
| Ports Design                                    | 2,320,000  | 3,011                 | 2.7                   |
| Renhe Commercial                                | 4,634,000  | 559                   | 0.5                   |
| United Laboratories International               | 1,600,000  | 1,012                 | 0.9                   |
| West China Cement                               | 4,402,000  | 864                   | 0.8                   |
| <b>France - 10.0% (10.4%)</b>                   |            |                       |                       |
| Atos  | 22,156     | 745                   | 0.7                   |
| LVMH  | 10,639     | 1,189                 | 1.1                   |
| PPR   | 28,815     | 3,284                 | 2.9                   |
| Sanofi-Aventis                                  | 60,379     | 2,868                 | 2.6                   |
| TOTAL S.A.                                      | 92,846     | 3,064                 | 2.7                   |
| <b>China - 8.4% (11.6%)</b>                     |            |                       |                       |
| Beauty China <sup>‡</sup>                       | 133,000    | -                     | -                     |
| China Dongxiang                                 | 1,941,000  | 271                   | 0.2                   |
| China Hongxing Sports <sup>†</sup>              | 22,764,000 | 1,334                 | 1.2                   |
| China Merchants Bank 'H'                        | 691,500    | 1,007                 | 0.9                   |
| Giant Interactive ADR                           | 178,273    | 863                   | 0.8                   |
| Longtop Financial Technologies ADR <sup>†</sup> | 122,983    | -                     | -                     |
| New World Department Store China                | 1,313,000  | 591                   | 0.5                   |
| Perfect World ADR 'B'                           | 93,438     | 1,134                 | 1.0                   |
| Shanda Games ADR 'A'                            | 164,026    | 627                   | 0.6                   |
| Vinda International                             | 1,661,000  | 1,251                 | 1.1                   |
| VisionChina Media ADR                           | 543,034    | 944                   | 0.8                   |
| Want Want China                                 | 1,519,000  | 830                   | 0.7                   |
| WuXi PharmaTech ADS                             | 69,600     | 688                   | 0.6                   |
| <b>Switzerland - 6.2% (6.1%)</b>                |            |                       |                       |
| Compagnie Financiere Richemont 'A'              | 44,707     | 1,775                 | 1.6                   |
| Nestle  | 82,879     | 3,201                 | 2.9                   |
| Swatch Group                                    | 5,891      | 1,932                 | 1.7                   |
| <b>India - 5.1% (2.9%)</b>                      |            |                       |                       |
| Federal Bank                                    | 145,877    | 859                   | 0.8                   |
| Infrastructure Development Finance              | 624,439    | 1,094                 | 1.0                   |
| Tata Motors 'A'                                 | 127,835    | 970                   | 0.9                   |
| United Spirits                                  | 46,887     | 668                   | 0.6                   |
| Yes Bank  | 463,042    | 1,999                 | 1.8                   |

| Investment  | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>Netherlands - 3.2% (3.5%)</b>                  |           |                       |                       |
| KPN   | 228,786   | 1,974                 | 1.8                   |
| Wolters-Kluwer                                    | 125,271   | 1,577                 | 1.4                   |
| <b>Israel - 1.9% (1.4%)</b>                       |           |                       |                       |
| Teva Pharmaceutical Industries ADR                | 72,187    | 2,065                 | 1.9                   |
| <b>Germany - 1.5% (0.0%)</b>                      |           |                       |                       |
| Gerresheimer                                      | 11,300    | 351                   | 0.3                   |
| Volkswagen  | 12,021    | 1,347                 | 1.2                   |
| <b>South Africa - 1.3% (1.2%)</b>                 |           |                       |                       |
| MTN Group   | 108,911   | 1,421                 | 1.3                   |
| <b>Greece - 1.1% (1.5%)</b>                       |           |                       |                       |
| Duty Free Shops                                   | 151,214   | 1,211                 | 1.1                   |
| <b>Italy - 0.9% (0.0%)</b>                        |           |                       |                       |
| ENI   | 73,833    | 983                   | 0.9                   |
| <b>Taiwan - 0.8% (0.0%)</b>                       |           |                       |                       |
| HTC   | 46,200    | 843                   | 0.8                   |
| <b>Brazil - 0.4% (0.3%)</b>                       |           |                       |                       |
| Restoque Comercio E Confeccoos                    | 61,919    | 487                   | 0.4                   |
| <b>Liquidity - 3.7% (0.0%)</b>                    |           |                       |                       |
| JPM US Dollar Liquidity 'X' (Income) <sup>^</sup> | 6,675,000 | 4,102                 | 3.7                   |
| <b>Investment assets</b>                          |           | <b>108,149</b>        | <b>97.2</b>           |
| <b>Net other assets</b>                           |           | <b>3,073</b>          | <b>2.8</b>            |
| <b>Net assets</b>                                 |           | <b>111,222</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

<sup>†</sup> Suspended security

<sup>‡</sup> Delisted security

<sup>^</sup> Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>72,294</b> | <b>Total of all sales for the period</b> | <b>46,418</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| JPM US Dollar Liquidity 'X' (Income)         | 4,296         | Medtronic                                | 1,740           |
| Longtop Financial Technologies ADR           | 3,038         | Apache                                   | 1,700           |
| Apple  | 2,748         | ExxonMobil                               | 1,688           |
| Ports Design                                 | 2,545         | Imperial Tobacco Group                   | 1,686           |
| Guess  | 1,945         | Aflac                                    | 1,656           |
| Georgia Gulf Corporation                     | 1,767         | Abercrombie & Fitch 'A'                  | 1,653           |
| Aflac  | 1,718         | China Security & Surveillance            | 1,434           |
| British American Tobacco                     | 1,634         | Prudential Financial                     | 1,395           |
| Infrastructure Development Finance           | 1,523         | Longtop Financial Technologies ADR       | 1,334           |
| West China Cement                            | 1,513         | Avago Technologies                       | 1,321           |
| Emerson Electric                             | 1,456         | Renhe Commercial                         | 1,238           |
| United Laboratories International            | 1,308         | Diageo                                   | 1,195           |
| Volkswagen                                   | 1,257         | American Express                         | 1,099           |
| Tata Motors 'A'                              | 1,236         | Perfect World ADR 'B'                    | 1,057           |
| Broadcom 'A'                                 | 1,234         | Prada                                    | 1,035           |
| Celgene                                      | 1,230         | Shin-Etsu Chemical                       | 1,029           |
| China Yurun Food Group                       | 1,205         | Li Ning                                  | 973             |
| Teva Pharmaceutical Industries ADR           | 1,183         | British American Tobacco                 | 917             |
| ENI  | 1,166         | Pfizer                                   | 906             |
| Standard Chartered                           | 1,149         | Express                                  | 892             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000  | £'000 | 2010<br>£'000 |
|---|-------|----------------|-------|---------------|
| Income  |       |                |       |               |
| Net capital losses  |       | (2,112)        |       | (202)         |
| Revenue   | 1,714 |                | 285   |               |
| Expenses  | (730) |                | (128) |               |
| Net revenue before taxation   | 984   |                | 157   |               |
| Taxation  | (156) |                | (30)  |               |
| Net revenue after taxation  |       | 828            |       | 127           |
| <b>Total return before distributions</b>  |       | <b>(1,284)</b> |       | <b>(75)</b>   |
| Finance costs: Distributions  |       | 19             |       | 23            |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>(1,265)</b> |       | <b>(52)</b>   |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                | 31 January 2011 |                |
|--|--------------|----------------|-----------------|----------------|
|  | £'000        | £'000          | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |                |                 |                |
| Investment assets                              |              | 108,149        |                 | 84,269         |
| Debtors  | 3,924        |                | 2,545           |                |
| Cash and bank balances                         | 426          |                | 2,616           |                |
| <b>Total other assets</b>                      |              | <b>4,350</b>   |                 | <b>5,161</b>   |
| <b>Total assets</b>                            |              | <b>112,499</b> |                 | <b>89,430</b>  |
| <b>LIABILITIES</b>                             |              |                |                 |                |
| Creditors                                      | (1,277)      |                | (1,476)         |                |
| Distribution payable on income shares          | -            |                | (100)           |                |
| <b>Total liabilities</b>                       |              | <b>(1,277)</b> |                 | <b>(1,576)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>111,222</b> |                 | <b>87,854</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000    | 2011<br>£'000  | £'000   | 2010<br>£'000 |
|--|----------|----------------|---------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |          | <b>87,854</b>  |         | <b>7,202</b>  |
| Amounts receivable on issue of shares  | 40,188   |                | 29,206  |               |
| Amounts payable on cancellation of shares  | (15,542) |                | (3,637) |               |
|  |          | 24,646         |         | 25,569        |
| Change in net assets attributable to shareholders from investment activities (see above) |          | (1,265)        |         | (52)          |
| Stamp duty reserve tax   |          | (13)           |         | (3)           |
| <b>Closing net assets attributable to shareholders</b>                                   |          | <b>111,222</b> |         | <b>32,716</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

# JPM Global Equity Absolute Alpha Fund

## Investment objective and policy

The Fund aims to provide a return in excess of the return on one month Sterling (GBP) LIBOR over rolling 12 month periods in any market conditions, although this is not guaranteed.

The Fund will seek to achieve an absolute return normally through long and short positions in equities and equity linked securities anywhere in the world (which may include emerging markets). Long positions may be achieved through direct investments and/or derivative instruments. Short positions will be achieved through derivatives only. The Fund may have a concentrated portfolio of securities.

In addition, the Fund may invest, at the discretion of the Investment Adviser, up to 100% in cash and cash equivalents. The Fund may also invest in fixed and floating rate debt securities.

There is no restriction on the value of the property of the Fund that may be invested in transferable securities which are warrants. If more than 5% of the property of the Fund is invested in warrants, the net asset value of the Fund may become highly volatile on occasions.

The Fund may use derivatives for investment purposes. The Fund may also use derivatives for Efficient Portfolio Management, including hedging, where appropriate.

Although most of the Fund's non-Sterling assets will normally be hedged back to Sterling, the Fund's non-Sterling assets may not be hedged, at the discretion of the Investment Adviser, in order to enhance potential returns.

## Risk profile

- The Fund aims to provide a positive return in any market conditions over a rolling 12 month period, although this is not guaranteed. The Fund can use sophisticated investment techniques that differ from those used in traditional equity funds. The Fund should not be used as a substitute for liquidity funds or cash accounts.
- The Fund may use derivatives (including forward transactions) for investment purposes, potentially increasing the volatility and therefore risk of the Fund.
- Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.
- Bond prices can fluctuate significantly depending not only on global economic and interest rate conditions but also on the general credit market environment and the creditworthiness of the issuer.
- The Fund may have a concentrated portfolio which may be subject to greater volatility than a more diversified portfolio.
- The Fund may be invested in emerging markets, which may be subject to additional political and economic risks, low liquidity, poor transparency and greater financial risks.
- The Fund may invest in smaller companies. Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volumes or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

- The Fund invests opportunistically and exposure to equity markets may vary substantially depending on market conditions. Therefore the Fund may not be fully invested in rising markets; conversely the Fund could be fully invested in a falling market. In both circumstances the performance of the Fund would suffer.
- To the extent that any underlying assets of the Fund are denominated in a currency other than Sterling and are not hedged back to Sterling, investors will be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.
- The possible loss from taking a short position on a security differs from the loss that could be incurred from a cash investment in the security; the former may be unlimited as there is no restriction on the price to which a security may rise, whereas the latter cannot exceed the total amount of the cash investment. The short selling of investments may be subject to changes in regulations, which could adversely impact returns to investors.
- When the Fund invests in warrants, the values of these warrants are likely to fluctuate more than the prices of the underlying securities.

## Fund review and outlook

As the Fund has only recently been launched we have not included a Fund review and outlook.

## Performance to 31 July

Since launch 06/07/11

|   |              |
|---|--------------|
| <b>JPM Global Equity Absolute Alpha A-Class Acc</b> | <b>-0.6%</b> |
| Benchmark Index                                     | 0.5%         |

## Fund statistics

|                 |                                    |
|-----------------|------------------------------------|
| Fund size       | <b>£6.2m</b>                       |
| Benchmark Index | <b>BBA LIBOR GBP 1 month</b>       |
| Fund charges    | <b>Initial 4.25%, Annual 1.25%</b> |

## Top ten holdings

|                   | %   |
|-------------------|-----|
| TOTAL S.A.        | 1.9 |
| Guess             | 1.8 |
| Hewlett Packard   | 1.5 |
| Apple             | 1.4 |
| Veeco Instruments | 1.3 |
| Vodafone Group    | 1.1 |
| KPN               | 1.1 |
| Anheuser Busch    | 1.0 |
| Chevron           | 1.0 |
| Merck             | 1.0 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

Performance fee is 20% when the Fund return exceeds the benchmark return. Please refer to the Fund's Prospectus for conditions on the application of the performance fees.

## Geographical breakdown

|                            | %    |
|----------------------------|------|
| United States of America   | 8.9  |
| France                     | 2.9  |
| Germany                    | 2.2  |
| United Kingdom             | 1.6  |
| Netherlands                | 1.1  |
| Belgium                    | 1.0  |
| Italy                      | 1.0  |
| Israel                     | 0.9  |
| Poland                     | 0.8  |
| Hong Kong                  | 0.7  |
| China                      | 0.5  |
| Forward currency contracts | 0.2  |
| Contracts for difference   | 0.1  |
| Liquidity                  | 9.9  |
| Net other assets           | 68.2 |

In line with current accounting practice the geographical breakdown includes the unrealised profit or loss on derivative holdings and consequently the economic market exposure of the fund cannot be fully determined from the above disclosure.

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares<sup>A</sup></b> |                     |                    |                              |
| 2011 <sup>B</sup>                              | 50.11p              | 49.71p             | -                            |
| <b>A-Class Income Shares<sup>A</sup></b>       |                     |                    |                              |
| 2011 <sup>B</sup>                              | 50.11p              | 49.71p             | -                            |

<sup>A</sup> A-Class Accumulation and A-Class Income Shares were launched on 6 July 2011.

<sup>B</sup> To 31 July 2011.

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.07.11 | 51.8% |
|----------|-------|

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.07.11                           | 3,137                                    | 6,320,000        | 49.64p                    | 1.43%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.07.11                           | 3,088                                    | 6,220,000        | 49.64p                    | 1.43%               |

The total expense ratio ("TER") includes the ACD fee and any fixed expenses charged to revenue over the period. When expressed as a percentage of the average daily net asset values over the same period this equates to 1.43%. The TER also includes a performance fee which is calculated as 10% of any outperformance of the Fund against its benchmark British Bankers Association (BBA) LIBOR GBP 1 month rate. When expressed as a percentage of the average daily net asset values over the same period this equates to 0.00%. Full details on how the performance fee is calculated can be found in the Prospectus. The total TER for the period therefore is 1.43%.

# Portfolio statement

As at 31 July 2011

| Investment                                  | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % |
|---|---------|----------------------------|-----------------------|--------------------|
| <b>United States of America - 8.9%</b>      |         |                            |                       |                    |
| Apple                                       | 365     |                            | 88                    | 1.4                |
| Chevron                                     | 970     |                            | 63                    | 1.0                |
| Georgia Gulf Corporation                    | 2,160   |                            | 26                    | 0.4                |
| Guess                                       | 4,810   |                            | 113                   | 1.8                |
| Hewlett Packard                             | 4,150   |                            | 92                    | 1.5                |
| Merck                                       | 2,900   |                            | 62                    | 1.0                |
| Morgan Stanley                              | 10      |                            | -                     | -                  |
| Veeco Instruments                           | 3,194   |                            | 80                    | 1.3                |
| Virgin Media                                | 1,855   |                            | 30                    | 0.5                |
| <b>France - 2.9%</b>                        |         |                            |                       |                    |
| Sanofi-Aventis                              | 1,252   |                            | 60                    | 1.0                |
| TOTAL S.A.                                  | 3,632   |                            | 120                   | 1.9                |
| <b>Germany - 2.2%</b>                       |         |                            |                       |                    |
| Bechtle                                     | 2,090   |                            | 58                    | 0.9                |
| Rheinmetall                                 | 549     |                            | 27                    | 0.4                |
| Volkswagen                                  | 520     |                            | 58                    | 0.9                |
| <b>United Kingdom - 1.6%</b>                |         |                            |                       |                    |
| Imperial Tobacco Group                      | 1,445   |                            | 31                    | 0.5                |
| Vodafone Group                              | 37,697  |                            | 65                    | 1.1                |
| <b>Netherlands - 1.1%</b>                   |         |                            |                       |                    |
| KPN   | 7,479   |                            | 65                    | 1.1                |
| <b>Belgium - 1.0%</b>                       |         |                            |                       |                    |
| Anheuser Busch                              | 1,785   |                            | 63                    | 1.0                |
| <b>Italy - 1.0%</b>                         |         |                            |                       |                    |
| ENI   | 4,577   |                            | 61                    | 1.0                |
| <b>Israel - 0.9%</b>                        |         |                            |                       |                    |
| Teva Pharmaceutical Industries ADR          | 2,040   |                            | 58                    | 0.9                |
| <b>Poland - 0.8%</b>                        |         |                            |                       |                    |
| 3Legs Resources*                            | 20,330  |                            | 49                    | 0.8                |
| <b>Hong Kong - 0.7%</b>                     |         |                            |                       |                    |
| Ports Design                                | 32,000  |                            | 42                    | 0.7                |
| <b>China - 0.5%</b>                         |         |                            |                       |                    |
| Perfect World ADR 'B'                       | 2,440   |                            | 30                    | 0.5                |
| <b>Forward currency contracts - 0.2%</b>    |         |                            |                       |                    |
| <b>Danish Krone</b>                         |         |                            |                       |                    |
| Buy DKK 528,122 sell £62,475 dated 05/08/11 |         |                            | -                     | -                  |
| Sell DKK 528,122 buy £63,473 dated 05/08/11 |         |                            | 1                     | -                  |
| <b>Euro</b>                                 |         |                            |                       |                    |
| Sell €639,825 buy £568,493 dated 05/08/11   |         |                            | 8                     | 0.1                |
| <b>Hong Kong Dollar</b>                     |         |                            |                       |                    |
| Sell HKD 393,567 buy £31,487 dated 05/08/11 |         |                            | 1                     | -                  |
| <b>Swiss Franc</b>                          |         |                            |                       |                    |
| Buy CHF 42,916 sell £32,763 dated 05/08/11  |         |                            | -                     | -                  |
| Sell CHF 42,916 buy £32,200 dated 05/08/11  |         |                            | (1)                   | -                  |
| Sell CHF 42,916 buy £32,824 dated 08/11/11  |         |                            | -                     | -                  |
| <b>US Dollar</b>                            |         |                            |                       |                    |
| Buy \$60,816 sell £38,218 dated 05/08/11    |         |                            | (1)                   | -                  |
| Buy \$31,738 sell £22,694 dated 05/08/11    |         |                            | (1)                   | -                  |
| Sell \$763,379 buy £475,979 dated 05/08/11  |         |                            | 7                     | 0.1                |
| Sell \$102,139 buy £62,604 dated 05/08/11   |         |                            | -                     | -                  |
| <b>Contracts for difference - 0.1%</b>      |         |                            |                       |                    |
| <b>Euro - 0.0%</b>                          |         |                            |                       |                    |
| <b>Short Positions</b>                      |         |                            |                       |                    |
| Fiat  | (2,578) | (15)                       | 1                     | -                  |
| RHI   | (1,337) | (21)                       | 1                     | -                  |
| <b>US Dollar - 0.1%</b>                     |         |                            |                       |                    |
| <b>Short Positions</b>                      |         |                            |                       |                    |
| Cree  | (1,574) | (32)                       | -                     | -                  |
| Diamond Offshore                            | (700)   | (29)                       | -                     | -                  |
| McDonald's                                  | (600)   | (32)                       | -                     | -                  |
| United States Steel                         | (1,172) | (29)                       | 3                     | 0.1                |

| Investment  | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % |
|---|---------|----------------------------|-----------------------|--------------------|
| <b>Liquidity - 9.9%</b>                                     |         |                            |                       |                    |
| JPM Sterling Liquidity 'X' (Income)^                        | 620,000 |                            | 620                   | 9.9                |
| <b>Investment assets (including investment liabilities)</b> |         |                            | <b>1,980</b>          | <b>31.8</b>        |
| <b>Net other assets</b>                                     |         |                            | <b>4,245</b>          | <b>68.2</b>        |
| <b>Net assets</b>   |         |                            | <b>6,225</b>          | <b>100.0</b>       |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

\*Listed on Alternative Investment Market (AIM)

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the period from 6 July to 31 July 2011

|  | £'000        |  | £'000           |
|--|--------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>2,530</b> | <b>Total of all sales for the period</b> | <b>506</b>      |
| <b>Major purchases</b>                       | <b>Cost</b>  | <b>Sales</b>                             | <b>Proceeds</b> |
| JPM Sterling Liquidity 'X' (Income)          | 620          | Morgan Stanley                           | 64              |
| TOTAL S.A.                                   | 127          | Volkswagen Non-Voting Preference         | 62              |
| Guess  | 121          | AXA                                      | 62              |
| Hewlett Packard                              | 95           | Carlsberg 'B'                            | 58              |
| Veeco Instruments                            | 87           | Premier Farnell                          | 52              |
| Apple  | 85           | Virgin Media                             | 32              |
| Virgin Media                                 | 65           | Temenos Group                            | 32              |
| Morgan Stanley                               | 64           | State Street                             | 31              |
| Vodafone Group                               | 63           | KBC Groep                                | 30              |
| KPN  | 63           | AFLAC                                    | 29              |
| Carlsberg 'B'                                | 63           | Thyssen Krupp                            | 27              |
| Volkswagen Non-Voting Preference             | 63           | SAF Holland                              | 27              |
| Sanofi-Aventis                               | 63           |  |                 |
| Teva Pharmaceutical Industries ADR           | 63           |  |                 |
| Chevron                                      | 63           |  |                 |
| Volkswagen                                   | 62           |  |                 |
| ENI  | 62           |  |                 |
| AXA  | 62           |  |                 |
| Anheuser-Busch InBev                         | 61           |  |                 |
| Merck  | 61           |  |                 |

# Financial statements

## Statement of total return

(Unaudited)

For the period from 6 July to 31 July

|   | £'000 | 2011<br>£'000 |
|---|-------|---------------|
| Income  |       |               |
| Net capital losses  |       | (43)          |
| Revenue   | 3     |               |
| Expenses  | (5)   |               |
| Net expense before taxation   | (2)   |               |
| Taxation  | -     |               |
| Net expense after taxation  |       | (2)           |
| <b>Total return before distributions</b>  |       | <b>(45)</b>   |
| Finance costs: Distributions  |       | -             |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>(45)</b>   |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the period from 6 July to 31 July

|  | £'000 | 2011<br>£'000 |
|--|-------|---------------|
| Opening net assets attributable to shareholders  |       | -             |
| Amounts receivable on issue of shares  | 6,270 |               |
|  |       | 6,270         |
| Change in net assets attributable to shareholders from investment activities (see above) |       | (45)          |
| <b>Closing net assets attributable to shareholders</b>                                   |       | <b>6,225</b>  |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |              |
|--|--------------|--------------|
|  | £'000        | £'000        |
| <b>ASSETS</b>                                  |              |              |
| Investment assets                              |              | 1,983        |
| Debtors  | 240          |              |
| Cash and bank balances                         | 4,238        |              |
| <b>Total other assets</b>                      |              | <b>4,478</b> |
| <b>Total assets</b>                            |              | <b>6,461</b> |
| <b>LIABILITIES</b>                             |              |              |
| Investment liabilities                         |              | (3)          |
| Creditors                                      | (233)        |              |
| <b>Total other liabilities</b>                 |              | <b>(233)</b> |
| <b>Total liabilities</b>                       |              | <b>(236)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>6,225</b> |

# JPM Global Equity Income Fund

## Investment objective and policy

To provide a portfolio designed to achieve high and rising income by investing globally, primarily in equities, in any economic sector whilst participating in long-term capital growth.

## Risk profile

This equity based Fund may include investments in emerging market equities and smaller companies. The Fund may be hedged back to Sterling where appropriate, to mitigate currency risk.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

As the Fund is primarily focused on generating income, the Fund may deviate from its benchmark.

This Fund charges the fees of the ACD against capital, which will increase the amount of income available for distribution to Shareholders, but may constrain capital growth. It may also have tax implications for certain investors.

## Fund review

Global equity markets registered negative performance in the six months to 31 July. The success of certain peripheral European governments in raising debt finance boosted investor sentiment early in the year and strong company earnings sustained some of this momentum. Global equity markets then suffered as disappointing macroeconomic data suggested global activity may be slowing. Later, peripheral European debt issues resurfaced, with Greece requiring a second bailout deal and US politicians continuing negotiations about the US debt ceiling. The worst performing country in the period was Japan, which moved back into recession following the 11 March earthquake.

In markets heavily influenced by macro-economic factors absolute returns were marginally negative but the Fund outperformed its benchmark. Stock selection was widely positive, holdings in the health care, retail and basic industries sectors were particularly strong. Meanwhile, telecoms, transport services and consumer cyclicals detracted. The projected 2011 dividend yield of the portfolio is 4.5% against the MSCI World which is yielding 2.4%. A number of companies within the portfolio announced healthy dividend increases over the year and we expect dividend growth over the coming quarters.

## Fund outlook

We do not anticipate a return to recession in the US, though we recognise that macroeconomic uncertainties will have a negative impact on global growth and the gradual recovery in the short term. Company earnings remain remarkably resilient, with growing evidence of companies deploying cash on the balance sheet.

It is easy to be pessimistic on markets, but with the accommodative monetary policy stance in the US and the current zero interest rate environment in many developed markets, it is hard to be too negative on risk assets given the still sizeable risk premia available.

## 12 month performance to 31 July

|   | 2011         | 2010         | 2009          | 2008          |
|---|--------------|--------------|---------------|---------------|
| <b>JPM Global Equity Income A-Class Acc</b> | <b>10.0%</b> | <b>12.4%</b> | <b>-10.4%</b> | <b>-14.5%</b> |
| <b>JPM Global Equity Income C-Class Inc</b> | <b>10.9%</b> | <b>13.2%</b> | <b>-9.8%</b>  | <b>-</b>      |
| <b>JPM Global Equity Income X-Class Acc</b> | <b>11.7%</b> | <b>14.1%</b> | <b>-9.2%</b>  | <b>-13.9%</b> |
| Benchmark Index <sup>A</sup>                | 11.9%        | 9.8%         | 0.8%          | -8.6%         |

## Six month performance to 31 July 2011

|   |              |
|---|--------------|
| <b>JPM Global Equity Income A-Class Acc</b> | <b>-1.4%</b> |
| Benchmark Index <sup>A</sup>                | -1.8%        |

## Fund statistics

|                              |  |
|------------------------------|--|
| Fund size                    | <b>£114.1m</b>                                       |
| Benchmark Index <sup>A</sup> | <b>MSCI World Hedged into GBP (Total Return Net)</b> |
| Fund charges                 | <b>Initial 4.25%, Annual 1.50%</b>                   |
| A-Class                      | <b>Initial Nil, Annual 0.75%</b>                     |
| C-Class                      | <b>On application<sup>B</sup></b>                    |
| X-Class                      | <b>On application<sup>B</sup></b>                    |

## Top ten holdings

|                           | %   |
|---------------------------|-----|
| Royal Dutch Shell 'A'     | 2.6 |
| Du Pont de Nemours        | 2.5 |
| Time Warner               | 2.5 |
| Coca-Cola                 | 2.3 |
| Schneider Electric        | 2.2 |
| Sumitomo                  | 2.1 |
| BASF                      | 2.1 |
| British American Tobacco  | 2.1 |
| Zurich Financial Services | 1.9 |
| Vodafone Group            | 1.9 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation or income shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 01/05/09 the benchmark for the Fund was changed from MSCI World Index (Total Return Net) to MSCI World Index Hedged into GBP (Total Return Net).

<sup>B</sup> As agreed from time to time between the ACD and the relevant JPMorgan Chase & Co. entity.

Benchmark Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express of implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

## Geographical breakdown

|                            | %     |
|----------------------------|-------|
| United States of America   | 31.8  |
| France                     | 14.1  |
| United Kingdom             | 11.5  |
| Germany                    | 9.6   |
| Japan                      | 7.2   |
| Singapore                  | 3.4   |
| Italy                      | 3.1   |
| Switzerland                | 3.1   |
| Australia                  | 2.7   |
| China                      | 2.2   |
| Netherlands                | 2.2   |
| Hong Kong                  | 1.8   |
| Norway                     | 1.5   |
| Finland                    | 1.3   |
| Sweden                     | 1.2   |
| Thailand                   | 1.1   |
| South Korea                | 1.0   |
| South Africa               | 0.8   |
| Forward currency contracts | 0.5   |
| Liquidity                  | 0.2   |
| Net other liabilities      | (0.3) |

## Highest/lowest share price and distribution record

| Calendar year                            | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>       |                     |                    |                              |
| 2007                                     | 53.79p              | 47.18p             | 1.35p                        |
| 2008                                     | 51.36p              | 32.81p             | 1.81p                        |
| 2009                                     | 44.13p              | 29.50p             | 1.59p                        |
| 2010                                     | 48.64p              | 40.78p             | 1.55p                        |
| 2011 <sup>c</sup>                        | 50.06p              | 46.34p             | 1.42p                        |
| <b>A-Class Income Shares</b>             |                     |                    |                              |
| 2007                                     | 52.73p              | 46.85p             | 1.33p                        |
| 2008                                     | 49.99p              | 30.88p             | 1.73p                        |
| 2009                                     | 39.41p              | 27.34p             | 1.46p                        |
| 2010                                     | 41.94p              | 35.87p             | 1.36p                        |
| 2011 <sup>c</sup>                        | 42.89p              | 39.70p             | 1.21p                        |
| <b>C-Class Income Shares<sup>o</sup></b> |                     |                    |                              |
| 2008                                     | 107.3p              | 71.49p             | 2.96p                        |
| 2009                                     | 92.05p              | 63.42p             | 3.42p                        |
| 2010                                     | 98.66p              | 83.99p             | 3.29p                        |
| 2011 <sup>c</sup>                        | 101.2p              | 93.56p             | 2.89p                        |
| <b>X-Class Accumulation Shares</b>       |                     |                    |                              |
| 2007                                     | 105.1p              | 93.36p             | 0.00p                        |
| 2008                                     | 100.7p              | 65.00p             | 3.10p                        |
| 2009                                     | 88.78p              | 58.74p             | 3.18p                        |
| 2010                                     | 99.42p              | 82.57p             | 3.28p                        |
| 2011 <sup>c</sup>                        | 102.8p              | 95.04p             | 2.97p                        |
| <b>X-Class Income Shares</b>             |                     |                    |                              |
| 2007                                     | 105.1p              | 93.36p             | 0.00p                        |
| 2008                                     | 100.7p              | 63.17p             | 3.06p                        |
| 2009                                     | 81.91p              | 56.16p             | 2.99p                        |
| 2010                                     | 88.42p              | 74.93p             | 2.99p                        |
| 2011 <sup>c</sup>                        | 90.88p              | 83.97p             | 2.61p                        |

<sup>c</sup> To 31 July 2011.

<sup>o</sup> C-Class Income Shares were launched on 28 March 2008.

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.01.11 | 96.1% |
| 31.07.11 | 60.6% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|---------------------------------------|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 25,877                                | 74,101,030       | 34.92p                    | 1.67%               |
| 31.01.10                           | 73,237                                | 174,307,430      | 42.02p                    | 1.66%               |
| 31.01.11                           | 95,052                                | 196,741,525      | 48.31p                    | 1.67%               |
| 31.07.11                           | 92,804                                | 194,804,092      | 47.64p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09                           | 9,950                                 | 30,762,510       | 32.35p                    | 1.64%               |
| 31.01.10                           | 13,385                                | 35,867,126       | 37.32p                    | 1.66%               |
| 31.01.11                           | 18,409                                | 44,472,589       | 41.39p                    | 1.67%               |
| 31.07.11                           | 18,718                                | 46,918,250       | 39.89p                    | 1.68%               |
| <b>C-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09                           | 727                                   | 968,827          | 74.99p                    | 0.87%               |
| 31.01.10                           | 1,668                                 | 1,913,828        | 87.17p                    | 0.87%               |
| 31.01.11                           | 2,658                                 | 2,727,345        | 97.46p                    | 0.87%               |
| 31.07.11                           | 2,571                                 | 2,727,345        | 94.24p                    | 0.87%               |
| <b>X-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 19                                    | 28,000           | 69.42p                    | 0.06%               |
| 31.01.10                           | 5                                     | 6,000            | 84.65p                    | 0.06%               |
| 31.01.11                           | 6                                     | 6,000            | 98.86p                    | 0.06%               |
| 31.07.11                           | 5                                     | 5,000            | 98.27p                    | 0.06%               |
| <b>X-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09                           | 19                                    | 29,000           | 66.34p                    | 0.06%               |
| 31.01.10                           | 5                                     | 7,000            | 77.60p                    | 0.06%               |
| 31.01.11                           | 5                                     | 6,000            | 87.38p                    | 0.06%               |
| 31.07.11                           | 5                                     | 6,000            | 84.82p                    | 0.06%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                      | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>United States of America - 31.8% (28.0%)</b> |           |                       |                       |
| Abbott Laboratories                             | 58,326    | 1,851                 | 1.6                   |
| Bristol-Myers Squibb                            | 74,454    | 1,329                 | 1.2                   |
| Carnival  | 63,440    | 1,321                 | 1.2                   |
| Centerpoint Energy                              | 93,264    | 1,134                 | 1.0                   |
| Chevron   | 25,867    | 1,669                 | 1.5                   |
| Coca-Cola                                       | 63,248    | 2,675                 | 2.3                   |
| ConocoPhillips                                  | 33,875    | 1,515                 | 1.3                   |
| Du Pont de Nemours                              | 90,054    | 2,896                 | 2.5                   |
| Frontier Communications 'B'                     | 183,513   | 842                   | 0.7                   |
| IBM   | 19,017    | 2,125                 | 1.9                   |
| Mattel  | 74,881    | 1,225                 | 1.1                   |
| McDonald's                                      | 27,742    | 1,479                 | 1.3                   |
| Merck   | 81,019    | 1,740                 | 1.5                   |
| ONEOK   | 43,736    | 1,961                 | 1.7                   |
| Paychex   | 46,423    | 808                   | 0.7                   |
| Pfizer  | 156,794   | 1,865                 | 1.6                   |
| Sysco   | 67,033    | 1,272                 | 1.1                   |
| Time Warner                                     | 128,161   | 2,816                 | 2.5                   |
| Verizon Communications                          | 80,704    | 1,769                 | 1.6                   |
| Wells Fargo                                     | 114,874   | 1,998                 | 1.8                   |
| Xcel Energy                                     | 132,166   | 1,970                 | 1.7                   |
| <b>France - 14.1% (15.1%)</b>                   |           |                       |                       |
| BNP Paribas                                     | 38,706    | 1,532                 | 1.3                   |
| Compagnie de Saint-Gobain                       | 46,100    | 1,636                 | 1.4                   |
| GDF Suez  | 55,929    | 1,113                 | 1.0                   |
| PPR   | 17,942    | 2,045                 | 1.8                   |
| Sanofi-Aventis                                  | 36,294    | 1,724                 | 1.5                   |
| Schneider Electric                              | 28,608    | 2,501                 | 2.2                   |
| Sodexo  | 36,013    | 1,681                 | 1.5                   |
| Suez Environment                                | 91,985    | 1,018                 | 0.9                   |
| TOTAL S.A.                                      | 40,281    | 1,329                 | 1.2                   |
| Unibail   | 10,596    | 1,435                 | 1.3                   |
| <b>United Kingdom - 11.5% (12.4%)</b>           |           |                       |                       |
| British American Tobacco                        | 84,818    | 2,389                 | 2.1                   |
| Cairn Energy                                    | 220,047   | 819                   | 0.7                   |
| Centrica  | 512,140   | 1,567                 | 1.4                   |
| GlaxoSmithKline                                 | 139,961   | 1,924                 | 1.7                   |
| Royal Dutch Shell 'A'                           | 132,091   | 2,964                 | 2.6                   |
| Standard Chartered                              | 80,493    | 1,252                 | 1.1                   |
| Vodafone Group                                  | 1,277,427 | 2,204                 | 1.9                   |
| <b>Germany - 9.6% (7.3%)</b>                    |           |                       |                       |
| Allianz   | 23,973    | 1,899                 | 1.7                   |
| BASF  | 43,484    | 2,418                 | 2.1                   |
| Daimler   | 41,957    | 1,856                 | 1.6                   |
| Deutsche Boerse                                 | 35,433    | 1,590                 | 1.4                   |
| Deutsche Telekom                                | 152,730   | 1,429                 | 1.3                   |
| Siemens   | 22,068    | 1,711                 | 1.5                   |
| <b>Japan - 7.2% (3.7%)</b>                      |           |                       |                       |
| Daito Trust Construction                        | 34,800    | 2,038                 | 1.8                   |
| Japan Tobacco                                   | 658       | 1,820                 | 1.6                   |
| Nippon Telegraph & Telephone                    | 64,000    | 1,925                 | 1.7                   |
| Sumitomo  | 284,200   | 2,445                 | 2.1                   |
| <b>Singapore - 3.4% (2.4%)</b>                  |           |                       |                       |
| Singapore Airlines                              | 262,000   | 1,891                 | 1.7                   |
| SingTel   | 1,105,000 | 1,887                 | 1.7                   |
| <b>Italy - 3.1% (4.0%)</b>                      |           |                       |                       |
| Enel  | 570,513   | 1,986                 | 1.7                   |
| ENI   | 122,054   | 1,625                 | 1.4                   |
| <b>Switzerland - 3.1% (2.1%)</b>                |           |                       |                       |
| Novartis  | 36,851    | 1,370                 | 1.2                   |
| Zurich Financial Services                       | 15,409    | 2,206                 | 1.9                   |
| <b>Australia - 2.7% (3.5%)</b>                  |           |                       |                       |
| QBE Insurance Group                             | 179,993   | 1,979                 | 1.7                   |
| Tatts Group                                     | 761,340   | 1,182                 | 1.0                   |
| <b>China - 2.2% (2.5%)</b>                      |           |                       |                       |
| Angang Steel 'H'                                | 1,474,000 | 935                   | 0.8                   |
| China Construction Bank 'H'                     | 3,306,000 | 1,637                 | 1.4                   |
| <b>Netherlands - 2.2% (4.5%)</b>                |           |                       |                       |
| KPN   | 124,351   | 1,073                 | 0.9                   |
| Unilever  | 72,079    | 1,427                 | 1.3                   |

| Investment  | Holding | Market value<br>£'000 | Total net<br>assets % |
|---|---------|-----------------------|-----------------------|
| <b>Hong Kong - 1.8% (2.2%)</b>                              |         |                       |                       |
| Hutchison Whampoa   | 284,000 | 2,033                 | 1.8                   |
| <b>Norway - 1.5% (1.0%)</b>                                 |         |                       |                       |
| DnB   | 199,496 | 1,766                 | 1.5                   |
| <b>Finland - 1.3% (0.0%)</b>                                |         |                       |                       |
| UPM-Kymmene   | 153,778 | 1,458                 | 1.3                   |
| <b>Sweden - 1.2% (0.0%)</b>                                 |         |                       |                       |
| Ericsson 'B'  | 180,385 | 1,383                 | 1.2                   |
| <b>Thailand - 1.1% (0.0%)</b>                               |         |                       |                       |
| Siam Cement (Alien Market)                                  | 135,900 | 1,226                 | 1.1                   |
| <b>South Korea - 1.0% (0.9%)</b>                            |         |                       |                       |
| KT ADR  | 94,333  | 1,136                 | 1.0                   |
| <b>South Africa - 0.8% (0.8%)</b>                           |         |                       |                       |
| African Bank Investments                                    | 307,178 | 948                   | 0.8                   |
| <b>Forward currency contracts - 0.5% ((0.5)%)</b>           |         |                       |                       |
| <b>Australian Dollar</b>                                    |         |                       |                       |
| Sell AUD 4,379,530 buy £2,910,644 dated 19/08/11            |         | (25)                  | -                     |
| <b>Euro</b>   |         |                       |                       |
| Buy €6,871,915 sell £6,039,786 dated 19/08/11               |         | (26)                  | -                     |
| Sell €46,510,762 buy £40,927,812 dated 19/08/11             |         | 225                   | 0.2                   |
| <b>Hong Kong Dollar</b>                                     |         |                       |                       |
| Sell HKD 21,698,778 buy £1,729,542 dated 19/08/11           |         | 18                    | -                     |
| <b>Japanese Yen</b>   |         |                       |                       |
| Sell ¥734,035,214 buy £5,811,673 dated 19/08/11             |         | (1)                   | -                     |
| <b>Norwegian Krone</b>                                      |         |                       |                       |
| Sell NOK 11,740,274 buy £1,316,267 dated 19/08/11           |         | (10)                  | -                     |
| <b>Singapore Dollar</b>                                     |         |                       |                       |
| Sell SGD 6,632,915 buy £3,383,933 dated 19/08/11            |         | 2                     | -                     |
| <b>Swedish Krona</b>  |         |                       |                       |
| Sell SEK 14,011,529 buy £1,338,118 dated 19/08/11           |         | (13)                  | -                     |
| <b>Swiss Franc</b>  |         |                       |                       |
| Sell CHF 4,723,400 buy £3,594,946 dated 19/08/11            |         | (30)                  | -                     |
| <b>US Dollar</b>  |         |                       |                       |
| Buy \$1,248,266 sell £764,419 dated 19/08/11                |         | 3                     | -                     |
| Buy \$1,624,985 sell £1,015,943 dated 19/08/11              |         | (17)                  | -                     |
| Sell \$59,713,964 buy £37,056,334 dated 19/08/11            |         | 355                   | 0.3                   |
| Sell \$2,037,714 buy £1,246,801 dated 19/08/11              |         | (6)                   | -                     |
| <b>Liquidity - 0.2% (0.0%)</b>                              |         |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^                        | 250,000 | 250                   | 0.2                   |
| <b>Investment assets (including investment liabilities)</b> |         | <b>114,397</b>        | <b>100.3</b>          |
| <b>Net other liabilities</b>                                |         | <b>(294)</b>          | <b>(0.3)</b>          |
| <b>Net assets</b>   |         | <b>114,103</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or traded on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>40,451</b> | <b>Total of all sales for the period</b> | <b>36,930</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| Wells Fargo                                  | 2,195         | Banco Santander                          | 2,331           |
| UPM-Kymmene                                  | 1,971         | Canon                                    | 2,085           |
| Nippon Telegraph & Telephone                 | 1,906         | Taiwan Semiconductor Manufacturing ADS   | 1,915           |
| Japan Tobacco                                | 1,817         | China Construction Bank 'H'              | 1,777           |
| DnB  | 1,775         | Telefonica                               | 1,761           |
| Sanofi-Aventis                               | 1,770         | Philips Electronics                      | 1,758           |
| ONEOK  | 1,723         | Vivendi                                  | 1,698           |
| China Construction Bank 'H'                  | 1,719         | HSBC                                     | 1,581           |
| Daito Trust Construction                     | 1,712         | VF                                       | 1,354           |
| Deutsche Boerse                              | 1,647         | JPM Sterling Liquidity 'X' (Income)      | 1,350           |
| JPM Sterling Liquidity 'X' (Income)          | 1,600         | GDF Suez                                 | 1,252           |
| Ericsson 'B'                                 | 1,484         | Microsoft                                | 1,244           |
| Deutsche Telekom                             | 1,432         | Marine Harvest                           | 1,207           |
| Novartis                                     | 1,395         | Vale ADR Preference                      | 1,191           |
| Standard Chartered                           | 1,370         | OPAP                                     | 1,164           |
| Suez Environment                             | 1,192         | International Power                      | 1,076           |
| Angang Steel 'H'                             | 1,186         | Bouygues                                 | 1,056           |
| Mattel                                       | 1,176         | MacQuarie Group                          | 1,040           |
| Schneider Electric                           | 1,154         | Zhejiang Expressway 'H'                  | 1,023           |
| Centerpoint Energy                           | 1,153         | Unicredito Italiano                      | 987             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000  | £'000 | 2010<br>£'000 |
|---|-------|----------------|-------|---------------|
| Income  |       |                |       |               |
| Net capital (losses)/gains  |       | (3,427)        |       | 1,768         |
| Revenue   | 3,122 |                | 2,504 |               |
| Expenses  | (959) |                | (772) |               |
| Net revenue before taxation   | 2,163 |                | 1,732 |               |
| Taxation  | (325) |                | (267) |               |
| Net revenue after taxation  |       | 1,838          |       | 1,465         |
| <b>Total return before distributions</b>  |       | <b>(1,589)</b> |       | <b>3,233</b>  |
| Finance costs: Distributions  |       | (2,666)        |       | (2,132)       |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>(4,255)</b> |       | <b>1,101</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000   | 2011<br>£'000  | £'000   | 2010<br>£'000  |
|--|---------|----------------|---------|----------------|
| <b>Opening net assets attributable to shareholders</b>                                   |         | <b>116,130</b> |         | <b>88,300</b>  |
| Amounts receivable on issue of shares  | 3,566   |                | 19,685  |                |
| Amounts payable on cancellation of shares  | (3,498) |                | (5,626) |                |
|  |         | 68             |         | 14,059         |
| Change in net assets attributable to shareholders from investment activities (see above) |         | (4,255)        |         | 1,101          |
| Retained distributions on accumulation shares  |         | 2,163          |         | 1,908          |
| Stamp duty reserve tax   |         | (3)            |         | (4)            |
| <b>Closing net assets attributable to shareholders</b>                                   |         | <b>114,103</b> |         | <b>105,364</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                | 31 January 2011 |                |
|--|--------------|----------------|-----------------|----------------|
|  | £'000        | £'000          | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |                |                 |                |
| Investment assets                              |              | 114,525        |                 | 113,700        |
| Debtors  | 2,145        |                | 1,229           |                |
| Cash and bank balances                         | 56           |                | 3,073           |                |
| <b>Total other assets</b>                      |              | <b>2,201</b>   |                 | <b>4,302</b>   |
| <b>Total assets</b>                            |              | <b>116,726</b> |                 | <b>118,002</b> |
| <b>LIABILITIES</b>                             |              |                |                 |                |
| Investment liabilities                         |              | (128)          |                 | (1,250)        |
| Creditors                                      | (2,174)      |                | (485)           |                |
| Distribution payable on income shares          | (321)        |                | (137)           |                |
| <b>Total other liabilities</b>                 |              | <b>(2,495)</b> |                 | <b>(622)</b>   |
| <b>Total liabilities</b>                       |              | <b>(2,623)</b> |                 | <b>(1,872)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>114,103</b> |                 | <b>116,130</b> |

# JPM Global (ex-UK) Bond Fund

## Investment objective and policy

To provide income with the prospect of capital growth from investment anywhere in the world in non-sterling denominated interest-bearing securities in any economic sector. The Fund is primarily hedged back into sterling. The Fund may invest up to 100% in government and public securities (see section 3.11(e) of the full Prospectus).

## Risk profile

This bond Fund invests primarily in a broad range of investment grade government securities (outside the UK). The Fund may also invest in other interest bearing securities including non-investment grade bonds.

Bond funds may not behave like direct investments in the underlying bonds themselves. By investing in bond funds, the certainty of receiving a regular fixed amount of income for a defined period of time with the prospect of a future known return of capital is lost.

There is a lower risk of capital loss because the Fund invests primarily in investment grade bonds.

Bond prices can fluctuate significantly depending not only on the global economic and interest rate conditions but also on the general credit market environment and the creditworthiness of the issuer.

Bond funds will normally distribute a combination of coupon and the expected discount/premium on the securities. Therefore, a fund's distribution will comprise income received and an element of projected capital gains or losses. This could result in an element of capital gain being taxed as income in the hands of an investor.

## Fund review

The end of the review period saw a massive flight to quality resulting from wrangling over the debt ceiling in the US, ratings agency Standard & Poor's downgrade of the US sovereign rating to AA+, peripheral debt concerns in the eurozone and weakening global economic data. US Treasury and Bund yields fell to extremely low levels on haven flows. The equity and high yield credit markets were sharply lower, with heightened volatility accompanying the sell-off.

The Fund underperformed its benchmark over the period. We maintained our EU flattener, which provided initial outperformance but fell back later in the quarter as the Greek crisis escalated. We articulated a bearish stance on dollar bloc rates through money market steepeners in the US, Australia and Canada, which we implemented early in the quarter; however, these moved against us and were ultimately closed as economic data softened and the eurozone crisis deepened.

## Fund outlook

Policy rates will stay lower for longer, providing a positive backdrop for fixed income. If growth collapses and economies double dip then these sectors will underperform. If, however, growth remains anaemic then low yields from competing assets, such as governments, cash and investment grade, are likely to push investors to allocate to these sectors as they grab yield.

## 12 month performance to 31 July

|  | 2011        | 2010        | 2009         | 2008         | 2007        |
|--|-------------|-------------|--------------|--------------|-------------|
| <b>JPM Global (ex-UK) Bond A-Class Acc</b> | <b>0.9%</b> | <b>6.2%</b> | <b>-0.6%</b> | <b>-0.5%</b> | <b>3.3%</b> |
| <b>JPM Global (ex-UK) Bond I-Class Acc</b> | <b>1.3%</b> | <b>6.8%</b> | <b>-0.3%</b> | <b>0.0%</b>  | <b>3.8%</b> |
| Benchmark Index                            | 1.5%        | 6.2%        | 8.5%         | 7.6%         | 4.9%        |

## Six month performance to 31 July 2011

|  |             |
|--|-------------|
| <b>JPM Global (ex-UK) Bond A-Class Acc</b> | <b>1.9%</b> |
| Benchmark Index                            | 2.5%        |

## Fund statistics

|                 |   |
|-----------------|---|
| Fund size       | £50.7m  |
| Benchmark Index | JPMorgan GBI ex UK hedged in GBP (Total Return Gross) |
| Fund charges    |   |
| A-Class         | Initial 3.50%, Annual 0.75%                           |
| I-Class         | Initial Nil, Annual 0.45%                             |

## Top ten holdings

|                                       | %   |
|---------------------------------------|-----|
| Japan 1.1% 2020                       | 6.3 |
| Japan 1.7% 2016                       | 4.3 |
| Japan 1.9% 2023                       | 3.8 |
| US Treasury 3.625% 2020               | 3.5 |
| Japan 1.3% 2020                       | 3.4 |
| France 2.5% 2016                      | 3.1 |
| Japan 0.5% 2013                       | 2.9 |
| US Treasury 3.125% 2019               | 2.6 |
| Japan 0.7% 2014                       | 2.1 |
| Autobahnen-UND Schnellstr 4.125% 2014 | 2.0 |

## Sector breakdown

|                            | %    |
|----------------------------|------|
| Government stock           | 75.6 |
| Corporate debt             | 17.0 |
| Forward currency contracts | 1.0  |
| Futures                    | 0.0  |
| Liquidity                  | 4.2  |
| Net other assets           | 2.2  |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.  
Source: J.P. Morgan.

## Highest/lowest share price and distribution record

| Calendar year  | Highest share price | Lowest share price | Distribution per share |
|--|---------------------|--------------------|------------------------|
| <b>A-Class Accumulation Shares</b>                   |                     |                    |                        |
| 2006   | 202.1p              | 192.7p             | 4.31p                  |
| 2007   | 207.3p              | 198.7p             | 5.14p                  |
| 2008   | 209.3p              | 195.4p             | 5.73p                  |
| 2009   | 206.0p              | 194.8p             | 4.04p                  |
| 2010   | 217.4p              | 203.6p             | 2.82p                  |
| 2011 <sup>a</sup>                                    | 214.4p              | 208.5p             | 2.54p                  |
| <b>A-Class Income Shares</b>                         |                     |                    |                        |
| 2006   | 182.5p              | 175.6p             | 3.81p                  |
| 2007   | 182.3p              | 177.2p             | 4.54p                  |
| 2008   | 183.9p              | 167.0p             | 5.01p                  |
| 2009   | 173.4p              | 164.4p             | 3.44p                  |
| 2010   | 179.5p              | 170.5p             | 2.41p                  |
| 2011 <sup>a</sup>                                    | 176.3p              | 171.4p             | 2.09p                  |
| <b>I-Class Accumulation Shares</b>                   |                     |                    |                        |
| 2006   | 124.8p              | 118.7p             | 3.10p                  |
| 2007   | 128.5p              | 122.9p             | 3.64p                  |
| 2008   | 129.8p              | 121.5p             | 4.04p                  |
| 2009   | 128.5p              | 121.4p             | 2.89p                  |
| 2010   | 136.1p              | 127.1p             | 2.29p                  |
| 2011 <sup>a</sup>                                    | 134.7p              | 130.7p             | 2.10p                  |
| <b>I-Class Gross Accumulation Shares<sup>b</sup></b> |                     |                    |                        |
| 2007   | 104.6p              | 99.68p             | 2.00p                  |
| 2008   | 105.8p              | 99.65p             | 4.10p                  |
| 2009   | 106.0p              | 99.93p             | 3.05p                  |
| 2010   | 112.7p              | 104.9p             | 2.36p                  |
| 2011 <sup>a</sup>                                    | 111.8p              | 108.3p             | 2.17p                  |
| <b>I-Class Income Shares</b>                         |                     |                    |                        |
| 2006   | 113.2p              | 108.8p             | 2.86p                  |
| 2007   | 112.9p              | 109.8p             | 3.26p                  |
| 2008   | 114.0p              | 103.5p             | 3.54p                  |
| 2009   | 107.5p              | 101.9p             | 2.45p                  |
| 2010   | 111.2p              | 105.7p             | 1.89p                  |
| 2011 <sup>a</sup>                                    | 109.3p              | 106.1p             | 1.73p                  |

<sup>a</sup> To 31 July 2011.

<sup>b</sup> I-Class Gross Accumulation Shares were launched on 1 February 2007.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 228.4% |
| 31.07.11 | 45.8%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                                     | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|--|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b>       |  |                  |                           |                     |
| 31.01.09                                 | 6,246                                    | 3,138,822        | 199.0p                    | 0.93%               |
| 31.01.10                                 | 6,881                                    | 3,360,911        | 204.7p                    | 0.93%               |
| 31.01.11                                 | 23,042                                   | 10,971,611       | 210.0p                    | 0.93%               |
| 31.07.11                                 | 22,825                                   | 10,664,636       | 214.0p                    | 0.93%               |
| <b>A-Class Income Shares</b>             |  |                  |                           |                     |
| 31.01.09                                 | 4,452                                    | 2,651,621        | 167.9p                    | 0.93%               |
| 31.01.10                                 | 3,589                                    | 2,109,182        | 170.2p                    | 0.93%               |
| 31.01.11                                 | 2,646                                    | 1,532,493        | 172.6p                    | 0.93%               |
| 31.07.11                                 | 2,527                                    | 1,446,076        | 174.7p                    | 0.93%               |
| <b>I-Class Accumulation Shares</b>       |  |                  |                           |                     |
| 31.01.09                                 | 161                                      | 130,022          | 123.8p                    | 0.45%               |
| 31.01.10                                 | 166                                      | 129,933          | 127.8p                    | 0.45%               |
| 31.01.11                                 | 88                                       | 67,193           | 131.7p                    | 0.45%               |
| 31.07.11                                 | 90                                       | 67,193           | 134.4p                    | 0.45%               |
| <b>I-Class Gross Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                                 | 18,090                                   | 17,781,341       | 101.7p                    | 0.45%               |
| 31.01.10                                 | 17,421                                   | 16,508,176       | 105.5p                    | 0.45%               |
| 31.01.11                                 | 27,456                                   | 25,164,435       | 109.1p                    | 0.45%               |
| 31.07.11                                 | 25,037                                   | 22,428,772       | 111.6p                    | 0.45%               |
| <b>I-Class Income Shares</b>             |  |                  |                           |                     |
| 31.01.09                                 | 380                                      | 365,799          | 103.9p                    | 0.45%               |
| 31.01.10                                 | 278                                      | 264,163          | 105.3p                    | 0.45%               |
| 31.01.11                                 | 172                                      | 161,493          | 106.8p                    | 0.45%               |
| 31.07.11                                 | 175                                      | 161,493          | 108.1p                    | 0.45%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                              | Holding       | Market value<br>£'000 | Total net<br>assets % | Investment  | Holding     | Market value<br>£'000 | Total net<br>assets % |
|---|---------------|-----------------------|-----------------------|---|-------------|-----------------------|-----------------------|
| <b>Government stock - 75.6% (71.8%)</b> |               |                       |                       | <b>Mexico - 0.7%</b>                                      |             |                       |                       |
| <b>Japan - 28.5%</b>                    |               |                       |                       | <b>Austria - 0.6%</b>                                     |             |                       |                       |
| Japan 0.5% 2013                         | ¥187,000,000  | 1,489                 | 2.9                   | Mexico 8% 2013  | MXN 60,000  | 330                   | 0.7                   |
| Japan 0.7% 2014                         | ¥130,000,000  | 1,044                 | 2.1                   | Austria 2% 2012   | €500,000    | 313                   | 0.6                   |
| Japan 1.7% 2016                         | ¥260,000,000  | 2,197                 | 4.3                   | <b>Hungary - 0.4%</b>                                     |             |                       |                       |
| Japan 1.1% 2020                         | ¥395,000,000  | 3,176                 | 6.3                   | Hungary 4.5% 2014   | HUF 93,000  | 81                    | 0.1                   |
| Japan 1.3% 2020                         | ¥211,000,000  | 1,729                 | 3.4                   | Hungary 6% 2019   | HUF 163,000 | 141                   | 0.3                   |
| Japan 1.9% 2023                         | ¥230,500,000  | 1,945                 | 3.8                   | <b>Corporate debt - 17.0% (17.0%)</b>                     |             |                       |                       |
| Japan 1.9% 2025                         | ¥91,000,000   | 756                   | 1.5                   | <b>France - 5.1%</b>                                      |             |                       |                       |
| Japan 2% 2030                           | ¥105,000,000  | 852                   | 1.7                   | Autoroutes du Sud de la France 5.625% 2022                | €300,000    | 292                   | 0.6                   |
| Japan 2.5% 2035                         | ¥84,000,000   | 732                   | 1.4                   | Autoroutes Paris-R 5% 2017                                | €300,000    | 272                   | 0.5                   |
| Japan 2.3% 2039                         | ¥49,000,000   | 411                   | 0.8                   | Caisse d'Amortissement de La Dette Sociale<br>1.375% 2014 | €900,000    | 560                   | 1.1                   |
| Japan 2.4% 2048                         | ¥17,000,000   | 143                   | 0.3                   | Casino Guichard-Perrachon 5.5% 2015                       | €300,000    | 282                   | 0.6                   |
| <b>United States of America - 12.0%</b> |               |                       |                       | Compagnie de Financement Foncier<br>1.25% 2011            | €41,000,000 | 325                   | 0.6                   |
| US Treasury 1.25% 2015                  | \$350,000     | 216                   | 0.4                   | RCI Banque 4.375% 2015                                    | €300,000    | 268                   | 0.5                   |
| US Treasury 1.875% 2015                 | \$1,500,000   | 953                   | 1.9                   | Societe de Financement 2.125% 2012                        | €700,000    | 615                   | 1.2                   |
| US Treasury 3.125% 2019                 | \$2,012,000   | 1,301                 | 2.6                   | <b>Netherlands - 3.1%</b>                                 |             |                       |                       |
| US Treasury 3.625% 2020                 | \$2,670,000   | 1,770                 | 3.5                   | ING Bank 3.375% 2014                                      | €650,000    | 590                   | 1.2                   |
| US Treasury 5.375% 2031                 | \$746,000     | 552                   | 1.1                   | NIBC Bank 3.5% 2014                                       | €500,000    | 455                   | 0.9                   |
| US Treasury 4.5% 2038                   | \$300,000     | 194                   | 0.4                   | Rabobank Nederland 4.2% 2014                              | €800,000    | 527                   | 1.0                   |
| US Treasury 4.375% 2039                 | \$500,000     | 316                   | 0.6                   | <b>United Kingdom - 2.3%</b>                              |             |                       |                       |
| US Treasury 4.5% 2039                   | \$1,170,000   | 756                   | 1.5                   | BAA Funding Limited FRN 2016                              | £350,000    | 319                   | 0.6                   |
| <b>Italy - 7.0%</b>                     |               |                       |                       | Lloyds Banking Group 6.25% 2014                           | £300,000    | 279                   | 0.6                   |
| Italy 2% 2013                           | €850,000      | 714                   | 1.4                   | Nationwide Building Society 2.5% 2012                     | £560,000    | 351                   | 0.7                   |
| Italy 3.75% 2013                        | €447,000      | 383                   | 0.8                   | Royal Bank of Scotland Group 2.625% 2012                  | £300,000    | 187                   | 0.4                   |
| Italy 3.5% 2014                         | €670,000      | 566                   | 1.1                   | Themeleon Mortgage Finance FRN 2040                       | £35,642     | 22                    | -                     |
| Italy 5.25% 2017                        | €890,000      | 773                   | 1.5                   | <b>Austria - 2.0%</b>                                     |             |                       |                       |
| Italy 4.75% 2021                        | €1,085,000    | 872                   | 1.7                   | Autobahnen-UND Schnellstr 4.125% 2014                     | €1,083,000  | 997                   | 2.0                   |
| Italy 5% 2025                           | €230,000      | 183                   | 0.4                   | <b>Spain - 1.3%</b>                                       |             |                       |                       |
| Italy 5% 2040                           | €75,000       | 54                    | 0.1                   | Instituto de Credito Oficial 5.5% 2012                    | €550,000    | 360                   | 0.7                   |
| <b>France - 6.7%</b>                    |               |                       |                       | Telefonica Emisiones 5.462% 2021                          | €500,000    | 308                   | 0.6                   |
| France 3% 2014                          | €320,000      | 290                   | 0.6                   | <b>Italy - 1.2%</b>                                       |             |                       |                       |
| France 2.5% 2016                        | €1,800,000    | 1,586                 | 3.1                   | Buoni Poliennali del Tesoro 4% 2037                       | €465,000    | 294                   | 0.6                   |
| France 3.5% 2020                        | €621,000      | 562                   | 1.1                   | Telecom Italia 5.125% 2016                                | €350,000    | 307                   | 0.6                   |
| France 5.5% 2029                        | €180,000      | 193                   | 0.4                   | <b>Germany - 0.7%</b>                                     |             |                       |                       |
| France 5.75% 2032                       | €610,000      | 686                   | 1.4                   | KFW 6.25% 2012  | €500,000    | 338                   | 0.7                   |
| France 4% 2038                          | €60,000       | 54                    | 0.1                   | <b>Sweden - 0.5%</b>                                      |             |                       |                       |
| <b>Germany - 6.4%</b>                   |               |                       |                       | Swedbank 3.125% 2012                                      | SEK 300,000 | 265                   | 0.5                   |
| Germany 2.5% 2014                       | €45,000       | 41                    | 0.1                   | <b>United States of America - 0.5%</b>                    |             |                       |                       |
| Germany 1.75% 2015                      | €750,000      | 659                   | 1.3                   | Citigroup 6.5% 2013                                       | \$390,000   | 260                   | 0.5                   |
| Germany 2.25% 2015                      | €680,000      | 610                   | 1.2                   | <b>Denmark - 0.3%</b>                                     |             |                       |                       |
| Germany 2.5% 2015                       | €245,000      | 222                   | 0.4                   | Spar Nord Bank 2.5% 2012                                  | DKK 150,000 | 132                   | 0.3                   |
| Germany 3% 2020                         | €480,000      | 438                   | 0.9                   | <b>Forward currency contracts - 1.0% (1.0%)</b>           |             |                       |                       |
| Germany 2.5% 2021                       | €300,000      | 262                   | 0.5                   | <b>Australian Dollar</b>                                  |             |                       |                       |
| Germany 4.75% 2034                      | €886,000      | 942                   | 1.9                   | Sell AUD 1,043,051 buy €696,022 dated 04/08/11            | (5)         | -                     | -                     |
| Germany 3.25% 2042                      | €70,000       | 60                    | 0.1                   | <b>Canadian Dollar</b>                                    |             |                       |                       |
| <b>Spain - 2.5%</b>                     |               |                       |                       | Sell CAD 1,035,884 buy €670,564 dated 04/08/11            | -           | -                     | -                     |
| Spain 5.9% 2011                         | €270,000      | 226                   | 0.4                   | <b>Danish Krone</b>                                       |             |                       |                       |
| Spain 3.25% 2016                        | €750,000      | 599                   | 1.2                   | Sell DKK 3,579,430 buy €434,430 dated 04/08/11            | 14          | -                     | -                     |
| Spain 5.5% 2021                         | €428,000      | 359                   | 0.7                   | <b>Euro</b>   |             |                       |                       |
| Spain 4.7% 2041                         | €140,000      | 96                    | 0.2                   | Buy €907,634 sell €812,958 dated 04/08/11                 | (19)        | -                     | -                     |
| <b>Belgium - 1.8%</b>                   |               |                       |                       | Sell €22,345,027 buy £20,142,533 dated 04/08/11           | 584         | 1.2                   | 1.2                   |
| Belgium 3.5% 2017                       | €910,000      | 779                   | 1.5                   | <b>Japanese Yen</b>                                       |             |                       |                       |
| Belgium 4.5% 2026                       | €175,000      | 153                   | 0.3                   | Buy ¥27,201,442 sell €812,958 dated 04/08/11              | 6           | -                     | -                     |
| <b>Canada - 1.4%</b>                    |               |                       |                       | Sell ¥1,893,164,540 buy £14,681,223 dated 04/08/11        | (304)       | (0.6)                 | (0.6)                 |
| Canada 3.75% 2019                       | CAD 130,000   | 91                    | 0.2                   | <b>Swedish Krona</b>                                      |             |                       |                       |
| Canada 3.5% 2020                        | CAD 490,000   | 336                   | 0.7                   | Sell SEK 4,934,321 buy €488,833 dated 04/08/11            | 13          | -                     | -                     |
| Canada 5.75% 2033                       | CAD 312,000   | 278                   | 0.5                   | <b>South African Rand</b>                                 |             |                       |                       |
| <b>South Korea - 1.1%</b>               |               |                       |                       | Sell ZAR 4,681,134 buy £431,573 dated 04/08/11            | 7           | -                     | -                     |
| Korea 5.75% 2014                        | ₩850,000      | 575                   | 1.1                   | <b>US Dollar</b>  |             |                       |                       |
| <b>Russia - 1.1%</b>                    |               |                       |                       | Buy \$1,081,185 sell £673,945 dated 04/08/11              | (10)        | -                     | -                     |
| Russian Federation FRN 2030             | ₽743,900      | 546                   | 1.1                   | Sell \$17,674,342 buy £11,035,021 dated 04/08/11          | 174         | 0.4                   | 0.4                   |
| <b>Sweden - 1.0%</b>                    |               |                       |                       | Sell \$89,470 buy £54,652 dated 06/09/11                  | -           | -                     | -                     |
| Sweden 5.5% 2012                        | SEK 3,730,000 | 375                   | 0.7                   | <b>Futures - 0.0% (0.0%)</b>                              |             |                       |                       |
| Sweden 4.25% 2019                       | SEK 1,100,000 | 119                   | 0.3                   | Australia 10 Year Bond Futures Sep 2011                   | 16          | 16                    | -                     |
| <b>Denmark - 1.0%</b>                   |               |                       |                       | Euro BOBL Futures Sep 2011                                | 14          | 4                     | -                     |
| Denmark 4% 2017                         | DKK 3,750,000 | 486                   | 1.0                   | Euro Bund Futures Sep 2011                                | (7)         | (12)                  | -                     |
| <b>South Africa - 0.9%</b>              |               |                       |                       | Euro-Schatz Futures Sep 2011                              | (118)       | (69)                  | (0.1)                 |
| South Africa 13.5% 2015                 | ZAR 4,200,000 | 463                   | 0.9                   | US 2 Year Note Futures Sep 2011                           | (12)        | (5)                   | -                     |
| <b>Brazil - 0.9%</b>                    |               |                       |                       | US 5 Year Note Futures Sep 2011                           | 52          | 68                    | 0.1                   |
| Brazil 10% 2013                         | BRL 1,150     | 438                   | 0.9                   | US 10 Year Note Futures Sep 2011                          | 10          | 8                     | -                     |
| <b>Qatar - 0.8%</b>                     |               |                       |                       |   |             |                       |                       |
| Qatar 4% 2015                           | QAR 650,000   | 423                   | 0.8                   |   |             |                       |                       |
| <b>Netherlands - 0.8%</b>               |               |                       |                       |   |             |                       |                       |
| Netherlands 4% 2018                     | €307,000      | 292                   | 0.6                   |   |             |                       |                       |
| Netherlands 3.75% 2042                  | €125,000      | 115                   | 0.2                   |   |             |                       |                       |

## Portfolio statement – continued

As at 31 July 2011

| Investment  | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>Liquidity – 4.2% (5.0%)</b>                              |           |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^                        | 2,150,000 | 2,150                 | 4.2                   |
| <b>Investment assets (including investment liabilities)</b> |           | <b>49,521</b>         | <b>97.8</b>           |
| <b>Net other assets</b>                                     |           | <b>1,133</b>          | <b>2.2</b>            |
| <b>Net assets</b>   |           | <b>50,654</b>         | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^Deemed to be investment in related parties of the ACD

| Portfolio credit ratings                                    | Market value<br>£'000 |
|---|-----------------------|
| AAA   | 20,410                |
| AA  | 2,063                 |
| AA-   | 19,245                |
| A+  | 279                   |
| A-  | 1,617                 |
| BBB+  | 622                   |
| BBB   | 1,867                 |
| BBB-  | 776                   |
| BB  | 22                    |
| <b>Total bonds</b>  | <b>46,901</b>         |
| Forward currency contracts                                  | 460                   |
| Futures   | 10                    |
| Liquidity   | 2,150                 |
| <b>Investment assets (including investment liabilities)</b> | <b>49,521</b>         |

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>19,484</b> | <b>Total of all sales for the period</b> | <b>21,469</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| JPM Sterling Liquidity 'X' (Income)          | 4,400         | JPM Sterling Liquidity 'X' (Income)      | 4,900           |
| France 2.5% 2016                             | 1,583         | Spain 5.5% 2021                          | 1,329           |
| Spain 5.5% 2021                              | 1,339         | Germany 4% 2012                          | 1,081           |
| Belgium 3.5% 2017                            | 1,085         | US Treasury 4% 2018                      | 947             |
| Japan 1.7% 2016                              | 983           | Japan 1.3% 2020                          | 884             |
| Italy 4.75% 2021                             | 896           | France 3.75% 2017                        | 737             |
| US Treasury 3.125% 2019                      | 717           | Italy 4% 2020                            | 733             |
| Spain 3.25% 2016                             | 614           | Japan 1.9% 2023                          | 593             |
| Japan 1.1% 2020                              | 597           | Germany 4.25% 2018                       | 575             |
| Rabobank Nederland 4.2% 2014                 | 526           | Italy 5% 2025                            | 570             |
| France 5.75% 2032                            | 434           | Germany 4.75% 2028                       | 534             |
| South Africa 13.5% 2015                      | 335           | Germany 4.25% 2014                       | 525             |
| Japan 1.9% 2023                              | 335           | US Treasury 1.875% 2015                  | 525             |
| Germany 1.75% 2015                           | 333           | France 3.5% 2020                         | 413             |
| Telefonica Emisiones 5.462% 2021             | 322           | ABN AMRO Bank 3% 2012                    | 404             |
| BAA Funding Limited FRN 2016                 | 321           | ING Groep FRN 2011                       | 358             |
| Germany 2.25% 2015                           | 316           | Anglo American Capital 5.875% 2015       | 338             |
| Telecom Italia 5.125% 2016                   | 315           | Qatar 5.15% 2014                         | 337             |
| Japan 1.9% 2025                              | 313           | Germany 3% 2020                          | 319             |
| US Treasury 4.5% 2039                        | 307           | US Treasury 1.25% 2014                   | 318             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|---|-------|---------------|-------|---------------|
| Income  |       |               |       |               |
| Net capital gains   |       | 469           |       | 1,030         |
| Revenue   | 599   |               | 423   |               |
| Expenses  | (142) |               | (109) |               |
| Net revenue before taxation   | 457   |               | 314   |               |
| Taxation  | -     |               | -     |               |
| Net revenue after taxation  |       | 457           |       | 314           |
| <b>Total return before distributions</b>  |       | <b>926</b>    |       | <b>1,344</b>  |
| Finance costs: Distributions  |       | (455)         |       | (313)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>471</b>    |       | <b>1,031</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000    | 2011<br>£'000 | £'000   | 2010<br>£'000 |
|--|----------|---------------|---------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |          | <b>53,404</b> |         | <b>28,335</b> |
| Amounts receivable on issue of shares  | 8,403    |               | 31,482  |               |
| Amounts payable on cancellation of shares  | (12,054) |               | (3,240) |               |
|  |          | (3,651)       |         | 28,242        |
| Change in net assets attributable to shareholders from investment activities (see above) |          | 471           |         | 1,031         |
| Retained distributions on accumulation shares  |          | 429           |         | 433           |
| Unclaimed distributions  |          | 1             |         | -             |
| <b>Closing net assets attributable to shareholders</b>                                   |          | <b>50,654</b> |         | <b>58,041</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |               | 31 January 2011 |                |
|--|--------------|---------------|-----------------|----------------|
|  | £'000        | £'000         | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |               |                 |                |
| Investment assets                              |              | 49,945        |                 | 50,776         |
| Debtors  | 467          |               | 1,192           |                |
| Cash and bank balances                         | 742          |               | 2,458           |                |
| <b>Total other assets</b>                      |              | <b>1,209</b>  |                 | <b>3,650</b>   |
| <b>Total assets</b>                            |              | <b>51,154</b> |                 | <b>54,426</b>  |
| <b>LIABILITIES</b>                             |              |               |                 |                |
| Investment liabilities                         |              | (424)         |                 | (155)          |
| Creditors                                      | (57)         |               | (852)           |                |
| Distribution payable on income shares          | (19)         |               | (15)            |                |
| <b>Total other liabilities</b>                 |              | <b>(76)</b>   |                 | <b>(867)</b>   |
| <b>Total liabilities</b>                       |              | <b>(500)</b>  |                 | <b>(1,022)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>50,654</b> |                 | <b>53,404</b>  |

# JPM Global Financials Fund

## Investment objective and policy

To provide capital growth over the long-term by investing throughout the world primarily in financial services sectors.

## Risk profile

This specialist equity based Fund focuses on one sector of the global stock market (and may include exposure to emerging markets and smaller companies).

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

The underlying assets of the Fund are denominated in currencies other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

Global equity markets registered negative performance in the six months to 31 July. The success of certain peripheral European governments in raising debt finance boosted investor sentiment early in the year and strong company earnings sustained some of this momentum. Global equity markets then suffered as disappointing macroeconomic data suggested global activity may be slowing. Later, peripheral European debt issues resurfaced, with Greece requiring a second bailout deal and US politicians continuing negotiations about the US debt ceiling. The worst performing country in the period was Japan, which moved back into recession for the third time this century following the 11 March earthquake.

The portfolio underperformed its benchmark in the period. Stock selection in the capital market brokerage, global retail banks and multi-line insurance sectors detracted from returns, while our holdings in the life and health insurance, and property and casualty sectors contributed positively. We continue to like emerging banks, especially in Asia. We remain overweight in insurance companies.

## Fund outlook

We do not anticipate a return to recession in the US, though we recognise that macroeconomic uncertainties will have a negative impact on global growth and the gradual recovery in the short term. Company earnings remain remarkably resilient and there is growing evidence of companies deploying cash on the balance sheet given an uptick in mergers and acquisition activity and the positive results of those companies most sensitive to the investment cycle.

It is easy to be pessimistic on markets, but with the accommodative monetary policy stance in the US and the current zero interest rate environment in many developed markets, it is hard to be too negative on risk assets given the still sizeable risk premia available.

## 12 month performance to 31 July

|  | 2011         | 2010         | 2009          | 2008          | 2007        |
|--|--------------|--------------|---------------|---------------|-------------|
| <b>JPM Global Financials A-Class Acc</b> | <b>-4.6%</b> | <b>12.7%</b> | <b>-19.7%</b> | <b>-24.8%</b> | <b>9.8%</b> |
| Benchmark Index                          | -0.6%        | 13.6%        | -16.8%        | -24.2%        | 2.5%        |

## Six month performance to 31 July 2011

|  |              |
|--|--------------|
| <b>JPM Global Financials A-Class Acc</b> | <b>-9.0%</b> |
| Benchmark Index                          | -8.3%        |

## Fund statistics

|                 |   |
|-----------------|---|
| Fund size       | <b>£117.6m</b>                                  |
| Benchmark Index | <b>MSCI World Financials (Total Return Net)</b> |
| Fund charges    | <b>Initial 4.25%, Annual 1.50%</b>              |

## Top ten holdings

|                          | %   |
|--------------------------|-----|
| Wells Fargo              | 4.3 |
| HSBC                     | 3.9 |
| Citigroup                | 3.9 |
| Bank of America          | 3.4 |
| Metlife                  | 2.9 |
| Allianz                  | 2.5 |
| Goldman Sachs Group      | 2.5 |
| ACE                      | 2.5 |
| China Merchants Bank 'H' | 2.4 |
| Prudential Financial     | 2.2 |

## Geographical breakdown

|                            | %    |
|----------------------------|------|
| United States of America   | 36.2 |
| United Kingdom             | 11.9 |
| Switzerland                | 6.0  |
| France                     | 5.9  |
| Australia                  | 5.4  |
| China                      | 4.5  |
| India                      | 4.3  |
| Germany                    | 3.8  |
| Hong Kong                  | 3.8  |
| Spain                      | 2.9  |
| Canada                     | 2.8  |
| Japan                      | 2.7  |
| Netherlands                | 2.0  |
| Italy                      | 1.8  |
| Belgium                    | 1.2  |
| South Africa               | 1.1  |
| South Korea                | 1.0  |
| Mexico                     | 0.8  |
| Forward currency contracts | 0.5  |
| Liquidity                  | 1.3  |
| Net other assets           | 0.1  |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

Benchmark Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

## Highest/lowest share price and distribution record

| Calendar year                            | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>       |                     |                    |                              |
| 2006                                     | 848.9p              | 696.4p             | 8.36p                        |
| 2007                                     | 899.1p              | 729.8p             | 7.74p                        |
| 2008                                     | 788.5p              | 341.5p             | 11.55p                       |
| 2009                                     | 610.9p              | 276.2p             | 17.59p                       |
| 2010                                     | 626.5p              | 510.7p             | 4.99p                        |
| 2011 <sup>a</sup>                        | 611.0p              | 529.0p             | 3.87p                        |
| <b>A-Class Income Shares<sup>b</sup></b> |                     |                    |                              |
| 2007                                     | 54.22p              | 45.89p             | -                            |
| 2008                                     | 49.58p              | 21.44p             | 0.07p                        |
| 2009                                     | 36.59p              | 16.54p             | 1.11p                        |
| 2010                                     | 37.16p              | 30.29p             | 0.30p                        |
| 2011 <sup>a</sup>                        | 35.99p              | 31.17p             | 0.23p                        |

<sup>a</sup> To 31 July 2011.

<sup>b</sup> A-Class Income Shares were launched on 1 September 2007.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 142.3% |
| 31.07.11 | 29.5%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|---------------------------------------|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 103,149                               | 27,999,273       | 368.4p                    | 1.68%               |
| 31.01.10                           | 132,596                               | 25,230,201       | 525.5p                    | 1.67%               |
| 31.01.11                           | 133,703                               | 22,846,645       | 585.2p                    | 1.68%               |
| 31.07.11                           | 114,581                               | 21,520,198       | 532.4p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09 <sup>c</sup>              | 1,574                                 | 7,144,108        | 22.04p                    | 1.68%               |
| 31.01.10 <sup>c</sup>              | 3,536                                 | 11,341,855       | 31.18p                    | 1.67%               |
| 31.01.11 <sup>c</sup>              | 4,544                                 | 13,177,476       | 34.48p                    | 1.68%               |
| 31.07.11                           | 3,033                                 | 9,666,629        | 31.37p                    | 1.68%               |

<sup>c</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end. The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                      | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>United States of America - 36.2% (36.3%)</b> |           |                       |                       |
| ACE   | 69,647    | 2,873                 | 2.5                   |
| AFLAC   | 67,945    | 1,919                 | 1.6                   |
| American Express                                | 42,742    | 1,328                 | 1.1                   |
| Ameriprise Financial                            | 39,375    | 1,301                 | 1.1                   |
| Bank of America                                 | 658,023   | 3,951                 | 3.4                   |
| Capital One Financial                           | 25,866    | 757                   | 0.6                   |
| Citigroup                                       | 193,982   | 4,554                 | 3.9                   |
| Everest Re Group                                | 19,503    | 999                   | 0.8                   |
| Goldman Sachs Group                             | 35,104    | 2,933                 | 2.5                   |
| Hartford Financial Services Group               | 86,175    | 1,239                 | 1.1                   |
| Invesco   | 52,424    | 721                   | 0.6                   |
| MasterCard                                      | 3,337     | 630                   | 0.5                   |
| Metlife   | 137,603   | 3,367                 | 2.9                   |
| Morgan Stanley                                  | 190,025   | 2,612                 | 2.2                   |
| PNC Financial Services Group                    | 39,283    | 1,318                 | 1.1                   |
| Prudential Financial                            | 73,583    | 2,638                 | 2.2                   |
| State Street                                    | 94,592    | 2,428                 | 2.1                   |
| US Bancorp                                      | 125,901   | 2,019                 | 1.7                   |
| Wells Fargo                                     | 292,636   | 5,091                 | 4.3                   |
| <b>United Kingdom - 11.9% (11.8%)</b>           |           |                       |                       |
| Barclays  | 869,153   | 1,919                 | 1.6                   |
| HSBC  | 760,522   | 4,558                 | 3.9                   |
| Lloyds Banking Group                            | 3,785,824 | 1,646                 | 1.4                   |
| Prudential                                      | 387,880   | 2,661                 | 2.2                   |
| Resolution                                      | 429,117   | 1,173                 | 1.0                   |
| Royal Bank of Scotland Group                    | 2,778,328 | 982                   | 0.8                   |
| Standard Chartered                              | 74,384    | 1,157                 | 1.0                   |
| <b>Switzerland - 6.0% (7.2%)</b>                |           |                       |                       |
| Credit Suisse                                   | 107,904   | 2,327                 | 2.0                   |
| Swiss Re  | 17,500    | 582                   | 0.5                   |
| UBS   | 178,121   | 1,757                 | 1.5                   |
| Zurich Financial Services                       | 16,580    | 2,373                 | 2.0                   |
| <b>France - 5.9% (6.6%)</b>                     |           |                       |                       |
| AXA   | 154,418   | 1,761                 | 1.5                   |
| BNP Paribas                                     | 63,737    | 2,522                 | 2.2                   |
| Societe Generale                                | 83,663    | 2,523                 | 2.2                   |
| <b>Australia - 5.4% (5.1%)</b>                  |           |                       |                       |
| Australia & New Zealand Bank Group              | 127,866   | 1,790                 | 1.5                   |
| MacQuarie Group                                 | 79,305    | 1,468                 | 1.2                   |
| National Australia Bank                         | 80,663    | 1,300                 | 1.1                   |
| Westpac Banking                                 | 140,140   | 1,922                 | 1.6                   |
| <b>China - 4.5% (3.5%)</b>                      |           |                       |                       |
| China Construction Bank 'H'                     | 5,033,770 | 2,492                 | 2.1                   |
| China Merchants Bank 'H'                        | 1,898,000 | 2,765                 | 2.4                   |
| <b>India - 4.3% (3.5%)</b>                      |           |                       |                       |
| Housing Development Finance                     | 126,636   | 1,212                 | 1.0                   |
| Infrastructure Development Finance              | 735,884   | 1,289                 | 1.1                   |
| Yes Bank  | 590,877   | 2,551                 | 2.2                   |
| <b>Germany - 3.8% (2.3%)</b>                    |           |                       |                       |
| Allianz   | 37,411    | 2,964                 | 2.5                   |
| Commerzbank                                     | 682,457   | 1,529                 | 1.3                   |
| <b>Hong Kong - 3.8% (3.0%)</b>                  |           |                       |                       |
| AIA Group                                       | 348,800   | 786                   | 0.7                   |
| China Resources Land                            | 970,000   | 1,159                 | 1.0                   |
| Henderson Land Development                      | 297,000   | 1,154                 | 1.0                   |
| Sun Hung Kai Properties                         | 133,000   | 1,243                 | 1.1                   |
| <b>Spain - 2.9% (3.0%)</b>                      |           |                       |                       |
| Banco Bilbao Vizcaya Argentaria                 | 194,546   | 1,233                 | 1.1                   |
| Banco Santander                                 | 328,494   | 2,081                 | 1.8                   |
| <b>Canada - 2.8% (2.4%)</b>                     |           |                       |                       |
| Manulife Financial                              | 73,887    | 733                   | 0.6                   |
| Royal Bank of Canada                            | 76,050    | 2,553                 | 2.2                   |
| <b>Japan - 2.7% (3.1%)</b>                      |           |                       |                       |
| Advance Residence REIT                          | 333       | 427                   | 0.4                   |
| Japan Retail Fund REIT                          | 351       | 334                   | 0.3                   |
| Kenedix Realty REIT                             | 161       | 363                   | 0.3                   |
| Mitsubishi UFJ Financial Group                  | 348,700   | 1,082                 | 0.9                   |
| Sumitomo Mitsui Financial Group                 | 48,300    | 930                   | 0.8                   |

| Investment  | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>Netherlands - 2.0% (2.2%)</b>                            |           |                       |                       |
| ING Groep   | 362,538   | 2,373                 | 2.0                   |
| <b>Italy - 1.8% (1.4%)</b>                                  |           |                       |                       |
| Banca Monte dei Paschi di Siena                             | 1,915,200 | 863                   | 0.7                   |
| UniCredit   | 1,183,451 | 1,268                 | 1.1                   |
| <b>Belgium - 1.2% (1.9%)</b>                                |           |                       |                       |
| KBC Groep   | 67,004    | 1,435                 | 1.2                   |
| <b>South Africa - 1.1% (1.4%)</b>                           |           |                       |                       |
| African Bank Investments                                    | 435,963   | 1,346                 | 1.1                   |
| <b>South Korea - 1.0% (1.0%)</b>                            |           |                       |                       |
| Samsung Fire & Marine                                       | 8,663     | 1,203                 | 1.0                   |
| <b>Mexico - 0.8% (0.8%)</b>                                 |           |                       |                       |
| Grupo Financiero Banorte 'O'                                | 379,934   | 998                   | 0.8                   |
| <b>Forward currency contracts - 0.5% (0.1%)</b>             |           |                       |                       |
| <b>Australian Dollar</b>                                    |           |                       |                       |
| Buy AUD 6,155,163 sell £3,970,740 dated 16/09/11            |           | 141                   | 0.1                   |
| Sell AUD 1,070,872 buy £718,508 dated 16/09/11              |           | 3                     | -                     |
| <b>Canadian Dollar</b>                                      |           |                       |                       |
| Buy CAD 12,664,462 sell £7,965,215 dated 16/09/11           |           | 217                   | 0.2                   |
| Sell CAD 1,013,622 buy £638,181 dated 16/09/11              |           | (17)                  | -                     |
| <b>Euro</b>   |           |                       |                       |
| Buy €3,512,620 sell £3,105,619 dated 16/09/11               |           | (33)                  | -                     |
| Sell €6,098,353 buy £5,375,320 dated 16/09/11               |           | 41                    | -                     |
| <b>Hong Kong Dollar</b>                                     |           |                       |                       |
| Buy HKD 8,203,860 sell £660,572 dated 16/09/11              |           | (13)                  | -                     |
| Sell HKD 45,576,228 buy £3,606,942 dated 16/09/11           |           | 11                    | -                     |
| <b>Japanese Yen</b>   |           |                       |                       |
| Buy ¥96,976,053 sell £750,118 dated 16/09/11                |           | 239                   | 0.2                   |
| Sell ¥86,759,420 buy £662,362 dated 16/09/11                |           | (25)                  | -                     |
| <b>Singapore Dollar</b>                                     |           |                       |                       |
| Buy SGD 4,540,728 sell £2,260,654 dated 16/09/11            |           | 55                    | -                     |
| <b>Swedish Krona</b>  |           |                       |                       |
| Buy SEK 26,992,782 sell £2,600,124 dated 16/09/11           |           | (1)                   | -                     |
| <b>Swiss Franc</b>  |           |                       |                       |
| Buy CHF 2,345,384 sell £1,703,155 dated 16/09/11            |           | 98                    | 0.1                   |
| Sell CHF 5,927,531 buy £4,352,021 dated 16/09/11            |           | (200)                 | (0.2)                 |
| <b>US Dollar</b>  |           |                       |                       |
| Buy \$2,222,197 sell £1,357,961 dated 16/09/11              |           | 8                     | -                     |
| Buy \$1,920,433 sell £1,190,850 dated 16/09/11              |           | (10)                  | -                     |
| Sell \$20,086,386 buy £12,414,588 dated 16/09/11            |           | 65                    | -                     |
| Sell \$1,277,316 buy £779,934 dated 16/09/11                |           | (5)                   | 0.1                   |
| <b>Liquidity - 1.3% (0.0%)</b>                              |           |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^                        |           | 1,500                 | 1.3                   |
| <b>Investment assets (including investment liabilities)</b> |           | <b>117,539</b>        | <b>99.9</b>           |
| <b>Net other assets</b>                                     |           | <b>75</b>             | <b>0.1</b>            |
| <b>Net assets</b>   |           | <b>117,614</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACI

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>25,886</b> | <b>Total of all sales for the period</b> | <b>31,313</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| Commerzbank                                  | 2,137         | Erste Group Bank                         | 2,258           |
| UniCredit                                    | 1,856         | Assicurazioni Generali                   | 2,086           |
| Infrastructure Development Finance           | 1,640         | Reliance Capital                         | 1,864           |
| Ameriprise Financial                         | 1,586         | Renaissance Re                           | 1,483           |
| Morgan Stanley                               | 1,516         | UBS                                      | 1,382           |
| JPM Sterling Liquidity 'X' (Income)          | 1,500         | MasterCard                               | 1,295           |
| Standard Chartered                           | 1,233         | Swiss Life                               | 1,144           |
| China Resources Land                         | 1,124         | Morgan Stanley                           | 1,075           |
| Citigroup                                    | 1,023         | Resolution                               | 1,017           |
| Everest Re Group                             | 980           | AIA Group                                | 972             |
| Goldman Sachs Group                          | 963           | BB&T                                     | 964             |
| Wells Fargo                                  | 913           | Schwab (Charles)                         | 922             |
| Banca Monte dei Paschi di Siena              | 842           | KBC Groep                                | 911             |
| AFLAC  | 783           | Principal Financial Group                | 789             |
| Invesco                                      | 751           | ACE                                      | 748             |
| China Merchants Bank 'H'                     | 709           | Huntington Bancshares                    | 718             |
| Swiss Re                                     | 597           | Goldman Sachs Group                      | 692             |
| Credit Suisse                                | 546           | American Express                         | 690             |
| Metlife                                      | 507           | Societe Generale                         | 570             |
| AXA  | 355           | Barclays                                 | 546             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011            | 2010         |
|---|-----------------|--------------|
|   | £'000           | £'000        |
| Income  |                 |              |
| Net capital (losses)/gains  | (12,547)        | 7,451        |
| Revenue   | 2,014           | 2,419        |
| Expenses  | (1,081)         | (1,200)      |
| Net revenue before taxation   | 933             | 1,219        |
| Taxation  | (152)           | (175)        |
| Net revenue after taxation  | 781             | 1,044        |
| <b>Total return before distributions</b>  | <b>(11,766)</b> | <b>8,495</b> |
| Finance costs: Distributions  | (16)            | (29)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>(11,782)</b> | <b>8,466</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | 2011           | 2010           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   | <b>138,247</b> | <b>136,132</b> |
| Amounts receivable on issue of shares  | 552            | 1,925          |
| Amounts payable on cancellation of shares  | (9,401)        | (9,392)        |
|  | (8,849)        | (7,467)        |
| Change in net assets attributable to shareholders from investment activities (see above) | (11,782)       | 8,466          |
| Stamp duty reserve tax   | (2)            | (5)            |
| <b>Closing net assets attributable to shareholders</b>                                   | <b>117,614</b> | <b>137,126</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011   | 31 January 2011 |
|--|----------------|-----------------|
|  | £'000          | £'000           |
| <b>ASSETS</b>                                  |                |                 |
| Investment assets                              | 117,843        | 136,126         |
| Debtors  | 407            | 1,972           |
| Cash and bank balances                         | 889            | 3,140           |
| <b>Total other assets</b>                      | <b>1,296</b>   | <b>5,112</b>    |
| <b>Total assets</b>                            | <b>119,139</b> | <b>141,238</b>  |
| <b>LIABILITIES</b>                             |                |                 |
| Investment liabilities                         | (304)          | (316)           |
| Creditors                                      | (1,221)        | (2,645)         |
| Distribution payable on income shares          | -              | (30)            |
| <b>Total other liabilities</b>                 | <b>(1,221)</b> | <b>(2,675)</b>  |
| <b>Total liabilities</b>                       | <b>(1,525)</b> | <b>(2,991)</b>  |
| <b>Net assets attributable to shareholders</b> | <b>117,614</b> | <b>138,247</b>  |

# JPM Global Fund

## Investment objective and policy

To provide capital growth over the long-term by investing throughout the world in any economic sector.

## Risk profile

This equity based Fund is designed to give broad market exposure to global stock markets (which may include investment in emerging markets and smaller companies).

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

The underlying assets of the Fund are denominated in currencies other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

Global equity markets registered negative performance in the six months to 31 July. The success of certain peripheral European governments in raising debt finance boosted investor sentiment early in the year and strong company earnings sustained some of this momentum. Global equity markets then suffered as disappointing macroeconomic data suggested global activity may be slowing. Later, peripheral European debt issues resurfaced, with Greece requiring a second bailout deal and US politicians continuing negotiations about the US debt ceiling. The worst performing country in the period was Japan, which moved back into recession for the third time this century following the 11 March earthquake.

Against this backdrop, the Fund produced a negative return and underperformed its benchmark. Stock selection in the information technology, materials and telecoms sectors detracted from performance, while stock selection in industrials, energy and financials contributed positively to returns. On a regional basis, stock selection in North America and emerging markets detracted the most from performance, while stock selection in Japan and Europe ex UK made a positive contribution.

## Fund outlook

Despite the recent calm in sovereign debt markets, the fundamental fiscal problems facing peripheral Europe have not been resolved. Although it is encouraging that Greece and Spain have successfully started the process of retrenchment, they have a long way to go. Disappointing unemployment and housing data in the US, and fears of sustained monetary tightening in China also contributed to investor uncertainty over the outlook. Much will depend on the private sector continuing to grow in order to offset retrenchment in the public sector. Following a strong start to the second-quarter reporting season, investors will continue to monitor private sector health and company guidance in the second half.

## 12 month performance to 31 July

|                               | 2011        | 2010         | 2009         | 2008         | 2007        |
|-------------------------------|-------------|--------------|--------------|--------------|-------------|
| <b>JPM Global A-Class Acc</b> | <b>8.7%</b> | <b>15.7%</b> | <b>-6.8%</b> | <b>-9.0%</b> | <b>5.2%</b> |
| Benchmark Index               | 13.1%       | 16.3%        | -6.3%        | -8.6%        | 10.4%       |

## Six month performance to 31 July 2011

|                               |              |
|-------------------------------|--------------|
| <b>JPM Global A-Class Acc</b> | <b>-2.2%</b> |
| Benchmark Index               | -1.4%        |

## Fund statistics

|                 |                                      |
|-----------------|--------------------------------------|
| Fund size       | <b>£174.3m</b>                       |
| Benchmark Index | <b>MSCI World (Total Return Net)</b> |
| Fund charges    | <b>Initial 4.25%, Annual 1.50%</b>   |

## Top ten holdings

|                                  | %   |
|----------------------------------|-----|
| Apple                            | 3.7 |
| Royal Dutch Shell 'B'            | 2.6 |
| Volkswagen Non-Voting Preference | 2.5 |
| Chevron                          | 2.4 |
| Norfolk Southern                 | 2.4 |
| Vodafone Group                   | 2.4 |
| Veeco Instruments                | 2.3 |
| Sanofi-Aventis                   | 2.2 |
| Unilever                         | 2.0 |
| Komatsu                          | 2.0 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

Benchmark Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

## Geographical breakdown

|                          | %    |
|--------------------------|------|
| United States of America | 39.7 |
| United Kingdom           | 15.2 |
| France                   | 7.4  |
| Germany                  | 6.9  |
| Japan                    | 5.1  |
| Switzerland              | 2.9  |
| Belgium                  | 2.4  |
| India                    | 2.1  |
| Netherlands              | 2.0  |
| Taiwan                   | 1.9  |
| Hong Kong                | 1.7  |
| China                    | 1.6  |
| Indonesia                | 1.3  |
| Israel                   | 1.2  |
| Canada                   | 1.1  |
| Denmark                  | 0.9  |
| Austria                  | 0.3  |
| Liquidity                | 3.3  |
| Net other assets         | 3.0  |

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 131.4% |
| 31.07.11 | 103.3% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 147,678                                  | 30,037,865       | 491.6p                    | 1.68%               |
| 31.01.10                           | 173,850                                  | 28,279,343       | 614.8p                    | 1.67%               |
| 31.01.11                           | 185,321                                  | 26,234,672       | 706.4p                    | 1.68%               |
| 31.07.11                           | 173,709                                  | 25,148,127       | 690.7p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>c</sup>              | 282                                      | 748,071          | 37.78p                    | 1.68%               |
| 31.01.10 <sup>c</sup>              | 402                                      | 855,589          | 46.94p                    | 1.68%               |
| 31.01.11 <sup>c</sup>              | 563                                      | 1,051,084        | 53.56p                    | 1.68%               |
| 31.07.11                           | 577                                      | 1,101,428        | 52.37p                    | 1.68%               |

<sup>c</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

## Highest/lowest share price and distribution record

| Calendar year                            | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>       |                     |                    |                              |
| 2006                                     | 679.5p              | 583.3p             | 0.72p                        |
| 2007                                     | 692.9p              | 611.1p             | 1.49p                        |
| 2008                                     | 690.4p              | 425.3p             | 2.62p                        |
| 2009                                     | 654.1p              | 412.5p             | 7.03p                        |
| 2010                                     | 719.8p              | 601.4p             | 4.33p                        |
| 2011 <sup>a</sup>                        | 734.1p              | 679.4p             | 5.06p                        |
| <b>A-Class Income Shares<sup>b</sup></b> |                     |                    |                              |
| 2007                                     | 53.98p              | 49.05p             | -                            |
| 2008                                     | 53.80p              | 33.14p             | 0.00p                        |
| 2009                                     | 50.30p              | 31.72p             | 0.54p                        |
| 2010                                     | 54.96p              | 45.92p             | 0.34p                        |
| 2011 <sup>a</sup>                        | 55.65p              | 51.51p             | 0.38p                        |

<sup>a</sup> To 31 July 2011.

<sup>b</sup> A-Class Income Shares were launched on 1 September 2007.

# Portfolio statement

As at 31 July 2011

| Investment                                      | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>United States of America - 39.7% (42.7%)</b> |           |                       |                       |
| Abbott Laboratories                             | 75,107    | 2,384                 | 1.4                   |
| American Express                                | 50,200    | 1,560                 | 0.9                   |
| Anadarko Petroleum                              | 58,928    | 3,024                 | 1.7                   |
| Apache  | 31,110    | 2,383                 | 1.4                   |
| Apple   | 26,487    | 6,378                 | 3.7                   |
| Avago Technologies                              | 103,742   | 2,206                 | 1.3                   |
| Celgene   | 41,200    | 1,518                 | 0.9                   |
| Chevron   | 66,340    | 4,282                 | 2.4                   |
| Cisco Systems                                   | 178,567   | 1,757                 | 1.0                   |
| Citigroup                                       | 89,123    | 2,092                 | 1.2                   |
| Comcast 'A'                                     | 178,818   | 2,657                 | 1.5                   |
| Covidien  | 53,674    | 1,674                 | 1.0                   |
| Dow Chemical                                    | 80,574    | 1,751                 | 1.0                   |
| Google 'A'                                      | 7,526     | 2,824                 | 1.6                   |
| Guess   | 85,144    | 2,002                 | 1.1                   |
| Hartford Financial Services Group               | 101,800   | 1,463                 | 0.8                   |
| Hewlett Packard                                 | 79,812    | 1,777                 | 1.0                   |
| Merck   | 96,817    | 2,079                 | 1.2                   |
| Norfolk Southern                                | 88,931    | 4,181                 | 2.4                   |
| Occidental Petroleum                            | 44,258    | 2,714                 | 1.5                   |
| Prudential Financial                            | 70,719    | 2,536                 | 1.4                   |
| Sprint Nextel                                   | 734,987   | 1,960                 | 1.1                   |
| Time Warner                                     | 80,004    | 1,758                 | 1.0                   |
| United Technologies                             | 43,099    | 2,197                 | 1.3                   |
| Veeco Instruments                               | 157,232   | 3,955                 | 2.3                   |
| VF  | 26,732    | 1,923                 | 1.1                   |
| Virgin Media                                    | 122,892   | 2,021                 | 1.2                   |
| Wells Fargo                                     | 134,149   | 2,334                 | 1.3                   |
| <b>United Kingdom - 15.2% (14.5%)</b>           |           |                       |                       |
| Aviva   | 420,997   | 1,664                 | 1.0                   |
| Barclays  | 398,539   | 880                   | 0.5                   |
| BG Group  | 136,625   | 1,982                 | 1.1                   |
| BHP Billiton                                    | 109,873   | 2,506                 | 1.4                   |
| British American Tobacco                        | 65,454    | 1,843                 | 1.1                   |
| GlaxoSmithKline                                 | 143,321   | 1,970                 | 1.1                   |
| Prudential                                      | 262,908   | 1,804                 | 1.0                   |
| Royal Dutch Shell 'B'                           | 204,421   | 4,593                 | 2.6                   |
| Unilever  | 180,676   | 3,518                 | 2.0                   |
| Vodafone Group                                  | 2,392,022 | 4,126                 | 2.4                   |
| Xstrata   | 131,655   | 1,713                 | 1.0                   |
| <b>France - 7.4% (8.7%)</b>                     |           |                       |                       |
| AXA   | 172,207   | 1,963                 | 1.1                   |
| BNP Paribas                                     | 39,283    | 1,555                 | 0.9                   |
| PPR   | 19,771    | 2,253                 | 1.3                   |
| Sanofi-Aventis                                  | 79,908    | 3,796                 | 2.2                   |
| TOTAL S.A.                                      | 100,295   | 3,310                 | 1.9                   |
| <b>Germany - 6.9% (4.5%)</b>                    |           |                       |                       |
| Bayer   | 63,153    | 3,102                 | 1.8                   |
| Bechtle   | 25,772    | 718                   | 0.4                   |
| Rheinmetall                                     | 50,275    | 2,502                 | 1.4                   |
| Thyssen Krupp                                   | 50,830    | 1,364                 | 0.8                   |
| Volkswagen Non-Voting Preference                | 36,184    | 4,453                 | 2.5                   |
| <b>Japan - 5.1% (4.5%)</b>                      |           |                       |                       |
| Komatsu   | 183,200   | 3,487                 | 2.0                   |
| Mitsubishi                                      | 167,800   | 2,739                 | 1.6                   |
| Omron   | 58,000    | 994                   | 0.6                   |
| SMC   | 14,800    | 1,662                 | 0.9                   |
| <b>Switzerland - 2.9% (5.0%)</b>                |           |                       |                       |
| Nestle  | 75,480    | 2,915                 | 1.7                   |
| Novartis  | 55,673    | 2,070                 | 1.2                   |
| <b>Belgium - 2.4% (0.0%)</b>                    |           |                       |                       |
| Anheuser-Busch InBev                            | 75,111    | 2,659                 | 1.5                   |
| Solvay  | 16,599    | 1,523                 | 0.9                   |
| <b>India - 2.1% (0.5%)</b>                      |           |                       |                       |
| Axis Bank                                       | 65,760    | 1,222                 | 0.7                   |
| Federal Bank                                    | 203,737   | 1,200                 | 0.7                   |
| Yes Bank  | 288,371   | 1,245                 | 0.7                   |
| <b>Netherlands - 2.0% (1.1%)</b>                |           |                       |                       |
| KPN   | 395,592   | 3,413                 | 2.0                   |

| Investment                                       | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Taiwan - 1.9% (1.2%)</b>                      |           |                       |                       |
| HTC  | 66,150    | 1,207                 | 0.7                   |
| Taiwan Semiconductor Manufacturing ADS           | 276,951   | 2,095                 | 1.2                   |
| <b>Hong Kong - 1.7% (2.4%)</b>                   |           |                       |                       |
| Agile Property                                   | 942,000   | 934                   | 0.5                   |
| International Mining Machinery                   | 1,312,500 | 797                   | 0.5                   |
| Ports Design                                     | 634,000   | 823                   | 0.5                   |
| West China Cement                                | 1,966,000 | 386                   | 0.2                   |
| <b>China - 1.6% (2.9%)</b>                       |           |                       |                       |
| China Merchants Bank 'H'                         | 1,286,669 | 1,875                 | 1.1                   |
| Industrial & Commercial Bank of China 'H'        | 1,874,000 | 876                   | 0.5                   |
| Longtop Financial Technologies ADR <sup>†</sup>  | 112,696   | -                     | -                     |
| <b>Indonesia - 1.3% (0.8%)</b>                   |           |                       |                       |
| Bank Rakyat Indonesia                            | 4,572,500 | 2,263                 | 1.3                   |
| <b>Israel - 1.2% (1.4%)</b>                      |           |                       |                       |
| Teva Pharmaceutical Industries ADR               | 73,358    | 2,098                 | 1.2                   |
| <b>Canada - 1.1% (1.4%)</b>                      |           |                       |                       |
| First Quantum Minerals                           | 21,868    | 1,880                 | 1.1                   |
| <b>Denmark - 0.9% (0.7%)</b>                     |           |                       |                       |
| Carlsberg 'B'                                    | 25,548    | 1,530                 | 0.9                   |
| <b>Austria - 0.3% (0.9%)</b>                     |           |                       |                       |
| RHI  | 27,964    | 460                   | 0.3                   |
| <b>Liquidity - 3.3% (0.0%)</b>                   |           |                       |                       |
| JPM Sterling Liquidity 'X' (Income) <sup>^</sup> | 5,750,000 | 5,750                 | 3.3                   |
| <b>Investment assets</b>                         |           | <b>169,108</b>        | <b>97.0</b>           |
| <b>Net other assets</b>                          |           | <b>5,178</b>          | <b>3.0</b>            |
| <b>Net assets</b>                                |           | <b>174,286</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

<sup>†</sup> Suspended security

<sup>^</sup> Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>94,586</b> | <b>Total of all sales for the period</b> | <b>102,825</b>  |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| JPM Sterling Liquidity 'X' (Income)          | 8,300         | Hewlett Packard                          | 2,817           |
| Volkswagen Non-Voting Preference             | 4,512         | JPM Sterling Liquidity 'X' (Income)      | 2,550           |
| Thyssen Krupp                                | 2,739         | Siemens                                  | 2,341           |
| Apple  | 2,728         | Analog Devices                           | 2,305           |
| Anheuser-Busch InBev                         | 2,649         | Medtronic                                | 2,302           |
| Sprint Nextel                                | 2,436         | Zurich Financial Services                | 2,054           |
| Virgin Media                                 | 2,347         | Emerson Electric                         | 2,031           |
| Veeco Instruments                            | 2,337         | Honda Motor                              | 2,018           |
| Komatsu                                      | 2,282         | Lafarge                                  | 1,901           |
| Georgia Gulf Corporation                     | 2,173         | Infrastructure Development Finance       | 1,862           |
| Novartis                                     | 2,132         | SKF 'B'                                  | 1,760           |
| Prudential                                   | 1,961         | Fiat                                     | 1,756           |
| Renault                                      | 1,905         | Renault                                  | 1,737           |
| GlaxoSmithKline                              | 1,877         | Pfizer                                   | 1,722           |
| Infrastructure Development Finance           | 1,811         | News Corp 'B'                            | 1,678           |
| Time Warner                                  | 1,807         | Standard Chartered                       | 1,674           |
| Covidien                                     | 1,775         | Accenture 'A'                            | 1,672           |
| Solvay                                       | 1,694         | CNOOC ADS                                | 1,611           |
| KPN  | 1,675         | ABB                                      | 1,601           |
| Unilever                                     | 1,595         | Atos Origin                              | 1,571           |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011           | 2010         |
|---|----------------|--------------|
|   | £'000          | £'000        |
| Income  |                |              |
| Net capital (losses)/gains  | (4,968)        | 5,009        |
| Revenue   | 2,825          | 2,933        |
| Expenses  | (1,476)        | (1,537)      |
| Net revenue before taxation   | 1,349          | 1,396        |
| Taxation  | (293)          | (315)        |
| Net revenue after taxation  | 1,056          | 1,081        |
| <b>Total return before distributions</b>  | <b>(3,912)</b> | <b>6,090</b> |
| Finance costs: Distributions  | (23)           | (19)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>(3,935)</b> | <b>6,071</b> |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011   | 31 January 2011 |
|--|----------------|-----------------|
|  | £'000          | £'000           |
| <b>ASSETS</b>                                  |                |                 |
| Investment assets                              | 169,108        | 182,556         |
| Debtors  | 4,831          | 984             |
| Cash and bank balances                         | 2,113          | 4,269           |
| <b>Total other assets</b>                      | <b>6,944</b>   | <b>5,253</b>    |
| <b>Total assets</b>                            | <b>176,052</b> | <b>187,809</b>  |
| <b>LIABILITIES</b>                             |                |                 |
| Creditors                                      | (1,766)        | (1,921)         |
| Distribution payable on income shares          | -              | (4)             |
| <b>Total liabilities</b>                       | <b>(1,766)</b> | <b>(1,925)</b>  |
| <b>Net assets attributable to shareholders</b> | <b>174,286</b> | <b>185,884</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | 2011           | 2010           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   | <b>185,884</b> | <b>174,252</b> |
| Amounts receivable on issue of shares  | 99             | 354            |
| Amounts payable on cancellation of shares  | (7,761)        | (7,675)        |
|  | (7,662)        | (7,321)        |
| Change in net assets attributable to shareholders from investment activities (see above) | (3,935)        | 6,071          |
| Stamp duty reserve tax   | (1)            | (1)            |
| <b>Closing net assets attributable to shareholders</b>                                   | <b>174,286</b> | <b>173,001</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

# JPM Global High Yield Bond Fund

## Investment objective and policy

To provide a high return from a diversified portfolio of bond and other debt securities. The Fund will invest primarily in bond and other debt securities (mainly below investment grade securities or unrated securities) of issuers in developed countries, primarily corporations and banks. The Fund may also invest in bond and other debt securities of issuers of emerging countries. The Fund will aim to hedge non-sterling securities back to sterling.

## Risk profile

Bond funds may not behave like direct investments in the underlying bonds themselves. By investing in bond funds, the certainty of receiving a regular fixed amount of income for a defined period of time with the prospect of a future known return of capital is lost.

There is an increased risk of capital loss because the Fund invests in non-investment grade high yield bonds.

Bond prices can fluctuate significantly depending not only on the global economic and interest rate conditions but also on the general credit market environment and the creditworthiness of the issuer.

The credit quality of high yield bonds is below investment grade and they usually offer higher yields to compensate for the reduced creditworthiness and the increased risk of default relative to investment grade bonds.

Bonds with a lower credit rating may have a higher risk of defaulting which may in turn have an adverse effect on the performance of funds which invest in them.

This Fund charges the fees of the ACD against capital, which will increase the amount of income available for distribution to Shareholders, but may constrain capital growth. It may also have tax implications for certain investors.

Bond funds will normally distribute a combination of coupon and the expected discount/premium on the securities. Therefore, the Fund's distribution will comprise income received and an element of projected capital gains or losses. This could result in an element of capital gain being taxed as income in the hands of an investor.

## Fund review

The past six months were positive for the high yield market despite two periods of increased volatility. In early March, global events that ranged from unrest in the Middle East and North Africa to a devastating earthquake in Japan led to volatile markets. Then, from May to July, further volatility was caused by increased uncertainty surrounding European sovereign stress and the US debt ceiling debate. In both periods, investor risk appetite waned leading to a steady stream of retail outflows and a slowdown in new issue activity. Generally, none of the issues afflicting the markets pertained directly to high-yield credit fundamentals, but each was influential in shaping investor confidence and risk appetite.

## Fund outlook

Despite the recent weaker macroeconomic environment, second-quarter earnings have generally exceeded expectations and corporate balance sheets remain healthy. Our base case calls for improving economic conditions in the second half, which should continue to support company fundamentals. The trailing 12-month default rate remains near all-time lows and we expect it to remain in a 1% to 2% range for the balance of the year. We believe current valuations are attractive based on moderate GDP growth, stable to improving credit fundamentals and low default risk. With credit and sector disparity on the rise, individual security selection will become increasingly important and we will rely on our bottom-up security selection process to capitalise on dislocations in relative value.

## 12 month performance to 31 July

|   | 2011         | 2010         | 2009         | 2008        | 2007        |
|---|--------------|--------------|--------------|-------------|-------------|
| <b>JPM Global High Yield Bond A-Class Acc</b> | <b>10.5%</b> | <b>16.8%</b> | <b>-3.0%</b> | <b>3.0%</b> | <b>4.0%</b> |
| <b>JPM Global High Yield Bond B-Class Inc</b> | <b>10.8%</b> | -            | -            | -           | -           |
| <b>JPM Global High Yield Bond I-Class Acc</b> | <b>11.4%</b> | <b>17.7%</b> | <b>-2.1%</b> | <b>4.0%</b> | <b>4.8%</b> |
| Benchmark Index                               | 12.9%        | 20.4%        | 0.3%         | 3.0%        | 6.3%        |

## Six month performance to 31 July 2011

|   |             |
|---|-------------|
| <b>JPM Global High Yield Bond A-Class Acc</b> | <b>2.7%</b> |
| Benchmark Index                               | 4.1%        |

## Fund statistics

|                 |   |
|-----------------|---|
| Fund size       | <b>£162.1m</b>  |
| Benchmark Index | <b>BofA Merrill Lynch High Yield US BB-B Constrained Index Hedged into GBP (Total Return Gross)</b> |
| Fund charges    |   |
| A-Class         | <b>Initial 3.50%, Annual 1.10%</b>  |
| B-Class         | <b>Initial Nil, Annual 0.75%</b>  |
| I-Class         | <b>Initial Nil, Annual 0.45%</b>  |

## Top ten holdings

|                                    | %   |
|------------------------------------|-----|
| Sprint Capital 8.75% 2032          | 1.3 |
| Biomet 10.375% 2017                | 1.3 |
| HCA 9.625% 2016                    | 1.3 |
| CIT Group 7% 2016                  | 1.2 |
| Dish DBS 7.875% 2019               | 1.0 |
| Sungard Data Systems 10.25% 2015   | 1.0 |
| Harrahs Operating 11.25% 2017      | 1.0 |
| Ally Financial 6.25% 2017          | 0.9 |
| Clear Channel Worldwide 9.25% 2017 | 0.8 |
| Sealy Mattress 8.25% 2014          | 0.8 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation or income shares. Performance returns are in Sterling.  
Source: J.P. Morgan.

## Sector breakdown

|                            | %     |
|----------------------------|-------|
| Corporate debt             | 96.5  |
| Equities                   | 0.0   |
| Forward currency contracts | (0.6) |
| Net other assets           | 4.1   |

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 126.0% |
| 31.07.11 | 36.6%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Highest/lowest share price and distribution record

| Calendar year  | Highest share price | Lowest share price | Distribution per share |
|--|---------------------|--------------------|------------------------|
| <b>A-Class Accumulation Shares</b>                   |                     |                    |                        |
| 2006   | 66.26p              | 61.75p             | 3.82p                  |
| 2007   | 69.08p              | 64.74p             | 3.90p                  |
| 2008   | 69.45p              | 43.59p             | 4.99p                  |
| 2009   | 71.79p              | 46.39p             | 4.06p                  |
| 2010   | 80.28p              | 70.48p             | 4.87p                  |
| 2011 <sup>a</sup>                                    | 83.64p              | 80.18p             | 3.73p                  |
| <b>A-Class Income Shares</b>                         |                     |                    |                        |
| 2006   | 43.42p              | 41.41p             | 2.60p                  |
| 2007   | 44.10p              | 40.87p             | 2.51p                  |
| 2008   | 41.62p              | 24.74p             | 2.98p                  |
| 2009   | 38.07p              | 25.79p             | 2.23p                  |
| 2010   | 40.07p              | 36.76p             | 2.51p                  |
| 2011 <sup>a</sup>                                    | 40.59p              | 39.43p             | 1.83p                  |
| <b>B-Class Income Shares<sup>b</sup></b>             |                     |                    |                        |
| 2009   | 104.5p              | 100.0p             | 0.22p                  |
| 2010   | 110.3p              | 100.8p             | 6.86p                  |
| 2011 <sup>a</sup>                                    | 111.9p              | 108.8p             | 5.07p                  |
| <b>I-Class Accumulation Shares</b>                   |                     |                    |                        |
| 2006   | 109.8p              | 101.7p             | 6.53p                  |
| 2007   | 115.3p              | 107.8p             | 8.61p                  |
| 2008   | 116.5p              | 73.52p             | 8.83p                  |
| 2009   | 122.3p              | 78.39p             | 7.14p                  |
| 2010   | 137.5p              | 120.2p             | 8.40p                  |
| 2011 <sup>a</sup>                                    | 144.1p              | 137.5p             | 6.56p                  |
| <b>I-Class Gross Accumulation Shares<sup>c</sup></b> |                     |                    |                        |
| 2007   | 101.2p              | 94.28p             | 3.28p                  |
| 2008   | 103.3p              | 66.08p             | 9.34p                  |
| 2009   | 111.5p              | 70.91p             | 7.89p                  |
| 2010   | 127.4p              | 109.9p             | 9.72p                  |
| 2011 <sup>a</sup>                                    | 134.9p              | 127.7p             | 7.60p                  |
| <b>I-Class Income Shares</b>                         |                     |                    |                        |
| 2006   | 100.8p              | 96.09p             | 6.34p                  |
| 2007   | 102.9p              | 95.45p             | 6.03p                  |
| 2008   | 97.70p              | 58.32p             | 7.18p                  |
| 2009   | 90.33p              | 60.96p             | 5.49p                  |
| 2010   | 95.56p              | 87.30p             | 6.03p                  |
| 2011 <sup>a</sup>                                    | 97.12p              | 94.44p             | 4.46p                  |
| <b>I-Class Gross Income Shares<sup>d</sup></b>       |                     |                    |                        |
| 2011 <sup>a</sup>                                    | 101.5p              | 100.2p             | 0.56p                  |

<sup>a</sup> To 31 July 2011.

<sup>b</sup> B-Class Income Shares were launched on 14 October 2009.

<sup>c</sup> I-Class Gross Accumulation Shares were launched on 21 May 2007.

<sup>d</sup> I-Class Gross Income Shares were launched 1 July 2011.

## Net asset values and Total expense ratios

| Date                                     | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|--|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b>       |  |                  |                           |                     |
| 31.01.09                                 | 19,720                                   | 38,808,246       | 50.81p                    | 1.27%               |
| 31.01.10                                 | 59,326                                   | 82,410,332       | 71.99p                    | 1.27%               |
| 31.01.11                                 | 51,950                                   | 64,147,721       | 80.98p                    | 1.28%               |
| 31.07.11                                 | 57,623                                   | 69,289,104       | 83.16p                    | 1.28%               |
| <b>A-Class Income Shares</b>             |  |                  |                           |                     |
| 31.01.09                                 | 38,239                                   | 135,688,863      | 28.18p                    | 1.27%               |
| 31.01.10                                 | 52,983                                   | 141,070,611      | 37.56p                    | 1.27%               |
| 31.01.11                                 | 74,754                                   | 188,780,185      | 39.60p                    | 1.28%               |
| 31.07.11                                 | 84,986                                   | 215,239,053      | 39.48p                    | 1.28%               |
| <b>B-Class Income Shares</b>             |  |                  |                           |                     |
| 31.01.10                                 | 1,015                                    | 984,644          | 103.0p                    | 0.89%               |
| 31.01.11                                 | 1,190                                    | 1,091,175        | 109.0p                    | 0.90%               |
| 31.07.11                                 | 1,267                                    | 1,163,184        | 108.9p                    | 0.90%               |
| <b>I-Class Accumulation Shares</b>       |  |                  |                           |                     |
| 31.01.09                                 | 6  | 7,000            | 85.76p                    | 0.45%               |
| 31.01.10                                 | 6  | 5,000            | 122.6p                    | 0.45%               |
| 31.01.11                                 | 6  | 4,000            | 139.0p                    | 0.45%               |
| 31.07.11                                 | 6  | 4,000            | 143.3p                    | 0.45%               |
| <b>I-Class Gross Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                                 | 8,773                                    | 11,364,034       | 77.20p                    | 0.45%               |
| 31.01.10                                 | 10,068                                   | 8,981,680        | 112.1p                    | 0.45%               |
| 31.01.11                                 | 12,934                                   | 10,013,211       | 129.2p                    | 0.45%               |
| 31.07.11                                 | 14,102                                   | 10,511,762       | 134.2p                    | 0.45%               |
| <b>I-Class Income Shares</b>             |  |                  |                           |                     |
| 31.01.09                                 | 2,559                                    | 3,845,121        | 66.55p                    | 0.45%               |
| 31.01.10                                 | 14,401                                   | 16,157,110       | 89.13p                    | 0.45%               |
| 31.01.11                                 | 2,328                                    | 2,462,650        | 94.57p                    | 0.45%               |
| 31.07.11                                 | 2,991                                    | 3,161,636        | 94.61p                    | 0.45%               |
| <b>I-Class Gross Income Shares</b>       |  |                  |                           |                     |
| 31.07.11                                 | 1,150                                    | 1,145,479        | 100.4p                    | 0.45%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                | Holding     | Market value |                    | Investment   | Holding     | Market value |                    |
|---|-------------|--------------|--------------------|--|-------------|--------------|--------------------|
|   |             | £'000        | Total net assets % |  |             | £'000        | Total net assets % |
| <b>Corporate debt - 96.5% (97.0%)</b>     |             |              |                    |  |             |              |                    |
| <b>US Dollar - 96.5%</b>                  |             |              |                    |  |             |              |                    |
| Academy 9.25% 2019                        | \$340,000   | 212          | 0.1                | CIT Group 6.625% 2018                              | \$240,000   | 157          | 0.1                |
| Accellent 8.375% 2017                     | \$545,000   | 348          | 0.2                | Citigroup 8.3% FRN 2057                            | \$660,000   | 417          | 0.3                |
| Accellent 10% 2017                        | \$690,000   | 417          | 0.3                | Citycenter 7.625% 2016                             | \$720,000   | 462          | 0.3                |
| ACCO Brands 7.625% 2015                   | \$630,000   | 391          | 0.2                | Claire's Escrow 8.875% 2019                        | \$530,000   | 306          | 0.2                |
| ACCO Brands 10.625% 2015                  | \$540,000   | 370          | 0.2                | Clean Harbors 7.625% 2016                          | \$315,000   | 206          | 0.1                |
| AES 9.75% 2016                            | \$890,000   | 628          | 0.4                | Clean Harbors 7.625% SNR 2016                      | \$345,000   | 225          | 0.1                |
| AES 8% 2017                               | \$300,000   | 200          | 0.1                | Clear Channel Communications 9% 2021               | \$1,170,000 | 687          | 0.4                |
| Aircastle 9.75% 2018                      | \$490,000   | 334          | 0.2                | Clear Channel Worldwide 9.25% 2017                 | \$2,015,000 | 1,356        | 0.8                |
| Aleris International 7.625% 2018          | \$190,000   | 119          | 0.1                | Clearwater Paper Corporation 10.625% 2016          | \$515,000   | 358          | 0.2                |
| Alliant Techsystems 6.75% 2016            | \$1,145,000 | 725          | 0.4                | Clearwater Paper Corporation 7.125% 2018           | \$50,000    | 32           | -                  |
| Allison Transport 7.125% 2019             | \$805,000   | 485          | 0.3                | Clearwire Communications 12% 2015                  | \$1,300,000 | 824          | 0.5                |
| Ally Financial 6.75% 2014                 | \$1,455,000 | 939          | 0.6                | Clearwire Communications 12% 2017                  | \$210,000   | 130          | 0.1                |
| Ally Financial 6.25% 2017                 | \$2,255,000 | 1,401        | 0.9                | Cloud Peak Energy Resources 8.25% 2017             | \$775,000   | 511          | 0.3                |
| AMC Entertainments 8.75% 2019             | \$245,000   | 160          | 0.1                | Cogent Communications Group 8.375% 2018            | \$485,000   | 314          | 0.2                |
| AMC Entertainments 9.75% 2020             | \$675,000   | 425          | 0.3                | Commscope 8.25% 2019                               | \$670,000   | 429          | 0.3                |
| American Axle & Manufacturing 7.875% 2017 | \$955,000   | 599          | 0.4                | Community Health Systems 8.875% 2015               | \$1160,000  | 736          | 0.5                |
| American Axle & Manufacturing 9.25% 2017  | \$95,000    | 64           | -                  | Consol Energy 8% 2017                              | \$235,000   | 159          | 0.1                |
| American Tire Distributors 9.75% 2017     | \$490,000   | 322          | 0.2                | Consol Energy 8.25% 2020                           | \$140,000   | 96           | 0.1                |
| Ameristar Casinos 7.5% 2021               | \$270,000   | 172          | 0.1                | Constellation Brands 7.25% 2016                    | \$230,000   | 154          | 0.1                |
| Amkor Technology 7.375% 2018              | \$845,000   | 540          | 0.3                | Constellation Brands 7.25% 2017                    | \$900,000   | 608          | 0.4                |
| Amsted Industries 8.125% 2018             | \$510,000   | 329          | 0.2                | Corrections Corporation of America 7.75% 2017      | \$765,000   | 510          | 0.3                |
| Arch Coal 8.75% 2016                      | \$935,000   | 639          | 0.4                | Crockett Communications 7.75% 2020                 | \$85,000    | 52           | -                  |
| Arch Coal 7% 2019                         | \$375,000   | 240          | 0.1                | Cricket Communications 7.75% SNR 2020              | \$375,000   | 229          | 0.1                |
| Arch Coal 7.25% 2021                      | \$215,000   | 138          | 0.1                | Crosstex Energy 8.875% 2018                        | \$870,000   | 583          | 0.4                |
| Ardagh Packaging Finance 9.125% 2020      | \$1,210,000 | 786          | 0.5                | Crown Americas 7.625% 2017                         | \$200,000   | 133          | 0.1                |
| Ashland 9.125% 2017                       | \$430,000   | 300          | 0.2                | Crown Castle International 9% 2015                 | \$545,000   | 368          | 0.2                |
| Ashtead Capital 9% 2016                   | \$540,000   | 347          | 0.2                | Dana Holding 6.5% 2019                             | \$480,000   | 298          | 0.2                |
| Aspect Software 10.625% 2017              | \$440,000   | 290          | 0.2                | Dana Holding 6.75% 2021                            | \$130,000   | 81           | 0.1                |
| Associated Materials 9.125% 2017          | \$1,020,000 | 638          | 0.4                | DaVita 6.375% 2018                                 | \$360,000   | 225          | 0.1                |
| Atkore International 9.875% 2018          | \$600,000   | 392          | 0.2                | DaVita 6.625% 2020                                 | \$395,000   | 248          | 0.2                |
| Audatex North America 6.75% 2018          | \$570,000   | 360          | 0.2                | Denbury Resources 9.75% 2016                       | \$430,000   | 295          | 0.2                |
| Avaya 9.75% 2015                          | \$610,000   | 382          | 0.2                | Digicel Group 8.25% 2017                           | \$290,000   | 184          | 0.1                |
| Avaya 10.125% 2015                        | \$539,196   | 338          | 0.2                | Digicel Group 10.5% 2018                           | \$375,000   | 257          | 0.2                |
| Avaya 7% 2019                             | \$730,000   | 439          | 0.3                | DineEquity 9.5% 2018                               | \$590,000   | 398          | 0.2                |
| Avis Budget Car Rental 7.75% 2016         | \$765,000   | 482          | 0.3                | Dish DBS 7.875% 2019                               | \$2,375,000 | 1,602        | 1.0                |
| Avis Budget Car Rental 9.625% 2018        | \$285,000   | 191          | 0.1                | Dish DBS 6.75% 2021                                | \$645,000   | 410          | 0.3                |
| Avis Budget Car Rental 8.25% 2019         | \$400,000   | 254          | 0.2                | Diversy 8.25% 2019                                 | \$800,000   | 578          | 0.4                |
| Awas Aviation Capital 7% 2016             | \$523,600   | 328          | 0.2                | DJO Finance 10.875% 2014                           | \$425,000   | 279          | 0.2                |
| B&G Foods 7.625% 2018                     | \$355,000   | 233          | 0.1                | DJO Finance 7.75% 2018                             | \$615,000   | 385          | 0.2                |
| Bank of America FRN Perpetual             | \$885,000   | 558          | 0.3                | Dole Food 13.875% 2014                             | \$169,000   | 125          | 0.1                |
| Bausch & Lomb 9.875% 2015                 | \$525,000   | 340          | 0.2                | Dole Food 8% 2016                                  | \$365,000   | 237          | 0.1                |
| Belden 7% 2017                            | \$40,000    | 25           | -                  | Ducommun 9.75% 2018                                | \$95,000    | 60           | -                  |
| Belden 9.25% 2019                         | \$630,000   | 429          | 0.3                | Dunkin Finance 9.625% 2018                         | \$410,000   | 254          | 0.2                |
| Berry Plastics 9.75% 2021                 | \$460,000   | 284          | 0.2                | Eagle Parent 8.625% 2019                           | \$695,000   | 411          | 0.3                |
| Biomet 10.375% 2017                       | \$3,115,000 | 2,098        | 1.3                | Eagle Rock Energy 8.375% 2019                      | \$650,000   | 410          | 0.3                |
| Blue Merger 7.625% 2019                   | \$945,000   | 598          | 0.3                | Easton-Bell Sports 9.75% 2016                      | \$950,000   | 644          | 0.4                |
| Bombardier 7.5% 2018                      | \$335,000   | 231          | 0.1                | EchoStar DBS 7.125% 2016                           | \$1,915,000 | 1,253        | 0.8                |
| Bon Ton Dept Stores 10.25% 2014           | \$570,000   | 349          | 0.2                | EH Holding 6.5% 2019                               | \$440,000   | 279          | 0.2                |
| Breitburn Energy Partners 8.625% 2020     | \$740,000   | 487          | 0.3                | EH Holding 7.625% 2021                             | \$220,000   | 140          | 0.1                |
| Brigham Explorations 8.75% 2018           | \$590,000   | 406          | 0.3                | El Paso 7.25% 2018                                 | \$305,000   | 216          | 0.1                |
| Brigham Explorations 6.875% 2019          | \$150,000   | 96           | 0.1                | Endo Pharmaceutical Holdings 7% 2019               | \$260,000   | 167          | 0.1                |
| Building Materials 6.875% 2018            | \$645,000   | 410          | 0.3                | Energy Future Holdings 10% 2020                    | \$355,000   | 229          | 0.1                |
| Building Materials 6.75% 2021             | \$460,000   | 288          | 0.2                | Energy Future International 10% 2020               | \$478,000   | 309          | 0.2                |
| Bumble Bee Acquisition 9% 2017            | \$1,100,000 | 681          | 0.4                | EV Energy Partner 8% 2019                          | \$775,000   | 492          | 0.3                |
| Bway Holding 10% 2018                     | \$855,000   | 578          | 0.4                | Fidelity National Information Services 7.625% 2017 | \$325,000   | 213          | 0.1                |
| Calpine 7.25% 2017                        | \$320,000   | 202          | 0.1                | Fidelity National Information Services 7.875% 2020 | \$485,000   | 318          | 0.2                |
| Calpine 7.875% 2020                       | \$565,000   | 367          | 0.2                | First Data 7.375% 2019                             | \$455,000   | 282          | 0.2                |
| Calpine 7.5% 2021                         | \$335,000   | 214          | 0.1                | First Data 8.875% 2020                             | \$1,235,000 | 814          | 0.5                |
| Calumet Speciality Products 9.375% 2019   | \$235,000   | 150          | 0.1                | First Data 8.25% 2021                              | \$756,000   | 456          | 0.3                |
| Case New Holland 7.875% 2017              | \$725,000   | 505          | 0.3                | First Data 12.625% 2021                            | \$1,517,000 | 994          | 0.6                |
| CB Spectrumbrands 9.5% 2018               | \$455,000   | 312          | 0.2                | First Data 8.75% 2022                              | \$759,000   | 458          | 0.3                |
| CCH II Capital 13.5% 2016                 | \$200,000   | 145          | 0.1                | First Data 7.25% 2022                              | \$440,000   | 280          | 0.2                |
| CCO Holdings 7.25% 2017                   | \$295,000   | 192          | 0.1                | FMG Fund Mangers 7% 2015                           | \$440,000   | 280          | 0.2                |
| CCO Holdings 7.875% 2018                  | \$1,380,000 | 918          | 0.6                | FMG Resources 6.375% 2016                          | \$90,000    | 56           | -                  |
| CCO Holdings 7% 1 January 2019            | \$270,000   | 173          | 0.1                | FMG Resources 6.875% 2018                          | \$345,000   | 220          | 0.1                |
| CCO Holdings 7% 15 January 2019           | \$220,000   | 141          | 0.1                | FMG Resources 7% 2015                              | \$990,000   | 662          | 0.4                |
| Central Garden & Pet 8.25% 2018           | \$770,000   | 486          | 0.3                | Ford Motor Credit 7% 2015                          | \$1,055,000 | 698          | 0.4                |
| Cequel Communications 8.625% 2017         | \$845,000   | 553          | 0.3                | Ford Motor Credit 6.625% 2017                      | \$1,960,000 | 1,195        | 0.7                |
| Chemtura 7.875% 2018                      | \$165,000   | 109          | 0.1                | Ford Motor Credit 5% 2018                          | \$55,000    | 37           | -                  |
| Chesapeake Energy 7.25% 2018              | \$135,000   | 93           | 0.1                | Forest Oil 8.5% 2014                               | \$570,000   | 364          | 0.2                |
| Chesapeake Energy 6.625% 2020             | \$510,000   | 339          | 0.2                | Forest Oil 7.25% 2019                              | \$570,000   | 364          | 0.2                |
| Chiquita Brands International 8.875% 2015 | \$11,000    | 7            | -                  | Freescale Semiconductor 9.25% 2018                 | \$825,000   | 555          | 0.3                |
| Chrysler Group 8% 2019                    | \$640,000   | 383          | 0.2                | Freescale Semiconductor 10.125% 2018               | \$539,000   | 370          | 0.2                |
| Chrysler Group 8.25% 2021                 | \$555,000   | 334          | 0.2                | Freescale Semiconductor 8.05% 2020                 | \$545,000   | 337          | 0.2                |
| Cincinnati Bell 8.375% Bonds 2020         | \$1,105,000 | 690          | 0.4                | Frontier Communications 6.625% 2015                | \$540,000   | 347          | 0.2                |
| Cinemark 7.375% 2021                      | \$310,000   | 191          | 0.1                | GCI 8.625% 2019                                    | \$750,000   | 505          | 0.3                |
| CIT Group 7% 2016                         | \$3,039,465 | 1,869        | 1.2                | General Cable 7.125% 2017                          | \$650,000   | 412          | 0.3                |
| CIT Group 7% 2017                         | \$1,480,253 | 914          | 0.6                | Geo Group 7.75% 2017                               | \$960,000   | 633          | 0.4                |
|   |             |              |                    | Geo Group 6.625% 2021                              | \$115,000   | 71           | -                  |
|   |             |              |                    | Georgia Pacific 7.125% 2017                        | \$870,000   | 571          | 0.4                |
|   |             |              |                    | Glatfelter 7.125% 2016                             | \$145,000   | 92           | 0.1                |

# Portfolio statement – continued

As at 31 July 2011

| Investment                               | Holding     | Market value<br>£'000 | Total net<br>assets % | Investment                                      | Holding     | Market value<br>£'000 | Total net<br>assets % |
|--|-------------|-----------------------|-----------------------|---|-------------|-----------------------|-----------------------|
| Glatfelter 7.125% SNR 2016               | \$590,000   | 374                   | 0.2                   | Longview Fibre Paper & Packaging 8% 2016        | \$155,000   | 97                    | 0.1                   |
| GMX Resources 11.375% 2019               | \$375,000   | 219                   | 0.1                   | Lucent Technologie 6.45% 2029                   | \$1,245,000 | 698                   | 0.4                   |
| Goodyear Tire & Rubber 10.5% 2016        | \$152,000   | 105                   | 0.1                   | Lyondell Chemical 11% 2018                      | \$710,000   | 493                   | 0.3                   |
| Goodyear Tire & Rubber 8.25% 2020        | \$850,000   | 573                   | 0.4                   | Magnachip Semiconductor 10.5% 2018              | \$965,000   | 657                   | 0.4                   |
| Goodyear Tire & Rubber 8.75% 2020        | \$185,000   | 127                   | 0.1                   | Manitowoc 9.5% 2018                             | \$400,000   | 270                   | 0.2                   |
| Graham Packaging 9.875% 2014             | \$580,000   | 365                   | 0.2                   | Manitowoc Inc 8.5% 2020                         | \$540,000   | 362                   | 0.2                   |
| Graham Packaging 8.25% 2017              | \$710,000   | 464                   | 0.3                   | Mantech International 7.25% 2018                | \$375,000   | 241                   | 0.1                   |
| Graham Packaging 7.875% 2018             | \$385,000   | 257                   | 0.2                   | Marina District Finance 9.5% 2015               | \$220,000   | 140                   | 0.1                   |
| Graham Packaging 8.25% 2018              | \$120,000   | 79                    | -                     | Marina District Finance 9.875% 2018             | \$1,055,000 | 671                   | 0.4                   |
| Great Lakes Dredge 7.375% 2019           | \$660,000   | 406                   | 0.3                   | Markwest Energy Partners 8.75% 2018             | \$755,000   | 508                   | 0.3                   |
| Griffon 7.125% 2018                      | \$490,000   | 302                   | 0.2                   | Masco 6.125% 2016                               | \$500,000   | 314                   | 0.2                   |
| GWR Operating Great Wolf 10.875% 2017    | \$565,000   | 378                   | 0.2                   | MEMC Electronics Materials 7.75% 2014           | \$595,000   | 351                   | 0.2                   |
| GXS Worldwide 9.75% 2015                 | \$695,000   | 433                   | 0.3                   | Metropcs Wireless 7.875% 2018                   | \$985,000   | 644                   | 0.4                   |
| Gymboree 9.125% 2018                     | \$800,000   | 474                   | 0.3                   | MGM Mirage 6.875% 2016                          | \$575,000   | 337                   | 0.2                   |
| Hanesbrands 8% 2016                      | \$1,240,000 | 837                   | 0.5                   | MGM Resorts 7.5% 2016                           | \$940,000   | 565                   | 0.3                   |
| Hanesbrands 6.375% 2020                  | \$25,000    | 15                    | -                     | MGM Resorts 11.125% 2017                        | \$970,000   | 687                   | 0.4                   |
| Harrahs Operating 11.25% 2017            | \$2,300,000 | 1,555                 | 1.0                   | MGM Resorts 9% 2020                             | \$570,000   | 388                   | 0.2                   |
| Harrahs Operating 10% 2018               | \$528,000   | 290                   | 0.2                   | Michael Food 9.75% 2018                         | \$625,000   | 416                   | 0.3                   |
| HCA 9.25% 2016                           | \$1,215,000 | 789                   | 0.5                   | Michaels Stores 13% FRN 2016                    | \$280,000   | 179                   | 0.1                   |
| HCA 9.625% 2016                          | \$3,149,000 | 2,071                 | 1.3                   | Michaels Stores 7.75% 2018                      | \$855,000   | 525                   | 0.3                   |
| HCA 6.5% 2020                            | \$405,000   | 253                   | 0.2                   | Mueller Water Products 8.75% 2020               | \$300,000   | 201                   | 0.1                   |
| HCA 7.75% 2021                           | \$1,675,000 | 1,045                 | 0.6                   | Mylan 7.625% 2017                               | \$170,000   | 116                   | 0.1                   |
| HCA 7.5% 2022                            | \$2,100,000 | 1,313                 | 0.8                   | Mylan 7.875% 2020                               | \$685,000   | 470                   | 0.3                   |
| Health Management Associates 6.125% 2016 | \$1,220,000 | 780                   | 0.5                   | Nalco 6.625% 2019                               | \$85,000    | 59                    | -                     |
| Healthsouth 7.25% 2018                   | \$380,000   | 245                   | 0.2                   | Newpage 11.375% 2014                            | \$315,000   | 175                   | 0.1                   |
| Healthsouth 7.75% 2022                   | \$380,000   | 248                   | 0.2                   | Nexeo Solutions 8.375% 2018                     | \$530,000   | 338                   | 0.2                   |
| Hertz 7.5% 2018                          | \$1,100,000 | 698                   | 0.4                   | Nexstar Broadcasting 8.875% 2017                | \$645,000   | 418                   | 0.3                   |
| Hertz 6.75% 2019                         | \$140,000   | 86                    | 0.1                   | Noranda Alum Acquisition 5.373% FRN 2015        | \$1,342,171 | 791                   | 0.5                   |
| Hexion Nova Scotia 9% 2020               | \$385,000   | 247                   | 0.2                   | Nova Chemicals 8.625% 2019                      | \$260,000   | 181                   | 0.1                   |
| Hillman Group 10.875% 2018               | \$50,000    | 33                    | -                     | Novelis 8.375% 2017                             | \$485,000   | 324                   | 0.2                   |
| Hillman Group 10.875% SR 2018            | \$580,000   | 388                   | 0.2                   | Novelis 8.75% 2020                              | \$625,000   | 422                   | 0.3                   |
| Host Hotels & Resorts 9% 2017            | \$285,000   | 196                   | 0.1                   | NRG Energy 7.625% 2018                          | \$805,000   | 506                   | 0.3                   |
| Host Marriott 'Q' 6.75% 2016             | \$710,000   | 450                   | 0.3                   | NRG Energy 8.25% 2020                           | \$420,000   | 266                   | 0.2                   |
| Huntsman International 5.5% 2016         | \$615,000   | 376                   | 0.2                   | NXP 10% 2013                                    | \$194,000   | 134                   | 0.1                   |
| Huntsman International 8.625% 2020       | \$340,000   | 233                   | 0.1                   | NXP 9.5% 2015                                   | \$200,000   | 130                   | 0.1                   |
| Huntsman International 8.625% 2021       | \$185,000   | 127                   | 0.1                   | NXP 9.75% 2018                                  | \$1,045,000 | 724                   | 0.4                   |
| iGATE 9% 2016                            | \$610,000   | 378                   | 0.2                   | Oasis Petroleum 7.25% 2019                      | \$120,000   | 76                    | -                     |
| Ineos Finance 9% 2015                    | \$1,580,000 | 1,028                 | 0.6                   | Oshkosh 8.25% 2017                              | \$590,000   | 392                   | 0.2                   |
| Ineos Group 8.5% 2016                    | \$755,000   | 466                   | 0.3                   | Oshkosh 8.5% 2020                               | \$40,000    | 27                    | -                     |
| Inergy 8.75% 2015                        | \$178,000   | 117                   | 0.1                   | Owens-Brockway 7.375% 2016                      | \$180,000   | 121                   | 0.1                   |
| Inergy 7% 2018                           | \$505,000   | 317                   | 0.2                   | Packaging Dynamics Finance 8.75% 2016           | \$585,000   | 371                   | 0.2                   |
| Inergy 6.875% 2021                       | \$180,000   | 111                   | 0.1                   | Paetec 8.875% 2017                              | \$500,000   | 330                   | 0.2                   |
| Integra Telecom Holdings 10.75% 2016     | \$435,000   | 278                   | 0.2                   | Paetec 9.875% 2018                              | \$1,070,000 | 702                   | 0.4                   |
| Intelsat Bermuda 11.25% 2016             | \$1,215,000 | 792                   | 0.5                   | Parker Drilling 9.125% 2018                     | \$315,000   | 206                   | 0.1                   |
| Intelsat Bermuda 11.5% 2017              | \$515,000   | 341                   | 0.2                   | Petco Animal Supplies 9.25% 2018                | \$785,000   | 521                   | 0.3                   |
| Intelsat Bermuda 11.5% FRN 2017          | \$585,000   | 387                   | 0.2                   | Petrohawk Energy 7.875% 2015                    | \$570,000   | 380                   | 0.2                   |
| Intelsat Bermuda 11.5% 2017 STEP         | \$540,000   | 356                   | 0.2                   | Petrohawk Energy 7.25% 2018                     | \$640,000   | 458                   | 0.3                   |
| Intelsat Jackson 9.5% 2016               | \$1,170,000 | 755                   | 0.5                   | Petrohawk Energy 6.25% 2019                     | \$240,000   | 171                   | 0.1                   |
| Intelsat Jackson 7.25% 2019              | \$525,000   | 326                   | 0.2                   | Pinafore 9% 2018                                | \$865,000   | 531                   | 0.4                   |
| Intelsat Jackson 7.25% 2020              | \$1,055,000 | 656                   | 0.4                   | Plains Exploration & Production 7.75% 2015      | \$215,000   | 137                   | 0.1                   |
| Interactive Data 10.25% 2018             | \$870,000   | 596                   | 0.4                   | Plains Exploration & Production 7% 2017         | \$465,000   | 299                   | 0.2                   |
| Interline Brands 7.0% 2018               | \$635,000   | 400                   | 0.2                   | Ply Gem Industries 8.25% 2018                   | \$620,000   | 365                   | 0.2                   |
| International Lease Finance 8.625% 2015  | \$1,185,000 | 805                   | 0.5                   | Polymer Group 7.75% 2019                        | \$880,000   | 560                   | 0.3                   |
| International Lease Finance 5.75% 2016   | \$160,000   | 97                    | 0.1                   | Polyone 7.375% 2020                             | \$385,000   | 252                   | 0.2                   |
| International Lease Finance 8.75% 2017   | \$1,460,000 | 998                   | 0.6                   | Polypore International 7.5% 2017                | \$710,000   | 463                   | 0.3                   |
| International Lease Finance 6.25% 2019   | \$525,000   | 318                   | 0.2                   | Precision 6.5% 2012                             | \$220,000   | 138                   | 0.1                   |
| International Lease Finance 8.25% 2020   | \$315,000   | 213                   | 0.1                   | Quebecor Liquidation Claim                      | \$900,000   | 28                    | -                     |
| Inventiv Health 10% 2018                 | \$335,000   | 201                   | 0.1                   | Quebecor Media 7.75% 2016                       | \$1,715,000 | 1,092                 | 0.7                   |
| IPCS 3.594% FRN 2014                     | \$494,795   | 292                   | 0.2                   | Qwest Communications International<br>7.5% 2014 | \$1,510,000 | 942                   | 0.6                   |
| Iron Mountain 8.75% 2014                 | \$1,500,000 | 961                   | 0.6                   | Radiation Therapy Services 9.875% 2017          | \$705,000   | 424                   | 0.3                   |
| ITC Deltacom 10.5% 2016                  | \$580,000   | 376                   | 0.2                   | RailAmerica 9.25% 2017                          | \$568,000   | 384                   | 0.2                   |
| J Crew Group 8.125% 2019                 | \$675,000   | 401                   | 0.2                   | Rain CII Carbon 8% 2018                         | \$245,000   | 157                   | 0.1                   |
| James River Coal 7.785% 2019             | \$675,000   | 418                   | 0.3                   | RBS Global & REXNORD 8.5% 2018                  | \$900,000   | 596                   | 0.4                   |
| Jarden 7.5% 2017                         | \$1,035,000 | 669                   | 0.4                   | Realty 7.875% 2019                              | \$855,000   | 520                   | 0.3                   |
| Jarden 7.5% 2020                         | \$190,000   | 123                   | 0.1                   | Regions Bank 7.5% 2018                          | \$500,000   | 317                   | 0.2                   |
| JC Penney 7.95% 2017                     | \$565,000   | 392                   | 0.2                   | Regions Financial 5.75% 2015                    | \$210,000   | 128                   | 0.1                   |
| JC Penney 5.75% 2018                     | \$90,000    | 57                    | -                     | Reichhold Industries 9% 2014                    | \$1,160,000 | 645                   | 0.4                   |
| JDA Software 8% 2014                     | \$390,000   | 262                   | 0.2                   | Reynolds Group 8.5% 2018                        | \$480,000   | 285                   | 0.2                   |
| Kinove German Bondco 9.625% 2018         | \$225,000   | 145                   | 0.1                   | Reynolds Group 9% 2019                          | \$1,560,000 | 935                   | 0.6                   |
| Lamar Media 'B' 6.625% 2015              | \$625,000   | 389                   | 0.2                   | Reynolds Group 6.875% 2021                      | \$180,000   | 105                   | 0.1                   |
| LBI Escrow 8% 2017                       | \$652,000   | 452                   | 0.3                   | Reynolds Group 8.25% 2021                       | \$390,000   | 221                   | 0.1                   |
| Lear 7.875% 2018                         | \$225,000   | 149                   | 0.1                   | Rite Aid 8.625% 2015                            | \$140,000   | 81                    | -                     |
| Lear 8.125% 2020                         | \$175,000   | 117                   | 0.1                   | Rite Aid 9.75% 2016                             | \$295,000   | 201                   | 0.1                   |
| Level 3 Communications 8.125% 2019       | \$580,000   | 360                   | 0.2                   | Rite Aid 7.5% 2017                              | \$430,000   | 269                   | 0.2                   |
| Level 3 Communications 11.875% 2019      | \$165,000   | 111                   | 0.1                   | Rite Aid 9.5% 2017                              | \$230,000   | 130                   | 0.1                   |
| Level 3 Financing 9.375% 2019            | \$835,000   | 537                   | 0.3                   | Rite Aid 10.25% 2019                            | \$115,000   | 78                    | -                     |
| Libbey Glass 10% 2015                    | \$750,000   | 501                   | 0.3                   | Rite Aid Corp 8% 2020                           | \$295,000   | 202                   | 0.1                   |
| Limited Brands 6.625% 2021               | \$240,000   | 152                   | 0.1                   | Royal Caribbean Cruises 7.25% 2016              | \$625,000   | 414                   | 0.3                   |
| Linn Energy 6.5% 2019                    | \$225,000   | 138                   | 0.1                   | RSC Equipment Rental 8.25% 2021                 | \$780,000   | 498                   | 0.3                   |
| Linn Energy 8.625% 2020                  | \$155,000   | 106                   | 0.1                   | Sally Holdings 9.25% 2014                       | \$775,000   | 496                   | 0.3                   |
| Linn Energy 7.75% 2021                   | \$745,000   | 488                   | 0.3                   |   |             |                       |                       |

# Portfolio statement – continued

As at 31 July 2011

| Investment                                    | Holding     | Market value<br>£'000 | Total net<br>assets % |
|---|-------------|-----------------------|-----------------------|
| Sandridge Energy 8% 2018                      | \$260,000   | 169                   | 0.1                   |
| Sandridge Energy 7.5% 2021                    | \$330,000   | 214                   | 0.1                   |
| SBA Telecommunications 8% 2016                | \$335,000   | 220                   | 0.1                   |
| SBA Telecommunications 8.25% 2019             | \$350,000   | 233                   | 0.1                   |
| Scotts Miracle 7.25% 2018                     | \$230,000   | 151                   | 0.1                   |
| Sealy Mattress 8.25% 2014                     | \$2,155,000 | 1,331                 | 0.8                   |
| Sensata Technologies 6.5% 2019                | \$805,000   | 500                   | 0.3                   |
| Sequa Corporation 11.75% 2015                 | \$770,000   | 507                   | 0.3                   |
| Service Corporation International 6.75% 2015  | \$225,000   | 149                   | 0.1                   |
| Service Corporation International 6.75% 2016  | \$375,000   | 249                   | 0.2                   |
| Service Corporation International 7% 2017     | \$375,000   | 250                   | 0.2                   |
| Service Corporation International 7.625% 2018 | \$60,000    | 41                    | -                     |
| Service Corporation International 7% 2019     | \$395,000   | 259                   | 0.2                   |
| Servicemaster 10.75% 2015                     | \$710,000   | 459                   | 0.3                   |
| Simmons 11.25% 2015                           | \$1,745,000 | 1,131                 | 0.7                   |
| Sinclair Television 9.25% 2017                | \$585,000   | 396                   | 0.2                   |
| Sinclair Television 8.375% 2018               | \$165,000   | 107                   | 0.1                   |
| Solo Cup 10.5% 2013                           | \$405,000   | 259                   | 0.2                   |
| Spectrum Brands 12% FRN 2019                  | \$1,288,116 | 878                   | 0.5                   |
| Spirit Aerosystems 7.5% 2017                  | \$735,000   | 484                   | 0.3                   |
| Sprint Capital 6.9% 2019                      | \$260,000   | 165                   | 0.1                   |
| Sprint Capital 8.75% 2032                     | \$3,155,000 | 2,118                 | 1.3                   |
| SSI Investment Management 11.125% 2018        | \$680,000   | 463                   | 0.3                   |
| Steinway Musical Instruments 7% 2014          | \$455,000   | 284                   | 0.2                   |
| Stewart Enterprises 6.5% 2019                 | \$440,000   | 272                   | 0.2                   |
| Sungard Data Systems 10.25% 2015              | \$2,500,000 | 1,592                 | 1.0                   |
| Sungard Data Systems 7.375% 2018              | \$580,000   | 364                   | 0.2                   |
| SUPERVALU 8% 2016                             | \$980,000   | 627                   | 0.4                   |
| Surgical Care 8.875% 2015                     | \$788,597   | 494                   | 0.3                   |
| Syniverse 9.125% 2019                         | \$270,000   | 174                   | 0.1                   |
| Tenet Healthcare 9.25% 2015                   | \$805,000   | 542                   | 0.3                   |
| Tenet Healthcare 8.875% 2019                  | \$155,000   | 105                   | 0.1                   |
| Tenet Healthcare 8% 2020                      | \$860,000   | 540                   | 0.3                   |
| Terex 8% 2017                                 | \$715,000   | 447                   | 0.3                   |
| Texas Competitive Electric 11.5% 2020         | \$770,000   | 440                   | 0.3                   |
| Travelport 5.163% FRN 2014                    | \$90,000    | 48                    | -                     |
| Travelport 9.875% 2014                        | \$355,000   | 204                   | 0.1                   |
| Travelport 9% 2016                            | \$155,000   | 86                    | 0.1                   |
| Trilogy International Partners 10.25% 2016    | \$70,000    | 43                    | -                     |
| Trinidad Drilling 7.875% 2019                 | \$415,000   | 268                   | 0.2                   |
| UCI International 8.625% 2019                 | \$450,000   | 283                   | 0.2                   |
| Unit 6.625% 2021                              | \$225,000   | 140                   | 0.1                   |
| United Rentals 8.375% 2020                    | \$505,000   | 323                   | 0.2                   |
| United Rentals North America 9.25% 2019       | \$615,000   | 422                   | 0.3                   |
| United Surgical Partners 8.875% 2017          | \$515,000   | 330                   | 0.2                   |
| United Surgical Partners 9.25% 2017           | \$695,000   | 447                   | 0.3                   |
| UPCB Finance 6.625% 2020                      | \$995,000   | 615                   | 0.4                   |
| US Oncology Action Escrow 9.125% 2017         | \$1,240,000 | 13                    | -                     |
| Vail Resorts 6.5% 2019                        | \$675,000   | 425                   | 0.3                   |
| Valeant Pharmaceuticals 6.5% 2016             | \$150,000   | 90                    | 0.1                   |
| Valeant Pharmaceuticals 6.75% 2017            | \$400,000   | 240                   | 0.1                   |
| Valeant Pharmaceuticals 6.875% 2018           | \$1,200,000 | 719                   | 0.4                   |
| Valeant Pharmaceuticals 7% 2020               | \$185,000   | 110                   | 0.1                   |
| Valeant Pharmaceuticals 7.25% 2022            | \$460,000   | 273                   | 0.2                   |
| Veneco 8.875% 2019                            | \$180,000   | 114                   | 0.1                   |
| Veneco 8.875% SNR 2019                        | \$280,000   | 178                   | 0.1                   |
| Vertellus Specialties 9.375% 2015             | \$620,000   | 393                   | 0.2                   |
| Videotron 6.375% 2015                         | \$100,000   | 63                    | -                     |
| Videotron 9.125% 2018                         | \$390,000   | 269                   | 0.2                   |
| Virgin Media Finance 9.5% 2016                | \$110,000   | 77                    | -                     |
| Visant 10% 2017                               | \$1,055,000 | 670                   | 0.4                   |
| Visteon 6.75% 2019                            | \$460,000   | 277                   | 0.2                   |
| Vulcan Materials 6.5% 2016                    | \$215,000   | 132                   | 0.1                   |
| Vulcan Materials 7.5% 2021                    | \$215,000   | 133                   | 0.1                   |
| Whiting Petroleum 6.5% 2018                   | \$90,000    | 57                    | -                     |
| Wind Acquisition 11.75% 2017                  | \$660,000   | 450                   | 0.3                   |
| Wind Acquisition Finance 7.25% 2018           | \$480,000   | 295                   | 0.2                   |
| Windstream 7.875% 2017                        | \$300,000   | 198                   | 0.1                   |
| Windstream 8.125% 2018                        | \$520,000   | 343                   | 0.2                   |
| Windstream 7.75% 2021                         | \$530,000   | 346                   | 0.2                   |
| Windstream 7.5% 2023                          | \$750,000   | 468                   | 0.3                   |
| WM Finance 11.5% 2018                         | \$355,000   | 218                   | 0.1                   |
| WMG Acquisition 9.5% 2016                     | \$610,000   | 398                   | 0.2                   |
| Wynn Las Vegas 7.875% 2017                    | \$35,000    | 24                    | -                     |
| Wynn Las Vegas 7.75% 2020                     | \$240,000   | 163                   | 0.1                   |
| Yankee Acquisition 10.25% 2016                | \$120,000   | 75                    | -                     |
| Yankee Acquisition 9.75% 2017                 | \$775,000   | 506                   | 0.3                   |
| Zayo Group 10.25% 2017                        | \$620,000   | 422                   | 0.3                   |

| Investment  | Holding | Market value<br>£'000 | Total net<br>assets % |
|---|---------|-----------------------|-----------------------|
| <b>Equities – 0.0% (0.1%)</b>                               |         |                       |                       |
| <b>US Dollar – 0.0%</b>                                     |         |                       |                       |
| Dex One   | 27,595  | 35                    | -                     |
| <b>Forward currency contracts – (0.6%) ((0.4%))</b>         |         |                       |                       |
| <b>US Dollar – (0.6%)</b>                                   |         |                       |                       |
| Sell \$266,663,925 buy £163,000,000 dated 31/8/11           |         | (922)                 | (0.6)                 |
| <b>Investment assets (including investment liabilities)</b> |         | <b>155,484</b>        | <b>95.9</b>           |
| <b>Net other assets</b>                                     |         | <b>6,641</b>          | <b>4.1</b>            |
| <b>Net assets</b>   |         | <b>162,125</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

| Portfolio credit ratings                                    | Market value<br>£'000 |
|---|-----------------------|
| BBB   | 885                   |
| BBB-  | 2,946                 |
| BB+   | 7,622                 |
| BB  | 8,939                 |
| BB-   | 30,648                |
| B+  | 26,425                |
| B   | 28,624                |
| B-  | 24,509                |
| CCC+  | 20,483                |
| CCC   | 4,592                 |
| CCC-  | 130                   |
| CC  | 520                   |
| Unrated   | 48                    |
| <b>Total bonds</b>  | <b>156,371</b>        |
| Equities  | 35                    |
| Forward currency contracts                                  | (922)                 |
| <b>Investment assets (including investment liabilities)</b> | <b>155,484</b>        |

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |   | £'000           |
|--|---------------|---|-----------------|
| <b>Total of all purchases for the period</b> | <b>52,152</b> | <b>Total of all sales for the period</b>  | <b>31,412</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                        | <b>Proceeds</b> |
| HCA 7.5% 2022                                | 1,286         | Ally Financial 6.75% 2014                 | 1,744           |
| Dish DBS 7.875% 2019                         | 1,149         | Dish DBS 7.75% 2015                       | 1,613           |
| Ally Financial 6.25% 2017                    | 983           | HCA 9.625% 2016                           | 1,465           |
| Ford Motor Credit 6.625% 2017                | 971           | Ford Motor Credit 8.7% 2014               | 1,342           |
| Ford Motor Credit 5% 2018                    | 880           | US Oncology 9.125% 2017                   | 906             |
| Ford Motor Credit 7% 2015                    | 864           | Vail Resorts 6.75% 2014                   | 813             |
| Clear Channel Communications 9% 2021         | 703           | Windstream 8.625% 2016                    | 753             |
| HCA 7.75% 2021                               | 671           | Atlas Energy Operating 10.75% 2018        | 750             |
| Windstream 7.75% 2021                        | 653           | Aeroflex 11.75% 2015                      | 631             |
| UPCB Finance 6.625% 2020                     | 614           | Chiquita Brands International 8.875% 2015 | 598             |
| Constellation Brands 7.25% 2017              | 608           | Neiman Marcus 9% FRN 2015                 | 565             |
| Dish DBS 6.75% 2021                          | 541           | Ford Motor Credit 7% 2015                 | 561             |
| Level 3 Financing 9.375% 2019                | 538           | NRG Energy 7.375% 2016                    | 469             |
| HCA 9.25% 2016                               | 524           | SUPERVALU 8% 2016                         | 465             |
| Reynolds Group 9% 2019                       | 502           | Reynolds Group 8.5% 2018                  | 439             |
| EV Energy Partner 8% 2019                    | 489           | Ford Motor Credit 6.625% 2017             | 423             |
| Polymer Group 7.75% 2019                     | 488           | RBS Global & Rexnord 8.5% 2018            | 410             |
| Allison Transport 7.125% 2019                | 485           | Hertz 8.875% 2014                         | 405             |
| Texas Competitive Electric 11.5% 2020        | 482           | Ally Financial 4.5% 2014                  | 389             |
| Ameristar Casinos                            | 471           | Brigham Explorations 8.75% 2018           | 385             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011         | 2010         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| Income  |              |              |
| Net capital gains   | 267          | 2,676        |
| Revenue   | 5,823        | 5,949        |
| Expenses  | (893)        | (785)        |
| Net revenue before taxation   | 4,930        | 5,164        |
| Taxation  | -            | -            |
| Net revenue after taxation  | 4,930        | 5,164        |
| <b>Total return before distributions</b>  | <b>5,197</b> | <b>7,840</b> |
| Finance costs: Distributions  | (5,717)      | (5,852)      |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>(520)</b> | <b>1,988</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | 2011           | 2010           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   | <b>143,162</b> | <b>137,799</b> |
| Amounts receivable on issue of shares  | 24,470         | 18,909         |
| Amounts payable on cancellation of shares  | (7,167)        | (22,480)       |
|  | 17,303         | (3,571)        |
| Change in net assets attributable to shareholders from investment activities (see above) | (520)          | 1,988          |
| Retained distributions on accumulation shares  | 2,180          | 2,584          |
| <b>Closing net assets attributable to shareholders</b>                                   | <b>162,125</b> | <b>138,800</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011   | 31 January 2011 |
|--|----------------|-----------------|
|  | £'000          | £'000           |
| <b>ASSETS</b>                                  |                |                 |
| Investment assets                              | 156,406        | 138,976         |
| Debtors  | 4,477          | 3,839           |
| Cash and bank balances                         | 7,309          | 5,397           |
| <b>Total other assets</b>                      | <b>11,786</b>  | <b>9,236</b>    |
| <b>Total assets</b>                            | <b>168,192</b> | <b>148,212</b>  |
| <b>LIABILITIES</b>                             |                |                 |
| Investment liabilities                         | (922)          | (568)           |
| Creditors                                      | (3,714)        | (3,196)         |
| Distribution payable on income shares          | (1,431)        | (1,286)         |
| <b>Total other liabilities</b>                 | <b>(5,145)</b> | <b>(4,482)</b>  |
| <b>Total liabilities</b>                       | <b>(6,067)</b> | <b>(5,050)</b>  |
| <b>Net assets attributable to shareholders</b> | <b>162,125</b> | <b>143,162</b>  |

# JPM Global Mining Fund

## Investment objective and policy

To provide long term capital growth by investing primarily in companies engaged in mining or mining related activities, including any associated secondary products, anywhere in the world.

Derivatives may be used for the purpose of efficient portfolio management, including hedging, where appropriate (see Section 11.14 of the Full Prospectus for Risk Warnings on derivatives). Subject to at least 60 days notice to shareholders, the Fund may use derivatives for investment purposes which may change the risk profile of the Fund.

There is no restriction on the value of the property of the Fund that may be invested in transferable securities which are warrants. If more than 5% of the property of the Fund is invested in warrants, the net asset value of the Fund may become highly volatile on occasions.

Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed interest securities, cash and cash equivalents may be held on an ancillary basis, as appropriate.

## Risk profile

- This specialist sector equity Fund invests primarily in companies engaged in mining or mining related activities, including any associated secondary products (such as steel and aluminium), and may include exposure to emerging markets and smaller companies.
- Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.
- The Fund will be invested in emerging markets, which may be subject to additional political and economic risks, low liquidity, poor transparency and greater financial risks.
- Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.
- Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.
- The Fund has exposure to commodities through its investments in mining and mining related companies. The risks associated with the commodities sector may be greater than other investment sectors.
- When the Fund invests in warrants, the values of these warrants are likely to fluctuate more than the prices of the underlying securities.
- The Fund is not managed with reference to an index and its composition may significantly deviate from any index used for comparison purposes.
- The majority of the underlying assets in the Fund are denominated in a currency other than Sterling and are not normally hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

So far 2011 has been mixed for commodities. Early in the year, there was increased optimism surrounding the sustainability of the global economic recovery, with global purchasing managers' indices consistently beating analyst expectations. However, Chinese inflation and the subsequent tightening measures enacted by the government there dominated sentiment in the sector towards the end of the period.

The Fund delivered negative performance over the six months to 31 July. Our gold holdings were the largest detractors from performance despite gold reaching new nominal highs of around USD 1,620 per troy ounce. Fund performance has been boosted by our exposure to rare earth and mineral sands producers such as Kenmare Resources and Iluka Resources.

## Fund outlook

The first week of August witnessed a strong sell-off in global equity markets. Investors have become acutely concerned by the European Central Bank's capacity to control the sovereign debt crisis, and the threat of a double-dip recession in the US and Europe. Along with other risk assets, commodity related stocks have been hit hard, although there has been some outperformance by gold equities. Our gold exposure, which is an important hedge against a deteriorating market backdrop, has recently increased in the portfolio. Otherwise our positioning is largely unchanged. As always we focus on identifying world-class exploration projects that offer the greatest investment return potential.

## Performance to 31 July

Since launch 01/02/11

|                                      |              |
|--------------------------------------|--------------|
| <b>JPM Global Mining A-Class Acc</b> | <b>-3.6%</b> |
| Benchmark Index                      | -3.2%        |

## Fund statistics

|                 |  |
|-----------------|--|
| Fund size       | <b>£4.3m</b>                                       |
| Benchmark Index | <b>HSBC Global Mining Index (Total Return Net)</b> |
| Fund charges    | <b>Initial 4.25%, Annual 1.50%</b>                 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

Performance fee is 20% when the Fund return exceeds the benchmark return. Please refer to the Fund's Prospectus for conditions on the application of the performance fees.

## Top ten holdings

|                                | %   |
|--------------------------------|-----|
| Rio Tinto                      | 8.6 |
| BHP Billiton                   | 6.6 |
| Teck Resources 'B'             | 4.3 |
| Xstrata                        | 4.2 |
| First Quantum Minerals         | 4.2 |
| Freeport-McMoRan Copper & Gold | 3.9 |
| Anglo American                 | 3.8 |
| Fortescue Metals Group         | 3.4 |
| Walter Energy                  | 2.8 |
| Newcrest Mining                | 2.7 |

## Sector breakdown

|                            | %    |
|----------------------------|------|
| Base metals & diversified  | 63.8 |
| Gold & silver              | 21.9 |
| Coal                       | 6.0  |
| Others                     | 3.6  |
| Platinum                   | 2.3  |
| Diamonds & precious stones | 1.0  |
| Uranium                    | 0.3  |
| Net other assets           | 1.1  |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares<sup>A</sup></b> |                     |                    |                              |
| 2011 <sup>B</sup>                              | 52.62p              | 44.12p             | -                            |

<sup>A</sup> A-Class Accumulation Shares were launched on 2 February 2011.

<sup>B</sup> To 31 July 2011.

## Portfolio turnover rate

|          |      |
|----------|------|
| 31.07.11 | 0.2% |
|----------|------|

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.07.11                           | 4,305                                    | 8,963,876        | 48.03p                    | 1.68%               |

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Base metals &amp; diversified – 63.8%</b> |         |                       |                       |
| African Iron                                 | 26,700  | 6                     | 0.1                   |
| African Minerals*                            | 8,500   | 53                    | 1.2                   |
| Alcoa  | 7,800   | 71                    | 1.6                   |
| Alumina                                      | 56,100  | 82                    | 1.9                   |
| Anglo American                               | 5,650   | 166                   | 3.8                   |
| Antofagasta                                  | 6,800   | 95                    | 2.2                   |
| Anvil Mining                                 | 10,300  | 44                    | 1.0                   |
| Aquila Resources                             | 7,200   | 32                    | 0.7                   |
| Atlas Iron                                   | 37,050  | 101                   | 2.3                   |
| Augusta Resource                             | 7,700   | 24                    | 0.5                   |
| Base Resources (Placing 2011)                | 2,500   | 1                     | -                     |
| Base Resources (Placing Tranche 2 2011)      | 11,045  | 4                     | 0.1                   |
| BHP Billiton                                 | 12,200  | 278                   | 6.6                   |
| Duluth Metals                                | 8,650   | 16                    | 0.5                   |
| Equatorial Resources                         | 11,000  | 22                    | 0.6                   |
| Ferrexpo                                     | 19,000  | 87                    | 2.0                   |
| First Quantum Minerals                       | 2,100   | 181                   | 4.2                   |
| Fortescue Metals Group                       | 34,600  | 147                   | 3.4                   |
| Freeport-McMoRan Copper & Gold               | 5,050   | 168                   | 3.9                   |
| Gindalbie Metals                             | 48,000  | 25                    | 0.6                   |
| Gindalbie Metals (Placing 2011)              | 16,000  | 7                     | 0.2                   |
| Hana Mining                                  | 7,650   | 10                    | 0.2                   |
| Inmet Mining                                 | 400     | 17                    | 0.4                   |
| Kagara                                       | 170,000 | 70                    | 1.6                   |
| Lundin Mining                                | 18,700  | 84                    | 2.0                   |
| MMC Norilsk Nickel ADR                       | 2,400   | 39                    | 0.9                   |
| Mount Gibson Iron                            | 32,000  | 38                    | 0.9                   |
| Murchison Metals                             | 17,000  | 9                     | 0.2                   |
| NGEx Resources                               | 5,700   | 13                    | 0.3                   |
| Rex Minerals                                 | 6,000   | 9                     | 0.2                   |
| Rio Tinto                                    | 8,600   | 372                   | 8.6                   |
| Sundance Resources                           | 83,500  | 29                    | 0.7                   |
| Teck Resources 'B'                           | 6,000   | 185                   | 4.3                   |
| Sierra Rutile*                               | 101,900 | 22                    | 0.5                   |
| Vale ADR                                     | 3,000   | 61                    | 1.4                   |
| Xstrata                                      | 13,900  | 181                   | 4.2                   |
| <b>Gold &amp; silver – 21.9%</b>             |         |                       |                       |
| Anglogold Ashanti                            | 1,200   | 31                    | 0.7                   |
| Ausgold                                      | 6,156   | 7                     | 0.2                   |
| Banro  | 11,800  | 31                    | 0.7                   |
| Barrick Gold                                 | 1,600   | 47                    | 1.1                   |
| Brazilian Gold                               | 576     | 3                     | 0.1                   |
| Brazilian Gold Restricted Shares 2011        | 4,500   | -                     | -                     |
| Castlemaine Goldfields                       | 255,584 | 8                     | 0.2                   |
| CGA Mining#                                  | 13,500  | 22                    | 0.5                   |
| Cluff Gold*                                  | 47,400  | 48                    | 1.1                   |
| Crazy Horse Resources                        | 13,500  | 7                     | 0.1                   |
| Eldorado Gold                                | 5,500   | 60                    | 1.4                   |
| GGG Resources                                | 80,000  | 17                    | 0.4                   |
| GMV Minerals                                 | 25,100  | 7                     | 0.2                   |
| Goldcorp                                     | 1,400   | 42                    | 1.0                   |
| Golden Predator Royalty & Development        | 12,000  | 10                    | 0.2                   |
| Gryphon Minerals                             | 24,100  | 30                    | 0.7                   |
| Highland Gold Mining*                        | 23,500  | 42                    | 1.0                   |
| Independence Group                           | 11,025  | 43                    | 1.0                   |
| Indophil Resources                           | 90,000  | 23                    | 0.5                   |
| Integra Mining                               | 65,100  | 21                    | 0.5                   |
| Keegan Resources                             | 5,200   | 26                    | 0.6                   |
| Kinross Gold                                 | 10,500  | 108                   | 2.5                   |
| Levon Resources                              | 3,000   | 3                     | 0.1                   |
| Mandalay Resources                           | 30,000  | 13                    | 0.3                   |
| Mineral Deposits                             | 10,000  | 38                    | 0.9                   |
| Mirasol Resources                            | 1,850   | 6                     | 0.1                   |
| Newcrest Mining                              | 4,400   | 117                   | 2.7                   |
| Papillon Resources                           | 41,000  | 13                    | 0.3                   |
| Perseus Mining                               | 9,950   | 21                    | 0.5                   |
| PMI Gold                                     | 22,000  | 7                     | 0.2                   |
| Polar Star Mining                            | 5,400   | 2                     | -                     |
| Resolute Mining                              | 55,400  | 50                    | 1.1                   |
| Rio Novo Gold                                | 6,000   | 5                     | 0.1                   |
| Rockgate Capital                             | 7,400   | 7                     | 0.2                   |
| Yamana Gold                                  | 3,600   | 29                    | 0.7                   |
| <b>Coal – 6.0%</b>                           |         |                       |                       |
| Bathurst Resources                           | 45,427  | 32                    | 0.7                   |
| Beacon Hill Resources                        | 191,667 | 23                    | 0.5                   |
| Eastcoal                                     | 26,900  | 12                    | 0.3                   |
| Peabody Energy                               | 2,000   | 71                    | 1.7                   |
| Walter Energy                                | 1,600   | 121                   | 2.8                   |

| Investment                                   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Others – 3.6%</b>                         |         |                       |                       |
| Allana Potash                                | 3,950   | 4                     | 0.1                   |
| Eurasian Natural Resources                   | 3,750   | 29                    | 0.7                   |
| Galaxy Resources                             | 31,700  | 14                    | 0.3                   |
| Iluka Resources                              | 2,200   | 26                    | 0.6                   |
| Kenmare Resources                            | 79,000  | 44                    | 1.0                   |
| Pathfinder Minerals                          | 220,000 | 11                    | 0.3                   |
| Western Areas                                | 6,350   | 25                    | 0.6                   |
| <b>Platinum – 2.3%</b>                       |         |                       |                       |
| Impala Platinum                              | 6,150   | 97                    | 2.3                   |
| <b>Diamonds &amp; precious stones – 1.0%</b> |         |                       |                       |
| Lucara Diamond                               | 33,750  | 25                    | 0.6                   |
| Petra Diamonds*                              | 11,000  | 17                    | 0.4                   |
| <b>Uranium – 0.3%</b>                        |         |                       |                       |
| Berkeley Resources                           | 21,400  | 7                     | 0.1                   |
| Global Atomic Fuels                          | 3,500   | 5                     | 0.1                   |
| Stans Energy                                 | 3,500   | 3                     | 0.1                   |
| Stans Energy Warrants 2013 (CAD 2.25)        | 1,750   | -                     | -                     |
| <b>Investment assets</b>                     |         | <b>4,259</b>          | <b>98.9</b>           |
| <b>Net other assets</b>                      |         | <b>46</b>             | <b>1.1</b>            |
| <b>Net assets</b>                            |         | <b>4,305</b>          | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

\* Listed on Alternative Investment Market (AIM)

# Unquoted security

## Portfolio movements

For the period from 1 February to 31 July 2011

|  | £'000        |  | £'000           |
|--|--------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>4,683</b> | <b>Total of all sales for the period</b> | <b>262</b>      |
| <b>Major purchases</b>                       | <b>Cost</b>  | <b>Sales</b>                             | <b>Proceeds</b> |
| Rio Tinto                                    | 377          | Vale ADR                                 | 62              |
| BHP Billiton                                 | 301          | Barrick Gold                             | 42              |
| Teck Resources 'B'                           | 214          | Gloucester Coal                          | 39              |
| Xstrata                                      | 199          | Cameco                                   | 32              |
| Anglo American                               | 180          | Kazakhmys                                | 31              |
| Freeport-McMoRan Copper & Gold               | 176          | Independence Group                       | 27              |
| First Quantum Minerals                       | 163          | Glencore International                   | 16              |
| Fortescue Metals Group                       | 144          | Freeport-McMoRan Copper & Gold           | 9               |
| Vale ADR                                     | 130          | Bathurst Resources                       | 4               |
| Walter Energy                                | 128          |  |                 |
| Impala Platinum                              | 111          |  |                 |
| Newcrest Mining                              | 111          |  |                 |
| Kinross Gold                                 | 105          |  |                 |
| Barrick Gold                                 | 94           |  |                 |
| Antofagasta                                  | 94           |  |                 |
| Lundin Mining                                | 87           |  |                 |
| Alumina                                      | 87           |  |                 |
| Atlas Iron                                   | 83           |  |                 |
| Ferrexpo                                     | 83           |  |                 |
| Peabody Energy                               | 79           |  |                 |

# Financial statements

## Statement of total return

(Unaudited)

For the period from 1 February to 31 July

|   | £'000 | 2011<br>£'000 |
|---|-------|---------------|
| Income  |       |               |
| Net capital losses  |       | (163)         |
| Revenue   | 21    |               |
| Expenses  | (30)  |               |
| Net expense before taxation   | (9)   |               |
| Taxation  | (2)   |               |
| Net expense after taxation  |       | (11)          |
| <b>Total return before distributions</b>  |       | <b>(174)</b>  |
| Finance costs: Distributions  |       | -             |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>(174)</b>  |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |              |
|--|--------------|--------------|
|  | £'000        | £'000        |
| <b>ASSETS</b>                                  |              |              |
| Investment assets                              |              | 4,259        |
| Debtors  | 22           |              |
| Cash and bank balances                         | 42           |              |
| <b>Total other assets</b>                      |              | <b>64</b>    |
| <b>Total assets</b>                            |              | <b>4,323</b> |
| <b>LIABILITIES</b>                             |              |              |
| Creditors                                      | (18)         |              |
| <b>Total liabilities</b>                       |              | <b>(18)</b>  |
| <b>Net assets attributable to shareholders</b> |              | <b>4,305</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the period from 1 February to 31 July

|  | £'000 | 2011<br>£'000 |
|--|-------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |       | -             |
| Amounts receivable on issue of shares  | 4,710 |               |
| Amounts payable on cancellation of shares  | (230) |               |
|  |       | 4,480         |
| Change in net assets attributable to shareholders from investment activities (see above) |       | (174)         |
| Stamp duty reserve tax   |       | (1)           |
| <b>Closing net assets attributable to shareholders</b>                                   |       | <b>4,305</b>  |

# JPM Global Property Securities Fund

## Investment objective and policy<sup>A</sup>

To provide long-term capital growth by investing primarily in Real Estate Investment Trusts (REITs) and in equity and equity-linked securities of other real estate companies that, at the time of investment, are significant owners, developers or financiers of real estate or that provide real estate related services.

Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed interest securities, cash and cash equivalents may be held on an ancillary basis, as appropriate.

The Fund will aim to hedge non-sterling exposures back to sterling.

## Risk profile

This specialist equity based Fund is designed to give broad market exposure to real estate markets across a number of countries, which may include exposure to emerging markets and smaller companies.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

Investments in equity securities issued by companies which are principally engaged in the business of real estate will subject the strategy to risks associated with the direct ownership of real estate. The majority of the REITs and other real estate companies that may be held by the Fund will be publicly listed. The performance of any investment in such vehicles will therefore be subject to normal market fluctuations, correlations and other risks inherent in investing in securities.

Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

## Fund review

The Fund's benchmark had another positive quarter, rising 2.7% and outperforming the broader equity market as measured by the MSCI World Index, which declined 1.3%. The Fund generated a positive return for the six-month period under review, but slightly underperformed the benchmark. The main hindrance to the portfolio's relative performance was the negative contribution from the portfolio's exposures in Hong Kong and Singapore. Two of the largest detractors were our overweight positions in the Singapore operating company, CapitaLand, and the Hong Kong real estate operating company, Hang Lung Properties.

Investment performance in the US, France and China accounted for the largest positive contributions to performance. Among the largest contributors were our overweight positions in the French REIT, Unibail, and a US REIT, Camden Property Trust.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 02/08/10 the investment objective and policy of the Fund was changed.

<sup>B</sup> On 01/04/10 the benchmark for the Fund was changed from GPR 250 (Total Return Net) Hedged to GBP to FTSE EPRA/NAREIT Developed Index Hedged to GBP (Total Return Net).

<sup>C</sup> As agreed from time to time between the ACD and the relevant JPMorgan Chase & Co. entity.

Source: FTSE International Limited ("FTSE") © FTSE 2011. "FTSE®" is a trade mark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

## Fund outlook

Real estate securities rallied impressively in 2009 and 2010, and still offer value in Europe and Asia, while the US looks fairly valued at best. Commercial real estate values continue to improve in all three major regions, but with cap rates for higher-quality property already having come in very dramatically in many markets, any further improvement in valuations will depend on growth from the global economy, real estate market fundamentals and ultimately cashflow.

We continue to believe the diversification benefits offered by a global real estate allocation versus a regional mandate are enhanced by the lower average leverage of property companies in Asia/Australia, more optimistic expectations for a global economic recovery, and lower average volatility for a global mandate versus any single region.

## 12 month performance to 31 July

|   | 2011         | 2010         | 2009          | 2008          |
|---|--------------|--------------|---------------|---------------|
| <b>JPM Global Property Securities A-Class Acc</b> | <b>14.7%</b> | <b>24.3%</b> | <b>-35.8%</b> | <b>-19.4%</b> |
| <b>JPM Global Property Securities I-Class Acc</b> | <b>15.8%</b> | <b>25.4%</b> | <b>-35.3%</b> | <b>-18.8%</b> |
| <b>JPM Global Property Securities X-Class Acc</b> | <b>16.0%</b> | <b>26.2%</b> | <b>-35.0%</b> | <b>-18.4%</b> |
| Benchmark Index <sup>B</sup>                      | 15.6%        | 21.8%        | -35.0%        | -17.2%        |

## Six month performance to 31 July 2011

|   |             |
|---|-------------|
| <b>JPM Global Property Securities A-Class Acc</b> | <b>2.0%</b> |
| Benchmark Index <sup>B</sup>                      | 2.3%        |

## Fund statistics

|                              |   |
|------------------------------|---|
| Fund size                    | £17.6m  |
| Benchmark Index <sup>B</sup> | FTSE EPRA/NAREIT Developed Index Hedged to GBP (Total Return Net) |
| Fund charges                 |   |
| A-Class                      | Initial 4.25%, Annual 1.50%                                       |
| I-Class                      | Initial Nil, Annual 0.75%   |
| X-Class                      | On application <sup>C</sup>                                       |

## Top ten holdings

|                                | %   |
|--------------------------------|-----|
| Simon Property Group           | 5.5 |
| Sun Hung Kai Properties        | 4.3 |
| Unibail                        | 3.5 |
| Prologis                       | 3.4 |
| Health Care Property Investors | 2.8 |
| Westfield Group                | 2.8 |
| CapitaLand                     | 2.7 |
| Mitsubishi Estate              | 2.5 |
| AvalonBay Communities          | 2.5 |
| Mitsui Fudosan                 | 2.0 |

## Geographical breakdown

|                            | %    |
|----------------------------|------|
| United States of America   | 40.3 |
| Hong Kong                  | 14.8 |
| Japan                      | 10.3 |
| Australia                  | 8.3  |
| United Kingdom             | 5.7  |
| France                     | 4.8  |
| Singapore                  | 4.1  |
| Canada                     | 4.0  |
| Netherlands                | 3.3  |
| Forward currency contracts | 1.6  |
| Finland                    | 1.1  |
| Belgium                    | 0.7  |
| Norway                     | 0.4  |
| Germany                    | 0.2  |
| Net other assets           | 0.4  |

## Highest/lowest share price and distribution record

| Calendar year                      | Highest share price | Lowest share price | Distribution per share (net) |
|------------------------------------|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b> |                     |                    |                              |
| 2006                               | 57.12p              | 49.79p             | -                            |
| 2007                               | 63.37p              | 50.33p             | 0.49p                        |
| 2008                               | 51.88p              | 21.76p             | 1.23p                        |
| 2009                               | 33.83p              | 18.47p             | 1.02p                        |
| 2010                               | 40.09p              | 31.61p             | 0.79p                        |
| 2011 <sup>o</sup>                  | 41.97p              | 37.70p             | 0.41p                        |
| <b>A-Class Income Shares</b>       |                     |                    |                              |
| 2006                               | 57.12p              | 49.79p             | -                            |
| 2007                               | 63.15p              | 49.88p             | 0.49p                        |
| 2008                               | 51.41p              | 21.00p             | 1.21p                        |
| 2009                               | 31.41p              | 17.46p             | 0.98p                        |
| 2010                               | 36.36p              | 29.00p             | 0.73p                        |
| 2011 <sup>o</sup>                  | 38.03p              | 34.01p             | 0.40p                        |
| <b>I-Class Accumulation Shares</b> |                     |                    |                              |
| 2006                               | 114.6p              | 99.62p             | -                            |
| 2007                               | 127.3p              | 101.7p             | 1.89p                        |
| 2008                               | 104.8p              | 44.28p             | 4.17p                        |
| 2009                               | 69.38p              | 37.64p             | 2.51p                        |
| 2010                               | 82.88p              | 64.91p             | 2.22p                        |
| 2011 <sup>o</sup>                  | 87.32p              | 78.21p             | 1.51p                        |
| <b>I-Class Income Shares</b>       |                     |                    |                              |
| 2006                               | 114.6p              | 99.62p             | -                            |
| 2007                               | 126.4p              | 99.95p             | 1.91p                        |
| 2008                               | 103.1p              | 42.09p             | 4.28p                        |
| 2009                               | 62.94p              | 34.88p             | 2.36p                        |
| 2010                               | 72.81p              | 57.92p             | 2.02p                        |
| 2011 <sup>c</sup>                  | 76.21p              | 68.02p             | 1.41p                        |
| <b>X-Class Accumulation Shares</b> |                     |                    |                              |
| 2006                               | 108.9p              | 99.45p             | -                            |
| 2007                               | 121.0p              | 96.98p             | 1.90p                        |
| 2008                               | 100.0p              | 42.44p             | 3.62p                        |
| 2009                               | 66.92p              | 36.14p             | 2.72p                        |
| 2010                               | 80.41p              | 62.65p             | 2.57p                        |
| 2011 <sup>o</sup>                  | 84.63p              | 76.06p             | 1.66p                        |

<sup>o</sup> To 31 July 2011.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 177.7% |
| 31.07.11 | 61.1%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 4,827                                    | 19,496,656       | 24.76p                    | 1.68%               |
| 31.01.10                           | 8,563                                    | 26,479,382       | 32.34p                    | 1.68%               |
| 31.01.11                           | 7,443                                    | 18,813,656       | 39.56p                    | 1.68%               |
| 31.07.11                           | 7,659                                    | 18,978,208       | 40.36p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09                           | 1,891                                    | 8,086,704        | 23.38p                    | 1.68%               |
| 31.01.10                           | 2,582                                    | 8,705,970        | 29.66p                    | 1.68%               |
| 31.01.11                           | 2,236                                    | 6,241,283        | 35.82p                    | 1.68%               |
| 31.07.11                           | 1,335                                    | 3,684,544        | 36.23p                    | 1.68%               |
| <b>I-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 5  | 9,000            | 50.41p                    | 0.75%               |
| 31.01.10                           | 30                                       | 45,521           | 66.37p                    | 0.75%               |
| 31.01.11                           | 859                                      | 1,047,323        | 81.98p                    | 0.75%               |
| 31.07.11                           | 1,372                                    | 1,633,073        | 84.03p                    | 0.75%               |
| <b>I-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09                           | 5  | 10,000           | 46.70p                    | 0.75%               |
| 31.01.10                           | 5  | 8,000            | 59.22p                    | 0.75%               |
| 31.01.11                           | 5  | 7,000            | 71.57p                    | 0.75%               |
| 31.07.11                           | 5  | 7,000            | 72.38p                    | 0.75%               |
| <b>X-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 4,490                                    | 9,281,392        | 48.38p                    | 0.06%               |
| 31.01.10                           | 5,700                                    | 8,899,205        | 64.06p                    | 0.06%               |
| 31.01.11                           | 7,048                                    | 8,898,205        | 79.21p                    | 0.06%               |
| 31.07.11                           | 7,251                                    | 8,898,205        | 81.49p                    | 0.06%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                      | Holding | Market value<br>£'000 | Total net<br>assets % |
|---|---------|-----------------------|-----------------------|
| <b>United States of America – 40.3% (37.2%)</b> |         |                       |                       |
| Alexandria Real Estate                          | 3,800   | 192                   | 1.1                   |
| AvalonBay Communities                           | 5,300   | 433                   | 2.5                   |
| Boston Properties                               | 4,350   | 286                   | 1.6                   |
| Camden Property Trust                           | 7,100   | 293                   | 1.7                   |
| DCT Industrial Trust                            | 48,500  | 160                   | 0.9                   |
| Diamondrock Hospitality                         | 20,700  | 129                   | 0.7                   |
| Digital Realty Trust                            | 5,400   | 203                   | 1.1                   |
| Dupont Fabros Technology<br>Excel Trust         | 10,400  | 162                   | 0.9                   |
|   | 4,900   | 35                    | 0.2                   |
| Felcor Lodgings Trust                           | 16,200  | 51                    | 0.3                   |
| Glimcher Realty Trust                           | 18,500  | 113                   | 0.6                   |
| Health Care Property Investors                  | 22,300  | 502                   | 2.8                   |
| Host Hotels & Resorts                           | 31,600  | 313                   | 1.8                   |
| Kilroy Realty                                   | 9,000   | 213                   | 1.2                   |
| Kimco Realty                                    | 9,000   | 106                   | 0.6                   |
| Lasalle Hotel Properties                        | 8,500   | 131                   | 0.7                   |
| Liberty Property Trust                          | 8,100   | 169                   | 1.0                   |
| Macerich  | 8,700   | 285                   | 1.6                   |
| Mack Cali Realty                                | 12,900  | 266                   | 1.5                   |
| Prologis  | 27,956  | 606                   | 3.4                   |
| Public Storage                                  | 4,300   | 315                   | 1.8                   |
| Regency Centers                                 | 6,100   | 169                   | 1.0                   |
| Simon Property Group                            | 13,124  | 973                   | 5.5                   |
| SL Green Realty                                 | 4,400   | 224                   | 1.3                   |
| Sunstone Hotel Investors                        | 19,400  | 107                   | 0.6                   |
| UDR   | 5,100   | 82                    | 0.5                   |
| Ventas  | 4,966   | 165                   | 0.9                   |
| Vornado Realty Trust                            | 3,636   | 210                   | 1.2                   |
| Weingarten Realty                               | 15,000  | 237                   | 1.3                   |
| <b>Hong Kong – 14.8% (14.9%)</b>                |         |                       |                       |
| Agile Property                                  | 58,000  | 58                    | 0.3                   |
| China Overseas Land & Investments               | 246,000 | 337                   | 1.9                   |
| China Resources Land                            | 122,000 | 146                   | 0.8                   |
| Hang Lung Properties                            | 122,000 | 277                   | 1.6                   |
| Henderson Land Development                      | 16,000  | 62                    | 0.4                   |
| Hong Kong Land                                  | 59,000  | 244                   | 1.4                   |
| Link REIT                                       | 52,500  | 113                   | 0.6                   |
| New World Development                           | 168,000 | 152                   | 0.9                   |
| Sino Land                                       | 152,000 | 158                   | 0.9                   |
| Sun Hung Kai Properties                         | 82,000  | 766                   | 4.3                   |
| Wharf   | 66,600  | 300                   | 1.7                   |
| <b>Japan – 10.3% (12.0%)</b>                    |         |                       |                       |
| Advance Residence REIT                          | 69      | 88                    | 0.5                   |
| Frontier REIT                                   | 19      | 105                   | 0.6                   |
| Japan Real Estate REIT                          | 44      | 269                   | 1.5                   |
| Kenedix Realty REIT                             | 56      | 126                   | 0.7                   |
| Mitsubishi Estate                               | 41,000  | 448                   | 2.5                   |
| Mitsui Fudosan                                  | 31,000  | 360                   | 2.0                   |
| Nippon Building Fund REIT                       | 29      | 181                   | 1.0                   |
| Sumitomo Realty & Development                   | 17,000  | 256                   | 1.5                   |
| <b>Australia – 8.3% (9.1%)</b>                  |         |                       |                       |
| BGP#  | 577,927 | -                     | -                     |
| CFS Retail Property Trust                       | 34,814  | 40                    | 0.2                   |
| Commonwealth Property Office Fund               | 271,610 | 173                   | 1.0                   |
| Dexus Property Group                            | 310,086 | 179                   | 1.0                   |
| Goodman Group                                   | 298,309 | 135                   | 0.8                   |
| Mirvac Group Stapled                            | 110,923 | 86                    | 0.5                   |
| Stockland Trust Group                           | 103,695 | 212                   | 1.2                   |
| Westfield Group                                 | 91,232  | 486                   | 2.8                   |
| Westfield Retail Trust                          | 81,300  | 133                   | 0.8                   |
| <b>United Kingdom – 5.7% (6.1%)</b>             |         |                       |                       |
| British Land                                    | 44,135  | 259                   | 1.5                   |
| Helical Bar                                     | 47,460  | 115                   | 0.7                   |
| Land Securities                                 | 36,484  | 311                   | 1.8                   |
| London & Stamford                               | 80,681  | 102                   | 0.6                   |
| Safestore                                       | 36,496  | 43                    | 0.2                   |
| Segro   | 52,512  | 159                   | 0.9                   |
| <b>France – 4.8% (5.3%)</b>                     |         |                       |                       |
| Klepierre                                       | 9,982   | 229                   | 1.3                   |
| Unibail   | 4,559   | 618                   | 3.5                   |
| <b>Singapore – 4.1% (6.2%)</b>                  |         |                       |                       |
| CapitaCommercial Trust                          | 141,000 | 101                   | 0.6                   |
| CapitaLand                                      | 318,000 | 470                   | 2.7                   |
| Capitamalls Asia                                | 102,000 | 74                    | 0.4                   |
| City Developments                               | 12,000  | 65                    | 0.4                   |

| Investment  | Holding | Market value<br>£'000 | Total net<br>assets % |
|---|---------|-----------------------|-----------------------|
| <b>Canada – 4.0% (3.7%)</b>                                 |         |                       |                       |
| Artis REIT  | 6,406   | 58                    | 0.3                   |
| Brookfield Properties                                       | 16,633  | 195                   | 1.1                   |
| CDN Apartment Property Trust                                | 4,300   | 55                    | 0.3                   |
| Cominar REIT  | 5,600   | 82                    | 0.5                   |
| First Capital Realty  | 10,860  | 117                   | 0.7                   |
| Riocan REIT   | 11,173  | 187                   | 1.1                   |
| <b>Netherlands – 3.3% (1.8%)</b>                            |         |                       |                       |
| Corio   | 9,261   | 344                   | 2.0                   |
| Nieuwe Steen Investments                                    | 8,666   | 98                    | 0.6                   |
| VastNed Retail  | 1,075   | 45                    | 0.3                   |
| Wereldhave  | 1,326   | 75                    | 0.4                   |
| <b>Finland – 1.1% (0.9%)</b>                                |         |                       |                       |
| Sponda  | 49,159  | 164                   | 0.9                   |
| Technopolis   | 12,865  | 38                    | 0.2                   |
| <b>Belgium – 0.7% (0.7%)</b>                                |         |                       |                       |
| Cofinimmo   | 1,454   | 123                   | 0.7                   |
| <b>Norway – 0.4% (0.4%)</b>                                 |         |                       |                       |
| Norwegian Property  | 53,817  | 68                    | 0.4                   |
| <b>Germany – 0.2% (0.0%)</b>                                |         |                       |                       |
| Alstria Office  | 4,646   | 41                    | 0.2                   |
| <b>Forward currency contracts – 1.6% (1.2%)</b>             |         |                       |                       |
| <b>Australian Dollar</b>                                    |         |                       |                       |
| Buy AUD 240,711 sell £159,702 dated 12/08/2011              |         | 2                     | -                     |
| Buy AUD 38,425 sell \$40,900 dated 12/08/2011               |         | 1                     | -                     |
| Sell AUD 2,426,699 buy £1,615,656 dated 12/08/2011          |         | (13)                  | (0.1)                 |
| <b>Canadian Dollar</b>                                      |         |                       |                       |
| Sell CAD 706,038 buy £459,802 dated 12/08/2011              |         | 3                     | -                     |
| <b>Euro</b>   |         |                       |                       |
| Buy €168,442 sell £148,471 dated 12/08/2011                 |         | (1)                   | -                     |
| Buy €42,788 sell \$60,018 dated 12/08/2011                  |         | 1                     | -                     |
| Sell €2,205,240 buy £1,944,779 dated 12/08/2011             |         | 15                    | 0.1                   |
| <b>Hong Kong Dollar</b>                                     |         |                       |                       |
| Buy HKD 1,800,000 sell £143,459 dated 12/08/2011            |         | (1)                   | -                     |
| Buy HKD 445,614 sell \$57,169 dated 12/08/2011              |         | -                     | -                     |
| Sell HKD 34,057,213 buy £2,755,341 dated 12/08/2011         |         | 70                    | 0.4                   |
| <b>Japanese Yen</b>   |         |                       |                       |
| Buy JPY 8,460,130 sell £66,545 dated 12/08/2011             |         | -                     | -                     |
| Sell JPY 238,641,592 buy £1,887,197 dated 12/08/2011        |         | (2)                   | -                     |
| <b>Norwegian Krone</b>                                      |         |                       |                       |
| Sell NOK 361,328 buy £40,822 dated 12/08/2011               |         | -                     | -                     |
| <b>Singapore Dollar</b>                                     |         |                       |                       |
| Buy SGD 73,328 sell £37,428 dated 12/08/2011                |         | -                     | -                     |
| Sell SGD 1,412,802 buy £726,591 dated 12/08/2011            |         | 6                     | -                     |
| <b>US Dollar</b>  |         |                       |                       |
| Buy \$70,803 sell £48,976 dated 12/08/2011                  |         | 1                     | -                     |
| Buy \$391,896 sell £239,973 dated 12/08/2011                |         | 1                     | -                     |
| Buy \$971,672 sell £605,740 dated 12/08/2011                |         | (9)                   | -                     |
| Sell \$12,866,903 buy £8,123,001 dated 12/08/2011           |         | 215                   | 1.2                   |
| Sell \$175,039 buy £107,490 dated 12/08/2011                |         | -                     | -                     |
| <b>Investment assets (including investment liabilities)</b> |         | <b>17,545</b>         | <b>99.6</b>           |
| <b>Net other assets</b>                                     |         | <b>77</b>             | <b>0.4</b>            |
| <b>Net assets</b>   |         | <b>17,622</b>         | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or traded on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

# Unquoted security

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000        |  | £'000           |
|--|--------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>6,726</b> | <b>Total of all sales for the period</b> | <b>7,011</b>    |
| <b>Major purchases</b>                       | <b>Cost</b>  | <b>Major sales</b>                       | <b>Proceeds</b> |
| Corio  | 396          | Equity Residential Properties Trust      | 535             |
| Prologis                                     | 331          | Boston Properties                        | 340             |
| Macerich                                     | 296          | General Growth Properties                | 287             |
| General Growth Properties                    | 284          | Alexandria Real Estate                   | 280             |
| DCT Industrial Trust                         | 258          | BRE Properties 'A'                       | 269             |
| Weingarten Realty                            | 236          | Vornado Realty Trust                     | 268             |
| SL Green Realty                              | 231          | Health Care REIT                         | 245             |
| Kilroy Realty                                | 231          | Kimco Realty                             | 215             |
| CapitaLand                                   | 228          | Brandywine Realty Trust                  | 214             |
| Alexandria Real Estate                       | 219          | Macerich                                 | 211             |
| AvalonBay Communities                        | 189          | Duke Realty                              | 210             |
| Boston Properties                            | 173          | Digital Realty Trust                     | 209             |
| Host Hotels & Resorts                        | 163          | Developers Diversified Realty            | 194             |
| Mack Cali Realty                             | 150          | Nomura Real Estate Residential Fund REIT | 172             |
| Health Care Property Investors               | 150          | Unibail                                  | 172             |
| Diamondrock Hospitality                      | 148          | Simon Property Group                     | 169             |
| Stockland Trust Group                        | 147          | BioMed Realty Trust                      | 150             |
| BioMed Realty Trust                          | 138          | Regency Centers                          | 146             |
| Klepierre                                    | 135          | Home Properties                          | 146             |
| Home Properties                              | 134          | Essex Property Trust                     | 140             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|---|-------|---------------|-------|---------------|
| Income  |       |               |       |               |
| Net capital gains   |       | 206           |       | 1,247         |
| Revenue   | 328   |               | 375   |               |
| Expenses  | (83)  |               | (94)  |               |
| Net revenue before taxation   | 245   |               | 281   |               |
| Taxation  | (31)  |               | (36)  |               |
| Net revenue after taxation  |       | 214           |       | 245           |
| <b>Total return before distributions</b>  |       | <b>420</b>    |       | <b>1,492</b>  |
| Finance costs: Distributions  |       | (214)         |       | (245)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>206</b>    |       | <b>1,247</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000   | 2011<br>£'000 | £'000   | 2010<br>£'000 |
|--|---------|---------------|---------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |         | <b>17,591</b> |         | <b>16,880</b> |
| Amounts receivable on issue of shares  | 1,348   |               | 2,346   |               |
| Amounts payable on cancellation of shares  | (1,722) |               | (5,266) |               |
|  |         | (374)         |         | (2,920)       |
| Change in net assets attributable to shareholders from investment activities (see above) |         | 206           |         | 1,247         |
| Retained distributions on accumulation shares  |         | 200           |         | 191           |
| Stamp duty reserve tax   |         | (1)           |         | (1)           |
| <b>Closing net assets attributable to shareholders</b>                                   |         | <b>17,622</b> |         | <b>15,397</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |               | 31 January 2011 |               |
|--|--------------|---------------|-----------------|---------------|
|  | £'000        | £'000         | £'000           | £'000         |
| <b>ASSETS</b>                                  |              |               |                 |               |
| Investment assets                              |              | 17,571        |                 | 17,568        |
| Debtors  | 42           |               | 323             |               |
| Cash and bank balances                         | 113          |               | 73              |               |
| <b>Total other assets</b>                      |              | <b>155</b>    |                 | <b>396</b>    |
| <b>Total assets</b>                            |              | <b>17,726</b> |                 | <b>17,964</b> |
| <b>LIABILITIES</b>                             |              |               |                 |               |
| Investment liabilities                         |              | (26)          |                 | (59)          |
| Creditors                                      | (66)         |               | (310)           |               |
| Distribution payable on income shares          | (12)         |               | (4)             |               |
| <b>Total other liabilities</b>                 |              | <b>(78)</b>   |                 | <b>(314)</b>  |
| <b>Total liabilities</b>                       |              | <b>(104)</b>  |                 | <b>(373)</b>  |
| <b>Net assets attributable to shareholders</b> |              | <b>17,622</b> |                 | <b>17,591</b> |

# JPM Highbridge Statistical Market Neutral Fund

## Investment objective and policy

The Fund aims to provide an absolute return in excess of the return on short-term instruments denominated in Sterling, independent of equity market conditions.

The Fund will seek to obtain an absolute return by utilising a market neutral strategy, using derivatives where appropriate, to gain an exposure primarily to European (including the UK) and US equities. The Fund may have exposure to long and short positions in stocks with offsetting risk exposures. Long positions will be through direct or indirect investment and short positions will be through indirect investment only. Indirect investment will normally be achieved through the use of OTC derivatives, such as total return swaps.

The Fund may invest up to 100% in cash and cash equivalents. The Fund may invest up to 100% in government and public securities (see section 3.11(e) of the full Prospectus) and short dated bonds.

The Fund may use derivatives for investment purposes.

The Fund's assets will be primarily either denominated in Sterling or hedged back to Sterling.

## Risk profile

This Fund seeks to provide a positive return independent of equity market conditions, although this is not guaranteed. The Fund can use sophisticated investment techniques that differ from those used in traditional equity funds. The Fund should not be used as a substitute for traditional liquidity funds or cash accounts.

The Fund's market neutral strategy means that it may underperform traditional 'long only' equity funds during an equity market recovery or other periods of strong equity market performance. In addition, the Fund may experience increased volatility in extreme market conditions.

The investment policy of the Fund permits the use of derivatives and/or forward transactions for investment purposes, potentially increasing the volatility and therefore risk of the Fund.

## Fund review

The Fund posted a positive return for the six months to 31 July and outperformed its cash benchmark, the British Bankers Association LIBOR GBP Overnight Index (Total Return Gross).

Positive results earlier in the year and particularly in July more than offset the market challenges in May and June. In July, the market environment was dominated by sovereign debt concerns in Europe and the US. Despite the turbulence in markets, the fund delivered uncorrelated and low volatility returns for the period. In the six-months under review, the Fund benefited the most from relative value forecasts, followed by fundamental forecasts. Shorter-term forecasts, such as event/news and technical, also posted positive results overall. The US portfolio was the biggest positive contributor, but the European portfolio also benefitted performance in the period. At the end of July, European equities constituted approximately 14% of the fund's market exposure, with US equities accounting for the remaining 86%.

## Fund outlook

Highbridge Capital Management, LLC ("Highbridge") continues to believe that the Fund's market neutral investment approach positions it well to withstand directional moves the market may be subject to. Highbridge has strong conviction in the strategy's ability to generate positive returns in diverse markets environments when investor motivations are more closely tied to fundamental stock picking than to macroeconomic and geopolitical concerns, allowing Highbridge's sound economic principles of stock selection to operate as designed.

## 12 month performance to 31 July

Since launch 12/08/10

|  |             |
|--|-------------|
| <b>JPM Highbridge Statistical Market Neutral A-Class Acc</b> | <b>3.9%</b> |
| Benchmark Index  | 0.5%        |

## Six month performance to 31 July 2011

|  |             |
|--|-------------|
| <b>JPM Highbridge Statistical Market Neutral A-Class Acc</b> | <b>1.1%</b> |
| Benchmark Index  | 0.3%        |

## Fund statistics

|                 |   |
|-----------------|---|
| Fund size       | <b>£12.7m</b>   |
| Benchmark Index | <b>BBA LIBOR GBP Overnight Index (Total Return Gross)</b> |
| Fund charges    | <b>Initial 4.25%, Annual 1.50%</b>                        |

## Top ten holdings

|                                     | <b>%</b> |
|-------------------------------------|----------|
| Treasury 0% 1 Aug 2011              | 15.8     |
| Treasury 0% 26 Sep 2011             | 15.8     |
| Treasury 0% 3 Oct 2011              | 15.8     |
| Treasury 0% 31 Oct 2011             | 15.7     |
| Treasury 0% 5 Sep 2011              | 13.3     |
| Treasury 0% 24 Oct 2011             | 11.7     |
| JPM Sterling Liquidity 'X' (Income) | 8.4      |
| Treasury 0% 22 Aug 2011             | 7.9      |
| Treasury 0% 10 Oct 2011             | 6.2      |
| Treasury 0% 12 Sep 2011             | 3.9      |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

Performance fee is 20% when the Fund return exceeds the benchmark return. Please refer to the Fund's Prospectus for conditions on the application of the performance fees.

## Sector breakdown %

|   |        |
|---|--------|
| United Kingdom                          | 106.1  |
| Morgan Stanley contracts for difference | 0.0    |
| Merrill Lynch contracts for difference  | 0.0    |
| Forward currency contracts              | 0.0    |
| Liquidity                               | 8.4    |
| Net other liabilities                   | (14.5) |

In line with current accounting practice the sector breakdown includes the unrealised profit or loss on derivative holdings and consequently the economic market exposure of the fund cannot be fully determined from the above disclosure.

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares<sup>A</sup></b> |                     |                    |                              |
| 2010   | 51.23p              | 49.92p             | -                            |
| 2011 <sup>B</sup>                              | 52.42p              | 51.03p             | -                            |

<sup>A</sup> A-Class Accumulation Shares were launched on 12 August 2010.

<sup>B</sup> To 31 July 2011.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 317.6% |
| 31.07.11 | 395.9% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.11                           | 12,484                                   | 24,277,040       | 51.42p                    | 3.09%               |
| 31.07.11                           | 12,651                                   | 24,340,636       | 51.97p                    | 2.33%               |

The total expense ratio ("TER") includes the ACD fee and any fixed expenses charged to revenue over the period. When expressed as a percentage of the average daily net asset values over the same period this equates to 1.78%. The TER also includes a performance fee which is calculated as 20% of any outperformance of the Fund against its benchmarks, British Bankers Association (BBA) Libor GBP and Overnight Index (Total Return Gross). When expressed as a percentage of the average daily net asset values over the same period this equates to 0.55%. Full details on how the performance fee is calculated can be found in the Prospectus. The total TER for the period therefore is 2.33%.

# Portfolio statement

As at 31 July 2011

| Investment  | Holding   | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % | Investment                     | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % |
|---|-----------|----------------------------|-----------------------|--------------------|--------------------------------|---------|----------------------------|-----------------------|--------------------|
| <b>United Kingdom - 106.1% (86.5%)</b>                        |           |                            |                       |                    |                                |         |                            |                       |                    |
| Treasury 0% 1 Aug 2011  | 2,000,000 |                            | 2,000                 | 15.8               | Freenet                        | 530     | 4                          | -                     | -                  |
| Treasury 0% 22 Aug 2011                                       | 1,000,000 |                            | 1,000                 | 7.9                | Fresenius                      | 70      | 5                          | -                     | -                  |
| Treasury 0% 5 Sep 2011  | 1,700,000 |                            | 1,699                 | 13.3               | Fresenius Medical Care         | 25      | 1                          | -                     | -                  |
| Treasury 0% 12 Sep 2011                                       | 500,000   |                            | 500                   | 3.9                | GDF Suez                       | 16      | -                          | -                     | -                  |
| Treasury 0% 26 Sep 2011                                       | 2,000,000 |                            | 1,998                 | 15.8               | Gerresheimer                   | 291     | 9                          | -                     | -                  |
| Treasury 0% 3 Oct 2011  | 2,000,000 |                            | 1,998                 | 15.8               | Gerry Weber International      | 287     | 6                          | -                     | -                  |
| Treasury 0% 10 Oct 2011                                       | 800,000   |                            | 799                   | 6.2                | Hamburger Hafen und Logistik   | 194     | 5                          | -                     | -                  |
| Treasury 0% 24 Oct 2011                                       | 1,500,000 |                            | 1,498                 | 11.7               | Havas Advertising              | 1,609   | 5                          | -                     | -                  |
| Treasury 0% 31 Oct 2011                                       | 2,000,000 |                            | 1,998                 | 15.7               | HeidelbergCement               | 176     | 6                          | -                     | -                  |
| <b>Morgan Stanley contracts for difference - 0.00% (0.0%)</b> |           |                            |                       |                    |                                |         |                            |                       |                    |
| <b>Danish Krone - 0.0% (0.0%)</b>                             |           |                            |                       |                    |                                |         |                            |                       |                    |
| <b>Long Positions</b>   |           |                            |                       |                    |                                |         |                            |                       |                    |
| H. Lundbeck   | 183       | 3                          | -                     | -                  | Immofinanz                     | 500     | 1                          | -                     | -                  |
| Novo-Nordisk 'B'  | 147       | 11                         | -                     | -                  | Imtech                         | 46      | 1                          | -                     | -                  |
| TDC   | 2,160     | 12                         | -                     | -                  | Industria de Diseno Textil     | 100     | 6                          | -                     | -                  |
| Trygvesta   | 69        | 2                          | -                     | -                  | Infineon Technologies          | 485     | 3                          | -                     | -                  |
|   |           | 28                         | -                     | -                  | Ingenico                       | 104     | 3                          | -                     | -                  |
| <b>Short Positions</b>  |           |                            |                       |                    |                                |         |                            |                       |                    |
| Coloplast 'B'   | (27)      | (3)                        | -                     | -                  | Kesko 'B'                      | 47      | 1                          | -                     | -                  |
| DSV   | (44)      | (1)                        | -                     | -                  | Klepierre                      | 55      | 1                          | -                     | -                  |
| FLSmidth & Co   | (44)      | (2)                        | -                     | -                  | Kone 'B'                       | 4       | -                          | -                     | -                  |
| GN Store Nord   | (1,528)   | (9)                        | -                     | -                  | Krones                         | 27      | 1                          | -                     | -                  |
| NKT Holding   | (217)     | (8)                        | -                     | -                  | Lagardere Group                | 250     | 6                          | -                     | -                  |
| Novozymes   | (41)      | (4)                        | -                     | -                  | Legrand                        | 67      | 2                          | -                     | -                  |
| Vestas Wind Systems   | (126)     | (2)                        | -                     | -                  | Lottomatica                    | 212     | 2                          | -                     | -                  |
| William Demant  | (112)     | (6)                        | -                     | -                  | Luxottica                      | 117     | 2                          | -                     | -                  |
|   |           | (35)                       | -                     | -                  | M6-Metropole Television        | 329     | 5                          | -                     | -                  |
| <b>Euro - 0.0% (0.0%)</b>                                     |           |                            |                       |                    |                                |         |                            |                       |                    |
| <b>Long Positions</b>   |           |                            |                       |                    |                                |         |                            |                       |                    |
| Aalberts Industries   | 42        | -                          | -                     | -                  | Mediaset                       | 170     | -                          | -                     | -                  |
| Adidas  | 125       | 6                          | -                     | -                  | Mediaset Espana Comunicacion   | 831     | 5                          | -                     | -                  |
| Ahold   | 1,590     | 13                         | -                     | -                  | Metso                          | 16      | -                          | -                     | -                  |
| Air France-KLM  | 43        | -                          | -                     | -                  | Michelin                       | 18      | 1                          | -                     | -                  |
| Air Liquide   | 14        | 1                          | -                     | -                  | MunichRe                       | 13      | 1                          | -                     | -                  |
| Amer Sports 'A'   | 627       | 6                          | -                     | -                  | Natixis                        | 1,093   | 3                          | -                     | -                  |
| Andritz   | 92        | 6                          | (1)                   | -                  | Neopost                        | 59      | 3                          | -                     | -                  |
| ASML  | 54        | 1                          | -                     | -                  | Neste Oil                      | 221     | 2                          | -                     | -                  |
| Assicurazioni Generali  | 393       | 5                          | -                     | -                  | Nexity                         | 107     | 3                          | -                     | -                  |
| Atlantia  | 716       | 8                          | -                     | -                  | Nokian Renkaa                  | 122     | 3                          | -                     | -                  |
| Atos  | 40        | 1                          | -                     | -                  | Nutreco Holding                | 39      | 2                          | -                     | -                  |
| AXA   | 104       | 1                          | -                     | -                  | Nyrstar                        | 81      | 1                          | -                     | -                  |
| Axel Springer   | 263       | 7                          | -                     | -                  | Oesterreichische Post          | 100     | 2                          | -                     | -                  |
| Banco Popular   | 1,045     | 1                          | -                     | -                  | OMV                            | 41      | 1                          | -                     | -                  |
| Beiersdorf  | 286       | 11                         | -                     | -                  | Orion 'B'                      | 415     | 6                          | -                     | -                  |
| Belgacom  | 119       | 2                          | -                     | -                  | Outotec                        | 63      | 2                          | -                     | -                  |
| Biomerieux  | 60        | 4                          | -                     | -                  | Paddy Power                    | 140     | 4                          | -                     | -                  |
| Bourbon   | 18        | -                          | -                     | -                  | Pernod-Ricard                  | 69      | 4                          | -                     | -                  |
| Bouygues  | 294       | 7                          | -                     | -                  | Peugeot                        | 23      | 1                          | -                     | -                  |
| Bureau Veritas  | 35        | 2                          | -                     | -                  | Plastic-Omnium                 | 177     | 4                          | -                     | -                  |
| Buzzi Unicem  | 168       | 1                          | -                     | -                  | Pohjola Bank 'A'               | 1,368   | 10                         | -                     | -                  |
| C&C Group   | 1,152     | 4                          | -                     | -                  | Porsche Automobil              | 30      | 1                          | -                     | -                  |
| Cargotec  | 344       | 8                          | -                     | -                  | Portugal Telecom               | 1,886   | 10                         | -                     | -                  |
| Casino Guichard-Perrachon                                     | 30        | 2                          | -                     | -                  | Prosegur Compania Seguridad    | 126     | 4                          | -                     | -                  |
| Compagnie de Saint-Gobain                                     | 92        | 3                          | -                     | -                  | ProSiebenSat.1Media Preference | 762     | 12                         | (1)                   | -                  |
| Compagnie Generale de Geophysique - Veritas                   | 60        | 1                          | -                     | -                  | Red Electrica Corporacion      | 69      | 2                          | -                     | -                  |
| Corio   | 24        | 1                          | -                     | -                  | Remy Cointreau                 | 140     | 8                          | -                     | -                  |
| CSM   | 167       | 3                          | -                     | -                  | Rhoe-Klinikum                  | 564     | 9                          | -                     | -                  |
| Danone  | 49        | 2                          | -                     | -                  | Sanoma Corporation             | 291     | 3                          | -                     | -                  |
| Davide de Campari   | 235       | 1                          | -                     | -                  | SAP                            | 36      | 1                          | -                     | -                  |
| DCC   | 563       | 9                          | -                     | -                  | SES FDR 'A'                    | 80      | 1                          | -                     | -                  |
| Delhaize Freres   | 176       | 8                          | -                     | -                  | SIAS                           | 354     | 2                          | -                     | -                  |
| Deutsche Euroshop   | 321       | 8                          | -                     | -                  | Sodexo                         | 39      | 2                          | -                     | -                  |
| Deutsche Telekom  | 500       | 5                          | -                     | -                  | Stora Enso 'R'                 | 1,716   | 9                          | -                     | -                  |
| Distribuidora Internacional de Alimentacion                   | 189       | 1                          | -                     | -                  | Suez Environment               | 1,143   | 13                         | -                     | -                  |
| DSM   | 119       | 4                          | -                     | -                  | Telecom Italia                 | 10,114  | 8                          | -                     | -                  |
| Elringklinger   | 85        | 2                          | -                     | -                  | Telefonica                     | 304     | 4                          | -                     | -                  |
| Enagas  | 600       | 8                          | -                     | -                  | Teleperformance                | 210     | 4                          | -                     | -                  |
| Endesa  | 366       | 7                          | -                     | -                  | Tenaris                        | 12      | -                          | -                     | -                  |
| Enel  | 591       | 2                          | -                     | -                  | Thales                         | 50      | 1                          | -                     | -                  |
| Erste Bank  | 48        | 1                          | -                     | -                  | TNT                            | 290     | 1                          | -                     | -                  |
| European Aeronautic Defence and Space                         | 110       | 2                          | -                     | -                  | TOTAL S.A.                     | 48      | 2                          | -                     | -                  |
| Eutelsat Communications                                       | 50        | 1                          | -                     | -                  | Tui                            | 435     | 2                          | -                     | -                  |
| Exor  | 299       | 6                          | -                     | -                  | UniCredit                      | 3,392   | 4                          | -                     | -                  |
| Fiat  | 6         | -                          | -                     | -                  | Unione di Banche Italiane      | 470     | 1                          | -                     | -                  |
| France Telecom  | 418       | 5                          | -                     | -                  | United Internet                | 100     | 1                          | -                     | -                  |
|   |           |                            |                       |                    | UPM-Kymmene                    | 691     | 7                          | -                     | -                  |
|   |           |                            |                       |                    | Valeo                          | 56      | 2                          | -                     | -                  |
|   |           |                            |                       |                    | Veolia Environnement           | 822     | 13                         | -                     | -                  |
|   |           |                            |                       |                    | Vienna Insurance Group         | 39      | 1                          | -                     | -                  |
|   |           |                            |                       |                    | Vinci                          | 43      | 2                          | -                     | -                  |
|   |           |                            |                       |                    | voestalpine                    | 6       | -                          | -                     | -                  |
|   |           |                            |                       |                    | Vossloh                        | 19      | 1                          | -                     | -                  |
|   |           |                            |                       |                    | Wacker Chemie                  | 66      | 8                          | -                     | -                  |
|   |           |                            |                       |                    | Wincor Nixdorf                 | 47      | 2                          | -                     | -                  |
|   |           |                            |                       |                    | YIT                            | 42      | 1                          | -                     | -                  |
|   |           |                            |                       |                    |                                |         |                            |                       |                    |

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# Portfolio statement – continued

As at 31 July 2011

| Investment                       | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % | Investment                           | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % |
|----------------------------------|---------|----------------------------|-----------------------|-----------------------|--------------------------------------|---------|----------------------------|-----------------------|-----------------------|
| <b>Short positions</b>           |         |                            |                       |                       |                                      |         |                            |                       |                       |
| Accor                            | (319)   | (9)                        | (1)                   | -                     | Telekom Austria                      | (1,491) | (11)                       | -                     | -                     |
| ADP Promesses                    | (28)    | (2)                        | -                     | -                     | Telenet                              | (50)    | (1)                        | -                     | -                     |
| Aegon                            | (1,060) | (4)                        | -                     | -                     | Television Francaise                 | (130)   | (2)                        | -                     | -                     |
| Akzo Nobel                       | (176)   | (7)                        | -                     | -                     | Terna                                | (893)   | (2)                        | -                     | -                     |
| Alcatel Lucent 'A'               | (756)   | (2)                        | 1                     | -                     | Thyssen Krupp                        | (220)   | (6)                        | -                     | -                     |
| Aperam                           | (70)    | (1)                        | -                     | -                     | Tod's                                | (19)    | (2)                        | -                     | -                     |
| Aurubis                          | (170)   | (6)                        | -                     | -                     | Umicore                              | (31)    | (1)                        | -                     | -                     |
| Autogrill                        | (427)   | (3)                        | -                     | -                     | Vallourec (Usin a Tub de Lor Escaut) | (58)    | (4)                        | -                     | -                     |
| Banco Bilbao Vizcaya Argentaria  | (700)   | (5)                        | -                     | -                     | Vivendi                              | (615)   | (9)                        | -                     | -                     |
| Brisa Auto-estrada               | (400)   | (1)                        | -                     | -                     | Vopak                                | (100)   | (3)                        | -                     | -                     |
| CAP Gemini                       | (55)    | (2)                        | -                     | -                     | Wienerberger                         | (287)   | (3)                        | -                     | -                     |
| Carrefour                        | (141)   | (3)                        | -                     | -                     | Wirecard                             | (723)   | (8)                        | -                     | -                     |
| Celesio                          | (100)   | (1)                        | -                     | -                     | Wolters-Kluwer                       | (80)    | (1)                        | -                     | -                     |
| Compagnie Industriali Riunite    | (1,901) | (3)                        | -                     | -                     |                                      |         | (459)                      |                       |                       |
| Colruyt                          | (94)    | (3)                        | -                     | -                     | <b>Norwegian Krone – 0.0% (0.0%)</b> |         |                            |                       |                       |
| Continental                      | (20)    | (1)                        | -                     | -                     | <b>Long Positions</b>                |         |                            |                       |                       |
| Credit Agricole                  | (446)   | (3)                        | -                     | -                     | Fred Olsen Energy                    | 111     | 3                          | -                     | -                     |
| Deutsche Lufthansa               | (100)   | (1)                        | -                     | -                     | Orkla                                | 1,040   | 6                          | -                     | -                     |
| DiaSorin                         | (30)    | (1)                        | -                     | -                     | Statoil                              | 60      | 1                          | -                     | -                     |
| Douglas                          | (308)   | (9)                        | -                     | -                     | Telenor                              | 161     | 2                          | -                     | -                     |
| E.ON                             | (140)   | (2)                        | -                     | -                     | TGS Nopec Geophysical                | 285     | 5                          | -                     | -                     |
| Edenred                          | (70)    | (1)                        | -                     | -                     |                                      |         | 17                         |                       |                       |
| Elisa Corporation                | (2,673) | (35)                       | -                     | -                     | <b>Short Positions</b>               |         |                            |                       |                       |
| Essilor International            | (186)   | (9)                        | -                     | -                     | Aker Solutions                       | (9)     | -                          | -                     | -                     |
| Euler Hermes                     | (25)    | (1)                        | -                     | -                     | Norsk Hydro                          | (359)   | (2)                        | -                     | -                     |
| Faurecia                         | (5)     | -                          | -                     | -                     | Petroleum Geo-Services               | (216)   | (2)                        | -                     | -                     |
| Fiat                             | (5)     | -                          | -                     | -                     | Prosafe                              | (626)   | (3)                        | -                     | -                     |
| Fielmann                         | (88)    | (6)                        | -                     | -                     | Schibsted                            | (31)    | (1)                        | -                     | -                     |
| Finmeccanica                     | (575)   | (3)                        | -                     | -                     | Yara International                   | (16)    | (1)                        | -                     | -                     |
| Fortum                           | (900)   | (15)                       | -                     | -                     |                                      |         | (9)                        |                       |                       |
| Fugro                            | (2)     | -                          | -                     | -                     | <b>Swedish Krona – 0.0% (0.0%)</b>   |         |                            |                       |                       |
| Galp Energia 'B'                 | (193)   | (3)                        | -                     | -                     | <b>Long Positions</b>                |         |                            |                       |                       |
| GEA Group                        | (120)   | (2)                        | -                     | -                     | Axis                                 | 100     | 1                          | -                     | -                     |
| Gecina                           | (8)     | (1)                        | -                     | -                     | Electrolux 'B'                       | 603     | 7                          | -                     | -                     |
| Gemalto                          | (56)    | (2)                        | -                     | -                     | Ericsson 'B'                         | 2,939   | 23                         | -                     | -                     |
| Groupe Eurotunnel                | (808)   | (5)                        | -                     | -                     | Hennes & Mauritz                     | 64      | 1                          | -                     | -                     |
| Henkel Non-Voting Preference     | (127)   | (5)                        | -                     | -                     | Hexagon 'B'                          | 438     | 5                          | -                     | -                     |
| Hochtief                         | (23)    | (1)                        | -                     | -                     | Industrivarden 'C'                   | 129     | 1                          | -                     | -                     |
| Hugo Boss Preference             | (100)   | (7)                        | -                     | -                     | JM                                   | 12      | -                          | -                     | -                     |
| Iberdrola                        | (1,748) | (9)                        | -                     | -                     | Kinnevik Investment 'B'              | 860     | 12                         | -                     | -                     |
| Iliad                            | (38)    | (3)                        | -                     | -                     | Lundin Petroleum                     | 168     | 1                          | -                     | -                     |
| Intesa Sanpaolo                  | (272)   | -                          | -                     | -                     | Modern Times Group 'B'               | 192     | 8                          | -                     | -                     |
| Ipsen                            | (131)   | (3)                        | -                     | -                     | Saab 'B'                             | 1,548   | 21                         | -                     | -                     |
| JC Decaux                        | (59)    | (1)                        | -                     | -                     | Securitas 'B'                        | 46      | -                          | -                     | -                     |
| Jeronimo Martins                 | (247)   | (3)                        | -                     | -                     | Skandinaviska Enskilda Banken 'A'    | 115     | 1                          | -                     | -                     |
| Kerry Group 'A'                  | (49)    | (1)                        | -                     | -                     | Swedbank 'A'                         | 273     | 3                          | -                     | -                     |
| Kloeckner & Co                   | (365)   | (5)                        | -                     | -                     | Swedish Match                        | 177     | 4                          | -                     | -                     |
| Konecranes                       | (724)   | (14)                       | -                     | -                     | Tele2 'B'                            | 564     | 7                          | -                     | -                     |
| Lafarge                          | (86)    | (3)                        | -                     | -                     | Trelleborg 'B'                       | 1,362   | 9                          | -                     | -                     |
| Lanxess                          | (131)   | (6)                        | -                     | -                     | Volvo 'B'                            | 1,680   | 16                         | -                     | -                     |
| Leoni                            | (30)    | (1)                        | -                     | -                     |                                      |         | 120                        |                       |                       |
| Mapfre                           | (100)   | -                          | -                     | -                     | <b>Short Positions</b>               |         |                            |                       |                       |
| Maurel & Prom                    | (277)   | (4)                        | -                     | -                     | Alfa Laval                           | (100)   | (1)                        | -                     | -                     |
| Mediobanca di Credito Finanziari | (298)   | (2)                        | -                     | -                     | Assa Abloy                           | (89)    | (1)                        | -                     | -                     |
| Mediolanum                       | (100)   | -                          | -                     | -                     | Atlas Copco 'A'                      | (981)   | (14)                       | 1                     | -                     |
| Metro                            | (384)   | (13)                       | -                     | -                     | Axfood                               | (125)   | (3)                        | -                     | -                     |
| Nokia                            | (2,946) | (10)                       | -                     | -                     | Boliden                              | (519)   | (6)                        | -                     | -                     |
| Philips Electronics              | (1,400) | (21)                       | 1                     | -                     | Elekta 'B'                           | (176)   | (5)                        | -                     | -                     |
| Piaggio                          | (570)   | (1)                        | -                     | -                     | Fabege                               | (48)    | -                          | -                     | -                     |
| Pirelli                          | (445)   | (3)                        | -                     | -                     | Getinge                              | (515)   | (9)                        | -                     | -                     |
| Prysmian                         | (771)   | (9)                        | -                     | -                     | Holmen 'B'                           | (68)    | (1)                        | -                     | -                     |
| Publicis Groupe                  | (1,594) | (50)                       | 2                     | -                     | NCC 'B'                              | (372)   | (5)                        | -                     | -                     |
| Raiffeisen International Bank    | (106)   | (3)                        | -                     | -                     | Ratos 'B'                            | (220)   | (2)                        | -                     | -                     |
| Randstad Holdings                | (20)    | (1)                        | -                     | -                     | Sandvik                              | (1,283) | (13)                       | -                     | -                     |
| Rautaruukki                      | (452)   | (6)                        | -                     | -                     | Skanska 'B'                          | (320)   | (3)                        | -                     | -                     |
| Rexel                            | (131)   | (2)                        | -                     | -                     | SKF 'B'                              | (542)   | (9)                        | -                     | -                     |
| Royal Boskalis Westminster Groep | (67)    | (2)                        | -                     | -                     | SSAB 'A'                             | (27)    | -                          | -                     | -                     |
| RWE 'A'                          | (40)    | (1)                        | -                     | -                     | Svenska Handelsbanken 'A'            | (926)   | (18)                       | -                     | -                     |
| Safran                           | (57)    | (1)                        | -                     | -                     | TeliaSonera                          | (8,368) | (39)                       | -                     | -                     |
| Saipem                           | (37)    | (1)                        | -                     | -                     |                                      |         | (129)                      |                       |                       |
| Salzgitter                       | (65)    | (3)                        | -                     | -                     | <b>Swiss Franc – 0.0% (0.0%)</b>     |         |                            |                       |                       |
| Sampo 'A'                        | (70)    | (1)                        | -                     | -                     | <b>Long Positions</b>                |         |                            |                       |                       |
| Saras Raffinerie Sarde           | (4,221) | (5)                        | -                     | -                     | ABB                                  | 649     | 10                         | -                     | -                     |
| SEB                              | (39)    | (2)                        | -                     | -                     | Adecco                               | 89      | 3                          | -                     | -                     |
| Sky Deutschland                  | (802)   | (2)                        | -                     | -                     | Holcim Ltd                           | 39      | 2                          | -                     | -                     |
| Snam Rete Gas                    | (1,120) | (4)                        | -                     | -                     |                                      |         |                            |                       |                       |
| Societe Generale                 | (32)    | (1)                        | -                     | -                     |                                      |         |                            |                       |                       |
| Suedzucker                       | (1,101) | (24)                       | 2                     | -                     |                                      |         |                            |                       |                       |
| Symrise                          | (671)   | (11)                       | -                     | -                     |                                      |         |                            |                       |                       |
| Tecnicas Reunidas                | (316)   | (9)                        | -                     | -                     |                                      |         |                            |                       |                       |

# Portfolio statement – continued

As at 31 July 2011

| Investment                            | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % | Investment                     | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % |
|---------------------------------------|---------|----------------------------|-----------------------|--------------------|--------------------------------|---------|----------------------------|-----------------------|--------------------|
| Lonza Group                           | 82      | 4                          | -                     | -                  | Sage Group                     | 3,306   | 9                          | -                     | -                  |
| Meyer Burger Technology               | 200     | 4                          | (1)                   | -                  | Sainsbury (J)                  | 600     | 2                          | -                     | -                  |
| Nestle                                | 146     | 6                          | -                     | -                  | Schroders                      | 209     | 3                          | -                     | -                  |
| OC Oerlikon Corporation AG Pfaeffikon | 1,644   | 9                          | (1)                   | -                  | Serco Group                    | 824     | 4                          | -                     | -                  |
| Panalpina Welttransport               | 99      | 7                          | -                     | -                  | Shire                          | 25      | 1                          | -                     | -                  |
| Roche (Genusscheine)                  | 11      | 1                          | -                     | -                  | Smith & Nephew                 | 1,529   | 10                         | -                     | -                  |
|                                       |         | 46                         |                       |                    | Smith (DS)                     | 353     | 1                          | -                     | -                  |
| <b>Short Positions</b>                |         |                            |                       |                    | Soco International             | 234     | 1                          | -                     | -                  |
| Actelion                              | (97)    | (3)                        | -                     | -                  | Spectris                       | 86      | 1                          | -                     | -                  |
| Clariant                              | (151)   | (1)                        | -                     | -                  | Tesco                          | 2,146   | 8                          | -                     | -                  |
| Compagnie Financiere Richemont 'A'    | (20)    | (1)                        | -                     | -                  | Tullow Oil                     | 101     | 1                          | -                     | -                  |
| Credit Suisse                         | (166)   | (4)                        | -                     | -                  | Unilever                       | 57      | 1                          | -                     | -                  |
| Kuehne & Nagel International          | (176)   | (15)                       | 1                     | -                  | Vedanta Resources              | 200     | 4                          | -                     | -                  |
| Novartis                              | (335)   | (13)                       | -                     | -                  | Vodafone Group                 | 4,928   | 8                          | -                     | -                  |
| Sulzer                                | (83)    | (8)                        | -                     | -                  | William Hill                   | 2,655   | 6                          | -                     | -                  |
| UBS                                   | (339)   | (3)                        | -                     | -                  | WPP                            | 827     | 6                          | -                     | -                  |
|                                       |         | (48)                       |                       |                    |                                |         | 280                        |                       |                    |
| <b>UK Sterling – 0.0% (0.0%)</b>      |         |                            |                       |                    | <b>Short Positions</b>         |         |                            |                       |                    |
| <b>Long Positions</b>                 |         |                            |                       |                    | 3i Group                       | (3,971) | (11)                       | -                     | -                  |
| Aberdeen Asset Management             | 4,607   | 11                         | -                     | -                  | Admiral Group                  | (70)    | (1)                        | -                     | -                  |
| Afren                                 | 4,926   | 7                          | -                     | -                  | Aegis Group                    | (7,108) | (11)                       | -                     | -                  |
| AMEC                                  | 375     | 4                          | -                     | -                  | Amlin                          | (1,869) | (8)                        | -                     | -                  |
| Associated British Foods              | 604     | 7                          | -                     | -                  | Antofagasta                    | (451)   | (6)                        | -                     | -                  |
| Autonomy                              | 58      | 1                          | -                     | -                  | ARM Holdings                   | (379)   | (2)                        | -                     | -                  |
| Aviva                                 | 956     | 4                          | -                     | -                  | Aveva Group                    | (750)   | (13)                       | -                     | -                  |
| Babcock International Group           | 189     | 1                          | -                     | -                  | BAE Systems                    | (147)   | -                          | -                     | -                  |
| Balfour Beatty                        | 3       | -                          | -                     | -                  | Barclays                       | (578)   | (1)                        | -                     | -                  |
| British Land                          | 593     | 4                          | -                     | -                  | BBA Aviation                   | (30)    | -                          | -                     | -                  |
| British Sky Broadcasting Group        | 400     | 3                          | -                     | -                  | Berkeley Group                 | (1,085) | (13)                       | -                     | -                  |
| BT Group                              | 185     | -                          | -                     | -                  | BG Group                       | (132)   | (2)                        | -                     | -                  |
| Cairn Energy                          | 735     | 3                          | -                     | -                  | BHP Billiton                   | (83)    | (2)                        | -                     | -                  |
| Capital Shopping Centres Group        | 1,200   | 5                          | -                     | -                  | BP                             | (816)   | (4)                        | -                     | -                  |
| Carnival                              | 362     | 8                          | -                     | -                  | British American Tobacco       | (145)   | (4)                        | -                     | -                  |
| Centrica                              | 315     | 1                          | -                     | -                  | Burberry Group                 | (626)   | (9)                        | 1                     | -                  |
| Chemring Group                        | 371     | 2                          | -                     | -                  | Capita Group                   | (219)   | (2)                        | -                     | -                  |
| Close Brothers Group                  | 531     | 4                          | -                     | -                  | Carillion                      | (413)   | (2)                        | -                     | -                  |
| Cobham                                | 2,059   | 4                          | -                     | -                  | Diageo                         | (496)   | (6)                        | -                     | -                  |
| Cookson Group                         | 111     | 1                          | -                     | -                  | Electrocomponents              | (2,740) | (6)                        | -                     | -                  |
| Drax Group                            | 984     | 5                          | -                     | -                  | GKN                            | (1,132) | (3)                        | -                     | -                  |
| Easyjet                               | 379     | 1                          | -                     | -                  | Halma                          | (885)   | (4)                        | -                     | -                  |
| Eurasian Natural Resources            | 454     | 4                          | -                     | -                  | Hammerson                      | (247)   | (1)                        | -                     | -                  |
| Experian                              | 698     | 6                          | -                     | -                  | Hargreaves Lansdown            | (1,293) | (7)                        | -                     | -                  |
| Firstgroup                            | 923     | 3                          | -                     | -                  | Henderson Group                | (1,348) | (2)                        | -                     | -                  |
| GlaxoSmithKline                       | 1       | -                          | -                     | -                  | IG Group                       | (6,007) | (27)                       | -                     | -                  |
| Great Portland Estates                | 15      | -                          | -                     | -                  | Imagination Technologies Group | (198)   | (1)                        | -                     | -                  |
| Greene King                           | 903     | 4                          | -                     | -                  | IMI                            | (147)   | (2)                        | -                     | -                  |
| Hiscox                                | 250     | 1                          | -                     | -                  | International Power            | (1,247) | (4)                        | -                     | -                  |
| Homeserve                             | 2,082   | 10                         | -                     | -                  | Johnson Matthey                | (240)   | (5)                        | -                     | -                  |
| HSBC                                  | 238     | 1                          | -                     | -                  | Legal & General Group          | (1,763) | (2)                        | -                     | -                  |
| ICAP                                  | 300     | 1                          | -                     | -                  | Michael Page International     | (2)     | -                          | -                     | -                  |
| Imperial Tobacco Group                | 102     | 2                          | -                     | -                  | Mitchells & Butlers            | (4,817) | (13)                       | -                     | -                  |
| Inchcape                              | 286     | 1                          | -                     | -                  | Mondi                          | (266)   | (2)                        | -                     | -                  |
| Informa                               | 296     | 1                          | -                     | -                  | Morrison (Wm.) Supermarkets    | (923)   | (3)                        | -                     | -                  |
| Inmarsat                              | 2,565   | 14                         | -                     | -                  | National Grid                  | (172)   | (1)                        | -                     | -                  |
| Intercontinental Hotels Group         | 10      | -                          | -                     | -                  | Pennon Group                   | (1,861) | (13)                       | -                     | -                  |
| Intermediate Capital Group            | 3,665   | 10                         | (1)                   | -                  | Petropavlovsk                  | (161)   | (1)                        | -                     | -                  |
| Intertek Group                        | 91      | 2                          | -                     | -                  | Provident Financial            | (374)   | (4)                        | -                     | -                  |
| Investec                              | 97      | -                          | -                     | -                  | Prudential                     | (2)     | -                          | -                     | -                  |
| Kazakhmys                             | 171     | 2                          | -                     | -                  | SABMiller                      | (814)   | (19)                       | -                     | -                  |
| Kingfisher                            | 2,278   | 6                          | -                     | -                  | Segro                          | (258)   | (1)                        | -                     | -                  |
| Ladbrokes                             | 2,484   | 4                          | -                     | -                  | Severn Trent                   | (487)   | (7)                        | -                     | -                  |
| Logica                                | 2,930   | 3                          | -                     | -                  | Shaftesbury                    | (106)   | (1)                        | -                     | -                  |
| London Stock Exchange Group           | 205     | 2                          | -                     | -                  | Smiths Group                   | (605)   | (7)                        | -                     | -                  |
| Lonmin                                | 788     | 10                         | -                     | -                  | Stagecoach Group               | (500)   | (1)                        | -                     | -                  |
| Man Group                             | 2,311   | 5                          | -                     | -                  | Standard Life                  | (3,875) | (8)                        | -                     | -                  |
| Marks & Spencer Group                 | 2,098   | 7                          | -                     | -                  | Tate & Lyle                    | (1,884) | (12)                       | -                     | -                  |
| Meggitt                               | 277     | 1                          | -                     | -                  | Travis Perkins                 | (370)   | (3)                        | -                     | -                  |
| Misys                                 | 23      | -                          | -                     | -                  | TUI Travel                     | (2,218) | (4)                        | -                     | -                  |
| Morgan Crucible                       | 800     | 3                          | -                     | -                  | United Business Media          | (220)   | (1)                        | -                     | -                  |
| Pearson                               | 183     | 2                          | -                     | -                  | Victrex                        | (36)    | (1)                        | -                     | -                  |
| Persimmon                             | 311     | 1                          | -                     | -                  | Whitbread                      | (160)   | (2)                        | -                     | -                  |
| Petrofac                              | 100     | 1                          | -                     | -                  | Wolseley                       | (170)   | (3)                        | -                     | -                  |
| Premier Oil                           | 270     | 1                          | -                     | -                  |                                |         | (268)                      |                       |                    |
| Reckitt Benckiser Group               | 16      | 1                          | -                     | -                  | <b>US Dollar – 0.0% (0.0%)</b> |         |                            |                       |                    |
| Resolution                            | 1,093   | 3                          | -                     | -                  | <b>Long Positions</b>          |         |                            |                       |                    |
| Rexam                                 | 1,247   | 5                          | -                     | -                  | 3M                             | 100     | 5                          | -                     | -                  |
| Rightmove Group                       | 63      | 1                          | -                     | -                  | AAR                            | 510     | 9                          | -                     | -                  |
| Rio Tinto                             | 364     | 16                         | -                     | -                  | Aaron's                        | 300     | 5                          | -                     | -                  |
| Rotork                                | 214     | 3                          | -                     | -                  | Abbott Laboratories            | 1,741   | 55                         | (2)                   | -                  |
| RSA Insurance Group                   | 738     | 1                          | -                     | -                  | AboveNet                       | 200     | 7                          | (1)                   | -                  |
|                                       |         |                            |                       |                    | Axiom                          | 899     | 8                          | -                     | -                  |

# Portfolio statement – continued

As at 31 July 2011

| Investment                      | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % | Investment                         | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % |
|---------------------------------|---------|----------------------------|-----------------------|-----------------------|------------------------------------|---------|----------------------------|-----------------------|-----------------------|
| Adobe Systems                   | 971     | 17                         | (1)                   | -                     | Central European Distribution      | 100     | 1                          | -                     | -                     |
| Advance Auto Parts              | 100     | 3                          | -                     | -                     | Century Aluminium                  | 300     | 2                          | -                     | -                     |
| Advanced Micro Devices          | 1,000   | 5                          | -                     | -                     | CenturyLink                        | 800     | 18                         | (1)                   | -                     |
| Aecom Technology                | 100     | 2                          | -                     | -                     | Cepheid                            | 751     | 17                         | (1)                   | -                     |
| AES                             | 1,712   | 13                         | -                     | -                     | Cheesecake Factory                 | 300     | 5                          | -                     | -                     |
| Affiliated Managers Group       | 100     | 6                          | -                     | -                     | Chevron                            | 100     | 6                          | -                     | -                     |
| AFLAC                           | 477     | 13                         | -                     | -                     | Children's Place Retail Stores     | 220     | 6                          | -                     | -                     |
| Agilent Technologies            | 400     | 10                         | -                     | -                     | Chipotle Mexican Grill             | 100     | 20                         | -                     | -                     |
| AGL Resources                   | 400     | 10                         | -                     | -                     | Chubb                              | 100     | 4                          | -                     | -                     |
| Air Products & Chemicals        | 700     | 38                         | (1)                   | -                     | Church & Dwight                    | 600     | 15                         | (1)                   | -                     |
| AkamaiTechnologies              | 100     | 1                          | -                     | -                     | Cimarex Energy                     | 100     | 5                          | -                     | -                     |
| Albemarle                       | 100     | 4                          | -                     | -                     | Cinemark                           | 100     | 1                          | -                     | -                     |
| Alcoa                           | 950     | 9                          | -                     | -                     | Cintas Corp                        | 400     | 8                          | -                     | -                     |
| Alexandria Real Estate          | 100     | 5                          | -                     | -                     | Cisco Systems                      | 100     | 1                          | -                     | -                     |
| Alkermes                        | 661     | 7                          | (1)                   | -                     | City National                      | 400     | 13                         | -                     | -                     |
| Alliance Data System            | 200     | 12                         | -                     | -                     | CMS Energy                         | 1,335   | 16                         | -                     | -                     |
| Alliant Techsystems             | 874     | 35                         | (2)                   | -                     | Coach                              | 100     | 4                          | -                     | -                     |
| Allied Nevada Gold              | 100     | 2                          | -                     | -                     | Coca-Cola Enterprises              | 86      | 1                          | -                     | -                     |
| Allscripts Healthcare Solutions | 925     | 10                         | (1)                   | -                     | Coeur D'Alene Minecom              | 400     | 7                          | -                     | -                     |
| Ameren                          | 1,305   | 24                         | -                     | -                     | Columbia Banking System            | 100     | 1                          | -                     | -                     |
| American Eagle Outfitters       | 100     | 1                          | -                     | -                     | Commerce Bancshares                | 400     | 10                         | -                     | -                     |
| American Financial Group        | 600     | 13                         | -                     | -                     | Community Bank System              | 100     | 2                          | -                     | -                     |
| American Water Works            | 400     | 7                          | -                     | -                     | Complete Production Services       | 300     | 7                          | -                     | -                     |
| Ameriprise Financial            | 400     | 13                         | -                     | -                     | Computer Sciences                  | 100     | 2                          | -                     | -                     |
| AmerisourceBergen               | 400     | 10                         | -                     | -                     | comScore                           | 100     | 1                          | -                     | -                     |
| Ameristar Casinos               | 900     | 12                         | -                     | -                     | Conagra Foods                      | 2,700   | 43                         | (2)                   | -                     |
| Amkor Technology                | 1,273   | 4                          | -                     | -                     | Convergys                          | 100     | 1                          | -                     | -                     |
| Amylin Pharmaceuticals          | 700     | 5                          | -                     | -                     | Con-Way                            | 500     | 11                         | (1)                   | -                     |
| Anadarko Petroleum              | 100     | 5                          | -                     | -                     | Cooper Tire & Rubber               | 1,000   | 10                         | (2)                   | -                     |
| Anixter International           | 100     | 4                          | -                     | -                     | Copart                             | 201     | 5                          | -                     | -                     |
| Ansys                           | 100     | 3                          | -                     | -                     | Corelogic                          | 100     | 1                          | -                     | -                     |
| AOL                             | 1,300   | 14                         | (2)                   | -                     | Corporate Executive Board          | 500     | 13                         | (1)                   | -                     |
| Applied Industrial Technologies | 500     | 10                         | (1)                   | -                     | Corrections Corporation of America | 100     | 1                          | -                     | -                     |
| Arbitron                        | 1,710   | 42                         | (3)                   | -                     | Covance                            | 600     | 21                         | (1)                   | -                     |
| Arch Coal                       | 320     | 5                          | -                     | -                     | Coventry Health Care               | 100     | 2                          | -                     | -                     |
| Armstrong World Industries      | 200     | 5                          | -                     | -                     | CR Bard                            | 526     | 32                         | (1)                   | -                     |
| Arris Group                     | 500     | 4                          | -                     | -                     | Cracker Barrel Old Country Store   | 976     | 27                         | (2)                   | -                     |
| Arthrocare                      | 585     | 12                         | -                     | -                     | Crane                              | 200     | 6                          | -                     | -                     |
| Arthur J.Gallagher & Co         | 935     | 16                         | -                     | -                     | CSX                                | 2,591   | 39                         | (2)                   | -                     |
| Arvinmeritor                    | 600     | 5                          | (1)                   | -                     | Cubic                              | 237     | 7                          | -                     | -                     |
| Ascena Retail Group             | 300     | 6                          | -                     | -                     | Cubist Pharmaceuticals             | 678     | 14                         | (1)                   | -                     |
| Ashland                         | 100     | 4                          | -                     | -                     | Cummins                            | 189     | 12                         | -                     | -                     |
| Asiainfo-Linkage                | 300     | 3                          | -                     | -                     | CVS Caremark                       | 400     | 9                          | -                     | -                     |
| Assurant                        | 688     | 15                         | 1                     | -                     | Cypress Semiconductor              | 4,900   | 62                         | (4)                   | -                     |
| AT&T                            | 100     | 2                          | -                     | -                     | D.R. Horton                        | 262     | 2                          | -                     | -                     |
| Atlas Air Worldwide Holdings    | 100     | 3                          | -                     | -                     | DaVita                             | 400     | 20                         | (1)                   | -                     |
| Atlas Energy                    | 156     | 2                          | -                     | -                     | Dean Foods                         | 1,500   | 10                         | -                     | -                     |
| Atmos Energy                    | 623     | 13                         | -                     | -                     | Delek US Holdings                  | 1,099   | 11                         | -                     | -                     |
| Autodesk                        | 500     | 11                         | (1)                   | -                     | Dell                               | 100     | 1                          | -                     | -                     |
| Avista                          | 7       | -                          | -                     | -                     | Delphi Financial Group             | 100     | 2                          | -                     | -                     |
| Avon Products                   | 200     | 3                          | -                     | -                     | Deluxe                             | 100     | 1                          | -                     | -                     |
| Babcock & Wilcox                | 64      | 1                          | -                     | -                     | Denbury Resources                  | 100     | 1                          | -                     | -                     |
| Basic Energy Services           | 1,200   | 24                         | (2)                   | -                     | DG Fastchannel                     | 100     | 2                          | -                     | -                     |
| Belo                            | 227     | 1                          | -                     | -                     | Dicks Sporting Goods               | 16      | -                          | -                     | -                     |
| Best Buy                        | 700     | 12                         | (1)                   | -                     | Directv                            | 100     | 3                          | -                     | -                     |
| Big Lots                        | 200     | 4                          | -                     | -                     | Dollar Tree                        | 100     | 4                          | -                     | -                     |
| Bill Barrett                    | 100     | 3                          | -                     | -                     | Domtar                             | 100     | 5                          | (1)                   | -                     |
| Black Hills                     | 99      | 2                          | -                     | -                     | Dover                              | 1,118   | 42                         | (4)                   | -                     |
| Blackbaud                       | 600     | 9                          | (1)                   | -                     | DPL                                | 44      | 1                          | -                     | -                     |
| Block (H & R)                   | 1,000   | 9                          | -                     | -                     | Dr Pepper Snapple Group            | 793     | 19                         | (1)                   | -                     |
| BMC Software                    | 500     | 14                         | (2)                   | -                     | DTE Energy                         | 478     | 15                         | -                     | -                     |
| Bob Evans Farms                 | 1,380   | 29                         | (1)                   | -                     | Dun & Bradstreet                   | 311     | 14                         | -                     | -                     |
| Boston Properties               | 300     | 20                         | -                     | -                     | Eagle Materials                    | 500     | 7                          | -                     | -                     |
| Brady 'A'                       | 1,616   | 30                         | (2)                   | -                     | East West Bancorp                  | 2,759   | 32                         | (2)                   | -                     |
| BRE Properties                  | 100     | 3                          | -                     | -                     | Eastman Chemical                   | 100     | 6                          | -                     | -                     |
| Brinker International           | 930     | 14                         | (1)                   | -                     | Eaton                              | 100     | 3                          | -                     | -                     |
| Broadcom 'A'                    | 100     | 2                          | -                     | -                     | Eaton Vance                        | 1,904   | 31                         | (2)                   | -                     |
| Brocade Communications Systems  | 1,600   | 5                          | (1)                   | -                     | Echostar                           | 1,100   | 23                         | (2)                   | -                     |
| Brown & Brown                   | 2,200   | 30                         | -                     | -                     | Ecolab                             | 100     | 3                          | -                     | -                     |
| Brown-Forman 'B'                | 100     | 5                          | -                     | -                     | Edison International               | 520     | 12                         | -                     | -                     |
| Buffalo Wild Wings              | 100     | 4                          | -                     | -                     | Emcor Group                        | 500     | 8                          | (1)                   | -                     |
| Cablevision System              | 1,528   | 23                         | (1)                   | -                     | Endo Pharmaceutical                | 600     | 14                         | (1)                   | -                     |
| Caci International              | 800     | 29                         | (2)                   | -                     | Entegris                           | 5,112   | 27                         | (2)                   | -                     |
| Cadence Design Systems          | 500     | 3                          | -                     | -                     | Entergy                            | 263     | 11                         | -                     | -                     |
| Campbell Soup                   | 1,334   | 27                         | (1)                   | -                     | EOG Resources                      | 200     | 13                         | -                     | -                     |
| Cardinal Health                 | 600     | 16                         | (1)                   | -                     | Equifax                            | 300     | 6                          | -                     | -                     |
| Carefusion                      | 139     | 2                          | -                     | -                     | Erie Indemnity 'A'                 | 263     | 12                         | -                     | -                     |
| Cash America International      | 400     | 14                         | (1)                   | -                     | Essex Property Trust               | 300     | 26                         | -                     | -                     |
| Caterpillar                     | 1,232   | 75                         | (4)                   | -                     | Evercore Partners 'A'              | 300     | 5                          | -                     | -                     |
| CB Richard Ellis Group          | 100     | 1                          | -                     | -                     | Exelon                             | 100     | 3                          | -                     | -                     |
| CEC Entertainment               | 500     | 12                         | (1)                   | -                     | Expedia                            | 100     | 2                          | -                     | -                     |
| Celgene                         | 100     | 4                          | -                     | -                     |                                    |         |                            |                       |                       |

# Portfolio statement – continued

As at 31 July 2011

| Investment                             | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % | Investment                  | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % |
|--|---------|----------------------------|-----------------------|-----------------------|-----------------------------|---------|----------------------------|-----------------------|-----------------------|
| Expeditors International of Washington | 200     | 6                          | -                     | -                     | JDA Software                | 500     | 9                          | -                     | -                     |
| Exterran Holdings                      | 638     | 7                          | -                     | -                     | JDS Uniphase                | 1,243   | 10                         | (2)                   | -                     |
| Ezcorp 'A'                             | 289     | 6                          | (1)                   | -                     | Jefferies Group             | 1,700   | 19                         | (2)                   | -                     |
| F5 Network                             | 549     | 32                         | (2)                   | -                     | Jones Group                 | 1,900   | 15                         | -                     | -                     |
| Fair Isaac                             | 300     | 5                          | -                     | -                     | KBR                         | 300     | 6                          | -                     | -                     |
| Fairchild Semiconductor International  | 2,000   | 19                         | (2)                   | -                     | Kennametal                  | 389     | 9                          | (2)                   | -                     |
| Federal Mogul                          | 200     | 2                          | -                     | -                     | Kimberly-Clark              | 500     | 20                         | -                     | -                     |
| Fedex                                  | 314     | 17                         | -                     | -                     | Kindred Healthcare          | 700     | 8                          | (1)                   | -                     |
| FEI Corp                               | 300     | 6                          | (1)                   | -                     | Korn Ferry International    | 501     | 7                          | -                     | -                     |
| Ferro                                  | 786     | 6                          | -                     | -                     | Kronos Worldwide            | 133     | 3                          | -                     | -                     |
| Fidelity National Financial 'A'        | 1,200   | 12                         | 1                     | -                     | L-3 Communications          | 100     | 5                          | -                     | -                     |
| Fidelity National Information Services | 600     | 11                         | -                     | -                     | Leap Wireless International | 820     | 7                          | (1)                   | -                     |
| Fifth Third Bancorp                    | 600     | 5                          | -                     | -                     | Legg Mason                  | 100     | 2                          | -                     | -                     |
| First Midwest Banc                     | 300     | 2                          | -                     | -                     | Legget & Platt              | 100     | 1                          | -                     | -                     |
| First Niagara Financial Group          | 3,000   | 23                         | (2)                   | -                     | Lexmark International 'A'   | 100     | 2                          | -                     | -                     |
| Fiserv                                 | 118     | 4                          | -                     | -                     | Liberty Global 'A'          | 243     | 6                          | -                     | -                     |
| Flowers Foods                          | 600     | 8                          | -                     | -                     | Liberty Global 'C'          | 400     | 10                         | -                     | -                     |
| Fluor                                  | 100     | 4                          | -                     | -                     | Linear Technology           | 155     | 3                          | -                     | -                     |
| Foot Locker                            | 1,117   | 15                         | (1)                   | -                     | Littelfuse                  | 245     | 8                          | (1)                   | -                     |
| Ford Motor Company                     | 600     | 5                          | -                     | -                     | Live Nation Entertainment   | 1,161   | 8                          | -                     | -                     |
| Forward Air                            | 100     | 2                          | -                     | -                     | Lockheed Martin             | 487     | 23                         | (1)                   | -                     |
| Freeport-McMoRan Copper & Gold         | 200     | 7                          | -                     | -                     | Lorillard                   | 690     | 45                         | (2)                   | -                     |
| Fulton Financial                       | 100     | 1                          | -                     | -                     | Lowes                       | 1,312   | 18                         | (1)                   | -                     |
| Gap                                    | 200     | 2                          | -                     | -                     | LSI                         | 6,000   | 27                         | -                     | -                     |
| General Dynamics                       | 400     | 17                         | (1)                   | -                     | M&T Bank                    | 600     | 32                         | (1)                   | -                     |
| General Electric                       | 2,300   | 26                         | -                     | -                     | Macerich                    | 400     | 13                         | -                     | -                     |
| Genon Energy                           | 13,000  | 31                         | (2)                   | -                     | MacQuarie Infrastructure    | 200     | 3                          | -                     | -                     |
| Genuine Parts                          | 1,711   | 56                         | (4)                   | -                     | Macy's                      | 100     | 2                          | -                     | -                     |
| Gilead Sciences                        | 500     | 13                         | -                     | -                     | Madison Square Garden       | 1,000   | 16                         | -                     | -                     |
| Grainger (W.W.)                        | 200     | 18                         | -                     | -                     | Mantech International 'A'   | 300     | 8                          | -                     | -                     |
| Gran Tierra Energy                     | 1,300   | 6                          | 1                     | -                     | Marathon Oil                | 298     | 6                          | -                     | -                     |
| Graphic Packaging                      | 2,543   | 8                          | -                     | -                     | Marriott International      | 999     | 20                         | (2)                   | -                     |
| Group1 Automotive                      | 600     | 18                         | (1)                   | -                     | Martin Marietta             | 389     | 18                         | (1)                   | -                     |
| GT Solar International                 | 300     | 3                          | -                     | -                     | Mastec                      | 100     | 1                          | -                     | -                     |
| Guess                                  | 200     | 5                          | -                     | -                     | Maxim Integrated Products   | 500     | 7                          | -                     | -                     |
| Gulfmark Offshore                      | 100     | 3                          | -                     | -                     | McKesson                    | 100     | 5                          | -                     | -                     |
| Haemonetics                            | 100     | 4                          | -                     | -                     | MDU Resources               | 300     | 4                          | -                     | -                     |
| Hansen Natural                         | 200     | 10                         | -                     | -                     | Mednax                      | 200     | 8                          | -                     | -                     |
| Harley-Davidson                        | 800     | 21                         | (2)                   | -                     | Medtronic                   | 430     | 10                         | -                     | -                     |
| Harman International Industries        | 400     | 10                         | (1)                   | -                     | Mens Wearhouse              | 301     | 6                          | -                     | -                     |
| Harris                                 | 558     | 14                         | (1)                   | -                     | Mentor Graphics             | 2,600   | 18                         | (1)                   | -                     |
| Harsco                                 | 612     | 10                         | (2)                   | -                     | Merck                       | 100     | 2                          | -                     | -                     |
| Hawaiian Electric                      | 100     | 1                          | -                     | -                     | Mercury General             | 400     | 9                          | -                     | -                     |
| Health Management Associates           | 1,590   | 9                          | -                     | -                     | Meredith                    | 300     | 5                          | -                     | -                     |
| Health Net                             | 900     | 16                         | (2)                   | -                     | Meritage Home               | 100     | 1                          | -                     | -                     |
| Hecla Mining                           | 200     | 1                          | -                     | -                     | Metropcs Communications     | 200     | 2                          | -                     | -                     |
| Helix Energy Solutions                 | 194     | 2                          | -                     | -                     | MF Global Holdings          | 2,000   | 9                          | -                     | -                     |
| Herman Miller                          | 615     | 9                          | (1)                   | -                     | MGE Energy                  | 100     | 3                          | -                     | -                     |
| Hershey                                | 214     | 7                          | -                     | -                     | Micron Technology           | 601     | 3                          | -                     | -                     |
| Hertz Global Holdings                  | 300     | 3                          | -                     | -                     | Microsoft                   | 1,100   | 19                         | -                     | -                     |
| Hexcel                                 | 200     | 3                          | -                     | -                     | Minerals Technologies       | 410     | 16                         | (1)                   | -                     |
| Hibbett Sports                         | 514     | 12                         | -                     | -                     | Mohawk Industries           | 200     | 6                          | -                     | -                     |
| Highwoods Properties                   | 300     | 6                          | -                     | -                     | Molex                       | 200     | 3                          | -                     | -                     |
| Hill-Rom Holdings                      | 1,802   | 40                         | (1)                   | -                     | Molina Healthcare           | 3,078   | 44                         | (2)                   | -                     |
| Hologic                                | 100     | 1                          | -                     | -                     | Momenta Pharmaceuticals     | 300     | 3                          | -                     | -                     |
| Honeywell International                | 600     | 20                         | (1)                   | -                     | Monster Worldwide           | 200     | 1                          | -                     | -                     |
| Hubbell 'B'                            | 1,800   | 67                         | (6)                   | -                     | MSC Industrial Direct       | 440     | 17                         | (2)                   | -                     |
| Huntington Bancshares                  | 4,300   | 16                         | -                     | -                     | Murphy Oil                  | 100     | 4                          | -                     | -                     |
| IAC                                    | 20      | 1                          | -                     | -                     | Myriad Genetics             | 950     | 12                         | (2)                   | -                     |
| Idexx Laboratories                     | 400     | 20                         | (1)                   | -                     | NASDAQ OMX                  | 90      | 1                          | -                     | -                     |
| iGATE                                  | 505     | 5                          | (1)                   | -                     | National Oilwell Varco      | 248     | 12                         | -                     | -                     |
| Immunogen                              | 64      | 1                          | -                     | -                     | Navistar International      | 300     | 9                          | -                     | -                     |
| Innophos Holdings                      | 119     | 4                          | -                     | -                     | Nelnet                      | 100     | 1                          | -                     | -                     |
| Integra Lifesciences Holdings          | 300     | 8                          | -                     | -                     | Netscout Systems            | 37      | -                          | -                     | -                     |
| Integrated Device Technology           | 825     | 3                          | -                     | -                     | Neustar                     | 600     | 10                         | -                     | -                     |
| Integrus Energy Group                  | 300     | 9                          | -                     | -                     | New York Times              | 100     | 1                          | -                     | -                     |
| Intel                                  | 200     | 3                          | -                     | -                     | Newell Rubbermaid           | 375     | 3                          | -                     | -                     |
| Intercontinental Exchange              | 200     | 15                         | (1)                   | -                     | Newfield Exploration        | 400     | 17                         | (2)                   | -                     |
| International Game Technology          | 200     | 2                          | -                     | -                     | Newpark Resources           | 550     | 3                          | -                     | -                     |
| International Speedway                 | 500     | 9                          | -                     | -                     | NII Holdings                | 233     | 6                          | -                     | -                     |
| Intuit                                 | 700     | 20                         | (1)                   | -                     | Nike 'B'                    | 800     | 44                         | -                     | -                     |
| Invacare                               | 100     | 2                          | -                     | -                     | Norfolk Southern            | 600     | 28                         | -                     | -                     |
| Investors Bancorp                      | 122     | 1                          | -                     | -                     | Northern Oil & Gas          | 100     | 1                          | -                     | -                     |
| ION Geophysical                        | 171     | 1                          | -                     | -                     | NRG Energy                  | 600     | 9                          | -                     | -                     |
| Itron                                  | 400     | 11                         | -                     | -                     | nTelos                      | 100     | 1                          | -                     | -                     |
| ITT                                    | 204     | 7                          | -                     | -                     | Nuance Communications       | 100     | 1                          | -                     | -                     |
| ITT Educational Services               | 200     | 10                         | -                     | -                     | Nucor                       | 1,300   | 31                         | (2)                   | -                     |
| J2 Global Communications               | 400     | 7                          | -                     | -                     | O'Reilly Automotive         | 682     | 25                         | (1)                   | -                     |
| Jabil Circuit                          | 1,100   | 13                         | (1)                   | -                     | Old Republic International  | 1,825   | 12                         | (1)                   | -                     |
| Janus Capital Group                    | 4,517   | 23                         | (2)                   | -                     | OM Group                    | 599     | 13                         | (1)                   | -                     |
| JB Hunt Transport Services             | 384     | 11                         | (1)                   | -                     | Omnicare                    | 400     | 7                          | -                     | -                     |

# Portfolio statement – continued

As at 31 July 2011

| Investment                         | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % | Investment                    | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % |
|------------------------------------|---------|----------------------------|-----------------------|-----------------------|-------------------------------|---------|----------------------------|-----------------------|-----------------------|
| On Semiconductor                   | 700     | 4                          | -                     | -                     | Sykes Enterprises             | 500     | 6                          | -                     | -                     |
| Oracle                             | 900     | 17                         | (1)                   | -                     | Symantec                      | 1,400   | 17                         | -                     | -                     |
| Orbital Sciences                   | 3,137   | 33                         | (2)                   | -                     | Synnex                        | 667     | 12                         | (1)                   | -                     |
| Owens Corning                      | 100     | 2                          | -                     | -                     | Synopsys                      | 2,001   | 29                         | (1)                   | -                     |
| Paccar                             | 100     | 3                          | -                     | -                     | T. Rowe Price                 | 469     | 16                         | (1)                   | -                     |
| Packaging Corp of America          | 300     | 5                          | -                     | -                     | Take-Two Interactive Software | 600     | 5                          | -                     | -                     |
| Par Pharmaceutical Cos             | 839     | 17                         | (1)                   | -                     | Talbots                       | 300     | 1                          | -                     | -                     |
| Parametric Technology              | 200     | 3                          | -                     | -                     | Target                        | 100     | 3                          | -                     | -                     |
| Parexel International              | 300     | 4                          | -                     | -                     | Taubman Centers               | 100     | 4                          | -                     | -                     |
| Parker-Hannifin                    | 234     | 11                         | (2)                   | -                     | TD Ameritrade                 | 100     | 1                          | -                     | -                     |
| Patriot Coal                       | 700     | 8                          | -                     | -                     | Teco Energy                   | 1,022   | 12                         | -                     | -                     |
| Patterson-UTI Energy               | 200     | 4                          | -                     | -                     | Telephone & Data Systems      | 1,498   | 26                         | (2)                   | -                     |
| PDL BioPharma                      | 200     | 1                          | -                     | -                     | Teletch Holdings              | 200     | 2                          | -                     | -                     |
| Penske Automotive Group            | 409     | 6                          | -                     | -                     | Tesoro                        | 218     | 3                          | -                     | -                     |
| People's United Financial          | 2,400   | 19                         | (1)                   | -                     | Tetra Tech                    | 500     | 7                          | -                     | -                     |
| PepsiCo                            | 100     | 4                          | -                     | -                     | TETRA Technologies            | 800     | 6                          | -                     | -                     |
| PerkinElmer                        | 300     | 5                          | -                     | -                     | Texas Roadhouse               | 500     | 5                          | -                     | -                     |
| Petsmart                           | 700     | 18                         | (1)                   | -                     | Textron                       | 2,100   | 30                         | (3)                   | -                     |
| Pfizer                             | 1,800   | 21                         | -                     | -                     | TFS Financial Services        | 1,072   | 6                          | -                     | -                     |
| PG&E                               | 643     | 17                         | -                     | -                     | Time Warner Cable             | 118     | 5                          | -                     | -                     |
| Pharmaceutical Product Development | 151     | 3                          | -                     | -                     | Timken                        | 400     | 11                         | (1)                   | -                     |
| Pharmasset                         | 100     | 7                          | -                     | -                     | Toll Brothers                 | 478     | 6                          | -                     | -                     |
| Philip Morris International        | 900     | 40                         | -                     | -                     | Tootsie Roll Industries       | 185     | 3                          | -                     | -                     |
| Pier 1 Imports                     | 1,814   | 12                         | (1)                   | -                     | Total System Services         | 900     | 11                         | -                     | -                     |
| Pinnacle West Capital              | 630     | 16                         | (1)                   | -                     | Tractor Supply                | 600     | 24                         | (1)                   | -                     |
| Pioneer Drilling                   | 400     | 4                          | -                     | -                     | Treehouse Foods               | 100     | 3                          | -                     | -                     |
| Pitney Bowes                       | 200     | 3                          | -                     | -                     | Trustmark                     | 200     | 3                          | -                     | -                     |
| Plantronics                        | 400     | 9                          | -                     | -                     | TRW Automotive                | 500     | 16                         | (1)                   | -                     |
| Plexus                             | 900     | 16                         | (1)                   | -                     | Tyson Foods 'A'               | 100     | 1                          | -                     | -                     |
| PMC-Sierra                         | 9,160   | 40                         | (4)                   | -                     | UDR                           | 700     | 11                         | -                     | -                     |
| PNM Resources                      | 596     | 6                          | -                     | -                     | UGI                           | 1,063   | 20                         | (1)                   | -                     |
| Polycom                            | 800     | 14                         | (2)                   | -                     | Umpqua Holdings               | 2,255   | 16                         | -                     | -                     |
| Portland General Electric          | 1,464   | 22                         | -                     | -                     | Unisource Energy              | 200     | 5                          | -                     | -                     |
| Potlatch Group                     | 100     | 2                          | -                     | -                     | Unisys                        | 527     | 7                          | (1)                   | -                     |
| PPG Industries                     | 1,079   | 56                         | (2)                   | -                     | Unit                          | 300     | 11                         | -                     | -                     |
| Pricesmart                         | 200     | 7                          | -                     | -                     | United Continental            | 900     | 9                          | (1)                   | -                     |
| Principal Financial Group          | 296     | 5                          | -                     | -                     | United Parcel Service 'B'     | 100     | 4                          | -                     | -                     |
| Progress Software                  | 700     | 11                         | -                     | -                     | United Rental                 | 100     | 1                          | -                     | -                     |
| Prologis                           | 100     | 2                          | -                     | -                     | United Therapeutics           | 200     | 7                          | -                     | -                     |
| Protective Life                    | 1,236   | 16                         | (1)                   | -                     | URS                           | 832     | 21                         | (2)                   | -                     |
| Prudential Financial               | 380     | 14                         | (1)                   | -                     | US Airways Group              | 1,700   | 6                          | -                     | -                     |
| Public Service Enterprise Group    | 517     | 11                         | -                     | -                     | US Bancorp                    | 200     | 3                          | -                     | -                     |
| Pulte Group                        | 1,933   | 8                          | -                     | -                     | US Cellular                   | 3       | -                          | -                     | -                     |
| QEP Resources                      | 300     | 8                          | -                     | -                     | Valero Energy                 | 321     | 5                          | -                     | -                     |
| QLogic                             | 100     | 1                          | -                     | -                     | Valhi                         | 100     | 3                          | -                     | -                     |
| Quantum                            | 38      | -                          | -                     | -                     | Valley National Bank          | 113     | 1                          | -                     | -                     |
| Quest Software                     | 1,000   | 12                         | -                     | -                     | Vectren                       | 1,000   | 16                         | (1)                   | -                     |
| Quiksilver                         | 1,280   | 4                          | -                     | -                     | Veeco Instruments             | 173     | 4                          | -                     | -                     |
| Rackspace Hosting                  | 100     | 3                          | -                     | -                     | Visa 'A'                      | 100     | 5                          | -                     | -                     |
| Raytheon                           | 364     | 10                         | -                     | -                     | Vishay International          | 800     | 7                          | (1)                   | -                     |
| Regeneron Pharmaceuticals          | 100     | 3                          | -                     | -                     | Waddell & Reed Financial      | 600     | 13                         | -                     | -                     |
| Reliance Steel & Aluminum          | 100     | 3                          | -                     | -                     | Walgreen                      | 500     | 12                         | (1)                   | -                     |
| Republic Services                  | 900     | 16                         | (1)                   | -                     | Wal-Mart Stores               | 100     | 3                          | -                     | -                     |
| Resmed                             | 200     | 4                          | -                     | -                     | Waste Management              | 600     | 12                         | (2)                   | -                     |
| RLI                                | 100     | 4                          | -                     | -                     | Watts Water Technologies      | 871     | 18                         | (2)                   | -                     |
| Rock-Tenn                          | 300     | 11                         | -                     | -                     | Wellcare Health Plans         | 400     | 12                         | (1)                   | -                     |
| Royal Gold                         | 207     | 8                          | -                     | -                     | Wellpoint                     | 100     | 4                          | -                     | -                     |
| RPC                                | 118     | 2                          | -                     | -                     | Wells Fargo                   | 1,200   | 21                         | -                     | -                     |
| RSC Holdings                       | 8,266   | 61                         | (3)                   | -                     | Werner Enterprises            | 700     | 10                         | -                     | -                     |
| Ruby Tuesday                       | 138     | 1                          | -                     | -                     | Western Digital               | 3,174   | 69                         | (4)                   | -                     |
| Safeway                            | 999     | 12                         | -                     | -                     | Williams                      | 300     | 6                          | -                     | -                     |
| Sally Beauty Holdings              | 100     | 1                          | -                     | -                     | Wintrust Financial            | 300     | 6                          | -                     | -                     |
| Sanmina-SCI                        | 400     | 3                          | 1                     | -                     | WMS Industries                | 600     | 11                         | 1                     | -                     |
| Sara Lee                           | 900     | 11                         | -                     | -                     | Wolverine Worldwide           | 2,100   | 49                         | (2)                   | -                     |
| Scientific Games                   | 1,800   | 10                         | (1)                   | -                     | Worthington Industries        | 100     | 1                          | -                     | -                     |
| Sealed Air                         | 1,600   | 21                         | (1)                   | -                     | WR Grace & Company            | 500     | 16                         | 1                     | -                     |
| SEI Investments                    | 1,869   | 23                         | (2)                   | -                     | Xilinx                        | 500     | 10                         | -                     | -                     |
| Service Corporation International  | 316     | 2                          | -                     | -                     | Zebra Technologies            | 200     | 5                          | -                     | -                     |
| Signature Bank                     | 210     | 8                          | -                     | -                     | Zimmer                        | 196     | 7                          | -                     | -                     |
| Simon Property Group               | 400     | 30                         | -                     | -                     | Zions Bancorporation          | 4,001   | 54                         | (3)                   | -                     |
| Sirona Dental Systems              | 100     | 3                          | -                     | -                     |                               |         |                            |                       |                       |
| Southwest Airlines                 | 100     | 1                          | -                     | -                     |                               |         | 5,328                      |                       |                       |
| Southwest Gas                      | 1,187   | 27                         | (2)                   | -                     | <b>Short Positions</b>        |         |                            |                       |                       |
| Stanley Black & Decker             | 517     | 21                         | (2)                   | -                     | A.O. Smith                    | (500)   | (13)                       | 1                     | -                     |
| State Street                       | 900     | 23                         | (1)                   | -                     | Acacia Research               | (700)   | (19)                       | -                     | -                     |
| Steel Dynamics                     | 3,700   | 35                         | (2)                   | -                     | Acme Packet                   | (500)   | (18)                       | 2                     | -                     |
| Stone Energy                       | 132     | 3                          | -                     | -                     | Activision Blizzard           | (22)    | -                          | -                     | -                     |
| Stryker                            | 100     | 3                          | -                     | -                     | Actuant 'A'                   | (100)   | (2)                        | -                     | -                     |
| SUPERVALU                          | 500     | 3                          | -                     | -                     | Adtran                        | (100)   | (2)                        | -                     | -                     |
| SVB Financial Group                | 800     | 30                         | (1)                   | -                     | Aeropostale                   | (200)   | (2)                        | -                     | -                     |
| Swift Energy                       | 200     | 5                          | -                     | -                     | Agco                          | (200)   | (6)                        | -                     | -                     |
|                                    |         |                            |                       |                       | AK Steel Holding              | (1,940) | (14)                       | 1                     | -                     |

# Portfolio statement – continued

As at 31 July 2011

| Investment                     | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % | Investment                     | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % |
|--------------------------------|---------|----------------------------|-----------------------|-----------------------|--------------------------------|---------|----------------------------|-----------------------|-----------------------|
| Alexander & Baldwin            | (100)   | (3)                        | -                     | -                     | Chart Industries               | (100)   | (3)                        | -                     | -                     |
| Align Technology               | (100)   | (1)                        | -                     | -                     | Chemed                         | (200)   | (7)                        | -                     | -                     |
| Allegheny Technologies         | (300)   | (11)                       | -                     | -                     | Chesapeake Energy              | (200)   | (4)                        | -                     | -                     |
| Allergan                       | (100)   | (5)                        | -                     | -                     | Ciena                          | (700)   | (7)                        | 1                     | -                     |
| Allete                         | (100)   | (2)                        | -                     | -                     | Cigna                          | (317)   | (10)                       | -                     | -                     |
| Alliant Energy                 | (100)   | (2)                        | -                     | -                     | Cincinnati Financial           | (53)    | (1)                        | -                     | -                     |
| Allstate                       | (235)   | (4)                        | -                     | -                     | Cirrus Logic                   | (400)   | (4)                        | -                     | -                     |
| Altera                         | (100)   | (2)                        | -                     | -                     | Clarcor                        | (600)   | (16)                       | 2                     | -                     |
| Altria Group                   | (1,836) | (30)                       | -                     | -                     | Clear Channel Outdoor 'A'      | (1,398) | (10)                       | 1                     | -                     |
| Amazon                         | (100)   | (14)                       | -                     | -                     | Clearwire                      | (200)   | -                          | -                     | -                     |
| American Axle & Manufacturing  | (100)   | (1)                        | -                     | -                     | Cleco                          | (892)   | (19)                       | -                     | -                     |
| American Capital               | (1,200) | (7)                        | -                     | -                     | Clorox                         | (38)    | (2)                        | -                     | -                     |
| American Express               | (200)   | (6)                        | -                     | -                     | CNO Financial Group            | (3,800) | (17)                       | -                     | -                     |
| American Tower 'A'             | (251)   | (8)                        | -                     | -                     | Coca-Cola                      | (800)   | (34)                       | -                     | -                     |
| Amerigroup                     | (172)   | (7)                        | 1                     | -                     | Cognizant Technology Solutions | (100)   | (4)                        | -                     | -                     |
| Ametek                         | (112)   | (3)                        | -                     | -                     | Cohen & Steers                 | (2,000) | (49)                       | -                     | -                     |
| Amphenol                       | (1,136) | (34)                       | 2                     | -                     | Colfax Group                   | (297)   | (4)                        | -                     | -                     |
| AMR                            | (3,200) | (8)                        | -                     | -                     | Comcast 'A'                    | (100)   | (1)                        | -                     | -                     |
| Amtrust Financial Services     | (20)    | -                          | -                     | -                     | Comerica                       | (1,300) | (26)                       | 1                     | -                     |
| Analog Devices                 | (300)   | (6)                        | -                     | -                     | Commercial Metals              | (3,600) | (32)                       | (1)                   | -                     |
| Apollo Group                   | (100)   | (3)                        | -                     | -                     | Community Health Systems       | (100)   | (2)                        | -                     | -                     |
| Apollo Investment              | (2,000) | (12)                       | -                     | -                     | Commvault Systems              | (100)   | (2)                        | -                     | -                     |
| Applied Materials              | (1,600) | (12)                       | -                     | -                     | Compuware                      | (100)   | (1)                        | -                     | -                     |
| Aptargroup                     | (300)   | (9)                        | -                     | -                     | Comstock Resources             | (200)   | (4)                        | -                     | -                     |
| Archer-Daniels                 | (576)   | (11)                       | -                     | -                     | Concur Technologies            | (200)   | (5)                        | 1                     | -                     |
| Ariba                          | (200)   | (4)                        | -                     | -                     | Consolidated Edison            | (1,500) | (49)                       | -                     | -                     |
| Arrow Electronics              | (800)   | (17)                       | 1                     | -                     | Continental Resources          | (75)    | (3)                        | -                     | -                     |
| Aruba Networks                 | (442)   | (6)                        | 1                     | -                     | Corning                        | (200)   | (2)                        | -                     | -                     |
| Aspen Technology               | (2,507) | (24)                       | 2                     | -                     | Costar Group                   | (100)   | (4)                        | -                     | -                     |
| Astoria Financial              | (1,600) | (11)                       | 2                     | -                     | Covanta Holding                | (200)   | (2)                        | -                     | -                     |
| Athenahealth                   | (100)   | (4)                        | -                     | -                     | Cree                           | (200)   | (4)                        | -                     | -                     |
| Atwood Oceanics                | (300)   | (9)                        | -                     | -                     | Crown Castle International     | (625)   | (17)                       | -                     | -                     |
| Autonation                     | (607)   | (14)                       | -                     | -                     | CTC Media                      | (98)    | (1)                        | -                     | -                     |
| Avis Budget Group              | (100)   | (1)                        | -                     | -                     | CVB Financial                  | (500)   | (3)                        | -                     | -                     |
| AVX                            | (600)   | (5)                        | -                     | -                     | CVR Energy                     | (500)   | (8)                        | -                     | -                     |
| B&G Foods                      | (154)   | (2)                        | -                     | -                     | Cymer                          | (337)   | (9)                        | 1                     | -                     |
| Balchem                        | (100)   | (3)                        | -                     | -                     | Cytec Industries               | (500)   | (17)                       | -                     | -                     |
| Ball                           | (100)   | (2)                        | -                     | -                     | Dana Holding                   | (400)   | (4)                        | -                     | -                     |
| Bally Technologies             | (185)   | (5)                        | -                     | -                     | Danaher                        | (1,000) | (30)                       | 2                     | -                     |
| BancorpSouth                   | (200)   | (2)                        | -                     | -                     | Darling International          | (200)   | (2)                        | -                     | -                     |
| Bank of America                | (700)   | (4)                        | -                     | -                     | DealerTrack                    | (701)   | (10)                       | -                     | -                     |
| Bank of Hawaii                 | (86)    | (2)                        | -                     | -                     | Deere & Co                     | (400)   | (20)                       | 1                     | -                     |
| Bank of New York Mellon        | (1,955) | (30)                       | 1                     | -                     | Delta Air Lines                | (1,100) | (5)                        | -                     | -                     |
| Barnes Group                   | (207)   | (3)                        | -                     | -                     | Developers Diversified Realty  | (400)   | (4)                        | -                     | -                     |
| BB&T                           | (2,065) | (33)                       | -                     | -                     | Dexcom                         | (580)   | (5)                        | 1                     | -                     |
| Bed Bath & Beyond              | (100)   | (4)                        | -                     | -                     | Diamond Offshore               | (444)   | (19)                       | -                     | -                     |
| Belden                         | (200)   | (5)                        | -                     | -                     | Diebold                        | (200)   | (4)                        | -                     | -                     |
| BGC Partners                   | (900)   | (5)                        | -                     | -                     | Digital River                  | (183)   | (3)                        | -                     | -                     |
| BJ's Restaurants               | (299)   | (9)                        | 2                     | -                     | Discover Financial Services    | (1,000) | (16)                       | -                     | -                     |
| Blackrock 'A'                  | (200)   | (22)                       | 1                     | -                     | Discovery Communications 'C'   | (100)   | (2)                        | -                     | -                     |
| Blount International           | (100)   | (1)                        | -                     | -                     | Dolby Laboratories             | (400)   | (11)                       | -                     | -                     |
| Boeing                         | (100)   | (4)                        | -                     | -                     | Dominion Resources             | (1,240) | (37)                       | -                     | -                     |
| Borgwarner                     | (300)   | (15)                       | (1)                   | -                     | Domino's Pizza                 | (500)   | (8)                        | -                     | -                     |
| Boston Scientific              | (200)   | (1)                        | -                     | -                     | Donaldson                      | (300)   | (10)                       | 1                     | -                     |
| Bottomline Technologies        | (185)   | (3)                        | -                     | -                     | Dow Chemical                   | (600)   | (13)                       | -                     | -                     |
| Brightpoint                    | (100)   | -                          | -                     | -                     | Dreamworks Animation SKG 'A'   | (800)   | (11)                       | -                     | -                     |
| Bristol-Myers Squibb           | (600)   | (11)                       | -                     | -                     | Dresser Rand Group             | (200)   | (7)                        | -                     | -                     |
| Broadridge Financial Solutions | (1,300) | (19)                       | -                     | -                     | Dril Quip                      | (200)   | (9)                        | -                     | -                     |
| Brookdale Senior Living        | (200)   | (3)                        | -                     | -                     | DSW 'A'                        | (751)   | (25)                       | -                     | -                     |
| Bruker                         | (400)   | (4)                        | 1                     | -                     | Du Pont de Nemours             | (100)   | (3)                        | -                     | -                     |
| Buckeye Technologies           | (95)    | (2)                        | -                     | -                     | Duke Energy                    | (111)   | (1)                        | -                     | -                     |
| Buckle                         | (400)   | (11)                       | -                     | -                     | E Trade Financial              | (1,300) | (13)                       | -                     | -                     |
| Cabela's                       | (421)   | (7)                        | -                     | -                     | Edwards Lifesciences           | (1,044) | (46)                       | 4                     | -                     |
| Cabot Oil & Gas                | (100)   | (5)                        | -                     | -                     | El Paso                        | (100)   | (1)                        | -                     | -                     |
| Calpine                        | (700)   | (7)                        | -                     | -                     | El Paso Electric               | (1,186) | (24)                       | -                     | -                     |
| Capital One Financial          | (300)   | (9)                        | -                     | -                     | Electronic Arts                | (1,600) | (22)                       | 2                     | -                     |
| Capitalsource                  | (700)   | (3)                        | -                     | -                     | Eli Lilly & Co                 | (1,071) | (25)                       | -                     | -                     |
| Capitol Federal Financial      | (400)   | (3)                        | -                     | -                     | EMC                            | (2,500) | (41)                       | 2                     | -                     |
| Career Education               | (100)   | (1)                        | -                     | -                     | Emerson Electric               | (100)   | (3)                        | -                     | -                     |
| Carlisle Companies             | (362)   | (10)                       | -                     | -                     | Empire District Electric       | (100)   | (1)                        | -                     | -                     |
| Carmax                         | (1,677) | (33)                       | -                     | -                     | Energen                        | (191)   | (7)                        | -                     | -                     |
| Carpenter Technology           | (141)   | (5)                        | -                     | -                     | Enpro Industries               | (200)   | (6)                        | -                     | -                     |
| Casey's General Stores         | (787)   | (22)                       | 1                     | -                     | EQT                            | (100)   | (4)                        | -                     | -                     |
| Cavium                         | (400)   | (8)                        | 2                     | -                     | Equity One                     | (600)   | (7)                        | -                     | -                     |
| CBS 'B'                        | (100)   | (2)                        | -                     | -                     | Estee Lauder 'A'               | (644)   | (42)                       | -                     | -                     |
| Celanese                       | (600)   | (20)                       | 1                     | -                     | Esterline Technologies         | (400)   | (18)                       | 1                     | -                     |
| Centene                        | (600)   | (13)                       | -                     | -                     | Exelixis                       | (400)   | (2)                        | -                     | -                     |
| Centerpoint Energy             | (600)   | (7)                        | -                     | -                     | Fastenal                       | (3,884) | (81)                       | -                     | -                     |
| Cerner                         | (294)   | (11)                       | -                     | -                     | FBL Financial Group            | (300)   | (6)                        | -                     | -                     |
| CH Robinson Worldwide          | (827)   | (37)                       | 2                     | -                     | Federated Investors 'B'        | (100)   | (1)                        | -                     | -                     |
| Charles River Laboratories     | (160)   | (4)                        | -                     | -                     | Fifth Street Finance           | (200)   | (1)                        | -                     | -                     |

# Portfolio statement – continued

As at 31 July 2011

| Investment                         | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % | Investment                        | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % |
|------------------------------------|---------|----------------------------|-----------------------|--------------------|-----------------------------------|---------|----------------------------|-----------------------|--------------------|
| First Horizon National             | (6,522) | (36)                       | 2                     | -                  | Knight Capital                    | (5,975) | (41)                       | -                     | -                  |
| Flir Systems                       | (500)   | (8)                        | -                     | -                  | Kroger                            | (500)   | (8)                        | -                     | -                  |
| Flowserve                          | (200)   | (12)                       | 2                     | -                  | Laboratory Corporation of America | (1,100) | (61)                       | 2                     | -                  |
| FMC                                | (268)   | (15)                       | -                     | -                  | Lam Research                      | (100)   | (3)                        | -                     | -                  |
| FMC Technologies                   | (272)   | (8)                        | -                     | -                  | Landstar Systems                  | (1,191) | (33)                       | 2                     | -                  |
| FNB                                | (560)   | (3)                        | -                     | -                  | Lennox International              | (1,100) | (24)                       | -                     | -                  |
| Forest Laboratories                | (100)   | (2)                        | -                     | -                  | Level 3 Communications            | (1,200) | (2)                        | -                     | -                  |
| Forest Oil                         | (300)   | (5)                        | -                     | -                  | Liberty Media                     | (100)   | (5)                        | -                     | -                  |
| Fortune Brands                     | (265)   | (10)                       | 1                     | -                  | Liberty Media Interactive         | (400)   | (4)                        | -                     | -                  |
| Franklin Electric                  | (500)   | (13)                       | 1                     | -                  | Liberty Property Trust            | (600)   | (13)                       | -                     | -                  |
| Frontier Communications 'B'        | (480)   | (2)                        | -                     | -                  | Limited Brands                    | (200)   | (5)                        | -                     | -                  |
| Gartner                            | (100)   | (2)                        | -                     | -                  | Lincare                           | (500)   | (8)                        | -                     | -                  |
| GATX                               | (600)   | (14)                       | (1)                   | -                  | Loral Space & Communications      | (502)   | (20)                       | 1                     | -                  |
| Gaylord Entertainment              | (400)   | (7)                        | -                     | -                  | Louisiana-Pacific                 | (1,325) | (6)                        | -                     | -                  |
| General Cable                      | (400)   | (10)                       | 1                     | -                  | Lufkin Industries                 | (184)   | (9)                        | -                     | -                  |
| General Mills                      | (100)   | (2)                        | -                     | -                  | MAKO Surgical                     | (517)   | (9)                        | 1                     | -                  |
| Genesee & Wyoming 'A'              | (400)   | (14)                       | 1                     | -                  | Manitowoc                         | (200)   | (2)                        | -                     | -                  |
| Genex                              | (100)   | (2)                        | -                     | -                  | Marsh & McLennan                  | (306)   | (6)                        | -                     | -                  |
| Genworth Financial                 | (400)   | (2)                        | -                     | -                  | Masco                             | (780)   | (5)                        | -                     | -                  |
| GEO Group                          | (901)   | (12)                       | 1                     | -                  | Masimo                            | (348)   | (6)                        | 1                     | -                  |
| Glacier Bancorp                    | (30)    | -                          | -                     | -                  | Mattel                            | (4,600) | (75)                       | 1                     | -                  |
| Global Payments                    | (2,000) | (59)                       | 1                     | -                  | McCormick & Co                    | (1,500) | (45)                       | -                     | -                  |
| Goodrich                           | (624)   | (36)                       | 1                     | -                  | McDonald's                        | (700)   | (37)                       | -                     | -                  |
| Goodyear Tire & Rubber             | (200)   | (2)                        | -                     | -                  | McGraw-Hill                       | (100)   | (3)                        | -                     | -                  |
| Graco                              | (100)   | (3)                        | -                     | -                  | McMoran Exploration               | (100)   | (1)                        | -                     | -                  |
| Graftech International             | (885)   | (11)                       | 2                     | -                  | MDC Holdings                      | (611)   | (9)                        | -                     | -                  |
| Great Plains Energy                | (106)   | (1)                        | -                     | -                  | MeadWestvaco                      | (572)   | (11)                       | 1                     | -                  |
| Griffon                            | (116)   | (1)                        | -                     | -                  | MEMC Electronic Materials         | (1,100) | (5)                        | -                     | -                  |
| Gulfport Energy                    | (600)   | (13)                       | -                     | -                  | Mercadolibre                      | (100)   | (5)                        | -                     | -                  |
| Hain Celestial Group               | (100)   | (2)                        | -                     | -                  | MGM Mirage                        | (2,100) | (20)                       | -                     | -                  |
| Halliburton                        | (100)   | (3)                        | -                     | -                  | Microchip Technology              | (400)   | (8)                        | -                     | -                  |
| Hancock Holding                    | (874)   | (18)                       | (2)                   | -                  | MKS Instruments                   | (1,105) | (17)                       | 1                     | -                  |
| Hanesbrands                        | (800)   | (15)                       | -                     | -                  | Mobile Mini                       | (1,000) | (13)                       | 1                     | -                  |
| Hanover Insurance Group            | (100)   | (2)                        | -                     | -                  | Molson Coors Brewing 'B'          | (200)   | (6)                        | -                     | -                  |
| Hartford Financial Services Group  | (500)   | (7)                        | -                     | -                  | MoneyGram International           | (93)    | -                          | -                     | -                  |
| HB Fuller                          | (100)   | (1)                        | -                     | -                  | Monro Muffler                     | (500)   | (11)                       | -                     | -                  |
| HCC Insurance                      | (200)   | (4)                        | -                     | -                  | Monsanto                          | (400)   | (18)                       | -                     | -                  |
| Healthcare Services Group          | (1,065) | (10)                       | 1                     | -                  | Moody's                           | (100)   | (2)                        | -                     | -                  |
| HealthSouth                        | (579)   | (9)                        | -                     | -                  | Moog                              | (100)   | (3)                        | -                     | -                  |
| HealthSpring                       | (200)   | (5)                        | 1                     | -                  | Morningstar                       | (99)    | (4)                        | -                     | -                  |
| Henry Schein                       | (600)   | (25)                       | 3                     | -                  | MSCI 'A'                          | (100)   | (2)                        | -                     | -                  |
| Hewlett Packard                    | (500)   | (11)                       | -                     | -                  | Mueller Industries                | (746)   | (17)                       | 1                     | -                  |
| Hillenbrand                        | (99)    | (1)                        | -                     | -                  | MWI Veterinary Supply             | (100)   | (5)                        | -                     | -                  |
| HMS Holdings                       | (300)   | (14)                       | -                     | -                  | Mylan Laboratories                | (500)   | (7)                        | -                     | -                  |
| Hospitality Properties Trust       | (1,200) | (18)                       | -                     | -                  | National Cinemedia                | (200)   | (2)                        | -                     | -                  |
| Host Hotels & Resorts              | (500)   | (5)                        | -                     | -                  | National Fuel Gas                 | (300)   | (13)                       | -                     | -                  |
| Hub Group 'A'                      | (600)   | (13)                       | -                     | -                  | National Instruments              | (700)   | (11)                       | -                     | -                  |
| Hudson City Bank                   | (6,000) | (30)                       | -                     | -                  | National Penn Bancshares          | (500)   | (2)                        | -                     | -                  |
| Human Genome Sciences              | (1,100) | (14)                       | 1                     | -                  | Nektar Therapeutics               | (1,204) | (5)                        | 1                     | -                  |
| Huntington Ingalls Industries      | (710)   | (15)                       | -                     | -                  | NetLogic Microsystems             | (100)   | (2)                        | -                     | -                  |
| IBM                                | (300)   | (34)                       | 1                     | -                  | NetSuite                          | (333)   | (7)                        | 1                     | -                  |
| Iconix Brand Group                 | (300)   | (4)                        | -                     | -                  | New Jersey Resources              | (417)   | (11)                       | 1                     | -                  |
| IDA                                | (400)   | (10)                       | -                     | -                  | New York Community Bank           | (5,300) | (44)                       | 3                     | -                  |
| Illinois Tool Works                | (200)   | (6)                        | -                     | -                  | Nextera Energy                    | (198)   | (7)                        | -                     | -                  |
| Illumina                           | (100)   | (4)                        | 1                     | -                  | NiSource                          | (1,500) | (19)                       | 1                     | -                  |
| Incyte                             | (300)   | (3)                        | -                     | -                  | Nordstrom                         | (100)   | (3)                        | -                     | -                  |
| Ingram Micro                       | (400)   | (4)                        | -                     | -                  | Northeast Utilities               | (300)   | (6)                        | -                     | -                  |
| Insituform Technologies Class 'A'  | (100)   | (1)                        | -                     | -                  | Northern Trust                    | (200)   | (5)                        | -                     | -                  |
| Insulet                            | (200)   | (2)                        | -                     | -                  | Northwest Natural Gas             | (129)   | (4)                        | -                     | -                  |
| Interface 'A'                      | (732)   | (7)                        | 1                     | -                  | Northwestern                      | (200)   | (4)                        | -                     | -                  |
| Intermune                          | (100)   | (2)                        | -                     | -                  | Novellus Systems                  | (1,335) | (26)                       | 1                     | -                  |
| International Bancshares           | (99)    | (1)                        | -                     | -                  | NSTAR                             | (100)   | (3)                        | -                     | -                  |
| International Flavors & Fragrances | (124)   | (5)                        | -                     | -                  | NuVasive                          | (200)   | (4)                        | -                     | -                  |
| International Rectifier            | (100)   | (2)                        | -                     | -                  | NV Energy                         | (190)   | (2)                        | -                     | -                  |
| Interpublic Group                  | (500)   | (3)                        | 1                     | -                  | NxStage Medical                   | (100)   | (1)                        | -                     | -                  |
| Intersil 'A'                       | (1,300) | (10)                       | -                     | -                  | Occidental Petroleum              | (55)    | (3)                        | -                     | -                  |
| Iron Mountain                      | (100)   | (2)                        | -                     | -                  | Oceaneering International         | (200)   | (5)                        | -                     | -                  |
| Jacobs Engineering Group           | (100)   | (2)                        | -                     | -                  | Ocwen Financial                   | (700)   | (5)                        | -                     | -                  |
| Jetblue Airways                    | (4,831) | (14)                       | 2                     | -                  | Old National Bancorp (Indiana)    | (200)   | (1)                        | -                     | -                  |
| John Wiley & Sons                  | (25)    | (1)                        | -                     | -                  | Olin                              | (2,100) | (27)                       | -                     | -                  |
| Johnson & Johnson                  | (100)   | (4)                        | -                     | -                  | Omnicom Group                     | (1,200) | (35)                       | -                     | -                  |
| Johnson Controls                   | (1,900) | (43)                       | 3                     | -                  | OmniVision Technologies           | (200)   | (4)                        | -                     | -                  |
| K12                                | (1,240) | (24)                       | 2                     | -                  | ONEOK                             | (200)   | (9)                        | -                     | -                  |
| Kaiser Aluminum                    | (100)   | (3)                        | -                     | -                  | Onyx Pharmaceuticals              | (100)   | (2)                        | -                     | -                  |
| Kansas City Southern               | (100)   | (4)                        | -                     | -                  | Opko Health                       | (100)   | -                          | -                     | -                  |
| Kellogg                            | (100)   | (3)                        | -                     | -                  | Oshkosh                           | (100)   | (2)                        | -                     | -                  |
| Key                                | (2,500) | (12)                       | -                     | -                  | Overseas Shipholding              | (400)   | (6)                        | -                     | -                  |
| Key Energy Services                | (700)   | (8)                        | -                     | -                  | Owens & Minor                     | (1,100) | (20)                       | 1                     | -                  |
| Kimco Realty                       | (1,000) | (12)                       | 1                     | -                  | Panera Bread 'A'                  | (100)   | (7)                        | 1                     | -                  |
| Kinetic Concepts                   | (100)   | (4)                        | -                     | -                  | Patterson Companies               | (700)   | (13)                       | 1                     | -                  |
| KLA-Tencor                         | (100)   | (3)                        | -                     | -                  | Peabody Energy                    | (823)   | (29)                       | 2                     | -                  |

# Portfolio statement – continued

As at 31 July 2011

| Investment                       | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % | Investment                    | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % |
|----------------------------------|---------|----------------------------|-----------------------|--------------------|-------------------------------|---------|----------------------------|-----------------------|--------------------|
| Pegasystems                      | (282)   | (7)                        | 1                     | -                  | Staples                       | (900)   | (9)                        | -                     | -                  |
| Penn National Gaming             | (100)   | (3)                        | -                     | -                  | Steelcase                     | (2,338) | (14)                       | 2                     | -                  |
| Pentair                          | (200)   | (5)                        | -                     | -                  | Stericycle                    | (328)   | (17)                       | 1                     | -                  |
| Pepco Holdings                   | (300)   | (3)                        | -                     | -                  | STERIS                        | (200)   | (4)                        | -                     | -                  |
| Perrigo                          | (100)   | (6)                        | -                     | -                  | Stifel Financial              | (400)   | (9)                        | -                     | -                  |
| PHH                              | (400)   | (5)                        | -                     | -                  | SuccessFactors                | (300)   | (5)                        | -                     | -                  |
| Piedmont Natural Gas             | (158)   | (3)                        | -                     | -                  | Sunoco                        | (18)    | -                          | -                     | -                  |
| Plains Exploration & Production  | (100)   | (2)                        | -                     | -                  | SunTrust Banks                | (100)   | (2)                        | -                     | -                  |
| Polo Ralph Lauren                | (126)   | (10)                       | -                     | -                  | Syntel                        | (765)   | (26)                       | 2                     | -                  |
| Pool                             | (500)   | (8)                        | -                     | -                  | TCF Financial                 | (3,045) | (24)                       | -                     | -                  |
| Power Integrations               | (700)   | (15)                       | 1                     | -                  | Teledyne Technologies         | (500)   | (16)                       | (1)                   | -                  |
| PPL                              | (300)   | (5)                        | -                     | -                  | Tellabs                       | (100)   | -                          | -                     | -                  |
| Precision Castparts              | (100)   | (10)                       | -                     | -                  | Temple-Inland                 | (185)   | (3)                        | -                     | -                  |
| Progressive                      | (300)   | (4)                        | -                     | -                  | Tenneco                       | (400)   | (10)                       | -                     | -                  |
| PVH                              | (285)   | (13)                       | -                     | -                  | Teradata                      | (339)   | (11)                       | 1                     | -                  |
| Qualcomm                         | (1,100) | (37)                       | 2                     | -                  | Teradyne                      | (100)   | (1)                        | -                     | -                  |
| Quality Systems                  | (100)   | (6)                        | -                     | -                  | Terex                         | (900)   | (12)                       | 2                     | -                  |
| Quanta Services                  | (629)   | (7)                        | -                     | -                  | Texas Capital Bank            | (1,700) | (29)                       | 1                     | -                  |
| Quest Diagnostics                | (1,754) | (59)                       | 2                     | -                  | Texas Industries              | (1,300) | (31)                       | 2                     | -                  |
| Questar                          | (500)   | (6)                        | -                     | -                  | Texas Instruments             | (300)   | (6)                        | -                     | -                  |
| Questcor Pharmaceutical          | (100)   | (2)                        | -                     | -                  | The Travelers Companies       | (1,600) | (55)                       | 2                     | -                  |
| Quicksilver Resources            | (1,107) | (10)                       | -                     | -                  | Theravance                    | (400)   | (5)                        | -                     | -                  |
| R.R. Donnelley & Sons            | (100)   | (1)                        | -                     | -                  | Thor Industries               | (903)   | (14)                       | 2                     | -                  |
| Radioshack                       | (2,700) | (23)                       | 2                     | -                  | TIBCO Software                | (100)   | (2)                        | -                     | -                  |
| Rambus                           | (4,600) | (41)                       | 2                     | -                  | Tiffany & Co                  | (210)   | (10)                       | -                     | -                  |
| Range Resources                  | (100)   | (4)                        | -                     | -                  | Time Warner                   | (400)   | (9)                        | -                     | -                  |
| Raymond James Financial          | (1)     | -                          | -                     | -                  | Titan International           | (300)   | (5)                        | -                     | -                  |
| Red Hat                          | (600)   | (16)                       | 1                     | -                  | Titanium Metals               | (300)   | (3)                        | -                     | -                  |
| Regal Entertainment Group 'A'    | (1,300) | (9)                        | -                     | -                  | TiVo                          | (3,797) | (22)                       | 2                     | -                  |
| Regis                            | (200)   | (2)                        | -                     | -                  | Torchmark                     | (100)   | (3)                        | -                     | -                  |
| Rent a Center                    | (100)   | (2)                        | -                     | -                  | Towers Watson & Co            | (575)   | (22)                       | -                     | -                  |
| Resources Connection             | (100)   | (1)                        | -                     | -                  | TransDigm Group               | (400)   | (22)                       | -                     | -                  |
| Reynolds American                | (1,094) | (24)                       | -                     | -                  | Trinity Industries            | (908)   | (17)                       | 2                     | -                  |
| RightNow Technologies            | (400)   | (8)                        | -                     | -                  | Triquent Semiconductor        | (600)   | (3)                        | 1                     | -                  |
| Riverbed Technology              | (100)   | (2)                        | -                     | -                  | TW Telecom                    | (100)   | (1)                        | -                     | -                  |
| Robbins & Myers                  | (600)   | (18)                       | 2                     | -                  | UIL Holdings                  | (1,000) | (20)                       | -                     | -                  |
| Robert Half International        | (130)   | (2)                        | -                     | -                  | Ultimate Software Group       | (300)   | (10)                       | -                     | -                  |
| Rockwell Automation              | (100)   | (5)                        | 1                     | -                  | UMB Financial                 | (100)   | (3)                        | -                     | -                  |
| Rockwell Collins                 | (800)   | (27)                       | 2                     | -                  | Under Armour 'A'              | (300)   | (14)                       | -                     | -                  |
| Rockwood Holdings                | (100)   | (4)                        | -                     | -                  | Union Pacific                 | (100)   | (6)                        | -                     | -                  |
| Rosetta Resources                | (200)   | (6)                        | -                     | -                  | United Health Group           | (100)   | (3)                        | -                     | -                  |
| Rovi                             | (103)   | (3)                        | -                     | -                  | United Natural Foods          | (1,029) | (27)                       | 2                     | -                  |
| Rowan                            | (300)   | (7)                        | -                     | -                  | United States Steel           | (200)   | (5)                        | -                     | -                  |
| Ruddick                          | (100)   | (3)                        | -                     | -                  | United Stationers             | (100)   | (2)                        | -                     | -                  |
| Ryder System                     | (100)   | (4)                        | -                     | -                  | Unitrin                       | (1,000) | (17)                       | -                     | -                  |
| Saic                             | (1,760) | (17)                       | -                     | -                  | Universal                     | (200)   | (5)                        | -                     | -                  |
| Saks                             | (1,800) | (12)                       | -                     | -                  | Universal Display             | (110)   | (2)                        | -                     | -                  |
| Salix Pharmaceuticals            | (200)   | (5)                        | -                     | -                  | Universal Health Services 'B' | (300)   | (9)                        | 1                     | -                  |
| Sanderson Farms                  | (1,042) | (28)                       | 2                     | -                  | UNUM Group                    | (500)   | (8)                        | -                     | -                  |
| Sandisk                          | (1,375) | (36)                       | 2                     | -                  | Urban Outfitters              | (573)   | (11)                       | -                     | -                  |
| Sandridge Energy                 | (600)   | (4)                        | -                     | -                  | USG                           | (1,600) | (11)                       | 3                     | -                  |
| Scana                            | (679)   | (17)                       | -                     | -                  | Vail Resorts                  | (28)    | (1)                        | -                     | -                  |
| Scansource                       | (200)   | (5)                        | -                     | -                  | Valassis Communications       | (300)   | (5)                        | 1                     | -                  |
| Schwab (Charles)                 | (1,096) | (10)                       | -                     | -                  | Valmont Industries            | (100)   | (6)                        | 1                     | -                  |
| Schweitzer-Mauduit International | (100)   | (3)                        | -                     | -                  | Vector Group                  | (327)   | (4)                        | -                     | -                  |
| Scotts Miracle-Gro 'A'           | (951)   | (30)                       | -                     | -                  | Venoco                        | (400)   | (3)                        | -                     | -                  |
| Scripps Networks Interactive     | (100)   | (3)                        | -                     | -                  | Verifone Systems              | (400)   | (10)                       | -                     | -                  |
| Seattle Genetics                 | (600)   | (6)                        | 1                     | -                  | Verizon Communications        | (1,400) | (31)                       | 1                     | -                  |
| Sensient Technologies            | (200)   | (5)                        | -                     | -                  | VF                            | (500)   | (36)                       | -                     | -                  |
| Shaw Group                       | (2,000) | (32)                       | -                     | -                  | Viropharma                    | (495)   | (6)                        | -                     | -                  |
| Sherwin-Williams                 | (705)   | (33)                       | 2                     | -                  | VMware 'A'                    | (300)   | (19)                       | 1                     | -                  |
| Silgan Holdings                  | (200)   | (5)                        | -                     | -                  | Volcano                       | (300)   | (6)                        | -                     | -                  |
| Silicon Laboratories             | (729)   | (16)                       | 1                     | -                  | Vornado Realty Trust          | (33)    | (2)                        | -                     | -                  |
| Simpson Manufacturing            | (200)   | (3)                        | -                     | -                  | W&T Offshore                  | (100)   | (2)                        | -                     | -                  |
| SiriusXM Radio                   | (1,500) | (2)                        | -                     | -                  | Warnaco Group                 | (100)   | (3)                        | -                     | -                  |
| Skywest                          | (381)   | (3)                        | 1                     | -                  | Waste Connections             | (700)   | (14)                       | -                     | -                  |
| Skyworks Solutions               | (1,100) | (17)                       | 1                     | -                  | Waters                        | (100)   | (5)                        | -                     | -                  |
| SL Green Realty                  | (200)   | (10)                       | -                     | -                  | Watsco 'A'                    | (300)   | (11)                       | -                     | -                  |
| SLM                              | (100)   | (1)                        | -                     | -                  | Watson Pharmaceuticals        | (300)   | (13)                       | -                     | -                  |
| Smucker (J.M.)                   | (100)   | (5)                        | -                     | -                  | WebMD Health                  | (100)   | (2)                        | -                     | -                  |
| Snap-On                          | (1,069) | (37)                       | 3                     | -                  | Webster Financial             | (1,000) | (13)                       | 1                     | -                  |
| Snyder's-Lance                   | (100)   | (1)                        | -                     | -                  | Weingarten Realty             | (300)   | (5)                        | -                     | -                  |
| Solutia                          | (400)   | (5)                        | -                     | -                  | Wendy's                       | (2,300) | (7)                        | -                     | -                  |
| Sonoco Products                  | (1,800) | (35)                       | 1                     | -                  | WESCO International           | (600)   | (19)                       | 2                     | -                  |
| Sothebys 'A'                     | (200)   | (5)                        | -                     | -                  | West Pharmaceutical Services  | (300)   | (8)                        | -                     | -                  |
| South Jersey Industries          | (118)   | (4)                        | -                     | -                  | Westar Energy                 | (100)   | (2)                        | -                     | -                  |
| Southern Company                 | (496)   | (12)                       | -                     | -                  | Weyerhaeuser                  | (1,176) | (14)                       | 1                     | -                  |
| Spirit Aerosystems Holdings      | (300)   | (4)                        | -                     | -                  | WGL Holdings                  | (100)   | (2)                        | -                     | -                  |
| Sprint Nextel                    | (300)   | (1)                        | -                     | -                  | Whirlpool                     | (500)   | (22)                       | 1                     | -                  |
| St Jude Medical                  | (100)   | (3)                        | -                     | -                  | Whole Foods Market            | (200)   | (8)                        | -                     | -                  |
| Stan Financial Group             | (1,554) | (32)                       | 2                     | -                  | Williams-Sonoma               | (200)   | (5)                        | -                     | -                  |
| Standard Pacific                 | (3,015) | (6)                        | 1                     | -                  | Windstream                    | (1,700) | (13)                       | -                     | -                  |



# Portfolio statement – continued

As at 31 July 2011

| Investment                                  | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % | Investment                         | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % |
|---|---------|----------------------------|-----------------------|-----------------------|------------------------------------|---------|----------------------------|-----------------------|-----------------------|
| Carrefour                                   | (133)   | (2)                        | -                     | -                     | <b>Short Positions</b>             |         |                            |                       |                       |
| Colruyt                                     | (90)    | (3)                        | -                     | -                     | Norsk Hydro                        | (657)   | (3)                        | -                     | -                     |
| Compagnie Industriale Riunite               | (1,097) | (2)                        | -                     | -                     | Prosafe                            | (679)   | (3)                        | -                     | -                     |
| Credit Agricole                             | (109)   | (1)                        | -                     | -                     | Schibsted                          | (180)   | (3)                        | -                     | -                     |
| Danone                                      | (39)    | (2)                        | -                     | -                     |                                    |         | (9)                        |                       |                       |
| Dexia                                       | (2,280) | (4)                        | -                     | -                     | <b>Swedish Krona – 0.0% (0.0%)</b> |         |                            |                       |                       |
| Distribuidora Internacional de Alimentacion | (208)   | (1)                        | -                     | -                     | <b>Long Positions</b>              |         |                            |                       |                       |
| Douglas                                     | (513)   | (15)                       | 1                     | -                     | Assa Abloy                         | 26      | -                          | -                     | -                     |
| Edenred                                     | (79)    | (1)                        | -                     | -                     | Axis                               | 387     | 5                          | -                     | -                     |
| Elisa Corporation                           | (446)   | (6)                        | -                     | -                     | Ericsson 'B'                       | 1,579   | 12                         | -                     | -                     |
| Elringklinger                               | (136)   | (2)                        | -                     | -                     | Fabege                             | 261     | 2                          | -                     | -                     |
| Energias de Portugal                        | (600)   | (1)                        | -                     | -                     | Hexagon 'B'                        | 29      | -                          | -                     | -                     |
| Erste Bank                                  | (9)     | -                          | -                     | -                     | Holmen 'B'                         | 66      | 1                          | -                     | -                     |
| Essilor International                       | (215)   | (11)                       | -                     | -                     | Industrivarden 'C'                 | 59      | 1                          | -                     | -                     |
| Euler Hermes                                | (28)    | (1)                        | -                     | -                     | Kinnevik Investment 'B'            | 473     | 7                          | -                     | -                     |
| Fiat  | (398)   | (2)                        | -                     | -                     | Meda 'A'                           | 726     | 5                          | 1                     | -                     |
| Finmeccanica                                | (622)   | (3)                        | -                     | -                     | Modern Times Group 'B'             | 29      | 1                          | -                     | -                     |
| Fortis                                      | (8,297) | (10)                       | -                     | -                     | Saab 'B'                           | 669     | 9                          | -                     | -                     |
| Fortum                                      | (184)   | (3)                        | -                     | -                     | Securitas 'B'                      | 417     | 3                          | -                     | -                     |
| GDF Suez                                    | (16)    | -                          | -                     | -                     | Swedbank 'A'                       | 330     | 4                          | -                     | -                     |
| Gemalto                                     | (20)    | (1)                        | -                     | -                     | Tele2 'B'                          | 35      | -                          | -                     | -                     |
| Gerry Weber International                   | (108)   | (2)                        | -                     | -                     | Volvo 'B'                          | 2,030   | 20                         | -                     | -                     |
| Groupe Eurotunnel                           | (342)   | (2)                        | -                     | -                     |                                    |         | 70                         |                       |                       |
| Hamburger Hafen und Logistik                | (192)   | (5)                        | -                     | -                     | <b>Short Positions</b>             |         |                            |                       |                       |
| Iberdrola                                   | (800)   | (4)                        | -                     | -                     | Alfa Laval                         | (99)    | (1)                        | -                     | -                     |
| Imtech                                      | (73)    | (1)                        | -                     | -                     | Atlas Copco 'A'                    | (167)   | (2)                        | -                     | -                     |
| Ingenico                                    | (3)     | -                          | -                     | -                     | Axfood                             | (230)   | (5)                        | -                     | -                     |
| Ipsen                                       | (200)   | (4)                        | -                     | -                     | Boliden                            | (111)   | (1)                        | -                     | -                     |
| Jerónimo Martins                            | (96)    | (1)                        | -                     | -                     | Electrolux 'B'                     | (200)   | (2)                        | -                     | -                     |
| KBC Groep                                   | (112)   | (2)                        | -                     | -                     | Elekta 'B'                         | (131)   | (4)                        | -                     | -                     |
| Kleppierre                                  | (32)    | (1)                        | -                     | -                     | Getinge                            | (314)   | (5)                        | -                     | -                     |
| Kone 'B'                                    | (9)     | -                          | -                     | -                     | Hennes & Mauritz                   | (16)    | -                          | -                     | -                     |
| Konecranes                                  | (1,208) | (23)                       | -                     | -                     | JM                                 | (85)    | (1)                        | -                     | -                     |
| Krones                                      | (19)    | (1)                        | -                     | -                     | Lundin Petroleum                   | (29)    | -                          | -                     | -                     |
| Lafarge                                     | (150)   | (5)                        | -                     | -                     | NCC 'B'                            | (525)   | (6)                        | -                     | -                     |
| Mapfre                                      | (8,892) | (19)                       | -                     | -                     | Ratos 'B'                          | (660)   | (7)                        | -                     | -                     |
| Maurel & Prom                               | (242)   | (3)                        | -                     | -                     | Sandvik                            | (516)   | (5)                        | -                     | -                     |
| Mediaset Espana Comunicacion                | (463)   | (3)                        | -                     | -                     | Skandinaviska Enskilda Banken 'A'  | (73)    | -                          | -                     | -                     |
| Mediobanca di Credito Finanziari            | (730)   | (4)                        | -                     | -                     | SKF 'B'                            | (394)   | (6)                        | -                     | -                     |
| Metso                                       | (11)    | -                          | -                     | -                     | SSAB 'A'                           | (147)   | (1)                        | -                     | -                     |
| Neopost                                     | (66)    | (3)                        | -                     | -                     | Svenska Handelsbanken 'A'          | (614)   | (12)                       | -                     | -                     |
| Nokia                                       | (413)   | (1)                        | -                     | -                     | Swedish Match                      | (220)   | (5)                        | -                     | -                     |
| Nokia Renkaa                                | (101)   | (3)                        | -                     | -                     | TeliaSonera                        | (506)   | (2)                        | -                     | -                     |
| OMV   | (50)    | (1)                        | -                     | -                     |                                    |         | (65)                       |                       |                       |
| Outokumpu 'A'                               | (1,734) | (11)                       | -                     | -                     | <b>Swiss Franc – 0.0% (0.0%)</b>   |         |                            |                       |                       |
| Peugeot                                     | (57)    | (1)                        | -                     | -                     | <b>Long Positions</b>              |         |                            |                       |                       |
| Phillips Electronics                        | (1,268) | (19)                       | -                     | -                     | ABB                                | 479     | 7                          | -                     | -                     |
| Pirelli                                     | (287)   | (2)                        | -                     | -                     | Actelion                           | 93      | 3                          | -                     | -                     |
| Prysmian                                    | (940)   | (11)                       | -                     | -                     | Adecco                             | 59      | 2                          | -                     | -                     |
| Rautaruukki                                 | (493)   | (6)                        | -                     | -                     | Bucher Industries                  | 55      | 7                          | (1)                   | -                     |
| Remy Cointreau                              | (274)   | (15)                       | (2)                   | -                     | Lonza                              | 100     | 5                          | -                     | -                     |
| Saras Raffinerie Sarde                      | (5,012) | (6)                        | -                     | -                     | Meyer Burger Technology            | 47      | 1                          | -                     | -                     |
| SEB   | (40)    | (2)                        | -                     | -                     | Nestle                             | 147     | 6                          | -                     | -                     |
| Sky Deutschland                             | (1,893) | (6)                        | -                     | -                     | Panalpina Welttransport            | 32      | 2                          | -                     | -                     |
| Sodexo                                      | (45)    | (2)                        | -                     | -                     | Roche (Genusscheine)               | 220     | 24                         | -                     | -                     |
| Tecnicas Reunidas                           | (272)   | (7)                        | -                     | -                     |                                    |         | 57                         |                       |                       |
| Telefonica                                  | (304)   | (4)                        | -                     | -                     | <b>Short Positions</b>             |         |                            |                       |                       |
| Telekom Austria                             | (2,295) | (17)                       | (1)                   | -                     | Clariant                           | (124)   | (1)                        | -                     | -                     |
| Terna                                       | (2,587) | (7)                        | -                     | -                     | Credit Suisse                      | (288)   | (6)                        | -                     | -                     |
| TNT   | (316)   | (2)                        | -                     | -                     | Holcim Ltd                         | (76)    | (3)                        | -                     | -                     |
| TOTAL S.A.                                  | (42)    | (1)                        | -                     | -                     | Kuehne & Nagel International       | (289)   | (25)                       | 1                     | -                     |
| Vallourec (Usin a Tub de Lor Escout)        | (66)    | (4)                        | 1                     | -                     | Novartis                           | (516)   | (20)                       | -                     | -                     |
| Vinci                                       | (32)    | (1)                        | -                     | -                     | Temenos                            | (450)   | (6)                        | -                     | -                     |
| Vivendi                                     | (80)    | (1)                        | -                     | -                     | UBS                                | (726)   | (7)                        | -                     | -                     |
| voestalpine                                 | (6)     | -                          | -                     | -                     |                                    |         | (68)                       |                       |                       |
| Vopak                                       | (184)   | (6)                        | -                     | -                     | <b>UK Sterling – 0.0% (0.0%)</b>   |         |                            |                       |                       |
| Vossloh                                     | (39)    | (3)                        | -                     | -                     | <b>Long Positions</b>              |         |                            |                       |                       |
| Wirecard                                    | (283)   | (3)                        | -                     | -                     | Aberdeen Asset Management          | 2,360   | 5                          | -                     | -                     |
|   |         | (338)                      |                       |                       | Admiral Group                      | 135     | 2                          | -                     | -                     |
| <b>Norwegian Krone – 0.0% (0.0%)</b>        |         |                            |                       |                       | Afren                              | 5,402   | 8                          | -                     | -                     |
| <b>Long Positions</b>                       |         |                            |                       |                       | AMEC                               | 332     | 4                          | -                     | -                     |
| Fred Olsen Energy                           | 106     | 2                          | -                     | -                     | Associated British Foods           | 401     | 4                          | -                     | -                     |
| Orkla                                       | 1,011   | 6                          | -                     | -                     | Autonomy                           | 206     | 4                          | -                     | -                     |
| Statoil                                     | 64      | 1                          | -                     | -                     | Aviva                              | 1,523   | 6                          | -                     | -                     |
| Telenor                                     | 65      | 1                          | -                     | -                     |                                    |         |                            |                       |                       |
| TGS Nopec Geophysical                       | 179     | 3                          | -                     | -                     |                                    |         |                            |                       |                       |
| Yara International                          | 23      | 1                          | -                     | -                     |                                    |         |                            |                       |                       |
|   |         | 14                         |                       |                       |                                    |         |                            |                       |                       |

# Portfolio statement – continued

As at 31 July 2011

| Investment                     | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % | Investment                      | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % |
|--------------------------------|---------|----------------------------|-----------------------|--------------------|---------------------------------|---------|----------------------------|-----------------------|--------------------|
| BAE Systems                    | 147     | -                          | -                     | -                  | Diageo                          | (100)   | (1)                        | -                     | -                  |
| Barratt Developments           | 8       | -                          | -                     | -                  | Electrocomponents               | (629)   | (1)                        | -                     | -                  |
| BBA Aviation                   | 2,737   | 6                          | -                     | -                  | GKN                             | (633)   | (1)                        | -                     | -                  |
| British Land                   | 761     | 4                          | -                     | -                  | GlaxoSmithKline                 | (2)     | -                          | -                     | -                  |
| Cairn Energy                   | 1,720   | 6                          | -                     | -                  | Great Portland Estates          | (143)   | (1)                        | -                     | -                  |
| Capital Shopping Centres Group | 400     | 2                          | -                     | -                  | Halma                           | (349)   | (1)                        | -                     | -                  |
| Carillion                      | 364     | 1                          | -                     | -                  | Hammerson                       | (653)   | (3)                        | -                     | -                  |
| Carnival                       | 334     | 7                          | -                     | -                  | Hargreaves Lansdown             | (827)   | (5)                        | -                     | -                  |
| Chemring Group                 | 394     | 2                          | -                     | -                  | Henderson Group                 | (1,662) | (3)                        | -                     | -                  |
| Close Brothers Group           | 582     | 4                          | -                     | -                  | ICAP                            | (129)   | (1)                        | -                     | -                  |
| Cobham                         | 1,646   | 3                          | -                     | -                  | IG Group                        | (3,761) | (17)                       | -                     | -                  |
| Compass Group                  | 300     | 2                          | -                     | -                  | Imagination Technologies Group  | (798)   | (3)                        | -                     | -                  |
| Cookson Group                  | 752     | 5                          | -                     | -                  | Imperial Tobacco Group          | (99)    | (2)                        | -                     | -                  |
| Drax Group                     | 1,126   | 6                          | -                     | -                  | Intercontinental Hotels Group   | (327)   | (4)                        | -                     | -                  |
| Easyjet                        | 601     | 2                          | -                     | -                  | International Power             | (3,588) | (11)                       | -                     | -                  |
| Eurasian Natural Resources     | 726     | 6                          | -                     | -                  | Intertek Group                  | (90)    | (2)                        | -                     | -                  |
| Experian                       | 793     | 6                          | -                     | -                  | Johnson Matthey                 | (390)   | (8)                        | -                     | -                  |
| Firstgroup                     | 816     | 3                          | -                     | -                  | Meggit                          | (16)    | -                          | -                     | -                  |
| Greene King                    | 887     | 4                          | -                     | -                  | Mitchells & Butlers             | (4,322) | (12)                       | -                     | -                  |
| Hiscox                         | 566     | 2                          | -                     | -                  | Mondi                           | (195)   | (1)                        | -                     | -                  |
| Home Retail Group              | 1,000   | 1                          | -                     | -                  | Morrison (Wm.) Supermarkets     | (2,181) | (6)                        | -                     | -                  |
| Homeserve                      | 2,539   | 12                         | -                     | -                  | National Grid                   | (286)   | (2)                        | -                     | -                  |
| HSBC                           | 195     | 1                          | -                     | -                  | Pennon Group                    | (2,129) | (15)                       | -                     | -                  |
| IMI                            | 147     | 2                          | -                     | -                  | Petrofac                        | (70)    | (1)                        | -                     | -                  |
| Inchcape                       | 674     | 3                          | -                     | -                  | Petropavlovsk                   | (580)   | (5)                        | -                     | -                  |
| Informa                        | 300     | 1                          | -                     | -                  | Provident Financial             | (311)   | (3)                        | -                     | -                  |
| Inmarsat                       | 2,789   | 15                         | -                     | -                  | Reckitt Benckiser Group         | (7)     | -                          | -                     | -                  |
| Intermediate Capital Group     | 4,351   | 12                         | (1)                   | -                  | Rightmove Group                 | (118)   | (1)                        | -                     | -                  |
| Investec                       | 1,169   | 6                          | -                     | -                  | Royal Dutch Shell 'B'           | (119)   | (3)                        | -                     | -                  |
| Kazakhmys                      | 361     | 5                          | -                     | -                  | SABMiller                       | (473)   | (11)                       | -                     | -                  |
| Kingfisher                     | 2,189   | 6                          | -                     | -                  | Severn Trent                    | (566)   | (8)                        | -                     | -                  |
| Ladbroke                       | 3,537   | 5                          | -                     | -                  | Shire                           | (60)    | (1)                        | -                     | -                  |
| Logica                         | 1,022   | 1                          | -                     | -                  | Smith (DS)                      | (353)   | (1)                        | -                     | -                  |
| London Stock Exchange Group    | 18      | -                          | -                     | -                  | Smiths Group                    | (629)   | (7)                        | -                     | -                  |
| Lonmin                         | 1,178   | 15                         | (1)                   | -                  | Standard Life                   | (4,024) | (8)                        | -                     | -                  |
| Marks & Spencer Group          | 2,611   | 9                          | -                     | -                  | Tate & Lyle                     | (1,367) | (8)                        | -                     | -                  |
| Michael Page International     | 10      | -                          | -                     | -                  | Travis Perkins                  | (296)   | (3)                        | -                     | -                  |
| Morgan Crucible                | 778     | 3                          | -                     | -                  | TUI Travel                      | (1,706) | (3)                        | -                     | -                  |
| Pearson                        | 233     | 3                          | -                     | -                  | Tullow Oil                      | (101)   | (1)                        | -                     | -                  |
| Persimmon                      | 949     | 4                          | -                     | -                  | United Business Media           | (406)   | (2)                        | -                     | -                  |
| Premier Oil                    | 397     | 2                          | -                     | -                  | Vodafone Group                  | (5,589) | (9)                        | -                     | -                  |
| Prudential                     | 196     | 1                          | -                     | -                  | Whitbread                       | (102)   | (2)                        | -                     | -                  |
| Resolution                     | 1,594   | 4                          | -                     | -                  | Wolseley                        | (75)    | (1)                        | -                     | -                  |
| Rexam                          | 586     | 2                          | -                     | -                  |                                 |         | (277)                      |                       |                    |
| Rio Tinto                      | 141     | 6                          | -                     | -                  |                                 |         |                            |                       |                    |
| Rotork                         | 80      | 1                          | -                     | -                  |                                 |         |                            |                       |                    |
| RSA Insurance Group            | 1,262   | 2                          | -                     | -                  |                                 |         |                            |                       |                    |
| Sage Group                     | 3,234   | 9                          | -                     | -                  |                                 |         |                            |                       |                    |
| Schroders                      | 313     | 5                          | -                     | -                  |                                 |         |                            |                       |                    |
| Segro                          | 167     | 1                          | -                     | -                  |                                 |         |                            |                       |                    |
| Shaftesbury                    | 41      | -                          | -                     | -                  |                                 |         |                            |                       |                    |
| Smith & Nephew                 | 1,564   | 10                         | -                     | -                  |                                 |         |                            |                       |                    |
| Soco International             | 400     | 1                          | -                     | -                  |                                 |         |                            |                       |                    |
| Spectris                       | 14      | -                          | -                     | -                  |                                 |         |                            |                       |                    |
| Spirax Sarco Engineering       | 197     | 4                          | -                     | -                  |                                 |         |                            |                       |                    |
| Tesco                          | 508     | 2                          | -                     | -                  |                                 |         |                            |                       |                    |
| Unilever                       | 442     | 9                          | -                     | -                  |                                 |         |                            |                       |                    |
| Vedanta Resources              | 318     | 6                          | -                     | -                  |                                 |         |                            |                       |                    |
| Victrex                        | 80      | 1                          | -                     | -                  |                                 |         |                            |                       |                    |
| William Hill                   | 3,445   | 8                          | -                     | -                  |                                 |         |                            |                       |                    |
| WPP                            | 568     | 4                          | -                     | -                  |                                 |         |                            |                       |                    |
|                                |         | 286                        |                       |                    |                                 |         |                            |                       |                    |
| <b>Short Positions</b>         |         |                            |                       |                    | <b>US Dollar - 0.0% (0.0%)</b>  |         |                            |                       |                    |
| 3i Group                       | (2,173) | (6)                        | -                     | -                  | <b>Long Positions</b>           |         |                            |                       |                    |
| Aegis Group                    | (8,165) | (13)                       | -                     | -                  | 3D Systems                      | 100     | 1                          | -                     | -                  |
| Antofagasta                    | (717)   | (10)                       | -                     | -                  | 3M                              | 200     | 11                         | -                     | -                  |
| ARM Holdings                   | (739)   | (4)                        | -                     | -                  | AAR                             | 871     | 16                         | (1)                   | -                  |
| Ashmore Group                  | (386)   | (2)                        | -                     | -                  | Aaron's                         | 100     | 2                          | -                     | -                  |
| AstraZeneca                    | (40)    | (1)                        | -                     | -                  | Abbott Laboratories             | 1,800   | 57                         | (2)                   | -                  |
| Aveva Group                    | (744)   | (13)                       | -                     | -                  | AboveNet                        | 99      | 4                          | -                     | -                  |
| Balfour Beatty                 | (726)   | (2)                        | -                     | -                  | Acorda Therapeutics             | 100     | 2                          | -                     | -                  |
| Berkeley Group                 | (879)   | (11)                       | -                     | -                  | Actuant 'A'                     | 100     | 2                          | -                     | -                  |
| BG Group                       | (184)   | (3)                        | -                     | -                  | Acxiom                          | 800     | 7                          | 1                     | -                  |
| BHP Billiton                   | (220)   | (5)                        | -                     | -                  | Adobe Systems                   | 1,300   | 22                         | (1)                   | -                  |
| BP                             | (864)   | (4)                        | -                     | -                  | Advanced Micro Devices          | 1,100   | 5                          | -                     | -                  |
| British American Tobacco       | (138)   | (4)                        | -                     | -                  | Aecom Technology                | 200     | 3                          | -                     | -                  |
| BT Group                       | (27)    | -                          | -                     | -                  | Aerostale                       | 200     | 2                          | -                     | -                  |
| Burberry Group                 | (761)   | (11)                       | -                     | -                  | AES                             | 2,012   | 15                         | -                     | -                  |
| Capita Group                   | (1,183) | (8)                        | -                     | -                  | Affiliated Managers Group       | 200     | 13                         | -                     | -                  |
| Centrica                       | (197)   | (1)                        | -                     | -                  | AFLAC                           | 317     | 9                          | -                     | -                  |
| Croda International            | (67)    | (1)                        | -                     | -                  | Agilent Technologies            | 593     | 15                         | (1)                   | -                  |
|                                |         |                            |                       |                    | AGL Resources                   | 441     | 11                         | -                     | -                  |
|                                |         |                            |                       |                    | Air Products & Chemicals        | 602     | 33                         | (1)                   | -                  |
|                                |         |                            |                       |                    | Akamai Technologies             | 200     | 3                          | -                     | -                  |
|                                |         |                            |                       |                    | Alcoa                           | 1,200   | 11                         | -                     | -                  |
|                                |         |                            |                       |                    | Align Technology                | 100     | 1                          | -                     | -                  |
|                                |         |                            |                       |                    | Alkermes                        | 636     | 7                          | (1)                   | -                  |
|                                |         |                            |                       |                    | Alliance Data System            | 300     | 18                         | -                     | -                  |
|                                |         |                            |                       |                    | Alliant Energy                  | 54      | 1                          | -                     | -                  |
|                                |         |                            |                       |                    | Alliant Techsystems             | 916     | 37                         | (2)                   | -                  |
|                                |         |                            |                       |                    | Allied Nevada Gold              | 100     | 2                          | -                     | -                  |
|                                |         |                            |                       |                    | Allscripts Healthcare Solutions | 1,100   | 12                         | (1)                   | -                  |
|                                |         |                            |                       |                    | Ameren                          | 1,327   | 24                         | -                     | -                  |
|                                |         |                            |                       |                    | American Axle & Manufacturing   | 100     | 1                          | -                     | -                  |
|                                |         |                            |                       |                    | American Electric Power         | 100     | 2                          | -                     | -                  |
|                                |         |                            |                       |                    | American Financial Group        | 600     | 13                         | -                     | -                  |
|                                |         |                            |                       |                    | American Water Works            | 664     | 12                         | (1)                   | -                  |
|                                |         |                            |                       |                    | Ameriprise Financial            | 366     | 12                         | -                     | -                  |

# Portfolio statement – continued

As at 31 July 2011

| Investment                      | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % | Investment                             | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % |
|---------------------------------|---------|----------------------------|-----------------------|-----------------------|--|---------|----------------------------|-----------------------|-----------------------|
| AmerisourceBergen               | 300     | 7                          | -                     | -                     | Coeur D'Alene Minecom                  | 400     | 7                          | -                     | -                     |
| Ameristar Casinos               | 1,100   | 15                         | (1)                   | -                     | Comcast 'A'                            | 100     | 1                          | -                     | -                     |
| Amgen                           | 100     | 3                          | -                     | -                     | Commerce Bancshares                    | 300     | 8                          | -                     | -                     |
| Amkor Technology                | 1,345   | 4                          | -                     | -                     | Community Health Systems               | 100     | 2                          | -                     | -                     |
| Amylin Pharmaceuticals          | 800     | 6                          | -                     | -                     | Complete Production Services           | 300     | 7                          | -                     | -                     |
| Anadarko Petroleum              | 100     | 5                          | -                     | -                     | Computer Sciences                      | 100     | 2                          | -                     | -                     |
| Analog Devices                  | 300     | 6                          | -                     | -                     | Compuware                              | 400     | 2                          | -                     | -                     |
| Anixter International           | 200     | 8                          | -                     | -                     | Conagra Foods                          | 2,694   | 42                         | (2)                   | -                     |
| Ansys                           | 100     | 3                          | -                     | -                     | Con-Way                                | 700     | 16                         | (1)                   | -                     |
| AOL                             | 1,400   | 15                         | (2)                   | -                     | Cooper Tire & Rubber                   | 700     | 7                          | (1)                   | -                     |
| Applied Industrial Technologies | 529     | 11                         | (1)                   | -                     | Copart                                 | 263     | 7                          | -                     | -                     |
| Arbitron                        | 1,811   | 44                         | (3)                   | -                     | Corelogic                              | 100     | 1                          | -                     | -                     |
| Arch Coal                       | 198     | 3                          | -                     | -                     | Corporate Executive Board              | 451     | 11                         | (1)                   | -                     |
| Armstrong World Industries      | 200     | 5                          | -                     | -                     | Covance                                | 700     | 25                         | (1)                   | -                     |
| Arris Group                     | 815     | 6                          | -                     | -                     | Covanta Holding                        | 200     | 2                          | -                     | -                     |
| Arthrocare                      | 615     | 13                         | (1)                   | -                     | CR Bard                                | 700     | 42                         | (1)                   | -                     |
| Arthur J.Gallagher & Co         | 1,018   | 18                         | -                     | -                     | Cracker Barrel Old Country Store       | 1,115   | 31                         | (2)                   | -                     |
| Arvinmeritor                    | 900     | 8                          | (1)                   | -                     | Crane                                  | 100     | 3                          | -                     | -                     |
| Ascena Retail Group             | 300     | 6                          | -                     | -                     | CSX                                    | 2,728   | 41                         | (2)                   | -                     |
| Ashland                         | 30      | 1                          | -                     | -                     | Cubic                                  | 203     | 6                          | -                     | -                     |
| Assurant                        | 896     | 20                         | 1                     | -                     | Cubist Pharmaceuticals                 | 900     | 19                         | (1)                   | -                     |
| Atlas Air Worldwide Holdings    | 100     | 3                          | -                     | -                     | Cummins                                | 100     | 6                          | -                     | -                     |
| Atmos Energy                    | 659     | 14                         | -                     | -                     | CVS Caremark                           | 400     | 9                          | -                     | -                     |
| Autodesk                        | 600     | 13                         | (1)                   | -                     | Cypress Semiconductor                  | 5,100   | 64                         | (2)                   | -                     |
| Avis Budget Group               | 100     | 1                          | -                     | -                     | Darling International                  | 223     | 2                          | -                     | -                     |
| Avista                          | 500     | 8                          | -                     | -                     | DaVita                                 | 300     | 15                         | (1)                   | -                     |
| Babcock & Wilcox                | 105     | 2                          | -                     | -                     | Dean Foods                             | 1,800   | 12                         | -                     | -                     |
| Bally Technologies              | 200     | 5                          | -                     | -                     | Delek US Holdings                      | 1,024   | 10                         | (1)                   | -                     |
| Basic Energy Services           | 1,202   | 24                         | (1)                   | -                     | Dendreon                               | 100     | 2                          | -                     | -                     |
| Bed Bath & Beyond               | 100     | 4                          | -                     | -                     | DG Fastchannel                         | 127     | 2                          | -                     | -                     |
| Best Buy                        | 600     | 10                         | -                     | -                     | Dicks Sporting Goods                   | 100     | 2                          | -                     | -                     |
| Big Lots                        | 49      | 1                          | -                     | -                     | Directv                                | 45      | 1                          | -                     | -                     |
| Bill Barrett                    | 100     | 3                          | -                     | -                     | Discovery Communications 'C'           | 100     | 2                          | -                     | -                     |
| Biogen                          | 100     | 6                          | -                     | -                     | Domtar                                 | 100     | 5                          | (1)                   | -                     |
| Bio-Rad Laboratories            | 3       | -                          | -                     | -                     | Dover                                  | 1,052   | 39                         | (3)                   | -                     |
| Blackbaud                       | 893     | 14                         | (1)                   | -                     | Dr Pepper Snapple Group                | 800     | 19                         | (1)                   | -                     |
| Block (H & R)                   | 683     | 6                          | -                     | -                     | DTE Energy                             | 495     | 15                         | -                     | -                     |
| Blount International            | 100     | 1                          | -                     | -                     | Duke Energy                            | 100     | 1                          | -                     | -                     |
| BMC Software                    | 300     | 8                          | (2)                   | -                     | Dun & Bradstreet                       | 295     | 13                         | -                     | -                     |
| Bob Evans Farms                 | 1,349   | 29                         | (1)                   | -                     | Eagle Materials                        | 600     | 9                          | -                     | -                     |
| Boston Scientific               | 200     | 1                          | -                     | -                     | East West Bancorp                      | 2,689   | 31                         | (2)                   | -                     |
| Bottomline Technologies         | 185     | 3                          | -                     | -                     | Eaton                                  | 200     | 6                          | -                     | -                     |
| Brady 'A'                       | 1,700   | 31                         | (3)                   | -                     | Eaton Vance                            | 1,850   | 30                         | (2)                   | -                     |
| Brightpoint                     | 100     | -                          | -                     | -                     | Echostar                               | 1,100   | 23                         | (2)                   | -                     |
| Brinker International           | 1,131   | 17                         | (1)                   | -                     | Edison International                   | 501     | 12                         | -                     | -                     |
| Broadcom 'A'                    | 100     | 2                          | -                     | -                     | El Paso                                | 200     | 3                          | -                     | -                     |
| Brocade Communications Systems  | 989     | 3                          | -                     | -                     | Emcor Group                            | 500     | 8                          | -                     | -                     |
| Brown & Brown                   | 2,500   | 34                         | -                     | -                     | Endo Pharmaceutical                    | 600     | 14                         | (1)                   | -                     |
| Buckeye Technologies            | 19      | -                          | -                     | -                     | Energen                                | 100     | 4                          | -                     | -                     |
| Buffalo Wild Wings              | 100     | 4                          | -                     | -                     | Entegris                               | 5,600   | 30                         | (2)                   | -                     |
| Cablevision System              | 2,100   | 32                         | (1)                   | -                     | Entergy                                | 357     | 15                         | -                     | -                     |
| Caci International              | 713     | 26                         | (2)                   | -                     | EOG Resources                          | 300     | 19                         | -                     | -                     |
| Calpine                         | 100     | 1                          | -                     | -                     | Equifax                                | 300     | 6                          | -                     | -                     |
| Campbell Soup                   | 1,100   | 22                         | (1)                   | -                     | Erie Indemnity 'A'                     | 349     | 16                         | -                     | -                     |
| CapitalSource                   | 100     | -                          | -                     | -                     | Evercore Partners 'A'                  | 700     | 13                         | -                     | -                     |
| Capitol Federal Financial       | 400     | 3                          | -                     | -                     | Expedia                                | 100     | 2                          | -                     | -                     |
| Cardinal Health                 | 500     | 13                         | (1)                   | -                     | Expeditors International of Washington | 200     | 6                          | -                     | -                     |
| Carefusion                      | 300     | 5                          | -                     | -                     | Exterran Holdings                      | 981     | 11                         | (1)                   | -                     |
| Cash America International      | 630     | 22                         | (1)                   | -                     | F5 Network                             | 500     | 29                         | (2)                   | -                     |
| Caterpillar                     | 1,400   | 86                         | (5)                   | -                     | Fair Isaac                             | 411     | 7                          | -                     | -                     |
| CB Richard Ellis Group          | 45      | 1                          | -                     | -                     | Fairchild Semiconductor International  | 1,800   | 17                         | (2)                   | -                     |
| CEC Entertainment               | 600     | 14                         | (1)                   | -                     | FBL Financial Group                    | 300     | 6                          | -                     | -                     |
| Celgene                         | 100     | 4                          | -                     | -                     | Federal Mogul                          | 200     | 2                          | -                     | -                     |
| Century Aluminium               | 300     | 2                          | -                     | -                     | Federated Investors 'B'                | 158     | 2                          | -                     | -                     |
| CenturyLink                     | 675     | 15                         | (1)                   | -                     | Fedex                                  | 285     | 15                         | -                     | -                     |
| Cepheid                         | 799     | 18                         | (1)                   | -                     | FEI Corp                               | 500     | 10                         | (1)                   | -                     |
| Cheesecake Factory              | 300     | 5                          | -                     | -                     | Ferro                                  | 780     | 6                          | -                     | -                     |
| Chevron                         | 100     | 6                          | -                     | -                     | Fidelity National Information Services | 742     | 14                         | -                     | -                     |
| Children's Place Retail Stores  | 170     | 5                          | -                     | -                     | Fifth Street Finance                   | 200     | 1                          | -                     | -                     |
| Chipotle Mexican Grill          | 97      | 19                         | -                     | -                     | Fifth Third Bancorp                    | 1,275   | 10                         | -                     | -                     |
| Choice Hotels                   | 100     | 2                          | -                     | -                     | First Financial Bank                   | 103     | 2                          | -                     | -                     |
| Chubb                           | 100     | 4                          | -                     | -                     | First Niagara Financial Group          | 2,600   | 20                         | (1)                   | -                     |
| Church & Dwight                 | 176     | 4                          | -                     | -                     | Flowers Foods                          | 600     | 8                          | -                     | -                     |
| Cintas Corp                     | 287     | 6                          | -                     | -                     | Fluor                                  | 200     | 8                          | -                     | -                     |
| Cisco Systems                   | 300     | 3                          | -                     | -                     | Foot Locker                            | 1,157   | 15                         | (1)                   | -                     |
| City National                   | 260     | 9                          | -                     | -                     | Ford Motor Company                     | 600     | 5                          | -                     | -                     |
| Clearwire                       | 200     | -                          | -                     | -                     | Forest City Enterprise                 | 395     | 4                          | -                     | -                     |
| Clorox                          | 50      | 2                          | -                     | -                     | Forward Air                            | 100     | 2                          | -                     | -                     |
| CMS Energy                      | 1,458   | 17                         | -                     | -                     | Fossil                                 | 100     | 8                          | -                     | -                     |
| Coach                           | 42      | 2                          | -                     | -                     | Freeport-McMoRan Copper & Gold         | 300     | 10                         | -                     | -                     |
| Coca-Cola Enterprises           | 200     | 3                          | -                     | -                     | Frontier Communications 'B'            | 100     | -                          | -                     | -                     |

# Portfolio statement – continued

As at 31 July 2011

| Investment                        | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % | Investment                     | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % |
|-----------------------------------|---------|----------------------------|-----------------------|-----------------------|--------------------------------|---------|----------------------------|-----------------------|-----------------------|
| Gap                               | 400     | 5                          | -                     | -                     | Lender Processing              | 100     | 1                          | -                     | -                     |
| General Dynamics                  | 296     | 12                         | (1)                   | -                     | Level 3 Communications         | 1,200   | 2                          | -                     | -                     |
| General Electric                  | 2,400   | 27                         | -                     | -                     | Lexmark International 'A'      | 92      | 2                          | -                     | -                     |
| Genuine Parts                     | 1,680   | 55                         | (4)                   | -                     | Liberty Global 'A'             | 224     | 6                          | -                     | -                     |
| Genworth Financial                | 428     | 2                          | -                     | -                     | Liberty Global 'C'             | 600     | 15                         | (1)                   | -                     |
| Gilead Sciences                   | 224     | 6                          | -                     | -                     | Lincoln National               | 100     | 2                          | -                     | -                     |
| Glacier Bancorp                   | 100     | 1                          | -                     | -                     | Littelfuse                     | 300     | 10                         | (1)                   | -                     |
| Grainger (W.W.)                   | 200     | 18                         | (1)                   | -                     | Live Nation Entertainment      | 1,426   | 10                         | -                     | -                     |
| Gran Tierra Energy                | 1,400   | 6                          | -                     | -                     | Lockheed Martin                | 513     | 24                         | (1)                   | -                     |
| Graphic Packaging                 | 3,063   | 9                          | (1)                   | -                     | Lowe's                         | 1,300   | 17                         | (1)                   | -                     |
| Great Plains Energy               | 200     | 2                          | -                     | -                     | LSI                            | 5,236   | 24                         | -                     | -                     |
| Greenhill & Co                    | 170     | 5                          | -                     | -                     | M&T Bank                       | 1,363   | 72                         | (2)                   | -                     |
| Griffon                           | 30      | -                          | -                     | -                     | MacQuarie Infrastructure       | 300     | 5                          | -                     | -                     |
| Group1Automotive                  | 700     | 20                         | (1)                   | -                     | Macy's                         | 380     | 7                          | -                     | -                     |
| GT Solar International            | 190     | 2                          | -                     | -                     | Madison Square Garden          | 700     | 11                         | -                     | -                     |
| Guess                             | 227     | 5                          | -                     | -                     | Mantech International 'A'      | 82      | 2                          | -                     | -                     |
| Halliburton                       | 100     | 3                          | -                     | -                     | Marathon Oil                   | 428     | 8                          | -                     | -                     |
| Hancock Holding                   | 787     | 16                         | 2                     | -                     | Marriott International         | 890     | 18                         | (1)                   | -                     |
| Hanover Insurance Group           | 100     | 2                          | -                     | -                     | Martin Marietta                | 300     | 14                         | -                     | -                     |
| Hansen Natural                    | 200     | 10                         | -                     | -                     | Maxim Integrated Products      | 400     | 6                          | -                     | -                     |
| Harley-Davidson                   | 810     | 22                         | (2)                   | -                     | McKesson                       | 34      | 2                          | -                     | -                     |
| Harman International Industries   | 300     | 8                          | (1)                   | -                     | McMoran Exploration            | 106     | 1                          | -                     | -                     |
| Harris                            | 635     | 16                         | (1)                   | -                     | MDU Resources                  | 100     | 1                          | -                     | -                     |
| Harsco                            | 483     | 8                          | (2)                   | -                     | Mednax                         | 200     | 8                          | -                     | -                     |
| HB Fuller                         | 227     | 3                          | -                     | -                     | Medtronic                      | 200     | 4                          | -                     | -                     |
| Health Management Associates      | 2,000   | 12                         | -                     | -                     | Mens Wearhouse                 | 421     | 8                          | -                     | -                     |
| Health Net                        | 700     | 12                         | (1)                   | -                     | Mentor Graphics                | 2,200   | 15                         | -                     | -                     |
| Hecla Mining                      | 300     | 1                          | -                     | -                     | Mercury General                | 398     | 9                          | -                     | -                     |
| Helix Energy Solutions            | 135     | 2                          | -                     | -                     | Meredith                       | 200     | 4                          | -                     | -                     |
| Herman Miller                     | 802     | 12                         | (2)                   | -                     | Metropcs Communications        | 700     | 7                          | -                     | -                     |
| Hershey                           | 51      | 2                          | -                     | -                     | MF Global Holdings             | 2,700   | 12                         | -                     | -                     |
| Hexcel                            | 270     | 4                          | -                     | -                     | MGE Energy                     | 147     | 4                          | -                     | -                     |
| Hibbett Sports                    | 292     | 7                          | -                     | -                     | Micron Technology              | 344     | 2                          | -                     | -                     |
| Hill-Rom Holdings                 | 1,778   | 40                         | (1)                   | -                     | Microsoft                      | 800     | 14                         | -                     | -                     |
| Hologic                           | 100     | 1                          | -                     | -                     | Minerals Technologies          | 300     | 12                         | -                     | -                     |
| Honeywell International           | 600     | 20                         | (1)                   | -                     | Mohawk Industries              | 200     | 6                          | -                     | -                     |
| Hubbell 'B'                       | 1,341   | 50                         | (5)                   | -                     | Molina Healthcare              | 2,628   | 38                         | (2)                   | -                     |
| Huntington Bancshares             | 5,419   | 20                         | -                     | -                     | Momenta Pharmaceuticals        | 200     | 2                          | -                     | -                     |
| IAC                               | 133     | 3                          | 1                     | -                     | Monster Worldwide              | 200     | 1                          | -                     | -                     |
| Idexx Laboratories                | 500     | 26                         | (1)                   | -                     | Morningstar                    | 100     | 4                          | -                     | -                     |
| iGATE                             | 587     | 5                          | (1)                   | -                     | Motorola Mobility              | 112     | 2                          | -                     | -                     |
| Immunogen                         | 74      | 1                          | -                     | -                     | MSC Industrial Direct          | 300     | 11                         | (1)                   | -                     |
| Insituform Technologies Class 'A' | 100     | 1                          | -                     | -                     | MSCI 'A'                       | 100     | 2                          | -                     | -                     |
| Integra Lifesciences Holdings     | 152     | 4                          | -                     | -                     | Myriad Genetics                | 1,072   | 14                         | (2)                   | -                     |
| Integrated Device Technology      | 900     | 4                          | -                     | -                     | NASDAQ OMX                     | 168     | 2                          | -                     | -                     |
| Integrus Energy Group             | 300     | 9                          | -                     | -                     | National Cinemedia             | 248     | 2                          | -                     | -                     |
| Intel                             | 300     | 4                          | -                     | -                     | National Oilwell Varco         | 200     | 10                         | -                     | -                     |
| International Game Technology     | 300     | 3                          | -                     | -                     | Navistar International         | 394     | 12                         | (1)                   | -                     |
| International Rectifier           | 100     | 2                          | -                     | -                     | Netscout Systems               | 777     | 7                          | -                     | -                     |
| International Speedway            | 388     | 7                          | -                     | -                     | Neustar                        | 411     | 7                          | -                     | -                     |
| Intuit                            | 600     | 17                         | (1)                   | -                     | New York Times                 | 934     | 5                          | -                     | -                     |
| Inverness Medical                 | 108     | 2                          | (1)                   | -                     | Newell Rubbermaid              | 400     | 4                          | -                     | -                     |
| ION Geophysical                   | 200     | 1                          | -                     | -                     | Newfield Exploration           | 300     | 13                         | (1)                   | -                     |
| Iron Mountain                     | 100     | 2                          | -                     | -                     | Newpark Resources              | 34      | -                          | -                     | -                     |
| Itron                             | 300     | 8                          | -                     | -                     | NII Holdings                   | 422     | 11                         | -                     | -                     |
| ITT                               | 100     | 3                          | -                     | -                     | Nike 'B'                       | 720     | 40                         | -                     | -                     |
| ITT Educational Services          | 200     | 10                         | -                     | -                     | Norfolk Southern               | 600     | 28                         | -                     | -                     |
| J2 Global Communications          | 504     | 8                          | -                     | -                     | Northwestern                   | 39      | 1                          | -                     | -                     |
| Jabil Circuit                     | 1,000   | 11                         | (1)                   | -                     | NRG Energy                     | 800     | 12                         | -                     | -                     |
| Jacobs Engineering Group          | 100     | 2                          | -                     | -                     | NSTAR                          | 43      | 1                          | -                     | -                     |
| Janus Capital Group               | 4,735   | 24                         | (2)                   | -                     | Nucor                          | 1,600   | 38                         | (1)                   | -                     |
| Jazz Pharmaceuticals              | 100     | 2                          | -                     | -                     | NV Energy                      | 100     | 1                          | -                     | -                     |
| JB Hunt Transport Services        | 300     | 8                          | (1)                   | -                     | NVIDIA                         | 100     | 1                          | -                     | -                     |
| JDA Software                      | 390     | 7                          | -                     | -                     | NVR                            | 100     | 42                         | (2)                   | -                     |
| JDS Uniphase                      | 1,600   | 13                         | (2)                   | -                     | O'Reilly Automotive            | 600     | 22                         | (1)                   | -                     |
| Jefferies Group                   | 1,700   | 19                         | (2)                   | -                     | Old National Bancorp (Indiana) | 200     | 1                          | -                     | -                     |
| John Wiley & Sons                 | 108     | 3                          | -                     | -                     | Old Republic International     | 2,296   | 15                         | (1)                   | -                     |
| Jones Group                       | 1,500   | 12                         | -                     | -                     | OM Group                       | 497     | 11                         | (1)                   | -                     |
| Jones Lang LaSalle                | 100     | 5                          | (1)                   | -                     | Omnicare                       | 431     | 8                          | -                     | -                     |
| KBR                               | 200     | 4                          | -                     | -                     | On Semiconductor               | 562     | 3                          | -                     | -                     |
| Kellogg                           | 100     | 3                          | -                     | -                     | Onyx Pharmaceuticals           | 100     | 2                          | -                     | -                     |
| Kennametal                        | 398     | 10                         | (1)                   | -                     | Opko Health                    | 400     | 1                          | -                     | -                     |
| Kimberly-Clark                    | 373     | 15                         | -                     | -                     | Oracle                         | 900     | 17                         | (1)                   | -                     |
| Kindred Healthcare                | 900     | 10                         | (1)                   | -                     | Orbital Sciences               | 3,059   | 33                         | (2)                   | -                     |
| Kinetic Concepts                  | 100     | 4                          | -                     | -                     | Oshkosh                        | 28      | -                          | -                     | -                     |
| Kirby                             | 100     | 4                          | -                     | -                     | Owens Corning                  | 35      | 1                          | -                     | -                     |
| Knight Transportation             | 100     | 1                          | -                     | -                     | Paccar                         | 100     | 3                          | -                     | -                     |
| Korn Ferry International          | 700     | 9                          | -                     | -                     | Packaging Corp of America      | 300     | 5                          | -                     | -                     |
| Kronos Worldwide                  | 190     | 4                          | -                     | -                     | Par Pharmaceutical Cos         | 838     | 17                         | (1)                   | -                     |
| Leap Wireless International       | 1,056   | 9                          | (1)                   | -                     | Parametric Technology          | 300     | 4                          | -                     | -                     |
| Legg Mason                        | 267     | 5                          | -                     | -                     | Parexel International          | 200     | 3                          | -                     | -                     |

# Portfolio statement – continued

As at 31 July 2011

| Investment                         | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % | Investment                 | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net<br>assets % |
|------------------------------------|---------|----------------------------|-----------------------|-----------------------|----------------------------|---------|----------------------------|-----------------------|-----------------------|
| Parker-Hannifin                    | 300     | 14                         | (2)                   | -                     | Taleo                      | 100     | 2                          | -                     | -                     |
| Patriot Coal                       | 590     | 7                          | -                     | -                     | Target                     | 200     | 6                          | -                     | -                     |
| Patterson-UTI Energy               | 359     | 7                          | -                     | -                     | Teco Energy                | 1,159   | 13                         | -                     | -                     |
| Penn National Gaming               | 140     | 4                          | -                     | -                     | Telephone & Data Systems   | 1,578   | 28                         | (2)                   | -                     |
| Penske Automotive Group            | 300     | 4                          | -                     | -                     | Teletch Holdings           | 300     | 4                          | -                     | -                     |
| People's United Financial          | 2,200   | 17                         | (1)                   | -                     | Tellabs                    | 100     | -                          | -                     | -                     |
| PepsiCo                            | 200     | 8                          | -                     | -                     | Temple-Inland              | 102     | 2                          | -                     | -                     |
| PerkinElmer                        | 300     | 5                          | -                     | -                     | Tempur Pedic International | 100     | 4                          | -                     | -                     |
| Petsmart                           | 571     | 15                         | (1)                   | -                     | Tesoro                     | 391     | 6                          | -                     | -                     |
| Pfizer                             | 1,300   | 15                         | -                     | -                     | Tetra Tech                 | 633     | 9                          | -                     | -                     |
| PG&E                               | 724     | 19                         | -                     | -                     | TETRA Technologies         | 200     | 2                          | -                     | -                     |
| Pharmaceutical Product Development | 80      | 1                          | -                     | -                     | Texas Roadhouse            | 300     | 3                          | -                     | -                     |
| Pharmasset                         | 100     | 7                          | -                     | -                     | Textron                    | 2,200   | 31                         | (3)                   | -                     |
| PHH                                | 300     | 3                          | -                     | -                     | TFS Financial Services     | 1,000   | 6                          | -                     | -                     |
| Philip Morris International        | 1,789   | 80                         | -                     | -                     | Thomas & Betts             | 200     | 6                          | (1)                   | -                     |
| Pier 1 Imports                     | 1,860   | 13                         | (1)                   | -                     | Time Warner Cable          | 100     | 5                          | -                     | -                     |
| Pinnacle West Capital              | 621     | 16                         | (1)                   | -                     | Timken                     | 500     | 14                         | (1)                   | -                     |
| Pioneer Drilling                   | 500     | 5                          | -                     | -                     | Toll Brothers              | 400     | 5                          | -                     | -                     |
| Pitney Bowes                       | 200     | 3                          | -                     | -                     | Tootsie Roll Industries    | 173     | 3                          | -                     | -                     |
| Plains Exploration & Production    | 100     | 2                          | -                     | -                     | Total System Services      | 1,000   | 12                         | -                     | -                     |
| Plantronics                        | 496     | 11                         | -                     | -                     | Tractor Supply             | 700     | 28                         | (1)                   | -                     |
| Plexus                             | 900     | 16                         | (1)                   | -                     | TRW Automotive             | 485     | 15                         | (1)                   | -                     |
| PMC-Sierra                         | 9,089   | 39                         | (4)                   | -                     | UGI                        | 1,155   | 21                         | (1)                   | -                     |
| PNM Resources                      | 1,300   | 12                         | (2)                   | -                     | Umpqua Holdings            | 1,820   | 13                         | -                     | -                     |
| Polycom                            | 1,000   | 17                         | (2)                   | -                     | Unisource Energy           | 300     | 7                          | -                     | -                     |
| Portfolio Recovery 'A'             | 100     | 5                          | -                     | -                     | Unisys                     | 621     | 8                          | (1)                   | -                     |
| Portland General Electric          | 1,467   | 23                         | -                     | -                     | Unit                       | 200     | 7                          | -                     | -                     |
| PPG Industries                     | 1,200   | 62                         | (2)                   | -                     | United Continental         | 900     | 9                          | (1)                   | -                     |
| Pricesmart                         | 100     | 4                          | -                     | -                     | United Parcel Service 'B'  | 100     | 4                          | -                     | -                     |
| Principal Financial Group          | 196     | 3                          | -                     | -                     | United Rental              | 400     | 6                          | -                     | -                     |
| Procter & Gamble                   | 1,500   | 57                         | (2)                   | -                     | United Stationers          | 200     | 4                          | -                     | -                     |
| Progress Software                  | 648     | 10                         | -                     | -                     | United Therapeutics        | 190     | 7                          | -                     | -                     |
| Progressive                        | 300     | 4                          | -                     | -                     | URS                        | 857     | 22                         | (2)                   | -                     |
| Protective Life                    | 933     | 12                         | (1)                   | -                     | US Airways Group           | 2,062   | 8                          | (1)                   | -                     |
| Prudential Financial               | 503     | 18                         | (1)                   | -                     | US Bancorp                 | 200     | 3                          | -                     | -                     |
| Public Service Enterprise Group    | 778     | 16                         | 1                     | -                     | Valero Energy              | 293     | 4                          | -                     | -                     |
| Pulte Group                        | 3,056   | 13                         | -                     | -                     | Valhi                      | 100     | 3                          | -                     | -                     |
| QEP Resources                      | 270     | 7                          | -                     | -                     | Vector Group               | 310     | 3                          | -                     | -                     |
| Quest Software                     | 902     | 11                         | -                     | -                     | Vectren                    | 1,130   | 18                         | (1)                   | -                     |
| Quiksilver                         | 500     | 2                          | -                     | -                     | Venoco                     | 400     | 3                          | -                     | -                     |
| R.R. Donnelley & Sons              | 100     | 1                          | -                     | -                     | Verint Systems             | 100     | 2                          | -                     | -                     |
| Raytheon                           | 500     | 14                         | -                     | -                     | Vishay International       | 700     | 6                          | (1)                   | -                     |
| Regis                              | 200     | 2                          | -                     | -                     | Vonage Holdings            | 1,200   | 3                          | -                     | -                     |
| Reinsurance                        | 100     | 4                          | -                     | -                     | Waddell & Reed Financial   | 600     | 13                         | -                     | -                     |
| Reliance Steel & Aluminum          | 100     | 3                          | -                     | -                     | Walgreen                   | 700     | 17                         | (1)                   | -                     |
| Republic Services                  | 928     | 16                         | (1)                   | -                     | Waste Management           | 400     | 8                          | (1)                   | -                     |
| Resmed                             | 100     | 2                          | -                     | -                     | Watts Water Technologies   | 1,007   | 20                         | (2)                   | -                     |
| Resources Connection               | 100     | 1                          | -                     | -                     | Wellcare Health Plans      | 427     | 13                         | (1)                   | -                     |
| RLI                                | 100     | 4                          | -                     | -                     | Wellpoint                  | 119     | 5                          | (1)                   | -                     |
| Rock-Tenn                          | 400     | 15                         | -                     | -                     | Wells Fargo                | 1,112   | 19                         | -                     | -                     |
| Rockwood Holdings                  | 100     | 4                          | -                     | -                     | Werner Enterprises         | 665     | 10                         | -                     | -                     |
| Rollins                            | 2       | -                          | -                     | -                     | Westar Energy              | 100     | 2                          | -                     | -                     |
| Royal Gold                         | 163     | 6                          | -                     | -                     | Western Digital            | 3,275   | 71                         | (3)                   | -                     |
| RPC                                | 116     | 2                          | -                     | -                     | Westlake Chemical          | 100     | 3                          | -                     | -                     |
| RSC Holdings                       | 7,252   | 54                         | (2)                   | -                     | Williams                   | 300     | 6                          | -                     | -                     |
| Safeway                            | 1,202   | 15                         | -                     | -                     | Wintrust Financial         | 366     | 8                          | -                     | -                     |
| Sauer-Danfoss                      | 121     | 4                          | -                     | -                     | WMS Industries             | 600     | 11                         | -                     | -                     |
| Scientific Games                   | 2,100   | 12                         | (1)                   | -                     | Wolverine Worldwide        | 1,900   | 45                         | (2)                   | -                     |
| Seacor Holdings                    | 100     | 6                          | -                     | -                     | WR Grace & Company         | 561     | 17                         | 1                     | -                     |
| Sealed Air                         | 1,400   | 18                         | (1)                   | -                     | Wyndham Worldwide          | 200     | 4                          | -                     | -                     |
| SEI Investments                    | 1,935   | 24                         | (2)                   | -                     | Xilinx                     | 467     | 9                          | -                     | -                     |
| Signature Bank                     | 200     | 7                          | -                     | -                     | Zebra Technologies         | 100     | 2                          | -                     | -                     |
| SiriusXM Radio                     | 2,900   | 4                          | (1)                   | -                     | Zimmer                     | 200     | 7                          | -                     | -                     |
| SLM                                | 100     | 1                          | -                     | -                     | Zions Bancorporation       | 4,918   | 67                         | (4)                   | -                     |
| Southwest Gas                      | 1,267   | 29                         | (2)                   | -                     |                            |         | 5,494                      |                       |                       |
| Sprint Nextel                      | 300     | 1                          | -                     | -                     | <b>Short Positions</b>     |         |                            |                       |                       |
| St Jude Medical                    | 100     | 3                          | -                     | -                     | A.O. Smith                 | (619)   | (16)                       | 1                     | -                     |
| Stanley Black & Decker             | 470     | 19                         | (2)                   | -                     | Acacia Research            | (700)   | (19)                       | 1                     | -                     |
| Starbucks                          | 100     | 2                          | -                     | -                     | Acme Packet                | (605)   | (22)                       | 1                     | -                     |
| State Street                       | 700     | 18                         | -                     | -                     | Adtran                     | (100)   | (2)                        | -                     | -                     |
| Steel Dynamics                     | 3,700   | 35                         | (2)                   | -                     | Agco                       | (200)   | (6)                        | 1                     | -                     |
| Stone Energy                       | 174     | 3                          | -                     | -                     | AK Steel Holding           | (1,300) | (10)                       | -                     | -                     |
| SUPERVALU                          | 800     | 4                          | -                     | -                     | Alexander & Baldwin        | (100)   | (3)                        | -                     | -                     |
| SVB Financial Group                | 762     | 29                         | (1)                   | -                     | Allegheny Technologies     | (300)   | (11)                       | -                     | -                     |
| Swift Energy                       | 457     | 11                         | (1)                   | -                     | Allergan                   | (100)   | (5)                        | -                     | -                     |
| Sykes Enterprises                  | 504     | 6                          | -                     | -                     | Allete                     | (100)   | (2)                        | -                     | -                     |
| Symantec                           | 1,300   | 16                         | -                     | -                     | Allstate                   | (377)   | (6)                        | -                     | -                     |
| Synnex                             | 900     | 16                         | (1)                   | -                     | Alpha Natural Resources    | (100)   | (3)                        | -                     | -                     |
| Synopsys                           | 2,100   | 31                         | (1)                   | -                     | Altria Group               | (1,200) | (19)                       | -                     | -                     |
| T. Rowe Price                      | 400     | 14                         | -                     | -                     | Amazon                     | (100)   | (14)                       | -                     | -                     |
| Take-Two Interactive Software      | 700     | 6                          | -                     | -                     | American Capital           | (1,300) | (8)                        | -                     | -                     |

# Portfolio statement – continued

As at 31 July 2011

| Investment                     | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % | Investment                         | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % |
|--------------------------------|---------|----------------------------|-----------------------|--------------------|------------------------------------|---------|----------------------------|-----------------------|--------------------|
| American Eagle Outfitters      | (100)   | (1)                        | -                     | -                  | Comerica                           | (1,410) | (28)                       | 1                     | -                  |
| American Express               | (300)   | (9)                        | -                     | -                  | Commercial Metals                  | (3,734) | (33)                       | (1)                   | -                  |
| American Tower 'A'             | (230)   | (7)                        | -                     | -                  | Community Bank System              | (100)   | (2)                        | -                     | -                  |
| Amerigroup                     | (118)   | (5)                        | -                     | -                  | comScore                           | (100)   | (1)                        | -                     | -                  |
| Ametek                         | (59)    | (2)                        | -                     | -                  | Comstock Resources                 | (400)   | (8)                        | -                     | -                  |
| Amphenol                       | (1,100) | (33)                       | 2                     | -                  | Consolidated Edison                | (1,300) | (42)                       | -                     | -                  |
| AMR                            | (8,001) | (20)                       | -                     | -                  | Contango Ore                       | (3)     | -                          | -                     | -                  |
| Amtrust Financial Services     | (100)   | (1)                        | -                     | -                  | Continental Resources              | (100)   | (4)                        | -                     | -                  |
| Apollo Group                   | (100)   | (3)                        | -                     | -                  | Convergys                          | (173)   | (1)                        | -                     | -                  |
| Apollo Investment              | (2,188) | (13)                       | -                     | -                  | Corning                            | (100)   | (1)                        | -                     | -                  |
| Applied Materials              | (1,400) | (11)                       | -                     | -                  | Corrections Corporation of America | (100)   | (1)                        | -                     | -                  |
| Aptargroup                     | (300)   | (9)                        | -                     | -                  | Costar Group                       | (79)    | (3)                        | -                     | -                  |
| Archer-Daniels                 | (594)   | (11)                       | -                     | -                  | Coventry Health Care               | (100)   | (2)                        | -                     | -                  |
| Ariba                          | (200)   | (4)                        | -                     | -                  | Crown Castle International         | (500)   | (13)                       | -                     | -                  |
| Arrow Electronics              | (1,250) | (27)                       | 1                     | -                  | CTC Media                          | (500)   | (7)                        | -                     | -                  |
| Aruba Networks                 | (370)   | (5)                        | -                     | -                  | CVB Financial                      | (844)   | (5)                        | -                     | -                  |
| Aspen Technology               | (2,696) | (26)                       | 2                     | -                  | CVR Energy                         | (500)   | (8)                        | -                     | -                  |
| Astoria Financial              | (1,900) | (14)                       | 2                     | -                  | Cymer                              | (400)   | (11)                       | 1                     | -                  |
| AT&T                           | (110)   | (2)                        | -                     | -                  | Cytec Industries                   | (400)   | (14)                       | -                     | -                  |
| Athenahealth                   | (100)   | (4)                        | -                     | -                  | D.R. Horton                        | (74)    | (1)                        | -                     | -                  |
| Atlas Energy                   | (552)   | (8)                        | -                     | -                  | Dana Holding                       | (600)   | (6)                        | 1                     | -                  |
| Atlas Energy 'O'               | (1,060) | -                          | -                     | -                  | Danaher                            | (1,069) | (32)                       | 2                     | -                  |
| Atwood Oceanics                | (300)   | (9)                        | -                     | -                  | DealerTrack                        | (778)   | (11)                       | -                     | -                  |
| Autonation                     | (12)    | -                          | -                     | -                  | Deere & Co                         | (500)   | (24)                       | 1                     | -                  |
| AVX                            | (498)   | (4)                        | -                     | -                  | Dell                               | (100)   | (1)                        | -                     | -                  |
| B&G Foods                      | (200)   | (2)                        | -                     | -                  | Delphi Financial Group             | (166)   | (3)                        | -                     | -                  |
| Ball                           | (100)   | (2)                        | -                     | -                  | Delta Air Lines                    | (600)   | (3)                        | -                     | -                  |
| Bancorpsouth                   | (399)   | (3)                        | (1)                   | -                  | Denbury Resources                  | (100)   | (1)                        | -                     | -                  |
| Bank of Hawaii                 | (100)   | (3)                        | -                     | -                  | Devry                              | (100)   | (4)                        | -                     | -                  |
| Bank of New York Mellon        | (2,820) | (44)                       | 1                     | -                  | Dexcom                             | (243)   | (2)                        | -                     | -                  |
| Barnes Group                   | (185)   | (3)                        | -                     | -                  | Diamond Offshore                   | (502)   | (21)                       | 1                     | -                  |
| BB&T                           | (2,389) | (38)                       | -                     | -                  | Diebold                            | (287)   | (5)                        | -                     | -                  |
| Becton Dickinson               | (200)   | (10)                       | -                     | -                  | Digital River                      | (100)   | (2)                        | -                     | -                  |
| Belden                         | (202)   | (5)                        | -                     | -                  | Discover Financial Services        | (1,000) | (16)                       | -                     | -                  |
| Belo                           | (200)   | (1)                        | -                     | -                  | Dolby Laboratories                 | (452)   | (12)                       | -                     | -                  |
| BGC Partners                   | (900)   | (5)                        | -                     | -                  | Dominion Resources                 | (1,209) | (36)                       | -                     | -                  |
| BJ's Restaurants               | (314)   | (9)                        | 2                     | -                  | Domino's Pizza                     | (400)   | (7)                        | -                     | -                  |
| Black Hills                    | (58)    | (1)                        | -                     | -                  | Donaldson                          | (200)   | (7)                        | 1                     | -                  |
| Boeing                         | (100)   | (4)                        | -                     | -                  | Dow Chemical                       | (600)   | (13)                       | -                     | -                  |
| BOK Financial                  | (100)   | (3)                        | -                     | -                  | DPL                                | (24)    | -                          | -                     | -                  |
| Borgwarner                     | (198)   | (10)                       | -                     | -                  | Dreamworks Animation SKG 'A'       | (772)   | (10)                       | -                     | -                  |
| Brigham Exploration            | (100)   | (2)                        | -                     | -                  | Dresser Rand Group                 | (200)   | (7)                        | -                     | -                  |
| Bristol-Myers Squibb           | (600)   | (11)                       | -                     | -                  | Dril Quip                          | (100)   | (4)                        | -                     | -                  |
| Broadridge Financial Solutions | (1,300) | (19)                       | -                     | -                  | DSW 'A'                            | (606)   | (20)                       | -                     | -                  |
| Brookdale Senior Living        | (158)   | (2)                        | -                     | -                  | Du Pont de Nemours                 | (200)   | (6)                        | -                     | -                  |
| Brown-Forman 'B'               | (100)   | (5)                        | -                     | -                  | E Trade Financial                  | (500)   | (5)                        | -                     | -                  |
| Bruker                         | (518)   | (5)                        | 1                     | -                  | Eastman Chemical                   | (11)    | (1)                        | -                     | -                  |
| Buckle                         | (376)   | (10)                       | -                     | -                  | Ecolab                             | (100)   | (3)                        | -                     | -                  |
| Cabela's                       | (326)   | (6)                        | -                     | -                  | Edwards Lifesciences               | (1,100) | (49)                       | 5                     | -                  |
| Cadence Design Systems         | (100)   | (1)                        | -                     | -                  | El Paso Electric                   | (1,243) | (25)                       | -                     | -                  |
| Capital One Financial          | (360)   | (11)                       | -                     | -                  | Electronic Arts                    | (1,600) | (22)                       | 2                     | -                  |
| Carlisle Companies             | (300)   | (8)                        | -                     | -                  | Eli Lilly & Co                     | (1,300) | (30)                       | -                     | -                  |
| Carmax                         | (1,600) | (32)                       | -                     | -                  | EMC                                | (2,500) | (41)                       | 2                     | -                  |
| Carpenter Technology           | (87)    | (3)                        | -                     | -                  | Emerson Electric                   | (100)   | (3)                        | -                     | -                  |
| Casey's General Stores         | (674)   | (19)                       | 1                     | -                  | Enpro Industries                   | (200)   | (6)                        | -                     | -                  |
| Cavium                         | (200)   | (4)                        | 1                     | -                  | Estee Lauder 'A'                   | (511)   | (33)                       | -                     | -                  |
| Celanese                       | (800)   | (27)                       | 1                     | -                  | Esterline Technologies             | (400)   | (18)                       | 1                     | -                  |
| Centene                        | (300)   | (6)                        | -                     | -                  | Exelixis                           | (300)   | (1)                        | -                     | -                  |
| Centerpoint Energy             | (500)   | (6)                        | -                     | -                  | Exelon                             | (100)   | (3)                        | -                     | -                  |
| Central European Distribution  | (191)   | (1)                        | -                     | -                  | Ezcorp 'A'                         | (200)   | (4)                        | 1                     | -                  |
| Cerner                         | (222)   | (8)                        | -                     | -                  | Fastenal                           | (4,083) | (85)                       | -                     | -                  |
| CH Robinson Worldwide          | (832)   | (37)                       | 2                     | -                  | Finish Line                        | (100)   | (1)                        | -                     | -                  |
| Charles River Laboratories     | (33)    | (1)                        | -                     | -                  | First Horizon National             | (5,430) | (30)                       | 2                     | -                  |
| Chart Industries               | (100)   | (3)                        | -                     | -                  | First Midwest Banc                 | (212)   | (2)                        | -                     | -                  |
| Chemed                         | (200)   | (7)                        | -                     | -                  | Fiserv                             | (34)    | (1)                        | -                     | -                  |
| Chesapeake Energy              | (200)   | (4)                        | -                     | -                  | Flir Systems                       | (200)   | (3)                        | -                     | -                  |
| Ciena                          | (600)   | (6)                        | 1                     | -                  | Flowserve                          | (200)   | (12)                       | 2                     | -                  |
| Cigna                          | (271)   | (8)                        | -                     | -                  | FMC                                | (150)   | (8)                        | -                     | -                  |
| Cimarex Energy                 | (100)   | (5)                        | -                     | -                  | FMC Technologies                   | (252)   | (7)                        | -                     | -                  |
| Cincinnati Financial           | (18)    | -                          | -                     | -                  | FNB                                | (1,180) | (7)                        | -                     | -                  |
| Cinemark                       | (100)   | (1)                        | -                     | -                  | Forest Oil                         | (200)   | (3)                        | -                     | -                  |
| Citrix Systems                 | (100)   | (4)                        | -                     | -                  | Fortune Brands                     | (407)   | (15)                       | 1                     | -                  |
| Clarcor                        | (801)   | (22)                       | 2                     | -                  | Franklin Electric                  | (376)   | (10)                       | 1                     | -                  |
| Clear Channel Outdoor 'A'      | (1,200) | (9)                        | 1                     | -                  | Fulton Financial                   | (100)   | (1)                        | -                     | -                  |
| Cleco                          | (790)   | (17)                       | -                     | -                  | Gamestop 'A'                       | (100)   | (1)                        | -                     | -                  |
| CNO Financial Group            | (4,100) | (19)                       | -                     | -                  | Gannett                            | (1,600) | (13)                       | 1                     | -                  |
| Coca-Cola                      | (800)   | (34)                       | -                     | -                  | Gartner                            | (65)    | (1)                        | -                     | -                  |
| Cognizant Technology Solutions | (100)   | (4)                        | -                     | -                  | GATX                               | (511)   | (12)                       | (1)                   | -                  |
| Cohen & Steers                 | (2,602) | (63)                       | -                     | -                  | Gaylord Entertainment              | (200)   | (4)                        | -                     | -                  |
| Colfax Group                   | (493)   | (7)                        | -                     | -                  | General Cable                      | (400)   | (10)                       | 1                     | -                  |
| Columbia Banking System        | (100)   | (1)                        | -                     | -                  | General Mills                      | (500)   | (11)                       | -                     | -                  |

# Portfolio statement – continued

As at 31 July 2011

| Investment                         | Holding  | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % | Investment                | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % |
|------------------------------------|----------|----------------------------|-----------------------|--------------------|---------------------------|---------|----------------------------|-----------------------|--------------------|
| Genesee & Wyoming 'A'              | (414)    | (14)                       | 1                     | -                  | McDonald's                | (900)   | (48)                       | -                     | -                  |
| Genon Energy                       | (14,868) | (36)                       | 2                     | -                  | McGraw-Hill               | (291)   | (8)                        | -                     | -                  |
| GEO Group                          | (390)    | (5)                        | -                     | -                  | MDC Holdings              | (705)   | (10)                       | -                     | -                  |
| Global Payments                    | (2,218)  | (65)                       | 1                     | -                  | MeadWestvaco              | (564)   | (11)                       | 1                     | -                  |
| Goldman Sachs                      | (300)    | (25)                       | -                     | -                  | MEMC Electronic Materials | (784)   | (4)                        | -                     | -                  |
| Goodrich                           | (464)    | (27)                       | 1                     | -                  | Merck                     | (100)   | (2)                        | -                     | -                  |
| Goodyear Tire & Rubber             | (200)    | (2)                        | -                     | -                  | Meritage Home             | (100)   | (1)                        | -                     | -                  |
| Graftech International             | (768)    | (9)                        | 2                     | -                  | MGM Mirage                | (2,400) | (23)                       | -                     | -                  |
| Green Mountain Coffee              | (100)    | (6)                        | -                     | -                  | Microchip Technology      | (326)   | (7)                        | -                     | -                  |
| Gulfmark Offshore                  | (100)    | (3)                        | -                     | -                  | Micros Systems            | (200)   | (6)                        | -                     | -                  |
| Gulfport Energy                    | (700)    | (15)                       | -                     | -                  | Mine Safety Appliance     | (15)    | -                          | -                     | -                  |
| Haemonetics                        | (18)     | (1)                        | -                     | -                  | MKS Instruments           | (1,100) | (17)                       | 1                     | -                  |
| Hain Celestial Group               | (100)    | (2)                        | -                     | -                  | Mobile Mini               | (1,100) | (14)                       | 1                     | -                  |
| Hanesbrands                        | (900)    | (17)                       | -                     | -                  | Molson Coors Brewing 'B'  | (100)   | (3)                        | -                     | -                  |
| Hartford Financial Services Group  | (618)    | (9)                        | -                     | -                  | Monro Muffler             | (680)   | (15)                       | 1                     | -                  |
| Hawaiian Electric                  | (100)    | (1)                        | -                     | -                  | Monsanto                  | (407)   | (19)                       | -                     | -                  |
| HCC Insurance                      | (300)    | (6)                        | -                     | -                  | Moog                      | (100)   | (3)                        | -                     | -                  |
| Healthcare Services Group          | (900)    | (9)                        | 1                     | -                  | Mueller Industries        | (726)   | (17)                       | 1                     | -                  |
| HealthSouth                        | (228)    | (3)                        | -                     | -                  | Murphy Oil                | (47)    | (2)                        | -                     | -                  |
| HealthSpring                       | (150)    | (4)                        | -                     | -                  | MWI Veterinary Supply     | (100)   | (5)                        | -                     | -                  |
| Henry Schein                       | (708)    | (29)                       | 3                     | -                  | Mylan Laboratories        | (600)   | (9)                        | -                     | -                  |
| Hewlett Packard                    | (400)    | (9)                        | -                     | -                  | National Fuel Gas         | (200)   | (9)                        | -                     | -                  |
| Hillenbrand                        | (99)     | (1)                        | -                     | -                  | National Instruments      | (1,000) | (16)                       | -                     | -                  |
| HMS Holdings                       | (400)    | (18)                       | 1                     | -                  | National Penn Bancshares  | (500)   | (2)                        | -                     | -                  |
| Hub Group 'A'                      | (700)    | (16)                       | -                     | -                  | Nektar Therapeutics       | (887)   | (3)                        | 1                     | -                  |
| Hudson City Bank                   | (6,900)  | (35)                       | (1)                   | -                  | NetNet                    | (100)   | (1)                        | -                     | -                  |
| Human Genome Sciences              | (1,400)  | (17)                       | 1                     | -                  | NetLogic Microsystems     | (100)   | (2)                        | -                     | -                  |
| Huntington Ingalls Industries      | (731)    | (15)                       | -                     | -                  | NetSuite                  | (190)   | (4)                        | -                     | -                  |
| IBM                                | (200)    | (22)                       | -                     | -                  | New Jersey Resources      | (400)   | (11)                       | 1                     | -                  |
| Iconix Brand Group                 | (400)    | (6)                        | 1                     | -                  | New York Community Bank   | (4,800) | (40)                       | 2                     | -                  |
| IDA                                | (500)    | (12)                       | -                     | -                  | News CP Ltd               | (100)   | (1)                        | -                     | -                  |
| Illinois Tool Works                | (200)    | (6)                        | -                     | -                  | Nextera Energy            | (400)   | (14)                       | -                     | -                  |
| Illumina                           | (100)    | (4)                        | 1                     | -                  | NiSource                  | (2,100) | (26)                       | 1                     | -                  |
| Incyte                             | (100)    | (1)                        | -                     | -                  | Nordstrom                 | (200)   | (6)                        | -                     | -                  |
| Ingram Micro                       | (417)    | (4)                        | -                     | -                  | Northeast Utilities       | (400)   | (8)                        | -                     | -                  |
| Interface 'A'                      | (958)    | (10)                       | 2                     | -                  | Northern Oil & Gas        | (192)   | (3)                        | -                     | -                  |
| International Bancshares           | (200)    | (2)                        | -                     | -                  | Northern Trust            | (386)   | (11)                       | -                     | -                  |
| International Flavors & Fragrances | (200)    | (8)                        | -                     | -                  | Northwest Natural Gas     | (377)   | (10)                       | -                     | -                  |
| Interpublic Group                  | (323)    | (2)                        | 1                     | -                  | Novellus Systems          | (1,187) | (23)                       | -                     | -                  |
| Intersil 'A'                       | (1,200)  | (9)                        | -                     | -                  | nTelos                    | (64)    | (1)                        | -                     | -                  |
| Invacare                           | (159)    | (3)                        | -                     | -                  | NU Skin Enterprises       | (100)   | (2)                        | -                     | -                  |
| Investors Bancorp                  | (100)    | (1)                        | -                     | -                  | Nuance Communications     | (100)   | (1)                        | -                     | -                  |
| ITC Holdings                       | (100)    | (4)                        | -                     | -                  | NuVasive                  | (200)   | (4)                        | -                     | -                  |
| J Crew Group                       | (100)    | -                          | -                     | -                  | NxStage Medical           | (100)   | (1)                        | -                     | -                  |
| Jarden                             | (100)    | (2)                        | -                     | -                  | Occidental Petroleum      | (108)   | (7)                        | 1                     | -                  |
| Jetblue Airways                    | (5,018)  | (14)                       | 2                     | -                  | Oceaneering International | (200)   | (5)                        | -                     | -                  |
| Johnson & Johnson                  | (100)    | (4)                        | -                     | -                  | Ocwen Financial           | (598)   | (5)                        | -                     | -                  |
| Johnson Controls                   | (2,100)  | (48)                       | 3                     | -                  | Olin                      | (1,240) | (16)                       | -                     | -                  |
| K12                                | (1,300)  | (25)                       | 2                     | -                  | Omicom Group              | (1,490) | (43)                       | -                     | -                  |
| Kaiser Aluminum                    | (100)    | (3)                        | -                     | -                  | ONEOK                     | (100)   | (4)                        | -                     | -                  |
| Kaydon                             | (100)    | (2)                        | -                     | -                  | Owens & Minor             | (1,100) | (20)                       | 2                     | -                  |
| Key                                | (3,400)  | (17)                       | -                     | -                  | Panera Bread 'A'          | (100)   | (7)                        | 1                     | -                  |
| Key Energy Services                | (700)    | (8)                        | -                     | -                  | Patterson Companies       | (400)   | (8)                        | 1                     | -                  |
| KLA-Tencor                         | (89)     | (2)                        | -                     | -                  | PDL BioPharma             | (240)   | (1)                        | -                     | -                  |
| Knight Capital                     | (6,500)  | (45)                       | -                     | -                  | Peabody Energy            | (900)   | (32)                       | 2                     | -                  |
| Kroger                             | (700)    | (11)                       | -                     | -                  | Pegasystems               | (320)   | (8)                        | 1                     | -                  |
| Laboratory Corporation of America  | (1,200)  | (67)                       | 2                     | -                  | Pentair                   | (300)   | (7)                        | -                     | -                  |
| Lam Research                       | (100)    | (3)                        | -                     | -                  | Pepco Holdings            | (214)   | (2)                        | -                     | -                  |
| Landstar Systems                   | (1,300)  | (36)                       | 2                     | -                  | Perrigo                   | (100)   | (6)                        | -                     | -                  |
| Lennar                             | (200)    | (2)                        | -                     | -                  | Piedmont Natural Gas      | (500)   | (9)                        | -                     | -                  |
| Lennox International               | (900)    | (20)                       | -                     | -                  | PNC Financial             | (200)   | (7)                        | -                     | -                  |
| Leucadia National                  | (101)    | (2)                        | -                     | -                  | Polo Ralph Lauren         | (114)   | (9)                        | -                     | -                  |
| Liberty Media                      | (100)    | (5)                        | -                     | -                  | Polyone                   | (100)   | (1)                        | -                     | -                  |
| Liberty Media Interactive          | (500)    | (5)                        | -                     | -                  | Pool                      | (600)   | (10)                       | -                     | -                  |
| Limited Brands                     | (100)    | (2)                        | -                     | -                  | Power Integrations        | (690)   | (15)                       | 1                     | -                  |
| Lincare                            | (300)    | (5)                        | -                     | -                  | PPL                       | (400)   | (7)                        | -                     | -                  |
| Linear Technology                  | (200)    | (4)                        | -                     | -                  | Precision Castparts       | (87)    | (9)                        | -                     | -                  |
| Loral Space & Communications       | (592)    | (24)                       | 1                     | -                  | ProAssurance              | (29)    | (1)                        | -                     | -                  |
| Lorillard                          | (700)    | (45)                       | 2                     | -                  | PVH                       | (349)   | (15)                       | 1                     | -                  |
| Louisiana-Pacific                  | (1,100)  | (5)                        | -                     | -                  | QLogic                    | (100)   | (1)                        | -                     | -                  |
| Lufkin Industries                  | (200)    | (10)                       | -                     | -                  | Qualcomm                  | (1,300) | (44)                       | 2                     | -                  |
| Magellan Health Service            | (100)    | (3)                        | -                     | -                  | Quality Systems           | (100)   | (6)                        | -                     | -                  |
| MAKO Surgical                      | (610)    | (11)                       | 1                     | -                  | Quanta Services           | (91)    | (1)                        | -                     | -                  |
| Manitowoc                          | (100)    | (1)                        | -                     | -                  | Quantum                   | (100)   | -                          | -                     | -                  |
| Marsh & McLennan                   | (500)    | (9)                        | -                     | -                  | Quest Diagnostics         | (1,700) | (57)                       | 2                     | -                  |
| Masco                              | (587)    | (4)                        | 1                     | -                  | Questar                   | (700)   | (8)                        | -                     | -                  |
| Masimo                             | (326)    | (6)                        | -                     | -                  | Quicksilver Resources     | (1,100) | (10)                       | -                     | -                  |
| Mastec                             | (200)    | (3)                        | -                     | -                  | Radioshack                | (2,312) | (20)                       | 2                     | -                  |
| Mattel                             | (4,700)  | (77)                       | 1                     | -                  | Rambus                    | (5,500) | (49)                       | 3                     | -                  |
| MB Financial                       | (222)    | (3)                        | -                     | -                  | Range Resources           | (200)   | (8)                        | -                     | -                  |
| McCormick & Co                     | (200)    | (6)                        | -                     | -                  | Raymond James Financial   | (1)     | -                          | -                     | -                  |

# Portfolio statement – continued

As at 31 July 2011

| Investment                        | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % | Investment                    | Holding | Notional exposure<br>£'000 | Market value<br>£'000 | Total net assets % |
|-----------------------------------|---------|----------------------------|-----------------------|--------------------|-------------------------------|---------|----------------------------|-----------------------|--------------------|
| Red Hat                           | (403)   | (11)                       | -                     | -                  | Time Warner                   | (568)   | (12)                       | -                     | -                  |
| Regal Entertainment Group 'A'     | (700)   | (5)                        | -                     | -                  | Titan International           | (300)   | (5)                        | -                     | -                  |
| Regions Financial                 | (100)   | -                          | -                     | -                  | Titanium Metals               | (141)   | (2)                        | -                     | -                  |
| Rent a Center                     | (287)   | (5)                        | 1                     | -                  | TiVo                          | (3,588) | (21)                       | 2                     | -                  |
| Reynolds American                 | (738)   | (16)                       | -                     | -                  | Torchmark                     | (100)   | (3)                        | -                     | -                  |
| RF Micro Devices                  | (454)   | (2)                        | -                     | -                  | Towers Watson & Co            | (611)   | (23)                       | -                     | -                  |
| RightNow Technologies             | (300)   | (6)                        | -                     | -                  | TransDigm Group               | (400)   | (22)                       | -                     | -                  |
| Robbins & Myers                   | (600)   | (18)                       | 2                     | -                  | Trinity Industries            | (1,216) | (23)                       | 2                     | -                  |
| Robert Half International         | (124)   | (2)                        | -                     | -                  | Triquint Semiconductor        | (700)   | (3)                        | 2                     | -                  |
| Rockwell Automation               | (100)   | (5)                        | 1                     | -                  | TW Telecom                    | (400)   | (5)                        | -                     | -                  |
| Rockwell Collins                  | (1,100) | (37)                       | 2                     | -                  | Tyson Foods 'A'               | (133)   | (1)                        | -                     | -                  |
| Roper Industries                  | (45)    | (2)                        | -                     | -                  | UIL Holdings                  | (1,025) | (20)                       | -                     | -                  |
| Rosetta Resources                 | (100)   | (3)                        | -                     | -                  | Ultimate Software Group       | (596)   | (20)                       | -                     | -                  |
| Rovi                              | (100)   | (3)                        | -                     | -                  | UMB Financial                 | (300)   | (8)                        | -                     | -                  |
| Rowan                             | (300)   | (7)                        | -                     | -                  | Under Armour 'A'              | (300)   | (14)                       | 1                     | -                  |
| Ruby Tuesday                      | (100)   | (1)                        | -                     | -                  | Union Pacific                 | (100)   | (6)                        | -                     | -                  |
| Ruddick                           | (300)   | (8)                        | -                     | -                  | United Bankshares             | (100)   | (1)                        | -                     | -                  |
| Ryder System                      | (100)   | (4)                        | -                     | -                  | United Health Group           | (100)   | (3)                        | -                     | -                  |
| Saic                              | (1,700) | (17)                       | -                     | -                  | United Natural Foods          | (1,057) | (28)                       | 2                     | -                  |
| Saks                              | (2,000) | (13)                       | -                     | -                  | United States Steel           | (300)   | (7)                        | -                     | -                  |
| Salesforce.com                    | (100)   | (9)                        | 1                     | -                  | Unitrin                       | (1,156) | (20)                       | -                     | -                  |
| Salix Pharmaceuticals             | (200)   | (5)                        | -                     | -                  | Universal                     | (18)    | -                          | -                     | -                  |
| Sanderson Farms                   | (1,196) | (32)                       | 2                     | -                  | Universal Health Services 'B' | (304)   | (9)                        | -                     | -                  |
| Sandisk                           | (1,100) | (29)                       | 2                     | -                  | UNUM Group                    | (441)   | (7)                        | -                     | -                  |
| Sandridge Energy                  | (458)   | (3)                        | -                     | -                  | Urban Outfitters              | (728)   | (15)                       | (1)                   | -                  |
| Sanmina-SCI                       | (400)   | (3)                        | (1)                   | -                  | US Cellular                   | (100)   | (3)                        | -                     | -                  |
| Sara Lee                          | (900)   | (11)                       | -                     | -                  | USG                           | (8,082) | (56)                       | 5                     | -                  |
| SBA Communications                | (20)    | -                          | -                     | -                  | Vail Resorts                  | (100)   | (3)                        | -                     | -                  |
| Scana                             | (794)   | (19)                       | -                     | -                  | Valassis Communications       | (110)   | (2)                        | -                     | -                  |
| Scansource                        | (414)   | (9)                        | 1                     | -                  | Valley National Bank          | (41)    | -                          | -                     | -                  |
| Schwab (Charles)                  | (1,732) | (16)                       | 1                     | -                  | Valmont Industries            | (105)   | (6)                        | 1                     | -                  |
| Schweitzer-Mauduit International  | (200)   | (7)                        | -                     | -                  | Verifone Systems              | (300)   | (7)                        | -                     | -                  |
| Scotts Miracle-Gro 'A'            | (712)   | (22)                       | -                     | -                  | Verizon Communications        | (2,008) | (44)                       | 1                     | -                  |
| Seattle Genetics                  | (500)   | (5)                        | -                     | -                  | VF                            | (500)   | (36)                       | -                     | -                  |
| Sensient Technologies             | (100)   | (2)                        | -                     | -                  | Viasat                        | (100)   | (3)                        | -                     | -                  |
| Service Corporation International | (8)     | -                          | -                     | -                  | Viropharma                    | (565)   | (6)                        | -                     | -                  |
| Shaw Group                        | (1,607) | (26)                       | -                     | -                  | VMware 'A'                    | (200)   | (12)                       | 1                     | -                  |
| Sherwin-Williams                  | (794)   | (38)                       | 2                     | -                  | Volcano                       | (400)   | (8)                        | -                     | -                  |
| Silgan Holdings                   | (200)   | (5)                        | -                     | -                  | W&T Offshore                  | (100)   | (2)                        | -                     | -                  |
| Silicon Laboratories              | (687)   | (15)                       | 2                     | -                  | Wal-Mart Stores               | (100)   | (3)                        | -                     | -                  |
| Simpson Manufacturing             | (278)   | (5)                        | -                     | -                  | Walt Disney                   | (200)   | (5)                        | -                     | -                  |
| Skyworks Solutions                | (1,100) | (17)                       | 1                     | -                  | Waste Connections             | (700)   | (14)                       | -                     | -                  |
| Smucker (J.M.)                    | (100)   | (5)                        | -                     | -                  | Waters                        | (100)   | (5)                        | -                     | -                  |
| Snap-On                           | (1,100) | (39)                       | 3                     | -                  | Watsco 'A'                    | (300)   | (11)                       | -                     | -                  |
| Snyder's-Lance                    | (200)   | (3)                        | -                     | -                  | Watson Pharmaceuticals        | (300)   | (13)                       | -                     | -                  |
| Solutia                           | (400)   | (5)                        | -                     | -                  | Webster Financial             | (1,118) | (14)                       | 1                     | -                  |
| Sonoco Products                   | (2,078) | (41)                       | 1                     | -                  | Wendy's                       | (2,600) | (8)                        | -                     | -                  |
| Sothebys 'A'                      | (1)     | -                          | -                     | -                  | WESCO International           | (600)   | (19)                       | 2                     | -                  |
| South Jersey Industries           | (156)   | (5)                        | -                     | -                  | West Pharmaceutical Services  | (305)   | (8)                        | -                     | -                  |
| Southern Company                  | (700)   | (17)                       | -                     | -                  | Whirlpool                     | (600)   | (26)                       | -                     | -                  |
| Southwest Airlines                | (100)   | (1)                        | -                     | -                  | Whole Foods Market            | (92)    | (4)                        | -                     | -                  |
| Southwestern Energy 'C'           | (70)    | (2)                        | -                     | -                  | Williams-Sonoma               | (205)   | (5)                        | -                     | -                  |
| Spirit Aerosystems Holdings       | (300)   | (4)                        | -                     | -                  | Windstream                    | (1,412) | (11)                       | -                     | -                  |
| Stan Financial Group              | (1,468) | (30)                       | 2                     | -                  | Wisconsin Energy              | (448)   | (9)                        | -                     | -                  |
| Standard Pacific                  | (2,200) | (4)                        | 1                     | -                  | Woodward Governor             | (252)   | (5)                        | -                     | -                  |
| Staples                           | (1,000) | (10)                       | -                     | -                  | World Fuel Services           | (323)   | (7)                        | -                     | -                  |
| Steelcase                         | (2,195) | (14)                       | 2                     | -                  | WR Berkley                    | (285)   | (5)                        | -                     | -                  |
| Stericycle                        | (294)   | (15)                       | 1                     | -                  | Wynn Resorts                  | (100)   | (10)                       | 1                     | -                  |
| STERIS                            | (400)   | (8)                        | -                     | -                  | Xerox                         | (3,357) | (19)                       | 1                     | -                  |
| Stifel Financial                  | (401)   | (9)                        | -                     | -                  | Yum Brands                    | (1,472) | (48)                       | 3                     | -                  |
| Stryker                           | (100)   | (3)                        | -                     | -                  | Zoll Medical                  | (100)   | (3)                        | -                     | -                  |
| SuccessFactors                    | (278)   | (5)                        | -                     | -                  |                               |         | (5,458)                    |                       |                    |
| SunTrust Banks                    | (300)   | (5)                        | -                     | -                  |                               |         |                            |                       |                    |
| Susquehanna Bancshares            | (500)   | (2)                        | -                     | -                  |                               |         |                            |                       |                    |
| Syntel                            | (546)   | (18)                       | 1                     | -                  |                               |         |                            |                       |                    |
| Talbots                           | (300)   | (1)                        | -                     | -                  |                               |         |                            |                       |                    |
| TCF Financial                     | (2,907) | (23)                       | -                     | -                  |                               |         |                            |                       |                    |
| Teledyne Technologies             | (468)   | (15)                       | (1)                   | -                  |                               |         |                            |                       |                    |
| Tenneco                           | (320)   | (8)                        | -                     | -                  |                               |         |                            |                       |                    |
| Teradata                          | (270)   | (9)                        | 1                     | -                  |                               |         |                            |                       |                    |
| Teradyne                          | (300)   | (3)                        | -                     | -                  |                               |         |                            |                       |                    |
| Terex                             | (1,000) | (14)                       | 1                     | -                  |                               |         |                            |                       |                    |
| Texas Capital Bank                | (2,647) | (45)                       | 2                     | -                  |                               |         |                            |                       |                    |
| Texas Industries                  | (1,700) | (40)                       | 1                     | -                  |                               |         |                            |                       |                    |
| Texas Instruments                 | (400)   | (7)                        | -                     | -                  |                               |         |                            |                       |                    |
| The Travelers Companies           | (1,795) | (61)                       | 2                     | -                  |                               |         |                            |                       |                    |
| Theravance                        | (646)   | (9)                        | 1                     | -                  |                               |         |                            |                       |                    |
| Thor Industries                   | (1,346) | (21)                       | 2                     | -                  |                               |         |                            |                       |                    |
| TIBCO Software                    | (100)   | (2)                        | -                     | -                  |                               |         |                            |                       |                    |
| Tidewater                         | (100)   | (3)                        | -                     | -                  |                               |         |                            |                       |                    |
| Tiffany & Co                      | (73)    | (4)                        | -                     | -                  |                               |         |                            |                       |                    |

  

|   |           |  |  |  |  |  |       |                |               |
|---|-----------|--|--|--|--|--|-------|----------------|---------------|
| <b>Forward currency contracts – 0.0% (0.0%)</b>             |           |  |  |  |  |  |       |                |               |
| <b>US Dollar</b>  |           |  |  |  |  |  |       |                |               |
| Buy \$176,622 sell £110,113 dated 11/08/11                  |           |  |  |  |  |  |       | (1)            | -             |
| Sell \$176,622 buy £109,816 dated 11/08/11                  |           |  |  |  |  |  |       | 1              | -             |
| <b>Liquidity – 8.4% (8.6%)</b>                              |           |  |  |  |  |  |       |                |               |
| JPM Sterling Liquidity 'X' (Income)^                        | 1,075,000 |  |  |  |  |  | 1,075 |                | 8.4           |
| <b>Investment assets (including investment liabilities)</b> |           |  |  |  |  |  |       | <b>14,480</b>  | <b>114.5</b>  |
| <b>Net other liabilities</b>                                |           |  |  |  |  |  |       | <b>(1,829)</b> | <b>(14.5)</b> |
| <b>Net assets</b>   |           |  |  |  |  |  |       | <b>12,651</b>  | <b>100.0</b>  |

Unless otherwise stated the above securities are admitted to official stock exchange listings or traded on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>26,470</b> | <b>Total of all sales for the period</b> | <b>23,798</b>   |
| <b>Purchases</b>                             | <b>Cost</b>   | <b>Sales</b>                             | <b>Proceeds</b> |
| Treasury 0% 6 Jun 2011                       | 2,995         | Treasury 0% 6 Jun 2011                   | 4,498           |
| Treasury 0% 4 Jul 2011                       | 1,999         | Treasury 0% 26 Apr 2011                  | 2,500           |
| Treasury 0% 26 Apr 2011                      | 1,998         | Treasury 0% 7 Mar 2011                   | 2,300           |
| Treasury 0% 27 Jun 2011                      | 1,998         | Treasury 0% 14 Feb 2011                  | 2,000           |
| Treasury 0% 26 Sep 2011                      | 1,998         | Treasury 0% 28 Mar 2011                  | 2,000           |
| Treasury 0% 31 Oct 2011                      | 1,998         | Treasury 0% 4 Jul 2011                   | 2,000           |
| Treasury 0% 3 Oct 2011                       | 1,998         | Treasury 0% 27 Jun 2011                  | 2,000           |
| Treasury 0% 1 Aug 2011                       | 1,997         | Treasury 0% 3 May 2011                   | 1,700           |
| Treasury 0% 5 Sep 2011                       | 1,698         | Treasury 0% 25 Jul 2011                  | 1,500           |
| Treasury 0% 24 Oct 2011                      | 1,498         | Treasury 0% 9 May 2011                   | 1,000           |
| Treasury 0% 25 Jul 2011                      | 1,498         | Treasury 0% 23 May 2011                  | 1,000           |
| Treasury 0% 23 May 2011                      | 1,000         | Treasury 0% 11 Jul 2011                  | 800             |
| Treasury 0% 9 May 2011                       | 999           | Treasury 0% 13 Jun 2011                  | 500             |
| Treasury 0% 22 Aug 2011                      | 999           |  |                 |
| Treasury 0% 10 Oct 2011                      | 799           |  |                 |
| Treasury 0% 12 Sep 2011                      | 499           |  |                 |
| Treasury 0% 13 Jun 2011                      | 499           |  |                 |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011<br>£'000 | 2011<br>£'000 |
|---|---------------|---------------|
| Income  |               |               |
| Net capital gains   |               | 283           |
| Revenue   | (4)           |               |
| Expenses  | (110)         |               |
| Performance fee   | (35)          |               |
| Net expense before taxation   | (149)         |               |
| Taxation  | -             |               |
| Net expense after taxation  |               | (149)         |
| <b>Total return before distributions</b>  |               | <b>134</b>    |
| Finance costs: Distributions  |               | -             |
| <b>Change in net assets attributable to shareholders from investment activities</b> |               | <b>134</b>    |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | 2011<br>£'000 | 2011<br>£'000 |
|--|---------------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |               | <b>12,484</b> |
| Amounts receivable on issue of shares  | 64            |               |
| Amounts payable on cancellation of shares  | (31)          |               |
|  |               | 33            |
| Change in net assets attributable to shareholders from investment activities (see above) |               | 134           |
| <b>Closing net assets attributable to shareholders</b>                                   |               | <b>12,651</b> |

As the Fund launched on 12 August 2010 there are no comparatives in the Statement of total return and the Statement of change in net assets attributable to shareholders for the previous interim period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011<br>£'000 |                | 31 January 2011<br>£'000 |               |
|--|-----------------------|----------------|--------------------------|---------------|
| <b>ASSETS</b>                                  |                       |                |                          |               |
| Investment assets                              |                       | 14,944         |                          | 12,076        |
| Debtors  | 41                    |                | 84                       |               |
| Cash and bank balances                         | 257                   |                | 630                      |               |
| <b>Total other assets</b>                      |                       | <b>298</b>     |                          | <b>714</b>    |
| <b>Total assets</b>                            |                       | <b>15,242</b>  |                          | <b>12,790</b> |
| <b>LIABILITIES</b>                             |                       |                |                          |               |
| Investment liabilities                         |                       | (464)          |                          | (207)         |
| Creditors                                      | (2,127)               |                | (99)                     |               |
| <b>Total other liabilities</b>                 |                       | <b>(2,127)</b> |                          | <b>(99)</b>   |
| <b>Total liabilities</b>                       |                       | <b>(2,591)</b> |                          | <b>(306)</b>  |
| <b>Net assets attributable to shareholders</b> |                       | <b>12,651</b>  |                          | <b>12,484</b> |

# JPM Institutional Asia Fund

## Investment objective and policy

To invest in a portfolio of securities in the markets of Asia (excluding Japan) and Australasia. The current policy is to invest for capital growth without any distribution target.

## Risk profile

This equity based Fund is designed for institutional investors looking for broad market exposure (which may include emerging markets and smaller companies) to stock markets across the Asia (ex-Japan) and Australasia regions.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

The Fund may be invested in emerging markets, which may be subject to additional political and economic risks, low liquidity, poor transparency and greater financial risks.

The underlying assets of the Fund are denominated in currencies other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

In the period, the Fund produced a moderate positive return and outperformed its benchmark. The main positive contributor was stock selection in China and Hong Kong, partially offset by less favourable selections in India and Korea. An overweight position in Thailand and an underweight in Taiwan also benefitted relative returns.

Asian markets fell early in the first quarter on rising inflation concerns, with oil and food prices remaining high. The Japanese earthquake added further volatility to regional markets. Korea, Indonesia and China were the best performers in the quarter, while India, the Philippines and Taiwan were the worst. In the second quarter, European debt problems weighed on risk appetite and weak employment data in the US called into question the health of the global economic recovery. In China, headlines were dominated by concerns about the extent of economic slowdown, the size of local government debt, the arc of inflation and the quality of corporate governance. The result was another quarter of underperformance by Chinese equities.

## Fund outlook

The outlook for the second half of 2011 remains uncertain, but there are reasons to be cautiously optimistic. Developed world interest rates will remain accommodative, while interest rates in Asia are probably close to peaking. At the corporate level, valuations in Asia are attractive especially given the solid underlying balance sheets and robust medium to longer-term growth outlooks. The Fund will look to augment positions in India and Thailand as they experience weakness on political ructions and earnings disappointments.

## 12 month performance to 31 July

|   | 2011         | 2010         | 2009        | 2008          | 2007         |
|---|--------------|--------------|-------------|---------------|--------------|
| <b>JPM Institutional Asia I-Class Acc</b> | <b>18.0%</b> | <b>22.1%</b> | <b>7.6%</b> | <b>-10.8%</b> | <b>38.2%</b> |
| <b>JPM Institutional Asia X-Class Inc</b> | <b>18.8%</b> | <b>22.8%</b> | <b>8.3%</b> | <b>-10.5%</b> | <b>39.0%</b> |
| Benchmark Index <sup>A</sup>              | 16.0%        | 23.6%        | 4.1%        | -8.6%         | 33.7%        |

## Six month performance to 31 July 2011

|   |             |
|---|-------------|
| <b>JPM Institutional Asia I-Class Acc</b> | <b>2.3%</b> |
| Benchmark Index <sup>A</sup>              | 1.3%        |

## Fund statistics

|                              |  |
|------------------------------|--|
| Fund size                    | <b>£348.2m</b>   |
| Benchmark Index <sup>A</sup> | <b>FTSE All World Asia Pacific ex Japan (Total Return Net)</b> |
| Fund charges                 | <b>Initial Nil, Annual 0.70% On application<sup>B</sup></b>    |
| I-Class                      |  |
| X-Class                      |  |

## Top ten holdings

|   | %   |
|---|-----|
| BHP Billiton                              | 3.8 |
| KB Financial Group                        | 3.5 |
| Samsung Electronics                       | 3.2 |
| China Construction Bank 'H'               | 2.7 |
| Australia & New Zealand Bank Group        | 2.5 |
| Jardine Matheson                          | 2.4 |
| Industrial & Commercial Bank of China 'H' | 2.4 |
| National Australia Bank                   | 2.1 |
| Rio Tinto                                 | 1.8 |
| Wharf                                     | 1.6 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation or income shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 01/08/09 the benchmark for the Fund changed from FTSE World Asia Pacific ex Japan (Total Return Net) to FTSE All World Asia Pacific ex Japan Index (Total Return Net).

<sup>B</sup> As agreed from time to time between the ACD and the relevant JPMorgan Chase & Co. entity.

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## Geographical breakdown

|                  | %    |
|------------------|------|
| Hong Kong        | 21.4 |
| Australia        | 19.1 |
| South Korea      | 16.1 |
| China            | 13.5 |
| India            | 7.8  |
| Taiwan           | 7.5  |
| Singapore        | 4.4  |
| Thailand         | 2.5  |
| Indonesia        | 2.4  |
| Malaysia         | 1.3  |
| New Zealand      | 0.5  |
| Futures          | 0.0  |
| Net other assets | 3.5  |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>H-Class Accumulation Shares<sup>c</sup></b> |                     |                    |                              |
| 2009   | 163.0p              | 93.27p             | -                            |
| 2010 <sup>d</sup>                              | 168.3p              | 149.9p             | 0.59p                        |
| <b>I-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 165.9p              | 133.3p             | 2.67p                        |
| 2007   | 235.9p              | 158.3p             | 2.10p                        |
| 2008   | 217.2p              | 112.0p             | 2.66p                        |
| 2009   | 224.6p              | 128.5p             | 3.83p                        |
| 2010   | 275.9p              | 205.2p             | 3.22p                        |
| 2011 <sup>e</sup>                              | 279.4p              | 247.5p             | 0.00p                        |
| <b>X-Class Income Shares</b>                   |                     |                    |                              |
| 2006   | 158.2p              | 126.7p             | 3.16p                        |
| 2007   | 221.9p              | 148.5p             | 2.66p                        |
| 2008   | 204.5p              | 103.9p             | 3.38p                        |
| 2009   | 202.7p              | 114.6p             | 4.43p                        |
| 2010   | 246.0p              | 182.0p             | 3.49p                        |
| 2011 <sup>e</sup>                              | 249.2p              | 216.1p             | 0.00p                        |

<sup>c</sup> H-Class Accumulation Shares were launched on 2 February 2009.

<sup>d</sup> H-Class Accumulation Shares closed on 1 February 2010.

<sup>e</sup> To 31 July 2011.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 119.9% |
| 31.07.11 | 74.6%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|---------------------------------------|------------------|---------------------------|---------------------|
| <b>H-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.10                           | 383,894                               | 255,367,318      | 150.3p                    | 2.00%               |
| <b>I-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 333,954                               | 242,203,334      | 137.9p                    | 0.70%               |
| 31.01.10                           | 10,902                                | 5,258,749        | 207.3p                    | 0.70%               |
| 31.01.11                           | 400,433                               | 151,653,909      | 264.0p                    | 0.70%               |
| 31.07.11                           | 344,867                               | 127,696,452      | 270.1p                    | 0.70%               |
| <b>X-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09 <sup>f</sup>              | 35,134                                | 28,383,249       | 123.8p                    | 0.06%               |
| 31.01.10 <sup>f</sup>              | 18,652                                | 10,152,216       | 183.7p                    | 0.06%               |
| 31.01.11 <sup>f</sup>              | 3,235                                 | 1,404,352        | 230.4p                    | 0.06%               |
| 31.07.11                           | 3,319                                 | 1,404,352        | 236.3p                    | 0.06%               |

<sup>f</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end. The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                | Holding    | Market value<br>£'000 | Total net<br>assets % |
|---|------------|-----------------------|-----------------------|
| <b>Hong Kong - 21.4% (18.2%)</b>          |            |                       |                       |
| BOC Hong Kong                             | 680,500    | 1,250                 | 0.4                   |
| Cheung Kong                               | 474,000    | 4,447                 | 1.3                   |
| China Mobile                              | 695,500    | 4,244                 | 1.2                   |
| China Resources Land                      | 886,000    | 1,059                 | 0.3                   |
| China Taiping Insurance                   | 1,623,200  | 2,296                 | 0.7                   |
| Cosco Pacific                             | 2,214,000  | 2,199                 | 0.6                   |
| Daphne International                      | 5,858,000  | 3,861                 | 1.1                   |
| Glorious Property                         | 11,249,000 | 2,120                 | 0.6                   |
| Hidili Industry International Development | 4,282,000  | 1,921                 | 0.6                   |
| Hong Kong Electric Holdings               | 557,000    | 2,845                 | 0.8                   |
| HSBC                                      | 830,400    | 5,011                 | 1.4                   |
| I.T.                                      | 5,146,000  | 3,099                 | 0.9                   |
| Intime Department Store                   | 1,853,000  | 1,896                 | 0.6                   |
| Jardine Matheson                          | 237,885    | 8,377                 | 2.4                   |
| Jardine Strategic                         | 152,014    | 3,036                 | 0.9                   |
| Kerry Properties                          | 1,548,500  | 4,615                 | 1.3                   |
| Lifestyle International                   | 647,500    | 1,297                 | 0.4                   |
| MGM China Holdings                        | 2,543,800  | 3,497                 | 1.0                   |
| Poly (Hong Kong) Investments              | 3,173,000  | 1,448                 | 0.4                   |
| Ports Design                              | 2,248,000  | 2,917                 | 0.8                   |
| Sands China                               | 2,088,400  | 3,861                 | 1.1                   |
| Tencent                                   | 221,200    | 3,537                 | 1.0                   |
| Wharf                                     | 1,246,800  | 5,618                 | 1.6                   |
| <b>Australia - 19.1% (19.9%)</b>          |            |                       |                       |
| Asciano Group                             | 2,876,952  | 3,151                 | 0.9                   |
| Australia & New Zealand Bank Group        | 628,287    | 8,795                 | 2.5                   |
| BHP Billiton                              | 476,570    | 13,262                | 3.8                   |
| Boart Longyear                            | 1,131,790  | 3,042                 | 0.9                   |
| Brambles                                  | 373,947    | 1,739                 | 0.5                   |
| Fortescue Metals Group                    | 732,362    | 3,105                 | 0.9                   |
| Fosters                                   | 489,250    | 1,651                 | 0.5                   |
| National Australia Bank                   | 457,300    | 7,369                 | 2.1                   |
| Newcrest Mining                           | 70,859     | 1,883                 | 0.5                   |
| Oil Search                                | 963,000    | 4,413                 | 1.3                   |
| QBE Insurance Group                       | 419,913    | 4,616                 | 1.3                   |
| Rio Tinto                                 | 117,335    | 6,308                 | 1.8                   |
| Suncorp-Metway                            | 613,000    | 3,044                 | 0.9                   |
| Treasury Wine Estates                     | 250,000    | 578                   | 0.2                   |
| Wesfarmers                                | 174,300    | 3,433                 | 1.0                   |
| <b>South Korea - 16.1% (13.8%)</b>        |            |                       |                       |
| Hana Financial Group                      | 82,220     | 1,977                 | 0.5                   |
| Hyundai Heavy Industries                  | 20,370     | 4,833                 | 1.4                   |
| Hyundai Mobis                             | 12,210     | 2,701                 | 0.8                   |
| Hyundai Motor                             | 32,700     | 4,474                 | 1.3                   |
| KB Financial Group                        | 399,993    | 12,203                | 3.5                   |
| Korea Kumho Petrochemical                 | 8,320      | 1,049                 | 0.3                   |
| KT&G                                      | 74,140     | 2,832                 | 0.8                   |
| LG Uplus                                  | 528,966    | 1,638                 | 0.5                   |
| Lotte Shopping                            | 9,920      | 2,631                 | 0.7                   |
| OCI Company                               | 11,360     | 2,692                 | 0.8                   |
| POSCO                                     | 10,840     | 2,928                 | 0.8                   |
| Samsung C&T                               | 69,100     | 3,375                 | 1.0                   |
| Samsung Electronics                       | 22,505     | 11,046                | 3.2                   |
| Samsung Engineering                       | 12,318     | 1,861                 | 0.5                   |
| <b>China - 13.5% (13.7%)</b>              |            |                       |                       |
| Aluminium Corp of China 'H'               | 5,894,000  | 3,085                 | 0.9                   |
| China Communications Construction 'H'     | 4,517,000  | 2,365                 | 0.7                   |
| China Construction Bank 'H'               | 19,148,990 | 9,481                 | 2.7                   |
| China National Building Material 'H'      | 4,348,000  | 5,361                 | 1.5                   |
| China Petroleum & Chemical 'H'            | 8,020,000  | 4,856                 | 1.4                   |
| China Vanke 'B'                           | 1,582,955  | 1,335                 | 0.4                   |
| CNOOC                                     | 2,439,000  | 3,342                 | 1.0                   |
| Industrial & Commercial Bank of China 'H' | 17,568,260 | 8,213                 | 2.4                   |
| Jiangxi Copper 'H'                        | 629,000    | 1,359                 | 0.4                   |
| Ping An Insurance 'H'                     | 257,000    | 1,535                 | 0.4                   |
| TPK ELN 2011 (Morgan Stanley)             | 106,000    | 1,941                 | 0.6                   |
| Yanzhou Coal Mining 'H'                   | 1,692,000  | 3,968                 | 1.1                   |

| Investment  | Holding    | Market value<br>£'000 | Total net<br>assets % |
|---|------------|-----------------------|-----------------------|
| <b>India - 7.8% (11.5%)</b>                                 |            |                       |                       |
| Bharti Airtel ELN 2014 (JPMorgan)^                          | 455,909    | 2,757                 | 0.8                   |
| HDFC Bank   | 439,450    | 2,972                 | 0.9                   |
| Hindalco Industries   | 822,347    | 1,925                 | 0.5                   |
| Hindalco Industries ELN 2012 (Deutsche Bank)                | 935,525    | 2,173                 | 0.6                   |
| Infosys Technologies ADR                                    | 126,765    | 4,813                 | 1.4                   |
| Infrastructure Development ELN 2014 (JPMorgan)^             | 423,890    | 739                   | 0.2                   |
| Infrastructure Development Finance                          | 1,809,366  | 3,169                 | 0.9                   |
| Maruti Suzuki India   | 100,123    | 1,710                 | 0.5                   |
| Reliance Industries GDR                                     | 117,418    | 2,696                 | 0.8                   |
| Tata Motors   | 128,863    | 1,697                 | 0.5                   |
| Tata Motors ADR   | 32,572     | 425                   | 0.1                   |
| Tata Power  | 115,366    | 2,054                 | 0.6                   |
| <b>Taiwan - 7.5% (8.2%)</b>                                 |            |                       |                       |
| Advanced Semiconductor Engineering                          | 1,831,583  | 1,223                 | 0.4                   |
| Asustek Computer  | 406,260    | 2,007                 | 0.6                   |
| Formosa Chemical & Fibre                                    | 1,806,000  | 4,000                 | 1.1                   |
| Foxconn Technology  | 1,093,000  | 3,095                 | 0.9                   |
| Fubon Financial   | 3,501,609  | 3,504                 | 1.0                   |
| Hon Hai Precision Industry                                  | 1,202,532  | 2,105                 | 0.6                   |
| Mega Financial  | 4,158,000  | 2,453                 | 0.7                   |
| Taiwan Cement   | 3,232,468  | 3,139                 | 0.9                   |
| Taiwan Semiconductor Manufacturing                          | 2,336,237  | 3,577                 | 1.0                   |
| Unimicron Technology  | 921,000    | 1,004                 | 0.3                   |
| <b>Singapore - 4.4% (5.2%)</b>                              |            |                       |                       |
| Keppel  | 595,800    | 3,361                 | 1.0                   |
| Keppel Land   | 968,000    | 1,885                 | 0.5                   |
| Mapletree Industrial  | 4,710,000  | 2,929                 | 0.8                   |
| Mapletree Industrial (Placing 2011)                         | 221,000    | 123                   | -                     |
| Overseas-Chinese Banking                                    | 874,000    | 4,428                 | 1.3                   |
| SingTel   | 1,627,000  | 2,778                 | 0.8                   |
| <b>Thailand - 2.5% (3.2%)</b>                               |            |                       |                       |
| Charoen Pokphand Foods (Alien Market)                       | 2,188,200  | 1,419                 | 0.4                   |
| Krung Thai Bank (Alien Market)                              | 8,260,100  | 3,521                 | 1.0                   |
| PTT Chemical Non-Voting Depository Receipt                  | 633,000    | 2,112                 | 0.6                   |
| Quality Houses (Alien Market)                               | 46,337,100 | 1,804                 | 0.5                   |
| Siam Cement (Alien Market)                                  | 47         | -                     | -                     |
| <b>Indonesia - 2.4% (1.3%)</b>                              |            |                       |                       |
| Bank Mandiri (Persero)                                      | 2,843,393  | 1,602                 | 0.5                   |
| Bank Negara Indonesia                                       | 1,543,500  | 496                   | 0.1                   |
| Bank Rakyat Indonesia                                       | 3,634,000  | 1,798                 | 0.5                   |
| Indo Tambangraya Megah                                      | 554,500    | 2,023                 | 0.6                   |
| United Tractors   | 1,281,000  | 2,489                 | 0.7                   |
| <b>Malaysia - 1.3% (1.4%)</b>                               |            |                       |                       |
| CIMB Group  | 1,001,600  | 1,716                 | 0.5                   |
| Genting Berhad  | 592,300    | 1,326                 | 0.4                   |
| Petronas Chemicals  | 997,000    | 1,415                 | 0.4                   |
| <b>New Zealand - 0.5% (0.7%)</b>                            |            |                       |                       |
| Fletcher Building   | 404,821    | 1,749                 | 0.5                   |
| <b>Futures - 0.0% (0.0%)</b>                                |            |                       |                       |
| H-Shares Index Futures Aug 2011                             | 32         | (35)                  | -                     |
| Kopsi 200 Index Futures Sep 2011                            | 34         | 19                    | -                     |
| <b>Investment assets (including investment liabilities)</b> |            | <b>336,116</b>        | <b>96.5</b>           |
| <b>Net other assets</b>                                     |            | <b>12,070</b>         | <b>3.5</b>            |
| <b>Net assets</b>   |            | <b>348,186</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000          |  | £'000           |
|--|----------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>160,564</b> | <b>Total of all sales for the period</b> | <b>220,126</b>  |
| <b>Major purchases</b>                       | <b>Cost</b>    | <b>Major sales</b>                       | <b>Proceeds</b> |
| National Australia Bank                      | 8,661          | Westpac Banking                          | 12,698          |
| HSBC   | 6,907          | China National Building Material 'H'     | 6,390           |
| Wharf  | 5,962          | United Overseas Bank                     | 5,263           |
| KB Financial Group                           | 5,585          | Parkson Retail Group                     | 5,246           |
| Hyundai Motor                                | 5,313          | BHP Billiton                             | 5,177           |
| Overseas-Chinese Banking                     | 4,779          | Daelim Industrial                        | 5,053           |
| Oil Search                                   | 4,715          | Orica                                    | 4,658           |
| Polaris Securities                           | 4,167          | AMP                                      | 4,323           |
| Wesfarmers                                   | 4,134          | Polaris Securities                       | 4,042           |
| Aluminium Corp of China 'H'                  | 3,955          | Wharf                                    | 3,976           |
| Hong Kong Electric Holdings                  | 3,951          | National Australia Bank                  | 3,899           |
| OCI Company                                  | 3,906          | Jardine Matheson                         | 3,806           |
| Suncorp-Metway                               | 3,901          | Krung Thai Bank (Alien Market)           | 3,695           |
| Boart Longyear                               | 3,842          | Zijin Mining Group 'H'                   | 3,454           |
| Foxconn Technology                           | 3,688          | Samsung Electronics                      | 3,328           |
| Sands China                                  | 3,678          | PTT Public (Alien Market)                | 3,258           |
| MGM China Holdings                           | 3,488          | ICICI Bank ADR                           | 3,192           |
| Charoen Pokphand Foods (Alien Market)        | 3,411          | Asciano Group                            | 3,099           |
| Bharti Airtel ELN 2014 (JPMorgan)            | 3,305          | GS Engineering & Construction            | 3,060           |
| Hyundai Heavy Industries                     | 3,244          | Banpu (Alien Market)                     | 2,979           |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011          | 2010          |
|---|---------------|---------------|
|   | £'000         | £'000         |
| Income  |               |               |
| Net capital gains   | 6,700         | 38,871        |
| Revenue   | 5,931         | 5,867         |
| Expenses  | (1,341)       | (1,490)       |
| Net revenue before taxation   | 4,590         | 4,377         |
| Taxation  | (331)         | (377)         |
| Net revenue after taxation  | 4,259         | 4,000         |
| <b>Total return before distributions</b>  | <b>10,959</b> | <b>42,871</b> |
| Finance costs: Distributions  | (556)         | 9             |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>10,403</b> | <b>42,880</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | 2011           | 2010           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   | <b>403,668</b> | <b>413,448</b> |
| Amounts receivable on issue of shares  | 11,025         | 392,088        |
| Amounts payable on cancellation of shares  | (76,910)       | (421,488)      |
|  | (65,885)       | (29,400)       |
| Change in net assets attributable to shareholders from investment activities (see above) | 10,403         | 42,880         |
| <b>Closing net assets attributable to shareholders</b>                                   | <b>348,186</b> | <b>426,928</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011   | 31 January 2011 |
|--|----------------|-----------------|
|  | £'000          | £'000           |
| <b>ASSETS</b>                                  |                |                 |
| Investment assets                              | 336,151        | 392,077         |
| Debtors  | 3,670          | 1,589           |
| Cash and bank balances                         | 11,599         | 10,804          |
| <b>Total other assets</b>                      | <b>15,269</b>  | <b>12,393</b>   |
| <b>Total assets</b>                            | <b>351,420</b> | <b>404,470</b>  |
| <b>LIABILITIES</b>                             |                |                 |
| Investment liabilities                         | (35)           | (66)            |
| Creditors                                      | (3,199)        | (663)           |
| Distribution payable on income shares          | -              | (73)            |
| <b>Total other liabilities</b>                 | <b>(3,199)</b> | <b>(736)</b>    |
| <b>Total liabilities</b>                       | <b>(3,234)</b> | <b>(802)</b>    |
| <b>Net assets attributable to shareholders</b> | <b>348,186</b> | <b>403,668</b>  |

# JPM Institutional Continental Europe Fund

## Investment objective and policy

To invest in a portfolio of Continental European securities. The current policy is to invest for capital growth without any distribution target.

## Risk profile

This equity based Fund is designed for institutional investors looking for conservatively managed broad market exposure to Continental European stock markets (which may include investment in emerging European markets and smaller companies).

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

The underlying assets of the Fund are denominated in currencies other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

The FTSE All World Developed Europe ex UK Index fell 2.4% in the six months to 31 July in sterling terms amid sovereign debt concerns and a disappointing start to the second-quarter earnings season.

The Fund posted a negative return and underperformed its benchmark. Positive contributions to relative returns came from stock selection and an underweight position in the banks sector, an underweight position in gas, water & multiutilities and stock selection in chemicals. Stock selection in food producers detracted, as did stock selection and an overweight position in forestry & paper. At the stock level, the Fund benefited in relative terms from an underweight position in UniCredit, which was hurt by sovereign debt concerns and by worries it may need to raise further capital. An underweight position in GDF Suez was also beneficial as brokers revised down their earnings estimates after the French government announced an energy price freeze. The biggest stock-level detractor was an overweight position in Norwegian papermaker Stora Enso, which fell after guiding market expectations for third-quarter earnings lower as a result of currency effects and a reduction in demand. An underweight position in Nestle also detracted as the food producer was sought by investors for its defensive qualities. However, relative returns were boosted by an overweight position in Arkema as the French chemicals producer reported strong full-year results.

## Fund outlook

Worries over debt contagion spreading to Spain and Italy caused market volatility in early August. The European Central Bank intervened to buy Italian and Spanish bonds but markets are likely to remain highly volatile in the short term. Monetary policy remains accommodative and any pickup in economic activity or coordinated policy action by global central banks would be likely to be taken positively by investors.

## 12 month performance to 31 July

|   | 2011         | 2010         | 2009          | 2008          | 2007         |
|---|--------------|--------------|---------------|---------------|--------------|
| <b>JPM Institutional Continental Europe I-Class Acc</b> | <b>12.2%</b> | <b>13.8%</b> | <b>-15.3%</b> | <b>-10.2%</b> | <b>23.0%</b> |
| <b>JPM Institutional Continental Europe X-Class Inc</b> | <b>12.7%</b> | <b>14.3%</b> | <b>-14.9%</b> | <b>-9.9%</b>  | <b>23.5%</b> |
| Benchmark Index <sup>A</sup>                            | 11.6%        | 11.2%        | -10.4%        | -8.0%         | 21.1%        |

## Six month performance to 31 July 2011

|   |              |
|---|--------------|
| <b>JPM Institutional Continental Europe I-Class Acc</b> | <b>-3.3%</b> |
| Benchmark Index <sup>A</sup>                            | -2.4%        |

## Fund statistics

|                              |   |
|------------------------------|---|
| Fund size                    | <b>£98.4m</b>   |
| Benchmark Index <sup>A</sup> | <b>FTSE All World Developed Europe ex UK (Total Return Net)</b> |
| Fund charges                 | <b>Initial Nil, Annual 0.60% On application<sup>B</sup></b>     |
| I-Class                      |   |
| X-Class                      |   |

## Top ten holdings

|                | %   |
|----------------|-----|
| Novartis       | 3.5 |
| TOTAL S.A.     | 3.2 |
| Nestle         | 3.1 |
| Sanofi-Aventis | 2.7 |
| BASF           | 2.5 |
| BNP Paribas    | 2.3 |
| Telefonica     | 2.0 |
| Allianz        | 1.8 |
| Siemens        | 1.7 |
| Enel           | 1.7 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation or income shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 01/10/09 the name of the benchmark changed from the FTSE World Europe ex UK (Total Return Net) to the FTSE All World Developed Europe ex UK (Total Return Net).

<sup>B</sup> As agreed from time to time between the ACD and the relevant JPMorgan Chase & Co. entity.

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## Geographical breakdown

|                  | %    |
|------------------|------|
| France           | 23.1 |
| Germany          | 19.3 |
| Switzerland      | 15.1 |
| Spain            | 8.0  |
| Sweden           | 7.0  |
| Netherlands      | 6.4  |
| Italy            | 6.1  |
| Finland          | 4.6  |
| Belgium          | 3.0  |
| Denmark          | 2.7  |
| Norway           | 1.6  |
| Austria          | 0.8  |
| Liquidity        | 1.5  |
| Net other assets | 0.8  |

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 136.0% |
| 31.07.11 | 52.4%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>I-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 97,895                                   | 43,400,715       | 225.6p                    | 0.60%               |
| 31.01.10                           | 84,624                                   | 29,227,516       | 289.5p                    | 0.60%               |
| 31.01.11                           | 100,466                                  | 29,378,101       | 342.0p                    | 0.60%               |
| 31.07.11                           | 93,348                                   | 28,226,196       | 330.7p                    | 0.60%               |
| <b>X-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>o</sup>              | 17,759                                   | 8,927,752        | 198.9p                    | 0.06%               |
| 31.01.10 <sup>o</sup>              | 10,589                                   | 4,245,028        | 249.4p                    | 0.06%               |
| 31.01.11 <sup>o</sup>              | 4,833                                    | 1,676,215        | 288.3p                    | 0.06%               |
| 31.07.11                           | 5,072                                    | 1,814,300        | 279.6p                    | 0.06%               |

<sup>o</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end. The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

## Highest/lowest share price and distribution record

| Calendar year                      | Highest share price | Lowest share price | Distribution per share (net) |
|------------------------------------|---------------------|--------------------|------------------------------|
| <b>I-Class Accumulation Shares</b> |                     |                    |                              |
| 2006                               | 311.9p              | 253.1p             | 3.89p                        |
| 2007                               | 363.9p              | 309.0p             | 4.88p                        |
| 2008                               | 355.6p              | 201.2p             | 7.38p                        |
| 2009                               | 323.0p              | 188.9p             | 9.66p                        |
| 2010                               | 339.6p              | 271.6p             | 6.95p                        |
| 2011 <sup>c</sup>                  | 369.1p              | 322.8p             | 7.54p                        |
| <b>X-Class Income Shares</b>       |                     |                    |                              |
| 2006                               | 299.6p              | 242.7p             | 4.67p                        |
| 2007                               | 343.8p              | 293.1p             | 5.79p                        |
| 2008                               | 334.6p              | 185.7p             | 8.31p                        |
| 2009                               | 285.9p              | 166.7p             | 10.08p                       |
| 2010                               | 293.7p              | 234.4p             | 7.21p                        |
| 2011 <sup>c</sup>                  | 311.6p              | 272.4p             | 7.55p                        |

<sup>c</sup> To 31 July 2011.

# Portfolio statement

As at 31 July 2011

| Investment                           | Holding | Market value<br>£'000 | Total net<br>assets % |
|--------------------------------------|---------|-----------------------|-----------------------|
| <b>France - 23.1% (21.1%)</b>        |         |                       |                       |
| Alcatel Lucent 'A'                   | 114,646 | 275                   | 0.3                   |
| Alstom                               | 22,863  | 737                   | 0.7                   |
| Alten                                | 2,881   | 66                    | 0.1                   |
| Altran Technologies                  | 18,488  | 91                    | 0.1                   |
| Arkema                               | 16,507  | 988                   | 1.0                   |
| Atos                                 | 7,591   | 255                   | 0.3                   |
| BIC                                  | 3,196   | 185                   | 0.2                   |
| BNP Paribas                          | 57,009  | 2,256                 | 2.3                   |
| Bureau Veritas                       | 12,436  | 615                   | 0.6                   |
| Christian Dior                       | 2,928   | 285                   | 0.3                   |
| Compagnie de Saint-Gobain            | 27,734  | 984                   | 1.0                   |
| Credit Agricole                      | 148,541 | 1,113                 | 1.1                   |
| Derichebourg                         | 24,706  | 101                   | 0.1                   |
| Eiffage                              | 5,654   | 189                   | 0.2                   |
| Faurecia                             | 18,026  | 429                   | 0.4                   |
| France Telecom                       | 40,412  | 509                   | 0.5                   |
| GDF Suez                             | 2,402   | 48                    | -                     |
| Gecina                               | 6,416   | 543                   | 0.6                   |
| LVMH                                 | 2,196   | 245                   | 0.2                   |
| Michelin                             | 7,587   | 388                   | 0.4                   |
| Peugeot                              | 12,687  | 295                   | 0.3                   |
| Plastic-Omnium                       | 9,738   | 209                   | 0.2                   |
| Publicis Groupe                      | 7,686   | 239                   | 0.2                   |
| Rallye                               | 3,956   | 95                    | 0.1                   |
| Rexel                                | 33,759  | 451                   | 0.5                   |
| Sanofi-Aventis                       | 56,515  | 2,685                 | 2.7                   |
| SCOR                                 | 35,451  | 556                   | 0.6                   |
| Sequana                              | 11,264  | 84                    | 0.1                   |
| Societe Generale                     | 32,299  | 974                   | 1.0                   |
| Television Francaise                 | 60,427  | 708                   | 0.7                   |
| TOTAL S.A.                           | 96,814  | 3,195                 | 3.2                   |
| Valeo                                | 13,233  | 500                   | 0.5                   |
| Vicat                                | 1,673   | 76                    | 0.1                   |
| Vivendi                              | 93,611  | 1,364                 | 1.4                   |
| Wendel                               | 14,228  | 983                   | 1.0                   |
| Zodiac Aerospace                     | 1,185   | 63                    | 0.1                   |
| <b>Germany - 19.3% (20.8%)</b>       |         |                       |                       |
| Aareal Bank                          | 21,215  | 383                   | 0.4                   |
| Allianz                              | 22,265  | 1,764                 | 1.8                   |
| Aurubis                              | 8,497   | 322                   | 0.3                   |
| Axel Springer                        | 10,884  | 292                   | 0.3                   |
| BASF                                 | 44,467  | 2,472                 | 2.5                   |
| Bayer                                | 5,401   | 265                   | 0.3                   |
| Bechtle                              | 8,455   | 236                   | 0.2                   |
| Bertrandt                            | 3,719   | 163                   | 0.2                   |
| Bilfinger Berger                     | 11,565  | 688                   | 0.7                   |
| BMW                                  | 14,386  | 879                   | 0.9                   |
| Brenntag                             | 1,620   | 100                   | 0.1                   |
| Centrotec Sustainable                | 2,999   | 44                    | -                     |
| Daimler                              | 35,619  | 1,576                 | 1.6                   |
| Deutsche Bank                        | 44,412  | 1,468                 | 1.5                   |
| Deutsche Lufthansa                   | 23,419  | 288                   | 0.3                   |
| Deutsche Post                        | 39,838  | 430                   | 0.4                   |
| Drillisch                            | 20,831  | 154                   | 0.2                   |
| Duerr                                | 3,856   | 104                   | 0.1                   |
| E.ON                                 | 29,538  | 492                   | 0.5                   |
| Freenet                              | 11,926  | 87                    | 0.1                   |
| Fuchs Petrolub Non-Voting Preference | 9,621   | 305                   | 0.3                   |
| Gerry Weber International            | 5,341   | 108                   | 0.1                   |
| Hannover Rueckversicherungs          | 22,063  | 695                   | 0.7                   |
| Henkel Non-Voting Preference         | 10,572  | 436                   | 0.4                   |
| Hugo Boss Preference                 | 5,318   | 353                   | 0.4                   |
| Indus Holding                        | 2,930   | 55                    | 0.1                   |
| Infineon Technologies                | 6,996   | 43                    | -                     |
| Jungheinrich Non-Voting Preference   | 4,158   | 106                   | 0.1                   |
| Kloeckner & Co                       | 12,910  | 193                   | 0.2                   |
| Kuka                                 | 2,026   | 33                    | -                     |
| Lanxess                              | 19,932  | 972                   | 1.0                   |
| Leoni                                | 2,865   | 98                    | 0.1                   |
| Merck                                | 3,885   | 255                   | 0.3                   |
| Metro                                | 4,479   | 150                   | 0.2                   |
| MunichRe                             | 3,406   | 303                   | 0.3                   |
| Rheinmetall                          | 2,194   | 109                   | 0.1                   |
| SAP                                  | 1,058   | 40                    | -                     |
| Siemens                              | 21,904  | 1,699                 | 1.7                   |
| Sixt                                 | 5,036   | 82                    | 0.1                   |
| Suedzucker                           | 21,290  | 458                   | 0.5                   |
| Suss Micro                           | 15,330  | 117                   | 0.1                   |
| Thyssen Krupp                        | 1,720   | 46                    | -                     |
| Wacker Chemie                        | 1,809   | 210                   | 0.2                   |

| Investment                          | Holding | Market value<br>£'000 | Total net<br>assets % |
|-------------------------------------|---------|-----------------------|-----------------------|
| <b>Switzerland - 15.1% (14.6%)</b>  |         |                       |                       |
| ABB                                 | 53,893  | 786                   | 0.8                   |
| Adecco                              | 11,634  | 429                   | 0.4                   |
| AFG Arbonia-Forster                 | 2,193   | 44                    | -                     |
| Austriamicrosystems                 | 1,130   | 37                    | -                     |
| Barry Callebaut                     | 400     | 255                   | 0.3                   |
| Bossard                             | 878     | 91                    | 0.1                   |
| Bucher Industries                   | 413     | 52                    | -                     |
| Charles Vogele Holdings             | 1,289   | 39                    | -                     |
| Compagnie Financiere Richemont 'A'  | 9,847   | 391                   | 0.4                   |
| Credit Suisse                       | 35,988  | 776                   | 0.8                   |
| Fischer (George)                    | 212     | 69                    | 0.1                   |
| Forbo                               | 526     | 226                   | 0.2                   |
| GAM                                 | 52,293  | 485                   | 0.5                   |
| Gategroup                           | 6,461   | 157                   | 0.2                   |
| Helvetia                            | 1,018   | 248                   | 0.3                   |
| Meyer Burger Technology             | 2,663   | 58                    | 0.1                   |
| Micronas Semiconductor Holding      | 13,763  | 64                    | 0.1                   |
| Nestle                              | 80,184  | 3,097                 | 3.1                   |
| Novartis                            | 91,674  | 3,408                 | 3.5                   |
| PubliGroupe                         | 526     | 54                    | -                     |
| Roche (Genusscheine)                | 13,751  | 1,493                 | 1.5                   |
| Schmolz & Bickenbach                | 37,594  | 274                   | 0.3                   |
| Sulzer                              | 1,694   | 154                   | 0.2                   |
| Swatch Group                        | 544     | 178                   | 0.2                   |
| Swiss Life                          | 1,421   | 127                   | 0.1                   |
| Swiss Re                            | 2,969   | 99                    | 0.1                   |
| UBS                                 | 38,554  | 380                   | 0.4                   |
| Valora Holding                      | 798     | 145                   | 0.1                   |
| Zehnder Group                       | 43      | 80                    | 0.1                   |
| Zurich Financial Services           | 8,153   | 1,167                 | 1.2                   |
| <b>Spain - 8.0% (8.5%)</b>          |         |                       |                       |
| Abengoa                             | 1,635   | 28                    | -                     |
| Banco Bilbao Vizcaya Argentaria     | 87,390  | 554                   | 0.6                   |
| Banco Santander                     | 106,285 | 673                   | 0.7                   |
| Corporacion Financiera Alba         | 6,670   | 218                   | 0.2                   |
| Ebro Foods                          | 43,038  | 513                   | 0.5                   |
| Enagas                              | 3,101   | 43                    | -                     |
| Endesa                              | 36,330  | 648                   | 0.7                   |
| Gas Natural                         | 22,073  | 272                   | 0.3                   |
| Iberdrola                           | 168     | 1                     | -                     |
| Industria de Diseno Textil          | 10,497  | 586                   | 0.6                   |
| Mapfre                              | 68,509  | 149                   | 0.2                   |
| Pescanova                           | 2,913   | 77                    | 0.1                   |
| Red Electrica Corporacion           | 13,124  | 437                   | 0.4                   |
| Repsol YPF                          | 72,706  | 1,395                 | 1.4                   |
| Telefonica                          | 145,631 | 1,986                 | 2.0                   |
| Viscofan                            | 12,642  | 291                   | 0.3                   |
| <b>Sweden - 7.0% (6.4%)</b>         |         |                       |                       |
| AarhusKarlshamn                     | 3,227   | 56                    | 0.1                   |
| Axfood                              | 7,418   | 174                   | 0.2                   |
| Betsson 'B'                         | 7,201   | 103                   | 0.1                   |
| Bilia 'A'                           | 9,137   | 91                    | 0.1                   |
| Boliden                             | 19,317  | 205                   | 0.2                   |
| Ericsson 'B'                        | 12,747  | 98                    | 0.1                   |
| Haldex                              | 21,924  | 75                    | 0.1                   |
| Hexpol Class 'B'                    | 6,551   | 109                   | 0.1                   |
| Hoganas 'B'                         | 7,185   | 173                   | 0.2                   |
| Industrivarden 'A'                  | 31,080  | 298                   | 0.3                   |
| JM                                  | 31,386  | 368                   | 0.4                   |
| Kinnevik Investment 'B'             | 3,767   | 53                    | -                     |
| Kungsleden                          | 20,152  | 113                   | 0.1                   |
| Loomis 'B'                          | 3,261   | 27                    | -                     |
| Millicom International Cellular BDR | 2,200   | 158                   | 0.2                   |
| NCC 'B'                             | 24,408  | 297                   | 0.3                   |
| Nordea Bank                         | 10,999  | 71                    | 0.1                   |
| Saab 'B'                            | 13,880  | 185                   | 0.2                   |
| Scania 'B'                          | 48,370  | 570                   | 0.6                   |
| Securitas 'B'                       | 10,139  | 63                    | 0.1                   |
| Skandinaviska Enskilda Banken 'A'   | 208,408 | 961                   | 1.0                   |
| SKF 'B'                             | 15,985  | 258                   | 0.3                   |
| Swedbank 'A'                        | 104,792 | 1,107                 | 1.1                   |
| Swedish Match                       | 9,082   | 202                   | 0.2                   |
| Tele2 'B'                           | 2,481   | 32                    | -                     |
| Volvo 'B'                           | 89,938  | 879                   | 0.9                   |

# Portfolio statement – continued

As at 31 July 2011

| Investment                       | Holding | Market value<br>€'000 | Total net<br>assets % |
|----------------------------------|---------|-----------------------|-----------------------|
| <b>Netherlands – 6.4% (5.0%)</b> |         |                       |                       |
| Ahold                            | 67,915  | 552                   | 0.6                   |
| AMG                              | 2,782   | 29                    | -                     |
| ArcelorMittal                    | 2,807   | 54                    | -                     |
| ASM International                | 5,209   | 90                    | 0.1                   |
| ASML                             | 34,143  | 756                   | 0.8                   |
| BE Semiconductor                 | 14,240  | 59                    | 0.1                   |
| Delta Lloyd                      | 12,333  | 165                   | 0.2                   |
| DSM                              | 4,453   | 156                   | 0.2                   |
| Heijmans                         | 7,066   | 97                    | 0.1                   |
| ING Groep                        | 238,601 | 1,562                 | 1.6                   |
| KPN                              | 15,601  | 135                   | 0.1                   |
| Nutreco Holding                  | 11,126  | 467                   | 0.5                   |
| OPG Groep                        | 8,783   | 99                    | 0.1                   |
| Royal Dutch Shell 'A'            | 43,548  | 977                   | 1.0                   |
| Ten Cate                         | 3,173   | 68                    | 0.1                   |
| TKH Group                        | 4,560   | 79                    | 0.1                   |
| Unilever                         | 33,350  | 660                   | 0.7                   |
| Wessanen                         | 26,178  | 69                    | 0.1                   |
| <b>Italy – 6.1% (8.1%)</b>       |         |                       |                       |
| Acea                             | 8,279   | 47                    | -                     |
| Astaldi                          | 22,203  | 83                    | 0.1                   |
| Autostrada Torino-Milano         | 13,272  | 94                    | 0.1                   |
| Banca Generali                   | 20,123  | 143                   | 0.1                   |
| Davide de Campari                | 53,163  | 267                   | 0.3                   |
| De Longhi                        | 20,784  | 156                   | 0.2                   |
| DiaSorin                         | 13,490  | 404                   | 0.4                   |
| Enel                             | 474,669 | 1,652                 | 1.7                   |
| ENI                              | 113,172 | 1,507                 | 1.5                   |
| Esprinet                         | 9,963   | 32                    | -                     |
| Finmeccanica                     | 36,590  | 172                   | 0.2                   |
| Iride                            | 151,401 | 152                   | 0.2                   |
| Marr                             | 11,137  | 86                    | 0.1                   |
| Pirelli                          | 17,128  | 108                   | 0.1                   |
| Prysmian                         | 18,145  | 206                   | 0.2                   |
| Recordati                        | 34,311  | 227                   | 0.2                   |
| SIAS                             | 21,447  | 126                   | 0.1                   |
| Sorin                            | 39,194  | 66                    | 0.1                   |
| Terna                            | 72,058  | 195                   | 0.2                   |
| UniCredit                        | 29,167  | 31                    | -                     |
| Yoox                             | 27,363  | 286                   | 0.3                   |
| <b>Finland – 4.6% (3.8%)</b>     |         |                       |                       |
| Amer Sports 'A'                  | 6,393   | 59                    | 0.1                   |
| Fortum                           | 31,160  | 503                   | 0.5                   |
| Huhtamaki 'I'                    | 23,437  | 184                   | 0.2                   |
| Kone 'B'                         | 9,179   | 323                   | 0.3                   |
| Metso                            | 17,891  | 532                   | 0.5                   |
| Nokian Renkaa                    | 14,054  | 399                   | 0.4                   |
| Orion 'B'                        | 33,194  | 498                   | 0.5                   |
| Sampo 'A'                        | 28,834  | 534                   | 0.5                   |
| Stora Enso 'R'                   | 159,861 | 838                   | 0.8                   |
| UPM-Kymmene                      | 41,455  | 393                   | 0.4                   |
| Wartsila 'B'                     | 16,217  | 285                   | 0.3                   |
| YIT                              | 7,859   | 108                   | 0.1                   |
| <b>Belgium – 3.0% (3.2%)</b>     |         |                       |                       |
| Ageas VVPR Strips                | 61,400  | -                     | -                     |
| Anheuser-Busch InBev             | 9,253   | 328                   | 0.3                   |
| Barco                            | 1,910   | 83                    | 0.1                   |
| Belgacom                         | 13,569  | 287                   | 0.3                   |
| CFE                              | 1,783   | 71                    | 0.1                   |
| D'leteren                        | 6,041   | 247                   | 0.3                   |
| Elia System Operator             | 2,135   | 53                    | -                     |
| Mobistar                         | 15,958  | 673                   | 0.7                   |
| Nyrstar                          | 59,583  | 487                   | 0.5                   |
| Nyrstar VVPR Strips              | 24,710  | -                     | -                     |
| Tessenderlo Chemie               | 4,468   | 107                   | 0.1                   |
| Umicore                          | 17,599  | 554                   | 0.6                   |
| <b>Denmark – 2.7% (2.4%)</b>     |         |                       |                       |
| DSV                              | 12,985  | 177                   | 0.2                   |
| H. Lundbeck                      | 23,591  | 365                   | 0.4                   |
| Jyske Bank                       | 5,769   | 142                   | 0.1                   |
| Novo-Nordisk 'B'                 | 18,073  | 1,355                 | 1.4                   |
| Royal Unibrew                    | 3,465   | 145                   | 0.1                   |
| Simcorp                          | 628     | 69                    | 0.1                   |
| Topdanmark                       | 3,799   | 413                   | 0.4                   |

| Investment                       | Holding   | Market value<br>€'000 | Total net<br>assets % |
|----------------------------------|-----------|-----------------------|-----------------------|
| <b>Norway – 1.6% (3.0%)</b>      |           |                       |                       |
| Algeta                           | 1,645     | 37                    | -                     |
| Cermaq                           | 28,041    | 233                   | 0.2                   |
| DnB                              | 43,669    | 387                   | 0.4                   |
| Leroy Seafood Group              | 3,816     | 47                    | -                     |
| Marine Harvest                   | 641,811   | 230                   | 0.2                   |
| Statoil                          | 7,717     | 117                   | 0.1                   |
| Telenor                          | 72,044    | 730                   | 0.7                   |
| <b>Austria – 0.8% (0.9%)</b>     |           |                       |                       |
| Lenzing                          | 1,506     | 112                   | 0.1                   |
| Oesterreichische Post            | 6,955     | 127                   | 0.1                   |
| OMV                              | 16,390    | 400                   | 0.4                   |
| voestalpine                      | 5,454     | 170                   | 0.2                   |
| <b>Liquidity – 1.5% (0.0%)</b>   |           |                       |                       |
| JPM Euro Liquidity 'X' (Income)^ | 1,650,000 | 1,444                 | 1.5                   |
| <b>Investment assets</b>         |           | <b>97,672</b>         | <b>99.2</b>           |
| <b>Net other assets</b>          |           | <b>748</b>            | <b>0.8</b>            |
| <b>Net assets</b>                |           | <b>98,420</b>         | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>34,587</b> | <b>Total of all sales for the period</b> | <b>34,879</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| JPM Euro Liquidity 'X' (Income)              | 1,798         | Renault                                  | 1,070           |
| Vivendi                                      | 1,410         | Compagnie Financiere Richemont 'A'       | 1,058           |
| ASML   | 1,229         | Banco Santander                          | 1,056           |
| Wendel                                       | 999           | RWE 'A'                                  | 1,031           |
| Compagnie de Saint-Gobain                    | 910           | Tele2 'B'                                | 843             |
| Alstom                                       | 863           | Christian Dior                           | 792             |
| ING Groep                                    | 801           | Kinnevik Investment 'B'                  | 775             |
| Television Francaise                         | 694           | Casino Guichard-Perrachon                | 743             |
| Swedbank 'A'                                 | 687           | Intesa Sanpaolo                          | 676             |
| ENI  | 676           | Banco Bilbao Vizcaya Argentaria          | 614             |
| Skandinaviska Enskilda Banken 'A'            | 644           | Seadrill                                 | 576             |
| Ebro Foods                                   | 611           | ProSiebenSat.1 Media Preference          | 563             |
| Stora Enso 'R'                               | 609           | ASML                                     | 556             |
| Gecina                                       | 553           | Anheuser-Busch InBev                     | 550             |
| Sampo 'A'                                    | 541           | Zodiac Aerospace                         | 547             |
| Suedzucker                                   | 488           | Deutsche Lufthansa                       | 519             |
| Red Electrica Corporacion                    | 474           | MunichRe                                 | 512             |
| Kinnevik Investment 'B'                      | 471           | SEB                                      | 494             |
| Adecco                                       | 453           | Colruyt                                  | 449             |
| Wartsila 'B'                                 | 443           | Roche (Genusscheine)                     | 434             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000  | £'000 | 2010<br>£'000 |
|---|-------|----------------|-------|---------------|
| Income  |       |                |       |               |
| Net capital losses  |       | (5,784)        |       | (895)         |
| Revenue   | 3,095 |                | 2,911 |               |
| Expenses  | (297) |                | (276) |               |
| Net revenue before taxation   | 2,798 |                | 2,635 |               |
| Taxation  | (349) |                | (349) |               |
| Net revenue after taxation  |       | 2,449          |       | 2,286         |
| <b>Total return before distributions</b>  |       | <b>(3,335)</b> |       | <b>1,391</b>  |
| Finance costs: Distributions  |       | (45)           |       | 23            |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>(3,380)</b> |       | <b>1,414</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|   | £'000   | 2011<br>£'000  | £'000   | 2010<br>£'000  |
|---|---------|----------------|---------|----------------|
| <b>Opening net assets attributable to shareholders</b>  |         | <b>105,299</b> |         | <b>95,213</b>  |
| Amounts receivable on issue of shares   | 5,119   |                | 12,583  |                |
| Amounts payable on cancellation of shares   | (8,618) |                | (7,205) |                |
|   |         | (3,499)        |         | 5,378          |
| <b>Change in net assets attributable to shareholders from investment activities (see above)</b> |         | <b>(3,380)</b> |         | <b>1,414</b>   |
| <b>Closing net assets attributable to shareholders</b>  |         | <b>98,420</b>  |         | <b>102,005</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |               | 31 January 2011 |                |
|--|--------------|---------------|-----------------|----------------|
|  | £'000        | £'000         | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |               |                 |                |
| Investment assets                              |              | 97,672        |                 | 103,798        |
| Debtors  | 249          |               | 269             |                |
| Cash and bank balances                         | 575          |               | 1,420           |                |
| <b>Total other assets</b>                      |              | <b>824</b>    |                 | <b>1,689</b>   |
| <b>Total assets</b>                            |              | <b>98,496</b> |                 | <b>105,487</b> |
| <b>LIABILITIES</b>                             |              |               |                 |                |
| Creditors                                      | (76)         |               | (61)            |                |
| Distribution payable on income shares          | -            |               | (127)           |                |
| <b>Total liabilities</b>                       |              | <b>(76)</b>   |                 | <b>(188)</b>   |
| <b>Net assets attributable to shareholders</b> |              | <b>98,420</b> |                 | <b>105,299</b> |

# JPM Japan Fund

## Investment objective and policy

To provide capital growth over the long term by investing primarily in the shares of Japanese companies.

## Risk profile

This equity based Fund is designed for investors looking for broad market exposure (including smaller company investments) primarily to a single developed stock market.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

This Fund is aggressively managed, which may result in higher volatility of the Fund's performance and bigger differences between the performance of the Fund and its benchmark when compared to core funds.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

The underlying assets of the Fund are denominated in a currency other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

The Fund made a positive return in the review period and outperformed its benchmark. The strongest positive contributors came from the mobile gaming, domestic service companies, liquid natural gas plant engineering companies and health care services sectors. We were fortunate not to own many of the stocks most exposed to the earthquake and nuclear disaster, which boosted our performance compared to the benchmark. One of the dominant technology trends of the past few years has been the gradual shift from hardware to software as the main driver of value. In general, this is a negative trend for Japanese companies with their strong mechatronics and hard technology background.

However, one area that has recently started to benefit from this is game software. For a long time the declining console market has been a distinct negative and these companies have struggled to generate strong profits - for companies such as Nintendo, still wedded to the old hardware cycle, things remain very challenging. The rise of mobile gaming though has enabled several of these companies to transform their business models and also their business outlook.

## Fund outlook

We have a meaningful weighting to the mobile gaming companies including established names such as Konami and Capcom and newer Japanese firms such as Gree and DeNa. Given recent user trends for these firms we anticipate additional earnings expansion potential. Other long-standing bets in domestic logistics, Asian motorcycle parts companies and health care services names remain. In general we have been moving funds away from cyclical names in machinery and emphasising earnings growth stories that rely on more independent factors such as restructuring, industry change or Asian consumption.

## 12 month performance to 31 July

|                              | 2011         | 2010        | 2009        | 2008          | 2007         |
|------------------------------|--------------|-------------|-------------|---------------|--------------|
| <b>JPM Japan A-Class Acc</b> | <b>15.9%</b> | <b>7.4%</b> | <b>1.6%</b> | <b>-25.2%</b> | <b>-6.6%</b> |
| <b>JPM Japan C-Class Acc</b> | <b>16.8%</b> | <b>7.3%</b> | <b>3.1%</b> | <b>-</b>      | <b>-</b>     |
| Benchmark Index              | 8.2%         | 5.6%        | 0.8%        | -12.3%        | -3.1%        |

## Six month performance to 31 July 2011

|                              |             |
|------------------------------|-------------|
| <b>JPM Japan A-Class Acc</b> | <b>7.2%</b> |
| Benchmark Index              | -3.2%       |

## Fund statistics

|                 |                                    |
|-----------------|------------------------------------|
| Fund size       | <b>£89.6m</b>                      |
| Benchmark Index | <b>TOPIX (Total Return Net)</b>    |
| Fund charges    |                                    |
| A-Class         | <b>Initial 4.25%, Annual 1.50%</b> |
| C-Class         | <b>Initial Nil, Annual 0.75%</b>   |

## Top ten holdings

|                            | <b>%</b> |
|----------------------------|----------|
| Hitachi                    | 5.4      |
| Orix                       | 5.2      |
| Trancom                    | 5.1      |
| Osaka Securities Exchange  | 4.7      |
| Press Kogyo                | 4.4      |
| Konami                     | 4.1      |
| United Technology Holdings | 4.0      |
| DeNa                       | 4.0      |
| Don Quijote                | 3.9      |
| Skymark Airlines           | 3.1      |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.  
Source: J.P. Morgan.

## Sector breakdown

|                   | %    |
|-------------------|------|
| Industrials       | 32.7 |
| Consumer goods    | 23.0 |
| Consumer services | 16.6 |
| Financials        | 9.9  |
| Technology        | 9.5  |
| Health care       | 6.8  |
| Basic materials   | 0.6  |
| Net other assets  | 0.9  |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 331.0p              | 204.7p             | 0.00p                        |
| 2007   | 227.2p              | 190.4p             | 0.00p                        |
| 2008   | 202.8p              | 130.9p             | 0.00p                        |
| 2009   | 184.6p              | 131.3p             | 0.83p                        |
| 2010   | 212.6p              | 164.2p             | 0.00p                        |
| 2011 <sup>a</sup>                              | 207.3p              | 156.7p             | 0.00p                        |
| <b>A-Class Income Shares<sup>b</sup></b>       |                     |                    |                              |
| 2007   | 51.78p              | 46.04p             | -                            |
| 2008   | 49.06p              | 31.66p             | 0.00p                        |
| 2009   | 44.57p              | 44.11p             | 0.14p                        |
| 2010   | 51.34p              | 39.65p             | 0.00p                        |
| 2011 <sup>a</sup>                              | 50.05p              | 37.83p             | 0.00p                        |
| <b>C-Class Accumulation Shares<sup>c</sup></b> |                     |                    |                              |
| 2007   | 109.5p              | 97.49p             | -                            |
| 2008   | 103.9p              | 67.41p             | 0.32p                        |
| 2009   | 95.67p              | 68.38p             | 0.89p                        |
| 2010   | 110.8p              | 85.88p             | 0.39p                        |
| 2011 <sup>a</sup>                              | 109.0p              | 82.18p             | 0.69p                        |

<sup>a</sup> To 31 July 2011.

<sup>b</sup> A-Class Income Shares were launched on 1 September 2007.

<sup>c</sup> C-Class Accumulation Shares were launched on 13 September 2007.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 418.2% |
| 31.07.11 | 123.0% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|---------------------------------------|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 132,225                               | 76,806,533       | 172.2p                    | 1.67%               |
| 31.01.10                           | 108,803                               | 61,831,438       | 176.0p                    | 1.63%               |
| 31.01.11                           | 84,870                                | 44,662,175       | 190.0p                    | 1.67%               |
| 31.07.11                           | 87,033                                | 42,669,299       | 204.0p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09 <sup>d</sup>              | 443                                   | 1,067,837        | 41.46p                    | 1.68%               |
| 31.01.10 <sup>d</sup>              | 325                                   | 764,279          | 42.49p                    | 1.64%               |
| 31.01.11 <sup>d</sup>              | 203                                   | 441,524          | 45.89p                    | 1.67%               |
| 31.07.11                           | 274                                   | 556,213          | 49.26p                    | 1.68%               |
| <b>C-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 2,981                                 | 3,359,024        | 88.73p                    | 0.86%               |
| 31.01.10                           | 2,231                                 | 2,439,519        | 91.47p                    | 0.87%               |
| 31.01.11                           | 2,222                                 | 2,230,990        | 99.58p                    | 0.87%               |
| 31.07.11                           | 2,279                                 | 2,123,790        | 107.3p                    | 0.87%               |

<sup>d</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Industrials - 32.7% (34.3%)</b>                   |           |                       |                       |
| <b>Aerospace &amp; defence - 1.5%</b>                |           |                       |                       |
| Showa Aircraft Industry                              | 285,000   | 1,399                 | 1.5                   |
| <b>Construction &amp; materials - 3.8%</b>           |           |                       |                       |
| Kanamoto   | 167,000   | 788                   | 0.9                   |
| Nippon Sheet Glass                                   | 1,336,000 | 2,601                 | 2.9                   |
| <b>Electronics &amp; electrical equipment - 7.2%</b> |           |                       |                       |
| Hitachi  | 1,266,000 | 4,800                 | 5.4                   |
| Nissin Electric                                      | 159,000   | 951                   | 1.1                   |
| V Technology   | 168       | 737                   | 0.7                   |
| <b>Industrial engineering - 13.1%</b>                |           |                       |                       |
| Aichi  | 208,200   | 585                   | 0.7                   |
| Asahi Diamond Industrial                             | 59,000    | 851                   | 0.9                   |
| Chiyoda  | 351,000   | 2,737                 | 3.1                   |
| Daido Metal  | 99,000    | 650                   | 0.7                   |
| JGC  | 141,000   | 2,684                 | 3.0                   |
| Nishio Rent All                                      | 281,500   | 1,228                 | 1.4                   |
| THK  | 152,400   | 2,401                 | 2.7                   |
| Tomoe Engineering                                    | 46,000    | 565                   | 0.6                   |
| <b>Industrial transportation - 5.1%</b>              |           |                       |                       |
| Trancom  | 355,900   | 4,555                 | 5.1                   |
| <b>Support services - 2.0%</b>                       |           |                       |                       |
| Arealink   | 13,881    | 393                   | 0.4                   |
| Outsourcing  | 266,500   | 884                   | 1.0                   |
| World Intec  | 253,800   | 540                   | 0.6                   |
| <b>Consumer goods - 23.0% (25.2%)</b>                |           |                       |                       |
| <b>Automobiles &amp; parts - 14.8%</b>               |           |                       |                       |
| F.C.C.   | 166,800   | 2,444                 | 2.7                   |
| Musashi Seimitsu Industries                          | 114,700   | 1,905                 | 2.1                   |
| Nippon Seiki   | 173,000   | 1,249                 | 1.4                   |
| Nissin Kogyo   | 228,300   | 2,582                 | 2.9                   |
| Press Kogyo  | 1,122,000 | 3,934                 | 4.4                   |
| Unipres  | 63,400    | 1,122                 | 1.3                   |
| <b>Leisure goods - 4.1%</b>                          |           |                       |                       |
| Konami   | 229,300   | 3,674                 | 4.1                   |
| <b>Household goods - 2.0%</b>                        |           |                       |                       |
| Fujitsu General                                      | 354,000   | 1,824                 | 2.0                   |
| <b>Personal goods - 2.1%</b>                         |           |                       |                       |
| Dr. CI Labo  | 560       | 1,848                 | 2.1                   |
| <b>Consumer services - 16.6% (10.2%)</b>             |           |                       |                       |
| <b>General retailers - 13.5%</b>                     |           |                       |                       |
| DeNa   | 118,200   | 3,593                 | 4.0                   |
| Don Quijote  | 164,900   | 3,451                 | 3.9                   |
| Gree   | 159,200   | 2,227                 | 2.5                   |
| Rakuten  | 4,498     | 2,788                 | 3.1                   |
| <b>Travel &amp; leisure - 3.1%</b>                   |           |                       |                       |
| Skymark Airlines                                     | 303,200   | 2,806                 | 3.1                   |

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Financials - 9.9% (11.2%)</b>                   |         |                       |                       |
| <b>General financial - 9.9%</b>                    |         |                       |                       |
| Orix   | 70,860  | 4,672                 | 5.2                   |
| Osaka Securities Exchange                          | 1,380   | 4,178                 | 4.7                   |
| <b>Technology - 9.5% (2.7%)</b>                    |         |                       |                       |
| <b>Software &amp; computer services - 5.5%</b>     |         |                       |                       |
| Capcom   | 121,600 | 1,941                 | 2.2                   |
| CyberAgent   | 992     | 2,112                 | 2.4                   |
| Square Enix Holdings                               | 71,300  | 845                   | 0.9                   |
| <b>Technology hardware &amp; equipment - 4.0%</b>  |         |                       |                       |
| United Technology Holdings                         | 5,781   | 3,597                 | 4.0                   |
| <b>Health care - 6.8% (1.4%)</b>                   |         |                       |                       |
| <b>Health care equipment &amp; services - 4.6%</b> |         |                       |                       |
| Asahi Intecc                                       | 62,200  | 1,004                 | 1.1                   |
| Nikkiso  | 159,000 | 955                   | 1.1                   |
| Ship Health Care Holdings                          | 166,600 | 2,144                 | 2.4                   |
| <b>Pharmaceuticals &amp; biotechnology - 2.2%</b>  |         |                       |                       |
| Mitsubishi Tanabe Pharma                           | 177,800 | 1,955                 | 2.2                   |
| <b>Basic materials - 0.6% (6.5%)</b>               |         |                       |                       |
| <b>Chemicals - 0.6%</b>                            |         |                       |                       |
| Sakai Chemical Industry                            | 210,000 | 573                   | 0.6                   |
| <b>Investment assets</b>                           |         | <b>88,772</b>         | <b>99.1</b>           |
| <b>Net other assets</b>                            |         | <b>814</b>            | <b>0.9</b>            |
| <b>Net assets</b>                                  |         | <b>89,586</b>         | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>54,643</b> | <b>Total of all sales for the period</b> | <b>58,852</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| Rakuten                                      | 3,501         | Nippon Telegraph & Telephone             | 5,948           |
| Konami                                       | 3,233         | Mitsubishi                               | 5,102           |
| Mitsubishi Tanabe Pharma                     | 2,859         | Itochu                                   | 4,759           |
| CyberAgent                                   | 2,762         | Sony                                     | 3,802           |
| Nippon Sheet Glass                           | 2,655         | Mitsui & Co                              | 3,621           |
| JGC  | 2,652         | Mitsui Chemicals                         | 3,145           |
| Gree   | 2,403         | JX Holdings                              | 2,551           |
| Chiyoda                                      | 2,299         | Kayaba Industry                          | 2,489           |
| DeNa   | 2,068         | Yokogawa Electric                        | 2,364           |
| Mitsui O.S.K. Lines                          | 1,851         | Mitsui O.S.K. Lines                      | 1,872           |
| Capcom                                       | 1,791         | Kenedix                                  | 1,605           |
| Softbank                                     | 1,672         | Amada                                    | 1,524           |
| Hitachi                                      | 1,666         | Softbank                                 | 1,517           |
| Itochu                                       | 1,502         | Zeon                                     | 1,206           |
| Mitsubishi                                   | 1,401         | Mitsubishi Heavy Industries              | 1,181           |
| Mitsubishi Heavy Industries                  | 1,206         | Mitsui Matsushima                        | 1,163           |
| Orix   | 1,189         | Chugoku Marine Paints                    | 1,114           |
| Nissin Electric                              | 1,092         | Mitsubishi Tanabe Pharma                 | 987             |
| Sony Financial Holdings                      | 928           | Septeni                                  | 976             |
| Nippon Telegraph & Telephone                 | 899           | Gree                                     | 920             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|---|-------|---------------|-------|---------------|
| Income  |       |               |       |               |
| Net capital gains   |       | 5,655         |       | 586           |
| Revenue   | 957   |               | 999   |               |
| Expenses  | (656) |               | (972) |               |
| Net revenue before taxation   | 301   |               | 27    |               |
| Taxation  | (65)  |               | (60)  |               |
| Net revenue/(expense)<br>after taxation   |       | 236           |       | (33)          |
| <b>Total return before distributions</b>  |       | <b>5,891</b>  |       | <b>553</b>    |
| Finance costs: Distributions  |       | (3)           |       | 9             |
| <b>Change in net assets<br/>attributable to shareholders<br/>from investment activities</b> |       | <b>5,888</b>  |       | <b>562</b>    |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |               | 31 January 2011 |               |
|--|--------------|---------------|-----------------|---------------|
|  | £'000        | £'000         | £'000           | £'000         |
| <b>ASSETS</b>                                      |              |               |                 |               |
| Investment assets                                  |              | 88,772        |                 | 87,329        |
| Debtors  | 806          |               | 225             |               |
| Cash and bank balances                             | 312          |               | 105             |               |
| <b>Total other assets</b>                          |              | <b>1,118</b>  |                 | <b>330</b>    |
| <b>Total assets</b>                                |              | <b>89,890</b> |                 | <b>87,659</b> |
| <b>LIABILITIES</b>                                 |              |               |                 |               |
| Creditors  | (304)        |               | (364)           |               |
| <b>Total liabilities</b>                           |              | <b>(304)</b>  |                 | <b>(364)</b>  |
| <b>Net assets attributable<br/>to shareholders</b> |              | <b>89,586</b> |                 | <b>87,295</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|   | £'000   | 2011<br>£'000 | £'000    | 2010<br>£'000  |
|---|---------|---------------|----------|----------------|
| <b>Opening net assets attributable<br/>to shareholders</b>  |         | <b>87,295</b> |          | <b>111,359</b> |
| Amounts receivable on<br>issue of shares  | 3,813   |               | 34,668   |                |
| Amounts payable on<br>cancellation of shares  | (7,410) |               | (48,653) |                |
|   |         | (3,597)       |          | (13,985)       |
| Change in net assets<br>attributable to shareholders<br>from investment activities<br>(see above) |         | 5,888         |          | 562            |
| <b>Closing net assets attributable<br/>to shareholders</b>  |         | <b>89,586</b> |          | <b>97,936</b>  |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

# JPM Multi-Asset Income Fund

## Investment objective and policy

To provide income by investing primarily in a global portfolio of income generating securities.

The Fund will predominantly invest in fixed and floating rate debt securities and equity and equity linked securities to generate income. Whilst there might be gains, there is also a risk of capital erosion. The Fund may invest in high-yield bonds, convertible bonds, investment grade, non-investment grade and unrated securities, Real Estate Investment Trusts ("REITs"), smaller companies and collective investment schemes as the investment adviser deems appropriate. Issuers of securities may be located in any country, including emerging markets and the Fund may invest in assets denominated in any currency. Non-sterling currency exposure (excluding emerging markets local currency) will be hedged back to sterling. The Fund may use derivatives and forward transactions for investment purposes and Efficient Portfolio Management, including hedging.

## Risk profile

Bond prices can fluctuate significantly depending not only on the global economic and interest rate conditions but also on the general credit market environment and the creditworthiness of the issuer.

The credit quality of high yield bonds is below investment grade and they usually offer higher yields to compensate for the reduced creditworthiness and the increased risk of default relative to investment grade bonds.

The Fund may have a significant exposure to asset and mortgage backed securities (ABS and MBS). Owing to the nature of some ABS and MBS, the exact timing and size of cashflows paid by the securities may not be fully assured.

The investment policy of the Fund permits the use of derivatives and/or forward transactions for investment purposes, potentially increasing the volatility and therefore risk of the Fund.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

The Fund may be invested in emerging markets, which may be subject to additional political and economic risks, low liquidity, poor transparency and greater financial risks.

Investments in equity securities issued by companies which are principally engaged in the business of real estate will subject the strategy to risks associated with the direct ownership of real estate. The majority of the REITs and other real estate companies that may be held by the Fund will be publicly listed. The performance of any investment in such vehicles will therefore be subject to normal market fluctuations, correlations and other risks inherent in investing in securities.

This Fund charges the fees of the ACD against capital, which will increase the amount of income available for distribution to Shareholders, but may constrain capital growth. It may also have tax implications for certain investors.

As the Fund is primarily focused on generating income, the Fund is expected to deviate from its benchmark in terms of asset allocation and performance.

## Fund review

The Fund paid dividends in April and July, equivalent to annualised yields of 5.0% and 4.9% net of basic rate tax and expenses, respectively.

In what was a volatile period for risk assets, the Fund posted a positive return but lagged its benchmark. We maintained a positive outlook on risk assets and increased the Fund's equity allocation, which reached almost 40% as at the end of July. High-yield spreads have continued to narrow over the past couple of years and we still believe that the level of carry is attractive, but we have trimmed our exposure to the asset class. We added further to our convertibles exposure in the second quarter, shifting towards the US at the expense of European names and also retain our exposure to non-agency mortgages on an opportunistic basis.

## Fund outlook

Despite the reduction in investor risk appetite, our broad investment views remain the same. We retain a positive view on risk assets and equities, and remain overweight credit. Short term, we plan to maintain the Fund's current allocation to high-yield fixed income. Within equities, we will most likely continue to tilt towards international equities and away from lower yielding US equities.

## 12 month performance to 31 July

|   | 2011         | 2010         |
|---|--------------|--------------|
| <b>JPM Multi-Asset Income A-Class Acc</b> | <b>9.0%</b>  | <b>15.2%</b> |
| <b>JPM Multi-Asset Income X-Class Inc</b> | <b>10.2%</b> | <b>-</b>     |
| Benchmark Index <sup>A</sup>              | 10.1%        | 17.1%        |

## Six month performance to 31 July 2011

|   |             |
|---|-------------|
| <b>JPM Multi-Asset Income A-Class Acc</b> | <b>0.8%</b> |
| Benchmark Index <sup>A</sup>              | 1.5%        |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation or income shares. Performance returns are in Sterling.

Blended benchmarks have been calculated by JPMAM.

Source: J.P. Morgan.

<sup>A</sup> On 01/04/10 part of the element of the composite benchmark for the Fund changed from 10% Global Property Research 250 (Total Return Net) hedged into GBP to 10% FTSE EPRA/NAREIT Developed Index hedged into GBP (Total Return Net). On 01/04/10 part of the element of the composite benchmark for the Fund changed from 10% Global Property Research 250 (Total Return Net) hedged into GBP to 10% FTSE EPRA/NAREIT Developed Index (Total Return Net) hedged into GBP. On 01/03/11 the composite benchmark changed from 10% JPM GBI - Emerging Markets Global Index in GBP, 45% BofA Merrill Lynch High Yield BB-B Constrained Index hedged to GBP, 10% FTSE EPRA/NAREIT Developed Index hedged to GBP, 25% MSCI World Index hedged to GBP, 10% BofA Merrill Lynch Sterling Broad Market Index in GBP to 40% MSCI World Index - Total Return Net - Hedged to GBP, 30% Barclays Capital U.S. High Yield 2% Issuer Cap Index - Total Return Gross - Hedged to GBP, 30% Barclays Capital Global Credit Index - Total Return Gross - Hedged to GBP.

Benchmark Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by JPMorgan Asset Management (UK) Ltd. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

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## Fund statistics

|                              |  |
|------------------------------|--|
| Fund size                    | £52.0m   |
| Benchmark Index <sup>a</sup> | 40% MSCI World Index (Total Return Net)<br>- Hedged to GBP,<br>30% Barclays Capital U.S. High Yield 2%<br>Issuer Cap Index (Total Return Gross)<br>- Hedged to GBP,<br>30% Barclays Capital Global Credit Index<br>(Total Return Gross) - Hedged to GBP<br>in GBP (Total Return Gross) |
| Fund charges                 |  |
| A-Class                      | Initial 4.25%, Annual 1.25%  |
| X-Class                      | On application <sup>b</sup>  |

## Top ten holdings

|                          | %   |
|--------------------------|-----|
| Du Pont de Nemours       | 1.0 |
| Time Warner              | 1.0 |
| Royal Dutch Shell 'A'    | 1.0 |
| Schneider Electric       | 0.9 |
| Coca-Cola                | 0.9 |
| Vodafone Group           | 0.9 |
| Sumitomo                 | 0.9 |
| BASF                     | 0.9 |
| British American Tobacco | 0.8 |
| IBM                      | 0.8 |

## Sector breakdown

|                            | %    |
|----------------------------|------|
| Equities                   | 47.3 |
| Corporate bonds            | 38.8 |
| Government bonds           | 5.2  |
| Convertible bonds          | 3.7  |
| Forward currency contracts | 1.2  |
| Futures                    | 0.0  |
| Options                    | 0.0  |
| Net other assets           | 3.8  |

In line with current accounting practice the sector breakdown includes the unrealised profit or loss on derivative holdings and consequently the economic market exposure of the fund cannot be fully determined from the above disclosure.

## Highest/lowest share price and distribution record

| Calendar year                            | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>       |                     |                    |                              |
| 2009                                     | 59.42p              | 50.24p             | 0.94p                        |
| 2010                                     | 65.78p              | 58.35p             | 3.36p                        |
| 2011 <sup>c</sup>                        | 68.50p              | 65.52p             | 2.59p                        |
| <b>A-Class Income Shares</b>             |                     |                    |                              |
| 2009                                     | 58.42p              | 50.24p             | 0.94p                        |
| 2010                                     | 61.36p              | 55.91p             | 3.23p                        |
| 2011 <sup>c</sup>                        | 62.75p              | 60.24p             | 2.36p                        |
| <b>X-Class Income Shares<sup>d</sup></b> |                     |                    |                              |
| 2010                                     | 110.3p              | 100.4p             | 1.53p                        |
| 2011 <sup>c</sup>                        | 113.4p              | 108.7p             | 4.39p                        |

<sup>c</sup> To 31 July 2011.

<sup>d</sup> X-Class Income Shares were launched on 7 July 2010.

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.01.11 | 92.1% |
| 31.07.11 | 52.0% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.10                           | 12,826                                   | 21,878,031       | 58.62p                    | 1.43%               |
| 31.01.11                           | 13,251                                   | 19,993,416       | 66.28p                    | 1.43%               |
| 31.07.11                           | 26,425                                   | 39,521,945       | 66.86p                    | 1.43%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.10                           | 6,623                                    | 11,651,616       | 56.84p                    | 1.43%               |
| 31.01.11                           | 3,581                                    | 5,873,739        | 60.97p                    | 1.43%               |
| 31.07.11                           | 10,469                                   | 17,496,149       | 59.84p                    | 1.43%               |
| <b>X-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.11                           | 15,636                                   | 14,231,250       | 109.9p                    | 0.06%               |
| 31.07.11                           | 15,129                                   | 13,961,250       | 108.4p                    | 0.06%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                    | Holding | Market value<br>£'000 | Total net<br>assets % | Investment                               | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|---------|-----------------------|-----------------------|--|-----------|-----------------------|-----------------------|
| <b>Equities - 47.3% (41.4%)</b>               |         |                       |                       | <b>United States of America - 16.7%</b>  |           |                       |                       |
| Abbott Laboratories                           | 9,600   | 305                   | 0.6                   | Standard Chartered                       | 10,501    | 163                   | 0.3                   |
| AmeriGas                                      | 45,000  | 28                    | 0.1                   | Vodafone Group                           | 259,697   | 448                   | 0.9                   |
| Bank of America 7.25% Preference              | 270     | 162                   | 0.3                   | <b>Japan - 3.6%</b>                      |           |                       |                       |
| Brandywine Realty Trust                       | 7,400   | 54                    | 0.1                   | Advance Residence REIT                   | 51        | 65                    | 0.1                   |
| Bristol-Myers Squibb                          | 13,890  | 248                   | 0.5                   | Daito Trust Construction                 | 5,900     | 346                   | 0.7                   |
| Carnival                                      | 13,117  | 273                   | 0.5                   | Japan Retail Fund REIT                   | 113       | 108                   | 0.2                   |
| Centerpoint Energy                            | 17,062  | 207                   | 0.4                   | Japan Tobacco                            | 115       | 318                   | 0.6                   |
| Chevron                                       | 4,903   | 316                   | 0.6                   | Kenedix Realty REIT                      | 36        | 81                    | 0.2                   |
| Citigroup Capital 7.875% Preference 2040      | 6,000   | 101                   | 0.2                   | Nippon Telegraph & Telephone             | 11,200    | 337                   | 0.6                   |
| Cobank ACB 11.5% Preference#                  | 700     | 22                    | -                     | Nomura Real Estate Residential Fund REIT | 19        | 65                    | 0.1                   |
| Cobank#                                       | 1,700   | 48                    | 0.1                   | Orix Jreit REIT                          | 20        | 67                    | 0.1                   |
| Coca-Cola                                     | 10,961  | 463                   | 0.9                   | Premier Investment REIT                  | 17        | 45                    | 0.1                   |
| ConocoPhillips                                | 6,835   | 306                   | 0.6                   | Sumitomo                                 | 51,800    | 446                   | 0.9                   |
| Countrywide Capital III 8.05% Preference 2027 | 50,000  | 32                    | 0.1                   | <b>Netherlands - 2.6%</b>                |           |                       |                       |
| DCT Industrial Trust                          | 10,200  | 34                    | 0.1                   | Corio                                    | 1,601     | 60                    | 0.1                   |
| Du Pont de Nemours                            | 16,360  | 526                   | 1.0                   | Eurocommercial Properties                | 2,658     | 78                    | 0.1                   |
| Duke Realty                                   | 6,200   | 53                    | 0.1                   | KPN                                      | 25,469    | 220                   | 0.4                   |
| Eastgroup Properties                          | 1,300   | 36                    | 0.1                   | Nieuwe Steen Investments                 | 7,823     | 88                    | 0.2                   |
| Frontier Communications 'B'                   | 33,791  | 155                   | 0.3                   | Royal Dutch Shell 'A'                    | 22,932    | 515                   | 1.0                   |
| General Motors 4.75% 'B' Junior Preference    | 3,675   | 105                   | 0.2                   | Unilever                                 | 12,489    | 247                   | 0.5                   |
| HCP 7.1% Convertible Preference 2008          | 4,775   | 73                    | 0.1                   | VastNed Retail                           | 2,452     | 102                   | 0.2                   |
| Health Care Property Investors                | 4,700   | 106                   | 0.2                   | Wereldhave                               | 650       | 37                    | 0.1                   |
| Health Care REIT                              | 1,270   | 41                    | 0.1                   | <b>Australia - 2.0%</b>                  |           |                       |                       |
| IBM   | 3,666   | 410                   | 0.8                   | CFS Retail Property Trust                | 15,999    | 18                    | -                     |
| Kilroy Realty 'F' 7.5% Preference 2009        | 5,225   | 80                    | 0.2                   | Commonwealth Property Office Fund        | 133,875   | 85                    | 0.2                   |
| Liberty Property Trust                        | 2,470   | 52                    | 0.1                   | Dexus Property Group                     | 248,339   | 143                   | 0.3                   |
| Mack Cali Realty                              | 3,400   | 70                    | 0.1                   | QBE Insurance Group                      | 32,004    | 352                   | 0.7                   |
| Mattel  | 15,408  | 252                   | 0.5                   | Stockland Trust Group                    | 34,735    | 71                    | 0.1                   |
| McDonald's                                    | 5,270   | 281                   | 0.5                   | Tatts Group                              | 106,140   | 165                   | 0.3                   |
| Merck   | 14,137  | 303                   | 0.6                   | Westfield Group                          | 19,466    | 104                   | 0.2                   |
| National Retail Properties                    | 2,500   | 39                    | 0.1                   | Westfield Retail Trust                   | 47,277    | 77                    | 0.2                   |
| Nextera Energy                                | 5,950   | 189                   | 0.4                   | <b>Singapore - 1.6%</b>                  |           |                       |                       |
| Omega Healthcare Investors                    | 1,700   | 21                    | -                     | Ascendas REIT                            | 26,000    | 27                    | 0.1                   |
| ONEOK   | 7,078   | 317                   | 0.6                   | Ascott Residence REIT                    | 52,004    | 32                    | 0.1                   |
| Paychex                                       | 10,969  | 191                   | 0.4                   | Cambridge Industrial Trust REIT          | 125,275   | 32                    | 0.1                   |
| Pennsylvania REIT                             | 3,200   | 29                    | 0.1                   | CapitaCommercial Trust                   | 55,000    | 39                    | 0.1                   |
| Pfizer  | 27,228  | 324                   | 0.6                   | Singapore Airlines                       | 44,000    | 318                   | 0.6                   |
| PPL Corporation                               | 5,200   | 172                   | 0.3                   | Singapore Telecommunications             | 174,000   | 297                   | 0.6                   |
| Prologis 6.5% Preference                      | 4,700   | 70                    | 0.1                   | <b>Italy - 1.4%</b>                      |           |                       |                       |
| PS Business Parks 'H' Preference 7% 2009      | 4,200   | 65                    | 0.1                   | Enel                                     | 116,893   | 407                   | 0.8                   |
| Public Storage 'M'                            | 4,650   | 72                    | 0.1                   | ENI                                      | 24,721    | 329                   | 0.6                   |
| Regency Centers                               | 500     | 14                    | -                     | <b>Switzerland - 1.3%</b>                |           |                       |                       |
| Regency Centers Preference                    | 4,950   | 75                    | 0.1                   | Novartis                                 | 8,213     | 305                   | 0.6                   |
| Senior Housing Properties Trust               | 1,200   | 18                    | -                     | Zurich Financial Services                | 2,692     | 385                   | 0.7                   |
| Sysco   | 10,716  | 203                   | 0.4                   | <b>China - 0.9%</b>                      |           |                       |                       |
| Taubman Centres 'G' 8% Preference 2009        | 3,550   | 55                    | 0.1                   | Angang Steel 'H'                         | 252,000   | 160                   | 0.3                   |
| Time Warner                                   | 23,714  | 521                   | 1.0                   | China Construction Bank 'H'              | 630,000   | 312                   | 0.6                   |
| US Concrete                                   | 3,325   | 17                    | -                     | <b>Norway - 0.7%</b>                     |           |                       |                       |
| Verizon Communications                        | 14,812  | 325                   | 0.6                   | Befimmo                                  | 1,390     | 72                    | 0.1                   |
| Vornado Realty Trust 'G' Preference           | 5,100   | 78                    | 0.2                   | DnB                                      | 37,102    | 328                   | 0.6                   |
| Washington REIT                               | 300     | 6                     | -                     | <b>Hong Kong - 0.7%</b>                  |           |                       |                       |
| Weingarten Realty                             | 1,760   | 28                    | 0.1                   | Hutchison Whampoa                        | 49,000    | 351                   | 0.7                   |
| Wells Fargo                                   | 20,841  | 363                   | 0.7                   | <b>Finland - 0.6%</b>                    |           |                       |                       |
| Xcel Energy                                   | 23,482  | 350                   | 0.7                   | UPM-Kymmene                              | 30,730    | 291                   | 0.6                   |
| <b>France - 5.4%</b>                          |         |                       |                       | <b>Sweden - 0.5%</b>                     |           |                       |                       |
| BNP Paribas                                   | 7,672   | 304                   | 0.6                   | Ericsson 'B'                             | 36,921    | 283                   | 0.5                   |
| Compagnie de Saint-Gobain                     | 8,539   | 303                   | 0.6                   | <b>South Korea - 0.4%</b>                |           |                       |                       |
| GDF Suez                                      | 10,229  | 204                   | 0.4                   | KT ADR                                   | 18,098    | 218                   | 0.4                   |
| PPR   | 2,974   | 339                   | 0.6                   | <b>Thailand - 0.4%</b>                   |           |                       |                       |
| Sanofi-Aventis                                | 6,639   | 315                   | 0.6                   | Siam Cement (Alien Market)               | 23,800    | 215                   | 0.4                   |
| Schneider Electric                            | 5,607   | 490                   | 0.9                   | <b>South Africa - 0.3%</b>               |           |                       |                       |
| Sodexo  | 6,143   | 287                   | 0.5                   | African Bank Investments                 | 51,142    | 158                   | 0.3                   |
| Suez Environment                              | 18,203  | 201                   | 0.4                   | <b>Canada - 0.3%</b>                     |           |                       |                       |
| TOTAL S.A.                                    | 7,420   | 245                   | 0.5                   | First Capital Reality                    | 3,834     | 41                    | 0.1                   |
| Unibail                                       | 1,009   | 137                   | 0.3                   | Riocan REIT                              | 5,974     | 100                   | 0.2                   |
| <b>Germany - 4.0%</b>                         |         |                       |                       | <b>Belgium - 0.1%</b>                    |           |                       |                       |
| Allianz                                       | 4,536   | 359                   | 0.7                   | Cofinimmo                                | 320       | 27                    | 0.1                   |
| BASF  | 7,953   | 442                   | 0.9                   | <b>Corporate bonds - 38.8% (47.2%)</b>   |           |                       |                       |
| Daimler                                       | 7,433   | 329                   | 0.6                   | <b>US Dollar - 38.5%</b>                 |           |                       |                       |
| Deutsche Boerse                               | 6,268   | 281                   | 0.5                   | 1st Industrial 6.42% 2014                | \$50,000  | 32                    | 0.1                   |
| Deutsche Telekom                              | 37,792  | 354                   | 0.7                   | ABFC Asset Backed Certificates 2033      | \$67,755  | 32                    | 0.1                   |
| Siemens                                       | 4,058   | 315                   | 0.6                   | ACCO Brands 10.625% 2015                 | \$225,000 | 154                   | 0.3                   |
| <b>United Kingdom - 3.8%</b>                  |         |                       |                       | Ace Cash Express 11% 2019                | \$105,000 | 65                    | 0.1                   |
| British American Tobacco                      | 14,988  | 422                   | 0.8                   | Advanced Micro Devices 8.125% 2017       | \$30,000  | 20                    | -                     |
| British Land                                  | 23,140  | 136                   | 0.2                   | Aircastle 9.75% 2018                     | \$20,000  | 14                    | -                     |
| Cairn Energy                                  | 42,480  | 158                   | 0.3                   | Alliance One International 10% 2016      | \$25,000  | 15                    | -                     |
| Centrica                                      | 97,748  | 299                   | 0.6                   |  |           |                       |                       |
| GlaxoSmithKline                               | 25,162  | 346                   | 0.7                   |  |           |                       |                       |
| Land Securities                               | 2,900   | 25                    | -                     |  |           |                       |                       |

# Portfolio statement – continued

As at 31 July 2011

| Investment                                       | Market value |       | Total net assets % | Investment   | Market value |       | Total net assets % |
|--|--------------|-------|--------------------|--|--------------|-------|--------------------|
|  | Holding      | £'000 |                    |  | Holding      | £'000 |                    |
| Alliant Techsystems 6.875% 2020                  | \$15,000     | 10    | -                  | Citigroup Mortgage Loan Trust 5.5% 2035                  | \$150,162    | 89    | 0.2                |
| Ally Financial 6.25% 2017                        | \$250,000    | 155   | 0.3                | Citigroup Mortgage Loan Trust 7% 2035                    | \$201,817    | 106   | 0.2                |
| Ally Financial 7.5% 2020                         | \$45,000     | 29    | 0.1                | Citigroup Mortgage Loan Trust FRN 2035                   | \$124,633    | 57    | 0.1                |
| Ally Financial 8% 2031                           | \$90,000     | 59    | 0.1                | Citigroup Mortgage Loan Trust 2035 STEP                  | \$61,563     | 35    | 0.1                |
| Alpha Natural Resources 6% 2019                  | \$20,000     | 13    | -                  | Citigroup Mortgage Loan Trust FRN 2037                   | \$119,140    | 69    | 0.1                |
| Alpha Natural Resources 6.25% 2021               | \$20,000     | 13    | -                  | Citycenter Holdings 10.75% 2017                          | \$47,501     | 31    | 0.1                |
| Alta Mesa Holdings 9.625% 2018                   | \$25,000     | 15    | -                  | CKE Holdings 10.5% 2016                                  | \$10,000     | 6     | -                  |
| Alternative Loan Trust 5.5% 2020                 | \$85,989     | 47    | 0.1                | CKE Restaurants 11.375% 2018                             | \$23,000     | 16    | -                  |
| Alternative Loan Trust 6% 2022                   | \$114,907    | 66    | 0.1                | Clares Escrow 8.875% 2019                                | \$100,000    | 58    | 0.1                |
| American Achievement 10.875% 2016                | \$30,000     | 16    | -                  | Clear Channel Communications 9% 2021                     | \$80,000     | 47    | 0.1                |
| American International Group 8.175% 2058         | \$70,000     | 47    | 0.1                | Clear Channel Worldwide 9.25% 2017                       | \$250,000    | 168   | 0.3                |
| Ameristar Casinos 7.50% 2021                     | \$35,000     | 22    | 0.1                | Clearwire 12% 2015                                       | \$66,000     | 42    | 0.1                |
| Amkor Technology 7.375% 2018                     | \$15,000     | 10    | -                  | Cloud Peak Energy Resources 8.25% 2017                   | \$30,000     | 20    | -                  |
| Apollo Investment 5.75% 2016                     | \$274,000    | 165   | 0.3                | CNG Holdings 12.25% 2015                                 | \$25,000     | 17    | -                  |
| Appleton Papers 10.5% 2015                       | \$94,000     | 61    | 0.1                | CNL Lifestyle Properties 7.25% 2019                      | \$40,000     | 22    | 0.1                |
| Arch Coal 8.75% 2016                             | \$250,000    | 171   | 0.3                | Cogent Communications Group 8.375% 2018                  | \$15,000     | 10    | -                  |
| Arch Coal 7% 2019                                | \$20,000     | 13    | -                  | Commercial Barge Line 12.5% 2017                         | \$40,000     | 28    | 0.1                |
| Arch Coal 7.25% 2021                             | \$20,000     | 13    | -                  | Commercial Vehicle 7.875% 2019                           | \$6,000      | 4     | -                  |
| Ardagh Packaging Finance 9.125% 2020             | \$250,000    | 162   | 0.3                | Community Choice Financial 10.75% 2019                   | \$25,000     | 16    | -                  |
| Avaya 7% 2019                                    | \$170,000    | 102   | 0.2                | Community Health Systems 8.875% 2015                     | \$200,000    | 127   | 0.2                |
| Avis Budget Car Rental 9.625% 2018               | \$45,000     | 30    | 0.1                | Comstock Resources 8.375% 2017                           | \$30,000     | 19    | -                  |
| Aviv Healthcare Properties 7.75% 2019            | \$20,000     | 13    | -                  | Comstock Resources 7.75% 2019                            | \$45,000     | 29    | 0.1                |
| B-Corp Merger Sub 8.25% 2019                     | \$25,000     | 16    | -                  | Concho Resources 7% 2021                                 | \$25,000     | 17    | -                  |
| Banc of America Alternative Loan Trust 5.5% 2020 | \$38,097     | 21    | 0.1                | Concho Resources 6.5% 2022                               | \$20,000     | 13    | -                  |
| Banc of America Alternative Loan Trust 6% 2021   | \$56,490     | 33    | 0.1                | Consol Energy 8.25% 2020                                 | \$25,000     | 17    | -                  |
| Banc of America Alternative Loan Trust 6% 2035   | \$91,703     | 58    | 0.1                | Constar International FRN                                | \$100,000    | 28    | 0.1                |
| Banc of America Funding 5.5% 2034                | \$178,127    | 107   | 0.2                | Constellation Brands 7.25% 2017                          | \$250,000    | 169   | 0.3                |
| Banc of America Mortgage Trust 6% 2037           | \$121,833    | 66    | 0.1                | Continental Airlines 7.875% 2020                         | \$56,465     | 34    | 0.1                |
| Bank of America FRN Perpetual                    | \$116,000    | 73    | 0.1                | Continental Airlines 9.318% 2021                         | \$14,460     | 9     | -                  |
| Bank of America Structured Notes 5.5% 2020       | \$25,252     | 15    | -                  | Continental Airlines 9.558% 2021                         | \$13,790     | 9     | -                  |
| Be Aerospace 6.875% 2020                         | \$35,000     | 23    | 0.1                | Continental Airlines 9.798% 2021                         | \$53,434     | 34    | 0.1                |
| Beazer Homes 6.875% 2015                         | \$5,000      | 3     | -                  | Countrywide Home Loan Alternative Loan Trust 5.75% 2035  | \$93,210     | 55    | 0.1                |
| Berry Plastics 8.25% 2015                        | \$10,000     | 7     | -                  | Countrywide Securities 2.56375% 2032                     | \$99,492     | 49    | 0.1                |
| Berry Plastics 9.5% 2018                         | \$48,000     | 30    | 0.1                | CPI International 8% 2018                                | \$30,000     | 17    | -                  |
| Bill Barrett 9.875% 2016                         | \$35,000     | 24    | 0.1                | Credit-Based Asset Servicing and Securitization FRN 2035 | \$127,937    | 76    | 0.2                |
| Biomet 10.375% 2017                              | \$250,000    | 168   | 0.3                | Cricket Communications 7.75% SNR 2020                    | \$25,000     | 15    | -                  |
| Block Communications 8.25% 2015                  | \$75,000     | 47    | 0.1                | CSC Holdings 8.5% 2014                                   | \$25,000     | 17    | -                  |
| Blue Merger 7.625% 2019                          | \$270,000    | 171   | 0.3                | CSC Holdings 8.625% 2019                                 | \$20,000     | 14    | -                  |
| Boart Longyear 7% 2021                           | \$10,000     | 6     | -                  | CSFB Mortgage Backed 5.5% 2020                           | \$529,350    | 314   | 0.6                |
| Boise Paper Holdings 8% 2020                     | \$50,000     | 32    | 0.1                | CWABS 0.987% 2033  | \$39,620     | 19    | -                  |
| Bresnan Broadband Holdings 8% 2018               | \$10,000     | 6     | -                  | CWALT 2005-28CB 1A5 5.5% 2035                            | \$80,793     | 49    | 0.1                |
| Briggs & Stratton 6.875% 2020                    | \$150,000    | 98    | 0.2                | CWALT 2005-16 2-A-1 5.5% 2025                            | \$30,539     | 18    | -                  |
| Brigham Explorations 8.75% 2018                  | \$15,000     | 10    | -                  | D.R. Horton 5.625% 2016                                  | \$30,000     | 19    | -                  |
| Brigham Explorations 6.875% 2019                 | \$10,000     | 6     | -                  | D.R. Horton 6.5% 2016                                    | \$10,000     | 6     | -                  |
| Brightstar Corporation 9.5% 2016                 | \$20,000     | 13    | -                  | Dave & Buster's 11% 2018                                 | \$10,000     | 7     | -                  |
| Bumble Bee Acquisition 9% 2017                   | \$250,000    | 155   | 0.3                | Deluxe Corporation 7% 2019                               | \$75,000     | 46    | 0.1                |
| Bway Holding 10% 2018                            | \$10,000     | 7     | -                  | Deutsche Bank 10.25% 2027                                | \$280,000    | 246   | 0.5                |
| Calfrac 7.5% 2020                                | \$10,000     | 6     | -                  | DineEquity 9.5% 2018                                     | \$15,000     | 10    | -                  |
| Calpine Construction Finance 8% 2016             | \$125,000    | 83    | 0.2                | Dish DBS 7.125% 2016                                     | \$250,000    | 164   | 0.3                |
| Calumet Speciality Products 9.375% 2019          | \$10,000     | 6     | -                  | Dish DBS 7.875% 2019                                     | \$35,000     | 24    | 0.1                |
| Capella Healthcare 9.25% 2017                    | \$25,000     | 16    | -                  | Dish DBS 6.75% 2021                                      | \$30,000     | 19    | -                  |
| Capital One Financial 10.25% 2039                | \$35,000     | 23    | 0.1                | DJO Finance 7.75% 2018                                   | \$100,000    | 62    | 0.1                |
| Cardinal Health 409 FRN 2015                     | \$18,922     | 12    | -                  | Dubai Electricity and Water 8.5% 2015                    | \$210,000    | 145   | 0.3                |
| Carriage Services 7.875% 2015                    | \$34,000     | 21    | 0.1                | Dupont Fabros Technology 8.5% 2017                       | \$15,000     | 10    | -                  |
| Carrizo Oil & Gas 8.625% 2018                    | \$10,000     | 6     | -                  | Eastman Kodak 9.75% 2018                                 | \$35,000     | 18    | -                  |
| Cascades 7.75% 2017                              | \$25,000     | 16    | -                  | Edison Mission Energy 7% 2017                            | \$100,000    | 48    | 0.1                |
| Cascades 7.875% 2020                             | \$25,000     | 16    | -                  | Edison Mission Energy 7.2% 2019                          | \$50,000     | 23    | 0.1                |
| CB Richard Ellis Services 6.625% 2020            | \$50,000     | 32    | 0.1                | EH Holding 6.5% 2019                                     | \$13,000     | 8     | -                  |
| CB Spectrumbands 9.5% 2018                       | \$250,000    | 171   | 0.3                | EH Holding 7.625% 2021                                   | \$8,000      | 5     | -                  |
| CCH II Capital 13.5% 2016                        | \$15,000     | 11    | -                  | Elan Finance 8.75% 2016                                  | \$100,000    | 65    | 0.1                |
| CCO Holdings 7.25% 2017                          | \$55,000     | 36    | 0.1                | Energy Gulf Coast 7.75% 2019                             | \$10,000     | 6     | -                  |
| CCO Holdings 7.875% 2018                         | \$270,000    | 180   | 0.4                | Equinix 7% 2021  | \$10,000     | 6     | -                  |
| CCO Holdings 7% 2019                             | \$35,000     | 23    | 0.1                | Equity One Mortgage Trust 5.05% 2033                     | \$110,733    | 57    | 0.1                |
| CCO Holdings 6.5% 2021                           | \$40,000     | 25    | 0.1                | Essar Steel Algoma 9.375% 2015                           | \$10,000     | 6     | -                  |
| Central Garden & Pet 8.25% 2018                  | \$250,000    | 158   | 0.3                | Eurasian Development Bank 7.375% 2014                    | \$250,000    | 170   | 0.3                |
| Cenveo 10.5% 2016                                | \$10,000     | 6     | -                  | Exterran 7.25% 2018                                      | \$15,000     | 9     | -                  |
| Cenveo 8.875% 2018                               | \$40,000     | 24    | 0.1                | Ferrellgas Finance Corporation 6.5% 2021                 | \$45,000     | 27    | 0.1                |
| Cequel Communications 8.625% 2017                | \$150,000    | 98    | 0.2                | FFMLT Trust 0.527% 2035                                  | \$149,212    | 79    | 0.2                |
| Chase Funding Mortgage Loan FRN 2033             | \$115,342    | 68    | 0.1                | FGI Holding 11.25% 2015                                  | \$21,171     | 13    | -                  |
| Chesapeake Energy 6.875% 2018                    | \$20,000     | 13    | -                  | First Data 8.875% 2020                                   | \$155,000    | 102   | 0.2                |
| Chesapeake Energy 6.125% 2021                    | \$30,000     | 19    | -                  | First Data 8.75% 2022                                    | \$125,000    | 75    | 0.1                |
| CHL Mortgage Pass-Through Trust 5.25% 2027       | \$250,681    | 145   | 0.3                | First Horizon Alternative Mortgage Securities 5.5% 2035  | \$32,930     | 19    | -                  |
| Cincinnati Bell 8.25% 2017                       | \$20,000     | 12    | -                  | First Horizon Mortgage Pass Through Trust 5.25% 2021     | \$26,611     | 16    | -                  |
| Cincinnati Bell 8.75% 2018                       | \$10,000     | 6     | -                  | First Horizon Mortgage Pass Through Trust 5.5% 2035      | \$100,685    | 61    | 0.1                |
| CIT Group 7% 1 May 2017                          | \$250,000    | 154   | 0.3                | First Wind Holdings 10.25% 2018                          | \$10,000     | 6     | -                  |
| CIT Group 7% 2 May 2017                          | \$120,000    | 74    | 0.1                | Fisher Communications 8.625% 2014                        | \$36,000     | 23    | 0.1                |
| CIT Group 6.625% 2018                            | \$40,000     | 26    | 0.1                | FMG Fund Mangers 7% 2015                                 | \$10,000     | 6     | -                  |
| Citgo Petroleum 11.5% 2017                       | \$30,000     | 21    | 0.1                |  |              |       |                    |
| Citigroup Funding 10.99% 2020                    | \$300,000    | 175   | 0.4                |  |              |       |                    |

# Portfolio statement – continued

As at 31 July 2011

| Investment                                   | Holding   | Market value |                    | Investment   | Holding   | Market value |                    |
|--|-----------|--------------|--------------------|--|-----------|--------------|--------------------|
|  |           | £'000        | Total net assets % |  |           | £'000        | Total net assets % |
| FMG Resources 6.375% 2016                    | \$15,000  | 9            | -                  | Lawson Software 11.5% 2018                         | \$5,000   | 3            | -                  |
| FMG Resources 6.875% 2018                    | \$40,000  | 25           | 0.1                | Lennar 5.6% 2015                                   | \$10,000  | 6            | -                  |
| Ford Motor 8% 2016                           | \$100,000 | 70           | 0.1                | Lennar 12.25% 2017                                 | \$10,000  | 8            | -                  |
| Ford Motor 7.75% 2043                        | \$50,000  | 32           | 0.1                | Lennar 6.95% 2018                                  | \$30,000  | 18           | -                  |
| Ford Motor 9.98% 2047                        | \$125,000 | 93           | 0.2                | Level 3 Financing 8.75% 2017                       | \$50,000  | 31           | 0.1                |
| Ford Motor Credit 6.625% 2017                | \$250,000 | 166          | 0.3                | Level 3 Financing 10% 2018                         | \$55,000  | 36           | 0.1                |
| Forest City Enterprises 6.5% 2017            | \$35,000  | 20           | -                  | Liberty Mutual Group FRN 2058                      | \$104,000 | 85           | 0.2                |
| Freescale Semiconductor 9.25% 2018           | \$270,000 | 182          | 0.4                | Liberty Mutual Group 7.8% 2087                     | \$25,000  | 16           | -                  |
| Freescale Semiconductor 10.125% 2018         | \$35,000  | 24           | 0.1                | Liberty Tire Recycling 11% 2016                    | \$20,000  | 13           | -                  |
| Freescale Semiconductor 8.05% 2020           | \$40,000  | 25           | 0.1                | Linn Energy 6.5% 2019                              | \$10,000  | 6            | -                  |
| Freescale Semiconductor 10.75% 2020          | \$13,000  | 9            | -                  | Long Beach Mortgage Loan Trust 0.787% 2034         | \$93,003  | 48           | 0.1                |
| Frontier Communications 8.25% 2017           | \$5,000   | 3            | -                  | M/I Homes Series 'A' 9.75% Preference              | \$2,631   | 26           | 0.1                |
| Frontier Communications 7.125% 2019          | \$40,000  | 26           | 0.1                | MAC Gray 7.625% 2015                               | \$80,000  | 50           | 0.1                |
| Frontier Communications 8.5% 2020            | \$155,000 | 105          | 0.2                | Marina District Finance 9.875% 2018                | \$250,000 | 159          | 0.3                |
| Frontier Communications 8.75% 2022           | \$5,000   | 3            | -                  | Markwest Energy 6.75% 2020                         | \$15,000  | 10           | -                  |
| Frontier Oil 6.875% 2018                     | \$10,000  | 7            | -                  | Master Alternative Loan Trust 5.75% 2035           | \$145,959 | 77           | 0.2                |
| FTI Consulting 7.75% 2016                    | \$25,000  | 16           | -                  | McClatchy 11.5% 2017                               | \$60,000  | 39           | 0.1                |
| Gannett 8.75% 2014                           | \$50,000  | 35           | 0.1                | MCE Finance 10.25% 2018                            | \$25,000  | 17           | -                  |
| Gannett 6.375% 2015                          | \$15,000  | 10           | -                  | McJunkin Red Man 9.5% 2016                         | \$45,000  | 29           | 0.1                |
| Gannett 7.125% 2018                          | \$15,000  | 9            | -                  | Media General 11.75% 2017                          | \$50,000  | 29           | 0.1                |
| Garda World Security 9.75% 2017              | \$25,000  | 16           | -                  | Mediacom Capital 9.125% 2019                       | \$35,000  | 23           | 0.1                |
| General Maritime 12% 2017                    | \$26,000  | 11           | -                  | MEMC Electronics Materials 7.75% 2014              | \$10,000  | 6            | -                  |
| Genesis Energy 7.875% 2018                   | \$15,000  | 9            | -                  | Metropcs Wireless 7.875% 2018                      | \$20,000  | 13           | -                  |
| Geo Group 7.75% 2017                         | \$250,000 | 165          | 0.3                | MGM Resorts 6.625% 2015                            | \$46,000  | 27           | 0.1                |
| Geo Group 6.625% 2021                        | \$15,000  | 9            | -                  | MGM Resorts 7.5% 2016                              | \$24,000  | 14           | -                  |
| Giant Funding Corporation 8.25% 2018         | \$10,000  | 7            | -                  | MGM Resorts 10% 2016                               | \$50,000  | 33           | 0.1                |
| Glatfelter 7.125% 2016                       | \$10,000  | 6            | -                  | MGM Resorts 7.625% 2017                            | \$31,000  | 19           | -                  |
| Global Crossing 12% 2015                     | \$5,000   | 4            | -                  | Michaels Stores 13% FRN 2016                       | \$40,000  | 26           | 0.1                |
| Global Geophysical Services 10.5% 2017       | \$10,000  | 6            | -                  | Michaels Stores 7.75% 2018                         | \$265,000 | 163          | 0.3                |
| GMAC Capital Trust FRN 2040                  | \$1,000   | 16           | -                  | Mobile Mini 7.875% 2020                            | \$25,000  | 16           | -                  |
| Goodyear Tire & Rubber 8.25% 2020            | \$200,000 | 135          | 0.3                | Morgan Stanley Mortgage Loan Trust FRN 2034        | \$116,805 | 69           | 0.1                |
| Graham Packaging 8.25% 2017                  | \$250,000 | 163          | 0.3                | Multiplan 9.875% 2018                              | \$70,000  | 46           | 0.1                |
| Great Lakes Dredge 7.375% 2019               | \$10,000  | 6            | -                  | Murray Energy 10.25% 2015                          | \$35,000  | 23           | 0.1                |
| GSR Mortgage Loan Trust 5.5% 2021            | \$200,160 | 115          | 0.2                | Mylan 7.625% 2017                                  | \$22,000  | 15           | -                  |
| Gymboree 9.125% 2018                         | \$250,000 | 148          | 0.3                | Mylan 7.875% 2020                                  | \$272,000 | 187          | 0.4                |
| Hanesbrands 8% 2016                          | \$250,000 | 169          | 0.3                | Navios Maritime Acquisition 8.625% 2017            | \$6,000   | 4            | -                  |
| Harland Clarke FRN 2015                      | \$40,000  | 20           | -                  | Navios Maritime Holdings 8.875% 2017               | \$60,000  | 38           | 0.1                |
| Harrahs Operating 11.25% 2017                | \$340,000 | 230          | 0.4                | Navios South America Logistics 9.25% 2019          | \$8,000   | 5            | -                  |
| HCA 9.25% 2016                               | \$25,000  | 16           | -                  | Navistar International 8.25% 2021                  | \$75,000  | 50           | 0.1                |
| HCA 6.5% 2020                                | \$25,000  | 16           | -                  | Nebraska Book 8.625% 2012                          | \$34,000  | 16           | -                  |
| Health Management Associates 6.125% 2016     | \$250,000 | 160          | 0.3                | Needle Merger 8.125% 2019                          | \$75,000  | 47           | 0.1                |
| Helix Energy Solutions Group 9.5% 2016       | \$20,000  | 13           | -                  | New Century Home Equity Loan Trust FRN 2034        | \$80,000  | 41           | 0.1                |
| Hertz 6.75% 2019                             | \$250,000 | 154          | 0.3                | Newfield Exploration 6.875% 2020                   | \$30,000  | 20           | -                  |
| Hilcorp Energy 8% 2020                       | \$30,000  | 20           | -                  | Newpage 11.375% 2014                               | \$150,000 | 83           | 0.2                |
| Hilcorp Energy 7.625% 2021                   | \$10,000  | 6            | -                  | Nexo Solutions 8.375% 2018                         | \$5,000   | 3            | -                  |
| HollyFrontier 9.875% 2017                    | \$10,000  | 7            | -                  | Nexstar Broadcasting 8.875% 2017                   | \$25,000  | 16           | -                  |
| Holly Energy 8.25% 2018                      | \$15,000  | 10           | -                  | Nextel Communications 'D' 7.375% 2015              | \$138,000 | 85           | 0.2                |
| Host Hotels & Resorts 9% 2017                | \$75,000  | 52           | 0.1                | NFR Energy 9.75% 2017                              | \$25,000  | 15           | -                  |
| Hovnanian K Enterprises 10.625% 2016         | \$33,000  | 19           | -                  | NFR Energy Finance 9.75% 2017                      | \$15,000  | 9            | -                  |
| Hub International Holdings 10.25% 2015       | \$50,000  | 31           | 0.1                | NGC Corporation 7.125% 2018                        | \$100,000 | 42           | 0.1                |
| Huntington Ingalls Industries 6.875% 2018    | \$20,000  | 13           | -                  | Nielsen Finance 11.5% 2016                         | \$49,000  | 35           | 0.1                |
| Huntington Ingalls Industries 7.125% 2021    | \$10,000  | 6            | -                  | NI Capital 8.875% 2019                             | \$60,000  | 41           | 0.1                |
| IASIS Healthcare 8.375% 2019                 | \$80,000  | 49           | 0.1                | Noranda Alum Acquisition 5.373% FRN 2015           | \$111,939 | 66           | 0.1                |
| iGATE 9% 2016                                | \$30,000  | 19           | -                  | Nortek 8.5% 2021                                   | \$18,000  | 10           | -                  |
| ILFC Index Linked 6.25% 2065                 | \$100,000 | 52           | 0.1                | Novelis 8.375% 2017                                | \$25,000  | 17           | -                  |
| Inergy 7% 2018                               | \$25,000  | 16           | -                  | Novelis 8.75% 2020                                 | \$20,000  | 14           | -                  |
| Inergy 6.875% 2021                           | \$10,000  | 6            | -                  | NRG Energy 7.625% 2019                             | \$20,000  | 12           | -                  |
| Ingles Market 8.875% 2017                    | \$50,000  | 33           | 0.1                | NRG Energy 7.875% 2021                             | \$20,000  | 12           | -                  |
| Insight Communications 9.375% 2018           | \$15,000  | 10           | -                  | Oil States 6.5% 2019                               | \$30,000  | 19           | -                  |
| Intelsat Bermuda 11.25% 2016                 | \$100,000 | 65           | 0.1                | Omega Healthcare Investors 6.75% 2022              | \$40,000  | 25           | 0.1                |
| Intelsat Bermuda 11.5% 2017                  | \$74,330  | 49           | 0.1                | Omnicare 7.75% 2020                                | \$5,000   | 3            | -                  |
| Intelsat Bermuda 11.5% FRN 2017              | \$25,000  | 16           | -                  | Oppenheimer Holdings 8.75% 2018                    | \$10,000  | 6            | -                  |
| Intelsat Jackson 8.5% 2019                   | \$80,000  | 53           | 0.1                | Option One Mortgage Loan Trust 2004-3 M-2 FRN 2034 | \$100,000 | 51           | 0.1                |
| International Lease Finance 6.25% 2019       | \$25,000  | 15           | -                  | Paetec 8.875% 2017                                 | \$270,000 | 178          | 0.4                |
| International Wire Group 9.75% 2015          | \$50,000  | 32           | 0.1                | Patriot Coal Corporation 8.25% 2018                | \$15,000  | 10           | -                  |
| Iron Mountain 8.75% 2014                     | \$250,000 | 160          | 0.3                | Peninsula Gaming 10.75% 2017                       | \$100,000 | 67           | 0.1                |
| Island of Capri Casinos 7.75% 2011           | \$50,000  | 31           | 0.1                | Penn Virginia Resources 8.25% 2018                 | \$15,000  | 10           | -                  |
| J Crew Group 8.125% 2019                     | \$25,000  | 15           | -                  | Pernod Ricard 5.75 2021                            | \$150,000 | 98           | 0.2                |
| J.B. Poindexter 8.75% 2014                   | \$75,000  | 47           | 0.1                | Petrohawk Energy 7.875% 2015                       | \$250,000 | 167          | 0.3                |
| James River Coal 7.785% 2019                 | \$10,000  | 6            | -                  | Petrohawk Energy 6.25% 2019                        | \$25,000  | 18           | -                  |
| Jarden 7.5% 2017                             | \$250,000 | 162          | 0.3                | PHI 8.625% 2018                                    | \$35,000  | 22           | 0.1                |
| JMC Steel Group 8.25% 2018                   | \$10,000  | 6            | -                  | Pilgrims Pride 7.875% 2018                         | \$50,000  | 28           | 0.1                |
| JPMorgan Mortgage Trust 5.5% 2035            | \$73,717  | 43           | 0.1                | Pinnacle Entertainment 8.75% 2020                  | \$60,000  | 39           | 0.1                |
| Kansas City 6.625% 2020                      | \$45,000  | 29           | 0.1                | Pioneer Natural Resources 6.875% 2018              | \$25,000  | 17           | -                  |
| Kansas City 6.125% 2021                      | \$10,000  | 6            | -                  | Pittsburgh Glass Works 8.5% 2016                   | \$35,000  | 22           | 0.1                |
| KazMuniGaz Finance 11.75% 2015               | \$350,000 | 268          | 0.5                | Plains Exploration & Production 7.625% 2020        | \$10,000  | 7            | -                  |
| Kemet 10.5% 2018                             | \$35,000  | 24           | 0.1                | Polyone 7.375% 2020                                | \$35,000  | 23           | 0.1                |
| Kennedy-Wilson Holdings 8.75% 2019           | \$15,000  | 9            | -                  | Precision Drilling Corporation 6.625% 2020         | \$15,000  | 10           | -                  |
| Key Energy Services 6.75% 2021               | \$10,000  | 6            | -                  | Precision Drilling Corporation 6.5% 2021           | \$10,000  | 6            | -                  |
| Knowledge Learning 7.75% 2015                | \$50,000  | 30           | 0.1                |  |           |              |                    |
| Kratos Defense & Security Solutions 10% 2017 | \$40,000  | 26           | 0.1                |  |           |              |                    |
| Landrys Restaurants 11.625% 2015             | \$50,000  | 34           | 0.1                |  |           |              |                    |

# Portfolio statement – continued

As at 31 July 2011

| Investment                                     | Market value |       | Total net assets % | Investment   | Market value  |       | Total net assets % |
|--|--------------|-------|--------------------|--|---------------|-------|--------------------|
|  | Holding      | £'000 |                    |  | Holding       | £'000 |                    |
| Production Resource 8.875% 2019                | \$15,000     | 9     | -                  | Univision Communications 6.875% 2019                     | \$40,000      | 25    | 0.1                |
| QEP Resources 6.875% 2021                      | \$15,000     | 10    | -                  | Univision Communications 7.875% 2020                     | \$40,000      | 25    | 0.1                |
| Quality Distribution 9.875% 2018               | \$25,000     | 16    | -                  | UPC Germany 8.125% 2017                                  | \$50,000      | 33    | 0.1                |
| Quapaw Downstream Development 10.5% 2019       | \$20,000     | 12    | -                  | US Oncology Action Escrow 9.125% 2017                    | \$250,000     | 3     | -                  |
| Quebecor Media 7.75% 2016                      | \$250,000    | 159   | 0.3                | USI Holdings 9.75% 2015                                  | \$59,000      | 36    | 0.1                |
| Quicksilver 6.875% 2015                        | \$100,000    | 60    | 0.1                | Vail Resorts 6.5% 2019                                   | \$280,000     | 176   | 0.4                |
| Qwest 7.625% 2015                              | \$14,000     | 10    | -                  | Valassis Communications 6.625% 2021                      | \$50,000      | 31    | 0.1                |
| Qwest Communications International 8% 2015     | \$75,000     | 50    | 0.1                | Valeant Pharmaceuticals 6.5% 2016                        | \$50,000      | 30    | 0.1                |
| Qwest Communications International 7.125% 2018 | \$25,000     | 16    | -                  | Valeant Pharmaceuticals 6.875% 2018                      | \$100,000     | 60    | 0.1                |
| Radiation Therapy Services 9.875% 2017         | \$30,000     | 18    | -                  | Vanguard Health Holdings 8% 2018                         | \$25,000      | 16    | -                  |
| RailAmerica 9.25% 2017                         | \$36,000     | 24    | 0.1                | Vanguard Health Holdings 7.75% 2019                      | \$20,000      | 13    | -                  |
| Rain CII Carbon 8% 2018                        | \$10,000     | 6     | -                  | Veneco 8.875% 2019                                       | \$10,000      | 6     | -                  |
| Ramp Series Trust 0.95% 2034                   | \$94,193     | 47    | 0.1                | Virgin Media Finance 8.375% 2019                         | \$50,000      | 34    | 0.1                |
| Range Resources 7.25% 2018                     | \$30,000     | 20    | -                  | Visant 10% 2017  | \$250,000     | 159   | 0.3                |
| Range Resources 6.75% 2020                     | \$10,000     | 7     | -                  | Vulcan Materials 7.5% 2021                               | \$60,000      | 37    | 0.1                |
| Range Resources 5.75% 2021                     | \$15,000     | 10    | -                  | W&T Offshore 8.5% 2019                                   | \$15,000      | 10    | -                  |
| RBS Global & Rexnord 8.5% 2018                 | \$250,000    | 166   | 0.3                | Wachovia Capital Trust I 5.8% 2042                       | \$50,000      | 29    | 0.1                |
| Real Mex Restaurants 14% 2013                  | \$50,000     | 26    | 0.1                | WCA Waste 7.5% 2019                                      | \$10,000      | 6     | -                  |
| Regency Energy Partners 6.5% 2021              | \$30,000     | 19    | -                  | Wells Fargo Mortgage Backed Securities Trust 6% 2037     | \$128,766     | 73    | 0.1                |
| Renaissance 5.565% 2036                        | \$136,298    | 76    | 0.2                | Western Refining 11.25% 2017                             | \$50,000      | 35    | 0.1                |
| Residential Accredit Loans 6% 2036             | \$312,351    | 134   | 0.3                | Whiting Petroleum 6.5% 2018                              | \$10,000      | 6     | -                  |
| Residential Asset Securitization Trust 5% 2019 | \$128,628    | 79    | 0.2                | Windstream 8.125% 2018                                   | \$250,000     | 165   | 0.3                |
| Residential Asset Securitization Trust 6% 2032 | \$150,326    | 84    | 0.2                | WM Finance 9.5% 2016                                     | \$4,000       | 3     | -                  |
| Residential Asset Securitization Trust 6% 2035 | \$313,645    | 167   | 0.3                | WM Finance 11.5% 2018                                    | \$10,000      | 6     | -                  |
| Reynolds Group 8.5% 2018                       | \$250,000    | 148   | 0.3                | WMG Acquisition 9.5% 2016                                | \$25,000      | 16    | -                  |
| Reynolds Group 7.125% 2019                     | \$100,000    | 60    | 0.1                | XL Capital 6.5% FRN Perpetual                            | \$15,000      | 9     | -                  |
| Rite Aid 7.5% 2017                             | \$150,000    | 94    | 0.2                | XM Escrow 13% 2013                                       | \$40,000      | 29    | 0.1                |
| RR Donnelley & Sons 7.25% 2018                 | \$15,000     | 10    | -                  | Yonkers Racing 11.375% 2016                              | \$10,000      | 7     | -                  |
| RR Donnelley & Sons 7.625% 2020                | \$49,000     | 31    | 0.1                | <b>Sterling – 0.2%</b>                                   |               |       |                    |
| RSC Equipment Rental 8.25% 2021                | \$250,000    | 160   | 0.3                | SVG Capital 8.25% 2016                                   | £100,000      | 100   | 0.2                |
| RSHB Capital 9% 2014                           | \$230,000    | 162   | 0.3                | <b>Euro – 0.1%</b>                                       |               |       |                    |
| San Pasqual Casino 8% 2013                     | \$75,000     | 46    | 0.1                | Q-Cells International 5.75% 2014                         | €100,000      | 43    | 0.1                |
| Seagate Technology 7.75% 2018                  | \$45,000     | 29    | 0.1                | <b>Government bonds – 5.2% (5.4%)</b>                    |               |       |                    |
| Seagate Technology 6.875% 2020                 | \$15,000     | 9     | -                  | Argentina 7% 2013  | \$50,000      | 32    | 0.1                |
| Sears 6.625% 2018                              | \$100,000    | 56    | 0.1                | Argentina 8.75% 2017                                     | \$353,831     | 228   | 0.4                |
| Seneca Gaming 8.25% 2018                       | \$30,000     | 19    | -                  | Argentina 8.28% 2033                                     | \$6,505       | 4     | -                  |
| Service Corporation International 6.75% 2015   | \$25,000     | 17    | -                  | Belarus 8.95% 2018                                       | \$290,000     | 157   | 0.3                |
| Service Corporation International 7% 2017      | \$250,000    | 167   | 0.3                | Brazil 11% 2040  | \$380,000     | 319   | 0.6                |
| Service Corporation International 7% 2019      | \$25,000     | 16    | -                  | Colombia 11.75% 2020                                     | \$190,000     | 183   | 0.4                |
| Servicemaster 10.75% 2015                      | \$250,000    | 162   | 0.3                | Dominican Republic 9.04% 2018                            | \$185,807     | 129   | 0.2                |
| Shingle Springs Tribal 9.375% 2015             | \$100,000    | 43    | 0.1                | Dominican Republic Notes 9.04% 2018                      | \$87,438      | 61    | 0.1                |
| Simmons 11.25% 2015                            | \$250,000    | 162   | 0.3                | Nigeria 6.75% 2021                                       | \$400,000     | 261   | 0.5                |
| Sinclair Television 8.375% 2018                | \$50,000     | 33    | 0.1                | Peru 9.875% 2015   | \$260,000     | 200   | 0.4                |
| Sirius Xm Radio 9.75% 2015                     | \$20,000     | 14    | -                  | Republic of El Salvador 7.75% 2023                       | \$230,000     | 160   | 0.3                |
| Sitel 11.5% 2018                               | \$50,000     | 28    | 0.1                | Russian Federation 12.75% 2028                           | \$300,000     | 329   | 0.6                |
| SM Energy 6.625% 2019                          | \$60,000     | 38    | 0.1                | Sri Lanka 7.4% 2015                                      | \$280,000     | 191   | 0.4                |
| Solo Cup 10.5% 2013                            | \$75,000     | 48    | 0.1                | Ukraine 7.75% 2020                                       | \$225,000     | 145   | 0.3                |
| Speedway Motor Sports 6.75% 2019               | \$25,000     | 15    | -                  | Uruguay 8% 2022  | \$85,000      | 68    | 0.1                |
| Springleaf Finance 6.9% 2017                   | \$100,000    | 57    | 0.1                | Venezuela 12.75% 2022                                    | \$425,000     | 236   | 0.5                |
| Sprint Capital 8.75% 2032                      | \$250,000    | 168   | 0.3                | <b>Convertible bonds – 3.7% (3.5%)</b>                   |               |       |                    |
| Sprint Nextel 6% 2016                          | \$52,000     | 32    | 0.1                | <b>US Dollar – 1.9%</b>                                  |               |       |                    |
| Sprint Nextel 8.375% 2017                      | \$10,000     | 7     | -                  | Anglogold Ashanti Holdings 6% Convertible 2010           | \$4,950       | 151   | 0.3                |
| Squaretwo 11.625% 2017                         | \$50,000     | 32    | 0.1                | Ares Capital 5.125% Convertible 2016                     | \$227,000     | 142   | 0.3                |
| Standard Pacific 10.75% 2016                   | \$10,000     | 7     | -                  | Cemex Sab de 4.875% Convertible 2015                     | \$300,000     | 162   | 0.3                |
| Standard Pacific 8.375% 2018                   | \$20,000     | 12    | -                  | Dryships 5% Convertible 2014                             | \$156,000     | 81    | 0.2                |
| Standard Pacific 8.375% 2021                   | \$25,000     | 15    | -                  | Frontline 4.5% Convertible 2015                          | \$200,000     | 97    | 0.2                |
| Stream Global 11.25% 2014                      | \$25,000     | 16    | -                  | Jaiprakash Power Ventures 5% Convertible 2015            | \$200,000     | 120   | 0.2                |
| Sugar HSP 8.625% 2016                          | \$15,000     | 10    | -                  | Knight Capital Group 3.5% Convertible 2015               | \$50,000      | 29    | 0.1                |
| Sungard Data Systems 10.25% 2015               | \$250,000    | 159   | 0.3                | Petroplus Finance 4% Convertible 2015                    | \$100,000     | 55    | 0.1                |
| Suntech Power 3% 2013                          | \$213,000    | 107   | 0.2                | Polarcus 2.875% Convertible 2016                         | \$200,000     | 113   | 0.2                |
| SUPERVALU 8% 2016                              | \$225,000    | 144   | 0.3                | US Concrete 9.5% Convertible 2015                        | \$15,000      | 11    | -                  |
| Suzlon Energy ZCP 12/06/12                     | \$130,000    | 101   | 0.2                | <b>Sterling – 0.8%</b>                                   |               |       |                    |
| Swift Energy Co 8.875% 2020                    | \$50,000     | 33    | 0.1                | Cable & Wireless 5.75% Convertible 2014                  | £200,000      | 198   | 0.4                |
| Targa Resources Partners 8.25% 2016            | \$15,000     | 10    | -                  | TUI Travel 6% Convertible 2014                           | £200,000      | 194   | 0.4                |
| Targa Resources Partners 6.875% 2021           | \$45,000     | 28    | 0.1                | <b>Euro – 0.5%</b>                                       |               |       |                    |
| Taseko Mines 7.75% 2019                        | \$20,000     | 12    | -                  | Aabar Investments 4% Convertible 2016                    | € 100,000     | 87    | 0.2                |
| Telesat 11% 2015                               | \$15,000     | 10    | -                  | Steinhoff Finance 4.5% Convertible 2018                  | € 200,000     | 164   | 0.3                |
| Tenet Healthcare 9.25% 2015                    | \$200,000    | 135   | 0.3                | <b>Australian Dollar – 0.3%</b>                          |               |       |                    |
| Tenet Healthcare 8.875% 2019                   | \$50,000     | 34    | 0.1                | CFS Retail Property Trust 5.075% Convertible 2016        | AUD 200,000   | 131   | 0.2                |
| Texas Competitive Electric 10.25% FRN 2015     | \$25,000     | 8     | -                  | Commonwealth Property Office Fund 5.25% Convertible 2016 | AUD 100,000   | 67    | 0.1                |
| Texas Competitive Electric 11.5% 2020          | \$10,000     | 6     | -                  | <b>Swedish Krona – 0.2%</b>                              |               |       |                    |
| Thompson Creek 7.375% 2018                     | \$20,000     | 12    | -                  | SAS 7.5% Convertible 2015                                | SEK 1,000,000 | 84    | 0.2                |
| Tops Markets 10.125% 2015                      | \$60,000     | 39    | 0.1                |  |               |       |                    |
| Toys R Us 8.5% 2017                            | \$125,000    | 83    | 0.2                |  |               |       |                    |
| Trimas 9.75% 2017                              | \$50,000     | 34    | 0.1                |  |               |       |                    |
| Trinidad Drilling 7.875% 2019                  | \$30,000     | 19    | -                  |  |               |       |                    |
| Tutor Perini 7.625% 2018                       | \$25,000     | 15    | -                  |  |               |       |                    |
| Ultrapetrol 9% 2014                            | \$25,000     | 16    | -                  |  |               |       |                    |
| Unit 6.625% 2021                               | \$5,000      | 3     | -                  |  |               |       |                    |
| United States Steel 7% 2018                    | \$50,000     | 31    | 0.1                |  |               |       |                    |
| United States Steel 7.375% 2020                | \$10,000     | 6     | -                  |  |               |       |                    |

# Portfolio statement – continued

As at 31 July 2011

| Investment  | Holding | Market value<br>£'000 | Total net<br>assets % | Portfolio credit ratings                                    | Market value<br>£'000 |
|---|---------|-----------------------|-----------------------|---|-----------------------|
| <b>Forward currency contracts - 1.2% (1.2%)</b>             |         |                       |                       |   |                       |
| <b>Australian Dollar</b>                                    |         |                       |                       |   |                       |
| Buy AUD 222,743 sell £149,511 dated 12/08/11                |         | -                     | -                     |   |                       |
| <b>Euro</b>   |         |                       |                       |   |                       |
| Buy €204,528 sell £179,740 dated 12/08/11                   |         | (1)                   | -                     |   |                       |
| Buy €158,048 sell \$221,519 dated 12/08/11                  |         | 2                     | -                     |   |                       |
| <b>US Dollar</b>  |         |                       |                       |   |                       |
| Buy \$1,884,298 sell AUD 1,772,336 dated 12/08/11           |         | (31)                  | (0.1)                 |   |                       |
| Buy \$80,916 sell CAD 78,449 dated 12/08/11                 |         | (1)                   | -                     |   |                       |
| Buy \$934,874 sell CHF 780,888 dated 12/08/11               |         | (24)                  | -                     |   |                       |
| Buy \$333,901 sell €230,918 dated 12/08/11                  |         | 3                     | -                     |   |                       |
| Buy \$11,803,046 sell €8,397,665 dated 12/08/11             |         | (96)                  | (0.2)                 |   |                       |
| Buy \$470,932 sell HKD 3,665,623 dated 12/08/11             |         | -                     | -                     |   |                       |
| Buy \$2,058,254 sell ¥165,766,432 dated 12/08/11            |         | (47)                  | (0.1)                 |   |                       |
| Buy \$253,973 sell NOK 1,400,000 dated 12/08/11             |         | (2)                   | -                     |   |                       |
| Buy \$941,268 sell SGD 1,152,264 dated 12/08/11             |         | (9)                   | -                     |   |                       |
| Buy \$349,698 sell SEK 2,282,835 dated 12/08/11             |         | (5)                   | -                     |   |                       |
| Buy \$737,356 sell £451,803 dated 12/08/11                  |         | 1                     | -                     |   |                       |
| Buy \$8,454,951 sell £5,280,909 dated 12/08/11              |         | (85)                  | (0.2)                 |   |                       |
| Sell \$80,051,541 buy £50,158,270 dated 12/08/11            |         | 960                   | 1.8                   |   |                       |
| Sell \$1,918,500 buy £1,176,542 dated 12/08/11              |         | (2)                   | -                     |   |                       |
| <b>Futures - 0.0% (0.0%)</b>                                |         |                       |                       |   |                       |
| Euro Stoxx 50 Futures Sep 2011                              |         | (1)                   | -                     |   |                       |
| FTSE 100 Index Futures Sep 2011                             |         | -                     | -                     |   |                       |
| S&P 500 E-Mini Futures Sep 2011                             |         | (1)                   | -                     |   |                       |
| Topix Index Futures Sep 2011                                |         | (5)                   | -                     |   |                       |
| <b>Options - 0.0% (0.0%)</b>                                |         |                       |                       |   |                       |
| Abbott Laboratories Call Options \$55 Aug 2011              | (77)    | -                     | -                     |   |                       |
| Allianz Call Options €100 Sep 2011                          | (32)    | (2)                   | -                     |   |                       |
| BASF Call Options €70 Aug 2011                              | (58)    | (1)                   | -                     |   |                       |
| Bristol-Myers Squibb Call Options \$31 Sep 2011             | (112)   | (1)                   | -                     |   |                       |
| Coca-Cola Call Options \$67.5 Aug 2011                      | (86)    | (10)                  | -                     |   |                       |
| Compagnie de Saint-Gobain Call Options €46 Sep 2011         | (69)    | (2)                   | -                     |   |                       |
| ConocoPhillips Call Options \$80 Sep 2011                   | (55)    | (2)                   | -                     |   |                       |
| Daimler Call Options €56 Aug 2011                           | (59)    | (1)                   | -                     |   |                       |
| Deutsche Telekom Call Options €11 Sep 2011                  | (306)   | (7)                   | -                     |   |                       |
| DnB Call Options NOK85 Sep 2011                             | (300)   | (2)                   | -                     |   |                       |
| Ericsson Call Options SEK9016 Sep 2011                      | (299)   | (1)                   | -                     |   |                       |
| GDF Suez Call Options €25 Sep 2011                          | (82)    | (1)                   | -                     |   |                       |
| Hutchison Whampoa Call Options HKD95 Aug 2011               | (41)    | (5)                   | -                     |   |                       |
| KPN Call Options €10.5 Sep 2011                             | (206)   | (1)                   | -                     |   |                       |
| Novartis Call Options CHF5416 Sep 2011                      | (66)    | (1)                   | -                     |   |                       |
| PPR Call Options €140 Sep 2011                              | (24)    | (2)                   | -                     |   |                       |
| Sanofi-Aventis Call Options €58 Sep 2011                    | (53)    | (2)                   | -                     |   |                       |
| Schneider Electric Call Options €120 Aug 2011               | (35)    | -                     | -                     |   |                       |
| Siemens Call Options €98 Sep 2011                           | (32)    | (1)                   | -                     |   |                       |
| Sodexo Call Options €56 Sep 2011                            | (35)    | (2)                   | -                     |   |                       |
| Verizon Communications Call Options \$39 Aug 2011           | (120)   | -                     | -                     |   |                       |
| Vodafone Group Call Options £1.70 Sep 2011                  | (210)   | (14)                  | -                     |   |                       |
| <b>Investment assets (including investment liabilities)</b> |         | <b>50,027</b>         | <b>96.2</b>           |   |                       |
| <b>Net other assets</b>                                     |         | <b>1,996</b>          | <b>3.8</b>            |   |                       |
| <b>Net assets</b>   |         | <b>52,023</b>         | <b>100.0</b>          |   |                       |
|   |         |                       |                       | <b>Total bonds</b>  | <b>24,876</b>         |
|   |         |                       |                       | Equities  | 24,553                |
|   |         |                       |                       | Forward currency contracts                                  | 663                   |
|   |         |                       |                       | Futures   | (7)                   |
|   |         |                       |                       | Options   | (58)                  |
|   |         |                       |                       | <b>Investment assets (including investment liabilities)</b> | <b>50,027</b>         |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

# Unquoted security

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>30,603</b> | <b>Total of all sales for the period</b> | <b>11,854</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| Wells Fargo                                  | 386           | Banco Santander                          | 423             |
| UPM-Kymmene                                  | 375           | Telefonica                               | 307             |
| China Construction Bank 'H'                  | 374           | Canon                                    | 281             |
| Schneider Electric                           | 368           | Vivendi                                  | 266             |
| Deutsche Telekom                             | 354           | Mexico 11.375% 2016                      | 255             |
| CSFB Mortgage Backed 5.5% 2020               | 340           | China Construction Bank 'H'              | 242             |
| Nippon Telegraph & Telephone                 | 334           | HSBC                                     | 239             |
| DnB  | 330           | UniCredit                                | 231             |
| Sanofi-Aventis                               | 323           | GDF Suez                                 | 230             |
| Japan Tobacco                                | 318           | Taiwan Semiconductor Manufacturing ADS   | 218             |
| Argentina 8.75% 2017                         | 316           | Venezuela 12.75% 2022                    | 215             |
| Ericsson 'B'                                 | 307           | Philips Electronics                      | 202             |
| Novartis                                     | 298           | Ghana 8.5% 2017                          | 202             |
| Enel   | 291           | Microsoft                                | 188             |
| Daito Trust Construction                     | 289           | US Oncology 9.125% 2017                  | 183             |
| ONEOK  | 285           | Ford Motor Credit 8.7% 2014              | 178             |
| Vodafone Group                               | 280           | MGM Resorts 11.125% 2017                 | 176             |
| Deutsche Boerse                              | 278           | NXP 9.75% 2018                           | 175             |
| Nigeria 6.75% 2021                           | 263           | Bouygues                                 | 172             |
| Time Warner                                  | 260           | GCI 8.625% 2019                          | 169             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|---|-------|---------------|-------|---------------|
| Income  |       |               |       |               |
| Net capital (losses)/gains  |       | (810)         |       | 572           |
| Revenue   | 1,395 |               | 809   |               |
| Expenses  | (187) |               | (149) |               |
| Net revenue before taxation   | 1,208 |               | 660   |               |
| Taxation  | (198) |               | (114) |               |
| Net revenue after taxation  |       | 1,010         |       | 546           |
| <b>Total return before distributions</b>  |       | <b>200</b>    |       | <b>1,118</b>  |
| Finance costs: Distributions  |       | (1,137)       |       | (649)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>(937)</b>  |       | <b>469</b>    |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000  | 2011<br>£'000 | £'000  | 2010<br>£'000 |
|--|--------|---------------|--------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |        | <b>32,468</b> |        | <b>19,449</b> |
| Amounts receivable on issue of shares  | 20,428 |               | 12,096 |               |
| Amounts payable on cancellation of shares  | (550)  |               | (558)  |               |
|  |        | 19,878        |        | 11,538        |
| Change in net assets attributable to shareholders from investment activities (see above) |        | (937)         |        | 469           |
| Retained distributions on accumulation shares  |        | 615           |        | 412           |
| Stamp duty reserve tax   |        | (1)           |        | -             |
| <b>Closing net assets attributable to shareholders</b>                                   |        | <b>52,023</b> |        | <b>31,868</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                | 31 January 2011 |                |
|--|--------------|----------------|-----------------|----------------|
|  | £'000        | £'000          | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |                |                 |                |
| Investment assets                              |              | 50,395         |                 | 32,341         |
| Debtors  | 2,529        |                | 737             |                |
| Cash and bank balances                         | 1,969        |                | 714             |                |
| <b>Total other assets</b>                      |              | <b>4,498</b>   |                 | <b>1,451</b>   |
| <b>Total assets</b>                            |              | <b>54,893</b>  |                 | <b>33,792</b>  |
| <b>LIABILITIES</b>                             |              |                |                 |                |
| Investment liabilities                         |              | (368)          |                 | (300)          |
| Creditors                                      | (2,097)      |                | (797)           |                |
| Distribution payable on income shares          | (405)        |                | (227)           |                |
| <b>Total other liabilities</b>                 |              | <b>(2,502)</b> |                 | <b>(1,024)</b> |
| <b>Total liabilities</b>                       |              | <b>(2,870)</b> |                 | <b>(1,324)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>52,023</b>  |                 | <b>32,468</b>  |

# JPM Multi-Manager Growth Fund

## Investment objective and policy

To invest worldwide in any economic sector primarily through investment trusts. The Fund aims to provide capital growth over the long-term. Currently, in addition to investment trusts, the Fund may also invest in other closed-ended and open-ended funds.

## Risk profile

This Fund is designed to give broad market exposure to global stock markets (including exposure to emerging markets and smaller companies) by investing in a broad range of investment trusts and other collective investment schemes.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

Shares of investment trusts can trade at a premium or at a discount to their net assets and this might affect the performance of a fund. Investment trusts may use gearing (leverage) which will exaggerate market movements, both down and up. Some investment trusts may have warrants in issue, which if exercised may affect share values.

The Fund invests in emerging markets, which may be subject to additional political and economic risks, low liquidity, poor transparency and greater financial risks.

Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

## Fund review

The six-month period to 31 July 2011 was a volatile time for markets. In this environment, the Fund underperformed the benchmark.

The largest positive contributors to relative performance included a position in SVG Capital, which was not held in the benchmark, and an overweight position in HG Capital Trust as private equity investment trusts performed strongly over the period. An underweight in Fidelity China Special Situations Plc was also beneficial. The largest detractor from relative performance was a small position in the Vision Opportunity China Fund Limited, which experienced dramatic price falls in the period. Overweight positions in Impax Asia Environmental Markets Plc and City Natural Resources High Yield Trust Plc were also detractors. Across the market, European, Asian (ex Japan) and Latin American funds were among the poorest performers, in contrast, private equity, biotechnology and indirect property performed well. Financials continued to post disappointing returns.

## Fund outlook

With economic data disappointing and sovereign debt issues weighing on business and consumer confidence, investors are beginning to fear that the current soft patch might become a double-dip recession. However, the intense market volatility resulting from these concerns has increased the chance of further policy stimulus to support economic expansion. We stick with our assessment that the current bout of economic weakness is a soft patch, rather than the start of a new recession, though the latter has become a greater risk as the year has progressed.

## 12 month performance to 31 July

|   | 2011         | 2010         | 2009          | 2008          | 2007         |
|---|--------------|--------------|---------------|---------------|--------------|
| <b>JPM Multi-Manager Growth A-Class Acc</b> | <b>16.2%</b> | <b>19.2%</b> | <b>-17.9%</b> | <b>-14.9%</b> | <b>17.4%</b> |
| Benchmark Index                             | 16.8%        | 22.1%        | -15.5%        | -11.2%        | 19.6%        |

## Six month performance to 31 July 2011

|   |              |
|---|--------------|
| <b>JPM Multi-Manager Growth A-Class Acc</b> | <b>-0.1%</b> |
| Benchmark Index                             | 1.4%         |

## Fund statistics

|                 |  |
|-----------------|--|
| Fund size       | <b>£348.2m</b>   |
| Benchmark Index | <b>FTSE Equity Investment Instruments Index (Total Return Net)</b> |
| Fund charges    | <b>Initial 4.25%, Annual 1.25%</b>                                 |

## Top ten holdings

|   | %   |
|---|-----|
| Mercantile Investment Trust                 | 4.3 |
| Scottish Mortgage Investment Trust          | 4.1 |
| Templeton Emerging Markets Investment Trust | 3.8 |
| Blackrock World Mining Trust                | 3.5 |
| Monks Investment Trust                      | 3.1 |
| JPMorgan Asian Investment Trust             | 2.9 |
| JPMorgan Emerging Markets Investment Trust  | 2.6 |
| 3i Infrastructure                           | 2.5 |
| Advance Developing Markets Fund             | 2.3 |
| Caledonia Investments                       | 2.2 |

## Sector breakdown

|                  | %    |
|------------------|------|
| Investment funds | 98.9 |
| Liquidity        | 0.7  |
| Net other assets | 0.4  |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.  
Source: J.P. Morgan.

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## Highest/lowest share price and distribution record

| Calendar year                      | Highest share price | Lowest share price | Distribution per share (net) |
|------------------------------------|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b> |                     |                    |                              |
| 2006                               | 550.7p              | 457.6p             | 1.03p                        |
| 2007                               | 608.8p              | 539.5p             | 1.04p                        |
| 2008                               | 567.3p              | 322.4p             | 2.01p                        |
| 2009                               | 470.0p              | 301.0p             | 4.98p                        |
| 2010                               | 571.2p              | 446.9p             | 1.34p                        |
| 2011 <sup>A</sup>                  | 582.9p              | 535.1p             | 0.61p                        |
| <b>A-Class Income Shares</b>       |                     |                    |                              |
| 2006                               | 533.8p              | 444.3p             | 1.02p                        |
| 2007                               | 589.6p              | 522.5p             | 1.02p                        |
| 2008                               | 548.4p              | 310.6p             | 1.95p                        |
| 2009                               | 446.9p              | 288.7p             | 4.78p                        |
| 2010                               | 541.6p              | 424.5p             | 1.28p                        |
| 2011 <sup>A</sup>                  | 552.8p              | 507.5p             | 0.58p                        |

<sup>A</sup> To 31 July 2011.

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.01.11 | 30.0% |
| 31.07.11 | 21.9% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|---------------------------------------|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 105,447                               | 30,870,339       | 341.6p                    | 1.43%               |
| 31.01.10                           | 130,874                               | 29,078,647       | 450.1p                    | 1.42%               |
| 31.01.11                           | 153,228                               | 27,294,668       | 561.4p                    | 1.43%               |
| 31.07.11                           | 148,110                               | 26,384,386       | 561.4p                    | 1.43%               |
| <b>A-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09                           | 158,505                               | 48,409,307       | 327.4p                    | 1.43%               |
| 31.01.10                           | 187,718                               | 43,907,479       | 427.5p                    | 1.42%               |
| 31.01.11                           | 208,552                               | 39,174,861       | 532.4p                    | 1.43%               |
| 31.07.11                           | 201,506                               | 37,895,006       | 531.8p                    | 1.43%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % | Investment  | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|---|-----------|-----------------------|-----------------------|
| <b>Investment funds - 98.9% (98.0%)</b>                                      |           |                       |                       |   |           |                       |                       |
| 3i Infrastructure  | 7,228,272 | 8,732                 | 2.5                   | JPMorgan Japanese Smaller Companies<br>Investment Trust Subscription shares<br>(GBP 147)^                                     | 326,000   | 88                    | -                     |
| 3i Infrastructure Warrants 2012 (GBP 1.00)                                   | 340,000   | 71                    | -                     | JPMorgan Overseas Investment Trust^   | 306,127   | 2,541                 | 0.7                   |
| Aberdeen New Dawn Investment Trust   | 125,000   | 1,071                 | 0.3                   | JPMorgan Russian Securities^  | 715,000   | 4,676                 | 1.3                   |
| Aberforth Smaller Companies Trust  | 359,807   | 2,488                 | 0.7                   | JPMorgan Smaller Companies Investment<br>Trust^   | 745,051   | 3,982                 | 1.1                   |
| Advance Developing Markets Fund  | 1,657,986 | 8,029                 | 2.3                   | JPMorgan US Discovery Investment Trust^   | 356,301   | 3,278                 | 0.9                   |
| Alliance Trust   | 1,089,140 | 4,045                 | 1.2                   | Jupiter European Opportunities Trust  | 1,757,621 | 4,662                 | 1.3                   |
| Artemis Alpha Trust  | 930,301   | 2,898                 | 0.8                   | Lowland Investment Compnay  | 192,961   | 1,773                 | 0.5                   |
| Artemis Alpha Trust Subscription Shares<br>(GBP 345)                         | 132,900   | 91                    | -                     | Mercantile Investment Trust^  | 1,427,790 | 14,863                | 4.3                   |
| Ashmore Global Opportunities   | 430,005   | 3,397                 | 1.0                   | Monks Investment Trust  | 3,137,060 | 10,776                | 3.1                   |
| Bankers Investment Trust   | 420,000   | 1,715                 | 0.5                   | Montanaro European Smaller Companies<br>Trust   | 655,000   | 2,952                 | 0.8                   |
| BH Macro   | 260,377   | 4,635                 | 1.3                   | Montanaro UK Smaller Companies<br>Investment Trust  | 1,225,000 | 4,594                 | 1.3                   |
| Biotech Growth Trust   | 1,935,183 | 3,682                 | 1.1                   | NB Distressed Debt Investment Fund  | 5,055,600 | 3,301                 | 0.9                   |
| Blackrock Frontier   | 3,910,000 | 3,382                 | 1.0                   | NB Distressed Debt Investment Fund<br>Subscription Shares (USD 1.00)  | 1,041,120 | 45                    | -                     |
| Blackrock World Mining Trust   | 1,607,019 | 12,278                | 3.5                   | Pacific Horizon Investment Trust  | 1,768,993 | 2,919                 | 0.8                   |
| British Empire Securities & General Trust                                    | 1,400,832 | 7,165                 | 2.0                   | Perpetual Income & Growth Investment<br>Trust   | 1,164,605 | 3,064                 | 0.9                   |
| Caledonia Investments  | 446,554   | 7,618                 | 2.2                   | Perpetual Income & Growth Investment<br>Trust Subscription shares (GBP 218.94)  | 252,299   | 110                   | -                     |
| Candover Investments   | 315,443   | 1,831                 | 0.5                   | RCM Technology Trust  | 1,062,409 | 3,689                 | 1.1                   |
| Catco Reinsurance Opportunities Fund   | 4,026,000 | 2,672                 | 0.8                   | RCM Technology Trust Subscription shares<br>(GBP 267)   | 228,000   | 176                   | 0.1                   |
| Catco Reinsurance Opportunities Fund 'C'                                     | 1,500,000 | 1,005                 | 0.3                   | RIT Capital Partners  | 443,939   | 5,731                 | 1.6                   |
| City Natural Resources High Yield Trust                                      | 1,681,400 | 5,128                 | 1.5                   | Schroder Asia Pacific Fund  | 2,798,155 | 6,184                 | 1.8                   |
| Damille Investments  | 2,476,208 | 2,278                 | 0.7                   | Schroder Asia Pacific Fund Subscription<br>shares (GBP 208)   | 981,330   | 125                   | -                     |
| Dexion Trading   | 1,275,000 | 1,556                 | 0.5                   | Schroder UK Growth Fund   | 1,590,000 | 2,019                 | 0.6                   |
| Diverse Income Trust   | 5,366,000 | 2,683                 | 0.8                   | Schroder UK Mid Cap Fund  | 495,387   | 1,356                 | 0.4                   |
| Doric Nimrod Air Two Preference  | 1,250,000 | 2,750                 | 0.8                   | Scottish Mortgage Investment Trust  | 1,944,278 | 14,349                | 4.1                   |
| East Capital Explorer  | 270,000   | 1,804                 | 0.5                   | Standard Life UK Smaller Companies Trust  | 732,500   | 1,745                 | 0.5                   |
| Ecofin Water & Power Opportunities   | 2,572,481 | 3,203                 | 0.9                   | SVG Capital   | 1,270,666 | 3,330                 | 1.0                   |
| Edinburgh Dragon Trust   | 1,770,750 | 4,250                 | 1.2                   | SVM Global Fund   | 1,631,277 | 5,073                 | 1.5                   |
| Edinburgh Dragon Trust 3.5% Convertible<br>2018                              | 922,307   | 982                   | 0.3                   | Templeton Emerging Markets Investment<br>Trust  | 2,039,630 | 13,329                | 3.8                   |
| Edinburgh Investment Trust   | 758,011   | 3,498                 | 1.0                   | Thames River Multi Hedge  | 1,395,034 | 1,778                 | 0.5                   |
| Edinburgh Worldwide Investment Trust   | 1,365,259 | 4,069                 | 1.2                   | The Cayenne Trust   | 2,808,000 | 3,594                 | 1.0                   |
| Electra Private Equity   | 317,758   | 5,294                 | 1.5                   | TR Property Investment Trust Sigma  | 2,968,030 | 2,640                 | 0.8                   |
| Electra Private Equity 5% Convertible 2017                                   | 2,593     | 2,852                 | 0.8                   | Utilico   | 1,145,000 | 1,723                 | 0.5                   |
| F&C Private Equity Trust Restricted Voting                                   | 1,500,000 | 81                    | -                     | Utilico Warrants 2012 (GBP 3.15)  | 25,451    | -                     | -                     |
| Fidelity China Special Situations  | 2,675,000 | 2,552                 | 0.7                   | Vision Opportunity China  | 1,540,000 | 606                   | 0.2                   |
| Fidelity European Values   | 578,923   | 6,791                 | 1.9                   | <b>Liquidity - 0.7% (0.0%)</b>  |           |                       |                       |
| Finsbury Growth & Income Trust   | 1,613,000 | 5,371                 | 1.5                   | JPM Sterling Liquidity 'X' (Income)^  | 2,280,000 | 2,280                 | 0.7                   |
| Finsbury Worldwide Pharmaceutical Trust                                      | 516,924   | 3,903                 | 1.1                   | <b>Investment assets</b>  |           |                       |                       |
| Hansa Trust 'A' Non-Voting   | 648,222   | 6,424                 | 1.8                   | <b>348,227</b>  |           |                       |                       |
| Henderson Eurotrust  | 633,000   | 3,421                 | 1.0                   | <b>Net other assets</b>   |           |                       |                       |
| Henderson Fledgling Trust  | 346,835   | 1,630                 | 0.5                   | <b>1,389</b>  |           |                       |                       |
| HG Capital Trust   | 505,448   | 5,565                 | 1.6                   | <b>Net assets</b>   |           |                       |                       |
| HG Capital Trust Subscription Shares<br>(GBP 9.50)                           | 111,189   | 187                   | 0.1                   | <b>349,616</b>  |           |                       |                       |
| IIIMIA Investment Trust  | 850,000   | 1,156                 | 0.3                   | <b>100.0</b>  |           |                       |                       |
| Impax Asian Environmental Markets  | 4,333,263 | 4,539                 | 1.3                   | Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market. |           |                       |                       |
| Impax Asian Environmental Markets<br>Subscription shares (GBP 100)           | 858,774   | 180                   | 0.1                   | The comparative percentage figures in brackets are at 31 January 2011.  |           |                       |                       |
| Impax Environmental Markets  | 4,617,754 | 5,370                 | 1.5                   | ^ Deemed to be investment in related parties of the ACD   |           |                       |                       |
| JPMorgan American Investment Trust^  | 676,558   | 5,771                 | 1.7                   |   |           |                       |                       |
| JPMorgan Asian Investment Trust^   | 4,370,013 | 10,278                | 2.9                   |   |           |                       |                       |
| JPMorgan Asian Investment Trust<br>Subscription shares (GBP 176)^            | 993,758   | 547                   | 0.2                   |   |           |                       |                       |
| JPMorgan Brazil Investment Trust^  | 2,422,000 | 2,349                 | 0.7                   |   |           |                       |                       |
| JPMorgan Brazil Investment Trust<br>Subscription Shares (GBP 100)^           | 542,000   | 100                   | -                     |   |           |                       |                       |
| JPMorgan Emerging Markets Investment<br>Trust^                               | 1,605,875 | 9,234                 | 2.6                   |   |           |                       |                       |
| JPMorgan Emerging Markets Investment<br>Trust Subscription shares (GBP 460)^ | 219,030   | 274                   | 0.1                   |   |           |                       |                       |
| JPMorgan European Investment Trust<br>(Growth)^                              | 2,413,642 | 4,278                 | 1.2                   |   |           |                       |                       |
| JPMorgan European Smaller Companies<br>Trust^                                | 443,480   | 3,974                 | 1.1                   |   |           |                       |                       |
| JPMorgan Global Emerging Markets Income<br>Trust^                            | 2,180,760 | 2,410                 | 0.7                   |   |           |                       |                       |
| JPMorgan Income & Capital Trust^   | 1,663,037 | 1,239                 | 0.4                   |   |           |                       |                       |
| JPMorgan Income & Growth Investment<br>Trust (Capital)^                      | 4,836,729 | 324                   | 0.1                   |   |           |                       |                       |
| JPMorgan Income & Growth Investment<br>Trust (Income)^                       | 133,333   | 98                    | -                     |   |           |                       |                       |
| JPMorgan Income & Growth Investment<br>Trust (Units)^                        | 167,875   | 135                   | -                     |   |           |                       |                       |
| JPMorgan Indian Investment Trust^  | 898,910   | 3,699                 | 1.1                   |   |           |                       |                       |
| JPMorgan Japanese Investment Trust^  | 2,003,959 | 3,622                 | 1.0                   |   |           |                       |                       |
| JPMorgan Japanese Smaller Companies<br>Investment Trust^                     | 1,506,186 | 2,222                 | 0.6                   |   |           |                       |                       |

## Portfolio movements

For the six months ending 31 July 2011

|   | £'000         |   | £'000           |
|---|---------------|---|-----------------|
| <b>Total of all purchases for the period</b>  | <b>42,340</b> | <b>Total of all sales for the period</b>          | <b>48,268</b>   |
| <b>Major purchases</b>                        | <b>Cost</b>   | <b>Major sales</b>                                | <b>Proceeds</b> |
| JPMorgan Sterling Liquidity Fund 'X' (Income) | 8,850         | JPMorgan Sterling Liquidity 'X' (Income)          | 6,570           |
| 3i Infrastructure                             | 3,060         | North Atlantic Smaller Companies Investment Trust | 3,127           |
| The Diverse Income Trust (Placing 2011)       | 2,683         | SVM UK Active Fund                                | 2,733           |
| Doric Nimrod Air Two                          | 2,503         | Finsbury Worldwide Pharmaceutical Trust           | 2,695           |
| JPMorgan Global Emerging Markets Income Trust | 2,500         | Baillie Gifford Japan Trust                       | 2,426           |
| RIT Capital Partners                          | 2,118         | City Natural Resources High Yield Trust           | 2,302           |
| Bankers Investment Trust                      | 1,775         | Midas Income & Growth Trust                       | 2,238           |
| Lowland Investment                            | 1,727         | JPMorgan Japanese Investment Trust                | 1,897           |
| Edinburgh Investment Trust                    | 1,578         | Thames River Multi Hedge                          | 1,766           |
| Impax Environmental Markets                   | 1,463         | Mercantile Investment Trust                       | 1,650           |
| Schroder UK Mid Cap Fund                      | 1,356         | RIT Capital Partners                              | 1,505           |
| JPMorgan American Investment Trust            | 1,116         | Schroder Asia Pacific Fund                        | 1,435           |
| Fidelity China Special Situations             | 1,102         | British Empire Securities & General Trust         | 1,226           |
| Finsbury Growth & Income Trust                | 1,041         | Gartmore Irish Growth Fund                        | 1,212           |
| Mercantile Investment Trust                   | 1,035         | SVM Global Fund                                   | 1,148           |
| BH Macro                                      | 1,026         | Edinburgh Dragon Trust                            | 1,100           |
| Blackrock Frontier                            | 964           | Electra Private Equity                            | 1,082           |
| Catco Reinsurance Opportunities Fund 'C'      | 923           | Standard Life UK Smaller Companies Trust          | 932             |
| Henderson Eurotrust                           | 717           | Pacific Horizon Investment Trust                  | 815             |
| Aberdeen New Dawn Investment Trust            | 695           | Montanaro UK Smaller Companies Investment Trust   | 743             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011         | 2010          |
|---|--------------|---------------|
|   | £'000        | £'000         |
| Income  |              |               |
| Net capital (losses)/gains  | (303)        | 21,904        |
| Revenue   | 2,764        | 2,978         |
| Expenses  | (2,375)      | (2,387)       |
| Net revenue before taxation   | 389          | 591           |
| Taxation  | (1)          | -             |
| Net revenue after taxation  | 388          | 591           |
| <b>Total return before distributions</b>  | <b>85</b>    | <b>22,495</b> |
| Finance costs: Distributions  | (384)        | (595)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>(299)</b> | <b>21,900</b> |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011   | 31 January 2011 |
|--|----------------|-----------------|
|  | £'000          | £'000           |
| <b>ASSETS</b>                                  |                |                 |
| Investment assets                              | 348,227        | 354,483         |
| Debtors  | 2,181          | 2,503           |
| Cash and bank balances                         | 341            | 7,944           |
| <b>Total other assets</b>                      | <b>2,522</b>   | <b>10,447</b>   |
| <b>Total assets</b>                            | <b>350,749</b> | <b>364,930</b>  |
| <b>LIABILITIES</b>                             |                |                 |
| Creditors                                      | (913)          | (3,150)         |
| Distribution payable on income shares          | (220)          | -               |
| <b>Total liabilities</b>                       | <b>(1,133)</b> | <b>(3,150)</b>  |
| <b>Net assets attributable to shareholders</b> | <b>349,616</b> | <b>361,780</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|   | 2011           | 2010           |
|---|----------------|----------------|
|   | £'000          | £'000          |
| <b>Opening net assets attributable to shareholders</b>  | <b>361,780</b> | <b>318,592</b> |
| Amounts receivable on issue of shares   | 196            | 130            |
| Amounts payable on cancellation of shares   | (12,216)       | (20,588)       |
|   | (12,020)       | (20,458)       |
| <b>Change in net assets attributable to shareholders from investment activities (see above)</b> | <b>(299)</b>   | <b>21,900</b>  |
| Retained distributions on accumulation shares   | 161            | 233            |
| Stamp duty reserve tax  | (6)            | (7)            |
| Unclaimed distributions   | -              | 6              |
| <b>Closing net assets attributable to shareholders</b>  | <b>349,616</b> | <b>320,266</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

# JPM Natural Resources Fund

## Investment objective and policy

To invest, primarily in the shares of, companies throughout the world engaged in the production and marketing of commodities. The Fund aims to provide capital growth over the long term.

## Risk profile

This specialist equity based Fund focuses on one sector of the global stock market (and will include exposure to emerging markets and smaller companies).

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

The Fund will be invested in emerging markets, which may be subject to additional political and economic risks, low liquidity, poor transparency and greater financial risks.

Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

The Fund is not managed with reference to an index and its composition may significantly deviate from any index used for comparison purposes.

The underlying assets of the Fund are denominated in a currency other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

2011 has been mixed for commodities so far. Early in the year, there was increased optimism surrounding the sustainability of the global economic recovery, with global purchasing managers' indices consistently beating analyst expectations. However, Chinese inflation and the subsequent tightening measures enacted by the government came to dominate sentiment in the sector towards the end of the period.

The Fund delivered negative six-month performance. Our gold holdings were the largest detractors from performance despite gold reaching new nominal highs of around USD 1,620 per troy ounce. The Fund was also hit by its lack of exposure to the large-cap oil majors, which performed exceptionally well in the aftermath of the Arab spring and the elevated oil price.

## Fund outlook

The first week of August has witnessed a strong sell-off in global equity markets. Investors have become acutely concerned by the European Central Bank's capacity to control the sovereign debt crisis, and the threat of a double-dip recession in the US and Europe. Along with other risk assets, commodity related stocks have been hit hard, although there has been some outperformance by gold equities. Our gold exposure, which is an important hedge against a deteriorating market backdrop, has recently increased in the portfolio. Otherwise our positioning is largely unchanged. As always we focus on identifying world-class exploration projects that offer the greatest investment return potential.

## 12 month performance to 31 July

|  | 2011         | 2010         | 2009          | 2008         | 2007         |
|--|--------------|--------------|---------------|--------------|--------------|
| <b>JPM Natural Resources A-Class Acc</b> | <b>28.7%</b> | <b>32.6%</b> | <b>-14.6%</b> | <b>-6.6%</b> | <b>37.4%</b> |
| <b>JPM Natural Resources B-Class Acc</b> | <b>29.4%</b> | <b>33.3%</b> | <b>-14.1%</b> | -            | -            |
| Benchmark Index <sup>A</sup>             | 22.1%        | 24.9%        | -6.6%         | 14.3%        | 17.0%        |

## Six month performance to 31 July 2011

|  |              |
|--|--------------|
| <b>JPM Natural Resources A-Class Acc</b> | <b>-4.5%</b> |
| Benchmark Index <sup>A</sup>             | 0.3%         |

## Fund statistics

|                              |   |
|------------------------------|---|
| Fund size                    | <b>£2,626.6m</b>  |
| Benchmark Index <sup>A</sup> | <b>HSBC Gold Mining &amp; Energy Index (Total Return Net)</b> |
| Fund charges                 |   |
| A-Class                      | <b>Initial 4.25%, Annual 1.50%</b>                            |
| B-Class                      | <b>Initial Nil, Annual 1.00%</b>                              |

## Top ten holdings

|                                | %   |
|--------------------------------|-----|
| Rio Tinto                      | 3.6 |
| Kinross Gold                   | 2.3 |
| Xstrata                        | 2.3 |
| Anglo American                 | 2.1 |
| BHP Billiton                   | 1.8 |
| Pacific Rubiales Energy        | 1.8 |
| Freeport-McMoRan Copper & Gold | 1.6 |
| Silver Wheaton                 | 1.4 |
| First Quantum Minerals         | 1.3 |
| Canadian Natural Resources     | 1.3 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 01/03/07 a customised index was introduced in order to facilitate a comparison between the Fund's performance and that of the broader Natural Resources sector. Please note that the Fund should not be expected to look or perform similar to the index.

## Sector breakdown

|                            | %     |
|----------------------------|-------|
| Base metals & diversified  | 34.0  |
| Gold & silver              | 30.7  |
| Oil & gas                  | 21.0  |
| Others                     | 4.5   |
| Coal                       | 4.1   |
| Diamonds & precious stones | 2.3   |
| Platinum                   | 1.8   |
| Uranium                    | 0.7   |
| Liquidity                  | 1.2   |
| Net other liabilities      | (0.3) |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 668.3p              | 476.1p             | 0.00p                        |
| 2007   | 906.6p              | 560.0p             | 0.00p                        |
| 2008   | 933.5p              | 297.1p             | 0.00p                        |
| 2009   | 827.4p              | 387.7p             | 0.00p                        |
| 2010   | 1,182p              | 729.7p             | 0.00p                        |
| 2011 <sup>b</sup>                              | 1,194p              | 973.8p             | 0.00p                        |
| <b>A-Class Income Shares<sup>c</sup></b>       |                     |                    |                              |
| 2007   | 64.27p              | 50.00p             | -                            |
| 2008   | 66.18p              | 21.06p             | 0.00p                        |
| 2009   | 58.66p              | 27.49p             | 0.00p                        |
| 2010   | 83.83p              | 51.73p             | 0.00p                        |
| 2011 <sup>b</sup>                              | 84.60p              | 69.04p             | 0.00p                        |
| <b>B-Class Accumulation Shares<sup>d</sup></b> |                     |                    |                              |
| 2007   | 101.3p              | 86.67p             | -                            |
| 2008   | 104.6p              | 33.38p             | 0.00p                        |
| 2009   | 93.46p              | 43.59p             | 0.00p                        |
| 2010   | 134.3p              | 82.49p             | 0.00p                        |
| 2011 <sup>b</sup>                              | 135.5p              | 110.9p             | 0.00p                        |

<sup>a</sup> To 31 July 2011.

<sup>c</sup> A-Class Income Shares were launched on 1 September 2007.

<sup>d</sup> B-Class Accumulation Shares were launched on 1 November 2007.

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.01.11 | 28.9% |
| 31.07.11 | 14.1% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 807,054                                  | 194,107,599      | 415.8p                    | 1.67%               |
| 31.01.10                           | 1,686,211                                | 225,659,286      | 747.2p                    | 1.67%               |
| 31.01.11                           | 2,605,760                                | 237,879,051      | 1,095p                    | 1.68%               |
| 31.07.11                           | 2,521,343                                | 239,704,494      | 1,052p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>e</sup>              | 5,257                                    | 17,834,042       | 29.47p                    | 1.66%               |
| 31.01.10 <sup>e</sup>              | 22,938                                   | 43,296,995       | 52.98p                    | 1.66%               |
| 31.01.11 <sup>e</sup>              | 63,158                                   | 81,320,630       | 77.67p                    | 1.68%               |
| 31.07.11                           | 59,597                                   | 79,913,702       | 74.58p                    | 1.68%               |
| <b>B-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 7,972                                    | 17,049,904       | 46.76p                    | 1.14%               |
| 31.01.10                           | 20,054                                   | 23,740,284       | 84.47p                    | 1.14%               |
| 31.01.11                           | 45,561                                   | 36,598,198       | 124.5p                    | 1.15%               |
| 31.07.11                           | 45,617                                   | 38,062,094       | 119.9p                    | 1.15%               |

<sup>e</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding    | Market value |                    | Investment   | Holding     | Market value |                    |
|--|------------|--------------|--------------------|--|-------------|--------------|--------------------|
|  |            | £'000        | Total net assets % |  |             | £'000        | Total net assets % |
| <b>Base metals &amp; diversified - 34.0% (33.8%)</b> |            |              |                    | <b>Gold &amp; silver - 30.7% (29.0%)</b>           |             |              |                    |
| Aditya Birla Minerals                                | 9,500,000  | 9,512        | 0.4                | Adamus Resources                                   | 17,836,510  | 8,210        | 0.3                |
| Afferro Mining                                       | 4,927,577  | 4,681        | 0.2                | Alacer Gold  | 2,635,139   | 15,583       | 0.6                |
| African Iron   | 21,150,000 | 4,903        | 0.2                | Alamos Gold  | 1,188,620   | 13,300       | 0.5                |
| African Minerals*                                    | 4,063,400  | 25,579       | 1.0                | Allied Gold Mining (AUD)                           | 3,079,584   | 5,836        | 0.2                |
| Alumina  | 5,069,900  | 7,427        | 0.3                | Allied Gold Mining (GBP)*                          | 1,525,000   | 3,042        | 0.1                |
| Anglo American                                       | 1,872,000  | 54,868       | 2.1                | Anglogold Ashanti                                  | 200,000     | 5,173        | 0.2                |
| Antofagasta  | 1,356,000  | 19,011       | 0.7                | Aureus Mining                                      | 4,968,836   | 4,571        | 0.2                |
| Anvil Mining   | 4,255,000  | 18,291       | 0.7                | Ausgold  | 3,926,143   | 4,485        | 0.2                |
| AQM Copper   | 4,700,000  | 1,975        | 0.1                | Avocet Mining*                                     | 5,546,000   | 12,617       | 0.5                |
| AQM Copper Warrants 2014 (CAD 1.00)                  | 2,350,000  | -            | -                  | Azumah Resources                                   | 10,518,200  | 3,817        | 0.1                |
| Aquila Resources                                     | 1,784,750  | 8,023        | 0.3                | B2Gold   | 4,100,000   | 8,508        | 0.3                |
| ArcelorMittal  | 1,025,000  | 19,639       | 0.7                | Banro (CAD)  | 6,878,571   | 18,231       | 0.7                |
| Archipelago Metals#                                  | 1,608,002  | -            | -                  | Banro (USD)  | 1,160,000   | 3,094        | 0.1                |
| Archipelago Resources*                               | 10,042,438 | 7,331        | 0.3                | Banro Call Warrants 2011 (USD 2.20)                | 125,000     | 163          | -                  |
| Atlas Iron   | 1,090,000  | 2,959        | 0.1                | Barrick Gold (CAD)                                 | 980,000     | 29,021       | 1.2                |
| Augusta Resource (CAD)                               | 3,450,400  | 10,550       | 0.4                | Brazilian Gold                                     | 2,056,700   | 1,330        | 0.1                |
| Augusta Resource (USD)                               | 570,000    | 1,737        | 0.1                | Brazilian Gold Restricted Shares 2011              | 383,985     | 248          | -                  |
| Baja Mining  | 7,405,000  | 5,457        | 0.2                | Carrick Gold                                       | 6,450,000   | 2,145        | 0.1                |
| Base Resources (Placing 2011)                        | 769,197    | 284          | -                  | Castlemaine Goldfields                             | 62,169,007  | 1,838        | 0.1                |
| Base Resources (Placing Tranche 2 2011)              | 3,251,551  | 1,202        | 0.1                | Centamin Egypt                                     | 6,250,000   | 8,531        | 0.3                |
| BHP Billiton (AUD)                                   | 855,000    | 23,792       | 0.9                | Centerra Gold                                      | 1,925,000   | 23,096       | 0.9                |
| BHP Billiton (GBP)                                   | 1,022,600  | 23,325       | 0.9                | CGA Mining#  | 7,400,000   | 11,959       | 0.5                |
| Blackthorn Resources                                 | 4,521,912  | 1,671        | 0.1                | Cluff Gold*  | 6,500,000   | 6,533        | 0.3                |
| Cape Lambert Resources                               | 16,600,000 | 6,526        | 0.2                | Coeur D'Alene Mincom                               | 1,000,000   | 16,997       | 0.7                |
| Discovery Metals                                     | 3,785,000  | 3,688        | 0.1                | Detour Gold  | 1,029,791   | 20,011       | 0.8                |
| Duluth Metals  | 3,075,000  | 5,526        | 0.2                | Detour Gold (Placing 2011)                         | 100,000     | 1,923        | 0.1                |
| Eurasian Natural Resources                           | 950,000    | 7,325        | 0.3                | Eldorado Gold                                      | 1,620,000   | 17,698       | 0.7                |
| Evraz Group GDR                                      | 560,000    | 11,552       | 0.4                | European Goldfields*                               | 3,310,000   | 25,652       | 1.0                |
| Ferrexpo   | 4,577,622  | 21,071       | 0.8                | Exeter Resources                                   | 1,556,563   | 4,035        | 0.2                |
| Ferrox Holdings#                                     | 158,318    | -            | -                  | Extorre Gold Mines                                 | 1,840,000   | 14,059       | 0.5                |
| Ferrox Holdings Warrants 2014 (USD 0.80)#            | 79,158     | -            | -                  | Goldcorp   | 430,000     | 12,953       | 0.5                |
| First Quantum Minerals                               | 407,000    | 34,992       | 1.3                | Great Basin Gold                                   | 5,660,000   | 6,952        | 0.3                |
| Fortescue Metals Group                               | 6,875,000  | 29,151       | 1.1                | G-Resources Group                                  | 292,503,000 | 14,297       | 0.5                |
| Freeport-McMoRan Copper & Gold                       | 1,250,000  | 41,509       | 1.6                | G-Resources Group (Placing 2011)                   | 38,889,000  | 1,840        | 0.1                |
| Gindalbie Metals                                     | 21,821,019 | 11,511       | 0.4                | Gryphon Minerals                                   | 2,800,000   | 3,518        | 0.1                |
| Gindalbie Metals (Placing 2011)                      | 7,273,673  | 3,275        | 0.1                | Highland Gold Mining*                              | 4,400,000   | 7,788        | 0.3                |
| Glencore International                               | 1,808,001  | 8,606        | 0.3                | Hummingbird Resources*                             | 2,025,000   | 2,471        | 0.1                |
| Global Alumina                                       | 6,532,449  | 4,536        | 0.2                | IAMGOLD  | 887,000     | 11,399       | 0.4                |
| Hana Mining  | 2,150,000  | 2,919        | 0.1                | Integra Mining                                     | 25,372,400  | 8,099        | 0.3                |
| Hudbay Minerals                                      | 1,544,998  | 13,273       | 0.5                | Kazakhgold Group GDR                               | 1,811,396   | 3,885        | 0.1                |
| Inco   | 43,500,000 | 13,276       | 0.5                | Keegan Resources                                   | 1,828,000   | 8,993        | 0.3                |
| Independence Group                                   | 2,169,486  | 8,499        | 0.3                | Kingsgate Consolidated                             | 635,000     | 3,776        | 0.1                |
| Inmet Mining   | 377,000    | 16,097       | 0.6                | Kinross Gold                                       | 5,902,170   | 60,664       | 2.3                |
| International Ferro Metals                           | 16,100,000 | 3,099        | 0.1                | Kinross Gold Warrants 2014 (USD 21.30)             | 249,150     | 419          | -                  |
| IRC  | 32,500,000 | 4,637        | 0.2                | Kirkland Lake Gold                                 | 1,900,000   | 19,615       | 0.7                |
| Ivernia  | 24,375,000 | 2,521        | 0.1                | Lake Shore Gold                                    | 1,680,000   | 2,378        | 0.1                |
| Kagara   | 16,600,000 | 6,804        | 0.3                | Levon Resources                                    | 2,121,750   | 2,304        | 0.1                |
| Kazakhmys  | 820,000    | 10,881       | 0.4                | Mariana Resources*                                 | 6,432,487   | 1,190        | -                  |
| Lundin Mining  | 5,700,000  | 25,719       | 1.0                | Medusa Mining                                      | 1,300,000   | 6,115        | 0.2                |
| Lundin Mining SDR                                    | 1,317,059  | 5,770        | 0.2                | Minera IRL*  | 4,806,000   | 3,863        | 0.1                |
| Mawson West  | 6,340,000  | 5,328        | 0.2                | Mineral Deposits (AUD)                             | 960,000     | 3,600        | 0.1                |
| Merafe Resources                                     | 70,000,000 | 6,799        | 0.3                | Mineral Deposits (CAD)                             | 370,000     | 1,351        | 0.1                |
| Mercator Minerals                                    | 1,975,000  | 3,460        | 0.1                | Mirasol Resources                                  | 1,171,705   | 3,954        | 0.2                |
| Minsur 'I'   | 6,404,184  | 5,473        | 0.2                | Mirasol Resources Warrants 2011 (CAD 4.00)         | 80,000      | 63           | -                  |
| Mirabela Nickel (AUD)                                | 5,550,000  | 7,086        | 0.3                | Nevsun Resources                                   | 5,935,835   | 21,680       | 0.8                |
| Mirabela Nickel (CAD)                                | 2,732,727  | 3,462        | 0.1                | Newcrest Mining                                    | 970,000     | 25,780       | 1.0                |
| MMC Norilsk Nickel ADR                               | 1,119,000  | 18,215       | 0.7                | Newmont Mining                                     | 383,000     | 13,592       | 0.5                |
| Mount Gibson Iron                                    | 7,800,000  | 9,382        | 0.4                | NGEx Resources                                     | 1,773,000   | 4,183        | 0.2                |
| Murchison Metals                                     | 9,900,000  | 5,123        | 0.2                | Norseman Gold*                                     | 11,517,442  | 2,073        | 0.1                |
| Mwana Africa*  | 26,719,454 | 1,176        | -                  | Norseman Gold CDI                                  | 800,000     | 132          | -                  |
| Ormonde Mining*                                      | 13,272,836 | 1,294        | 0.1                | Northern Star Mining#                              | 1,370,000   | -            | -                  |
| Pan Australian Resources                             | 2,285,000  | 6,280        | 0.2                | Northern Star Mining (R1933)#                      | 8,500,000   | 1            | -                  |
| Pluton Resources                                     | 8,696,853  | 1,724        | 0.1                | Northern Star Mining Warrants Aug 2012 (CAD 0.70)# | 4,250,000   | -            | -                  |
| PT Timah   | 37,400,000 | 6,551        | 0.3                | Northern Star Mining Warrants Dec 2012 (CAD 0.70)# | 685,000     | -            | -                  |
| Rex Minerals   | 4,163,772  | 6,351        | 0.2                | Nyota Minerals*                                    | 23,066,129  | 2,653        | 0.1                |
| Rio Tinto (AUD)                                      | 630,000    | 33,868       | 1.3                | Oceanagold   | 5,460,000   | 8,696        | 0.3                |
| Rio Tinto (GBP)                                      | 1,410,000  | 60,912       | 2.3                | Orezone Gold                                       | 3,321,738   | 6,893        | 0.3                |
| Robust Resources                                     | 3,379,315  | 3,452        | 0.1                | Osisko Mining                                      | 2,120,000   | 19,433       | 0.7                |
| Rockgate Capital                                     | 4,650,000  | 4,359        | 0.2                | Pan American Silver                                | 705,000     | 13,449       | 0.5                |
| Sierra Rutile*                                       | 23,960,704 | 5,271        | 0.2                | Pan American Silver Warrants 2014 (CAD 35.00)      | 222,000     | -            | -                  |
| Southern Copper                                      | 370,000    | 7,996        | 0.3                | Perseus Mining                                     | 5,200,000   | 10,925       | 0.4                |
| Sundance Resources                                   | 35,500,000 | 12,286       | 0.5                | Petropavlovsk                                      | 2,500,000   | 19,950       | 0.8                |
| Teck Resources 'B'                                   | 587,500    | 18,096       | 0.7                | Rainy River Resources                              | 1,116,400   | 7,938        | 0.3                |
| Terramin   | 4,800,000  | 919          | -                  | Rainy River Warrants 2012 (CAD 7.10)               | 325,000     | 819          | -                  |
| Thompson Creek Metals                                | 1,400,000  | 7,810        | 0.3                | Randgold Resources ADS                             | 485,000     | 27,168       | 1.0                |
| Tiger Resources                                      | 6,000,000  | 1,996        | 0.1                | Real Gold Mining                                   | 3,089,500   | 1,619        | 0.1                |
| United States Steel                                  | 307,000    | 7,495        | 0.3                | Red 5  | 30,000,000  | 2,923        | 0.1                |
| Vale ADR Preference                                  | 575,000    | 10,558       | 0.4                | Rio Alto Mining                                    | 6,160,000   | 9,039        | 0.3                |
| Vedanta Resources                                    | 478,000    | 8,580        | 0.3                | Romarco Minerals                                   | 8,113,333   | 8,601        | 0.3                |
| Western Areas  | 680,000    | 2,673        | 0.1                | Rubicon Minerals Corporation                       | 2,030,000   | 5,170        | 0.2                |
| Windimurra Vanadium†                                 | 7,085,887  | -            | -                  |  |             |              |                    |
| Xstrata  | 4,667,000  | 60,718       | 2.3                |  |             |              |                    |
| Zincor Resources*                                    | 2,454,282  | 1,865        | 0.1                |  |             |              |                    |

# Portfolio statement – continued

As at 31 July 2011

| Investment   | Holding    | Market value<br>£'000 | Total net<br>assets % |
|--|------------|-----------------------|-----------------------|
| Rusoro Mining  | 13,000,000 | 1,597                 | 0.1                   |
| Saracen Mineral                                      | 5,957,143  | 2,362                 | 0.1                   |
| Scorpio Mining                                       | 5,502,100  | 6,367                 | 0.2                   |
| SEMAFO   | 5,410,000  | 30,495                | 1.2                   |
| Silver Wheaton                                       | 1,560,000  | 35,436                | 1.4                   |
| St Augustine Gold and Copper                         | 1,063,692  | 447                   | -                     |
| St Barbara   | 3,050,000  | 3,740                 | 0.1                   |
| Swan Gold Mining†                                    | 6,904,508  | -                     | -                     |
| Teranga Gold (AUD)                                   | 2,088,237  | 3,227                 | 0.1                   |
| Teranga Gold (CAD)                                   | 2,324,179  | 3,606                 | 0.1                   |
| Victoria Gold  | 5,429,000  | 2,457                 | 0.1                   |
| Victoria Gold Warrants 2012 (CAD 0.55)               | 685,000    | 66                    | -                     |
| Yamana Gold  | 2,650,000  | 21,619                | 0.8                   |
| <b>Oil &amp; gas – 21.0% (21.4%)</b>                 |            |                       |                       |
| 3Legs Resources                                      | 2,250,000  | 5,400                 | 0.2                   |
| Afren  | 11,500,000 | 15,928                | 0.6                   |
| Afren (Placing 2011)                                 | 1,150,000  | 1,553                 | 0.1                   |
| African Petroleum                                    | 7,900,000  | 3,981                 | 0.1                   |
| Amerisur Resources                                   | 8,907,415  | 1,871                 | 0.1                   |
| Argos Resources*                                     | 11,095,308 | 2,857                 | 0.1                   |
| Aurora Oil & Gas                                     | 13,410,624 | 28,207                | 1.1                   |
| Bankers Petroleum                                    | 1,250,000  | 4,808                 | 0.2                   |
| Birchcliff Energy                                    | 184,400    | 1,656                 | 0.1                   |
| Borders & Southern Petroleum*                        | 7,000,000  | 4,235                 | 0.2                   |
| Bowleven*  | 7,465,000  | 19,708                | 0.7                   |
| Calvalley Petroleum                                  | 5,024,000  | 6,950                 | 0.2                   |
| Canacol Energy                                       | 3,150,000  | 2,077                 | 0.1                   |
| Canadian Natural Resources                           | 1,335,000  | 33,743                | 1.3                   |
| Canadian Overseas Petroleum                          | 10,600,000 | 3,152                 | 0.1                   |
| Canadian Overseas Petroleum Warrants 2013 (CAD 0.65) | 5,300,000  | -                     | -                     |
| China Petroleum & Chemical 'H'                       | 14,000,000 | 8,477                 | 0.3                   |
| Circle Oil*  | 14,350,000 | 4,556                 | 0.2                   |
| CNOOC  | 23,650,000 | 32,405                | 1.2                   |
| Coastal Energy                                       | 366,900    | 2,135                 | 0.1                   |
| ConocoPhillips                                       | 325,000    | 14,535                | 0.5                   |
| Cove Energy*   | 3,977,035  | 3,550                 | 0.1                   |
| DNO International                                    | 19,400,000 | 13,309                | 0.5                   |
| Eland Oil & Gas 5% Convertible Aug 2011#             | 19         | 950                   | -                     |
| Eland Oil & Gas 5% Convertible Oct 2011#             | 160        | 8,000                 | 0.3                   |
| Energy XXI   | 765,000    | 15,527                | 0.6                   |
| Exco Resources                                       | 11,070,000 | 4,910                 | 0.2                   |
| Exillon Energy                                       | 7,497,479  | 32,014                | 1.2                   |
| Falkand Oil & Gas*                                   | 3,512,874  | 2,169                 | 0.1                   |
| Gran Tierra Energy                                   | 1,975,000  | 8,350                 | 0.3                   |
| Gulf Keystone Petroleum*                             | 7,891,319  | 11,107                | 0.4                   |
| International Petroleum                              | 15,540,367 | 1,775                 | 0.1                   |
| Ithaca Energy (CAD)                                  | 6,660,000  | 9,773                 | 0.4                   |
| Ithaca Energy (GBP)*                                 | 1,550,000  | 2,217                 | 0.1                   |
| Jordan Energy and Mining#                            | 188,512    | 1,738                 | 0.1                   |
| Lukoil ADR   | 225,000    | 9,167                 | 0.3                   |
| Lundin Petroleum                                     | 1,028,000  | 8,699                 | 0.3                   |
| Mitra Energy#  | 2,335,000  | 4,663                 | 0.2                   |
| Niko Resources                                       | 295,000    | 12,571                | 0.5                   |
| Ophir Energy   | 1,810,000  | 4,453                 | 0.2                   |
| Pacific Rubiales Energy                              | 2,620,000  | 46,169                | 1.8                   |
| Parex Resources                                      | 1,790,681  | 8,739                 | 0.3                   |
| Petrobank Energy & Resources                         | 485,000    | 4,590                 | 0.2                   |
| Petrobras ADS  | 700,000    | 14,513                | 0.6                   |
| Petroceltic International*                           | 51,230,644 | 4,278                 | 0.2                   |
| PetroMagdalena Energy                                | 1,600,000  | 1,220                 | -                     |
| Petrominerales                                       | 1,443,887  | 28,225                | 1.1                   |
| PetroNeft Resources*                                 | 18,000,000 | 5,940                 | 0.2                   |
| Premier Oil  | 2,300,000  | 9,264                 | 0.4                   |
| Providence Resources*                                | 2,374,000  | 5,816                 | 0.2                   |
| Providence Resources 12% Convertible 2012*           | 3,000,000  | 1,313                 | 0.1                   |
| Resaca Exploitation*                                 | 153,545    | 142                   | -                     |
| Rialto Energy  | 14,167,397 | 3,618                 | 0.1                   |
| Rockhopper Exploration*                              | 1,508,225  | 3,469                 | 0.1                   |
| Sea Dragon Energy                                    | 7,597,000  | 540                   | -                     |
| Sinopec Shanghai Petrochemical 'H'                   | 46,292,000 | 11,824                | 0.5                   |
| Southwestern Energy                                  | 338,000    | 9,862                 | 0.4                   |
| Tethys Petroleum                                     | 12,196,000 | 7,095                 | 0.3                   |
| Trap Oil Group                                       | 8,100,000  | 3,402                 | 0.1                   |
| Valiant Petroleum*                                   | 1,830,198  | 10,670                | 0.4                   |
| Volga Gas*   | 1,850,000  | 2,192                 | 0.1                   |
| Zhaikunai LP GDR                                     | 2,316,987  | 14,095                | 0.5                   |
| <b>Others – 4.5% (3.3%)</b>                          |            |                       |                       |
| Allana Potash  | 2,450,000  | 2,471                 | 0.1                   |
| Altus Renewables#                                    | 715,000    | -                     | -                     |
| Arafura Resources                                    | 4,669,096  | 2,306                 | 0.1                   |
| Astra Agro Lestari                                   | 3,620,000  | 6,145                 | 0.2                   |

| Investment  | Holding    | Market value<br>£'000 | Total net<br>assets % |
|---|------------|-----------------------|-----------------------|
| Equatorial Palm Oil                                 | 4,410,000  | 728                   | -                     |
| Equatorial Palm Oil Warrants 2012 (GBP 0.175)       | 1,580,000  | -                     | -                     |
| Equatorial Palm Oil Warrants 2013 (GBP 0.175)       | 630,000    | -                     | -                     |
| Iluka Resources                                     | 1,900,000  | 22,663                | 0.9                   |
| IOI   | 5,080,066  | 5,400                 | 0.2                   |
| Kenmare Resources                                   | 42,150,000 | 23,667                | 0.9                   |
| Leaf Clean Energy*                                  | 3,412,500  | 2,594                 | 0.1                   |
| Lynas   | 21,870,000 | 31,450                | 1.2                   |
| New Britain Palm Oil                                | 906,152    | 8,382                 | 0.3                   |
| Pathfinder Minerals                                 | 48,000,000 | 2,400                 | 0.1                   |
| PP London Sumatra                                   | 30,588,500 | 5,192                 | 0.2                   |
| R.E.A.  | 598,900    | 4,111                 | 0.2                   |
| R.E.A. 9% Cum Preference                            | 84,372     | 89                    | -                     |
| <b>Coal – 4.1% (4.6%)</b>                           |            |                       |                       |
| Bathurst Resources                                  | 16,328,583 | 11,411                | 0.4                   |
| Caledon Resources*                                  | 6,750,000  | 7,509                 | 0.3                   |
| China Coal Energy 'H'                               | 10,400,000 | 9,199                 | 0.4                   |
| China Shenhua Energy 'H'                            | 7,200,000  | 22,223                | 0.9                   |
| Coal of Africa                                      | 5,090,000  | 3,639                 | 0.1                   |
| Mongolian Mining                                    | 8,250,000  | 6,205                 | 0.2                   |
| New Hope Coal                                       | 2,275,000  | 8,179                 | 0.3                   |
| New World Resources 'A'                             | 945,000    | 7,607                 | 0.3                   |
| Straits Asia Resources                              | 3,500,000  | 5,388                 | 0.2                   |
| Walter Energy (CAD)                                 | 116,430    | 8,815                 | 0.3                   |
| Walter Energy (USD)                                 | 243,000    | 18,405                | 0.7                   |
| <b>Diamonds &amp; precious stones – 2.3% (2.4%)</b> |            |                       |                       |
| DiamonEx (AUD)‡                                     | 6,500,000  | -                     | -                     |
| DiamonEx (GBP)‡                                     | 800,000    | -                     | -                     |
| Firestone Diamonds*                                 | 17,823,149 | 4,723                 | 0.2                   |
| Firestone Diamonds (Placing 2011)*                  | 1,515,000  | 420                   | -                     |
| Firestone Diamonds (Placing Tranche 2 2011)*        | 1,037,000  | 288                   | -                     |
| Gem Diamonds  | 1,500,000  | 3,570                 | 0.1                   |
| Harry Winston Diamond                               | 545,000    | 5,295                 | 0.2                   |
| Lucara Diamond                                      | 10,095,455 | 7,374                 | 0.3                   |
| Mantle Diamonds#                                    | 1,693,365  | -                     | -                     |
| Mountain Province Diamonds                          | 1,682,500  | 5,764                 | 0.2                   |
| Mountain Province Diamonds (R1933)                  | 739,767    | 2,534                 | 0.1                   |
| Petra Diamonds*                                     | 18,679,882 | 29,468                | 1.1                   |
| Redox Diamonds#                                     | 2,000,000  | -                     | -                     |
| Stornaway Diamond                                   | 1,302,500  | 1,709                 | 0.1                   |
| Target Resources‡                                   | 6,155,800  | 1                     | -                     |
| Tsar Emerald#                                       | 9,400,000  | 1                     | -                     |
| <b>Platinum – 1.8% (2.3%)</b>                       |            |                       |                       |
| Aquarius Platinum                                   | 4,517,997  | 13,030                | 0.5                   |
| Eastern Platinum                                    | 20,439,107 | 12,552                | 0.5                   |
| Impala Platinum                                     | 543,000    | 8,563                 | 0.3                   |
| Jubilee Platinum (GBP)*                             | 10,750,831 | 2,150                 | 0.1                   |
| Jubilee Platinum (ZAR)                              | 700,000    | 140                   | -                     |
| Platinum Group Metals                               | 6,583,850  | 6,980                 | 0.3                   |
| Sylvania Platinum*                                  | 9,595,000  | 3,070                 | 0.1                   |
| <b>Uranium – 0.7% (1.3%)</b>                        |            |                       |                       |
| Berkeley Resources (AUD)                            | 1,733,193  | 512                   | -                     |
| Berkeley Resources (GBP)*                           | 2,100,000  | 546                   | -                     |
| Berkeley Resources Warrants 2013 (AUD 0.75)         | 26,133     | -                     | -                     |
| Global Atomic Fuels#                                | 2,160,000  | 3,142                 | 0.1                   |
| Kalahari Minerals*                                  | 5,440,000  | 12,566                | 0.5                   |
| Stans Energy  | 2,410,000  | 2,134                 | 0.1                   |
| Stans Energy Warrants 2013 (CAD 2.25)               | 1,205,000  | -                     | -                     |
| <b>Liquidity – 1.2% (0.0%)</b>                      |            |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^                | 31,500,000 | 31,500                | 1.2                   |
| <b>Investment assets</b>                            |            | <b>2,633,229</b>      | <b>100.3</b>          |
| <b>Net other liabilities</b>                        |            | <b>(6,672)</b>        | <b>(0.3)</b>          |
| <b>Net assets</b>                                   |            | <b>2,626,557</b>      | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

\* Listed on Alternative Investment Market (AIM)

# Unquoted security

† Suspended security

‡ Delisted security

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000          |  | £'000           |
|--|----------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>342,819</b> | <b>Total of all sales for the period</b> | <b>256,193</b>  |
| <b>Major purchases</b>                       | <b>Cost</b>    | <b>Major sales</b>                       | <b>Proceeds</b> |
| JPM Sterling Liquidity 'X' (Income)          | 62,500         | JPM Sterling Liquidity 'X' (Income)      | 31,000          |
| Antofagasta                                  | 17,326         | Equinox Minerals                         | 30,730          |
| Energy XXI                                   | 16,068         | Kazakhmys                                | 19,117          |
| BHP Billiton (GBP)                           | 12,962         | Mantra Resources (AUD)                   | 16,093          |
| Premier Oil                                  | 11,689         | Western Canadian Coal                    | 14,886          |
| Glencore International                       | 11,482         | Metorex                                  | 14,444          |
| First Quantum Minerals                       | 11,367         | Pacific Rubiales Energy                  | 10,442          |
| Gran Tierra Energy                           | 9,697          | IOI                                      | 9,531           |
| Centamin Egypt                               | 9,420          | Anglogold Ashanti                        | 8,136           |
| Eurasian Natural Resources                   | 8,671          | Petropavlovsk                            | 6,241           |
| Eland Oil & Gas 5% Convertible Oct 2011      | 8,000          | Greystar Resources                       | 5,547           |
| Canadian Natural Resources                   | 7,159          | Nexen                                    | 5,255           |
| Exillon Energy                               | 5,694          | Hudbay Minerals                          | 5,169           |
| Anglogold Ashanti                            | 5,543          | Aura Minerals                            | 4,999           |
| Teck Resources 'B'                           | 5,511          | Straits Resources                        | 4,774           |
| African Petroleum                            | 5,098          | IAMGOLD (USD)                            | 4,751           |
| Rockgate Capital                             | 4,965          | Aurora Oil & Gas                         | 4,411           |
| PP London Sumatra                            | 4,817          | Lundin Mining                            | 4,380           |
| 3Legs Resources                              | 4,428          | Rio Tinto (AUD)                          | 4,173           |
| Yamana Gold                                  | 4,298          | Posco ADR                                | 3,980           |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011             | 2010           |
|---|------------------|----------------|
|   | £'000            | £'000          |
| Income  |                  |                |
| Net capital (losses)/gains  | (105,307)        | 157,476        |
| Revenue   | 13,791           | 7,852          |
| Expenses  | (22,316)         | (16,338)       |
| Net expense before taxation   | (8,525)          | (8,486)        |
| Taxation  | (1,348)          | (642)          |
| Net expense after taxation  | (9,873)          | (9,128)        |
| <b>Total return before distributions</b>  | <b>(115,180)</b> | <b>148,348</b> |
| Finance costs: Distributions  | 82               | (50)           |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>(115,098)</b> | <b>148,298</b> |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011     | 31 January 2011  |
|--|------------------|------------------|
|  | £'000            | £'000            |
| <b>ASSETS</b>                                  |                  |                  |
| Investment assets                              | 2,633,229        | 2,662,526        |
| Debtors  | 10,660           | 6,298            |
| Cash and bank balances                         | 3,160            | 63,974           |
| <b>Total other assets</b>                      | <b>13,820</b>    | <b>70,272</b>    |
| <b>Total assets</b>                            | <b>2,647,049</b> | <b>2,732,798</b> |
| <b>LIABILITIES</b>                             |                  |                  |
| Creditors                                      | (20,492)         | (18,312)         |
| Bank overdraft                                 | -                | (7)              |
| <b>Total liabilities</b>                       | <b>(20,492)</b>  | <b>(18,319)</b>  |
| <b>Net assets attributable to shareholders</b> | <b>2,626,557</b> | <b>2,714,479</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | 2011             | 2010             |
|--|------------------|------------------|
|  | £'000            | £'000            |
| <b>Opening net assets attributable to shareholders</b>                                   | <b>2,714,479</b> | <b>1,729,203</b> |
| Amounts receivable on issue of shares  | 129,692          | 88,948           |
| Amounts payable on cancellation of shares  | (102,189)        | (78,458)         |
|  | 27,503           | 10,490           |
| Change in net assets attributable to shareholders from investment activities (see above) | (115,098)        | 148,298          |
| Stamp duty reserve tax   | (327)            | (262)            |
| <b>Closing net assets attributable to shareholders</b>                                   | <b>2,626,557</b> | <b>1,887,729</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

# JPM New Europe Fund

## Investment objective and policy

To provide long-term capital growth by investing primarily in companies operating or investing in central and eastern Europe and Russia.

## Risk profile

This equity based Fund is designed for investors looking for enhanced long-term capital growth opportunities, but who are comfortable with exposure to emerging market and smaller company investments.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

This Fund is aggressively managed, which may result in higher volatility of the Fund's performance and bigger differences between the performance of the Fund and its benchmark when compared to core funds.

The Fund will be invested in emerging markets, which may be subject to additional political and economic risks, low liquidity, poor transparency and greater financial risks.

Investors should be aware that the Fund will be exposed to the particular political and economic risks of Russia.

Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

The underlying assets of the Fund are denominated in currencies other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

New Europe was the strongest performing of the emerging market regions for the review period as more general inflation worries, tighter monetary policy and concerns over a slowdown in Chinese growth were offset by a strong oil price and upturn in sentiment. Despite underperformance from Turkey, strong performance from Russia and the central eastern European markets of Poland and Czech Republic buoyed the region.

The Fund underperformed its benchmark over the period and delivered a negative return. Our underweight positions in Russian energy names were the largest detractors from returns, although select consumer names in this market were positive. Stock ideas in Turkey detracted, while the decision to have zero weighting in Hungary was positive for performance as the market underperformed the region.

## Fund outlook

We believe emerging markets are attractively valued but face challenges from inflation and policy tightening. Inflation is close to a cyclical peak but this is typically when the data looks worst. If central banks move to a neutral stance in the fourth quarter we expect a strong finish to the year. The main risk to this scenario comes from fiscal challenges in the developed world not from emerging markets themselves.

In Russia, our preference for domestic private sector growth companies over state energy is unchanged. We remain constructive about the long-term outlook for Turkey; however, we do have some concerns about the near-term policy implications and continue to monitor data. Some recent readings suggest that the tightening measures implemented to date are starting to take effect. If continued, this would be quite encouraging. We remain wary of Hungary, while the currency is hostage to perceptions of risk in peripheral Europe.

## 12 month performance to 31 July

|                                   | 2011        | 2010         | 2009          | 2008        | 2007         |
|-----------------------------------|-------------|--------------|---------------|-------------|--------------|
| <b>JPM New Europe A-Class Acc</b> | <b>8.9%</b> | <b>51.0%</b> | <b>-34.9%</b> | <b>7.8%</b> | <b>30.7%</b> |
| <b>JPM New Europe B-Class Acc</b> | <b>9.5%</b> | <b>51.8%</b> | <b>-34.7%</b> | -           | -            |
| Benchmark Index <sup>A</sup>      | 18.2%       | 34.3%        | -34.2%        | 3.5%        | 15.9%        |

## Six month performance to 31 July 2011

|                                   |              |
|-----------------------------------|--------------|
| <b>JPM New Europe A-Class Acc</b> | <b>-2.6%</b> |
| Benchmark Index <sup>A</sup>      | 3.2%         |

## Fund statistics

|                              |  |
|------------------------------|--|
| Fund size                    | <b>£277.7m</b>   |
| Benchmark Index <sup>A</sup> | <b>MSCI Emerging Markets Europe Index (Total Return Net)</b> |
| Fund charges                 |  |
| A-Class                      | <b>Initial 4.25%, Annual 1.50%</b>                           |
| B-Class                      | <b>Initial Nil, Annual 1.00%</b>                             |

## Top ten holdings

|                             | %   |
|-----------------------------|-----|
| Sberbank                    | 9.9 |
| Magnit GDR                  | 8.4 |
| Mobile Telesystems          | 5.3 |
| Dragon Oil                  | 5.1 |
| MMC Norilsk Nickel ADR      | 4.9 |
| JPMorgan Russian Securities | 4.9 |
| Turkiye Garanti Bankasi     | 4.1 |
| Sistema GDR                 | 4.0 |
| Lukoil ADR                  | 3.8 |
| AO Tatneft ADS              | 3.7 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 01/09/06 the benchmark was changed from MSCI EM Eastern Europe USD Net to MSCI Emerging Markets Europe Index (Total Return Net).

Benchmark Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express of implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

## Geographical breakdown

|                  | %    |
|------------------|------|
| Russia           | 63.1 |
| Turkey           | 12.4 |
| Poland           | 9.5  |
| Turkmenistan     | 5.1  |
| Kazakhstan       | 3.5  |
| Czech Republic   | 3.5  |
| Sweden           | 1.0  |
| Ukraine          | 0.0  |
| Liquidity        | 0.8  |
| Net other assets | 1.1  |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 170.1p              | 121.4p             | 0.02p                        |
| 2007   | 239.6p              | 154.6p             | 0.90p                        |
| 2008   | 258.9p              | 74.00p             | 1.32p                        |
| 2009   | 185.1p              | 74.22p             | 2.16p                        |
| 2010   | 241.2p              | 183.2p             | 0.14p                        |
| 2011 <sup>b</sup>                              | 250.2p              | 218.9p             | 0.00p                        |
| <b>A-Class Income Shares<sup>c</sup></b>       |                     |                    |                              |
| 2007   | 62.97p              | 49.31p             | -                            |
| 2008   | 68.04p              | 19.45p             | 0.00p                        |
| 2009   | 47.43p              | 18.90p             | 0.55p                        |
| 2010   | 61.77p              | 46.92p             | 0.04p                        |
| 2011 <sup>b</sup>                              | 64.08p              | 56.07p             | 0.00p                        |
| <b>B-Class Accumulation Shares<sup>d</sup></b> |                     |                    |                              |
| 2008   | 123.9p              | 35.51p             | 0.00p                        |
| 2009   | 89.34p              | 35.67p             | 1.33p                        |
| 2010   | 117.1p              | 88.50p             | 0.43p                        |
| 2011 <sup>b</sup>                              | 121.4p              | 106.5p             | 0.37p                        |

<sup>a</sup> To 31 July 2011.

<sup>c</sup> A-Class Income Shares were launched on 1 September 2007.

<sup>b</sup> B-Class Accumulation Shares were launched on 22 January 2008.

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.01.11 | 69.3% |
| 31.07.11 | 15.3% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 77,026                                   | 97,538,652       | 78.97p                    | 1.67%               |
| 31.01.10                           | 218,852                                  | 115,642,873      | 189.3p                    | 1.68%               |
| 31.01.11                           | 280,785                                  | 121,422,746      | 231.3p                    | 1.67%               |
| 31.07.11                           | 266,470                                  | 118,375,369      | 225.1p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>e</sup>              | 424                                      | 2,092,307        | 20.25p                    | 1.68%               |
| 31.01.10 <sup>e</sup>              | 1,551                                    | 3,199,709        | 48.46p                    | 1.68%               |
| 31.01.11 <sup>e</sup>              | 2,666                                    | 4,502,227        | 59.22p                    | 1.67%               |
| 31.07.11                           | 2,562                                    | 4,489,584        | 57.05p                    | 1.68%               |
| <b>B-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 305                                      | 804,772          | 37.94p                    | 1.15%               |
| 31.01.10                           | 2,133                                    | 2,334,456        | 91.40p                    | 1.15%               |
| 31.01.11                           | 8,994                                    | 8,009,990        | 112.3p                    | 1.14%               |
| 31.07.11                           | 8,640                                    | 7,886,506        | 109.6p                    | 1.15%               |

<sup>e</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                               | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Russia - 63.1% (60.2%)</b>            |           |                       |                       |
| AO Tatneft ADS                           | 407,086   | 10,416                | 3.7                   |
| Cheliabinsk Elektrolit Zink Plant GDR    | 181,175   | 473                   | 0.2                   |
| Cherkizovo Group GDR                     | 216,748   | 2,532                 | 0.9                   |
| CTC Media                                | 483,173   | 6,366                 | 2.3                   |
| DIXY Group                               | 312,289   | 2,575                 | 0.9                   |
| EurAsia Drilling Company GDR             | 168,367   | 3,027                 | 1.1                   |
| Gazprom ADR                              | 720,400   | 6,366                 | 2.3                   |
| JPMorgan Russian Securities^             | 2,081,349 | 13,612                | 4.9                   |
| Lukoil ADR                               | 257,050   | 10,472                | 3.8                   |
| Magnit GDR                               | 1,248,583 | 23,271                | 8.4                   |
| Magnitogorsk Iron & Steel Works GDR      | 1,231,772 | 8,553                 | 3.1                   |
| Mechel Preference                        | 240,697   | 2,326                 | 0.8                   |
| MMC Norilsk Nickel ADR                   | 839,760   | 13,670                | 4.9                   |
| Mobile Telesystems                       | 77,198    | 408                   | 0.2                   |
| Mobile Telesystems (Issue 2)             | 666,333   | 3,518                 | 1.3                   |
| Mobile Telesystems ADR                   | 922,586   | 10,584                | 3.8                   |
| Mostotrest                               | 755,347   | 3,670                 | 1.3                   |
| Novolipetsk Iron and Steel GDS           | 292,732   | 6,760                 | 2.4                   |
| Ros Agro GDR                             | 277,000   | 2,213                 | 0.8                   |
| Sberbank                                 | 9,111,827 | 20,566                | 7.4                   |
| Sberbank ADR                             | 775,000   | 7,020                 | 2.5                   |
| Sistema GDR                              | 727,077   | 11,085                | 4.0                   |
| Urals Energy                             | 532,300   | 57                    | -                     |
| X5 Retail Group GDR                      | 231,600   | 5,902                 | 2.1                   |
| <b>Turkey - 12.4% (15.4%)</b>            |           |                       |                       |
| Bim Birlesik Magazalar                   | 76,400    | 1,595                 | 0.6                   |
| TAV Havalimanlari                        | 436,600   | 1,302                 | 0.5                   |
| Tofas Turk Otomobil                      | 376,598   | 972                   | 0.4                   |
| Turk Hava Yollari                        | 2,175,644 | 2,498                 | 0.9                   |
| Turkiye Garanti Bankasi                  | 4,180,736 | 11,310                | 4.1                   |
| Turkiye Halk Bankasi                     | 1,516,633 | 6,524                 | 2.3                   |
| Turkiye Petrol Rafinerileri              | 369,361   | 5,508                 | 2.0                   |
| Yapi ve Kredi Bankasi                    | 3,111,803 | 4,561                 | 1.6                   |
| <b>Poland - 9.5% (8.1%)</b>              |           |                       |                       |
| Bank Pekao                               | 101,122   | 3,466                 | 1.3                   |
| Kernel                                   | 195,400   | 3,059                 | 1.1                   |
| Powszechna Kasa Oszczednosci Bank Polski | 1,171,101 | 10,388                | 3.7                   |
| Powszechny Zaklad Ubezpieczen            | 82,446    | 6,781                 | 2.4                   |
| Telekomunikacja Polska                   | 757,000   | 2,818                 | 1.0                   |
| <b>Turkmenistan - 5.1% (5.2%)</b>        |           |                       |                       |
| Dragon Oil                               | 2,541,608 | 14,068                | 5.1                   |
| <b>Kazakhstan - 3.5% (3.8%)</b>          |           |                       |                       |
| BMB Munai                                | 172,609   | 105                   | -                     |
| Halyk Savings Bank of Kazakhstan GDR     | 36,756    | 181                   | 0.1                   |
| Kazakhgold Group GDR                     | 170,004   | 364                   | 0.1                   |
| Kazmunaigas Exploration Production GDR   | 530,000   | 6,025                 | 2.2                   |
| Steppe Cement                            | 846,262   | 338                   | 0.1                   |
| Zhaikmunai LP GDR                        | 453,959   | 2,762                 | 1.0                   |
| <b>Czech Republic - 3.5% (3.2%)</b>      |           |                       |                       |
| CEZ                                      | 112,939   | 3,523                 | 1.3                   |
| Komerční Banka                           | 20,900    | 2,855                 | 1.0                   |
| Telefonica O2 Czech Republic             | 211,618   | 3,243                 | 1.2                   |
| <b>Sweden - 1.0% (1.0%)</b>              |           |                       |                       |
| Oriflame Cosmetics SDR                   | 97,351    | 2,674                 | 1.0                   |
| <b>Ukraine - 0.0% (0.0%)</b>             |           |                       |                       |
| XXI Century Investments                  | 88,591    | 6                     | -                     |
| <b>Liquidity - 0.8% (0.0%)</b>           |           |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^     | 2,150,000 | 2,150                 | 0.8                   |
| <b>Investment assets</b>                 |           | <b>274,518</b>        | <b>98.9</b>           |
| <b>Net other assets</b>                  |           | <b>3,154</b>          | <b>1.1</b>            |
| <b>Net assets</b>                        |           | <b>277,672</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>39,928</b> | <b>Total of all sales for the period</b> | <b>38,872</b>   |
| <b>Purchases</b>                             | <b>Cost</b>   | <b>Sales</b>                             | <b>Proceeds</b> |
| Powszechna Kasa Oszczednosci Bank Polski     | 7,681         | Turkiye Is Bankasi 'C'                   | 4,925           |
| JPM Sterling Liquidity 'X' (Income)          | 6,000         | Bank Pekao                               | 4,602           |
| Lukoil ADR                                   | 4,390         | JPM Sterling Liquidity 'X' (Income)      | 3,850           |
| Turkiye Garanti Bankasi                      | 3,045         | MMC Norilsk Nickel ADR                   | 3,325           |
| Ros Agro GDR                                 | 2,541         | Lukoil ADR                               | 2,803           |
| Mechel Preference                            | 2,456         | CTC Media                                | 2,788           |
| Bim Birlesik Magazalar                       | 1,661         | Turk Ekonomi Bankasi                     | 2,658           |
| Powszechny Zaklad Ubezpieczen                | 1,580         | Turkiye Vakiflar Bankasi 'D'             | 2,574           |
| Yapi ve Kredi Bankasi                        | 1,579         | Turkcell Iletisim Hizmetleri             | 2,301           |
| Dragon Oil                                   | 1,573         | Dragon Oil                               | 2,018           |
| Magnit GDR                                   | 1,570         | Sberbank                                 | 1,768           |
| MMC Norilsk Nickel ADR                       | 1,568         | Arcelik                                  | 1,435           |
| Turkiye Halk Bankasi                         | 1,490         | X5 Retail Group GDR                      | 1,419           |
| Kazmunaigas Exploration Production GDR       | 1,474         | Powszechny Zaklad Ubezpieczen            | 1,414           |
| DIXY Group                                   | 832           | Halyk Savings Bank of Kazakhstan GDR     | 509             |
| Mobile Telesystem                            | 488           | Mobile Telesystem                        | 429             |
|  |               | Cheliabinsk Elektrolit Zink Plant GDR    | 54              |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000   | 2011<br>£'000  | £'000   | 2010<br>£'000 |
|---|---------|----------------|---------|---------------|
| Income  |         |                |         |               |
| Net capital (losses)/gains  |         | (10,018)       |         | 18,404        |
| Revenue   | 4,781   |                | 3,463   |               |
| Expenses  | (2,387) |                | (2,042) |               |
| Net revenue before taxation   | 2,394   |                | 1,421   |               |
| Taxation  | (627)   |                | (487)   |               |
| Net revenue after taxation  |         | 1,767          |         | 934           |
| <b>Total return before distributions</b>  |         | <b>(8,251)</b> |         | <b>19,338</b> |
| Finance costs: Distributions  |         | (75)           |         | (24)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |         | <b>(8,326)</b> |         | <b>19,314</b> |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                | 31 January 2011 |                |
|--|--------------|----------------|-----------------|----------------|
|  | £'000        | £'000          | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |                |                 |                |
| Investment assets                              |              | 274,518        |                 | 283,497        |
| Debtors  | 4,476        |                | 1,072           |                |
| Cash and bank balances                         | 610          |                | 8,610           |                |
| <b>Total other assets</b>                      |              | <b>5,086</b>   |                 | <b>9,682</b>   |
| <b>Total assets</b>                            |              | <b>279,604</b> |                 | <b>293,179</b> |
| <b>LIABILITIES</b>                             |              |                |                 |                |
| Creditors                                      | (1,932)      |                | (734)           |                |
| <b>Total liabilities</b>                       |              | <b>(1,932)</b> |                 | <b>(734)</b>   |
| <b>Net assets attributable to shareholders</b> |              | <b>277,672</b> |                 | <b>292,445</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000    | 2011<br>£'000  | £'000    | 2010<br>£'000  |
|--|----------|----------------|----------|----------------|
| <b>Opening net assets attributable to shareholders</b>                                   |          | <b>292,445</b> |          | <b>222,536</b> |
| Amounts receivable on issue of shares  | 15,295   |                | 36,441   |                |
| Amounts payable on cancellation of shares  | (21,732) |                | (28,311) |                |
|  |          | (6,437)        |          | 8,130          |
| Change in net assets attributable to shareholders from investment activities (see above) |          | (8,326)        |          | 19,314         |
| Stamp duty reserve tax   |          | (10)           |          | (16)           |
| <b>Closing net assets attributable to shareholders</b>                                   |          | <b>277,672</b> |          | <b>249,964</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

# JPM Sterling Corporate Bond Fund

## Investment objective and policy

The Fund's investment objective is to maximise total returns by investing primarily in high quality sterling denominated bonds (or other bonds hedged back to sterling).

The Fund's investment policy will focus on investment grade corporate issues. The Fund may also invest in non-investment grade securities, including corporate and emerging market bonds when the investment adviser believes these offer significant opportunities. The Fund may use derivatives for investment purposes or Efficient Portfolio Management including hedging, where appropriate. Although most of the non-sterling securities will be hedged back to sterling, the investment adviser will also use opportunities in the foreign exchange market to maximise returns.

## Risk profile

Bond funds may not behave like direct investments in the underlying bonds themselves. By investing in bond funds, the certainty of receiving a regular fixed amount of income for a defined period of time with the prospect of a future known return of capital is lost.

Bond prices can fluctuate significantly depending not only on the global economic and interest rate conditions but also on the general credit market environment and the creditworthiness of the issuer.

Bonds with a lower credit rating may have a higher risk of defaulting which may in turn have an adverse effect on the performance of funds which invest in them.

The investment policy of the Fund permits the use of derivatives and/or forward transactions for investment purposes. As a result the Fund may sometimes be leveraged, potentially increasing the volatility and therefore risk of the Fund.

Bond funds will normally distribute a combination of coupon and the expected discount/premium on the securities. Therefore, a fund's distribution will comprise income received and an element of projected capital gains or losses. This could result in an element of capital gain being taxed as income in the hands of an investor.

## Fund review

The end of the review period saw a massive flight to quality resulting from wrangling over the debt ceiling in the US, ratings agency Standard & Poor's downgrade of the US sovereign rating to AA+, peripheral debt concerns in the eurozone and weakening global economic data. The equity and high yield credit markets were sharply lower, with heightened volatility accompanying the sell-off.

The Fund underperformed the index over the quarter. A new manager assumed responsibility for the Fund in the quarter and consequently the investing style underwent some changes, leading to short-term technical underperformance. Financials, principally banks, have been moved from the largest overweight sector to the largest underweight. Consumer noncyclical has moved from the second largest underweight to the largest overweight, notably supermarkets and food & beverage. Utilities remain a sizeable underweight. Transportation is another large overweight, particularly airports.

## Fund outlook

High energy and raw material prices are likely to weigh on corporate earnings going forward, as is the slowing growth outlook. There has been a gradual shift in the UK Monetary Policy Committee's thinking, with more members conceding the possible need for more quantitative easing later in the year.

## 12 month performance to 31 July

|  | 2011        | 2010         | 2009         | 2008         | 2007         |
|--|-------------|--------------|--------------|--------------|--------------|
| <b>JPM Sterling Corporate Bond A-Class Acc</b> | <b>6.0%</b> | <b>11.8%</b> | <b>-4.4%</b> | <b>-8.9%</b> | <b>-2.6%</b> |
| <b>JPM Sterling Corporate Bond C-Class Inc</b> | -           | -            | -            | -            | -            |
| <b>JPM Sterling Corporate Bond I-Class Acc</b> | <b>6.6%</b> | <b>13.0%</b> | <b>-3.9%</b> | <b>-8.4%</b> | <b>-2.1%</b> |
| Benchmark Index                                | 7.6%        | 15.1%        | 2.1%         | 1.1%         | -0.3%        |

## Six month performance to 31 July 2011

|  |             |
|--|-------------|
| <b>JPM Sterling Corporate Bond A-Class Acc</b> | <b>5.2%</b> |
| Benchmark Index                                | 6.2%        |

## Fund statistics

|                 |   |
|-----------------|---|
| Fund size       | <b>£63.2m</b>   |
| Benchmark Index | <b>Barclays Capital Aggregate Corporate Index in GBP (Total Return Gross)</b> |
| Fund charges    |   |
| A-Class         | <b>Initial 3.50%, Annual 1.00%</b>  |
| C-Class         | <b>Initial Nil, Annual 0.50%</b>  |
| I-Class         | <b>Initial Nil, Annual 0.40%</b>  |

## Top ten holdings

|   | %   |
|---|-----|
| Bank of America 5.5% 2019                       | 2.2 |
| Vodafone Group 5.375% 2017                      | 2.2 |
| Unilever 4% 2014                                | 2.1 |
| Santander Finance Preferred 11.3% FRN Perpetual | 2.0 |
| British Telecommunications 8.75% FRN 2016       | 1.9 |
| Standard Chartered Bank 7.75% 2018              | 1.8 |
| Johnson & Johnson 5.5% 2024                     | 1.8 |
| Land Securities Capital Markets 5.391% 2026     | 1.7 |
| GE Capital UK Funding 6.25% 2038                | 1.7 |
| Westpac Banking 5% 2019                         | 1.7 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.  
Source: J.P. Morgan.

## Sector breakdown

|                            | %     |
|----------------------------|-------|
| Corporate debt             | 96.2  |
| Government stock           | 0.3   |
| Futures                    | (0.1) |
| Forward currency contracts | (0.1) |
| Liquidity                  | 9.8   |
| Net other liabilities      | (6.1) |

In line with current accounting practice the sector breakdown includes the unrealised profit or loss on derivative holdings and consequently the economic market exposure of the fund cannot be fully determined from the above disclosure.

## Highest/lowest share price and distribution record

| Calendar year  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>                   |                     |                    |                              |
| 2006   | 67.16p              | 63.68p             | 2.32p                        |
| 2007   | 65.69p              | 61.69p             | 2.35p                        |
| 2008   | 63.32p              | 51.25p             | 2.37p                        |
| 2009   | 59.04p              | 49.70p             | 2.04p                        |
| 2010   | 64.21p              | 58.11p             | 2.29p                        |
| 2011 <sup>A</sup>                                    | 64.68p              | 61.20p             | 1.79p                        |
| <b>A-Class Income Shares</b>                         |                     |                    |                              |
| 2006   | 57.65p              | 53.40p             | 1.96p                        |
| 2007   | 53.97p              | 49.43p             | 1.93p                        |
| 2008   | 50.52p              | 39.21p             | 1.86p                        |
| 2009   | 43.58p              | 37.63p             | 1.54p                        |
| 2010   | 45.95p              | 42.37p             | 1.66p                        |
| 2011 <sup>A</sup>                                    | 44.97p              | 43.07p             | 1.26p                        |
| <b>C-Class Income Shares<sup>B</sup></b>             |                     |                    |                              |
| 2011 <sup>A</sup>                                    | 101.5p              | 98.97p             | 0.46p                        |
| <b>I-Class Accumulation Shares</b>                   |                     |                    |                              |
| 2006   | 115.8p              | 110.1p             | 4.71p                        |
| 2007   | 114.0p              | 107.4p             | 4.70p                        |
| 2008   | 110.5p              | 89.88p             | 4.79p                        |
| 2009   | 104.2p              | 87.36p             | 4.15p                        |
| 2010   | 113.9p              | 102.7p             | 4.72p                        |
| 2011 <sup>A</sup>                                    | 115.3p              | 108.7p             | 3.70p                        |
| <b>I-Class Gross Accumulation Shares<sup>C</sup></b> |                     |                    |                              |
| 2011 <sup>A</sup>                                    | 101.4p              | 98.78p             | 0.49p                        |
| <b>I-Class Income Shares</b>                         |                     |                    |                              |
| 2006   | 109.8p              | 101.6p             | 4.38p                        |
| 2007   | 102.7p              | 94.05p             | 4.23p                        |
| 2008   | 96.16p              | 74.54p             | 4.09p                        |
| 2009   | 82.94p              | 71.57p             | 3.37p                        |
| 2010   | 87.43p              | 80.58p             | 3.71p                        |
| 2011 <sup>A</sup>                                    | 85.62p              | 81.90p             | 2.77p                        |

<sup>A</sup> To 31 July 2011.

<sup>B</sup> C-Class Income Shares were launched on 14 June 2011.

<sup>C</sup> I-Class Gross Accumulation Shares were launched on 21 June 2011.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 181.4% |
| 31.07.11 | 111.6% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                                     | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|--|---------------------------------------|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b>       |                                       |                  |                           |                     |
| 31.01.09                                 | 24,322                                | 48,403,064       | 50.25p                    | 1.18%               |
| 31.01.10                                 | 26,254                                | 44,426,721       | 59.10p                    | 1.18%               |
| 31.01.11                                 | 24,922                                | 40,739,572       | 61.17p                    | 1.18%               |
| 31.07.11                                 | 30,203                                | 46,906,860       | 64.39p                    | 1.18%               |
| <b>A-Class Income Shares</b>             |                                       |                  |                           |                     |
| 31.01.09                                 | 29,021                                | 76,329,701       | 38.02p                    | 1.18%               |
| 31.01.10                                 | 30,227                                | 70,141,256       | 43.09p                    | 1.18%               |
| 31.01.11                                 | 27,454                                | 63,911,209       | 42.96p                    | 1.18%               |
| 31.07.11                                 | 30,374                                | 68,447,159       | 44.38p                    | 1.18%               |
| <b>C-Class Income Shares</b>             |                                       |                  |                           |                     |
| 31.07.11                                 | 2,603                                 | 2,589,436        | 100.5p                    | 0.62%               |
| <b>I-Class Accumulation Shares</b>       |                                       |                  |                           |                     |
| 31.01.09                                 | 5                                     | 6,000            | 88.24p                    | 0.40%               |
| 31.01.10                                 | 5                                     | 5,000            | 104.4p                    | 0.40%               |
| 31.01.11                                 | 5                                     | 5,000            | 108.7p                    | 0.40%               |
| 31.07.11                                 | 6                                     | 5,000            | 114.8p                    | 0.40%               |
| <b>I-Class Gross Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.07.11                                 | 20                                    | 20,000           | 100.9p                    | 0.40%               |
| <b>I-Class Income Shares</b>             |                                       |                  |                           |                     |
| 31.01.09                                 | 5                                     | 7,000            | 72.25p                    | 0.40%               |
| 31.01.10                                 | 6                                     | 7,000            | 81.92p                    | 0.40%               |
| 31.01.11                                 | 5                                     | 6,000            | 81.67p                    | 0.40%               |
| 31.07.11                                 | 5                                     | 6,000            | 84.37p                    | 0.40%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding    | Market value<br>£'000 | Total net<br>assets % | Investment  | Holding        | Market value<br>£'000 | Total net<br>assets % |
|--|------------|-----------------------|-----------------------|---|----------------|-----------------------|-----------------------|
| <b>Corporate debt - 96.2% (97.6%)</b>              |            |                       |                       |   |                |                       |                       |
| Aegon 6.625% 2039                                  | £350,000   | 350                   | 0.6                   | Nomura Europe Finance 5.5% 2017                             | £300,000       | 316                   | 0.5                   |
| Affinity Sutton 5.981% 2038                        | £200,000   | 223                   | 0.3                   | Northern Gas Networks 4.875% 2027                           | £300,000       | 285                   | 0.5                   |
| Ahold Finance USA 6.5% 2017                        | £775,000   | 878                   | 1.4                   | Old Mutual 8% 2021  | £725,000       | 747                   | 1.2                   |
| Allied Domecq 6.625% 2014                          | £200,000   | 216                   | 0.3                   | Porterbrook Rail Finance 5.5% 2019                          | £674,000       | 696                   | 1.1                   |
| America Movil 5.75% 2030                           | £215,000   | 226                   | 0.4                   | Prudential 11.375% FRN 2039                                 | £560,000       | 746                   | 1.2                   |
| American Express Credit 5.375% 2014                | £150,000   | 162                   | 0.3                   | Roche 5.5% 2015   | £750,000       | 834                   | 1.3                   |
| American Express Credit 5% 2023                    | £600,000   | 531                   | 0.8                   | Roche Finance 5.375% 2023                                   | £225,000       | 253                   | 0.4                   |
| Anglo American Capital 6.875% 2018                 | £350,000   | 405                   | 0.6                   | Royal Bank of Scotland 7.5% 2024                            | £251,000       | 273                   | 0.4                   |
| Anheuser-Busch InBev 9.75% 2024                    | £315,000   | 457                   | 0.7                   | RWE Finance 6.125% 2039                                     | £300,000       | 329                   | 0.5                   |
| Annington Finance No.4 0% 2023                     | £1,000,000 | 529                   | 0.8                   | Safeway 6.125% Bonds 2018                                   | £750,000       | 867                   | 1.4                   |
| AT&T 7% 2040                                       | £100,000   | 123                   | 0.2                   | Santander Finance Preferred 11.3% FRN Perpetual             | £1,200,000     | 1,263                 | 2.0                   |
| Aviva 5.9021% 2020                                 | £200,000   | 162                   | 0.3                   | Santander Issuances 7.3% 2019                               | £450,000       | 455                   | 0.7                   |
| Aviva 6.625% 2041                                  | £190,000   | 189                   | 0.3                   | Service Corporation International 6.75% 2015                | £450,000       | 297                   | 0.5                   |
| Aviva 6.875% FRN 2058                              | £250,000   | 240                   | 0.4                   | Southern Electric Power Distribution 5.5% 2032              | £250,000       | 258                   | 0.4                   |
| AXA 6.772% FRN Perpetual                           | £350,000   | 289                   | 0.5                   | Southern Gas Network 4.875% 2029                            | £300,000       | 289                   | 0.5                   |
| B.A.T. International Finance 6.375% 2019           | £800,000   | 929                   | 1.5                   | Sprint Capital 8.75% 2032                                   | £500,000       | 336                   | 0.5                   |
| BA Credit Card Trust 5.525% FRN 2016               | £440,000   | 455                   | 0.7                   | Standard Chartered Bank 7.75% 2018                          | £1,000,000     | 1,171                 | 1.8                   |
| BAA 7.125% 2017                                    | £500,000   | 493                   | 0.8                   | Statoil 6.875% 2031   | £750,000       | 929                   | 1.5                   |
| BAA Funding Limited 6.75% 2028                     | £630,000   | 712                   | 1.1                   | Suntrust Bank FRN 2012                                      | £250,000       | 246                   | 0.4                   |
| Bank of America 5.5% 2019                          | £1,380,000 | 1,417                 | 2.2                   | Svenska Handelsbank 5.375% Undated Subordinated Call STEP   | £565,000       | 566                   | 0.9                   |
| Barclays Bank 5.75% 2021                           | £760,000   | 790                   | 1.2                   | Swiss Reinsurance FRN Perpetual                             | £350,000       | 300                   | 0.5                   |
| Barclays Bank 10% 2021                             | £702,000   | 841                   | 1.3                   | Tesco 6.125% 2022   | £500,000       | 565                   | 0.9                   |
| Bayer 5.625% 2018                                  | £500,000   | 563                   | 0.9                   | Tesco 6% 2029   | £265,000       | 292                   | 0.5                   |
| Biomet 10.375% 2017                                | £500,000   | 337                   | 0.5                   | Tesco Property Finance 5.744% 2040                          | £449,009       | 460                   | 0.7                   |
| BMW (UK) Capital 5% 2017                           | £500,000   | 551                   | 0.9                   | Thames Water Utilities Finance 5.125% 2037                  | £300,000       | 292                   | 0.5                   |
| British Telecommunications 8.75% FRN 2016          | £1,000,000 | 1,232                 | 1.9                   | Time Warner Cable 5.75% 2031                                | £125,000       | 126                   | 0.2                   |
| Carlsberg 7.25% FRN 2016                           | £700,000   | 825                   | 1.3                   | UBS 5.25% FRN 2021  | £460,000       | 477                   | 0.8                   |
| Carrefour 5.375% 2012                              | £750,000   | 784                   | 1.2                   | UBS London 6.625% 2018                                      | £200,000       | 229                   | 0.4                   |
| Citigroup 5.125% 2018                              | £500,000   | 488                   | 0.8                   | Unilever 4% 2014  | £1,250,000     | 1,337                 | 2.1                   |
| Comcast 5.5% 2029                                  | £275,000   | 280                   | 0.4                   | UPM-Kymmene 6.625% 2017                                     | £500,000       | 517                   | 0.8                   |
| Compagnie de Saint-Gobain 5.625% 2024              | £200,000   | 205                   | 0.3                   | US Oncology Action Escrow 9.125% 2017                       | £200,000       | 2                     | -                     |
| Constellation Brands 7.25% 2016                    | £450,000   | 301                   | 0.5                   | Valeant Pharmaceuticals 7.25% 2022                          | £250,000       | 148                   | 0.2                   |
| Conti Gummi Finance 6.5% 2016                      | £205,000   | 184                   | 0.3                   | Veolia Water Central Finance 5.875% 2026                    | £350,000       | 385                   | 0.6                   |
| Corrections Corporation of America 7.75% 2017      | £450,000   | 300                   | 0.5                   | Verizon Wireless Capital 8.875% 2018                        | £210,000       | 278                   | 0.4                   |
| Credit Suisse London 6.75% FRN 2023                | £650,000   | 714                   | 1.1                   | Virgin Media Secured Finance 5.5% 2021                      | £750,000       | 750                   | 1.2                   |
| Daily Mail & General Trust 6.375% 2027             | £200,000   | 188                   | 0.3                   | Vodafone Group 5.375% 2017                                  | £1,250,000     | 1,385                 | 2.2                   |
| Deutsche Telekom International Finance 8.875% 2028 | £285,000   | 396                   | 0.6                   | Wachovia Bank 5.25% 2023                                    | £550,000       | 539                   | 0.9                   |
| E.ON International Finance 6.75% 2039              | £200,000   | 241                   | 0.4                   | Wal-Mart Stores 5.25% 2035                                  | £750,000       | 775                   | 1.2                   |
| EchoStar DBS 7.125% 2016                           | £500,000   | 327                   | 0.5                   | Western Power Distribution 5.75% 2032                       | £180,000       | 183                   | 0.3                   |
| Eversholt Funding 6.359% 2025                      | £575,000   | 595                   | 0.9                   | Westpac Banking 5% 2019                                     | £1,000,000     | 1,049                 | 1.7                   |
| FCE Bank 5.125% 2015                               | £250,000   | 245                   | 0.4                   | Xstrata Finance Canada 7.375% 2020                          | £750,000       | 876                   | 1.4                   |
| Firstgroup 6.125% 2019                             | £750,000   | 810                   | 1.3                   | Yorkshire Water Services 6.375% 2039                        | £150,000       | 173                   | 0.3                   |
| France Telecom 5.625% 2034                         | £305,000   | 317                   | 0.5                   | Zurich Finance (UK) 6.625% FRN Perpetual                    | £100,000       | 97                    | 0.2                   |
| Gatwick Funding 'A' 6.125% 2028                    | £550,000   | 574                   | 0.9                   |   |                |                       |                       |
| GDF Suez 7% 2028                                   | £200,000   | 245                   | 0.4                   | <b>Government stock - 0.3% (0.4%)</b>                       |                |                       |                       |
| GE Capital UK Funding 6.25% 2038                   | £1,000,000 | 1,068                 | 1.7                   | Mexico 6.75% 2024   | £200,000       | 215                   | 0.3                   |
| GlaxoSmithKline Capital 5.25% 2033                 | £750,000   | 777                   | 1.2                   |   |                |                       |                       |
| Goldman Sachs Group 5.25% 2015                     | £750,000   | 794                   | 1.3                   | <b>Futures - (0.1)% (0.2%)</b>                              |                |                       |                       |
| Goldman Sachs Group 7.125% 2025                    | £100,000   | 111                   | 0.2                   | Euro BOBL Futures Sep 2011                                  | (2)            | (5)                   | -                     |
| Hammerson 6.875% 2020                              | £500,000   | 570                   | 0.9                   | Long Gilt Futures Sep 2011                                  | 34             | 88                    | 0.1                   |
| Hammerson 6% 2026                                  | £350,000   | 364                   | 0.6                   | Short Gilt Futures Sep 2011                                 | 44             | 26                    | -                     |
| HCA 9.625% 2016                                    | £450,000   | 296                   | 0.5                   | US 5 Year Note Futures Sep 2011                             | (43)           | (66)                  | (0.1)                 |
| Health Management Associates 6.125% 2016           | £500,000   | 319                   | 0.5                   | US 10 Year Note Futures Sep 2011                            | (20)           | (39)                  | (0.1)                 |
| Holcim GB Finance 8.75% 2017                       | £60,000    | 74                    | 0.1                   | US Long Bond Futures Sep 2011                               | 4              | 6                     | -                     |
| Host Marriott 'Q' 6.75% 2016                       | £450,000   | 285                   | 0.5                   |   |                |                       |                       |
| HSBC 6.5% FRN 2023                                 | £350,000   | 376                   | 0.6                   | <b>Forward currency contracts - (0.1)% (0.0%)</b>           |                |                       |                       |
| HSBC 6.5% 2024                                     | £260,000   | 297                   | 0.5                   | <b>Euro</b>   |                |                       |                       |
| HSBC 6% 2040                                       | £475,000   | 459                   | 0.7                   | Sell €209,171 buy £186,011 dated 15/08/11                   | 3              | -                     | -                     |
| HSBC Capital Funding 8.208% FRN Perpetual          | £750,000   | 808                   | 1.3                   | <b>US Dollar</b>  |                |                       |                       |
| Hutchison Whampoa Finance UK 5.625% 2026           | £200,000   | 210                   | 0.3                   | Buy \$383,047 sell £233,693 dated 15/08/11                  | 2              | -                     | -                     |
| Imperial Tobacco Finance 9% 2022                   | £750,000   | 988                   | 1.6                   | Buy \$90,250 sell £56,425 dated 15/08/11                    | (1)            | -                     | -                     |
| ING Bank 6.875% 2023                               | £450,000   | 474                   | 0.7                   | Sell \$100,000 buy £62,043 dated 15/08/11                   | -              | -                     | -                     |
| Intelsat Jackson 7.25% 2020                        | £450,000   | 280                   | 0.4                   | Sell \$6,120,920 buy £3,729,285 dated 15/08/11              | (32)           | (0.1)                 | (0.1)                 |
| Jarden 7.5% 2017                                   | £450,000   | 291                   | 0.5                   |   |                |                       |                       |
| Johnson & Johnson 5.5% 2024                        | £1,000,000 | 1,114                 | 1.8                   | <b>Liquidity - 9.8% (0.1%)</b>                              |                |                       |                       |
| Kraft Foods 7.25% 2018                             | £625,000   | 757                   | 1.2                   | JPM Sterling Liquidity 'X' (Income)^                        | 6,185,000      | 6,185                 | 9.8                   |
| Lafarge 8.75% 2017                                 | £275,000   | 328                   | 0.5                   |   |                |                       |                       |
| Land Securities Capital Markets 5.391% 2026        | £1,025,000 | 1,076                 | 1.7                   | <b>Investment assets (including investment liabilities)</b> | <b>67,080</b>  | <b>106.1</b>          |                       |
| Land Securities Capital Markets 5.391% 2027        | £150,000   | 158                   | 0.2                   | <b>Net other liabilities</b>                                | <b>(3,869)</b> | <b>(6.1)</b>          |                       |
| Legal & General Finance 5.875% 2033                | £392,000   | 392                   | 0.6                   | <b>Net assets</b>   | <b>63,211</b>  | <b>100.0</b>          |                       |
| Linde Finance 6.5% 2016                            | £635,000   | 735                   | 1.2                   |   |                |                       |                       |
| Lloyds Banking Group 7.5% 2024                     | £400,000   | 435                   | 0.7                   |   |                |                       |                       |
| London Power Networks 5.125% 2023                  | £750,000   | 771                   | 1.2                   |   |                |                       |                       |
| Metlife Income 5.375% 2024                         | £300,000   | 301                   | 0.5                   |   |                |                       |                       |
| Morgan Stanley 5.75% 2017                          | £600,000   | 637                   | 1.0                   |   |                |                       |                       |
| National Australia Bank 3.625% 2017                | £485,000   | 485                   | 0.8                   |   |                |                       |                       |
| National Express Group 6.625% 2020                 | £600,000   | 642                   | 1.0                   |   |                |                       |                       |
| National Grid Electricity Transmission 7.375% 2031 | £250,000   | 316                   | 0.5                   |   |                |                       |                       |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio statement – continued

As at 31 July 2011

| Portfolio credit ratings                                    | Market value<br>£'000 |
|---|-----------------------|
| AAA   | 1,114                 |
| AA  | 5,131                 |
| AA-   | 4,797                 |
| A+  | 4,797                 |
| A   | 7,276                 |
| A-  | 13,493                |
| BBB+  | 6,793                 |
| BBB   | 7,885                 |
| BBB-  | 4,265                 |
| BB+   | 285                   |
| BB  | 1,767                 |
| BB-   | 2,400                 |
| B   | 291                   |
| B-  | 617                   |
| Unrated   | 2                     |
| <b>Total bonds</b>  | <b>60,913</b>         |
| Futures   | 10                    |
| Forward currency contracts                                  | (28)                  |
| Liquidity   | 6,185                 |
| <b>Investment assets (including investment liabilities)</b> | <b>67,080</b>         |

## Portfolio movements

For the six months ending 31 July 2011

|   | £'000         |  | £'000           |
|---|---------------|--|-----------------|
| <b>Total of all purchases for the period</b>    | <b>45,061</b> | <b>Total of all sales for the period</b>           | <b>31,006</b>   |
| <b>Major purchases</b>                          | <b>Cost</b>   | <b>Major sales</b>                                 | <b>Proceeds</b> |
| JPM Sterling Liquidity 'X' (Income)             | 10,225        | JPM Sterling Liquidity 'X' (Income)                | 4,090           |
| Unilever 4% 2014                                | 1,336         | B.A.T. International Finance 6% 2022               | 1,023           |
| Santander Finance Preferred 11.3% FRN Perpetual | 1,288         | Citigroup 5.5% 2015                                | 892             |
| Bank of America 5.5% 2019                       | 1,215         | Lloyds Banking Group 7.5% 2024                     | 878             |
| Johnson & Johnson 5.5% 2024                     | 1,105         | Bank of America 6.125% 2021                        | 829             |
| Westpac Banking 5% 2019                         | 1,031         | Telefonica Emisiones 5.375% 2026                   | 665             |
| B.A.T. International Finance 6.375% 2019        | 909           | Telecom Italia 5.875% FRN 2023                     | 650             |
| Safeway 6.125% Bonds 2018                       | 851           | Royal Bank of Scotland 7.5% 2024                   | 616             |
| Roche 5.5% 2015                                 | 826           | Enel Finance International 5.75% 2040              | 590             |
| HSBC Capital Funding 8.208% FRN Perpetual       | 809           | Citigroup 6.8% 2038                                | 587             |
| Carrefour 5.375% 2012                           | 785           | E.ON International Finance 6.75% 2039              | 530             |
| GlaxoSmithKline Capital 5.25% 2033              | 771           | National Grid Electricity Transmission 7.375% 2031 | 467             |
| Virgin Media Secured Finance 5.5% 2021          | 745           | Wal-Mart Stores 5.25% 2035                         | 465             |
| London Power Networks 5.125% 2023               | 745           | HSBC 6% 2040                                       | 456             |
| Old Mutual 8% 2021                              | 738           | RL Finance 6.125% Perpetual STEP                   | 441             |
| Linde Finance 6.5% 2016                         | 729           | CRH Finance 8.25% 2015                             | 433             |
| Imperial Tobacco Finance 9% 2022                | 700           | Goldman Sachs Group 5.25% 2015                     | 426             |
| Porterbrook Rail Finance 5.5% 2019              | 677           | Imperial Tobacco Finance 8.125% 2024               | 423             |
| Statoil 6.875% 2031                             | 618           | Southern Electric Power Distribution 5.5% 2032     | 414             |
| Vodafone Group 5.375% 2017                      | 605           | Nationwide Building Society 5.769% Perpetual       | 404             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|---|-------|---------------|-------|---------------|
| Income  |       |               |       |               |
| Net capital gains   |       | 1,734         |       | 537           |
| Revenue   | 1,546 |               | 1,651 |               |
| Expenses  | (266) |               | (329) |               |
| Net revenue before taxation   | 1,280 |               | 1,322 |               |
| Taxation  | -     |               | -     |               |
| Net revenue after taxation  |       | 1,280         |       | 1,322         |
| <b>Total return before distributions</b>  |       | <b>3,014</b>  |       | <b>1,859</b>  |
| Finance costs: Distributions  |       | (1,280)       |       | (1,319)       |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>1,734</b>  |       | <b>540</b>    |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000   | 2011<br>£'000 | £'000   | 2010<br>£'000 |
|--|---------|---------------|---------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |         | <b>52,386</b> |         | <b>56,492</b> |
| Amounts receivable on issue of shares  | 11,631  |               | 415     |               |
| Amounts payable on cancellation of shares  | (3,054) |               | (2,530) |               |
|  |         | 8,577         |         | (2,115)       |
| Change in net assets attributable to shareholders from investment activities (see above) |         | 1,734         |         | 540           |
| Retained distributions on accumulation shares  |         | 513           |         | 486           |
| Unclaimed distributions  |         | 1             |         | 1             |
| <b>Closing net assets attributable to shareholders</b>                                   |         | <b>63,211</b> |         | <b>55,404</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                | 31 January 2011 |               |
|--|--------------|----------------|-----------------|---------------|
|  | £'000        | £'000          | £'000           | £'000         |
| <b>ASSETS</b>                                  |              |                |                 |               |
| Investment assets                              |              | 67,223         |                 | 51,551        |
| Debtors  | 1,480        |                | 1,620           |               |
| Cash and bank balances                         | 454          |                | 156             |               |
| <b>Total other assets</b>                      |              | <b>1,934</b>   |                 | <b>1,776</b>  |
| <b>Total assets</b>                            |              | <b>69,157</b>  |                 | <b>53,327</b> |
| <b>LIABILITIES</b>                             |              |                |                 |               |
| Investment liabilities                         |              | (143)          |                 | (38)          |
| Creditors                                      | (5,524)      |                | (635)           |               |
| Distribution payable on income shares          | (279)        |                | (268)           |               |
| <b>Total other liabilities</b>                 |              | <b>(5,803)</b> |                 | <b>(903)</b>  |
| <b>Total liabilities</b>                       |              | <b>(5,946)</b> |                 | <b>(941)</b>  |
| <b>Net assets attributable to shareholders</b> |              | <b>63,211</b>  |                 | <b>52,386</b> |

# JPM Strategic Bond Fund

## Investment objective and policy

To maximise returns by investing primarily in a global portfolio of fixed and floating rate debt securities.

The Fund may invest in developed and emerging market countries and hold investment grade, non-investment grade and unrated bonds. The Fund may have a concentrated portfolio and may have a significant exposure to any one country, sector or issuer, which may include emerging markets and non-investment grade or unrated bonds, at any time. Allocations between countries, sectors and ratings of bonds may vary significantly at any time. The Fund may use derivatives for investment purposes or Efficient Portfolio Management including hedging, where appropriate. The Fund is also permitted to invest up to 100% in government and public securities (see section 3.11(e) of the full Prospectus). The Fund's assets will be primarily either denominated in Sterling or hedged back to Sterling.

## Risk profile

Bond funds may not behave like direct investments in the underlying bonds themselves. By investing in bond funds, the certainty of receiving a regular fixed amount of income for a defined period of time with the prospect of a future known return of capital is lost.

Bond prices can fluctuate significantly depending not only on the global economic and interest rate conditions but also on the general credit market environment and the creditworthiness of the issuer.

The credit quality of high yield bonds is below investment grade and they usually offer higher yields to compensate for the reduced creditworthiness and the increased risk of default relative to investment grade bonds.

Bonds with a lower credit rating may have a higher risk of defaulting which may in turn have an adverse effect on the performance of funds which invest in them.

The investment policy of the Fund permits the use of derivatives and/or forward transactions for investment purposes. As a result the Fund may sometimes be leveraged, potentially increasing the volatility and therefore risk of the Fund.

The Fund may have a significant exposure to asset and mortgage backed securities (ABS and MBS). Owing to the nature of some ABS and MBS, the exact timing and size of cashflows paid by the securities may not be fully assured.

Bond funds will normally distribute a combination of coupon and the expected discount/premium on the securities. Therefore, a fund's distribution will comprise revenue received and an element of projected capital gains or losses. This could result in an element of capital gain being taxed as income in the hands of an investor.

## Fund review

The end of the review period saw a massive flight to quality resulting from wrangling over the debt ceiling in the US, ratings agency Standard & Poor's downgrade of the US sovereign rating to AA+, peripheral debt concerns in the eurozone and weakening global economic data. The equity and high yield credit markets were sharply lower, with heightened volatility accompanying the sell-off.

The Fund outperformed cash over the period. Allocation to investment grade and high yield credit was positive at the beginning of the period; however, over the second quarter it detracted on rising risk aversion. Duration positioning was generally a contributor of alpha (the losses from duration hedging of credit holdings in June notwithstanding). Allocation to local currency emerging market debt via Mexico, Korea, Indonesia and Brazil was also positive.

## Fund outlook

Policy rates will stay lower for longer, providing a positive backdrop for fixed income. If growth collapses and economies double dip then these sectors will underperform. If, however, growth remains anaemic, then low yields from competing assets, such as governments, cash and investment grade, are likely to push investors to allocate to these sectors as they grab yield.

## 12 month performance to 31 July

|   | 2011        | 2010         |
|---|-------------|--------------|
| <b>JPM Strategic Bond A-Class Acc</b>       | <b>5.7%</b> | <b>11.3%</b> |
| <b>JPM Strategic Bond C-Class Inc</b>       | <b>6.4%</b> | <b>-</b>     |
| <b>JPM Strategic Bond I-Class Gross Acc</b> | <b>7.3%</b> | <b>13.3%</b> |
| Benchmark Index                             | 7.2%        | 10.3%        |

## Six month performance to 31 July 2011

|                                       |             |
|---------------------------------------|-------------|
| <b>JPM Strategic Bond A-Class Acc</b> | <b>1.4%</b> |
| Benchmark Index                       | 7.0%        |

## Fund statistics

|                 |   |
|-----------------|---|
| Fund size       | <b>£174.6m</b>  |
| Benchmark Index | <b>BofA Merrill Lynch GBP Broad Market Index (Total Return Gross)</b> |
| Fund charges    |   |
| A-Class         | <b>Initial 3.50%, Annual 1.00%</b>                                    |
| C-Class         | <b>Initial Nil, Annual 0.50%</b>                                      |
| I-Class         | <b>Initial Nil, Annual 0.40%</b>                                      |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation and income shares. Performance returns are in Sterling.  
Source: J.P. Morgan.

## Top ten holdings

|                                       | %   |
|---------------------------------------|-----|
| United States Treasury 0% 27 Oct 2011 | 8.8 |
| Australia 5.75% 2021                  | 4.8 |
| United States Treasury 0% 6 Oct 2011  | 4.0 |
| South Africa 13.5% 2015               | 1.5 |
| Mexico 10% 2024                       | 1.5 |
| Barclays Bank 3.125% 2015             | 1.0 |
| Swedbank Mortgage 2.5% 2015           | 1.0 |
| BNP Paribas 2.5% Convertible 2015     | 1.0 |
| Credit Agricole 2.5% 2015             | 1.0 |
| ING Bank 2.25% 2015                   | 1.0 |

## Sector breakdown

|                            | %    |
|----------------------------|------|
| Fixed interest securities  | 61.7 |
| Government bonds           | 23.5 |
| Forward currency contracts | 0.7  |
| Futures                    | 0.2  |
| Liquidity                  | 9.5  |
| Net other assets           | 4.4  |

In line with current accounting practice the sector breakdown includes the unrealised profit or loss on derivative holdings and consequently the economic market exposure of the fund cannot be fully determined from the above disclosure.

## Highest/lowest share price and distribution record

| Calendar year  | Highest share price | Lowest share price | Distribution per share |
|--|---------------------|--------------------|------------------------|
| <b>A-Class Accumulation Shares<sup>A</sup></b>       |                     |                    |                        |
| 2009   | 57.46p              | 49.55p             | 0.89p                  |
| 2010   | 61.78p              | 57.39p             | 2.02p                  |
| 2011 <sup>B</sup>                                    | 63.31p              | 61.85p             | 1.33p                  |
| <b>A-Class Income Shares<sup>A</sup></b>             |                     |                    |                        |
| 2009   | 56.53p              | 49.55p             | 0.89p                  |
| 2010   | 58.71p              | 56.07p             | 1.97p                  |
| 2011 <sup>B</sup>                                    | 59.52p              | 58.06p             | 1.17p                  |
| <b>C-Class Income Shares<sup>C</sup></b>             |                     |                    |                        |
| 2009   | 104.0p              | 99.80p             | 0.13p                  |
| 2010   | 107.9p              | 103.0p             | 4.16p                  |
| 2011 <sup>B</sup>                                    | 109.4p              | 106.7p             | 2.58p                  |
| <b>I-Class Accumulation Shares<sup>D</sup></b>       |                     |                    |                        |
| 2011 <sup>B</sup>                                    | 100.6p              | 98.77p             | 0.66p                  |
| <b>I-Class Gross Accumulation Shares<sup>E</sup></b> |                     |                    |                        |
| 2009   | 112.2p              | 100.0p             | 1.98p                  |
| 2010   | 122.6p              | 112.2p             | 5.86p                  |
| 2011 <sup>B</sup>                                    | 126.4p              | 122.8p             | 3.96p                  |
| <b>I-Class Income Shares<sup>D</sup></b>             |                     |                    |                        |
| 2011 <sup>B</sup>                                    | 100.5p              | 98.73p             | 0.64p                  |
| <b>I-Class Gross Income Shares<sup>F</sup></b>       |                     |                    |                        |
| 2010   | 102.7p              | 98.44p             | 2.93p                  |
| 2011 <sup>B</sup>                                    | 104.2p              | 101.5p             | 3.28p                  |

<sup>A</sup> A-Class Accumulation and A-Class Income Shares were launched on 7 May 2009.

<sup>B</sup> To 31 July 2011.

<sup>C</sup> C-Class Income Shares were launched on 19 October 2009.

<sup>D</sup> I-Class Accumulation and I-Class Income Shares were launched on 21 April 2011.

<sup>E</sup> I-Class Gross Accumulation Shares were launched on 1 July 2009.

<sup>F</sup> I-Class Gross Income Shares were launched on 6 April 2010.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 457.5% |
| 31.07.11 | 272.8% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                                     | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|--|---------------------------------------|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b>       |                                       |                  |                           |                     |
| 31.01.10                                 | 38,003                                | 66,142,739       | 57.46p                    | 1.18%               |
| 31.01.11                                 | 43,847                                | 71,104,568       | 61.66p                    | 1.18%               |
| 31.07.11                                 | 68,970                                | 110,122,894      | 62.63p                    | 1.18%               |
| <b>A-Class Income Shares</b>             |                                       |                  |                           |                     |
| 31.01.10                                 | 3,390                                 | 6,037,885        | 56.14p                    | 1.18%               |
| 31.01.11                                 | 12,428                                | 21,395,451       | 58.09p                    | 1.18%               |
| 31.07.11                                 | 31,198                                | 53,542,183       | 58.27p                    | 1.18%               |
| <b>C-Class Income Shares</b>             |                                       |                  |                           |                     |
| 31.01.10                                 | 1,031                                 | 1,000,681        | 103.1p                    | 0.62%               |
| 31.01.11                                 | 20,596                                | 19,311,456       | 106.7p                    | 0.62%               |
| 31.07.11                                 | 51,630                                | 48,262,341       | 107.0p                    | 0.62%               |
| <b>I-Class Accumulation Shares</b>       |                                       |                  |                           |                     |
| 31.07.11                                 | 6                                     | 6,000            | 99.62p                    | 0.40%               |
| <b>I-Class Gross Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.10                                 | 3,934                                 | 3,503,290        | 112.3p                    | 0.40%               |
| 31.01.11                                 | 7,304                                 | 5,962,071        | 122.5p                    | 0.40%               |
| 31.07.11                                 | 9,099                                 | 7,261,505        | 125.3p                    | 0.40%               |
| <b>I-Class Income Shares</b>             |                                       |                  |                           |                     |
| 31.07.11                                 | 4,919                                 | 4,971,863        | 98.94p                    | 0.40%               |
| <b>I-Class Gross Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.11                                 | 5,462                                 | 5,390,375        | 101.3p                    | 0.40%               |
| 31.07.11                                 | 8,731                                 | 8,590,038        | 101.6p                    | 0.40%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment  | Holding     | Market value<br>£'000 | Total net<br>assets % | Investment   | Holding     | Market value<br>£'000 | Total net<br>assets % |
|---|-------------|-----------------------|-----------------------|--|-------------|-----------------------|-----------------------|
| <b>Fixed interest securities - 61.7% (81.0%)</b>            |             |                       |                       |  |             |                       |                       |
| <b>US Dollar - 48.3%</b>                                    |             |                       |                       |  |             |                       |                       |
| ABFC 2005-OPT1 Trust 2005-A2C FRN                           | \$228,471   | 127                   | 0.1                   | Directv 7.625% 2016  | \$100,000   | 67                    | -                     |
| ABS Home Equity Loan Trust 2004 FRN 2034                    | \$552,646   | 274                   | 0.2                   | Dish DBS 7.125% 2016   | \$100,000   | 65                    | -                     |
| Accellent 8.375% 2017                                       | \$750,000   | 479                   | 0.3                   | Dish DBS 7.875% 2019   | \$900,000   | 607                   | 0.3                   |
| ACCO Brands 10.625% 2015                                    | \$600,000   | 412                   | 0.2                   | Easton Bell Sports 9.75% 2016                                    | \$600,000   | 407                   | 0.2                   |
| ACE Securities Home Equity Trust Series 2005<br>FRN 2035    | \$137,485   | 79                    | -                     | EH Holding 6.5% 2019   | \$1,000,000 | 634                   | 0.4                   |
| AES 9.75% 2016  | \$600,000   | 423                   | 0.2                   | Energy Transfer Partners 4.65% 2021                              | \$280,000   | 170                   | 0.1                   |
| AES 8% 2017   | \$250,000   | 166                   | 0.1                   | Energy Transfer Partners 6.05% 2041                              | \$495,000   | 301                   | 0.2                   |
| Alliant Techsystems 6.75% 2016                              | \$600,000   | 380                   | 0.2                   | Ensko 4.7% 2021  | \$1,120,000 | 713                   | 0.4                   |
| Ally Financial 6.75% 2014                                   | \$1,000,000 | 645                   | 0.4                   | Enterger Arkansas 3.75% 2021                                     | \$1,330,000 | 789                   | 0.5                   |
| Alternative Loan Trust 6% 2022                              | \$861,805   | 496                   | 0.3                   | Enterprise Products 3.2% 2016                                    | \$1,000,000 | 632                   | 0.4                   |
| Altria Group 4.75% 2021                                     | \$490,000   | 309                   | 0.2                   | Fannie Mae 2003-13 NS FRN 2034                                   | \$3,557,460 | 434                   | 0.2                   |
| AMC Entertainments 8.75% 2019                               | \$500,000   | 327                   | 0.2                   | Fannie Mae 2005-67 SI FRN 2035                                   | \$1,969,710 | 206                   | 0.1                   |
| America Movil 5% 2020                                       | \$500,000   | 328                   | 0.2                   | Fannie Mae 2006-24 QS FRN 2036                                   | \$3,089,543 | 388                   | 0.2                   |
| American Home Mortgage Assets FRN 2046                      | \$152,163   | 46                    | -                     | Fannie Mae 2010-68 SJ FRN 2040                                   | \$2,220,390 | 255                   | 0.1                   |
| American International Group 6.4% 2020                      | \$750,000   | 497                   | 0.3                   | Federal Home Loan Mortgage FRN 2036                              | \$3,711,033 | 461                   | 0.3                   |
| Ameritrust Mortgage FRN 2034                                | \$1,145,000 | 570                   | 0.3                   | FFMLT Trust 0.527% 2035  | \$828,957   | 439                   | 0.3                   |
| Amkor Technology 7.375% 2018                                | \$1,000,000 | 639                   | 0.4                   | Fidelity National Information Services<br>7.875% 2020            | \$600,000   | 394                   | 0.2                   |
| Amsted Industries 8.125% 2018                               | \$500,000   | 323                   | 0.2                   | First Data 8.875% 2020   | \$500,000   | 330                   | 0.2                   |
| Anadarko Petroleum 6.375% 2017                              | \$1,060,000 | 763                   | 0.4                   | First Data 8.25% 2021  | \$70,000    | 42                    | -                     |
| Arcelormittal 5.5% 2021                                     | \$780,000   | 486                   | 0.3                   | First Data 12.625% 2021  | \$142,000   | 93                    | 0.1                   |
| Arch Coal 8.75% 2016  | \$500,000   | 341                   | 0.2                   | First Data 8.75% 2022  | \$321,000   | 194                   | 0.1                   |
| Ardagh Packaging Finance 7.375% 2017                        | \$200,000   | 127                   | 0.1                   | First Horizon Alternative Mortgage<br>Securities Trust 5.5% 2035 | \$1,646,479 | 950                   | 0.5                   |
| Ardagh Packaging Finance 9.125% 2020                        | \$800,000   | 520                   | 0.3                   | First Horizon Mortgage Pass Through Trust<br>5.5% 2035           | \$435,395   | 265                   | 0.2                   |
| Avaya 9.75% 2015  | \$200,000   | 125                   | 0.1                   | FirstEnergy 7.375% 2031  | \$500,000   | 359                   | 0.2                   |
| Avaya 10.125% 2015  | \$400,000   | 251                   | 0.1                   | Ford Motor Credit 6.625% 2017                                    | \$850,000   | 562                   | 0.3                   |
| Avaya 7% 2019   | \$400,000   | 240                   | 0.1                   | Freescale Semiconductor 9.25% 2018                               | \$1,000,000 | 673                   | 0.4                   |
| Avis Budget Car Rental 8.25% 2019                           | \$600,000   | 382                   | 0.2                   | Frontier Communications 6.625% 2015                              | \$250,000   | 161                   | 0.1                   |
| Banc of America Alternative Loan Trust<br>5.5% 2019         | \$2,656,582 | 1,648                 | 0.9                   | Frontier Communications 8.5% 2020                                | \$350,000   | 237                   | 0.1                   |
| Banc of America Alternative Loan Trust<br>6% 2035           | \$220,088   | 140                   | 0.1                   | GCI 8.625% 2019  | \$600,000   | 404                   | 0.2                   |
| Banc of America Alternative Loan Trust<br>6% 2046           | \$385,609   | 168                   | 0.1                   | Geo Group 7.75% 2017   | \$600,000   | 395                   | 0.2                   |
| Barrick Gold Financing 5.7% 2041                            | \$500,000   | 316                   | 0.2                   | Ginnie Mae 2011-48 MI 5% 2039                                    | \$971,630   | 95                    | 0.1                   |
| Bayview Financial Mortgage Trust FRN 2041                   | \$444,532   | 263                   | 0.2                   | Glatfelter 7.125% 2016   | \$600,000   | 381                   | 0.2                   |
| Bear Stearns ABS Trust FRN 2036                             | \$734,086   | 361                   | 0.2                   | Goldman Sachs Group 6.25% 2041                                   | \$250,000   | 153                   | 0.1                   |
| Biomet 10.375% 2017   | \$1,000,000 | 674                   | 0.4                   | Goodyear Tire & Rubber 8.25% 2020                                | \$600,000   | 405                   | 0.2                   |
| Blue Merger 7.625% 2019                                     | \$1,000,000 | 633                   | 0.4                   | Hanesbrands 8% 2016  | \$1,000,000 | 675                   | 0.4                   |
| Bumble Bee Acquisition 9% 2017                              | \$500,000   | 310                   | 0.2                   | Harrahs Operating 11.25% 2017                                    | \$1,000,000 | 676                   | 0.4                   |
| C Bass CBO VII 2nd Priority Notes                           | \$655,870   | 392                   | 0.2                   | Hartford Financial Services 6.625% 2040                          | \$300,000   | 190                   | 0.1                   |
| Camden Property Trust 4.625% 2021                           | \$870,000   | 538                   | 0.3                   | HCA 9.625% 2016  | \$600,000   | 395                   | 0.2                   |
| Capital One Financial 3.15% 2016                            | \$2,175,000 | 1,333                 | 0.8                   | HCP 5.375% 2021  | \$750,000   | 485                   | 0.3                   |
| Case New Holland 7.875% 2017                                | \$600,000   | 418                   | 0.2                   | Health Management Associates 6.125% 2016                         | \$600,000   | 383                   | 0.2                   |
| CB Spectrumbands 9.5% 2018                                  | \$1,000,000 | 685                   | 0.4                   | Host Marriott 'Q' 6.75% 2016                                     | \$600,000   | 380                   | 0.2                   |
| CCO Holdings 7.875% 2018                                    | \$1,000,000 | 665                   | 0.4                   | Huntsman International 5.5% 2016                                 | \$600,000   | 367                   | 0.2                   |
| Central Garden & Pet 8.25% 2018                             | \$1,000,000 | 631                   | 0.4                   | Indymac Index Mortgage Loan Trust                                | \$559,588   | 231                   | 0.1                   |
| Cequel Communications 8.625% 2017                           | \$600,000   | 393                   | 0.2                   | Ineos Finance 9% 2015  | \$500,000   | 325                   | 0.2                   |
| Chase Funding Mortgage Loan FRN 2033                        | \$1,196,098 | 710                   | 0.4                   | Intelsat Bermuda 11.25% 2016                                     | \$470,000   | 307                   | 0.2                   |
| Cigna 4.375% 2020   | \$740,000   | 460                   | 0.3                   | Intelsat Jackson 7.25% 2020                                      | \$530,000   | 330                   | 0.2                   |
| CIT Group 7% 2016   | \$600,000   | 369                   | 0.2                   | International Lease Finance 8.625% 2015                          | \$500,000   | 340                   | 0.2                   |
| Citigroup Mortgage Loan Trust 5.5% 2035                     | \$380,409   | 224                   | 0.1                   | International Lease Finance 8.75% 2017                           | \$500,000   | 342                   | 0.2                   |
| Citigroup Mortgage Loan Trust 2035 STEP                     | \$34,202    | 19                    | -                     | Intesa Sanpaolo 6.5% 2021  | \$870,000   | 540                   | 0.3                   |
| Citigroup Mortgage Loan Trust FRN 2037                      | \$1,718,612 | 1,001                 | 0.6                   | Iron Mountain 8.75% 2014   | \$500,000   | 320                   | 0.2                   |
| Clear Channel Worldwide 9.25% 2017                          | \$1,000,000 | 673                   | 0.4                   | Iron Mountain 8.375% 2021  | \$500,000   | 328                   | 0.2                   |
| Community Health Systems 8.875% 2015                        | \$850,000   | 539                   | 0.3                   | Jarden 8% 2016   | \$600,000   | 401                   | 0.2                   |
| Constellation Brands 7.25% 2016                             | \$600,000   | 401                   | 0.2                   | Jarden 7.5% 2017   | \$400,000   | 258                   | 0.1                   |
| Continental Airlines 7.25% 2019                             | \$380,767   | 253                   | 0.1                   | JDA Software 8% 2014   | \$600,000   | 404                   | 0.2                   |
| Corrections Corporation of America 6.75%<br>2014            | \$500,000   | 311                   | 0.2                   | JPMorgan Mortgage Trust 4.5% 2020                                | \$236,678   | 147                   | 0.1                   |
| Corrections Corporation of America 7.75%<br>2017            | \$100,000   | 67                    | -                     | JPMorgan Mortgage Trust 5.5% 2035                                | \$414,658   | 244                   | 0.1                   |
| Countrywide Home Loan Alternative Loan<br>Trust 5.75% 2035  | \$1,239,692 | 733                   | 0.4                   | Kraft Foods 5.375% 2020  | \$1,000,000 | 687                   | 0.4                   |
| Countrywide Home Loan Alternative Loan<br>Trust 6% 2035     | \$762,632   | 448                   | 0.3                   | Lehman Mortgage Trust 5.5% 2035                                  | \$582,663   | 300                   | 0.2                   |
| Countrywide Securities 2032                                 | \$452,235   | 225                   | 0.1                   | Long Beach Mortgage Loan Trust FRN 2034                          | \$2,270,000 | 1,116                 | 0.6                   |
| Coventry Health Care 5.45% 2021                             | \$605,000   | 389                   | 0.2                   | Lyondell Chemical 11% 2018                                       | \$600,000   | 417                   | 0.2                   |
| Credit Suisse Guernsey FRN Perpetual                        | \$1,300,000 | 632                   | 0.4                   | Mack Cali Realty 7.75% 2019                                      | \$500,000   | 374                   | 0.2                   |
| Credit-Based Asset Servicing and<br>Securitization FRN 2035 | \$317,413   | 194                   | 0.1                   | Marina District Finance 9.875% 2018                              | \$600,000   | 382                   | 0.2                   |
| CSFB Mortgage Backed Certificates 5.75%<br>2033             | \$279,551   | 169                   | 0.1                   | Master Alternative Loan Trust 5.5% 2035                          | \$613,508   | 355                   | 0.2                   |
| CWALT 2004-2CB 6% 2034                                      | \$1,098,836 | 657                   | 0.4                   | Master Alternative Loan Trust 5.75% 2035                         | \$347,521   | 183                   | 0.1                   |
| CWALT 2005-28CB 1A5 5.5% 2035                               | \$160,130   | 97                    | 0.1                   | Master Asset Backed Securities Trust 1.38%<br>2033               | \$133,929   | 78                    | -                     |
| DCP Midstream 5.35% 2020                                    | \$1,000,000 | 663                   | 0.4                   | MetroPCS Wireless 7.875% 2018                                    | \$600,000   | 392                   | 0.2                   |
| Delta Air Lines 6.2% 2018                                   | \$1,414,898 | 915                   | 0.5                   | MGM Resorts 7.5% 2016  | \$300,000   | 180                   | 0.1                   |
| Delta Air Lines 'A' 7.75% 2021                              | \$233,707   | 157                   | 0.1                   | MGM Resorts 11.125% 2017   | \$100,000   | 71                    | -                     |
| Denbury Resources 9.75% 2016                                | \$600,000   | 412                   | 0.2                   | MGM Resorts 9% 2020  | \$250,000   | 170                   | 0.1                   |
| Digital Group 10.5% 2018                                    | \$250,000   | 171                   | 0.1                   | Morgan Stanley 5.5% 2021   | \$1,360,000 | 852                   | 0.5                   |
|   |             |                       |                       | Morgan Stanley 5.75% 2021  | \$485,000   | 309                   | 0.2                   |
|   |             |                       |                       | Morgan Stanley ABS Capital I Income<br>FRN 2034                  | \$555,000   | 286                   | 0.2                   |
|   |             |                       |                       | Morgan Stanley Capital 5.21% 2042                                | \$405,000   | 271                   | 0.2                   |
|   |             |                       |                       | Morgan Stanley Mortgage Loan Trust<br>6.57% 2034                 | \$884,397   | 539                   | 0.3                   |
|   |             |                       |                       | Morgan Stanley Mortgage Loan Trust<br>FRN 2034                   | \$881,548   | 521                   | 0.3                   |

# Portfolio statement – continued

As at 31 July 2011

| Investment  | Holding     | Market value<br>£'000 | Total net<br>assets % | Investment  | Holding            | Market value<br>£'000 | Total net<br>assets % |
|---|-------------|-----------------------|-----------------------|---|--------------------|-----------------------|-----------------------|
| Mylan 7.875% 2020                                       | \$500,000   | 343                   | 0.2                   | BPCE 6.117% FRN Perpetual                               | €600,000           | 437                   | 0.3                   |
| Nationwide Financial Services 5.375% 2021               | \$440,000   | 276                   | 0.2                   | Conti Gummi Finance 6.5% 2016                           | €200,000           | 180                   | 0.1                   |
| Natixis FRN 2019  | \$1,200,000 | 671                   | 0.4                   | Credit Agricole 2.5% 2015                               | €2,000,000         | 1,734                 | 1.0                   |
| NBC Universal 4.375% 2021                               | \$1,010,000 | 627                   | 0.4                   | Fiat Industrial Finance 6.25% 2018                      | €500,000           | 427                   | 0.2                   |
| Nevada Power 5.375% 2040                                | \$800,000   | 498                   | 0.3                   | Fleet Street Finance Three FRN 2016                     | €860,226           | 670                   | 0.4                   |
| New Century Home Equity Loan Trust FRN 2034             | \$565,000   | 292                   | 0.2                   | FMC Finance 5.25% 2021                                  | €800,000           | 679                   | 0.4                   |
| New Jersey Economic Development Authority FRN 2021      | \$930,000   | 621                   | 0.4                   | HeidelbergCement 8% 2017                                | €225,000           | 213                   | 0.1                   |
| News America 6.15% 2041                                 | \$635,000   | 383                   | 0.2                   | HIT Finance 5.75% 2018                                  | €400,000           | 360                   | 0.2                   |
| Nisource Finance 5.95% 2041                             | \$700,000   | 440                   | 0.3                   | Hutchison Whamp 4.75% 2016                              | €600,000           | 552                   | 0.3                   |
| NRG Energy 7.625% 2018                                  | \$250,000   | 157                   | 0.1                   | ING Bank 2.25% 2015                                     | €2,000,000         | 1,718                 | 1.0                   |
| NXP 9.75% 2018  | \$1,000,000 | 693                   | 0.4                   | Kabel Deutschland 7.5% 2019                             | €200,000           | 177                   | 0.1                   |
| Ogletthorpe Power 5.375% 2040                           | \$465,000   | 285                   | 0.2                   | Lafarge 5% 2018   | €375,000           | 331                   | 0.2                   |
| Oncor Electric Delivery 5% 2017                         | \$1,150,000 | 776                   | 0.4                   | Lloyds Banking Group 6.5% 2020                          | €645,000           | 527                   | 0.3                   |
| Opteum Mortgage FRN 2035                                | \$470,382   | 271                   | 0.2                   | Pernod Ricard 5% 2017                                   | €1,300,000         | 1,158                 | 0.7                   |
| Option One Mortgage Loan Trust 2004-3 M-2 FRN 2034      | \$450,000   | 230                   | 0.1                   | Rexel 8.25% 2016  | €425,000           | 399                   | 0.2                   |
| Option One Mortgage Loan Trust 2004-3 M-3 FRN 2034      | \$453,229   | 224                   | 0.1                   | Royal Bank of Scotland 4.625% 2021                      | €425,000           | 320                   | 0.2                   |
| Paetec 8.875% 2017                                      | \$600,000   | 396                   | 0.2                   | Royal Bank of Scotland 4.31% FRN Perpetual              | €650,000           | 448                   | 0.3                   |
| Paetec 9.875% 2018                                      | \$400,000   | 262                   | 0.2                   | Smurfit Kappa Acquisition 7.25% 2017                    | €350,000           | 309                   | 0.2                   |
| Park Place Securities FRN Feb 2035                      | \$1,500,000 | 747                   | 0.4                   | Standard Chartered FRN 2018                             | €750,000           | 625                   | 0.4                   |
| Park Place Securities FRN Jun 2035                      | \$150,000   | 83                    | -                     | Swedbank Mortgage 2.5% 2015                             | €2,000,000         | 1,740                 | 1.0                   |
| Petrohawk Energy 10.5% 2014                             | \$600,000   | 418                   | 0.2                   | Ziggo Finance 6.125% 2017                               | €975,000           | 836                   | 0.5                   |
| Philip Morris International 5.65% 2018                  | \$755,000   | 533                   | 0.3                   | <b>Sterling – 2.7%</b>                                  |                    |                       |                       |
| Plains All American Pipeline 5.75% 2020                 | \$580,000   | 394                   | 0.2                   | Aegon 6.625% 2039                                       | €250,000           | 250                   | 0.1                   |
| PPL 5.375% 2021   | \$1,275,000 | 816                   | 0.5                   | BAA 7.125% 2017   | €420,000           | 414                   | 0.2                   |
| Quebecor Media 7.75% 2016                               | \$1,000,000 | 637                   | 0.4                   | Compagnie de Saint-Gobain 5.625% 2016                   | €300,000           | 329                   | 0.2                   |
| Qwest Communications International 7.5% 2014            | \$600,000   | 374                   | 0.2                   | Crown Newco 7% 2018                                     | €690,000           | 674                   | 0.4                   |
| Qwest Communications International 8% 2015              | \$400,000   | 268                   | 0.2                   | Eversholt Funding 6.359% 2025                           | €500,000           | 517                   | 0.3                   |
| Ramp Series Trust 0.95% 2034                            | \$455,893   | 227                   | 0.1                   | ING Bank 6.875% 2023                                    | €375,000           | 395                   | 0.2                   |
| RBS Global & Rexnord 8.5% 2018                          | \$600,000   | 397                   | 0.2                   | Old Mutual 8% 2021                                      | €300,000           | 309                   | 0.2                   |
| Renaissance 0.91% 2034                                  | \$2,398,785 | 932                   | 0.5                   | Suntrust Bank FRN 2012                                  | €100,000           | 98                    | 0.1                   |
| Residential Asset Securitization Trust 5% 2019          | \$560,272   | 344                   | 0.2                   | Swiss Reinsurance FRN Perpetual                         | €750,000           | 643                   | 0.4                   |
| Residential Asset Securitization Trust 6% 2035          | \$1,702,645 | 907                   | 0.5                   | UPM-Kymmene 6.625% 2017                                 | €450,000           | 465                   | 0.3                   |
| RFMSI Series Trust 6% 2036                              | \$161,797   | 97                    | 0.1                   | Xstrata Finance Canada 7.375% 2020                      | €480,000           | 560                   | 0.3                   |
| Rockies Express Pipeline 3.9% 2015                      | \$1,370,000 | 869                   | 0.5                   | <b>Government bonds – 23.5% (9.0%)</b>                  |                    |                       |                       |
| RSC Equipment Rental 8.25% 2021                         | \$1,000,000 | 639                   | 0.4                   | <b>United States of America – 13.0%</b>                 |                    |                       |                       |
| Sand Trust 2005-HE2 FRN 2035                            | \$11,159    | 7                     | -                     | United States Treasury 0% 6 Oct 2011                    | \$11,500,000       | 7,066                 | 4.0                   |
| SASC 2005 WF2 M2 FRN 2035                               | \$217,689   | 104                   | 0.1                   | United States Treasury 0% 27 Oct 2011                   | \$25,000,000       | 15,360                | 8.8                   |
| Saxon Asset Securities Trust FRN 2036                   | \$410,727   | 195                   | 0.1                   | United States Treasury 0% Dec 2011                      | \$652,000          | 401                   | 0.2                   |
| Sealy Mattress 8.25% 2014                               | \$600,000   | 371                   | 0.2                   | <b>Australia – 4.8%</b>                                 |                    |                       |                       |
| Service Corporation International 6.75% 2015            | \$600,000   | 396                   | 0.2                   | Australia 5.75% 2021                                    | AUD 11,500,000     | 8,290                 | 4.8                   |
| Servicemaster 10.75% 2015                               | \$500,000   | 323                   | 0.2                   | <b>South Africa – 1.5%</b>                              |                    |                       |                       |
| Simmons 11.25% 2015                                     | \$470,000   | 305                   | 0.2                   | South Africa 13.5% 2015                                 | ZAR 24,500,000     | 2,699                 | 1.5                   |
| Sprint Capital 8.75% 2032                               | \$1,000,000 | 671                   | 0.4                   | <b>Mexico – 1.5%</b>                                    |                    |                       |                       |
| Structured Asset Investment Loan Trust 1.33% 2033       | \$1,130,000 | 571                   | 0.3                   | Mexico 10% 2024   | MXN 400,000        | 2,640                 | 1.5                   |
| Structured Asset Securities 0.67% 2035                  | \$165,917   | 96                    | 0.1                   | <b>South Korea – 1.2%</b>                               |                    |                       |                       |
| Suncor Energy 6.5% 2038                                 | \$500,000   | 347                   | 0.2                   | Korea 4% 2012   | KRW 1,805,000,000  | 1,054                 | 0.6                   |
| Sungard Data Systems 10.25% 2015                        | \$630,000   | 401                   | 0.2                   | Korea 5.75% 2013  | KRW 1,800,000,000  | 1,110                 | 0.6                   |
| SUPERVALU 8% 2016                                       | \$625,000   | 400                   | 0.2                   | <b>Indonesia – 1.1%</b>                                 |                    |                       |                       |
| Telecom Italia Capital 7.721% 2038                      | \$515,000   | 314                   | 0.2                   | Indonesia 9% 2013                                       | IDR 13,700,000,000 | 1,058                 | 0.6                   |
| Telefonica Emisiones 5.462% 2021                        | \$560,000   | 345                   | 0.2                   | Indonesia 11.25% 2014                                   | IDR 11,100,000,000 | 911                   | 0.5                   |
| Tenet Healthcare 10% 2018                               | \$500,000   | 350                   | 0.2                   | <b>Brazil – 0.4%</b>                                    |                    |                       |                       |
| Tenet Healthcare 8% 2020                                | \$500,000   | 314                   | 0.2                   | Brazil 10% 2013   | BRL 1,740          | 662                   | 0.4                   |
| Terex 8% 2017   | \$500,000   | 313                   | 0.2                   | <b>Forward currency contracts – 0.7% (2.0%)</b>         |                    |                       |                       |
| United Health Group 5.7% 2040                           | \$270,000   | 173                   | 0.1                   | <b>Australian Dollar</b>                                |                    |                       |                       |
| United Surgical Partners 8.875% 2017                    | \$500,000   | 320                   | 0.2                   | Sell AUD 12,352,955 buy £8,151,194 dated 07/09/2011     | (110)              | (0.1)                 |                       |
| United Surgical Partners 9.25% 2017                     | \$500,000   | 322                   | 0.2                   | <b>Chilean Peso</b>                                     |                    |                       |                       |
| US Oncology Action Escrow 9.125% 2017                   | \$600,000   | 6                     | -                     | Buy CLP 572,229,276 sell \$1,222,712 dated 07/09/2011   | 17                 | -                     |                       |
| Vale Overseas 4.625% 2020                               | \$500,000   | 314                   | 0.2                   | <b>Chinese Yuan</b>                                     |                    |                       |                       |
| Valeant Pharmaceuticals 6.875% 2018                     | \$1,000,000 | 599                   | 0.3                   | Buy CNY 65,484,914 sell \$10,160,930 dated 07/09/2011   | 11                 | -                     |                       |
| Valero Energy 6.625% 2037                               | \$655,000   | 430                   | 0.2                   | Buy CNY 8,159,999 sell \$1,266,294 dated 21/12/2011     | 3                  | -                     |                       |
| Videotron 6.375% 2015                                   | \$600,000   | 380                   | 0.2                   | <b>Columbian Peso</b>                                   |                    |                       |                       |
| Visant 10% 2017   | \$600,000   | 381                   | 0.2                   | Buy COP 2,180,025,222 sell \$1,231,687 dated 07/09/2011 | (3)                | -                     |                       |
| Wachovia Bank 5.274% 2044                               | \$250,000   | 168                   | 0.1                   | <b>Euro</b>   |                    |                       |                       |
| Wells Fargo Mortgage Backed Securities Trust 4.75% 2020 | \$203,236   | 129                   | 0.1                   | Buy €2,000,000 sell £1,806,080 dated 07/09/2011         | (56)               | -                     |                       |
| Wells Fargo Mortgage Backed Securities Trust 6% 2037    | \$482,645   | 273                   | 0.2                   | Sell €21,170,240 buy £19,041,026 dated 07/09/2011       | 520                | 0.3                   |                       |
| Wind Acquisition Finance 11.75% 2017                    | \$600,000   | 409                   | 0.2                   | <b>Japanese Yen</b>                                     |                    |                       |                       |
| Windstream 8.125% 2018                                  | \$100,000   | 66                    | -                     | Buy ¥666,668,068 sell \$8,516,466 dated 07/09/2011      | 45                 | -                     |                       |
| Windstream 7.75% 2021                                   | \$250,000   | 163                   | 0.1                   | Sell ¥666,668,068 buy £5,147,047 dated 07/09/2011       | (134)              | (0.1)                 |                       |
| <b>Euro – 10.7%</b>                                     |             |                       |                       | <b>Indonesian Rupiah</b>                                |                    |                       |                       |
| Alliance Finance 4.375% Perpetual                       | €575,000    | 436                   | 0.2                   | Buy IDR 6,667,930,110 sell \$780,253 dated 07/09/2011   | 2                  | -                     |                       |
| Barclays Bank 3.125% 2015                               | €2,000,000  | 1,780                 | 1.0                   | <b>Korean Won</b>                                       |                    |                       |                       |
| Barclays Bank 6% 2021                                   | €750,000    | 632                   | 0.4                   | Buy KRW 604,584,422 sell \$568,621 dated 07/09/2011     | 2                  | -                     |                       |
| BNP Paribas 2.5% Convertible 2015                       | €2,000,000  | 1,739                 | 1.0                   | <b>Malaysian Ringgit</b>                                |                    |                       |                       |
|   |             |                       |                       | Buy MYR 12,006,612 sell \$3,986,608 dated 07/09/2011    | 31                 | -                     |                       |

# Portfolio statement – continued

As at 31 July 2011

| Investment  | Holding    | Market value<br>£'000 | Total net<br>assets % |
|---|------------|-----------------------|-----------------------|
| <b>Mexican Peso</b>   |            |                       |                       |
| Sell MXN 51,964,026 buy £2,764,850 dated 07/09/2011         |            | 60                    | 0.1                   |
| <b>US Dollar</b>  |            |                       |                       |
| Buy \$1,235,592 sell BRL 1,951,988 dated 08/09/2011         |            | 3                     | -                     |
| Buy \$354,265 sell €252,801 dated 07/09/2011                |            | (3)                   | -                     |
| Buy \$931,341 sell £571,276 dated 07/09/2011                |            | 1                     | -                     |
| Buy \$15,019,154 sell £9,327,263 dated 07/09/2011           |            | (94)                  | -                     |
| Sell \$152,266,366 buy £94,679,310 dated 07/09/2011         |            | 1,072                 | 0.6                   |
| Sell \$26,309,147 buy £16,063,959 dated 07/09/2011          |            | (110)                 | (0.1)                 |
| <b>South African Rand</b>                                   |            |                       |                       |
| Sell ZAR 30,446,087 buy £2,791,705 dated 07/09/2011         |            | 42                    | -                     |
| <b>Futures – 0.2% (0.5%)</b>                                |            |                       |                       |
| Euro BOBL Futures Sep 2011                                  | (68)       | (173)                 | (0.1)                 |
| Euro Bund Futures Sep 2011                                  | 75         | 331                   | 0.2                   |
| Federal Fund 30 Day Futures Dec 2011                        | (25)       | (9)                   | -                     |
| Federal Fund 30 Day Futures Mar 2012                        | (33)       | (7)                   | -                     |
| Long Gilt Futures Sep 2011                                  | 57         | 148                   | 0.1                   |
| US 2 Year Note Futures Sep 2011                             | (295)      | (7)                   | -                     |
| US 5 Year Note Futures Sep 2011                             | (80)       | (69)                  | -                     |
| US 10 Year Note Futures Sep 2011                            | 217        | 193                   | 0.1                   |
| US 10 Year Note Futures Sep 2011                            | (33)       | (52)                  | -                     |
| US Long Bond Futures Sep 2011                               | (59)       | (86)                  | (0.1)                 |
| <b>Liquidity – 9.5% (2.6%)</b>                              |            |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^                        | 16,543,500 | 16,544                | 9.5                   |
| <b>Investment assets (including investment liabilities)</b> |            | <b>166,951</b>        | <b>95.6</b>           |
| <b>Net other assets</b>                                     |            | <b>7,602</b>          | <b>4.4</b>            |
| <b>Net assets</b>   |            | <b>174,553</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

| Portfolio credit ratings                                    | Market value<br>£'000 |
|---|-----------------------|
| AAA   | 42,180                |
| AA+   | 162                   |
| AA  | 437                   |
| AA-   | 392                   |
| A+  | 3,519                 |
| A   | 4,047                 |
| A-  | 6,539                 |
| BBB+  | 8,928                 |
| BBB   | 11,745                |
| BBB-  | 4,929                 |
| BB+   | 7,594                 |
| BB  | 8,355                 |
| BB-   | 8,165                 |
| B+  | 10,551                |
| B   | 10,408                |
| B-  | 10,089                |
| CCC+  | 8,406                 |
| C   | 2,115                 |
| Unrated   | 278                   |
| <b>Total bonds</b>  | <b>148,839</b>        |
| Forward currency contracts                                  | 1,299                 |
| Futures   | 269                   |
| Liquidity   | 16,544                |
| <b>Investment assets (including investment liabilities)</b> | <b>166,951</b>        |

## Portfolio movements

For the six months ending 31 July 2011

|   | £'000          |  | £'000           |
|---|----------------|--|-----------------|
| <b>Total of all purchases for the period</b>                  | <b>259,597</b> | <b>Total of all sales for the period</b> | <b>177,729</b>  |
| <b>Major purchases</b>  | <b>Cost</b>    | <b>Major sales</b>                       | <b>Proceeds</b> |
| JPM Sterling Liquidity 'X' (Income)                           | 31,300         | JPM Sterling Liquidity 'X' (Income)      | 17,100          |
| United States Treasury 0% 27 Oct 2011                         | 15,240         | Mexico 8% 2013                           | 1,821           |
| Australia 5.75% 2021  | 8,143          | United States Treasury 0% Jul 2011       | 1,680           |
| United States Treasury 0% 6 Oct 2011                          | 7,209          | Israel 5% 2013                           | 1,445           |
| South Africa 13.5% 2015                                       | 2,597          | South Africa 7.25% 2020                  | 1,195           |
| Mexico 10% 2024   | 2,565          | Bank of America 3.75% 2016               | 1,167           |
| Barclays Bank 3.125% 2015                                     | 1,785          | RCI Banque 4.6% 2016                     | 1,077           |
| Swedbank Mortgage 2.5% 2015                                   | 1,743          | Anglogold Ashanti 5.375% 2020            | 1,027           |
| BNP Paribas 2.5% Convertible 2015                             | 1,740          | Lloyds Banking Group 6.5% 2020           | 917             |
| Credit Agricole 2.5% 2015                                     | 1,737          | Banco Bilbao Vizcaya Argentaria FRN 2017 | 852             |
| ING Bank 2.25% 2015   | 1,720          | Santander US 3.724% 2015                 | 804             |
| Banc of America Alternative Loan Trust 5.5% 2019              | 1,661          | American Airlines 5.25% 2022             | 760             |
| Lloyds Banking Group 6.5% 2020                                | 1,405          | Tyco International 7% 2019               | 750             |
| Capital One Financial 3.15% 2016                              | 1,346          | Discover Bank 8.7% 2019                  | 746             |
| Bank of America 3.75% 2016                                    | 1,155          | Time Warner 4.75% 2021                   | 723             |
| Pernod Ricard 5% 2017   | 1,123          | Metlife 6.75% 2016                       | 711             |
| Intesa Sanpaolo 6.5% 2021                                     | 1,106          | International Paper 7.95% Jun 2018       | 709             |
| RCI Banque 4.6% 2016  | 1,047          | Bank of America 3.625% 2016              | 706             |
| First Horizon Alternative Mortgage Securities Trust 5.5% 2035 | 1,016          | Nisource Finance 6.8% 2019               | 692             |
| Residential Asset Securitization Trust 6% 2035                | 997            | Ventas Realty 4.75% 2021                 | 670             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|---|-------|---------------|-------|---------------|
| Income  |       |               |       |               |
| Net capital losses  |       | (211)         |       | (53)          |
| Revenue   | 2,652 |               | 1,979 |               |
| Expenses  | (584) |               | (339) |               |
| Net revenue before taxation   | 2,068 |               | 1,640 |               |
| Taxation  | -     |               | -     |               |
| Net revenue after taxation  |       | 2,068         |       | 1,640         |
| <b>Total return before distributions</b>  |       | <b>1,857</b>  |       | <b>1,587</b>  |
| Finance costs: Distributions  |       | (2,062)       |       | (1,640)       |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>(205)</b>  |       | <b>(53)</b>   |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000   | 2011<br>£'000  | £'000   | 2010<br>£'000 |
|--|---------|----------------|---------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |         | <b>89,637</b>  |         | <b>46,358</b> |
| Amounts receivable on issue of shares  | 85,212  |                | 37,647  |               |
| Amounts payable on cancellation of shares  | (1,024) |                | (4,262) |               |
|  |         | 84,188         |         | 33,385        |
| Change in net assets attributable to shareholders from investment activities (see above) |         | (205)          |         | (53)          |
| Retained distributions on accumulation shares  |         | 933            |         | 1,146         |
| <b>Closing net assets attributable to shareholders</b>                                   |         | <b>174,553</b> |         | <b>80,836</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                 | 31 January 2011 |                |
|--|--------------|-----------------|-----------------|----------------|
|  | £'000        | £'000           | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |                 |                 |                |
| Investment assets                              |              | 167,864         |                 | 85,516         |
| Debtors  | 36,765       |                 | 6,968           |                |
| Cash and bank balances                         | 16,740       |                 | 602             |                |
| <b>Total other assets</b>                      |              | <b>53,505</b>   |                 | <b>7,570</b>   |
| <b>Total assets</b>                            |              | <b>221,369</b>  |                 | <b>93,086</b>  |
| <b>LIABILITIES</b>                             |              |                 |                 |                |
| Investment liabilities                         |              | (913)           |                 | (275)          |
| Creditors                                      | (45,360)     |                 | (2,828)         |                |
| Distribution payable on income shares          | (543)        |                 | (346)           |                |
| <b>Total other liabilities</b>                 |              | <b>(45,903)</b> |                 | <b>(3,174)</b> |
| <b>Total liabilities</b>                       |              | <b>(46,816)</b> |                 | <b>(3,449)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>174,553</b>  |                 | <b>89,637</b>  |

# JPM UK Active Index Plus Fund

(Formerly JPM UK Active 350 Fund)

## Important Information

### Changes to the investment policy, fund name and share class

Shareholders were informed of proposed changes to the investment objective and policy of the Fund and the introduction of a performance fee on 5 January 2011 which were subsequently approved at an Extraordinary General Meeting of Shareholders on 28 January 2011. These changes took effect from 1 February 2011. At the same time the name of the Fund was changed from the JPM UK Active 350 Fund to the JPM UK Active Index Plus Fund and the existing 'A' and 'I' Share Classes were consolidated into a new 'E' Share Class with an Authorised Corporate Director's fee of 0.25% p.a. and Fixed Expenses of 0.15% p.a.

### Investment objective and policy<sup>A</sup>

The Fund aims to provide capital growth and outperform the FTSE™ All-Share Index over the long term by investing primarily in a portfolio of UK companies.

Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed income securities, cash and cash equivalents may be held on an ancillary basis, as appropriate.

### Risk profile

This equity based Fund is conservatively managed and designed for investors looking for broad market exposure (which may include smaller companies) to a single developed stock market.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

### Fund review

The FTSE All-Share Index was up 1.2% in the six months to 31 July 2011. Markets were very volatile over the period as sovereign debt concerns continued to weigh on sentiment and economic indicators pointed towards a slowdown in growth in the UK, US and Europe.

Fund performance was positive and ahead of benchmark for the review period. In the Fund, the biggest positive contributor to relative returns was stock selection in the general retailers sector. Stock selection and an underweight position in banks, and stock selection and an overweight position in industrial engineering were also beneficial. Stock selection in technology, hardware & equipment and media detracted. At the stock level, an overweight position in Sports Direct International contributed positively to relative returns after posting a year-on-year rise in fiscal year profits, boosted by strong performance in its retail division. An underweight position in Lloyds Banking Group also added value after management said a slower UK economy and higher funding costs will weigh on margins this year. Stock-level detractors included an overweight position in Pace as the developer

of digital TV technologies warned that its full-year operating profits would be lower than expected due to margin pressures. An overweight position in United Business Media, which delivers international business information, also detracted after it received broker downgrades to its earnings forecasts following 2010 financial year results. However, relative performance was boosted by an overweight position in industrial engineering company IMI, which received broker upgrades after reporting strong revenue growth and issuing a positive outlook.

### Fund outlook

The UK economic outlook remains weak, with several global as well as domestic headwinds hindering activity. Nevertheless interest rates are low and monetary policy looks set to remain easy for a prolonged period despite higher inflation. UK stock valuations also look cheap compared to history and compared to bonds, offering attractive opportunities for long-term investors.

### 12 month performance to 31 July

|  | 2011         | 2010         | 2009          | 2008          | 2007        |
|--|--------------|--------------|---------------|---------------|-------------|
| <b>JPM Active Index Plus E-Class Acc<sup>B</sup></b> | <b>14.4%</b> | <b>19.8%</b> | <b>-13.6%</b> | <b>-16.3%</b> | <b>6.4%</b> |
| Benchmark Index <sup>C</sup>                         | 14.8%        | 19.3%        | -10.5%        | -12.7%        | 12.7%       |

### Six month performance to 31 July 2011

|  |             |
|--|-------------|
| <b>JPM Active Index Plus E-Class Acc<sup>B</sup></b> | <b>2.0%</b> |
| Benchmark Index <sup>C</sup>                         | 1.2%        |

### Fund statistics

|                                   |                                   |
|-----------------------------------|-----------------------------------|
| Fund size                         | £65.1m                            |
| Benchmark Index <sup>C</sup>      | FTSE All-Share (Total Return Net) |
| Fund charges E-Class <sup>B</sup> | Initial Nil, Annual 0.25%         |

### Top ten holdings

|                          | %   |
|--------------------------|-----|
| Royal Dutch Shell 'B'    | 8.2 |
| HSBC                     | 6.0 |
| Vodafone Group           | 5.2 |
| BP                       | 5.1 |
| Rio Tinto                | 4.0 |
| GlaxoSmithKline          | 3.5 |
| British American Tobacco | 3.5 |
| BHP Billiton             | 3.1 |
| BG Group                 | 3.0 |
| AstraZeneca              | 2.7 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 01/02/11 the investment objective and policy of the Fund was changed.

<sup>B</sup> The E-Class Shares were launched on 01/02/11 upon consolidation of the A and I Share Classes.

<sup>C</sup> The benchmark of the fund was changed from the FTSE™350 Index to the FTSE™ All-Share Index on 01/02/11.

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## Sector breakdown

|                    | %    |
|--------------------|------|
| Financials         | 21.9 |
| Oil & gas          | 17.4 |
| Basic materials    | 12.8 |
| Consumer goods     | 11.3 |
| Consumer services  | 8.6  |
| Health care        | 7.6  |
| Industrials        | 7.4  |
| Telecommunications | 6.7  |
| Utilities          | 3.3  |
| Technology         | 0.7  |
| Futures            | 0.0  |
| Liquidity          | 1.7  |
| Net other assets   | 0.6  |

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 111.6% |
| 31.07.11 | 35.9%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 35,500                                   | 27,979,196       | 126.9p                    | 1.18%               |
| 31.01.10                           | 51,527                                   | 30,838,442       | 167.1p                    | 1.16%               |
| 31.01.11                           | 59,545                                   | 29,936,871       | 198.9p                    | 1.17%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>h</sup>              | 16                                       | 55,816           | 28.24p                    | 1.18%               |
| 31.01.10 <sup>h</sup>              | 19                                       | 52,672           | 36.25p                    | 1.18%               |
| 31.01.11 <sup>h</sup>              | 25                                       | 58,998           | 42.37p                    | 1.18%               |
| <b>E-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.07.11                           | 65,087                                   | 32,076,261       | 202.9p                    | 0.54%               |
| <b>E-Class Income Shares</b>       |  |                  |                           |                     |
| 31.07.11                           | 61                                       | 141,633          | 43.21p                    | 0.54%               |
| <b>I-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 4,708                                    | 3,513,152        | 134.0p                    | 0.60%               |
| 31.01.10                           | 5,879                                    | 3,312,043        | 177.5p                    | 0.60%               |
| 31.01.11                           | 4,692                                    | 2,207,615        | 212.5p                    | 0.60%               |
| <b>I-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>h</sup>              | 5  | 8,000            | 56.76p                    | 0.60%               |
| 31.01.10 <sup>h</sup>              | 5  | 7,000            | 72.92p                    | 0.60%               |
| 31.01.11 <sup>h</sup>              | 1  | 1,165            | 85.14p                    | 0.60%               |

<sup>h</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio ("TER") includes the ACD fee and any fixed expenses charged to revenue over the period. When expressed as a percentage of the average daily net asset values over the same period this equates to 0.40%. The TER also includes a performance fee which is calculated as 10% of any outperformance of the Fund against its benchmark FTSE All-Share (Total Return Net). When expressed as a percentage of the average daily net asset values over the same period this equates to 0.14%. Full details on how the performance fee is calculated can be found in the Prospectus. The total TER for the period therefore is 0.54%.

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 207.1p              | 177.7p             | 3.37p                        |
| 2007   | 217.6p              | 188.8p             | 3.70p                        |
| 2008   | 201.0p              | 115.7p             | 4.37p                        |
| 2009   | 174.0p              | 108.1p             | 5.43p                        |
| 2010   | 203.1p              | 160.7p             | 4.24p                        |
| 2011 <sup>o</sup>                              | 206.4p              | 199.0p             | 3.63p                        |
| <b>A-Class Income Shares<sup>e</sup></b>       |                     |                    |                              |
| 2007   | 51.10p              | 43.67p             | 0.00p                        |
| 2008   | 46.41p              | 26.72p             | 0.00p                        |
| 2009   | 38.73p              | 24.06p             | 1.08p                        |
| 2010   | 44.08p              | 34.87p             | 0.94p                        |
| 2011 <sup>o</sup>                              | 44.80p              | 43.18p             | 0.79p                        |
| <b>E-Class Accumulation Shares<sup>f</sup></b> |                     |                    |                              |
| 2011 <sup>o</sup>                              | 210.8p              | 192.3p             | -                            |
| <b>E-Class Income Shares<sup>f</sup></b>       |                     |                    |                              |
| 2011 <sup>o</sup>                              | 44.89p              | 40.95p             | -                            |
| <b>I-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 216.2p              | 185.0p             | 4.40p                        |
| 2007   | 227.6p              | 197.7p             | 4.89p                        |
| 2008   | 211.1p              | 122.0p             | 5.76p                        |
| 2009   | 184.8p              | 114.3p             | 6.74p                        |
| 2010   | 216.9p              | 171.1p             | 5.37p                        |
| 2011 <sup>o</sup>                              | 220.5p              | 212.7p             | 4.99p                        |
| <b>I-Class Income Shares<sup>e</sup></b>       |                     |                    |                              |
| 2007   | 104.5p              | 90.79p             | 0.00p                        |
| 2008   | 96.90p              | 54.31p             | 2.63p                        |
| 2009   | 78.26p              | 48.41p             | 2.93p                        |
| 2010   | 89.12p              | 70.30p             | 2.27p                        |
| 2011 <sup>o</sup>                              | 90.59p              | 87.26p             | 2.06p                        |

<sup>o</sup> A-Class Accumulation Shares, A-Class Income Shares, I-Class Accumulation Shares and I-Class Income Shares were closed on 1 February 2011.

<sup>e</sup> A-Class Income Shares and I-Class Income Shares were launched on 2 January 2007.

<sup>f</sup> E-Class Accumulation Shares and E-Class Income Shares were launched on 1 February 2011.

<sup>o</sup> To 31 July 2011.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Financials - 21.9% (20.2%)</b>                        |           |                       |                       |
| <b>Banks - 10.2%</b>                                     |           |                       |                       |
| Barclays   | 422,900   | 933                   | 1.4                   |
| HSBC   | 655,422   | 3,928                 | 6.0                   |
| Lloyds Banking Group                                     | 816,905   | 355                   | 0.6                   |
| Royal Bank of Scotland Group                             | 1,097,853 | 388                   | 0.6                   |
| Standard Chartered                                       | 64,503    | 1,004                 | 1.6                   |
| <b>Equity investment instruments - 2.5%</b>              |           |                       |                       |
| JPM UK Smaller Companies 'I' (Accumulation)^             | 349,659   | 1,608                 | 2.5                   |
| <b>Financial services - 0.4%</b>                         |           |                       |                       |
| Aberdeen Asset Management                                | 53,865    | 121                   | 0.2                   |
| Brewin Dolphin   | 46,624    | 70                    | 0.1                   |
| Provident Financial                                      | 6,913     | 77                    | 0.1                   |
| <b>General financial - 1.9%</b>                          |           |                       |                       |
| Ashmore Group  | 53,410    | 214                   | 0.3                   |
| Hargreaves Lansdown                                      | 57,662    | 327                   | 0.5                   |
| Investec   | 40,577    | 193                   | 0.3                   |
| Schroders  | 19,113    | 309                   | 0.5                   |
| Tullett Prebon   | 61,874    | 220                   | 0.3                   |
| <b>Life insurance - 3.3%</b>                             |           |                       |                       |
| Aviva  | 148,524   | 587                   | 0.9                   |
| Legal & General Group                                    | 464,381   | 517                   | 0.8                   |
| Old Mutual   | 76,725    | 97                    | 0.2                   |
| Prudential   | 121,875   | 836                   | 1.3                   |
| Resolution   | 34,857    | 95                    | 0.1                   |
| <b>Nonlife insurance - 1.3%</b>                          |           |                       |                       |
| Admiral Group  | 10,558    | 161                   | 0.3                   |
| Amlin  | 69,582    | 279                   | 0.4                   |
| Beazley Group  | 21,968    | 29                    | -                     |
| Lancashire Holdings                                      | 45,308    | 315                   | 0.5                   |
| RSA Insurance Group                                      | 69,902    | 92                    | 0.1                   |
| <b>Real estate - 2.3%</b>                                |           |                       |                       |
| Capital & Counties Properties                            | 44,383    | 84                    | 0.1                   |
| Capital Shopping Centres Group                           | 76,633    | 287                   | 0.4                   |
| Derwent London   | 13,188    | 236                   | 0.4                   |
| Grainger   | 123,010   | 145                   | 0.2                   |
| Hammerson  | 92,014    | 426                   | 0.7                   |
| Land Securities  | 30,619    | 261                   | 0.4                   |
| Unite Group  | 22,573    | 48                    | 0.1                   |
| <b>Oil &amp; gas - 17.4% (17.5%)</b>                     |           |                       |                       |
| <b>Oil &amp; gas producers - 16.4%</b>                   |           |                       |                       |
| BG Group   | 136,067   | 1,974                 | 3.0                   |
| BP   | 733,731   | 3,327                 | 5.1                   |
| Royal Dutch Shell 'B'                                    | 236,712   | 5,319                 | 8.2                   |
| Tullow Oil   | 6,180     | 77                    | 0.1                   |
| <b>Oil equipment, services &amp; distribution - 1.0%</b> |           |                       |                       |
| AMEC   | 24,838    | 261                   | 0.4                   |
| Petrofac   | 28,866    | 407                   | 0.6                   |
| <b>Basic materials - 12.8% (13.7%)</b>                   |           |                       |                       |
| <b>Chemicals - 0.4%</b>                                  |           |                       |                       |
| Croda International                                      | 14,524    | 274                   | 0.4                   |
| <b>Forestry &amp; paper - 0.1%</b>                       |           |                       |                       |
| Mondi  | 12,498    | 75                    | 0.1                   |
| <b>Mining - 12.3%</b>                                    |           |                       |                       |
| Anglo American   | 55,312    | 1,621                 | 2.5                   |
| BHP Billiton   | 88,256    | 2,013                 | 3.1                   |
| Eurasian Natural Resources                               | 43,015    | 332                   | 0.5                   |
| Ferrexpo   | 71,364    | 328                   | 0.5                   |
| Kenmare Resources  | 147,679   | 83                    | 0.1                   |
| Rio Tinto  | 59,866    | 2,586                 | 4.0                   |
| Xstrata  | 78,683    | 1,024                 | 1.6                   |

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Consumer goods - 11.3% (10.4%)</b>              |         |                       |                       |
| <b>Automobiles &amp; parts - 0.1%</b>              |         |                       |                       |
| GKN  | 40,913  | 91                    | 0.1                   |
| <b>Beverages - 2.8%</b>                            |         |                       |                       |
| Diageo   | 90,567  | 1,129                 | 1.8                   |
| SABMiller  | 29,177  | 666                   | 1.0                   |
| <b>Food producers - 1.7%</b>                       |         |                       |                       |
| Dairy Crest Group                                  | 88,432  | 329                   | 0.5                   |
| Devro  | 9,154   | 23                    | -                     |
| Tate & Lyle  | 6,275   | 38                    | 0.1                   |
| Unilever   | 37,070  | 722                   | 1.1                   |
| <b>Household goods - 1.6%</b>                      |         |                       |                       |
| Berkeley Group                                     | 22,324  | 273                   | 0.4                   |
| Bovis Homes Group                                  | 6,001   | 25                    | -                     |
| Persimmon  | 41,464  | 189                   | 0.3                   |
| Reckitt Benckiser Group                            | 16,406  | 574                   | 0.9                   |
| <b>Personal goods - 0.7%</b>                       |         |                       |                       |
| Burberry Group                                     | 29,309  | 436                   | 0.7                   |
| <b>Tobacco - 4.4%</b>                              |         |                       |                       |
| British American Tobacco                           | 80,035  | 2,254                 | 3.5                   |
| Imperial Tobacco Group                             | 28,956  | 612                   | 0.9                   |
| <b>Consumer services - 8.6% (9.6%)</b>             |         |                       |                       |
| <b>Food &amp; drug retails - 2.3%</b>              |         |                       |                       |
| Morrison (Wm.) Supermarkets                        | 198,460 | 572                   | 0.9                   |
| Tesco  | 236,309 | 905                   | 1.4                   |
| <b>General retailers - 2.0%</b>                    |         |                       |                       |
| Debenhams  | 254,856 | 171                   | 0.2                   |
| Dunelm Group                                       | 6,762   | 32                    | -                     |
| JD Sports Fashion                                  | 19,318  | 186                   | 0.3                   |
| Kingfisher   | 22,728  | 58                    | 0.1                   |
| Next   | 19,522  | 464                   | 0.7                   |
| Sports Direct International                        | 143,066 | 375                   | 0.6                   |
| Supergroup   | 4,240   | 44                    | 0.1                   |
| <b>Media - 2.3%</b>                                |         |                       |                       |
| British Sky Broadcasting Group                     | 25,040  | 180                   | 0.3                   |
| Daily Mail   | 30,588  | 126                   | 0.2                   |
| Euromoney Institutional Investor                   | 25,628  | 173                   | 0.3                   |
| ITE Group  | 131,086 | 290                   | 0.4                   |
| ITV  | 439,655 | 311                   | 0.5                   |
| Rightmove Group                                    | 6,849   | 84                    | 0.1                   |
| United Business Media                              | 35,869  | 193                   | 0.3                   |
| WPP  | 22,353  | 155                   | 0.2                   |
| <b>Travel &amp; leisure - 2.0%</b>                 |         |                       |                       |
| Compass Group                                      | 13,701  | 79                    | 0.1                   |
| Intercontinental Hotels Group                      | 6,639   | 81                    | 0.1                   |
| International Consolidated Airline                 | 81,037  | 193                   | 0.3                   |
| Ladbrokes  | 129,371 | 190                   | 0.3                   |
| Rank Group   | 174,602 | 253                   | 0.4                   |
| Restaurant Group                                   | 59,169  | 172                   | 0.3                   |
| Stagecoach Group                                   | 12,027  | 30                    | -                     |
| Whitbread  | 8,948   | 139                   | 0.2                   |
| William Hill                                       | 83,325  | 193                   | 0.3                   |
| <b>Health care - 7.6% (7.2%)</b>                   |         |                       |                       |
| <b>Health care equipment &amp; services - 0.3%</b> |         |                       |                       |
| Smith & Nephew                                     | 30,673  | 197                   | 0.3                   |
| <b>Pharmaceuticals &amp; biotechnology - 7.3%</b>  |         |                       |                       |
| AstraZeneca  | 59,163  | 1,756                 | 2.7                   |
| GlaxoSmithKline                                    | 167,214 | 2,298                 | 3.5                   |
| Shire  | 34,180  | 729                   | 1.1                   |

# Portfolio statement – continued

As at 31 July 2011

| Investment  | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>Industrials – 7.4% (7.0%)</b>                            |           |                       |                       |
| <b>Aerospace &amp; defence – 1.4%</b>                       |           |                       |                       |
| BAE Systems   | 126,031   | 380                   | 0.6                   |
| Rolls Royce Group   | 79,878    | 513                   | 0.8                   |
| <b>Construction &amp; materials – 0.3%</b>                  |           |                       |                       |
| Kier Group  | 14,225    | 188                   | 0.3                   |
| <b>Electronics &amp; electrical equipment – 0.7%</b>        |           |                       |                       |
| Domino Printing Sciences                                    | 6,139     | 41                    | 0.1                   |
| Laird Group   | 22,823    | 41                    | 0.1                   |
| Morgan Crucible   | 9,675     | 32                    | -                     |
| Renishaw  | 10,782    | 182                   | 0.3                   |
| Spectris  | 9,496     | 148                   | 0.2                   |
| <b>General industrials – 0.9%</b>                           |           |                       |                       |
| RPC Group   | 67,266    | 241                   | 0.4                   |
| Smith (DS)  | 138,099   | 323                   | 0.5                   |
| <b>Industrial engineering – 1.2%</b>                        |           |                       |                       |
| Bodycote International                                      | 47,518    | 183                   | 0.3                   |
| IMI   | 39,233    | 411                   | 0.6                   |
| Weir Group  | 9,517     | 200                   | 0.3                   |
| <b>Support services – 2.9%</b>                              |           |                       |                       |
| Atkins (WS)   | 45,686    | 323                   | 0.5                   |
| Babcock International Group                                 | 4,573     | 30                    | -                     |
| Carillion   | 94,587    | 343                   | 0.5                   |
| Electrocomponents   | 94,136    | 218                   | 0.3                   |
| Experian  | 42,464    | 338                   | 0.5                   |
| Hays  | 151,002   | 136                   | 0.2                   |
| Howden Joinery Group  | 87,462    | 100                   | 0.2                   |
| Mitie Group   | 13,248    | 32                    | 0.1                   |
| Northgate   | 49,332    | 157                   | 0.2                   |
| SThree  | 64,324    | 233                   | 0.4                   |
| <b>Telecommunications – 6.7% (6.9%)</b>                     |           |                       |                       |
| <b>Fixed line telecommunications – 1.5%</b>                 |           |                       |                       |
| BT Group  | 397,929   | 796                   | 1.2                   |
| Talk Talk Telecom   | 139,813   | 198                   | 0.3                   |
| <b>Mobile telecommunications – 5.2%</b>                     |           |                       |                       |
| Vodafone Group  | 1,962,174 | 3,385                 | 5.2                   |
| <b>Utilities – 3.3% (3.1%)</b>                              |           |                       |                       |
| <b>Electricity – 0.9%</b>                                   |           |                       |                       |
| Drax Group  | 70,593    | 370                   | 0.6                   |
| Scottish & Southern Energy                                  | 14,864    | 194                   | 0.3                   |
| <b>Gas, water &amp; multiutilities – 2.4%</b>               |           |                       |                       |
| Centrica  | 246,440   | 754                   | 1.1                   |
| National Grid   | 71,594    | 428                   | 0.7                   |
| Northumbrian Water Group                                    | 89,056    | 401                   | 0.6                   |
| <b>Technology – 0.7% (1.5%)</b>                             |           |                       |                       |
| <b>Software &amp; computer services – 0.6%</b>              |           |                       |                       |
| Aveva Group   | 1,830     | 31                    | -                     |
| Computacenter   | 60,780    | 295                   | 0.5                   |
| Logica  | 45,802    | 54                    | 0.1                   |
| <b>Technology hardware &amp; equipment – 0.1%</b>           |           |                       |                       |
| ARM Holdings  | 6,184     | 36                    | 0.1                   |
| <b>Futures – 0.0% (0.0%)</b>                                |           |                       |                       |
| FTSE 100 Index Futures Sep 2011                             | 22        | (1)                   | -                     |
| <b>Liquidity – 1.7% (0.0%)</b>                              |           |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^                        | 1,100,000 | 1,100                 | 1.7                   |
| <b>Investment assets (including investment liabilities)</b> |           | <b>64,767</b>         | <b>99.4</b>           |
| <b>Net other assets</b>                                     |           | <b>381</b>            | <b>0.6</b>            |
| <b>Net assets</b>   |           | <b>65,148</b>         | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>13,529</b> | <b>Total of all sales for the period</b> | <b>11,438</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| JPM UK Smaller Companies 'I' (Accumulation)  | 1,574         | GlaxoSmithKline                          | 482             |
| JPM Sterling Liquidity 'X' (Income)          | 1,300         | Old Mutual                               | 442             |
| Shire  | 504           | Carnival                                 | 442             |
| BG Group                                     | 344           | Filtrona                                 | 401             |
| Schroders                                    | 337           | Mondi                                    | 302             |
| BAE Systems                                  | 310           | British American Tobacco                 | 271             |
| Carillion                                    | 304           | Britvic                                  | 270             |
| Capital Shopping Centres Group               | 294           | Lloyds Banking Group                     | 252             |
| Land Securities                              | 289           | Smiths Group                             | 250             |
| SThree                                       | 256           | Antofagasta                              | 225             |
| Prudential                                   | 256           | Royal Dutch Shell 'B'                    | 222             |
| Diageo                                       | 245           | Misys                                    | 221             |
| Misys  | 242           | Aveva Group                              | 214             |
| Electrocomponents                            | 232           | Homeserve                                | 213             |
| Derwent London                               | 221           | JPM Sterling Liquidity 'X' (Income)      | 200             |
| ITV  | 196           | Aggreko                                  | 200             |
| Ladbrokes                                    | 196           | Daily Mail                               | 187             |
| Next   | 196           | Pace                                     | 186             |
| Barclays                                     | 192           | Burberry Group                           | 184             |
| RPC Group                                    | 191           | Next                                     | 180             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|---|-------|---------------|-------|---------------|
| Income  |       |               |       |               |
| Net capital gains   |       | 318           |       | 2,651         |
| Revenue   | 1,163 |               | 1,126 |               |
| Expenses  | (129) |               | (328) |               |
| Performance fee   | (44)  |               | -     |               |
| Net revenue before taxation   | 990   |               | 798   |               |
| Taxation  | (2)   |               | -     |               |
| Net revenue after taxation  |       | 988           |       | 798           |
| <b>Total return before distributions</b>  |       | <b>1,306</b>  |       | <b>3,449</b>  |
| Finance costs: Distributions  |       | (4)           |       | (20)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>1,302</b>  |       | <b>3,429</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000 | 2011<br>£'000 | £'000   | 2010<br>£'000 |
|--|-------|---------------|---------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |       | <b>64,263</b> |         | <b>57,430</b> |
| Amounts receivable on issue of shares  | 498   |               | 109     |               |
| Amounts payable on cancellation of shares  | (914) |               | (3,193) |               |
|  |       | (416)         |         | (3,084)       |
| Change in net assets attributable to shareholders from investment activities (see above) |       | 1,302         |         | 3,429         |
| Stamp duty reserve tax   |       | (1)           |         | -             |
| <b>Closing net assets attributable to shareholders</b>                                   |       | <b>65,148</b> |         | <b>57,775</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |               | 31 January 2011 |               |
|--|--------------|---------------|-----------------|---------------|
|  | £'000        | £'000         | £'000           | £'000         |
| <b>ASSETS</b>                                  |              |               |                 |               |
| Investment assets                              |              | 64,768        |                 | 62,396        |
| Debtors  | 190          |               | 131             |               |
| Cash and bank balances                         | 264          |               | 1,893           |               |
| <b>Total other assets</b>                      |              | <b>454</b>    |                 | <b>2,024</b>  |
| <b>Total assets</b>                            |              | <b>65,222</b> |                 | <b>64,420</b> |
| <b>LIABILITIES</b>                             |              |               |                 |               |
| Investment liabilities                         |              | (1)           |                 | (22)          |
| Creditors                                      | (73)         |               | (134)           |               |
| Distribution payable on income shares          | -            |               | (1)             |               |
| <b>Total other liabilities</b>                 |              | <b>(73)</b>   |                 | <b>(135)</b>  |
| <b>Total liabilities</b>                       |              | <b>(74)</b>   |                 | <b>(157)</b>  |
| <b>Net assets attributable to shareholders</b> |              | <b>65,148</b> |                 | <b>64,263</b> |

# JPM UK Dynamic Fund

## Investment objective and policy

To maximise long-term capital growth by investing primarily in UK equities.

## Risk profile

This equity based Fund invests only in those stocks, (which may include smaller companies), which the Fund manager believes will outperform, irrespective of their benchmark weighting, and disregarding stocks most likely to under-perform in the opinion of the fund manager.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

This Fund is aggressively managed, which may result in higher volatility of the Fund's performance and bigger differences between the performance of the Fund and its benchmark when compared to core funds.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

## Fund review

The FTSE All-Share Index was up 1.2% in the six months to 31 July 2011. Markets were very volatile over the period as sovereign debt concerns continued to weigh on sentiment and economic indicators pointed towards a slowdown in growth in the UK, US and Europe.

Against this backdrop, the Fund was flat in the review period and underperformed its benchmark. Positive contributors to relative returns included an underweight position in the banks sector, stock selection in travel & leisure, and stock selection and an overweight position in industrial engineering. Stock selection in oil & gas producers and technology, hardware & equipment detracted, as did stock selection and an underweight position in tobacco. At the stock level, the Fund benefited from an underweight position in HSBC, which suffered on continued uncertainty over industry's new banking regulation and sovereign debt exposure. An overweight position in IMI was also beneficial as the industrial engineering company received broker upgrades after reporting strong revenue growth and issuing a positive outlook. Stock-level detractors included an underweight position in British American Tobacco, which received broker upgrades following better-than-expected earnings and the resumption of its share buyback programme, which it put on hold for two years as a result of the recession. The Fund's overweight position in Nautical Petroleum was also detrimental as the oil exploration company's share price fell back ahead of results from drilling operations in the North Sea. However, the Fund was boosted by its overweight position in online retailer ASOS, which reported strong fiscal fourth-quarter sales and increasing international exposure.

## Fund outlook

The UK economic outlook remains weak, with several global as well as domestic headwinds hindering activity. Nevertheless interest rates are low and monetary policy looks set to remain easy for a prolonged period despite higher inflation. UK stock valuations also look cheap compared to history and compared to bonds, offering attractive opportunities for long-term investors.

## 12 month performance to 31 July

|                                   | 2011         | 2010         | 2009          | 2008          | 2007         |
|-----------------------------------|--------------|--------------|---------------|---------------|--------------|
| <b>JPM UK Dynamic A-Class Acc</b> | <b>16.3%</b> | <b>16.5%</b> | <b>-15.6%</b> | <b>-11.7%</b> | <b>14.2%</b> |
| <b>JPM UK Dynamic B-Class Acc</b> | <b>17.0%</b> | <b>17.1%</b> | <b>-15.1%</b> | <b>-</b>      | <b>-</b>     |
| <b>Benchmark Index</b>            | <b>14.9%</b> | <b>19.4%</b> | <b>-10.5%</b> | <b>-13.3%</b> | <b>13.0%</b> |

## Six month performance to 31 July 2011

|                                   |             |
|-----------------------------------|-------------|
| <b>JPM UK Dynamic A-Class Acc</b> | <b>0.0%</b> |
| <b>Benchmark Index</b>            | <b>1.2%</b> |

## Fund statistics

|                        |  |
|------------------------|--|
| <b>Fund size</b>       | <b>£207.1m</b>                           |
| <b>Benchmark Index</b> | <b>FTSE All-Share (Total Return Net)</b> |
| <b>Fund charges</b>    |  |
| A-Class                | <b>Initial 4.25%, Annual 1.50%</b>       |
| B-Class                | <b>Initial Nil, Annual 1.00%</b>         |

## Top ten holdings

|                          | %   |
|--------------------------|-----|
| Royal Dutch Shell        | 8.2 |
| BP                       | 6.8 |
| Rio Tinto                | 5.3 |
| Vodafone Group           | 4.5 |
| GlaxoSmithKline          | 4.1 |
| AstraZeneca              | 4.0 |
| British American Tobacco | 4.0 |
| BT Group                 | 3.0 |
| Burberry Group           | 2.7 |
| Weir Group               | 2.5 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.  
Source: J.P. Morgan.

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## Sector breakdown

|                    | %    |
|--------------------|------|
| Industrials        | 17.0 |
| Oil & gas          | 16.2 |
| Basic materials    | 11.5 |
| Consumer goods     | 11.3 |
| Health care        | 11.1 |
| Consumer services  | 10.3 |
| Financials         | 9.1  |
| Telecommunications | 7.5  |
| Utilities          | 3.1  |
| Technology         | 1.2  |
| Liquidity          | 1.0  |
| Net other assets   | 0.7  |

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 508.9% |
| 31.07.11 | 201.8% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 101.2p              | 80.13p             | 0.95p                        |
| 2007   | 108.7p              | 92.43p             | 1.31p                        |
| 2008   | 104.5p              | 59.99p             | 1.35p                        |
| 2009   | 88.64p              | 57.47p             | 2.24p                        |
| 2010   | 102.7p              | 80.07p             | 1.08p                        |
| 2011 <sup>A</sup>                              | 106.5p              | 96.69p             | 0.81p                        |
| <b>A-Class Income Shares</b>                   |                     |                    |                              |
| 2006   | 95.16p              | 76.19p             | 0.90p                        |
| 2007   | 101.5p              | 85.77p             | 1.24p                        |
| 2008   | 96.69p              | 54.83p             | 1.25p                        |
| 2009   | 78.51p              | 51.80p             | 2.03p                        |
| 2010   | 89.86p              | 70.60p             | 0.96p                        |
| 2011 <sup>A</sup>                              | 93.04p              | 84.48p             | 0.71p                        |
| <b>B-Class Accumulation Shares<sup>B</sup></b> |                     |                    |                              |
| 2007   | 105.1p              | 98.00p             | -                            |
| 2008   | 105.2p              | 60.54p             | 1.36p                        |
| 2009   | 89.93p              | 58.11p             | 2.64p                        |
| 2010   | 104.8p              | 81.54p             | 1.56p                        |
| 2011 <sup>A</sup>                              | 109.0p              | 98.83p             | 1.37p                        |

<sup>A</sup> To 31 July 2011.

<sup>B</sup> B-Class Accumulation Shares were launched on 20 November 2007.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 153,505                                  | 230,813,837      | 66.51p                    | 1.66%               |
| 31.01.10                           | 133,081                                  | 160,321,157      | 83.01p                    | 1.67%               |
| 31.01.11                           | 124,699                                  | 121,940,489      | 102.3p                    | 1.67%               |
| 31.07.11                           | 113,017                                  | 110,393,941      | 102.4p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09                           | 137,409                                  | 229,204,177      | 59.95p                    | 1.67%               |
| 31.01.10                           | 99,639                                   | 136,234,500      | 73.14p                    | 1.67%               |
| 31.01.11                           | 91,270                                   | 102,145,673      | 89.35p                    | 1.67%               |
| 31.07.11                           | 90,563                                   | 101,866,956      | 88.90p                    | 1.68%               |
| <b>B-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 3,147                                    | 4,682,069        | 67.22p                    | 1.13%               |
| 31.01.10                           | 3,485                                    | 4,132,104        | 84.35p                    | 1.14%               |
| 31.01.11                           | 3,468                                    | 3,319,665        | 104.5p                    | 1.14%               |
| 31.07.11                           | 3,495                                    | 3,333,343        | 104.8p                    | 1.15%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Industrials - 17.0% (21.0%)</b>                   |           |                       |                       |
| <b>Aerospace &amp; defence - 1.1%</b>                |           |                       |                       |
| BAE Systems  | 787,562   | 2,377                 | 1.1                   |
| <b>Construction &amp; materials - 0.9%</b>           |           |                       |                       |
| Balfour Beatty                                       | 590,852   | 1,787                 | 0.9                   |
| <b>Electronics &amp; electrical equipment - 1.9%</b> |           |                       |                       |
| Oxford Instruments                                   | 271,475   | 2,644                 | 1.3                   |
| Spectris   | 77,329    | 1,202                 | 0.6                   |
| <b>General industrials - 1.8%</b>                    |           |                       |                       |
| RPC Group  | 448,987   | 1,609                 | 0.8                   |
| Smith (DS)   | 881,987   | 2,066                 | 1.0                   |
| <b>Industrial engineering - 4.5%</b>                 |           |                       |                       |
| Bodycote International                               | 282,822   | 1,087                 | 0.5                   |
| IMI  | 156,020   | 1,634                 | 0.8                   |
| Melrose  | 400,618   | 1,423                 | 0.7                   |
| Weir Group   | 246,157   | 5,179                 | 2.5                   |
| <b>Support services - 6.8%</b>                       |           |                       |                       |
| Aggreko  | 66,031    | 1,269                 | 0.6                   |
| Cape   | 513,096   | 2,873                 | 1.4                   |
| Diploma  | 297,738   | 1,101                 | 0.5                   |
| Howden Joinery Group                                 | 1,220,949 | 1,403                 | 0.7                   |
| Interserve   | 607,206   | 1,983                 | 1.0                   |
| John Menzies   | 421,540   | 2,139                 | 1.0                   |
| Northgate  | 1,011,102 | 3,222                 | 1.6                   |
| <b>Oil &amp; gas - 16.2% (14.5%)</b>                 |           |                       |                       |
| <b>Oil &amp; gas producers - 16.2%</b>               |           |                       |                       |
| Aurelian Oil & Gas                                   | 750,394   | 503                   | 0.2                   |
| BP   | 3,104,403 | 14,078                | 6.8                   |
| Chariot Oil & Gas                                    | 208,779   | 355                   | 0.2                   |
| Dragon Oil   | 194,642   | 1,077                 | 0.5                   |
| Nautical Petroleum                                   | 190,314   | 620                   | 0.3                   |
| Royal Dutch Shell 'A' (GBP)                          | 133,104   | 2,987                 | 1.4                   |
| Royal Dutch Shell 'A' (NLG)                          | 232,116   | 5,209                 | 2.5                   |
| Royal Dutch Shell 'B'                                | 394,576   | 8,866                 | 4.3                   |
| <b>Basic materials - 11.5% (16.7%)</b>               |           |                       |                       |
| <b>Chemicals - 0.4%</b>                              |           |                       |                       |
| Elementis  | 469,444   | 768                   | 0.4                   |
| <b>Industrial metals - 1.4%</b>                      |           |                       |                       |
| Ferrexpo   | 158,254   | 728                   | 0.4                   |
| London Mining  | 523,879   | 1,987                 | 1.0                   |
| <b>Mining - 9.7%</b>                                 |           |                       |                       |
| Anglo American                                       | 69,345    | 2,033                 | 1.0                   |
| BHP Billiton   | 165,849   | 3,783                 | 1.8                   |
| Rio Tinto  | 255,121   | 11,021                | 5.3                   |
| Xstrata  | 262,318   | 3,413                 | 1.6                   |
| <b>Consumer goods - 11.3% (6.7%)</b>                 |           |                       |                       |
| <b>Automobiles &amp; Parts - 0.5%</b>                |           |                       |                       |
| BMW  | 16,815    | 1,027                 | 0.5                   |
| <b>Food producers - 2.7%</b>                         |           |                       |                       |
| New Britain Palm Oil                                 | 329,299   | 3,046                 | 1.5                   |
| R.E.A.   | 155,724   | 1,069                 | 0.5                   |
| Tate & Lyle  | 254,557   | 1,550                 | 0.7                   |
| <b>Household goods - 1.4%</b>                        |           |                       |                       |
| Berkeley Group                                       | 235,677   | 2,878                 | 1.4                   |
| <b>Personal goods - 2.7%</b>                         |           |                       |                       |
| Burberry Group                                       | 372,886   | 5,545                 | 2.7                   |
| <b>Tobacco - 4.0%</b>                                |           |                       |                       |
| British American Tobacco                             | 291,968   | 8,223                 | 4.0                   |
| <b>Health care - 11.1% (5.4%)</b>                    |           |                       |                       |
| <b>Pharmaceuticals &amp; biotechnology - 11.1%</b>   |           |                       |                       |
| Abcam  | 564,943   | 2,257                 | 1.1                   |
| AstraZeneca  | 278,485   | 8,264                 | 4.0                   |
| GlaxoSmithKline                                      | 613,870   | 8,438                 | 4.1                   |
| Shire  | 184,004   | 3,923                 | 1.9                   |

| Investment  | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>Consumer services - 10.3% (9.7%)</b>           |           |                       |                       |
| <b>Food &amp; drug retails - 1.1%</b>             |           |                       |                       |
| Booker Group                                      | 2,258,707 | 1,675                 | 0.8                   |
| Sainsbury (I)                                     | 226,489   | 686                   | 0.3                   |
| <b>General retailers - 4.2%</b>                   |           |                       |                       |
| ASOS  | 45,084    | 1,035                 | 0.5                   |
| Inchcape  | 387,720   | 1,552                 | 0.7                   |
| Kingfisher  | 396,530   | 1,003                 | 0.5                   |
| Mulberry Group                                    | 43,632    | 778                   | 0.4                   |
| Next  | 144,818   | 3,444                 | 1.7                   |
| Signet Jewelers                                   | 30,222    | 797                   | 0.4                   |
| <b>Media - 2.0%</b>                               |           |                       |                       |
| Mecom   | 375,349   | 886                   | 0.4                   |
| Pearson   | 137,921   | 1,583                 | 0.8                   |
| Rightmove Group                                   | 131,085   | 1,610                 | 0.8                   |
| <b>Travel &amp; leisure - 3.0%</b>                |           |                       |                       |
| Go-Ahead Group                                    | 226,025   | 3,472                 | 1.7                   |
| Stagecoach Group                                  | 421,985   | 1,060                 | 0.5                   |
| William Hill                                      | 748,672   | 1,731                 | 0.8                   |
| <b>Financials - 9.1% (12.1%)</b>                  |           |                       |                       |
| <b>Banks - 2.2%</b>                               |           |                       |                       |
| HSBC  | 762,537   | 4,570                 | 2.2                   |
| <b>General financial - 1.3%</b>                   |           |                       |                       |
| GlobeOp Financial Services                        | 273,942   | 1,205                 | 0.6                   |
| Paragon Group of Companies                        | 758,080   | 1,479                 | 0.7                   |
| <b>Life insurance - 1.2%</b>                      |           |                       |                       |
| Legal & General Group                             | 935,536   | 1,040                 | 0.5                   |
| Old Mutual  | 1,218,372 | 1,544                 | 0.7                   |
| <b>Nonlife insurance - 1.6%</b>                   |           |                       |                       |
| Lancashire Holdings                               | 490,836   | 3,416                 | 1.6                   |
| <b>Real estate - 2.8%</b>                         |           |                       |                       |
| British Land                                      | 356,484   | 2,089                 | 1.0                   |
| Land Securities                                   | 279,899   | 2,385                 | 1.1                   |
| Unite Group                                       | 670,017   | 1,424                 | 0.7                   |
| <b>Telecommunications - 7.5% (9.2%)</b>           |           |                       |                       |
| <b>Fixed line telecommunications - 3.0%</b>       |           |                       |                       |
| BT Group  | 3,076,915 | 6,154                 | 3.0                   |
| <b>Mobile telecommunications - 4.5%</b>           |           |                       |                       |
| Vodafone Group                                    | 5,408,201 | 9,329                 | 4.5                   |
| <b>Utilities - 3.1% (2.7%)</b>                    |           |                       |                       |
| <b>Electricity - 1.4%</b>                         |           |                       |                       |
| Drax Group  | 538,125   | 2,820                 | 1.4                   |
| <b>Gas, water &amp; multiutilities - 1.7%</b>     |           |                       |                       |
| National Grid                                     | 432,892   | 2,587                 | 1.2                   |
| Northumbrian Water Group                          | 246,622   | 1,111                 | 0.5                   |
| <b>Technology - 1.2% (3.0%)</b>                   |           |                       |                       |
| <b>Software &amp; computer services - 0.3%</b>    |           |                       |                       |
| Blinkx  | 654,879   | 712                   | 0.3                   |
| <b>Technology hardware &amp; equipment - 0.9%</b> |           |                       |                       |
| ARM Holdings                                      | 249,446   | 1,438                 | 0.7                   |
| Nanoco Group                                      | 470,743   | 373                   | 0.2                   |
| <b>Liquidity - 1.0% (0.0%)</b>                    |           |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^              | 2,050,000 | 2,050                 | 1.0                   |
| <b>Investment assets</b>                          |           | <b>205,684</b>        | <b>99.3</b>           |
| <b>Net other assets</b>                           |           | <b>1,391</b>          | <b>0.7</b>            |
| <b>Net assets</b>                                 |           | <b>207,075</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000          |  | £'000           |
|--|----------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>221,720</b> | <b>Total of all sales for the period</b> | <b>236,547</b>  |
| <b>Major purchases</b>                       | <b>Cost</b>    | <b>Major sales</b>                       | <b>Proceeds</b> |
| HSBC   | 13,873         | HSBC                                     | 15,056          |
| GlaxoSmithKline                              | 9,636          | GKN                                      | 8,299           |
| AstraZeneca                                  | 9,099          | AstraZeneca                              | 7,073           |
| Royal Dutch Shell 'B'                        | 8,813          | Barclays                                 | 6,440           |
| British American Tobacco                     | 8,434          | BG Group                                 | 5,767           |
| JPM Sterling Liquidity 'X' (Income)          | 7,700          | Anglo American                           | 5,622           |
| Barclays                                     | 7,219          | JPM Sterling Liquidity 'X' (Income)      | 5,650           |
| Burberry Group                               | 6,231          | Vodafone Group                           | 5,249           |
| BG Group                                     | 6,227          | ITV                                      | 5,150           |
| Rio Tinto                                    | 5,432          | Avocet Mining                            | 4,451           |
| Weir Group                                   | 5,141          | Rio Tinto                                | 4,491           |
| ARM Holdings                                 | 4,239          | Wolseley                                 | 4,223           |
| BP   | 4,011          | Imperial Tobacco Group                   | 4,219           |
| Imperial Tobacco Group                       | 3,917          | Aviva                                    | 4,106           |
| Cookson Group                                | 3,803          | Burberry Group                           | 4,068           |
| Lloyds Banking Group                         | 3,632          | Senior                                   | 3,893           |
| Next   | 3,466          | United Business Media                    | 3,703           |
| GKN  | 3,460          | ARM Holdings                             | 3,434           |
| Go-Ahead Group                               | 3,406          | Cookson Group                            | 3,428           |
| Anglo American                               | 3,382          | Renishaw                                 | 3,422           |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011           | 2010          |
|---|----------------|---------------|
| £'000   | £'000          | £'000         |
| Income  |                |               |
| Net capital (losses)/gains  | (1,004)        | 12,739        |
| Revenue   | 3,180          | 3,768         |
| Expenses  | (1,770)        | (1,962)       |
| Finance costs: Interest   | -              | (3)           |
| Net revenue before taxation   | 1,410          | 1,803         |
| Taxation  | (62)           | (26)          |
| Net revenue after taxation  | 1,348          | 1,777         |
| <b>Total return before distributions</b>  | <b>344</b>     | <b>14,516</b> |
| Finance costs: Distributions  | (1,348)        | (1,774)       |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>(1,004)</b> | <b>12,742</b> |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011    | 31 January 2011 |
|--|-----------------|-----------------|
| £'000  | £'000           | £'000           |
| <b>ASSETS</b>                                  |                 |                 |
| Investment assets                              | 205,684         | 221,554         |
| Debtors  | 21,448          | 6,840           |
| Cash and bank balances                         | 674             | 2,931           |
| <b>Total other assets</b>                      | <b>22,122</b>   | <b>9,771</b>    |
| <b>Total assets</b>                            | <b>227,806</b>  | <b>231,325</b>  |
| <b>LIABILITIES</b>                             |                 |                 |
| Creditors                                      | (20,171)        | (11,378)        |
| Bank overdraft                                 | -               | (347)           |
| Distribution payable on income shares          | (560)           | (163)           |
| <b>Total liabilities</b>                       | <b>(20,731)</b> | <b>(11,888)</b> |
| <b>Net assets attributable to shareholders</b> | <b>207,075</b>  | <b>219,437</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | 2011           | 2010           |
|--|----------------|----------------|
| £'000  | £'000          | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   | <b>219,437</b> | <b>236,205</b> |
| Amounts receivable on issue of shares  | 6,214          | 3,277          |
| Amounts payable on cancellation of shares  | (18,273)       | (33,278)       |
|  | (12,059)       | (30,001)       |
| Change in net assets attributable to shareholders from investment activities (see above) | (1,004)        | 12,742         |
| Retained distributions on accumulation shares  | 726            | 930            |
| Stamp duty reserve tax   | (25)           | (103)          |
| <b>Closing net assets attributable to shareholders</b>                                   | <b>207,075</b> | <b>219,773</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

# JPM UK Equity & Bond Income Fund

## Investment objective and policy

To provide a high and stable income, with the prospect of capital and income growth over the long term, by investing in a balanced portfolio of securities. The Fund currently invests predominantly in a balanced portfolio of blue chip UK equities, gilt edged securities and other UK fixed interest instruments. The Fund may invest up to 100% in government and public securities (see section 3.11(e) of the full Prospectus).

## Risk profile

This Fund invests in both equities (which may include smaller companies) and bonds.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

Bond prices can fluctuate significantly depending not only on the global economic and interest rate conditions but also on the general credit market environment and the creditworthiness of the issuer.

This Fund charges the fees of the ACD against capital, which will increase the amount of income available for distribution to Shareholders, but may constrain capital growth. It may also have tax implications for certain investors.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

## Fund review

UK equities were very volatile over the period as sovereign debt concerns continued to weigh on sentiment and economic indicators pointed towards a slowdown in growth in the UK, US and Europe. Corporate spreads widened at the end of the period amid growing risk aversion, but Gilt yields dropped to new lows as investors sought safety in the UK government bond market.

Against this backdrop, the Fund produced a solid positive return although ended slightly behind its benchmark. In the equity portion of the portfolio, positive contributions to relative returns came from stock selection and an overweight position in the industrial engineering sector, stock selection in financial services and an underweight position in banks. Stock selection in media and support services detracted. At the stock level, the biggest positive contributor to relative returns was an underweight position in Lloyds Banking Group, which said a slower UK economy and higher funding costs will weigh on margins this year. An overweight position in IMI also contributed positively as the industrial engineering company received broker upgrades after reporting strong revenue growth and issuing a positive outlook. Stock-level detractors included an overweight position in broadcaster ITV, which received broker downgrades citing pressure on television advertising. An overweight position in CPP Group also detracted as the life assistance products and services provider suspended sales of its identity protection product, which makes up around 20% of revenue.

The bond portion of the portfolio maintained its conservative bias, with an allocation to UK government bonds versus credit. We also maintained an underweight relative to the benchmark in financial names and a position in highly rated supra national positions. Our decision to be overweight on Italian bonds relative to the benchmark detracted from performance although our credit names in utilities and non-cyclical consumer names performed well.

## Fund outlook

The UK economic outlook remains weak, with several global as well as domestic headwinds hindering activity. Nevertheless interest rates are low and monetary policy looks set to remain easy for a prolonged period despite higher inflation. UK stock valuations also look cheap compared to history and compared to bonds, offering attractive opportunities for long-term investors.

## 12 month performance to 31 July

|  | 2011         | 2010         | 2009         | 2008          | 2007        |
|--|--------------|--------------|--------------|---------------|-------------|
| <b>JPM UK Equity &amp; Bond Income A-Class Acc</b> | <b>12.1%</b> | <b>15.3%</b> | <b>-7.2%</b> | <b>-12.4%</b> | <b>5.3%</b> |
| Benchmark Index                                    | 12.4%        | 16.3%        | -4.9%        | -8.0%         | 8.9%        |

## Six month performance to 31 July 2011

|  |             |
|--|-------------|
| <b>JPM UK Equity &amp; Bond Income A-Class Acc</b> | <b>2.3%</b> |
| Benchmark Index                                    | 2.7%        |

## Fund statistics

|                 |  |
|-----------------|--|
| Fund size       | £171.2m  |
| Benchmark Index | 70% FTSE All-Share (Total Return Net)/<br>30% BofA Merrill Lynch AA+ Eurosterling Index (Total Return Gross) |
| Fund charges    | Initial 3.50%, Annual 1.50%  |

## Top ten holdings

|                          | %   |
|--------------------------|-----|
| Royal Dutch Shell 'B'    | 6.8 |
| HSBC                     | 5.2 |
| Vodafone Group           | 4.3 |
| BP                       | 3.7 |
| GlaxoSmithKline          | 3.3 |
| Rio Tinto                | 3.1 |
| BHP Billiton             | 2.9 |
| AstraZeneca              | 2.5 |
| British American Tobacco | 2.2 |
| Anglo American           | 1.9 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Blended benchmarks have been calculated by JPMAM.

Source: J.P. Morgan.

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## Sector breakdown

|                    | %    |
|--------------------|------|
| Financials         | 19.0 |
| Oil & gas          | 13.4 |
| Corporate bonds    | 13.3 |
| Basic materials    | 10.6 |
| Government bonds   | 9.7  |
| Health care        | 6.3  |
| Industrials        | 6.2  |
| Consumer goods     | 6.1  |
| Telecommunications | 5.5  |
| Consumer services  | 4.8  |
| Utilities          | 1.2  |
| Technology         | 0.9  |
| Liquidity          | 2.4  |
| Net other assets   | 0.6  |

## Highest/lowest share price and distribution record

| Calendar year                      | Highest share price | Lowest share price | Distribution per share (net) |
|------------------------------------|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b> |                     |                    |                              |
| 2006                               | 99.68p              | 88.74p             | 3.32p                        |
| 2007                               | 103.5p              | 92.70p             | 3.64p                        |
| 2008                               | 96.53p              | 67.03p             | 3.79p                        |
| 2009                               | 90.63p              | 65.29p             | 3.37p                        |
| 2010                               | 102.3p              | 85.92p             | 3.24p                        |
| 2011 <sup>a</sup>                  | 106.0p              | 98.57p             | 2.65p                        |
| <b>A-Class Income Shares</b>       |                     |                    |                              |
| 2006                               | 81.32p              | 73.60p             | 2.76p                        |
| 2007                               | 82.99p              | 73.02p             | 2.93p                        |
| 2008                               | 75.91p              | 51.14p             | 2.94p                        |
| 2009                               | 65.27p              | 48.65p             | 2.49p                        |
| 2010                               | 71.03p              | 60.64p             | 2.30p                        |
| 2011 <sup>a</sup>                  | 72.45p              | 67.95p             | 1.83p                        |

<sup>a</sup> To 31 July 2011.

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.01.11 | 66.4% |
| 31.07.11 | 37.7% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 96,849                                   | 135,359,068      | 71.55p                    | 1.67%               |
| 31.01.10                           | 104,334                                  | 118,632,267      | 87.95p                    | 1.67%               |
| 31.01.11                           | 105,753                                  | 104,823,687      | 100.9p                    | 1.67%               |
| 31.07.11                           | 102,938                                  | 99,696,339       | 103.3p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09                           | 68,719                                   | 128,924,237      | 53.30p                    | 1.67%               |
| 31.01.10                           | 71,307                                   | 113,639,668      | 62.75p                    | 1.67%               |
| 31.01.11                           | 70,993                                   | 102,068,550      | 69.55p                    | 1.67%               |
| 31.07.11                           | 68,249                                   | 97,679,972       | 69.87p                    | 1.68%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding    | Market value<br>£'000 | Total net<br>assets % |
|--|------------|-----------------------|-----------------------|
| <b>Fixed interest - 23.0% (21.3%)</b>                          |            |                       |                       |
| <b>Corporate bonds - 13.3% (12.4%)</b>                         |            |                       |                       |
| <b>Non-convertible - 13.3%</b>                                 |            |                       |                       |
| Bank of Scotland 9.375% 2021                                   | £1,750,000 | 1,957                 | 1.2                   |
| Centrica 5.875% 2012   | £1,000,000 | 1,050                 | 0.6                   |
| Citigroup 5.125% 2018  | £2,000,000 | 1,952                 | 1.1                   |
| EDF 5.875% 2031  | £1,000,000 | 1,078                 | 0.6                   |
| France Telecom 8% 2017   | £1,000,000 | 1,256                 | 0.7                   |
| General Electric Capital 6.25% 2020                            | £1,691,000 | 1,899                 | 1.1                   |
| General Electric Capital Funding 6.75% 2018                    | £1,000,000 | 1,165                 | 0.7                   |
| GlaxoSmithKline Capital 5.25% 2033                             | £1,500,000 | 1,555                 | 0.9                   |
| KFW International Finance 3.25% 2014                           | £1,000,000 | 1,049                 | 0.6                   |
| National Westminster Bank 6.5% 2021                            | £1,200,000 | 1,133                 | 0.7                   |
| Procter & Gamble 6.25% 2030                                    | £1,597,000 | 1,886                 | 1.1                   |
| SLM Student Loan Trust 5.15% 2039                              | £1,539,000 | 1,479                 | 0.9                   |
| United Parcels 5.5% 2031                                       | £2,000,000 | 2,194                 | 1.3                   |
| Wal-Mart Stores 4.75% 2013                                     | £1,500,000 | 1,579                 | 0.9                   |
| Wal-Mart Stores 5.75% 2030                                     | £1,317,000 | 1,471                 | 0.9                   |
| <b>Government bonds - 9.7% (8.9%)</b>                          |            |                       |                       |
| <b>International authority - 5.7%</b>                          |            |                       |                       |
| Bank Nederlandse Gemeenten 5.375% 2021                         | £889,000   | 1,019                 | 0.6                   |
| European Investment Bank 6.25% 2014                            | £2,500,000 | 2,821                 | 1.6                   |
| European Investment Bank 5.625% 2032                           | £560,000   | 664                   | 0.4                   |
| International Bank for Reconstruction & Development 5.75% 2032 | £400,000   | 485                   | 0.3                   |
| International Finance Corporation 5.375% 2028                  | £2,043,000 | 2,372                 | 1.4                   |
| Reseau Ferre de France 5.25% 2028                              | £2,145,000 | 2,378                 | 1.4                   |
| <b>Sovereign debt - 4.0%</b>                                   |            |                       |                       |
| Italy 6% 2028  | £1,500,000 | 1,508                 | 0.9                   |
| Treasury 4.75% 2038  | £1,500,000 | 1,676                 | 1.0                   |
| Treasury 8% 2013   | £1,300,000 | 1,501                 | 0.9                   |
| Treasury 8% 2021   | £1,380,000 | 1,988                 | 1.2                   |
| <b>UK equities - 74.0% (74.7%)</b>                             |            |                       |                       |
| <b>Financials - 19.0% (17.0%)</b>                              |            |                       |                       |
| <b>Banks - 6.8%</b>  |            |                       |                       |
| Barclays   | 1,184,992  | 2,616                 | 1.5                   |
| HSBC   | 1,470,224  | 8,811                 | 5.2                   |
| Standard Chartered   | 13,834     | 215                   | 0.1                   |
| <b>General financial - 4.3%</b>                                |            |                       |                       |
| Ashmore Group  | 475,868    | 1,910                 | 1.1                   |
| Brookwell Redemption Preference*                               | 7,300      | 5                     | -                     |
| City of London Investment Group                                | 12,232     | 51                    | -                     |
| GlobeOp Financial Services                                     | 24,759     | 109                   | 0.1                   |
| Hargreaves Lansdown  | 121,915    | 691                   | 0.4                   |
| Henderson Group  | 409,174    | 659                   | 0.4                   |
| International Personal Finance                                 | 35,105     | 111                   | 0.1                   |
| Investec   | 83,561     | 398                   | 0.2                   |
| JPMorgan Income & Growth Investment Trust (Income)^            | 3,405,927  | 2,503                 | 1.4                   |
| Provident Financial  | 44,193     | 494                   | 0.3                   |
| Rathbone Brothers  | 12,686     | 147                   | 0.1                   |
| Tullett Prebon   | 79,719     | 283                   | 0.2                   |
| <b>Life insurance - 3.4%</b>                                   |            |                       |                       |
| Aviva  | 440,402    | 1,740                 | 1.0                   |
| Chesnara   | 37,816     | 88                    | 0.1                   |
| Legal & General Group  | 1,219,579  | 1,356                 | 0.8                   |
| Prudential   | 208,066    | 1,427                 | 0.8                   |
| Resolution   | 447,791    | 1,224                 | 0.7                   |
| <b>Nonlife insurance - 2.1%</b>                                |            |                       |                       |
| Admiral Group  | 39,575     | 603                   | 0.4                   |
| Amlin  | 148,167    | 593                   | 0.3                   |
| Beazley Group  | 440,725    | 587                   | 0.3                   |
| Lancashire Holdings  | 214,693    | 1,494                 | 0.9                   |
| Novae Group  | 25,800     | 90                    | 0.1                   |
| RSA Insurance Group  | 111,948    | 147                   | 0.1                   |
| <b>Real estate - 2.4%</b>                                      |            |                       |                       |
| British Land   | 44,553     | 261                   | 0.2                   |
| CLS  | 15,013     | 97                    | 0.1                   |
| Derwent London   | 59,234     | 1,062                 | 0.6                   |
| Development Securities   | 49,510     | 107                   | 0.1                   |
| Hammerson  | 480,377    | 2,223                 | 1.3                   |
| LSL Property Services  | 30,880     | 89                    | -                     |
| Quintain Estates & Development                                 | 226,665    | 135                   | 0.1                   |
| St. Modwen Properties  | 12,000     | 21                    | -                     |
| Unite Group  | 16,429     | 35                    | -                     |

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Oil &amp; gas - 13.4% (13.7%)</b>                     |           |                       |                       |
| <b>Oil &amp; gas producers - 12.3%</b>                   |           |                       |                       |
| Aurelian Oil & Gas                                       | 36,645    | 25                    | -                     |
| Bahamas Petroleum  | 142,853   | 20                    | -                     |
| BG Group   | 191,719   | 2,781                 | 1.6                   |
| Bowleven*  | 24,400    | 64                    | -                     |
| BP   | 1,383,046 | 6,272                 | 3.7                   |
| Exillon Energy   | 22,100    | 94                    | 0.1                   |
| Nautical Petroleum                                       | 46,678    | 152                   | 0.1                   |
| Oilex  | 101,326   | 26                    | -                     |
| Petro Matad  | 13,700    | 13                    | -                     |
| Royal Dutch Shell 'B'                                    | 518,742   | 11,656                | 6.8                   |
| <b>Oil equipment, services &amp; distribution - 1.1%</b> |           |                       |                       |
| AMEC   | 17,435    | 183                   | 0.1                   |
| Cape   | 26,944    | 151                   | 0.1                   |
| Kentz Group  | 22,059    | 103                   | -                     |
| Petrofac   | 106,388   | 1,500                 | 0.9                   |
| <b>Basic materials - 10.6% (10.9%)</b>                   |           |                       |                       |
| <b>Chemicals - 1.0%</b>                                  |           |                       |                       |
| Carlo  | 25,780    | 83                    | -                     |
| Croda International                                      | 25,795    | 487                   | 0.3                   |
| Elementis  | 437,779   | 717                   | 0.4                   |
| Yule Catto & Co  | 231,867   | 494                   | 0.3                   |
| <b>Forestry &amp; paper - 0.6%</b>                       |           |                       |                       |
| Mondi  | 164,753   | 989                   | 0.6                   |
| <b>Industrial metals - 0.7%</b>                          |           |                       |                       |
| Ferrexpo   | 264,137   | 1,216                 | 0.7                   |
| <b>Mining - 8.3%</b>                                     |           |                       |                       |
| Anglo American   | 112,799   | 3,306                 | 1.9                   |
| Anglo Pacific Group                                      | 11,171    | 35                    | -                     |
| Avocet Mining*   | 25,000    | 57                    | -                     |
| BHP Billiton   | 212,908   | 4,856                 | 2.9                   |
| Cove Energy*   | 134,574   | 120                   | 0.1                   |
| Eurasian Natural Resources                               | 49,445    | 381                   | 0.2                   |
| Gemfields  | 136,900   | 34                    | -                     |
| International Ferro Metals                               | 227,360   | 44                    | -                     |
| Kenmare Resources  | 248,962   | 140                   | 0.1                   |
| Rio Tinto  | 122,785   | 5,304                 | 3.1                   |
| <b>Health care - 6.3% (6.0%)</b>                         |           |                       |                       |
| <b>Health care equipment &amp; services - 0.0%</b>       |           |                       |                       |
| Immunodiagnostic Systems                                 | 2,848     | 34                    | -                     |
| <b>Pharmaceuticals &amp; biotechnology - 6.3%</b>        |           |                       |                       |
| Abcam  | 20,913    | 84                    | -                     |
| AstraZeneca  | 145,184   | 4,308                 | 2.5                   |
| GlaxoSmithKline  | 410,011   | 5,636                 | 3.3                   |
| Shire  | 39,481    | 842                   | 0.5                   |
| <b>Industrials - 6.2% (6.3%)</b>                         |           |                       |                       |
| <b>Aerospace &amp; defence - 0.0%</b>                    |           |                       |                       |
| UMECO  | 18,244    | 66                    | -                     |
| <b>Construction &amp; materials - 0.1%</b>               |           |                       |                       |
| Costain  | 25,026    | 53                    | -                     |
| Galliford Try  | 10,801    | 54                    | 0.1                   |
| Low & Bonar  | 65,020    | 47                    | -                     |
| <b>Electronics &amp; electrical equipment - 0.9%</b>     |           |                       |                       |
| Andor Technology   | 3,222     | 22                    | -                     |
| Dialight   | 15,876    | 133                   | 0.1                   |
| Domino Printing Sciences                                 | 33,055    | 221                   | 0.1                   |
| E2V Technologies   | 87,200    | 104                   | 0.1                   |
| Oxford Instruments                                       | 28,124    | 274                   | 0.2                   |
| Renishaw   | 6,400     | 108                   | 0.1                   |
| Spectris   | 17,788    | 277                   | 0.2                   |
| TT electronics   | 83,400    | 159                   | 0.1                   |
| Volex Group  | 33,758    | 102                   | -                     |
| XP Power   | 6,000     | 91                    | -                     |
| <b>General industrials - 0.6%</b>                        |           |                       |                       |
| RPC Group  | 220,712   | 791                   | 0.5                   |
| Smith (DS)   | 113,259   | 265                   | 0.1                   |

# Portfolio statement – continued

As at 31 July 2011

| Investment                                  | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>Industrial engineering – 2.3%</b>        |           |                       |                       |
| Bodycote International                      | 164,448   | 632                   | 0.4                   |
| Fenner                                      | 100,261   | 395                   | 0.2                   |
| Hamworthy                                   | 4,500     | 30                    | -                     |
| Hill & Smith                                | 22,743    | 84                    | 0.1                   |
| IMI   | 146,176   | 1,530                 | 0.9                   |
| Melrose                                     | 90,914    | 323                   | 0.2                   |
| Renold                                      | 125,400   | 49                    | -                     |
| Senior                                      | 85,936    | 161                   | 0.1                   |
| Severfield-Rowen                            | 36,265    | 73                    | -                     |
| Weir Group                                  | 35,333    | 743                   | 0.4                   |
| <b>Industrial transportation – 0.1%</b>     |           |                       |                       |
| Clarkson                                    | 6,165     | 80                    | 0.1                   |
| Goldenport                                  | 22,023    | 21                    | -                     |
| <b>Support services – 2.2%</b>              |           |                       |                       |
| Acal  | 9,022     | 27                    | -                     |
| Ashtead Group                               | 28,100    | 45                    | -                     |
| Atkins (WS)                                 | 105,199   | 745                   | 0.4                   |
| Davis Service Group                         | 42,730    | 232                   | 0.1                   |
| Brammer                                     | 70,165    | 210                   | 0.1                   |
| CPP   | 6,911     | 11                    | -                     |
| Diploma                                     | 52,423    | 194                   | 0.1                   |
| Electrocomponents                           | 341,988   | 792                   | 0.5                   |
| Fiberweb                                    | 92,921    | 55                    | -                     |
| Hargreaves Services*                        | 7,366     | 78                    | 0.1                   |
| Harvey Nash Group                           | 53,317    | 40                    | -                     |
| Healthcare Locumst                          | 44,241    | 4                     | -                     |
| Hogg Robinson Group                         | 136,523   | 89                    | 0.1                   |
| Howden Joinery Group                        | 28,111    | 32                    | -                     |
| Hyder Consulting                            | 41,314    | 177                   | 0.1                   |
| Interserve                                  | 45,700    | 149                   | 0.1                   |
| John Menzies                                | 24,300    | 123                   | 0.1                   |
| Lonrho                                      | 524,042   | 92                    | 0.1                   |
| Robert Walters                              | 32,988    | 106                   | 0.1                   |
| Shaft Sinkers                               | 19,941    | 30                    | -                     |
| St. Ives                                    | 57,587    | 52                    | -                     |
| Staffline Group                             | 12,100    | 29                    | -                     |
| SThree                                      | 82,675    | 299                   | 0.2                   |
| Travis Perkins                              | 12,626    | 111                   | 0.1                   |
| Tribal Group                                | 72,531    | 35                    | -                     |
| <b>Consumer goods – 6.1% (6.7%)</b>         |           |                       |                       |
| <b>Automobiles &amp; parts – 0.3%</b>       |           |                       |                       |
| GKN   | 266,400   | 593                   | 0.3                   |
| <b>Beverages – 1.0%</b>                     |           |                       |                       |
| Diageo                                      | 38,800    | 483                   | 0.3                   |
| SABMiller                                   | 54,033    | 1,234                 | 0.7                   |
| <b>Food producers – 1.4%</b>                |           |                       |                       |
| Anglo-Eastern Plantations                   | 4,693     | 33                    | -                     |
| Asian Plantations                           | 14,573    | 37                    | -                     |
| Dairy Crest Group                           | 146,580   | 545                   | 0.3                   |
| Devro                                       | 20,346    | 52                    | -                     |
| Hilton Food Group                           | 26,075    | 69                    | 0.1                   |
| MP Evans Group*                             | 5,432     | 23                    | -                     |
| Unilever                                    | 83,516    | 1,626                 | 1.0                   |
| <b>Household goods – 0.3%</b>               |           |                       |                       |
| Bellway                                     | 45,353    | 301                   | 0.2                   |
| Berkeley Group                              | 10,332    | 126                   | 0.1                   |
| <b>Personal goods – 0.5%</b>                |           |                       |                       |
| Burberry Group                              | 52,305    | 778                   | 0.5                   |
| Supergroup                                  | 3,642     | 38                    | -                     |
| <b>Tobacco – 2.6%</b>                       |           |                       |                       |
| British American Tobacco                    | 131,640   | 3,708                 | 2.2                   |
| Imperial Tobacco Group                      | 35,349    | 748                   | 0.4                   |
| <b>Telecommunications – 5.5% (6.0%)</b>     |           |                       |                       |
| <b>Fixed line telecommunications – 1.2%</b> |           |                       |                       |
| Alternative Networks                        | 15,274    | 47                    | -                     |
| BT Group                                    | 794,383   | 1,589                 | 0.9                   |
| KCOM Group                                  | 212,645   | 171                   | 0.1                   |
| Talk Talk Telecom                           | 220,363   | 312                   | 0.2                   |
| <b>Mobile telecommunications – 4.3%</b>     |           |                       |                       |
| Monitise                                    | 70,000    | 25                    | -                     |
| Vodafone Group                              | 4,238,349 | 7,311                 | 4.3                   |

| Investment  | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>Consumer services – 4.8% (5.9%)</b>            |           |                       |                       |
| <b>Food &amp; drug retailers – 0.9%</b>           |           |                       |                       |
| Sainsbury (J)                                     | 97,495    | 296                   | 0.2                   |
| Tesco   | 133,273   | 510                   | 0.3                   |
| Morrison (Wm.) Supermarkets                       | 276,379   | 797                   | 0.4                   |
| <b>General retailers – 1.9%</b>                   |           |                       |                       |
| Brown (N.) Group                                  | 101,762   | 285                   | 0.2                   |
| Debenhams   | 585,938   | 393                   | 0.2                   |
| H&T Group   | 4,939     | 17                    | -                     |
| JD Sports Fashion                                 | 22,522    | 217                   | 0.1                   |
| Lookers   | 83,188    | 43                    | -                     |
| Marks & Spencer Group                             | 37,893    | 132                   | 0.1                   |
| Mulberry Group                                    | 1,915     | 34                    | -                     |
| Next  | 60,590    | 1,441                 | 0.9                   |
| Sports Direct International                       | 262,019   | 686                   | 0.4                   |
| <b>Media – 1.6%</b>                               |           |                       |                       |
| Chime Communications                              | 39,134    | 99                    | 0.1                   |
| Creston   | 42,954    | 45                    | -                     |
| Entertainment One                                 | 51,792    | 95                    | -                     |
| ITE Group   | 366,720   | 812                   | 0.5                   |
| ITV   | 1,686,187 | 1,193                 | 0.7                   |
| Rightmove Group                                   | 11,021    | 135                   | 0.1                   |
| Tarsus Group                                      | 29,774    | 46                    | -                     |
| Trinity Mirror                                    | 22,150    | 10                    | -                     |
| United Business Media                             | 52,443    | 282                   | 0.2                   |
| <b>Travel &amp; leisure – 0.4%</b>                |           |                       |                       |
| Cineworld Group                                   | 30,067    | 56                    | -                     |
| Fuller Smith & Turner 'A'                         | 13,666    | 96                    | 0.1                   |
| Restaurant Group                                  | 82,779    | 241                   | 0.1                   |
| William Hill                                      | 147,625   | 341                   | 0.2                   |
| <b>Utilities – 1.2% (0.9%)</b>                    |           |                       |                       |
| <b>Electricity – 0.4%</b>                         |           |                       |                       |
| Drax Group  | 113,797   | 596                   | 0.4                   |
| OPG Power Venture                                 | 41,920    | 27                    | -                     |
| <b>Gas, water &amp; multiutilities – 0.8%</b>     |           |                       |                       |
| Centrica  | 149,801   | 458                   | 0.3                   |
| National Grid                                     | 74,369    | 444                   | 0.3                   |
| Northumbrian Water Group                          | 97,341    | 438                   | 0.2                   |
| <b>Technology – 0.9% (1.3%)</b>                   |           |                       |                       |
| <b>Software &amp; computer services – 0.7%</b>    |           |                       |                       |
| Advanced Computer Software                        | 49,867    | 20                    | -                     |
| Alterian  | 37,000    | 34                    | -                     |
| Anite   | 145,814   | 101                   | -                     |
| Aveva Group                                       | 1,657     | 28                    | -                     |
| Computacenter                                     | 175,247   | 852                   | 0.5                   |
| K3 Business Technology Group                      | 9,954     | 21                    | -                     |
| Kofax   | 29,752    | 110                   | 0.1                   |
| NCC Group   | 15,079    | 106                   | 0.1                   |
| <b>Technology hardware &amp; equipment – 0.2%</b> |           |                       |                       |
| Laird Group                                       | 111,165   | 200                   | 0.1                   |
| Telit Communications                              | 40,557    | 36                    | -                     |
| Wolfson Microelectronics                          | 49,548    | 79                    | 0.1                   |
| <b>Liquidity – 2.4% (0.0%)</b>                    |           |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^              | 4,080,000 | 4,080                 | 2.4                   |
| <b>Investment assets</b>                          |           | <b>170,130</b>        | <b>99.4</b>           |
| <b>Net other assets</b>                           |           | <b>1,057</b>          | <b>0.6</b>            |
| <b>Net assets</b>                                 |           | <b>171,187</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or traded on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

\* Listed on Alternative Investment Market (AIM)

† Suspended security

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>36,795</b> | <b>Total of all sales for the period</b> | <b>38,133</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| JPM Sterling Liquidity 'X' (Income)          | 12,000        | JPM Sterling Liquidity 'X' (Income)      | 7,920           |
| Hammerson                                    | 2,194         | British American Tobacco                 | 2,045           |
| Prudential                                   | 1,514         | Lloyds Banking Group                     | 1,416           |
| Resolution                                   | 1,262         | Vodafone Group                           | 1,235           |
| Derwent London                               | 1,034         | BP                                       | 1,194           |
| HSBC   | 1,015         | BHP Billiton                             | 1,025           |
| ITV  | 938           | AstraZeneca                              | 999             |
| Morrison (Wm.) Supermarkets                  | 822           | Filtrona                                 | 829             |
| Barclays                                     | 778           | Hays                                     | 799             |
| Shire  | 737           | Legal & General Group                    | 792             |
| Antofagasta                                  | 712           | Britvic                                  | 770             |
| Imperial Tobacco Group                       | 695           | Smith (DS)                               | 712             |
| BG Group                                     | 675           | Next                                     | 673             |
| Henderson Group                              | 612           | Tullett Prebon                           | 645             |
| Next   | 593           | Intercontinental Hotels Group            | 644             |
| Hays   | 585           | Daily Mail                               | 615             |
| RPC Group                                    | 577           | Shaftesbury                              | 607             |
| SABMiller                                    | 519           | Investec                                 | 600             |
| Croda International                          | 484           | Pace                                     | 588             |
| Diageo                                       | 456           | Antofagasta                              | 584             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000   | 2011<br>£'000 | £'000   | 2010<br>£'000 |
|---|---------|---------------|---------|---------------|
| Income  |         |               |         |               |
| Net capital gains   |         | 1,948         |         | 5,822         |
| Revenue   | 3,655   |               | 3,819   |               |
| Expenses  | (1,454) |               | (1,483) |               |
| Net revenue before taxation   | 2,201   |               | 2,336   |               |
| Taxation  | (4)     |               | (3)     |               |
| Net revenue after taxation  |         | 2,197         |         | 2,333         |
| <b>Total return before distributions</b>  |         | <b>4,145</b>  |         | <b>8,155</b>  |
| Finance costs: Distributions  |         | (3,323)       |         | (3,471)       |
| <b>Change in net assets attributable to shareholders from investment activities</b> |         | <b>822</b>    |         | <b>4,684</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000   | 2011<br>£'000  | £'000    | 2010<br>£'000  |
|--|---------|----------------|----------|----------------|
| <b>Opening net assets attributable to shareholders</b>                                   |         | <b>176,746</b> |          | <b>175,641</b> |
| Amounts receivable on issue of shares  | 69      |                | 237      |                |
| Amounts payable on cancellation of shares  | (8,402) |                | (10,698) |                |
|  |         | (8,333)        |          | (10,461)       |
| Change in net assets attributable to shareholders from investment activities (see above) |         | 822            |          | 4,684          |
| Retained distributions on accumulation shares  |         | 1,956          |          | 2,014          |
| Stamp duty reserve tax   |         | (4)            |          | (5)            |
| Unclaimed distributions  |         | -              |          | 1              |
| <b>Closing net assets attributable to shareholders</b>                                   |         | <b>171,187</b> |          | <b>171,874</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                | 31 January 2011 |                |
|--|--------------|----------------|-----------------|----------------|
|  | £'000        | £'000          | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |                |                 |                |
| Investment assets                              |              | 170,130        |                 | 169,634        |
| Debtors  | 1,944        |                | 1,742           |                |
| Cash and bank balances                         | 261          |                | 6,496           |                |
| <b>Total other assets</b>                      |              | <b>2,205</b>   |                 | <b>8,238</b>   |
| <b>Total assets</b>                            |              | <b>172,335</b> |                 | <b>177,872</b> |
| <b>LIABILITIES</b>                             |              |                |                 |                |
| Creditors                                      | (621)        |                | (613)           |                |
| Bank overdraft                                 | -            |                | (3)             |                |
| Distribution payable on income shares          | (527)        |                | (510)           |                |
| <b>Total liabilities</b>                       |              | <b>(1,148)</b> |                 | <b>(1,126)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>171,187</b> |                 | <b>176,746</b> |

# JPM UK Equity Fund

## (Formerly JPM Premier Equity Growth Fund)

### Important information

#### Changes to the investment objective and policy and fund name

In May 2011, the Authorised Corporate Director informed shareholders that the investment objective and policy of the Fund would be amended to the below which came into effect on 1 August 2011 and the name of the Fund was also changed from the JPM Premier Equity Growth Fund to the JPM UK Equity Fund.

#### Investment objective and policy<sup>A</sup>

To provide long-term capital growth by investing primarily in equity and equity linked securities of UK companies.

Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed interest securities, cash and cash equivalents may be held on an ancillary basis, as appropriate.

#### Risk profile

This equity based Fund is designed for investors looking for broad market exposure (which may include smaller companies) predominantly to a single developed stock market.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

#### Fund review

The FTSE All-Share Index was up 1.2% in the six months to 31 July 2011. Markets were very volatile over the period as sovereign debt concerns continued to weigh on sentiment and economic indicators pointed towards a slowdown in growth in the UK, US and Europe.

Against this backdrop, the Fund produced positive returns but underperformed its benchmark. Positive contributions to relative returns came from an underweight position in the banks sector, and stock selection in general retailers and general industrials. Underweight positions in pharmaceuticals & biotechnology and tobacco detracted, as did stock selection in support services. At the stock level, the biggest positive contributor to relative returns was an underweight position in Barclays, which suffered on continued uncertainty over banking regulation and sovereign debt exposure. An overweight position in Sports Direct International also added value after posting a year-on-year rise in fiscal year profits, boosted by strong performance in its retail division. Stock-level detractors included an underweight position in pharmaceuticals company GlaxoSmithKline, which rose after reporting good second-quarter earnings and saying it can improve on margins from next year as it makes further cost cuts, introduces new products and continues its expansion in emerging markets. An overweight position in CPP Group also detracted as the life assistance products and services company received broker downgrades after announcing it was in

discussion with the UK Financial Services Authority over its card and ID protection products, the sale of which the company then suspended. However, relative performance was boosted by an overweight position in container manufacturer RPC Group, which rose after saying it would beat its financial-year profit expectations following improved sales and company-wide efforts to lower costs.

#### Fund outlook

The UK economic outlook remains weak, with several global as well as domestic headwinds hindering activity. Nevertheless interest rates are low and monetary policy looks set to remain easy for a prolonged period despite higher inflation. UK stock valuations also look cheap compared to history and compared to bonds, offering attractive opportunities for long-term investors.

#### 12 month performance to 31 July

|                                  | 2011         | 2010         | 2009          | 2008          | 2007        |
|----------------------------------|--------------|--------------|---------------|---------------|-------------|
| <b>JPM UK Equity A-Class Acc</b> | <b>13.9%</b> | <b>17.2%</b> | <b>-22.9%</b> | <b>-14.7%</b> | <b>4.0%</b> |
| Benchmark Index                  | 14.9%        | 19.4%        | -10.5%        | -13.3%        | 13.0%       |

#### Six month performance to 31 July 2011

|                                  |             |
|----------------------------------|-------------|
| <b>JPM UK Equity A-Class Acc</b> | <b>0.4%</b> |
| Benchmark Index                  | 1.2%        |

#### Fund statistics

|                 |  |
|-----------------|--|
| Fund size       | <b>£257.8m</b>                           |
| Benchmark Index | <b>FTSE All-Share (Total Return Net)</b> |
| Fund charges    | <b>Initial 4.25%, Annual 1.50%</b>       |

#### Top ten holdings

|   | %   |
|---|-----|
| Royal Dutch Shell 'B'                       | 8.2 |
| Rio Tinto                                   | 3.8 |
| British American Tobacco                    | 3.5 |
| HSBC  | 3.1 |
| JPM UK Smaller Companies 'I' (Accumulation) | 3.0 |
| BHP Billiton                                | 2.8 |
| Vodafone Group                              | 2.6 |
| BP  | 2.5 |
| BG Group                                    | 1.6 |
| GlaxoSmithKline                             | 1.5 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 01/08/11 the investment objective and policy of the Fund was changed.

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## Sector breakdown

|                               | %    |
|-------------------------------|------|
| Financials                    | 19.1 |
| Oil & gas                     | 15.3 |
| Industrials                   | 14.2 |
| Basic materials               | 12.5 |
| Consumer services             | 10.3 |
| Consumer goods                | 9.4  |
| Health care                   | 4.4  |
| Telecommunications            | 4.2  |
| Equity investment instruments | 3.0  |
| Utilities                     | 3.0  |
| Technology                    | 2.9  |
| Futures                       | 0.0  |
| Liquidity                     | 0.9  |
| Net other assets              | 0.8  |

## Highest/lowest share price and distribution record

| Calendar year                            | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>       |                     |                    |                              |
| 2006                                     | 378.3p              | 323.9p             | 4.90p                        |
| 2007                                     | 393.3p              | 332.0p             | 4.52p                        |
| 2008                                     | 364.2p              | 193.6p             | 6.24p                        |
| 2009                                     | 280.2p              | 186.2p             | 6.79p                        |
| 2010                                     | 322.6p              | 255.0p             | 5.19p                        |
| 2011 <sup>a</sup>                        | 335.3p              | 305.0p             | 4.66p                        |
| <b>A-Class Income Shares<sup>c</sup></b> |                     |                    |                              |
| 2007                                     | 50.80p              | 42.73p             | 0.00p                        |
| 2008                                     | 46.67p              | 24.81p             | 0.17p                        |
| 2009                                     | 34.76p              | 23.10p             | 0.89p                        |
| 2010                                     | 39.24p              | 31.03p             | 0.65p                        |
| 2011 <sup>b</sup>                        | 40.20p              | 36.57p             | 0.56p                        |

<sup>a</sup> To 31 July 2011.

<sup>c</sup> A-Class Income Shares were launched on 2 January 2007.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 326.9% |
| 31.07.11 | 74.9%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 235,433                                  | 110,294,125      | 213.5p                    | 1.68%               |
| 31.01.10                           | 264,112                                  | 99,063,456       | 266.6p                    | 1.67%               |
| 31.01.11                           | 268,569                                  | 84,510,540       | 317.8p                    | 1.67%               |
| 31.07.11                           | 257,373                                  | 80,637,690       | 319.2p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>d</sup>              | 164                                      | 617,682          | 26.48p                    | 1.68%               |
| 31.01.10 <sup>d</sup>              | 1,079                                    | 3,325,508        | 32.43p                    | 1.66%               |
| 31.01.11 <sup>d</sup>              | 485                                      | 1,272,150        | 38.10p                    | 1.68%               |
| 31.07.11                           | 464                                      | 1,214,126        | 38.27p                    | 1.68%               |

<sup>d</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Financials - 19.1% (22.3%)</b>                        |           |                       |                       |
| <b>Banks - 4.5%</b>                                      |           |                       |                       |
| Barclays   | 1,027,728 | 2,269                 | 0.9                   |
| HSBC   | 1,329,621 | 7,968                 | 3.1                   |
| Lloyds Banking Group                                     | 2,962,699 | 1,288                 | 0.5                   |
| <b>General financial - 5.2%</b>                          |           |                       |                       |
| 3i Group   | 225,629   | 603                   | 0.2                   |
| Aberdeen Asset Management                                | 447,735   | 1,006                 | 0.4                   |
| Ashmore Group  | 136,931   | 550                   | 0.2                   |
| Brewin Dolphin   | 450,762   | 676                   | 0.3                   |
| Close Brothers Group                                     | 137,025   | 1,021                 | 0.4                   |
| F&C Asset Management                                     | 1,041,247 | 726                   | 0.3                   |
| Hargreaves Lansdown                                      | 96,344    | 546                   | 0.2                   |
| Henderson Group  | 648,907   | 1,045                 | 0.4                   |
| ICAP   | 134,509   | 605                   | 0.2                   |
| Intermediate Capital Group                               | 173,372   | 462                   | 0.2                   |
| International Personal Finance                           | 243,175   | 767                   | 0.3                   |
| Investec   | 124,678   | 594                   | 0.2                   |
| London Stock Exchange Group                              | 127,930   | 1,267                 | 0.5                   |
| Man Group  | 275,441   | 619                   | 0.2                   |
| Paragon Group of Companies                               | 489,654   | 955                   | 0.4                   |
| Provident Financial                                      | 35,627    | 398                   | 0.2                   |
| Rathbone Brothers  | 45,899    | 532                   | 0.2                   |
| Schroders  | 28,104    | 454                   | 0.2                   |
| SVG Capital  | 208,069   | 545                   | 0.2                   |
| <b>Life insurance - 4.2%</b>                             |           |                       |                       |
| Aviva  | 301,521   | 1,192                 | 0.5                   |
| Legal & General Group                                    | 1,614,221 | 1,795                 | 0.7                   |
| Old Mutual   | 1,484,081 | 1,880                 | 0.7                   |
| Phoenix Group  | 142,480   | 826                   | 0.3                   |
| Prudential   | 486,295   | 3,336                 | 1.3                   |
| Resolution   | 539,834   | 1,476                 | 0.6                   |
| St James's Place   | 98,034    | 354                   | 0.1                   |
| <b>Nonlife insurance - 1.6%</b>                          |           |                       |                       |
| Admiral Group  | 44,751    | 682                   | 0.3                   |
| Amlin  | 90,448    | 362                   | 0.1                   |
| Catlin Group   | 84,869    | 353                   | 0.1                   |
| Hiscox   | 84,889    | 345                   | 0.1                   |
| Jardine Lloyd Thompson                                   | 83,848    | 543                   | 0.2                   |
| Lancashire Holdings                                      | 46,999    | 327                   | 0.1                   |
| RSA Insurance Group                                      | 1,282,018 | 1,682                 | 0.7                   |
| <b>Real estate - 3.6%</b>                                |           |                       |                       |
| British Land   | 148,795   | 872                   | 0.3                   |
| Capital & Counties Properties                            | 326,512   | 617                   | 0.2                   |
| Capital Shopping Centres Group                           | 181,000   | 677                   | 0.3                   |
| Derwent London   | 35,489    | 636                   | 0.3                   |
| Great Portland Estates                                   | 142,170   | 593                   | 0.2                   |
| Hammerson  | 291,353   | 1,348                 | 0.5                   |
| Hansteen   | 622,846   | 515                   | 0.2                   |
| Land Securities  | 225,995   | 1,925                 | 0.8                   |
| Savills  | 116,276   | 404                   | 0.2                   |
| Segro  | 351,843   | 1,063                 | 0.4                   |
| Shaftesbury  | 112,927   | 580                   | 0.2                   |
| Unite Group  | 41,685    | 89                    | -                     |
| <b>Oil &amp; gas - 15.3% (15.2%)</b>                     |           |                       |                       |
| <b>Oil &amp; gas producers - 13.8%</b>                   |           |                       |                       |
| Afren  | 395,123   | 547                   | 0.2                   |
| BG Group   | 283,000   | 4,105                 | 1.6                   |
| Bowleven*  | 165,033   | 436                   | 0.2                   |
| BP   | 1,419,826 | 6,439                 | 2.5                   |
| Essar Energy   | 139,879   | 511                   | 0.2                   |
| Premier Oil  | 135,020   | 544                   | 0.2                   |
| Royal Dutch Shell 'B'                                    | 940,359   | 21,130                | 8.2                   |
| Salamander Energy  | 182,436   | 504                   | 0.2                   |
| Tullow Oil   | 99,400    | 1,231                 | 0.5                   |
| <b>Oil equipment, services &amp; distribution -1.5 %</b> |           |                       |                       |
| AMEC   | 58,365    | 613                   | 0.2                   |
| Cape   | 160,428   | 898                   | 0.4                   |
| Hunting  | 74,298    | 579                   | 0.2                   |
| Lamprell   | 151,624   | 587                   | 0.2                   |
| Petrofac   | 53,887    | 760                   | 0.3                   |
| Wood Group (John)  | 92,254    | 619                   | 0.2                   |

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Industrials - 14.2% (11.1%)</b>                   |         |                       |                       |
| <b>Aerospace &amp; defence -1.8%</b>                 |         |                       |                       |
| Chemring Group                                       | 150,690 | 835                   | 0.3                   |
| Cobham   | 185,745 | 376                   | 0.2                   |
| Meggitt  | 362,197 | 1,402                 | 0.5                   |
| Rolls Royce Group                                    | 204,782 | 1,316                 | 0.5                   |
| Senior   | 359,930 | 676                   | 0.3                   |
| <b>Construction &amp; materials - 0.4%</b>           |         |                       |                       |
| Balfour Beatty                                       | 130,909 | 396                   | 0.2                   |
| Kier Group   | 33,752  | 447                   | 0.2                   |
| <b>Electronics &amp; electrical equipment - 1.5%</b> |         |                       |                       |
| Domino Printing Sciences                             | 82,278  | 550                   | 0.2                   |
| Halma  | 164,259 | 657                   | 0.3                   |
| Laird Group  | 338,059 | 608                   | 0.2                   |
| Morgan Crucible                                      | 346,724 | 1,144                 | 0.4                   |
| Renishaw   | 31,870  | 538                   | 0.2                   |
| Spectris   | 38,987  | 606                   | 0.2                   |
| <b>General industrials - 1.7%</b>                    |         |                       |                       |
| Cookson Group  | 175,621 | 1,125                 | 0.4                   |
| Rexam  | 375,598 | 1,386                 | 0.5                   |
| RPC Group  | 258,342 | 926                   | 0.4                   |
| Smith (DS)   | 459,626 | 1,076                 | 0.4                   |
| <b>Industrial engineering - 1.9%</b>                 |         |                       |                       |
| Bodycote International                               | 157,400 | 605                   | 0.2                   |
| Charter International                                | 66,628  | 537                   | 0.2                   |
| Fenner   | 148,048 | 583                   | 0.2                   |
| IMI  | 66,639  | 698                   | 0.3                   |
| Melrose  | 333,951 | 1,186                 | 0.5                   |
| Spirax Sarco Engineering                             | 30,618  | 568                   | 0.2                   |
| Weir Group   | 40,679  | 856                   | 0.3                   |
| <b>Industrial transportation - 0.2%</b>              |         |                       |                       |
| BBA Aviation   | 239,555 | 507                   | 0.2                   |
| <b>Support services - 6.7%</b>                       |         |                       |                       |
| Aggreko  | 41,227  | 792                   | 0.3                   |
| Ashtead Group  | 281,100 | 453                   | 0.2                   |
| Atkins (WS)  | 379,600 | 269                   | 0.1                   |
| Babcock International Group                          | 175,379 | 1,169                 | 0.5                   |
| Berendsen  | 187,301 | 1,017                 | 0.4                   |
| Bunzl  | 55,181  | 420                   | 0.2                   |
| Carillion  | 146,281 | 531                   | 0.2                   |
| Electrocomponents                                    | 211,929 | 491                   | 0.2                   |
| Experian   | 131,000 | 1,043                 | 0.4                   |
| Filtrona   | 156,287 | 537                   | 0.2                   |
| G4S  | 184,560 | 500                   | 0.2                   |
| Grainger   | 373,986 | 442                   | 0.2                   |
| Hays   | 307,185 | 276                   | 0.1                   |
| Homeserve  | 114,550 | 546                   | 0.2                   |
| Howden Joinery Group                                 | 814,652 | 936                   | 0.4                   |
| Intertek Group                                       | 33,800  | 649                   | 0.3                   |
| Michael Page International                           | 115,326 | 581                   | 0.2                   |
| Mitie Group  | 131,361 | 314                   | 0.1                   |
| Northgate  | 234,674 | 748                   | 0.3                   |
| Regus  | 504,529 | 541                   | 0.2                   |
| RPS Group  | 203,620 | 475                   | 0.2                   |
| Shanks Group   | 432,000 | 545                   | 0.2                   |
| SIG  | 387,271 | 503                   | 0.2                   |
| SThree   | 192,457 | 697                   | 0.3                   |
| Travis Perkins                                       | 122,340 | 1,080                 | 0.4                   |
| Wolseley   | 77,098  | 1,402                 | 0.5                   |
| <b>Basic materials - 12.5% (14.7%)</b>               |         |                       |                       |
| <b>Chemicals - 1.6%</b>                              |         |                       |                       |
| AZ Electronic Materials                              | 191,586 | 508                   | 0.2                   |
| Croda International                                  | 35,541  | 671                   | 0.3                   |
| Elementis  | 321,311 | 526                   | 0.2                   |
| Johnson Matthey                                      | 40,927  | 834                   | 0.3                   |
| Victrex  | 41,747  | 607                   | 0.2                   |
| Yule Catto & Co                                      | 437,340 | 932                   | 0.4                   |
| <b>Forestry &amp; Paper - 0.5%</b>                   |         |                       |                       |
| Mondi  | 194,465 | 1,167                 | 0.5                   |

# Portfolio statement – continued

As at 31 July 2011

| Investment                               | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Mining – 10.4%</b>                    |           |                       |                       |
| Anglo American                           | 107,727   | 3,157                 | 1.2                   |
| BHP Billiton                             | 321,354   | 7,330                 | 2.8                   |
| Ferrexpo                                 | 223,673   | 1,030                 | 0.4                   |
| Fresnillo                                | 48,739    | 856                   | 0.3                   |
| Gem Diamonds                             | 201,377   | 479                   | 0.2                   |
| Hochschild Mining                        | 99,533    | 485                   | 0.2                   |
| Kenmare Resources                        | 1,293,217 | 726                   | 0.3                   |
| Rio Tinto                                | 222,986   | 9,633                 | 3.8                   |
| Vedanta Resources                        | 30,306    | 544                   | 0.2                   |
| Xstrata                                  | 189,738   | 2,468                 | 1.0                   |
| <b>Consumer services – 10.3% (10.0%)</b> |           |                       |                       |
| <b>Food &amp; drug retailers – 1.6%</b>  |           |                       |                       |
| Booker Group                             | 771,000   | 572                   | 0.2                   |
| Greggs                                   | 175,704   | 902                   | 0.4                   |
| Morrison (Wm.) Supermarkets              | 649,241   | 1,872                 | 0.7                   |
| Ocado Group                              | 214,560   | 368                   | 0.1                   |
| Sainsbury (J)                            | 202,882   | 615                   | 0.2                   |
| <b>General retailers – 2.5%</b>          |           |                       |                       |
| ASOS                                     | 24,097    | 553                   | 0.2                   |
| Carphone Warehouse Group                 | 123,414   | 512                   | 0.2                   |
| Dignity                                  | 68,984    | 545                   | 0.2                   |
| Inchcape                                 | 285,402   | 1,142                 | 0.4                   |
| Kingfisher                               | 684,872   | 1,732                 | 0.7                   |
| Marks & Spencer Group                    | 175,235   | 611                   | 0.2                   |
| Next                                     | 22,816    | 543                   | 0.2                   |
| Sports Direct International              | 254,908   | 668                   | 0.3                   |
| WH Smith                                 | 67,752    | 343                   | 0.1                   |
| <b>Media – 3.1%</b>                      |           |                       |                       |
| Aegis Group                              | 462,945   | 719                   | 0.3                   |
| British Sky Broadcasting Group           | 142,000   | 1,020                 | 0.4                   |
| EuroMoney Institutional Investor         | 65,015    | 439                   | 0.2                   |
| Informa                                  | 141,909   | 571                   | 0.2                   |
| ITE Group                                | 220,265   | 488                   | 0.2                   |
| MoneySupermarket.Com Group               | 455,068   | 515                   | 0.2                   |
| Reed Elsevier                            | 138,546   | 763                   | 0.3                   |
| Rightmove Group                          | 53,070    | 652                   | 0.3                   |
| United Business Media                    | 91,971    | 494                   | 0.2                   |
| WPP                                      | 285,382   | 1,979                 | 0.8                   |
| <b>Travel &amp; leisure – 3.1%</b>       |           |                       |                       |
| Easyjet                                  | 104,563   | 385                   | 0.1                   |
| Flybe Group                              | 126,911   | 225                   | 0.1                   |
| Go-Ahead Group                           | 56,106    | 862                   | 0.3                   |
| Greene King                              | 105,643   | 516                   | 0.2                   |
| Intercontinental Hotels Group            | 58,272    | 707                   | 0.3                   |
| Ladbroke's                               | 233,556   | 343                   | 0.1                   |
| Marston's                                | 454,548   | 470                   | 0.2                   |
| Mitchells & Butlers                      | 168,668   | 467                   | 0.2                   |
| National Express                         | 210,150   | 555                   | 0.2                   |
| Rank Group                               | 611,353   | 886                   | 0.3                   |
| Restaurant Group                         | 157,865   | 460                   | 0.2                   |
| Stagecoach Group                         | 453,576   | 1,139                 | 0.4                   |
| TUI Travel                               | 135,445   | 262                   | 0.1                   |
| William Hill                             | 442,835   | 1,024                 | 0.4                   |
| <b>Consumer goods – 9.4% (6.8%)</b>      |           |                       |                       |
| <b>Automobiles &amp; parts – 0.5%</b>    |           |                       |                       |
| GKN                                      | 629,240   | 1,401                 | 0.5                   |
| <b>Beverages – 1.2%</b>                  |           |                       |                       |
| Barr A.G.                                | 38,030    | 485                   | 0.2                   |
| SABMiller                                | 108,000   | 2,467                 | 1.0                   |
| <b>Food producers – 0.7%</b>             |           |                       |                       |
| Devro                                    | 189,557   | 483                   | 0.2                   |
| Tate & Lyle                              | 211,154   | 1,286                 | 0.5                   |
| <b>Household goods – 2.3%</b>            |           |                       |                       |
| Barratt Developments                     | 809,509   | 787                   | 0.3                   |
| Bellway                                  | 131,063   | 870                   | 0.3                   |
| Berkeley Group                           | 53,012    | 647                   | 0.3                   |
| Bovis Homes Group                        | 234,073   | 966                   | 0.4                   |
| Persimmon                                | 219,245   | 999                   | 0.4                   |
| Redrow                                   | 544,069   | 712                   | 0.3                   |
| Taylor Wimpey                            | 2,319,844 | 820                   | 0.3                   |
| <b>Personal goods – 0.4%</b>             |           |                       |                       |
| Burberry Group                           | 66,895    | 995                   | 0.4                   |
| <b>Tobacco – 4.3%</b>                    |           |                       |                       |
| British American Tobacco                 | 319,716   | 9,005                 | 3.5                   |
| Imperial Tobacco Group                   | 91,385    | 1,933                 | 0.8                   |

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Health care – 4.4% (4.1%)</b>                   |           |                       |                       |
| <b>Health care equipment &amp; services – 0.5%</b> |           |                       |                       |
| Smith & Nephew                                     | 136,826   | 878                   | 0.3                   |
| Synergy Health                                     | 62,882    | 597                   | 0.2                   |
| <b>Pharmaceuticals &amp; biotechnology – 3.9%</b>  |           |                       |                       |
| Abcam  | 121,142   | 484                   | 0.2                   |
| AstraZeneca  | 111,413   | 3,306                 | 1.3                   |
| BTG  | 200,834   | 568                   | 0.2                   |
| Genus  | 53,944    | 533                   | 0.2                   |
| GlaxoSmithKline                                    | 285,565   | 3,925                 | 1.5                   |
| Shire  | 66,000    | 1,407                 | 0.5                   |
| <b>Telecommunications – 4.2% (6.9%)</b>            |           |                       |                       |
| <b>Fixed line communications – 1.6%</b>            |           |                       |                       |
| BT Group   | 1,571,169 | 3,142                 | 1.2                   |
| Talk Talk Telecom                                  | 341,762   | 485                   | 0.2                   |
| Telecom Plus                                       | 72,352    | 487                   | 0.2                   |
| <b>Mobile telecommunications – 2.6%</b>            |           |                       |                       |
| Vodafone Group                                     | 3,877,781 | 6,689                 | 2.6                   |
| <b>Equity investment instruments – 3.0% (3.0%)</b> |           |                       |                       |
| JPM UK Smaller Companies 'I' (Accumulation)^       | 1,679,883 | 7,724                 | 3.0                   |
| <b>Utilities – 3.0% (1.7%)</b>                     |           |                       |                       |
| <b>Electricity – 1.5%</b>                          |           |                       |                       |
| Drax Group   | 76,435    | 401                   | 0.2                   |
| International Power                                | 239,115   | 731                   | 0.3                   |
| Scottish & Southern Energy                         | 196,597   | 2,566                 | 1.0                   |
| <b>Gas, water &amp; multiutilities – 1.5%</b>      |           |                       |                       |
| Centrica   | 471,005   | 1,441                 | 0.6                   |
| National Grid                                      | 288,169   | 1,722                 | 0.7                   |
| Northumbrian Water Group                           | 121,676   | 548                   | 0.2                   |
| <b>Technology – 2.9% (2.5%)</b>                    |           |                       |                       |
| <b>Software &amp; computer services – 2.3%</b>     |           |                       |                       |
| Autonomy   | 47,000    | 783                   | 0.3                   |
| Aveva Group  | 36,653    | 627                   | 0.2                   |
| Blinkx   | 325,000   | 353                   | 0.1                   |
| Computacenter                                      | 217,456   | 1,057                 | 0.4                   |
| Kofax  | 111,926   | 414                   | 0.2                   |
| Logica   | 958,473   | 1,121                 | 0.4                   |
| Misys  | 166,222   | 657                   | 0.3                   |
| SDL  | 71,437    | 490                   | 0.2                   |
| Telety Group                                       | 109,129   | 609                   | 0.2                   |
| <b>Technology hardware &amp; equipment – 0.6%</b>  |           |                       |                       |
| ARM Holdings                                       | 180,000   | 1,038                 | 0.4                   |
| Imagination Technologies Group                     | 125,953   | 504                   | 0.2                   |
| <b>Futures – 0.0% (0.0%)</b>                       |           |                       |                       |
| FTSE 100 Index Futures Sep 2011                    | 36        | 42                    | -                     |
| <b>Liquidity – 0.9% (0.0%)</b>                     |           |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^               | 2,300,000 | 2,300                 | 0.9                   |
| <b>Investment assets</b>                           |           | <b>255,789</b>        | <b>99.2</b>           |
| <b>Net other assets</b>                            |           | <b>2,048</b>          | <b>0.8</b>            |
| <b>Net assets</b>                                  |           | <b>257,837</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or traded on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

\* Listed on Alternative Investment Market (AIM)

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000          |   | £'000           |
|--|----------------|---|-----------------|
| <b>Total of all purchases for the period</b> | <b>105,329</b> | <b>Total of all sales for the period</b>    | <b>112,730</b>  |
| <b>Major purchases</b>                       | <b>Cost</b>    | <b>Major sales</b>                          | <b>Proceeds</b> |
| JPM UK Smaller Companies 'I' (Accumulation)  | 7,567          | HSBC  | 9,418           |
| British American Tobacco                     | 4,753          | JPM UK Smaller Companies 'A' (Accumulation) | 8,114           |
| JPM Sterling Liquidity 'X' (Income)          | 4,200          | Vodafone Group                              | 7,946           |
| GlaxoSmithKline                              | 3,769          | GlaxoSmithKline                             | 5,133           |
| Scottish & Southern Energy                   | 2,540          | British American Tobacco                    | 4,593           |
| Wm Morrison Supermarkets                     | 1,922          | Anglo American                              | 3,731           |
| Imperial Tobacco Group                       | 1,816          | Xstrata                                     | 2,937           |
| National Grid                                | 1,776          | Lloyds Banking Group                        | 2,496           |
| Centrica                                     | 1,557          | JPM Sterling Liquidity 'X' (Income)         | 1,900           |
| RPS Group                                    | 1,193          | Royal Bank of Scotland Group                | 1,766           |
| WPP  | 1,191          | Centrica                                    | 1,512           |
| Xstrata                                      | 1,157          | Rio Tinto (GBP)                             | 1,453           |
| Babcock International Group                  | 1,134          | Antofagasta                                 | 1,440           |
| Old Mutual                                   | 1,084          | Man Group                                   | 1,433           |
| Land Securities                              | 1,060          | Royal Dutch Shell 'B'                       | 1,415           |
| Legal & General Group                        | 1,013          | Standard Life                               | 1,364           |
| RSA Insurance Group                          | 1,010          | Kazakhmys                                   | 1,134           |
| Henderson Group                              | 997            | BHP Billiton                                | 1,108           |
| Smith & Nephew                               | 951            | ITV   | 1,048           |
| Antofagasta                                  | 943            | Severn Trent                                | 1,017           |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000   | 2011<br>£'000 | £'000   | 2010<br>£'000 |
|---|---------|---------------|---------|---------------|
| Income  |         |               |         |               |
| Net capital (losses)/gains  |         | (1,184)       |         | 11,306        |
| Revenue   | 4,500   |               | 5,299   |               |
| Expenses  | (1,959) |               | (2,248) |               |
| Net revenue before taxation   | 2,541   |               | 3,051   |               |
| Taxation  | (18)    |               | (3)     |               |
| Net revenue after taxation  |         | 2,523         |         | 3,048         |
| <b>Total return before distributions</b>  |         | <b>1,339</b>  |         | <b>14,354</b> |
| Finance costs: Distributions  |         | (60)          |         | (154)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |         | <b>1,279</b>  |         | <b>14,200</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000    | 2011<br>£'000  | £'000    | 2010<br>£'000  |
|--|----------|----------------|----------|----------------|
| <b>Opening net assets attributable to shareholders</b>                                   |          | <b>269,054</b> |          | <b>265,191</b> |
| Amounts receivable on issue of shares  | 2,758    |                | 2,687    |                |
| Amounts payable on cancellation of shares  | (15,238) |                | (22,702) |                |
|  |          | (12,480)       |          | (20,015)       |
| Change in net assets attributable to shareholders from investment activities (see above) |          | 1,279          |          | 14,200         |
| Stamp duty reserve tax   |          | (16)           |          | (18)           |
| <b>Closing net assets attributable to shareholders</b>                                   |          | <b>257,837</b> |          | <b>259,358</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                | 31 January 2011 |                |
|--|--------------|----------------|-----------------|----------------|
|  | £'000        | £'000          | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |                |                 |                |
| Investment assets                              |              | 255,789        |                 | 264,455        |
| Debtors  | 2,312        |                | 473             |                |
| Cash and bank balances                         | 364          |                | 5,351           |                |
| <b>Total other assets</b>                      |              | <b>2,676</b>   |                 | <b>5,824</b>   |
| <b>Total assets</b>                            |              | <b>258,465</b> |                 | <b>270,279</b> |
| <b>LIABILITIES</b>                             |              |                |                 |                |
| Investment liabilities                         |              | -              |                 | (94)           |
| Creditors                                      | (628)        |                | (1,124)         |                |
| Distribution payable on income shares          | -            |                | (7)             |                |
| <b>Total other liabilities</b>                 |              | <b>(628)</b>   |                 | <b>(1,131)</b> |
| <b>Total liabilities</b>                       |              | <b>(628)</b>   |                 | <b>(1,225)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>257,837</b> |                 | <b>269,054</b> |

# JPM UK Focus Fund

## Investment objective and policy

To provide long-term capital growth by investing in a portfolio primarily of UK Securities.

## Risk profile

This equity based Fund uses a disciplined investment process for selecting stocks and a robust portfolio construction methodology. This may include exposure to smaller companies.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

This Fund is aggressively managed, which may result in higher volatility of the Fund's performance and bigger differences between the performance of the Fund and its benchmark when compared to core funds.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

## Fund review

The FTSE All-Share Index was up 1.2% in the six months to 31 July 2011. Markets were very volatile over the period as sovereign debt concerns continued to weigh on sentiment and economic indicators pointed towards a slowdown in growth in the UK, US and Europe.

Fund performance was positive but below the benchmark for the review period. In the Fund, the biggest positive contributor to relative returns was stock selection and an overweight position in the health care sector. Stock selection and an overweight position in chemicals, and an overweight position in autos were also beneficial. Stock selection and an underweight position in consumer non durables, and stock selection in the media and retail sectors were the biggest detractors. At the stock level, the fund gained from an overweight holding in Brammer, a technical distributor, whose share price rose sharply over the period on the back of continued strong sales growth. An overweight holding in Lamprell also contributed positively as the oil services company benefited from growing demand from oil producers amid a broad rise in energy prices. An overweight position in Marine Harvest was detrimental after the salmon producer was hurt by falling salmon spot prices, as growth in supply from Chile was accompanied by softer demand. An overweight position in United Business Media also detracted as the company received earnings downgrades after reporting disappointing results for the 2010 financial year. However, the Fund gained from an overweight position in Shire, the drugmaker, which received earnings upgrades after reporting accelerating earnings growth thanks to the strong performance of several of its key treatments.

## Fund outlook

The UK economic outlook remains weak. Nevertheless interest rates are low and monetary policy looks set to remain easy for a prolonged period despite higher inflation. UK stock valuations also look cheap compared to history and compared to bonds, offering attractive opportunities for long-term investors.

## 12 month performance to 31 July

|   | 2011         | 2010         | 2009          | 2008          | 2007         |
|---|--------------|--------------|---------------|---------------|--------------|
| <b>JPM UK Focus A-Class Acc</b>             | <b>16.0%</b> | <b>18.3%</b> | <b>-11.5%</b> | <b>-19.0%</b> | <b>15.2%</b> |
| <b>JPM UK Focus C-Class Acc<sup>†</sup></b> | -            | -            | -             | -             | -            |
| Benchmark Index                             | 14.9%        | 19.4%        | -10.5%        | -13.3%        | 13.0%        |

## Six month performance to 31 July 2011

|                                 |             |
|---------------------------------|-------------|
| <b>JPM UK Focus A-Class Acc</b> | <b>0.6%</b> |
| Benchmark Index                 | 1.2%        |

## Fund statistics

|                 |  |
|-----------------|--|
| Fund size       | <b>£57.4m</b>                            |
| Benchmark Index | <b>FTSE All-Share (Total Return Net)</b> |
| Fund charges    |  |
| A-Class         | <b>Initial 4.25%, Annual 1.50%</b>       |
| C-Class         | <b>Initial Nil, Annual 0.75%</b>         |

## Top ten holdings

|                   | %   |
|-------------------|-----|
| Royal Dutch Shell | 7.9 |
| HSBC              | 4.9 |
| BP                | 4.8 |
| Rio Tinto         | 4.2 |
| GlaxoSmithKline   | 4.1 |
| Vodafone Group    | 4.0 |
| BG Group          | 3.2 |
| Xstrata           | 2.5 |
| Shire             | 2.4 |
| Brammer           | 2.3 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

<sup>†</sup>C-Class Accumulation Shares were launched on 15 November 2010.

Source: J.P. Morgan.

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## Sector breakdown

|                               | %    |
|-------------------------------|------|
| Oil & gas                     | 20.6 |
| Financials                    | 15.5 |
| Basic materials               | 11.8 |
| Consumer services             | 10.7 |
| Consumer goods                | 10.3 |
| Industrials                   | 10.2 |
| Health care                   | 8.8  |
| Telecommunications            | 5.5  |
| Technology                    | 2.1  |
| Equity investment instruments | 1.4  |
| Utilities                     | 0.9  |
| Futures                       | 0.0  |
| Liquidity                     | 1.9  |
| Net other assets              | 0.3  |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 54.33p              | 45.90p             | 0.18p                        |
| 2007   | 59.82p              | 51.42p             | 0.66p                        |
| 2008   | 54.36p              | 30.34p             | 1.06p                        |
| 2009   | 49.36p              | 29.99p             | 1.04p                        |
| 2010   | 56.04p              | 44.06p             | 0.70p                        |
| 2011 <sup>a</sup>                              | 58.23p              | 53.71p             | 0.59p                        |
| <b>A-Class Income Shares</b>                   |                     |                    |                              |
| 2006   | 54.13p              | 45.90p             | 0.17p                        |
| 2007   | 58.44p              | 49.31p             | 0.00p                        |
| 2008   | 52.14p              | 28.63p             | 0.69p                        |
| 2009   | 45.33p              | 27.99p             | 0.97p                        |
| 2010   | 50.74p              | 40.30p             | 0.63p                        |
| 2011 <sup>a</sup>                              | 52.66p              | 48.57p             | 0.54p                        |
| <b>C-Class Accumulation Shares<sup>c</sup></b> |                     |                    |                              |
| 2010   | 104.2p              | 96.19p             | -                            |
| 2011 <sup>b</sup>                              | 108.6p              | 100.1p             | 1.44p                        |

<sup>a</sup> To 31 July 2011.

<sup>c</sup> C-Class Accumulation Shares were launched on 15 November 2010.

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.01.11 | 18.1% |
| 31.07.11 | 1.0%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 43,057                                   | 124,970,360      | 34.45p                    | 1.67%               |
| 31.01.10                           | 39,887                                   | 84,008,210       | 47.48p                    | 1.67%               |
| 31.01.11                           | 52,837                                   | 95,328,107       | 55.43p                    | 1.67%               |
| 31.07.11                           | 53,161                                   | 95,397,128       | 55.73p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09                           | 29                                       | 88,339           | 32.16p                    | 1.68%               |
| 31.01.10                           | 47                                       | 107,788          | 43.42p                    | 1.68%               |
| 31.01.11                           | 54                                       | 107,667          | 50.12p                    | 1.68%               |
| 31.07.11                           | 60                                       | 119,349          | 49.91p                    | 1.68%               |
| <b>C-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.11                           | 3,003                                    | 2,910,000        | 103.2p                    | 0.87%               |
| 31.07.11                           | 4,216                                    | 4,048,126        | 104.2p                    | 0.87%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Oil &amp; gas - 20.6% (21.0%)</b>                     |           |                       |                       |
| <b>Oil &amp; gas producers - 18.4%</b>                   |           |                       |                       |
| Afren  | 489,434   | 678                   | 1.2                   |
| BG Group   | 128,483   | 1,864                 | 3.2                   |
| BP   | 605,581   | 2,746                 | 4.8                   |
| Enquest  | 28,984    | 36                    | 0.1                   |
| Royal Dutch Shell 'A'                                    | 113,662   | 2,550                 | 4.4                   |
| Royal Dutch Shell 'B'                                    | 88,728    | 1,994                 | 3.5                   |
| Salamander Energy  | 171,042   | 472                   | 0.8                   |
| Valiant Petroleum*                                       | 36,213    | 211                   | 0.4                   |
| <b>Oil equipment, services &amp; distribution - 2.2%</b> |           |                       |                       |
| Lamprell   | 210,281   | 815                   | 1.4                   |
| Petrofac   | 32,645    | 460                   | 0.8                   |
| <b>Financials - 15.5% (17.0%)</b>                        |           |                       |                       |
| <b>Banks - 8.2%</b>                                      |           |                       |                       |
| Barclays   | 122,321   | 270                   | 0.5                   |
| HSBC   | 468,890   | 2,810                 | 4.9                   |
| KBC Groep  | 6,253     | 134                   | 0.2                   |
| Lloyds Banking Group                                     | 1,691,887 | 735                   | 1.3                   |
| Standard Chartered                                       | 46,932    | 730                   | 1.3                   |
| <b>General financial - 3.1%</b>                          |           |                       |                       |
| Henderson Group  | 207,254   | 334                   | 0.6                   |
| International Personal Finance                           | 212,854   | 671                   | 1.2                   |
| Intrum Justitia  | 29,065    | 273                   | 0.5                   |
| Man Group  | 193,640   | 435                   | 0.8                   |
| Tullett Prebon   | 10,640    | 38                    | -                     |
| <b>Life insurance - 2.3%</b>                             |           |                       |                       |
| Prudential   | 119,218   | 818                   | 1.4                   |
| Resolution   | 182,788   | 500                   | 0.9                   |
| <b>Nonlife insurance - 0.6%</b>                          |           |                       |                       |
| Admiral Group  | 9,887     | 151                   | 0.2                   |
| Beazley Group  | 169,542   | 226                   | 0.4                   |
| <b>Real estate - 1.3%</b>                                |           |                       |                       |
| LSL Property Services                                    | 264,415   | 759                   | 1.3                   |
| <b>Basic materials - 11.8% (10.6%)</b>                   |           |                       |                       |
| <b>Chemicals - 2.3%</b>                                  |           |                       |                       |
| Arkema   | 13,402    | 802                   | 1.4                   |
| Bayer  | 10,921    | 536                   | 0.9                   |
| <b>Mining - 9.5%</b>                                     |           |                       |                       |
| Glencore International                                   | 185,227   | 882                   | 1.5                   |
| International Ferro Metals                               | 704,762   | 136                   | 0.2                   |
| Petropavlovsk  | 80,929    | 646                   | 1.1                   |
| Rio Tinto  | 55,838    | 2,412                 | 4.2                   |
| Xstrata  | 108,995   | 1,418                 | 2.5                   |
| <b>Consumer services - 10.7% (11.9%)</b>                 |           |                       |                       |
| <b>Food &amp; drug retailers - 1.1%</b>                  |           |                       |                       |
| Tesco  | 160,304   | 614                   | 1.1                   |
| <b>General retailers - 2.0%</b>                          |           |                       |                       |
| Bygghmax   | 47,679    | 162                   | 0.3                   |
| D'leteren  | 6,400     | 262                   | 0.5                   |
| Inchcape   | 72,302    | 289                   | 0.5                   |
| Kingfisher   | 159,296   | 403                   | 0.7                   |
| <b>Media - 3.9%</b>                                      |           |                       |                       |
| Informa  | 198,427   | 798                   | 1.4                   |
| ITV  | 891,095   | 630                   | 1.1                   |
| Pearson  | 20,463    | 235                   | 0.4                   |
| United Business Media                                    | 111,439   | 599                   | 1.0                   |
| <b>Travel &amp; leisure - 3.7%</b>                       |           |                       |                       |
| Betfair Group  | 41,294    | 272                   | 0.5                   |
| Compass Group  | 58,244    | 337                   | 0.6                   |
| Domino's Pizza   | 129,240   | 641                   | 1.1                   |
| Go-Ahead Group   | 13,546    | 208                   | 0.3                   |
| Intercontinental Hotels Group                            | 55,808    | 677                   | 1.2                   |
| <b>Consumer goods - 10.3% (10.1%)</b>                    |           |                       |                       |
| <b>Automobiles &amp; parts - 1.2%</b>                    |           |                       |                       |
| GKN  | 163,658   | 364                   | 0.6                   |
| Nokian Renkaa  | 12,519    | 355                   | 0.6                   |
| <b>Food producers - 3.3%</b>                             |           |                       |                       |
| CSM  | 10,692    | 172                   | 0.3                   |
| Marine Harvest   | 459,550   | 165                   | 0.3                   |
| Premier Foods  | 1,173,512 | 219                   | 0.4                   |
| Unilever   | 66,524    | 1,295                 | 2.3                   |

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Household goods - 1.1%</b>                      |           |                       |                       |
| Persimmon  | 48,065    | 219                   | 0.4                   |
| Redrow   | 145,324   | 190                   | 0.3                   |
| Taylor Wimpey                                      | 570,131   | 202                   | 0.4                   |
| <b>Leisure goods - 0.4%</b>                        |           |                       |                       |
| Philips Electronics                                | 14,805    | 225                   | 0.4                   |
| <b>Personal goods - 0.1%</b>                       |           |                       |                       |
| Pandora  | 3,820     | 67                    | 0.1                   |
| <b>Tobacco - 4.2%</b>                              |           |                       |                       |
| British American Tobacco                           | 45,671    | 1,286                 | 2.2                   |
| Imperial Tobacco Group                             | 54,242    | 1,147                 | 2.0                   |
| <b>Industrials - 10.2% (10.5%)</b>                 |           |                       |                       |
| <b>Construction &amp; materials - 0.3%</b>         |           |                       |                       |
| Wavin  | 21,250    | 165                   | 0.3                   |
| <b>General industrials - 0.7%</b>                  |           |                       |                       |
| Cookson Group                                      | 58,956    | 378                   | 0.7                   |
| <b>Industrial engineering - 0.6%</b>               |           |                       |                       |
| IMI  | 31,876    | 334                   | 0.6                   |
| <b>Support services - 8.6%</b>                     |           |                       |                       |
| Brammer  | 441,303   | 1,322                 | 2.3                   |
| Electrocomponents                                  | 138,221   | 320                   | 0.6                   |
| Filtrona   | 198,349   | 682                   | 1.2                   |
| Howden Joinery Group                               | 1,008,983 | 1,159                 | 2.0                   |
| Premier Farnell                                    | 112,359   | 217                   | 0.4                   |
| Rentokil Initial                                   | 354,317   | 336                   | 0.6                   |
| Robert Walters                                     | 224,817   | 720                   | 1.2                   |
| Travis Perkins                                     | 22,995    | 203                   | 0.3                   |
| <b>Health care - 8.8% (7.8%)</b>                   |           |                       |                       |
| <b>Pharmaceuticals &amp; biotechnology - 8.8%</b>  |           |                       |                       |
| AstraZeneca  | 33,389    | 991                   | 1.7                   |
| Axis-Shield  | 52,797    | 249                   | 0.4                   |
| GlaxoSmithKline                                    | 171,517   | 2,358                 | 4.1                   |
| Shire  | 63,343    | 1,350                 | 2.4                   |
| Thrombogenics                                      | 6,690     | 99                    | 0.2                   |
| <b>Telecommunications - 5.5% (5.7%)</b>            |           |                       |                       |
| <b>Fixed line telecommunications - 1.5%</b>        |           |                       |                       |
| BT Group   | 386,122   | 772                   | 1.3                   |
| Cable & Wireless Communications                    | 145,117   | 54                    | 0.1                   |
| Cable & Wireless Worldwide                         | 145,117   | 61                    | 0.1                   |
| <b>Mobile telecommunications - 4.0%</b>            |           |                       |                       |
| Vodafone Group                                     | 1,332,561 | 2,298                 | 4.0                   |
| <b>Technology - 2.1% (2.1%)</b>                    |           |                       |                       |
| <b>Software &amp; computer services - 2.1%</b>     |           |                       |                       |
| Atos   | 12,605    | 424                   | 0.7                   |
| Computacenter                                      | 167,856   | 816                   | 1.4                   |
| <b>Equity investment instruments - 1.4% (1.4%)</b> |           |                       |                       |
| Burford Capital                                    | 665,054   | 818                   | 1.4                   |
| <b>Utilities - 0.9% (0.9%)</b>                     |           |                       |                       |
| <b>Gas, water &amp; multiutilities - 0.9%</b>      |           |                       |                       |
| Centrica   | 160,425   | 491                   | 0.9                   |
| <b>Futures - 0.0% (0.0%)</b>                       |           |                       |                       |
| FTSE 100 Index Futures Sep 2011                    | 20        | -                     | -                     |
| <b>Liquidity - 1.9% (0.0%)</b>                     |           |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^               | 1,100,000 | 1,100                 | 1.9                   |
| <b>Investment assets</b>                           |           | <b>57,292</b>         | <b>99.7</b>           |
| <b>Net other assets</b>                            |           | <b>145</b>            | <b>0.3</b>            |
| <b>Net assets</b>                                  |           | <b>57,437</b>         | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

\* Listed on Alternative Investment Market (AIM)

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000        |
|--|--------------|
| <b>Total of all purchases for the period</b> | <b>2,201</b> |
| <b>Purchases</b>                             | <b>Cost</b>  |
| Royal Dutch Shell 'A'                        | 1,100        |
| Glencore International                       | 982          |
| Lamprell                                     | 112          |
| CSM  | 7            |

|  | £'000           |
|--|-----------------|
| <b>Total of all sales for the period</b> | <b>28</b>       |
| <b>Sales</b>                             | <b>Proceeds</b> |
| Southern Cross Healthcare Group          | 18              |
| Sevan Marine                             | 10              |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|---|-------|---------------|-------|---------------|
| Income  |       |               |       |               |
| Net capital (losses)/gains  |       | (284)         |       | 245           |
| Revenue   | 1,047 |               | 780   |               |
| Expenses  | (465) |               | (354) |               |
| Net revenue before taxation   | 582   |               | 426   |               |
| Taxation  | (20)  |               | (16)  |               |
| Net revenue after taxation  |       | 562           |       | 410           |
| <b>Total return before distributions</b>  |       | <b>278</b>    |       | <b>655</b>    |
| Finance costs: Distributions  |       | (564)         |       | (412)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>(286)</b>  |       | <b>243</b>    |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000 | 2011<br>£'000 | £'000  | 2010<br>£'000 |
|--|-------|---------------|--------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |       | <b>55,894</b> |        | <b>39,934</b> |
| Amounts receivable on issue of shares  | 2,047 |               | 11,366 |               |
| Amounts payable on cancellation of shares  | (780) |               | (26)   |               |
|  |       | 1,267         |        | 11,340        |
| Change in net assets attributable to shareholders from investment activities (see above) |       | (286)         |        | 243           |
| Retained distributions on accumulation shares  |       | 562           |        | 531           |
| <b>Closing net assets attributable to shareholders</b>                                   |       | <b>57,437</b> |        | <b>52,048</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |               | 31 January 2011 |               |
|--|--------------|---------------|-----------------|---------------|
|  | £'000        | £'000         | £'000           | £'000         |
| <b>ASSETS</b>                                  |              |               |                 |               |
| Investment assets                              |              | 57,292        |                 | 55,346        |
| Debtors  | 124          |               | 107             |               |
| Cash and bank balances                         | 103          |               | 523             |               |
| <b>Total other assets</b>                      |              | <b>227</b>    |                 | <b>630</b>    |
| <b>Total assets</b>                            |              | <b>57,519</b> |                 | <b>55,976</b> |
| <b>LIABILITIES</b>                             |              |               |                 |               |
| Creditors                                      | (81)         |               | (82)            |               |
| Distribution payable on income shares          | (1)          |               | -               |               |
| <b>Total liabilities</b>                       |              | <b>(82)</b>   |                 | <b>(82)</b>   |
| <b>Net assets attributable to shareholders</b> |              | <b>57,437</b> |                 | <b>55,894</b> |

# JPM UK Higher Income Fund

(Formerly JPM Premier Equity Income Fund)

## Important information

### Changes to the investment objective and policy and fund name

In May 2011, the Authorised Corporate Director informed shareholders that the investment objective and policy of the Fund would be amended to the below which came into effect on 1 August 2011 and the name of the Fund was also changed from the JPM Premier Equity Income Fund to the JPM UK Higher Income Fund.

### Investment objective and policy<sup>A</sup>

To provide income and prospects of capital growth by investing primarily in equity and equity-linked securities of UK companies. The Fund aims to provide a higher income yield than the yield on the FTSE™ All-Share Index.

Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed interest securities, cash and cash equivalents may be held on an ancillary basis, as appropriate.

### Risk profile

This equity based Fund is designed for investors looking for income from a broad market exposure (which may include smaller companies) predominantly to a single developed stock market.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

This Fund charges the fees of the ACD against capital, which will increase the amount of income available for distribution to Shareholders, but may constrain capital growth. It may also have tax implications for certain investors.

### Fund review

The FTSE All-Share Index was up 1.2% in the six months to 31 July. Markets were volatile over the period as sovereign debt concerns continued to weigh on sentiment and economic indicators pointed towards a slowdown in growth in the UK, US and Europe.

The Fund posted a positive return and outperformed its benchmark. Positive contributions to relative returns came from stock selection and underweight positions in the banks and mining sectors, and stock selection in travel & leisure. Stock selection and underweight positions in food producers detracted, as did stock selection in technology, hardware & equipment. At the stock level, both the strongest positive contributors to relative returns and the largest detractors were underweight positions in stocks that do not meet our yield criteria, as they yield less than the market average or have unsustainably high yields. Positive contributors included underweight positions in Lloyds Banking Group, which said a slower UK economy and higher funding costs will weigh on margins in 2011, and Xstrata, which reported disappointing first-quarter profits due to poor weather. The most significant stock-level detractors were underweight positions in Unilever, which was sought by investors for its defensive qualities, and Burberry, which received earnings upgrades on rising demand in Asia.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> On 01/08/11 the investment objective and policy of the Fund was changed.

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## Fund outlook

The UK economic outlook remains weak, with several global and domestic headwinds hindering activity. Nevertheless interest rates are low and monetary policy looks set to remain easy despite higher inflation. UK stock valuations look cheap compared to history and compared to bonds, offering attractive opportunities for long-term investors.

### 12 month performance to 31 July

|   | 2011         | 2010         | 2009          | 2008          | 2007        |
|---|--------------|--------------|---------------|---------------|-------------|
| <b>JPM UK Higher Income A-Class Acc</b> | <b>14.5%</b> | <b>17.4%</b> | <b>-13.4%</b> | <b>-17.3%</b> | <b>7.5%</b> |
| Benchmark Index                         | 14.9%        | 19.4%        | -10.5%        | -13.3%        | 13.0%       |

### Six month performance to 31 July 2011

|   |             |
|---|-------------|
| <b>JPM UK Higher Income A-Class Acc</b> | <b>1.9%</b> |
| Benchmark Index                         | 1.2%        |

## Fund statistics

|                 |  |
|-----------------|--|
| Fund size       | <b>£290.9m</b>                           |
| Benchmark Index | <b>FTSE All-Share (Total Return Net)</b> |
| Fund charges    | <b>Initial 4.25%, Annual 1.50%</b>       |

## Top ten holdings

|                          | %   |
|--------------------------|-----|
| Royal Dutch Shell 'B'    | 7.9 |
| HSBC                     | 5.9 |
| Vodafone Group           | 4.9 |
| BP                       | 4.8 |
| GlaxoSmithKline          | 4.0 |
| Rio Tinto                | 3.6 |
| British American Tobacco | 3.2 |
| BHP Billiton             | 2.8 |
| AstraZeneca              | 2.4 |
| Anglo American           | 2.2 |

## Sector breakdown

|                       | %     |
|-----------------------|-------|
| Financials            | 21.2  |
| Oil & gas             | 13.8  |
| Consumer goods        | 12.4  |
| Consumer services     | 11.4  |
| Basic materials       | 11.2  |
| Industrials           | 11.2  |
| Telecommunications    | 6.6   |
| Health care           | 6.5   |
| Utilities             | 4.7   |
| Technology            | 1.2   |
| Liquidity             | 0.4   |
| Net other liabilities | (0.6) |

## Highest/lowest share price and distribution record

| Calendar year                      | Highest share price | Lowest share price | Distribution per share (net) |
|------------------------------------|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b> |                     |                    |                              |
| 2006                               | 679.4p              | 580.4p             | 20.76p                       |
| 2007                               | 717.1p              | 613.6p             | 22.05p                       |
| 2008                               | 647.9p              | 377.8p             | 24.58p                       |
| 2009                               | 559.2p              | 356.7p             | 23.45p                       |
| 2010                               | 644.9p              | 512.9p             | 18.88p                       |
| 2011 <sup>a</sup>                  | 674.3p              | 609.4p             | 21.88p                       |
| <b>A-Class Income Shares</b>       |                     |                    |                              |
| 2006                               | 566.4p              | 492.5p             | 17.70p                       |
| 2007                               | 598.8p              | 494.7p             | 18.19p                       |
| 2008                               | 522.3p              | 291.4p             | 19.64p                       |
| 2009                               | 409.1p              | 268.1p             | 17.91p                       |
| 2010                               | 456.0p              | 369.9p             | 13.64p                       |
| 2011 <sup>a</sup>                  | 470.7p              | 425.4p             | 15.35p                       |

<sup>a</sup> To 31 July 2011.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 147.6% |
| 31.07.11 | 30.1%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 134,174                                  | 32,055,306       | 418.6p                    | 1.67%               |
| 31.01.10                           | 158,205                                  | 29,514,376       | 536.0p                    | 1.67%               |
| 31.01.11                           | 170,898                                  | 26,954,941       | 634.0p                    | 1.67%               |
| 31.07.11                           | 165,828                                  | 25,664,553       | 646.1p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09                           | 108,841                                  | 34,628,874       | 314.3p                    | 1.67%               |
| 31.01.10                           | 125,124                                  | 32,370,904       | 386.5p                    | 1.67%               |
| 31.01.11                           | 131,420                                  | 29,695,547       | 442.6p                    | 1.67%               |
| 31.07.11                           | 125,045                                  | 28,329,038       | 441.4p                    | 1.68%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                        | Holding   | Market value<br>£'000 | Total net<br>assets % |
|-----------------------------------|-----------|-----------------------|-----------------------|
| <b>Financials – 21.2% (23.9%)</b> |           |                       |                       |
| <b>Banks – 9.6%</b>               |           |                       |                       |
| Barclays                          | 2,079,666 | 4,591                 | 1.6                   |
| HSBC                              | 2,881,959 | 17,272                | 5.9                   |
| Standard Chartered                | 395,742   | 6,158                 | 2.1                   |
| <b>Financial services – 0.6%</b>  |           |                       |                       |
| Brewin Dolphin                    | 249,396   | 374                   | 0.1                   |
| Brookwell Redemption Preference*  | 16,097    | 11                    | -                     |
| City of London Investment Group   | 26,435    | 110                   | -                     |
| Henderson Group                   | 390,038   | 628                   | 0.2                   |
| Jupiter Fund Management           | 164,499   | 382                   | 0.1                   |
| Provident Financial               | 54,414    | 608                   | 0.2                   |
| <b>General financial – 2.8%</b>   |           |                       |                       |
| Aberdeen Asset Management         | 329,815   | 741                   | 0.3                   |
| Ashmore Group                     | 129,222   | 519                   | 0.2                   |
| Close Brothers Group              | 67,173    | 500                   | 0.2                   |
| F&C Asset Management              | 199,569   | 139                   | -                     |
| Globeop Financial Services        | 53,458    | 235                   | 0.1                   |
| H&T Group                         | 10,681    | 37                    | -                     |
| Hargreaves Lansdown               | 94,243    | 534                   | 0.2                   |
| ICAP                              | 175,178   | 788                   | 0.3                   |
| Intermediate Capital Group        | 180,670   | 481                   | 0.2                   |
| International Personal Finance    | 207,531   | 655                   | 0.2                   |
| Investec                          | 152,369   | 726                   | 0.2                   |
| London Stock Exchange Group       | 61,174    | 606                   | 0.2                   |
| Paragon Group of Companies        | 215,489   | 420                   | 0.1                   |
| Rathbone Brothers                 | 35,496    | 411                   | 0.1                   |
| Schroders                         | 51,136    | 826                   | 0.3                   |
| Tullett Prebon                    | 130,086   | 461                   | 0.2                   |
| <b>Life insurance – 3.5%</b>      |           |                       |                       |
| Aviva                             | 532,112   | 2,103                 | 0.7                   |
| Chesnara                          | 82,061    | 191                   | 0.1                   |
| Legal & General Group             | 1,216,428 | 1,353                 | 0.5                   |
| Old Mutual                        | 1,085,026 | 1,375                 | 0.5                   |
| Phoenix Group                     | 81,030    | 470                   | 0.2                   |
| Prudential                        | 446,969   | 3,066                 | 1.1                   |
| Resolution                        | 354,013   | 968                   | 0.3                   |
| St James's Place                  | 108,867   | 393                   | 0.1                   |
| <b>Nonlife insurance – 1.9%</b>   |           |                       |                       |
| Admiral Group                     | 53,849    | 821                   | 0.3                   |
| Amlin                             | 160,000   | 640                   | 0.2                   |
| Beazley Group                     | 309,254   | 412                   | 0.1                   |
| Catlin Group                      | 130,729   | 544                   | 0.2                   |
| Hiscox                            | 142,704   | 579                   | 0.2                   |
| Jardine Lloyd Thompson            | 77,537    | 502                   | 0.2                   |
| Lancashire Holdings               | 72,836    | 507                   | 0.2                   |
| Novae Group                       | 55,800    | 195                   | 0.1                   |
| RSA Insurance Group               | 798,050   | 1,047                 | 0.4                   |
| <b>Real estate – 2.8%</b>         |           |                       |                       |
| British Land                      | 193,638   | 1,135                 | 0.4                   |
| Capital Shopping Centres Group    | 193,884   | 725                   | 0.2                   |
| CLS                               | 32,474    | 209                   | 0.1                   |
| Development Securities            | 107,200   | 232                   | 0.1                   |
| Great Portland Estates            | 126,120   | 526                   | 0.2                   |
| Hammerson                         | 184,209   | 853                   | 0.3                   |
| Hansteen Holdings                 | 428,423   | 354                   | 0.1                   |
| Land Securities                   | 161,510   | 1,376                 | 0.5                   |
| London & Stamford                 | 344,961   | 437                   | 0.2                   |
| LSL Property Services             | 67,028    | 193                   | 0.1                   |
| Quintain Estates & Development    | 491,558   | 292                   | 0.1                   |
| Savills                           | 110,388   | 384                   | 0.1                   |
| Segro                             | 224,163   | 677                   | 0.2                   |
| Shaftesbury                       | 101,382   | 521                   | 0.2                   |
| St. Modwen Properties             | 26,000    | 46                    | -                     |
| Unite Group                       | 39,088    | 83                    | -                     |

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Oil &amp; gas – 13.8% (13.5%)</b>                     |           |                       |                       |
| <b>Oil &amp; gas producers – 13.0%</b>                   |           |                       |                       |
| Aurelian Oil & Gas                                       | 77,839    | 52                    | -                     |
| Bahamas Petroleum  | 308,939   | 42                    | -                     |
| Bowleven*  | 52,800    | 139                   | -                     |
| BP   | 3,060,010 | 13,877                | 4.8                   |
| Exillon Energy   | 47,900    | 205                   | 0.1                   |
| Kentz Group  | 47,691    | 223                   | 0.1                   |
| Nautical Petroleum                                       | 101,233   | 330                   | 0.1                   |
| Oilex  | 219,938   | 57                    | -                     |
| Petro Matad  | 29,700    | 29                    | -                     |
| Royal Dutch Shell 'B'                                    | 1,015,671 | 22,822                | 7.9                   |
| <b>Oil equipment, services &amp; distribution – 0.8%</b> |           |                       |                       |
| AMEC   | 83,513    | 878                   | 0.3                   |
| Cape   | 58,478    | 327                   | 0.1                   |
| Lamprell   | 105,501   | 409                   | 0.1                   |
| Petrofac   | 64,588    | 911                   | 0.3                   |
| <b>Consumer goods – 12.4% (10.8%)</b>                    |           |                       |                       |
| <b>Automobiles &amp; parts – 0.3%</b>                    |           |                       |                       |
| GKN  | 388,108   | 864                   | 0.3                   |
| <b>Beverages – 3.4%</b>                                  |           |                       |                       |
| Diageo   | 425,107   | 5,297                 | 1.8                   |
| SABMiller  | 201,603   | 4,605                 | 1.6                   |
| <b>Food producers – 2.5%</b>                             |           |                       |                       |
| Anglo-Eastern Plantations                                | 9,908     | 70                    | -                     |
| Asian Plantations  | 31,530    | 80                    | -                     |
| Associated British Foods                                 | 93,668    | 1,001                 | 0.3                   |
| Dairy Crest Group  | 91,820    | 342                   | 0.1                   |
| Devro  | 172,038   | 439                   | 0.2                   |
| Hilton Food Group  | 56,281    | 150                   | 0.1                   |
| MP Evans Group*  | 11,619    | 50                    | -                     |
| Tate & Lyle  | 128,035   | 780                   | 0.3                   |
| Unilever   | 223,079   | 4,343                 | 1.5                   |
| <b>Household goods – 1.7%</b>                            |           |                       |                       |
| Berkeley Group   | 47,066    | 575                   | 0.2                   |
| Reckitt Benckiser Group                                  | 123,643   | 4,328                 | 1.5                   |
| <b>Personal goods – 0.0%</b>                             |           |                       |                       |
| Supergroup   | 7,880     | 82                    | -                     |
| <b>Tobacco – 4.5%</b>                                    |           |                       |                       |
| British American Tobacco                                 | 328,197   | 9,244                 | 3.2                   |
| Imperial Tobacco Group                                   | 175,386   | 3,709                 | 1.3                   |
| <b>Consumer services – 11.4% (12.4%)</b>                 |           |                       |                       |
| <b>Food &amp; drug retails – 3.0%</b>                    |           |                       |                       |
| Booker Group   | 679,298   | 504                   | 0.2                   |
| Greggs   | 77,808    | 400                   | 0.1                   |
| Morrison (Wm.) Supermarkets                              | 525,213   | 1,515                 | 0.5                   |
| Sainsbury (J)  | 399,695   | 1,211                 | 0.4                   |
| Tesco  | 1,342,673 | 5,140                 | 1.8                   |
| <b>General retailers – 2.0%</b>                          |           |                       |                       |
| Debenhams  | 717,266   | 482                   | 0.2                   |
| Dunelm Group   | 83,097    | 388                   | 0.1                   |
| Inchcape   | 160,173   | 641                   | 0.2                   |
| JD Sports Fashion  | 48,980    | 473                   | 0.2                   |
| Kingfisher   | 502,306   | 1,270                 | 0.4                   |
| Lookers  | 179,465   | 92                    | -                     |
| Marks & Spencer Group                                    | 340,584   | 1,188                 | 0.4                   |
| Mulberry Group   | 4,108     | 73                    | -                     |
| Next   | 41,140    | 978                   | 0.3                   |
| WH Smith   | 88,687    | 449                   | 0.2                   |
| <b>Media – 2.9%</b>                                      |           |                       |                       |
| Aegis Group  | 418,614   | 650                   | 0.2                   |
| British Sky Broadcasting Group                           | 253,033   | 1,817                 | 0.6                   |
| Chime Communications                                     | 84,803    | 214                   | 0.1                   |
| Creston  | 93,182    | 98                    | -                     |
| Entertainment One  | 112,158   | 205                   | 0.1                   |
| Euromoney Institutional Investor                         | 56,916    | 384                   | 0.1                   |
| Informa  | 174,925   | 704                   | 0.3                   |
| ITE Group  | 229,367   | 508                   | 0.2                   |
| Moneysupermarket.Com Group                               | 326,845   | 370                   | 0.1                   |
| Pearson  | 157,975   | 1,814                 | 0.6                   |
| Tarsus Group   | 64,499    | 100                   | -                     |
| Trinity Mirror   | 47,090    | 22                    | -                     |
| WPP  | 245,456   | 1,702                 | 0.6                   |

# Portfolio statement – continued

As at 31 July 2011

| Investment   | Holding | Market value |     | Total net assets %                      | Investment                                  | Holding | Market value |   | Total net assets %                                 |           |        |     |
|--|---------|--------------|-----|---|---|---------|--------------|---|--|-----------|--------|-----|
|  |         | £'000        |     |   |   |         | £'000        |   |  |           |        |     |
| <b>Travel &amp; leisure – 3.5%</b>                   |         |              |     |   | <b>Industrial engineering – 1.7%</b>        |         |              |   |  |           |        |     |
| Carnival   | 48,833  | 1,043        | 0.4 | Bodycote International                  | 127,446                                     | 490     | 0.2          | Charter International                             | 67,962   | 548       | 0.2    |     |
| Cineworld Group                                      | 65,194  | 121          | -   | Fenner                                  | 199,364                                     | 785     | 0.3          | Hamworthy   | 9,500  | 64        | -      |     |
| Compass Group  | 352,864 | 2,043        | 0.7 | IMI                                     | 82,064                                      | 859     | 0.3          | Melrose   | 171,315  | 609       | 0.2    |     |
| Fuller Smith & Turner 'A'                            | 30,838  | 216          | 0.1 | Renold                                  | 272,000                                     | 107     | -            | Rotork  | 34,585   | 546       | 0.2    |     |
| Go-Ahead Group                                       | 28,159  | 433          | 0.1 | Severfield-Rowen                        | 78,842                                      | 158     | 0.1          | Spirax Sarco Engineering                          | 29,507   | 547       | 0.2    |     |
| Greene King  | 102,213 | 499          | 0.2 | <b>Industrial transportation – 0.2%</b> |   |         |              |   |  |           |        |     |
| Intercontinental Hotels Group                        | 69,568  | 844          | 0.3 | BBA Aviation                            | 202,497                                     | 428     | 0.1          | Clarkson  | 13,360   | 174       | 0.1    |     |
| Ladbrokes  | 384,638 | 565          | 0.2 | Goldenport                              | 47,732                                      | 45      | -            | <b>Support services – 4.4%</b>                    |  |           |        |     |
| Marston's  | 413,302 | 427          | 0.1 | Acal                                    | 19,601                                      | 59      | -            | Ashtead Group                                     | 61,000   | 98        | -      |     |
| Millennium & Copthorne Hotels                        | 92,713  | 472          | 0.2 | Atkins (WS)                             | 60,818                                      | 431     | 0.1          | Babcock International Group                       | 104,407  | 696       | 0.2    |     |
| National Express                                     | 215,839 | 570          | 0.2 | Brammer                                 | 152,311                                     | 456     | 0.2          | Bunzl   | 94,228   | 717       | 0.3    |     |
| Restaurant Group                                     | 148,961 | 434          | 0.1 | Capita Group                            | 144,210                                     | 1,031   | 0.4          | Carillion   | 159,838  | 580       | 0.2    |     |
| Stagecoach Group                                     | 245,415 | 616          | 0.2 | CPP                                     | 14,852                                      | 23      | -            | Davis Service Group                               | 87,674   | 476       | 0.2    |     |
| TUI Travel   | 245,265 | 475          | 0.2 | Diploma                                 | 113,868                                     | 421     | 0.1          | Electrocomponents                                 | 192,833  | 446       | 0.2    |     |
| Whitbread  | 49,209  | 765          | 0.3 | Experian                                | 198,402                                     | 1,580   | 0.5          | Fiberweb  | 201,562  | 119       | -      |     |
| William Hill   | 242,959 | 562          | 0.2 | Filtrona                                | 126,649                                     | 435     | 0.1          | G4S   | 342,504  | 928       | 0.3    |     |
| <b>Basic materials – 11.2% (8.8%)</b>                |         |              |     |   | <b>Telecommunications – 6.6% (6.7%)</b>     |         |              |   |  |           |        |     |
| <b>Chemicals – 1.3%</b>                              |         |              |     |   | <b>Fixed line telecommunications – 1.4%</b> |         |              |   |  |           |        |     |
| Carclo   | 56,346  | 180          | 0.1 | Hargreaves Services*                    | 16,041                                      | 170     | 0.1          | Alternative Networks                              | 33,065   | 101       | -      |     |
| Croda International                                  | 37,998  | 717          | 0.2 | Harvey Nash Group                       | 116,010                                     | 87      | -            | BT Group  | 1,392,738  | 2,785     | 1.0    |     |
| Elementis  | 450,591 | 738          | 0.3 | Healthcare Locumst                      | 95,876                                      | 10      | -            | KCOM Group  | 461,212  | 370       | 0.1    |     |
| Johnson Matthey                                      | 50,585  | 1,030        | 0.4 | Hogg Robinson Group                     | 296,121                                     | 192     | 0.1          | Talk Talk Telecom                                 | 345,286  | 490       | 0.2    |     |
| Victrex  | 34,752  | 506          | 0.2 | Homeserve                               | 118,950                                     | 567     | 0.2          | Telecom Plus                                      | 56,789   | 382       | 0.1    |     |
| Yule Catto & Co                                      | 145,322 | 310          | 0.1 | Howden Joinery Group                    | 61,304                                      | 70      | -            | <b>Mobile telecommunications – 5.2%</b>           |  |           |        |     |
| <b>Forestry &amp; paper – 0.2%</b>                   |         |              |     |   | Hyder Consulting                            | 89,512  | 383          | 0.1   | Inmarsat   | 136,221   | 724    | 0.3 |
| Mondi  | 112,405 | 674          | 0.2 | Interserve                              | 99,000                                      | 323     | 0.1          | Monitise  | 152,000  | 54        | -      |     |
| <b>Industrial metals – 0.0%</b>                      |         |              |     |   | John Menzies                                | 52,600  | 267          | 0.1   | Vodafone Group                                     | 8,339,933 | 14,386 | 4.9 |
| International Ferro Metals                           | 491,700 | 95           | -   | Lonrho                                  | 1,136,477                                   | 199     | 0.1          | <b>Health care – 6.5% (6.0%)</b>                  |  |           |        |     |
| <b>Mining – 9.7%</b>                                 |         |              |     |   | Mitie Group                                 | 197,242 | 471          | 0.2   | <b>Health care equipment &amp; services – 0.0%</b> |           |        |     |
| Anglo American                                       | 220,766 | 6,471        | 2.2 | Regus                                   | 436,338                                     | 468     | 0.2          | Immunodiagnostic Systems                          | 6,144  | 74        | -      |     |
| Anglo Pacific Group                                  | 147,964 | 470          | 0.2 | Robert Walters                          | 71,638                                      | 229     | 0.1          | <b>Pharmaceuticals &amp; biotechnology – 6.5%</b> |  |           |        |     |
| Antofagasta  | 85,872  | 1,204        | 0.4 | RPS Group                               | 184,273                                     | 430     | 0.1          | Abcam   | 45,218   | 181       | 0.1    |     |
| Avocet Mining*                                       | 54,000  | 123          | -   | Shaft Sinkers                           | 43,196                                      | 65      | -            | AstraZeneca                                       | 230,732  | 6,847     | 2.4    |     |
| BHP Billiton   | 353,000 | 8,052        | 2.8 | Shanks Group                            | 322,295                                     | 406     | 0.1          | GlaxoSmithKline                                   | 847,558  | 11,650    | 4.0    |     |
| Cove Energy*   | 290,758 | 260          | 0.1 | St. Ives                                | 124,926                                     | 113     | -            |   |  |           |        |     |
| Eurasian Natural Resources                           | 97,749  | 754          | 0.3 | Staffline Group                         | 26,100                                      | 63      | -            |   |  |           |        |     |
| Gemfields  | 296,500 | 73           | -   | Sthree                                  | 96,456                                      | 349     | 0.1          |   |  |           |        |     |
| New World Resources 'A'                              | 49,072  | 395          | 0.1 | Tribal Group                            | 156,208                                     | 75      | -            |   |  |           |        |     |
| Rio Tinto  | 245,252 | 10,595       | 3.6 |   |   |         |              |   |  |           |        |     |
| <b>Industrials – 11.2% (12.5%)</b>                   |         |              |     |   |   |         |              |   |  |           |        |     |
| <b>Aerospace &amp; defence – 1.8%</b>                |         |              |     |   |   |         |              |   |  |           |        |     |
| Chemring Group                                       | 89,759  | 497          | 0.2 |   |   |         |              |   |  |           |        |     |
| Cobham   | 336,370 | 681          | 0.2 |   |   |         |              |   |  |           |        |     |
| Meggitt  | 209,846 | 812          | 0.3 |   |   |         |              |   |  |           |        |     |
| Rolls Royce Group                                    | 346,862 | 2,229        | 0.8 |   |   |         |              |   |  |           |        |     |
| Senior   | 186,331 | 350          | 0.1 |   |   |         |              |   |  |           |        |     |
| Ultra Electronics Holdings                           | 31,400  | 495          | 0.2 |   |   |         |              |   |  |           |        |     |
| UMECO  | 39,515  | 142          | -   |   |   |         |              |   |  |           |        |     |
| <b>Construction &amp; materials – 0.5%</b>           |         |              |     |   |   |         |              |   |  |           |        |     |
| Balfour Beatty                                       | 217,803 | 659          | 0.3 |   |   |         |              |   |  |           |        |     |
| Costain  | 54,144  | 114          | -   |   |   |         |              |   |  |           |        |     |
| Galliford Try  | 22,666  | 112          | -   |   |   |         |              |   |  |           |        |     |
| Hill & Smith   | 49,054  | 181          | 0.1 |   |   |         |              |   |  |           |        |     |
| Kier Group   | 30,805  | 408          | 0.1 |   |   |         |              |   |  |           |        |     |
| Low & Bonar  | 141,551 | 103          | -   |   |   |         |              |   |  |           |        |     |
| <b>Electronics &amp; electrical equipment – 1.6%</b> |         |              |     |   |   |         |              |   |  |           |        |     |
| Andor Technology                                     | 7,060   | 48           | -   |   |   |         |              |   |  |           |        |     |
| Diallight  | 34,371  | 287          | 0.1 |   |   |         |              |   |  |           |        |     |
| Domino Printing Sciences                             | 67,480  | 451          | 0.2 |   |   |         |              |   |  |           |        |     |
| E2V Technologies                                     | 189,100 | 225          | 0.1 |   |   |         |              |   |  |           |        |     |
| Halma  | 140,247 | 561          | 0.2 |   |   |         |              |   |  |           |        |     |
| Morgan Crucible                                      | 140,723 | 464          | 0.2 |   |   |         |              |   |  |           |        |     |
| Oxford Instruments                                   | 60,936  | 594          | 0.2 |   |   |         |              |   |  |           |        |     |
| Renishaw   | 13,852  | 234          | 0.1 |   |   |         |              |   |  |           |        |     |
| Spectris   | 38,119  | 593          | 0.2 |   |   |         |              |   |  |           |        |     |
| TT electronics                                       | 180,900 | 346          | 0.1 |   |   |         |              |   |  |           |        |     |
| Volex Group  | 73,155  | 220          | 0.1 |   |   |         |              |   |  |           |        |     |
| XP Power   | 13,000  | 197          | 0.1 |   |   |         |              |   |  |           |        |     |
| <b>General industrials – 1.0%</b>                    |         |              |     |   |   |         |              |   |  |           |        |     |
| Cookson Group  | 99,251  | 636          | 0.2 |   |   |         |              |   |  |           |        |     |
| Rexam  | 226,600 | 836          | 0.3 |   |   |         |              |   |  |           |        |     |
| RPC Group  | 214,719 | 769          | 0.3 |   |   |         |              |   |  |           |        |     |
| Smith (DS)   | 205,858 | 482          | 0.2 |   |   |         |              |   |  |           |        |     |

## Portfolio statement – continued

As at 31 July 2011

| Investment  | Holding   | Market value<br>£'000 | Total net<br>assets % |
|---|-----------|-----------------------|-----------------------|
| <b>Utilities – 4.7% (4.0%)</b>                    |           |                       |                       |
| <b>Electricity – 1.4%</b>                         |           |                       |                       |
| Drax Group  | 115,179   | 604                   | 0.2                   |
| International Power                               | 348,397   | 1,065                 | 0.4                   |
| OPG Power Venture                                 | 90,583    | 59                    | -                     |
| Scottish & Southern Energy                        | 169,982   | 2,218                 | 0.8                   |
| <b>Gas, water &amp; multiutilities – 3.3%</b>     |           |                       |                       |
| Centrica  | 914,378   | 2,797                 | 1.0                   |
| National Grid                                     | 607,275   | 3,628                 | 1.2                   |
| Northumbrian Water Group                          | 133,587   | 602                   | 0.2                   |
| Pennon Group                                      | 103,608   | 754                   | 0.3                   |
| Severn Trent                                      | 60,098    | 864                   | 0.3                   |
| United Utilities                                  | 162,817   | 957                   | 0.3                   |
| <b>Technology – 1.2% (1.6%)</b>                   |           |                       |                       |
| <b>Software &amp; computer services – 1.0%</b>    |           |                       |                       |
| Advanced Computer Software                        | 107,166   | 44                    | -                     |
| Alterian  | 80,100    | 73                    | -                     |
| Anite   | 315,972   | 218                   | 0.1                   |
| Aveva Group                                       | 4,036     | 69                    | -                     |
| Computacenter                                     | 111,393   | 542                   | 0.2                   |
| K3 Business Technology Group                      | 21,695    | 45                    | -                     |
| Kofax   | 64,464    | 239                   | 0.1                   |
| Logica  | 536,955   | 628                   | 0.2                   |
| NCC Group   | 32,753    | 230                   | 0.1                   |
| Sage Group  | 325,374   | 891                   | 0.3                   |
| <b>Technology hardware &amp; equipment – 0.2%</b> |           |                       |                       |
| Pace  | 291,941   | 332                   | 0.1                   |
| Telit Communications                              | 87,924    | 77                    | -                     |
| Wolfson Microelectronics                          | 107,501   | 170                   | 0.1                   |
| <b>Liquidity – 0.4% (0.0%)</b>                    |           |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^              | 1,110,000 | 1,110                 | 0.4                   |
| <b>Investment assets</b>                          |           | <b>292,585</b>        | <b>100.6</b>          |
| <b>Net other liabilities</b>                      |           | <b>(1,712)</b>        | <b>(0.6)</b>          |
| <b>Net assets</b>                                 |           | <b>290,873</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

\* Listed on Alternative Investment Market (AIM)

† Suspended security

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>46,674</b> | <b>Total of all sales for the period</b> | <b>58,464</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| Anglo American                               | 7,238         | Unilever                                 | 4,276           |
| Unilever                                     | 4,435         | Smiths Group                             | 1,196           |
| Imperial Tobacco Group                       | 3,722         | Standard Life                            | 1,139           |
| Scottish & Southern Energy                   | 2,216         | International Power                      | 1,133           |
| JPM Sterling Liquidity 'X' (Income)          | 2,000         | Vodafone                                 | 1,066           |
| British Sky Broadcasting Group               | 1,878         | Man Group                                | 1,059           |
| Carnival                                     | 1,230         | Next                                     | 1,022           |
| Antofagasta                                  | 1,220         | JPM Sterling Liquidity 'X' (Income)      | 890             |
| Capita Group                                 | 1,120         | HSBC                                     | 883             |
| Next   | 973           | Royal Dutch Shell 'B'                    | 836             |
| AMEC   | 949           | Derwent London                           | 796             |
| International Power                          | 842           | Cranswick                                | 767             |
| Henderson Group                              | 780           | Amlin                                    | 741             |
| Segro  | 714           | St James's Place                         | 713             |
| Amlin  | 654           | Rio Tinto                                | 682             |
| Cookson Group                                | 653           | BHP Billiton                             | 678             |
| Inchcape                                     | 647           | Senior                                   | 669             |
| TUI Travel                                   | 593           | IG Group                                 | 665             |
| Berkeley Group                               | 591           | BP                                       | 663             |
| Lamprell                                     | 564           | United Business Media                    | 651             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000   | 2011<br>£'000 | £'000   | 2010<br>£'000 |
|---|---------|---------------|---------|---------------|
| Income  |         |               |         |               |
| Net capital gains   |         | 1,580         |         | 11,368        |
| Revenue   | 6,504   |               | 6,050   |               |
| Expenses  | (2,280) |               | (2,439) |               |
| Net revenue before taxation   | 4,224   |               | 3,611   |               |
| Taxation  | -       |               | (7)     |               |
| Net revenue after taxation  |         | 4,224         |         | 3,604         |
| <b>Total return before distributions</b>  |         | <b>5,804</b>  |         | <b>14,972</b> |
| Finance costs: Distributions  |         | (6,444)       |         | (5,782)       |
| <b>Change in net assets attributable to shareholders from investment activities</b> |         | <b>(640)</b>  |         | <b>9,190</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000    | 2011<br>£'000  | £'000    | 2010<br>£'000  |
|--|----------|----------------|----------|----------------|
| <b>Opening net assets attributable to shareholders</b>                                   |          | <b>302,318</b> |          | <b>283,329</b> |
| Amounts receivable on issue of shares  | 46       |                | 47       |                |
| Amounts payable on cancellation of shares  | (14,441) |                | (12,637) |                |
|  |          | (14,395)       |          | (12,590)       |
| Change in net assets attributable to shareholders from investment activities (see above) |          | (640)          |          | 9,190          |
| Retained distributions on accumulation shares  |          | 3,542          |          | 3,144          |
| Stamp duty reserve tax   |          | (5)            |          | (7)            |
| Unclaimed distributions  |          | 53             |          | 37             |
| <b>Closing net assets attributable to shareholders</b>                                   |          | <b>290,873</b> |          | <b>283,103</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                | 31 January 2011 |                |
|--|--------------|----------------|-----------------|----------------|
|  | £'000        | £'000          | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |                |                 |                |
| Investment assets                              |              | 292,585        |                 | 302,797        |
| Debtors  | 1,362        |                | 878             |                |
| Cash and bank balances                         | 531          |                | 1,264           |                |
| <b>Total other assets</b>                      |              | <b>1,893</b>   |                 | <b>2,142</b>   |
| <b>Total assets</b>                            |              | <b>294,478</b> |                 | <b>304,939</b> |
| <b>LIABILITIES</b>                             |              |                |                 |                |
| Creditors                                      | (877)        |                | (914)           |                |
| Bank overdraft                                 | -            |                | (8)             |                |
| Distribution payable on income shares          | (2,728)      |                | (1,699)         |                |
| <b>Total liabilities</b>                       |              | <b>(3,605)</b> |                 | <b>(2,621)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>290,873</b> |                 | <b>302,318</b> |

# JPM UK Managed Equity Fund

## Important Information

### Change of investment policy

The investment policy was amended on 1 February 2011 to clarify that any future use of derivatives for investment purposes may change the risk profile of the Fund as follows:

“To provide long term capital growth by investing primarily in large capitalisation UK companies.

Derivatives may be used for the purpose of efficient portfolio management, including hedging, where appropriate. Shareholders will receive at least 60 days' notice of any intention to use derivatives within the Fund for investment purposes, which may change the risk profile of the Fund. Please refer to section 11.14 for Risk Warnings on derivatives. The Fund may hold non-equity investments from time to time as appropriate.”

For the avoidance of doubt, this is not a notice that the above sub-funds would use derivatives for investment purposes; such notice will be subject to at least 60 days notice to shareholders.

### Risk profile

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

### Fund review

The FTSE 100 was up 1.1% in the six months to 31 July 2011. Markets were very volatile over the period as sovereign debt concerns continued to weigh on sentiment and economic indicators pointed towards a slowdown in growth in the UK, US and Europe.

Against this backdrop, the Fund produced a small positive return but underperformed its benchmark. Positive contributions to relative returns came from stock selection and an underweight position in the banks sector, stock selection and an overweight position in health care, and stock selection in capital goods. An underweight position in consumer non durable detracted most from relative performance, while stock selection in media and transport services & trading was also negative. At the stock level, one of the biggest positive contributors to relative returns was an underweight position in Lloyds Banking Group, which said a slower UK economy and higher funding costs will weigh on margins this year. An underweight position in Smith & Nephew was also positive as the maker of orthopaedic devices fell on receding takeover expectations. Stock level detractors from relative returns included an overweight position in broadcaster ITV, which received broker downgrades citing pressure on television advertising. An overweight position in Pace was also detrimental after the developer of digital TV technologies warned that its full-year operating profits would be lower than expected due to margin pressures. However, an overweight position in Weir Group boosted relative performance as the engineer reported better-than-expected financial year results and said it is confident it will deliver good results this year.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

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The JPMorgan UK Managed Equity Fund, an authorised unit trust, was converted into a new sub-fund of JPMorgan Fund ICVC, an umbrella open-ended investment company, on 1 August 2008.

## Fund outlook

The UK economic outlook remains weak, with several global as well as domestic headwinds hindering activity. Nevertheless interest rates are low and monetary policy looks set to remain easy for a prolonged period despite higher inflation. UK stock valuations also look cheap compared to history and compared to bonds, offering attractive opportunities for long-term investors.

## 12 month performance to 31 July

|  | 2011         | 2010         | 2009          |
|--|--------------|--------------|---------------|
| <b>JPM UK Managed Equity A-Class Acc</b> | <b>12.2%</b> | <b>15.7%</b> | <b>-14.0%</b> |
| Benchmark Index                          | 14.2%        | 18.2%        | -10.9%        |

## Six month performance to 31 July 2011

|  |             |
|--|-------------|
| <b>JPM UK Managed Equity A-Class Acc</b> | <b>0.3%</b> |
| Benchmark Index                          | 1.1%        |

## Fund statistics

|                 |                             |
|-----------------|-----------------------------|
| Fund size       | £267.9m                     |
| Benchmark Index | FTSE 100 (Total Return Net) |
| Fund charges    | Initial 4.25%, Annual 1.50% |

## Top ten holdings

|                       | %   |
|-----------------------|-----|
| Royal Dutch Shell 'B' | 9.9 |
| HSBC                  | 8.4 |
| BP                    | 7.2 |
| Vodafone Group        | 6.6 |
| GlaxoSmithKline       | 4.9 |
| Rio Tinto             | 4.9 |
| AstraZeneca           | 4.0 |
| BHP Billiton          | 3.8 |
| BG Group              | 3.3 |
| Anglo American        | 3.1 |

## Sector breakdown

|                    | %    |
|--------------------|------|
| Financials         | 23.7 |
| Oil & gas          | 21.6 |
| Basic materials    | 14.5 |
| Health care        | 9.9  |
| Consumer goods     | 8.9  |
| Telecommunications | 8.5  |
| Industrials        | 5.3  |
| Consumer services  | 4.7  |
| Utilities          | 1.8  |
| Technology         | 0.5  |
| Liquidity          | 0.4  |
| Net other assets   | 0.2  |

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.01.11 | 87.0% |
| 31.07.11 | 50.2% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 202,012                                  | 603,561,011      | 33.47p                    | 1.68%               |
| 31.01.10                           | 236,475                                  | 558,678,541      | 42.33p                    | 1.67%               |
| 31.01.11                           | 251,733                                  | 508,709,882      | 49.48p                    | 1.68%               |
| 31.07.11                           | 241,279                                  | 486,235,733      | 49.62p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09                           | 23,595                                   | 72,721,038       | 32.45p                    | 1.68%               |
| 31.01.10                           | 26,788                                   | 66,995,044       | 39.98p                    | 1.68%               |
| 31.01.11                           | 28,383                                   | 61,724,241       | 45.98p                    | 1.68%               |
| 31.07.11                           | 26,606                                   | 58,317,796       | 45.62p                    | 1.68%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

## Highest/lowest share price and distribution record

| Calendar year                      | Highest share price | Lowest share price | Distribution per share (net) |
|------------------------------------|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b> |                     |                    |                              |
| 2008                               | 50.00p              | 30.40p             | 0.39p                        |
| 2009                               | 44.44p              | 28.53p             | 1.05p                        |
| 2010                               | 50.33p              | 40.13p             | 0.83p                        |
| 2011 <sup>a</sup>                  | 51.58p              | 47.50p             | 0.59p                        |
| <b>A-Class Income Shares</b>       |                     |                    |                              |
| 2008                               | 45.50p              | 29.98p             | 0.37p                        |
| 2009                               | 42.09p              | 27.72p             | 1.02p                        |
| 2010                               | 46.82p              | 37.64p             | 0.78p                        |
| 2011 <sup>a</sup>                  | 47.92p              | 44.13p             | 0.55p                        |

<sup>a</sup> To 31 July 2011.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|
| <b>Financials - 23.7% (20.5%)</b>                        |           |                       |                       |
| <b>Banks - 11.5%</b>                                     |           |                       |                       |
| Barclays   | 3,047,921 | 6,728                 | 2.5                   |
| HSBC   | 3,757,180 | 22,517                | 8.4                   |
| Royal Bank of Scotland Group                             | 698,036   | 247                   | 0.1                   |
| Standard Chartered                                       | 87,470    | 1,361                 | 0.5                   |
| <b>Financial Services - 0.3%</b>                         |           |                       |                       |
| Aberdeen Asset Management                                | 311,579   | 700                   | 0.3                   |
| <b>General financial - 1.6%</b>                          |           |                       |                       |
| Ashmore Group  | 283,619   | 1,138                 | 0.4                   |
| Hargreaves Lansdown                                      | 212,396   | 1,204                 | 0.5                   |
| Investec   | 178,091   | 849                   | 0.3                   |
| Tullett Prebon   | 317,797   | 1,127                 | 0.4                   |
| <b>Life insurance - 5.3%</b>                             |           |                       |                       |
| Aviva  | 925,509   | 3,658                 | 1.4                   |
| Legal & General Group                                    | 3,241,601 | 3,605                 | 1.4                   |
| Prudential   | 988,005   | 6,778                 | 2.5                   |
| <b>Nonlife insurance - 2.4%</b>                          |           |                       |                       |
| Admiral Group  | 200,528   | 3,056                 | 1.1                   |
| Amlin  | 163,705   | 655                   | 0.2                   |
| Beazley Group  | 1,050,343 | 1,399                 | 0.5                   |
| Catlin Group   | 90,882    | 378                   | 0.1                   |
| Lancashire Holdings                                      | 189,912   | 1,322                 | 0.5                   |
| <b>Real estate - 2.6%</b>                                |           |                       |                       |
| Capital & Counties Properties                            | 577,074   | 1,091                 | 0.4                   |
| Derwent London   | 71,014    | 1,273                 | 0.5                   |
| Hammerson  | 911,445   | 4,218                 | 1.6                   |
| Savills  | 109,151   | 379                   | 0.1                   |
| <b>Oil &amp; gas - 21.6% (21.9%)</b>                     |           |                       |                       |
| <b>Oil &amp; gas producers - 20.4%</b>                   |           |                       |                       |
| BG Group   | 611,279   | 8,867                 | 3.3                   |
| BP   | 4,269,711 | 19,363                | 7.2                   |
| Royal Dutch Shell 'B'                                    | 1,178,119 | 26,472                | 9.9                   |
| <b>Oil equipment, services &amp; distribution - 1.2%</b> |           |                       |                       |
| AMEC   | 72,525    | 762                   | 0.3                   |
| Petrofac   | 166,269   | 2,344                 | 0.9                   |
| <b>Basic materials - 14.5% (16.1%)</b>                   |           |                       |                       |
| <b>Chemicals - 1.0%</b>                                  |           |                       |                       |
| Croda International                                      | 67,095    | 1,267                 | 0.5                   |
| Elementis  | 745,899   | 1,221                 | 0.5                   |
| <b>Mining - 13.5%</b>                                    |           |                       |                       |
| Anglo American   | 287,355   | 8,422                 | 3.1                   |
| BHP Billiton   | 450,978   | 10,287                | 3.8                   |
| Ferrexpo   | 284,217   | 1,308                 | 0.5                   |
| Kenmare Resources  | 790,250   | 444                   | 0.2                   |
| Rio Tinto  | 301,188   | 13,011                | 4.9                   |
| Xstrata  | 197,671   | 2,572                 | 1.0                   |
| <b>Health care - 9.9% (9.1%)</b>                         |           |                       |                       |
| <b>Pharmaceuticals &amp; biotechnology - 9.9%</b>        |           |                       |                       |
| AstraZeneca  | 359,714   | 10,674                | 4.0                   |
| GlaxoSmithKline  | 956,690   | 13,150                | 4.9                   |
| Shire  | 130,094   | 2,774                 | 1.0                   |
| <b>Consumer goods - 8.9% (9.7%)</b>                      |           |                       |                       |
| <b>Automobiles &amp; parts - 0.4%</b>                    |           |                       |                       |
| GKN  | 472,412   | 1,052                 | 0.4                   |
| <b>Beverages - 1.9%</b>                                  |           |                       |                       |
| Diageo   | 404,093   | 5,035                 | 1.9                   |
| <b>Food producers - 1.7%</b>                             |           |                       |                       |
| Unilever   | 235,794   | 4,591                 | 1.7                   |
| <b>Household goods - 0.5%</b>                            |           |                       |                       |
| Berkeley Group   | 107,203   | 1,309                 | 0.5                   |
| <b>Personal goods - 1.1%</b>                             |           |                       |                       |
| Burberry Group   | 193,583   | 2,879                 | 1.1                   |
| <b>Tobacco - 3.3%</b>                                    |           |                       |                       |
| British American Tobacco                                 | 228,676   | 6,441                 | 2.4                   |
| Imperial Tobacco Group                                   | 121,132   | 2,562                 | 0.9                   |

| Investment   | Holding    | Market value<br>£'000 | Total net<br>assets % |
|--|------------|-----------------------|-----------------------|
| <b>Telecommunications - 8.5% (7.9%)</b>              |            |                       |                       |
| <b>Fixed line telecommunications - 1.9%</b>          |            |                       |                       |
| BT Group   | 2,323,398  | 4,647                 | 1.7                   |
| Talk Talk Telecom                                    | 233,112    | 331                   | 0.1                   |
| Telecom Plus   | 58,617     | 394                   | 0.1                   |
| <b>Mobile telecommunications - 6.6%</b>              |            |                       |                       |
| Vodafone Group                                       | 10,208,965 | 17,610                | 6.6                   |
| <b>Industrials - 5.3% (4.6%)</b>                     |            |                       |                       |
| <b>Construction &amp; materials - 0.1%</b>           |            |                       |                       |
| Kier Group   | 27,752     | 367                   | 0.1                   |
| <b>Electronics &amp; electrical equipment - 0.9%</b> |            |                       |                       |
| Renishaw   | 71,534     | 1,207                 | 0.5                   |
| Spectris   | 72,820     | 1,132                 | 0.4                   |
| <b>General industrials - 0.7%</b>                    |            |                       |                       |
| RPC Group  | 339,366    | 1,216                 | 0.5                   |
| Smith (DS)   | 208,867    | 489                   | 0.2                   |
| <b>Industrial engineering - 1.7%</b>                 |            |                       |                       |
| Bodycote International                               | 320,831    | 1,233                 | 0.5                   |
| IMI  | 191,034    | 2,000                 | 0.7                   |
| Weir Group   | 68,656     | 1,444                 | 0.5                   |
| <b>Support services - 1.9%</b>                       |            |                       |                       |
| Atkins (WS)  | 164,224    | 1,163                 | 0.4                   |
| Berendsen  | 98,459     | 535                   | 0.2                   |
| Carillion  | 219,796    | 798                   | 0.3                   |
| Electrocomponents                                    | 388,487    | 899                   | 0.3                   |
| Howden Joinery Group                                 | 476,948    | 548                   | 0.2                   |
| Northgate  | 146,321    | 466                   | 0.2                   |
| SThree   | 201,946    | 731                   | 0.3                   |
| <b>Consumer services - 4.7% (7.2%)</b>               |            |                       |                       |
| <b>Food &amp; drug retails - 1.0%</b>                |            |                       |                       |
| Morrison (Wm.) Supermarkets                          | 312,227    | 900                   | 0.3                   |
| Tesco  | 480,800    | 1,841                 | 0.7                   |
| <b>General retailers - 2.2%</b>                      |            |                       |                       |
| JD Sports Fashion                                    | 81,866     | 790                   | 0.3                   |
| Kingfisher   | 426,190    | 1,078                 | 0.4                   |
| Next   | 124,142    | 2,952                 | 1.1                   |
| Sports Direct International                          | 445,985    | 1,168                 | 0.4                   |
| <b>Media - 1.1%</b>                                  |            |                       |                       |
| ITE Group  | 439,193    | 972                   | 0.4                   |
| ITV  | 1,408,944  | 997                   | 0.4                   |
| Rightmove Group                                      | 69,609     | 855                   | 0.3                   |
| <b>Travel &amp; leisure - 0.4%</b>                   |            |                       |                       |
| International Consolidated Airline                   | 367,018    | 871                   | 0.3                   |
| William Hill   | 120,039    | 277                   | 0.1                   |
| <b>Utilities - 1.8% (1.5%)</b>                       |            |                       |                       |
| <b>Electricity - 0.5%</b>                            |            |                       |                       |
| Drax Group   | 243,324    | 1,275                 | 0.5                   |
| <b>Gas, water &amp; multiutilities - 1.3%</b>        |            |                       |                       |
| Centrica   | 54,237     | 166                   | 0.1                   |
| National Grid  | 273,589    | 1,635                 | 0.6                   |
| Northumbrian Water Group                             | 347,355    | 1,564                 | 0.6                   |
| <b>Technology - 0.5% (1.1%)</b>                      |            |                       |                       |
| <b>Software &amp; computer services - 0.5%</b>       |            |                       |                       |
| Computacenter  | 287,662    | 1,399                 | 0.5                   |
| <b>Liquidity - 0.4% (0.0%)</b>                       |            |                       |                       |
| JPM Sterling Liquidity 'X' (Income)^                 | 1,000,000  | 1,000                 | 0.4                   |
| <b>Investment assets</b>                             |            | <b>267,440</b>        | <b>99.8</b>           |
| <b>Net other assets</b>                              |            | <b>445</b>            | <b>0.2</b>            |
| <b>Net assets</b>                                    |            | <b>267,885</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>71,499</b> | <b>Total of all sales for the period</b> | <b>80,934</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| Prudential                                   | 7,238         | British American Tobacco                 | 7,592           |
| HSBC   | 4,389         | Xstrata                                  | 4,525           |
| Hammerson                                    | 4,211         | Lloyds Banking Group                     | 4,048           |
| Imperial Tobacco Group                       | 3,313         | BHP Billiton                             | 3,783           |
| Schroders                                    | 3,240         | Royal Dutch Shell 'B'                    | 3,486           |
| Shire  | 2,424         | Schroders                                | 3,368           |
| Xstrata                                      | 2,385         | AstraZeneca                              | 2,841           |
| BG Group                                     | 2,273         | Next                                     | 2,705           |
| BP   | 2,160         | Petrofac                                 | 2,029           |
| British American Tobacco                     | 2,104         | AMEC                                     | 1,759           |
| ITV  | 1,759         | Centrica                                 | 1,585           |
| National Grid                                | 1,627         | Reckitt Benckiser Group                  | 1,560           |
| BT Group                                     | 1,549         | Filtrona                                 | 1,529           |
| Next   | 1,518         | Pennon Group                             | 1,479           |
| Diageo                                       | 1,374         | ITV                                      | 1,468           |
| Derwent London                               | 1,371         | Smiths Group                             | 1,420           |
| Barclays                                     | 1,324         | Ashmore Group                            | 1,403           |
| Spectris                                     | 1,216         | ARM Holdings                             | 1,355           |
| Ashmore Group                                | 1,178         | Sainsbury (J)                            | 1,246           |
| Bodycote International                       | 1,155         | Intercontinental Hotels Group            | 1,207           |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000   | 2011<br>£'000  | £'000   | 2010<br>£'000 |
|---|---------|----------------|---------|---------------|
| Income  |         |                |         |               |
| Net capital (losses)/gains  |         | (2,080)        |         | 8,723         |
| Revenue   | 5,323   |                | 5,430   |               |
| Expenses  | (2,290) |                | (2,264) |               |
| Net revenue before taxation   | 3,033   |                | 3,166   |               |
| Taxation  | (25)    |                | (5)     |               |
| Net revenue after taxation  |         | 3,008          |         | 3,161         |
| <b>Total return before distributions</b>  |         | <b>928</b>     |         | <b>11,884</b> |
| Finance costs: Distributions  |         | (2,973)        |         | (3,141)       |
| <b>Change in net assets attributable to shareholders from investment activities</b> |         | <b>(2,045)</b> |         | <b>8,743</b>  |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                | 31 January 2011 |                |
|--|--------------|----------------|-----------------|----------------|
|  | £'000        | £'000          | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |                |                 |                |
| Investment assets                              |              | 267,440        |                 | 278,957        |
| Debtors  | 1,057        |                | 7,842           |                |
| Cash and bank balances                         | 671          |                | 1,243           |                |
| <b>Total other assets</b>                      |              | <b>1,728</b>   |                 | <b>9,085</b>   |
| <b>Total assets</b>                            |              | <b>269,168</b> |                 | <b>288,042</b> |
| <b>LIABILITIES</b>                             |              |                |                 |                |
| Creditors                                      | (1,201)      |                | (7,895)         |                |
| Distribution payable on income shares          | (82)         |                | (31)            |                |
| <b>Total liabilities</b>                       |              | <b>(1,283)</b> |                 | <b>(7,926)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>267,885</b> |                 | <b>280,116</b> |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|   | £'000    | 2011<br>£'000  | £'000    | 2010<br>£'000  |
|---|----------|----------------|----------|----------------|
| <b>Opening net assets attributable to shareholders</b>  |          | <b>280,116</b> |          | <b>263,263</b> |
| Amounts receivable on issue of shares   | 186      |                | 228      |                |
| Amounts payable on cancellation of shares   | (12,987) |                | (12,165) |                |
|   |          | (12,801)       |          | (11,937)       |
| <b>Change in net assets attributable to shareholders from investment activities (see above)</b> |          | <b>(2,045)</b> |          | <b>8,743</b>   |
| Retained distributions on accumulation shares   |          | 2,618          |          | 2,759          |
| Stamp duty reserve tax  |          | (3)            |          | (3)            |
| <b>Closing net assets attributable to shareholders</b>  |          | <b>267,885</b> |          | <b>262,825</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

# JPM UK Strategic Equity Income Fund

## Investment objective and policy

To provide long-term capital growth and income through investment in a value style biased portfolio of UK companies.

## Risk profile

This equity based Fund invests in companies whose stock is believed to be undervalued (value stocks). This may include smaller companies.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

As value stocks tend to outperform at different times to growth stocks, investors should be prepared for periods of underperformance when value stocks are out of favour.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

This Fund charges the fees of the ACD against capital, which will increase the amount of income available for distribution to Shareholders, but may constrain capital growth. It may also have tax implications for certain investors.

## Fund review

The FTSE All-Share Index was 1.2% higher in the six months to 31 July 2011. Markets were very volatile over the period as sovereign debt concerns continued to weigh on sentiment and economic indicators pointed towards a slowdown in growth in the UK, US and Europe.

Against this backdrop, the Fund produced a negative return and underperformed its benchmark. Positive contributors to relative returns included stock selection in the general retailers, travel & leisure and general industrials sectors. An underweight position in pharmaceuticals & biotechnology detracted, as did stock selection in media and banks. At the stock level, an overweight position in Sports Direct International contributed positively to relative performance after posting a year-on-year rise in fiscal-year profits, boosted by strong performance in its retail division. An underweight position in Carnival was also positive as the cruise line operator fell on fears that prolonged oil price strength resulting from unrest in the Middle East will weigh on profits. Stock-level detractors included an underweight position in drugmaker GlaxoSmithKline, which suffered pressure on earnings but was sought by investors for its defensive qualities. An overweight position in United Business Media, which delivers international business information, also detracted after it received broker downgrades to its earnings forecasts following 2010 financial year results. However, an overweight position in Northumbrian Water Group boosted relative performance as the water company rose sharply after Hong Kong-based holding company Cheung Kong Infrastructure made a cash offer for the group.

## Fund outlook

The UK economic outlook remains weak, with several global as well as domestic headwinds hindering activity. Nevertheless interest rates are low and monetary policy looks set to remain easy for a prolonged period despite higher inflation. UK stock valuations also look cheap compared to history and compared to bonds, offering attractive opportunities for long-term investors.

## 12 month performance to 31 July

|   | 2011         | 2010         | 2009          | 2008          | 2007         |
|---|--------------|--------------|---------------|---------------|--------------|
| <b>JPM UK Strategic Equity Income A-Class Acc</b> | <b>13.8%</b> | <b>16.4%</b> | <b>-11.7%</b> | <b>-17.5%</b> | <b>10.5%</b> |
| <b>JPM UK Strategic Equity Income I-Class Acc</b> | <b>15.0%</b> | <b>17.6%</b> | <b>-10.7%</b> | <b>-</b>      | <b>-</b>     |
| Benchmark Index                                   | 14.9%        | 19.4%        | -10.5%        | -13.3%        | 13.0%        |

## Six month performance to 31 July 2011

|   |              |
|---|--------------|
| <b>JPM UK Strategic Equity Income A-Class Acc</b> | <b>-0.8%</b> |
| Benchmark Index                                   | 1.2%         |

## Fund statistics

|                 |  |
|-----------------|--|
| Fund size       | <b>£152.6m</b>                           |
| Benchmark Index | <b>FTSE All-Share (Total Return Net)</b> |
| Fund charges    |  |
| A-Class         | <b>Initial 4.25%, Annual 1.50%</b>       |
| I-Class         | <b>Initial Nil, Annual 0.60%</b>         |

## Top ten holdings

|   | %   |
|---|-----|
| Royal Dutch Shell 'B'                       | 8.4 |
| HSBC  | 6.4 |
| Vodafone Group                              | 5.4 |
| BP  | 5.2 |
| Rio Tinto                                   | 4.0 |
| British American Tobacco                    | 3.6 |
| GlaxoSmithKline                             | 3.2 |
| BHP Billiton                                | 3.1 |
| JPM UK Smaller Companies 'I' (Accumulation) | 2.9 |
| AstraZeneca                                 | 2.7 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.  
Source: J.P. Morgan.

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## Sector breakdown

|                       | %     |
|-----------------------|-------|
| Financials            | 26.2  |
| Oil & gas             | 14.0  |
| Basic materials       | 13.2  |
| Consumer services     | 10.4  |
| Industrials           | 10.0  |
| Consumer goods        | 7.9   |
| Telecommunications    | 7.0   |
| Health care           | 5.9   |
| Utilities             | 4.9   |
| Technology            | 0.8   |
| Futures               | 0.0   |
| Net other liabilities | (0.3) |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 109.4p              | 91.31p             | 1.52p                        |
| 2007   | 117.5p              | 101.1p             | 1.73p                        |
| 2008   | 107.7p              | 58.88p             | 4.34p                        |
| 2009   | 93.40p              | 56.14p             | 2.98p                        |
| 2010   | 108.0p              | 83.77p             | 2.97p                        |
| 2011 <sup>a</sup>                              | 111.8p              | 102.2p             | 2.57p                        |
| <b>A-Class Income Shares</b>                   |                     |                    |                              |
| 2006   | 97.28p              | 82.04p             | 1.38p                        |
| 2007   | 103.9p              | 88.60p             | 1.52p                        |
| 2008   | 94.32p              | 49.86p             | 3.76p                        |
| 2009   | 75.24p              | 46.42p             | 2.45p                        |
| 2010   | 83.84p              | 66.01p             | 2.35p                        |
| 2011 <sup>a</sup>                              | 86.38p              | 78.94p             | 1.99p                        |
| <b>I-Class Accumulation Shares<sup>b</sup></b> |                     |                    |                              |
| 2008   | 112.7p              | 61.95p             | 4.04p                        |
| 2009   | 99.40p              | 59.30p             | 3.30p                        |
| 2010   | 116.2p              | 89.71p             | 3.30p                        |
| 2011 <sup>a</sup>                              | 120.5p              | 110.2p             | 2.91p                        |
| <b>I-Class Income Shares<sup>b</sup></b>       |                     |                    |                              |
| 2008   | 110.9p              | 60.31p             | 3.99p                        |
| 2009   | 91.82p              | 56.32p             | 3.10p                        |
| 2010   | 103.4p              | 81.06p             | 3.00p                        |
| 2011 <sup>a</sup>                              | 106.6p              | 97.55p             | 2.57p                        |

<sup>a</sup> To 31 July 2011.

<sup>b</sup> I-Class Accumulation and I-Class Income Shares were launched on 24 January 2008.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 152.8% |
| 31.07.11 | 51.7%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|---------------------------------------|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 132,483                               | 203,350,806      | 65.15p                    | 1.67%               |
| 31.01.10                           | 163,852                               | 185,862,552      | 88.16p                    | 1.67%               |
| 31.01.11                           | 153,052                               | 143,299,635      | 106.8p                    | 1.68%               |
| 31.07.11                           | 133,584                               | 126,038,911      | 106.0p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09                           | 9,077                                 | 16,850,253       | 53.87p                    | 1.68%               |
| 31.01.10                           | 6,811                                 | 9,717,157        | 70.09p                    | 1.68%               |
| 31.01.11                           | 7,143                                 | 8,654,436        | 82.53p                    | 1.68%               |
| 31.07.11                           | 6,472                                 | 8,055,113        | 80.35p                    | 1.68%               |
| <b>I-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 5,202                                 | 7,567,851        | 68.74p                    | 0.60%               |
| 31.01.10                           | 6,285                                 | 6,688,114        | 93.98p                    | 0.60%               |
| 31.01.11                           | 5,485                                 | 4,765,498        | 115.1p                    | 0.60%               |
| 31.07.11                           | 4,947                                 | 4,308,187        | 114.8p                    | 0.60%               |
| <b>I-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09                           | 5,529                                 | 8,468,481        | 65.28p                    | 0.60%               |
| 31.01.10                           | 6,844                                 | 7,985,710        | 85.71p                    | 0.60%               |
| 31.01.11                           | 7,665                                 | 7,525,245        | 101.9p                    | 0.60%               |
| 31.07.11                           | 7,210                                 | 7,237,637        | 99.61p                    | 0.60%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment                                   | Holding   | Market value<br>£'000 | Total net<br>assets % | Investment   | Holding   | Market value<br>£'000 | Total net<br>assets % |
|--|-----------|-----------------------|-----------------------|--|-----------|-----------------------|-----------------------|
| <b>Financials – 26.2% (26.0%)</b>            |           |                       |                       | <b>Travel &amp; leisure – 3.9%</b>                   |           |                       |                       |
| <b>Banks – 9.2%</b>                          |           |                       |                       | Easyjet  |           |                       |                       |
| Barclays                                     | 1,264,689 | 2,792                 | 1.8                   | Flybe Group  | 86,509    | 153                   | 0.1                   |
| HSBC   | 1,637,697 | 9,815                 | 6.4                   | Go-Ahead Group                                       | 30,312    | 466                   | 0.3                   |
| Lloyds Banking Group                         | 3,507,620 | 1,525                 | 1.0                   | Greene King  | 120,715   | 590                   | 0.4                   |
| <b>Equity investment instruments – 2.9%</b>  |           |                       |                       | Ladbroke's   | 285,764   | 420                   | 0.3                   |
| JPM UK Smaller Companies 'I' (Accumulation)^ | 944,088   | 4,341                 | 2.9                   | Marston's  | 531,015   | 549                   | 0.4                   |
| <b>General financial – 5.8%</b>              |           |                       |                       | Mitchells & Butlers                                  | 207,666   | 575                   | 0.4                   |
| 3i Group                                     | 263,224   | 703                   | 0.6                   | National Express                                     | 247,217   | 652                   | 0.4                   |
| Aberdeen Asset Management                    | 193,781   | 435                   | 0.3                   | Rank Group   | 306,842   | 445                   | 0.3                   |
| Brewin Dolphin                               | 186,011   | 279                   | 0.2                   | Stagecoach Group                                     | 261,522   | 657                   | 0.4                   |
| Close Brothers Group                         | 81,729    | 609                   | 0.4                   | TUI Travel   | 170,341   | 330                   | 0.2                   |
| F&C Asset Management                         | 472,441   | 329                   | 0.2                   | William Hill   | 240,848   | 557                   | 0.4                   |
| Henderson Group                              | 311,961   | 502                   | 0.3                   | <b>Industrials – 10.0% (9.4%)</b>                    |           |                       |                       |
| ICAP   | 169,164   | 761                   | 0.5                   | <b>Aerospace &amp; defence – 1.2%</b>                |           |                       |                       |
| Intermediate Capital Group                   | 205,539   | 547                   | 0.4                   | Chemring Group                                       | 102,441   | 568                   | 0.4                   |
| International Personal Finance               | 129,779   | 409                   | 0.3                   | Cobham   | 233,600   | 473                   | 0.3                   |
| Investec                                     | 154,877   | 738                   | 0.6                   | Meggitt  | 201,713   | 781                   | 0.5                   |
| London Stock Exchange Group                  | 68,788    | 681                   | 0.4                   | <b>Construction &amp; materials – 0.7%</b>           |           |                       |                       |
| Man Group                                    | 339,313   | 762                   | 0.5                   | Balfour Beatty                                       | 163,186   | 493                   | 0.3                   |
| Paragon Group of Companies                   | 292,905   | 571                   | 0.4                   | Kier Group   | 41,835    | 553                   | 0.4                   |
| Provident Financial                          | 46,420    | 519                   | 0.3                   | <b>Electronics &amp; electrical equipment – 0.7%</b> |           |                       |                       |
| Schroders                                    | 34,720    | 561                   | 0.4                   | Laird Group  | 292,136   | 526                   | 0.3                   |
| <b>Life insurance – 4.8%</b>                 |           |                       |                       | Morgan Crucible                                      | 184,171   | 608                   | 0.4                   |
| Aviva  | 369,734   | 1,461                 | 1.0                   | <b>General industrials – 1.7%</b>                    |           |                       |                       |
| Legal & General Group                        | 940,225   | 1,046                 | 0.7                   | Cookson Group  | 105,254   | 674                   | 0.4                   |
| Old Mutual                                   | 855,698   | 1,084                 | 0.7                   | Rexam  | 214,134   | 790                   | 0.5                   |
| Phoenix Group                                | 69,080    | 400                   | 0.3                   | RPC Group  | 151,718   | 544                   | 0.4                   |
| Prudential                                   | 294,011   | 2,017                 | 1.3                   | Smith (DS)   | 238,135   | 558                   | 0.4                   |
| Resolution                                   | 295,755   | 809                   | 0.5                   | <b>Industrial engineering – 0.8%</b>                 |           |                       |                       |
| St James's Place                             | 121,510   | 439                   | 0.3                   | Charter International                                | 77,601    | 625                   | 0.4                   |
| <b>Nonlife insurance – 1.8%</b>              |           |                       |                       | Melrose  | 186,349   | 662                   | 0.4                   |
| Amlin  | 113,751   | 455                   | 0.3                   | <b>Industrial transportation – 0.4%</b>              |           |                       |                       |
| Catlin Group                                 | 103,928   | 432                   | 0.3                   | BBA Aviation   | 278,729   | 590                   | 0.4                   |
| Hiscox                                       | 105,851   | 430                   | 0.3                   | <b>Support services – 4.5%</b>                       |           |                       |                       |
| Lancashire Holdings                          | 59,108    | 411                   | 0.3                   | Atkins (WS)  | 46,458    | 329                   | 0.2                   |
| RSA Insurance Group                          | 695,063   | 912                   | 0.6                   | Babcock International Group                          | 93,997    | 627                   | 0.4                   |
| <b>Real estate – 1.7%</b>                    |           |                       |                       | Berendsen  | 94,606    | 514                   | 0.3                   |
| Hammerson                                    | 173,308   | 802                   | 0.5                   | Bunzl  | 68,911    | 524                   | 0.3                   |
| Land Securities                              | 130,474   | 1,112                 | 0.7                   | Cape   | 89,142    | 499                   | 0.3                   |
| Segro  | 173,783   | 525                   | 0.4                   | Carillion  | 172,834   | 627                   | 0.4                   |
| Unite Group                                  | 53,570    | 114                   | 0.1                   | G4S  | 232,111   | 629                   | 0.4                   |
| <b>Oil &amp; gas – 14.0% (15.0%)</b>         |           |                       |                       | Hays   | 394,766   | 355                   | 0.2                   |
| <b>Oil &amp; gas producers – 14.0%</b>       |           |                       |                       | Howden Joinery Group                                 | 547,484   | 629                   | 0.4                   |
| BP   | 1,750,660 | 7,939                 | 5.2                   | Mitie Group  | 161,632   | 386                   | 0.3                   |
| Premier Oil                                  | 161,204   | 649                   | 0.4                   | Northgate  | 97,021    | 309                   | 0.2                   |
| Royal Dutch Shell 'B'                        | 568,178   | 12,767                | 8.4                   | SThree   | 89,323    | 323                   | 0.2                   |
| <b>Basic materials – 13.2% (15.2%)</b>       |           |                       |                       | Travis Perkins                                       | 73,310    | 647                   | 0.4                   |
| <b>Chemicals – 0.3%</b>                      |           |                       |                       | Wolseley   | 40,434    | 736                   | 0.5                   |
| Yule Catto & Co                              | 232,993   | 497                   | 0.3                   | <b>Consumer goods – 7.9% (6.6%)</b>                  |           |                       |                       |
| <b>Forestry &amp; paper – 0.4%</b>           |           |                       |                       | <b>Automobiles &amp; parts – 0.5%</b>                |           |                       |                       |
| Mondi  | 112,040   | 672                   | 0.4                   | GKN  | 352,471   | 785                   | 0.5                   |
| <b>Mining – 12.5%</b>                        |           |                       |                       | <b>Food producers – 0.5%</b>                         |           |                       |                       |
| Anglo American                               | 132,192   | 3,875                 | 2.6                   | Tate & Lyle  | 122,293   | 745                   | 0.5                   |
| BHP Billiton                                 | 207,006   | 4,722                 | 3.1                   | <b>Household goods – 1.7%</b>                        |           |                       |                       |
| Ferrexpo                                     | 133,469   | 614                   | 0.4                   | Barratt Developments                                 | 365,867   | 356                   | 0.2                   |
| Rio Tinto                                    | 142,038   | 6,136                 | 4.0                   | Bellway  | 63,867    | 424                   | 0.3                   |
| Vedanta Resources                            | 37,312    | 670                   | 0.4                   | Bovis Homes Group                                    | 128,574   | 531                   | 0.4                   |
| Xstrata                                      | 233,444   | 3,037                 | 2.0                   | Persimmon  | 134,404   | 613                   | 0.4                   |
| <b>Consumer services – 10.4% (10.4%)</b>     |           |                       |                       | Redrow   | 247,064   | 323                   | 0.2                   |
| <b>Food &amp; drug retailers – 1.6%</b>      |           |                       |                       | Taylor Wimpey  | 1,016,475 | 360                   | 0.2                   |
| Greggs                                       | 109,055   | 560                   | 0.4                   | <b>Tobacco – 5.2%</b>                                |           |                       |                       |
| Morrison (Wm.) Supermarkets                  | 355,873   | 1,026                 | 0.7                   | British American Tobacco                             | 191,680   | 5,399                 | 3.6                   |
| Sainsbury (J)                                | 249,597   | 757                   | 0.5                   | Imperial Tobacco Group                               | 113,269   | 2,396                 | 1.6                   |
| <b>General retailers – 2.3%</b>              |           |                       |                       | <b>Telecommunications – 7.0% (7.6%)</b>              |           |                       |                       |
| Inchcape                                     | 166,429   | 666                   | 0.4                   | <b>Fixed line telecommunications – 1.2%</b>          |           |                       |                       |
| Kingfisher                                   | 414,745   | 1,049                 | 0.7                   | BT Group   | 945,378   | 1,891                 | 1.2                   |
| Marks & Spencer Group                        | 214,860   | 749                   | 0.5                   | <b>Mobile telecommunications – 5.8%</b>              |           |                       |                       |
| Next   | 28,695    | 682                   | 0.4                   | Talk Talk Telecom                                    | 432,843   | 614                   | 0.4                   |
| WH Smith                                     | 88,425    | 448                   | 0.3                   | Vodafone Group                                       | 4,772,279 | 8,232                 | 5.4                   |
| <b>Media – 2.6%</b>                          |           |                       |                       | <b>Health care – 5.9% (6.7%)</b>                     |           |                       |                       |
| EuroMoney Institutional Investor             | 81,765    | 552                   | 0.4                   | <b>Pharmaceuticals &amp; biotechnology – 5.9%</b>    |           |                       |                       |
| Informa                                      | 177,882   | 715                   | 0.5                   | AstraZeneca  | 138,379   | 4,106                 | 2.7                   |
| Reed Elsevier                                | 171,724   | 946                   | 0.6                   | GlaxoSmithKline                                      | 352,017   | 4,838                 | 3.2                   |
| United Business Media                        | 113,995   | 613                   | 0.4                   |  |           |                       |                       |
| WPP  | 161,728   | 1,122                 | 0.7                   |  |           |                       |                       |

## Portfolio statement – continued

As at 31 July 2011

| Investment                                     | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Utilities – 4.9% (1.7%)</b>                 |         |                       |                       |
| <b>Electricity – 1.9%</b>                      |         |                       |                       |
| Drax Group                                     | 96,128  | 504                   | 0.3                   |
| International Power                            | 300,180 | 918                   | 0.6                   |
| Scottish & Southern Energy                     | 115,391 | 1,506                 | 1.0                   |
| <b>Gas, water &amp; multiutilities – 3.0%</b>  |         |                       |                       |
| Centrica                                       | 583,796 | 1,786                 | 1.2                   |
| National Grid                                  | 362,413 | 2,165                 | 1.4                   |
| Northumbrian Water Group                       | 148,187 | 667                   | 0.4                   |
| <b>Technology – 0.8% (1.3%)</b>                |         |                       |                       |
| <b>Software &amp; computer services – 0.8%</b> |         |                       |                       |
| Computacenter                                  | 121,342 | 590                   | 0.4                   |
| Logica   | 547,669 | 641                   | 0.4                   |
| <b>Futures – 0.00% (0.0%)</b>                  |         |                       |                       |
| FTSE 100 Index Futures Sep 2011                | (19)    | 3                     | -                     |
| <b>Investment assets</b>                       |         | <b>152,622</b>        | <b>100.3</b>          |
| <b>Net other liabilities</b>                   |         | <b>(409)</b>          | <b>(0.3)</b>          |
| <b>Net assets</b>                              |         | <b>152,213</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>45,983</b> | <b>Total of all sales for the period</b> | <b>63,600</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| GlaxoSmithKline                              | 4,646         | GlaxoSmithKline                          | 6,902           |
| JPM UK Smaller Companies 'I' (Accumulation)  | 4,335         | JPM Sterling Liquidity 'X' (Income)      | 3,100           |
| JPM Sterling Liquidity 'X' (Income)          | 3,100         | Royal Dutch Shell 'B'                    | 2,102           |
| Imperial Tobacco Group                       | 2,247         | Vodafone Group                           | 1,582           |
| National Grid                                | 2,233         | HSBC                                     | 1,513           |
| Centrica                                     | 1,930         | Rio Tinto                                | 1,243           |
| Scottish & Southern Energy                   | 1,357         | BP                                       | 1,232           |
| WPP  | 1,262         | United Utilities                         | 1,192           |
| Land Securities                              | 1,047         | Royal Bank of Scotland Group             | 1,101           |
| Antofagasta                                  | 1,035         | Marks & Spencer Group                    | 1,036           |
| Morrison (Wm.) Supermarkets                  | 1,001         | Man Group                                | 1,031           |
| Reed Elsevier                                | 962           | BHP Billiton                             | 1,024           |
| Wolseley                                     | 872           | Cranswick                                | 1,013           |
| Man Group                                    | 842           | Antofagasta                              | 996             |
| Marks & Spencer Group                        | 810           | British American Tobacco                 | 965             |
| Sainsbury (J)                                | 807           | Morrison (Wm.) Supermarkets              | 908             |
| United Utilities                             | 680           | Sports Direct International              | 898             |
| Next   | 667           | Standard Life                            | 869             |
| ITV  | 658           | Aegis Group                              | 864             |
| G4S  | 633           | Bunzl                                    | 825             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011           | 2010          |
|---|----------------|---------------|
|   | £'000          | £'000         |
| Income  |                |               |
| Net capital (losses)/gains  | (2,962)        | 8,818         |
| Revenue   | 3,294          | 3,115         |
| Expenses  | (1,285)        | (1,371)       |
| Net revenue before taxation   | 2,009          | 1,744         |
| Taxation  | (12)           | (3)           |
| Net revenue after taxation  | 1,997          | 1,741         |
| <b>Total return before distributions</b>  | <b>(965)</b>   | <b>10,559</b> |
| Finance costs: Distributions  | (3,155)        | (2,975)       |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>(4,120)</b> | <b>7,584</b>  |

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011   | 31 January 2011 |
|--|----------------|-----------------|
|  | £'000          | £'000           |
| <b>ASSETS</b>                                  |                |                 |
| Investment assets                              | 152,622        | 173,217         |
| Debtors  | 2,663          | 325             |
| Cash and bank balances                         | 183            | 310             |
| <b>Total other assets</b>                      | <b>2,846</b>   | <b>635</b>      |
| <b>Total assets</b>                            | <b>155,468</b> | <b>173,852</b>  |
| <b>LIABILITIES</b>                             |                |                 |
| Creditors                                      | (3,134)        | (432)           |
| Distribution payable on income shares          | (121)          | (75)            |
| <b>Total liabilities</b>                       | <b>(3,255)</b> | <b>(507)</b>    |
| <b>Net assets attributable to shareholders</b> | <b>152,213</b> | <b>173,345</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|   | 2011           | 2010           |
|---|----------------|----------------|
|   | £'000          | £'000          |
| <b>Opening net assets attributable to shareholders</b>  | <b>173,345</b> | <b>183,792</b> |
| Amounts receivable on issue of shares   | 2,537          | 1,136          |
| Amounts payable on cancellation of shares   | (22,310)       | (31,800)       |
|   | (19,773)       | (30,664)       |
| <b>Change in net assets attributable to shareholders from investment activities (see above)</b> | <b>(4,120)</b> | <b>7,584</b>   |
| Retained distributions on accumulation shares   | 2,775          | 2,587          |
| Stamp duty reserve tax  | (16)           | (11)           |
| Unclaimed distributions   | 2              | 2              |
| <b>Closing net assets attributable to shareholders</b>  | <b>152,213</b> | <b>163,290</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

# JPM UK Strategic Growth Fund

## Important Information

### Change of investment policy

The investment policy was amended on 1 February 2011 to clarify that any future use of derivatives for investment purposes may change the risk profile of the Fund as follows:

“To provide long-term capital growth through investment primarily in a growth style biased portfolio of UK companies.

Derivatives may be used for the purpose of Efficient Portfolio Management, including hedging, where appropriate (see section 11.14 for Risk Warnings on derivatives). Subject to at least 60 days’ notice to shareholders, the Fund may use derivatives for investment purposes which may change the risk profile of the Fund. The Fund may hold non-equity investments from time to time as appropriate.”

For the avoidance of doubt, this is not a notice that the above sub-funds would use derivatives for investment purposes; such notice will be subject to at least 60 days notice to shareholders.

### Risk profile

This equity based Fund invests primarily in companies that are selected for their prospects of above average earnings growth. This may include smaller companies.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market’s perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

As growth stocks tend to outperform at different times to value stocks, investors should be prepared for periods of underperformance when growth stocks are out of favour.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

### Fund review

The FTSE All-Share Index was up 1.2% in the six months to 31 July 2011. Markets were very volatile over the period as sovereign debt concerns continued to weigh on sentiment and economic indicators pointed towards a slowdown in growth in the UK, US and Europe.

Against this backdrop, the Fund produced a positive return and outperformed its benchmark as growth stocks broadly outperformed over the period. The biggest positive contributor to relative performance was an underweight position in the banks sector. Stock selection in general retailers and an overweight position in electronic & electrical equipment were also beneficial. Underweight positions in tobacco and pharmaceuticals & biotechnology detracted. At the stock level, the biggest positive contributors to relative returns included underweight positions in Barclays and Lloyds Banking Group, which both suffered on continued uncertainty over banking regulation and sovereign debt exposure. Stock-level detractors included an underweight position in pharmaceuticals company GlaxoSmithKline, which rose after reporting good second-quarter earnings and saying it can improve on

margins from next year as it makes further cost cuts, introduces new products and continues its expansion in emerging markets. An underweight position in British American Tobacco was also detrimental as the tobacco company received broker upgrades following the resumption of its share buyback programme, which it put on hold for two years as a result of the recession. However, relative returns were boosted by an overweight position in Sports Direct International after the retailer posted a year-on-year rise in fiscal year profits.

### Fund outlook

The UK economic outlook remains weak, with several global as well as domestic headwinds hindering activity. Nevertheless interest rates are low and monetary policy looks set to remain accommodative for a prolonged period despite higher inflation. UK stock valuations also look cheap compared to history and compared to bonds, offering attractive opportunities for long-term investors.

### 12 month performance to 31 July

|  | 2011         | 2010         |
|--|--------------|--------------|
| <b>JPM UK Strategic Growth A-Class Acc</b> | <b>15.0%</b> | <b>21.6%</b> |
| Benchmark Index                            | 14.9%        | 19.4%        |

### Six month performance to 31 July 2011

|  |             |
|--|-------------|
| <b>JPM UK Strategic Growth A-Class Acc</b> | <b>1.6%</b> |
| Benchmark Index                            | 1.2%        |

### Fund statistics

|                     |                                    |
|---------------------|------------------------------------|
| <b>Fund size</b>    | <b>£4.6m</b>                       |
| Benchmark Index     | FTSE All-Share (Total Return Net)  |
| <b>Fund charges</b> | <b>Initial 4.25%, Annual 1.50%</b> |

### Top ten holdings

|   | %   |
|---|-----|
| Royal Dutch Shell ‘B’                       | 8.1 |
| Rio Tinto                                   | 3.5 |
| British American Tobacco                    | 3.5 |
| BG Group                                    | 3.1 |
| JPM UK Smaller Companies ‘1’ (Accumulation) | 3.0 |
| BHP Billiton                                | 2.6 |
| SABMiller                                   | 1.9 |
| Prudential                                  | 1.3 |
| BT Group                                    | 1.2 |
| Shire                                       | 1.1 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation shares. Performance returns are in Sterling.

Source: J.P. Morgan.

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## Sector breakdown

|                               | %    |
|-------------------------------|------|
| Industrials                   | 18.1 |
| Oil & gas                     | 16.3 |
| Financials                    | 15.8 |
| Basic materials               | 11.6 |
| Consumer goods                | 10.7 |
| Consumer services             | 10.4 |
| Technology                    | 5.2  |
| Health care                   | 3.4  |
| Equity investment instruments | 3.0  |
| Telecommunications            | 1.6  |
| Utilities                     | 1.0  |
| Futures                       | 0.0  |
| Net other assets              | 2.9  |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares<sup>A</sup></b> |                     |                    |                              |
| 2008   | 51.58p              | 49.70p             | -                            |
| 2009   | 62.55p              | 43.33p             | 0.00p                        |
| 2010   | 73.56p              | 57.65p             | 0.81p                        |
| 2011 <sup>B</sup>                              | 77.25p              | 69.78p             | 0.42p                        |
| <b>A-Class Income Shares<sup>A</sup></b>       |                     |                    |                              |
| 2008   | 51.58p              | 49.70p             | -                            |
| 2009   | 62.55p              | 43.33p             | 0.00p                        |
| 2010   | 72.56p              | 56.86p             | 0.81p                        |
| 2011 <sup>B</sup>                              | 75.76p              | 68.43p             | 0.41p                        |

<sup>A</sup> A-Class Accumulation and A-Class Income Shares were launched on 18 December 2008.

<sup>B</sup> To 31 July 2011.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 223.8% |
| 31.07.11 | 93.0%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 1,501                                    | 3,040,000        | 49.37p                    | 1.68%               |
| 31.01.10                           | 1,841                                    | 3,126,449        | 58.88p                    | 1.68%               |
| 31.01.11                           | 2,341                                    | 3,239,407        | 72.27p                    | 1.68%               |
| 31.07.11                           | 2,424                                    | 3,299,581        | 73.47p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>C</sup>              | 1,501                                    | 3,040,000        | 49.37p                    | 1.68%               |
| 31.01.10 <sup>C</sup>              | 1,765                                    | 3,040,402        | 58.07p                    | 1.68%               |
| 31.01.11 <sup>C</sup>              | 2,167                                    | 3,057,596        | 70.87p                    | 1.68%               |
| 31.07.11                           | 2,210                                    | 3,067,621        | 72.05p                    | 1.68%               |

<sup>C</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Industrials - 18.1% (15.8%)</b>                       |         |                       |                       |
| <b>Aerospace &amp; defence - 2.4%</b>                    |         |                       |                       |
| Chemring Group   | 2,370   | 13                    | 0.3                   |
| Meggitt  | 6,820   | 26                    | 0.6                   |
| Rolls Royce Group  | 7,147   | 46                    | 1.0                   |
| Senior   | 12,445  | 23                    | 0.5                   |
| <b>Electronics &amp; electrical equipment - 2.4%</b>     |         |                       |                       |
| Domino Printing Sciences                                 | 2,831   | 19                    | 0.4                   |
| Halma  | 5,600   | 22                    | 0.5                   |
| Laird Group  | 3,369   | 6                     | 0.1                   |
| Morgan Crucible  | 6,210   | 21                    | 0.5                   |
| Renishaw   | 1,105   | 19                    | 0.4                   |
| Spectris   | 1,331   | 21                    | 0.5                   |
| <b>General industrials - 1.8%</b>                        |         |                       |                       |
| Cookson Group  | 3,140   | 20                    | 0.4                   |
| Rexam  | 6,692   | 25                    | 0.5                   |
| RPC Group  | 4,691   | 17                    | 0.4                   |
| Smith (DS)   | 9,154   | 21                    | 0.5                   |
| <b>Industrial engineering - 3.0%</b>                     |         |                       |                       |
| Bodycote International                                   | 5,329   | 21                    | 0.5                   |
| Fenner   | 5,078   | 20                    | 0.4                   |
| IMI  | 2,286   | 24                    | 0.5                   |
| Melrose  | 6,293   | 22                    | 0.5                   |
| Spirax Sarco Engineering                                 | 1,042   | 19                    | 0.4                   |
| Weir Group   | 1,456   | 31                    | 0.7                   |
| <b>Support services - 8.5%</b>                           |         |                       |                       |
| Aggreko  | 1,444   | 28                    | 0.6                   |
| Ashtead Group  | 10,380  | 17                    | 0.4                   |
| Babcock International Group                              | 3,530   | 24                    | 0.5                   |
| Davis Service Group                                      | 3,860   | 21                    | 0.5                   |
| Electrocomponents  | 7,392   | 17                    | 0.4                   |
| Experian   | 4,676   | 37                    | 0.8                   |
| Filtrona   | 5,358   | 18                    | 0.4                   |
| Homeserve  | 3,992   | 19                    | 0.4                   |
| Howden Joinery Group                                     | 13,094  | 15                    | 0.3                   |
| Intertek Group   | 1,219   | 23                    | 0.5                   |
| Michael Page International                               | 3,969   | 20                    | 0.4                   |
| Northgate  | 5,340   | 17                    | 0.4                   |
| Regus  | 17,433  | 19                    | 0.4                   |
| RPS Group  | 7,110   | 17                    | 0.4                   |
| Shanks Group   | 15,161  | 19                    | 0.4                   |
| SIG  | 13,223  | 17                    | 0.4                   |
| SThree   | 4,220   | 15                    | 0.3                   |
| Travis Perkins   | 2,180   | 19                    | 0.4                   |
| Wolseley   | 1,531   | 28                    | 0.6                   |
| <b>Oil &amp; gas - 16.3% (15.0%)</b>                     |         |                       |                       |
| <b>Oil &amp; gas producers - 13.6%</b>                   |         |                       |                       |
| Afren  | 13,631  | 19                    | 0.4                   |
| BG Group   | 9,976   | 145                   | 3.1                   |
| Bowleven*  | 5,776   | 15                    | 0.3                   |
| Essar Energy   | 4,780   | 17                    | 0.4                   |
| Royal Dutch Shell 'B'                                    | 16,758  | 377                   | 8.1                   |
| Salamander Energy  | 6,329   | 18                    | 0.4                   |
| Tullow Oil   | 3,521   | 44                    | 0.9                   |
| <b>Oil equipment, services &amp; distribution - 2.7%</b> |         |                       |                       |
| AMEC   | 2,185   | 23                    | 0.5                   |
| Cape   | 2,794   | 16                    | 0.3                   |
| Hunting  | 2,532   | 20                    | 0.4                   |
| Lamprell   | 5,218   | 20                    | 0.4                   |
| Petrofac   | 1,844   | 26                    | 0.6                   |
| Wood Group (John)  | 3,223   | 22                    | 0.5                   |
| <b>Financials - 15.8% (19.5%)</b>                        |         |                       |                       |
| <b>General financial - 4.8%</b>                          |         |                       |                       |
| Aberdeen Asset Management                                | 10,121  | 23                    | 0.5                   |
| Ashmore Group  | 4,736   | 19                    | 0.4                   |
| Brewin Dolphin   | 10,677  | 16                    | 0.3                   |
| Close Brothers Group                                     | 2,448   | 18                    | 0.4                   |
| F&C Asset Management                                     | 23,286  | 16                    | 0.3                   |
| Hargreaves Lansdown                                      | 3,267   | 19                    | 0.4                   |
| Henderson Group  | 13,648  | 22                    | 0.5                   |
| International Personal Finance                           | 4,751   | 15                    | 0.3                   |
| London Stock Exchange Group                              | 2,505   | 25                    | 0.5                   |
| Paragon Group of Companies                               | 8,991   | 18                    | 0.4                   |
| Rathbone Brothers  | 1,567   | 18                    | 0.4                   |
| SVG Capital  | 7,083   | 19                    | 0.4                   |

| Investment                               | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Nonlife insurance - 1.6%</b>          |         |                       |                       |
| Admiral Group                            | 1,531   | 23                    | 0.5                   |
| Jardine Lloyd Thompson                   | 2,891   | 19                    | 0.4                   |
| RSA Insurance Group                      | 24,700  | 32                    | 0.7                   |
| <b>Real estate - 5.7%</b>                |         |                       |                       |
| British Land                             | 5,133   | 30                    | 0.6                   |
| Capital & Counties Properties            | 11,080  | 21                    | 0.5                   |
| Capital Shopping Centres Group           | 6,349   | 24                    | 0.5                   |
| Derwent London                           | 1,217   | 22                    | 0.5                   |
| Grainger                                 | 13,109  | 16                    | 0.3                   |
| Great Portland Estates                   | 4,905   | 20                    | 0.4                   |
| Hammerson                                | 5,452   | 25                    | 0.5                   |
| Hansteen Holdings                        | 21,434  | 18                    | 0.4                   |
| Land Securities                          | 4,140   | 35                    | 0.8                   |
| Savills                                  | 4,330   | 15                    | 0.3                   |
| Segro                                    | 7,579   | 23                    | 0.5                   |
| Shaftesbury                              | 3,846   | 20                    | 0.4                   |
| <b>Life insurance - 3.7%</b>             |         |                       |                       |
| Legal & General Group                    | 29,319  | 33                    | 0.7                   |
| Old Mutual                               | 26,424  | 34                    | 0.7                   |
| Phoenix Group                            | 3,001   | 17                    | 0.4                   |
| Prudential                               | 8,723   | 60                    | 1.3                   |
| Resolution                               | 10,544  | 29                    | 0.6                   |
| <b>Basic materials - 11.6% (15.3%)</b>   |         |                       |                       |
| <b>Chemicals - 2.8%</b>                  |         |                       |                       |
| AZ Electronic Materials                  | 6,569   | 17                    | 0.4                   |
| Croda International                      | 1,224   | 23                    | 0.5                   |
| Elementis                                | 11,090  | 18                    | 0.4                   |
| Johnson Matthey                          | 1,403   | 29                    | 0.6                   |
| Victrex                                  | 1,417   | 21                    | 0.5                   |
| Yule Catto & Co                          | 8,579   | 18                    | 0.4                   |
| <b>Forestry &amp; paper - 0.5%</b>       |         |                       |                       |
| Mondi                                    | 3,526   | 21                    | 0.5                   |
| <b>Industrial metals - 0.4%</b>          |         |                       |                       |
| Ferrexpo                                 | 4,007   | 18                    | 0.4                   |
| <b>Mining - 7.9%</b>                     |         |                       |                       |
| BHP Billiton                             | 5,366   | 122                   | 2.6                   |
| Fresnillo                                | 1,677   | 29                    | 0.6                   |
| Gem Diamonds                             | 6,985   | 17                    | 0.4                   |
| Hochschild Mining                        | 3,372   | 16                    | 0.3                   |
| Kenmare Resources                        | 44,342  | 25                    | 0.5                   |
| Rio Tinto                                | 3,768   | 163                   | 3.5                   |
| <b>Consumer goods - 10.7% (7.5%)</b>     |         |                       |                       |
| <b>Automobiles &amp; parts - 0.6%</b>    |         |                       |                       |
| GKN                                      | 11,771  | 26                    | 0.6                   |
| <b>Beverages - 2.3%</b>                  |         |                       |                       |
| Barr A.G.                                | 1,323   | 17                    | 0.4                   |
| SABMiller                                | 3,819   | 87                    | 1.9                   |
| <b>Food producers - 0.8%</b>             |         |                       |                       |
| Devro                                    | 6,433   | 16                    | 0.3                   |
| Tate & Lyle                              | 4,049   | 25                    | 0.5                   |
| <b>Household goods - 2.8%</b>            |         |                       |                       |
| Barratt Developments                     | 17,940  | 17                    | 0.4                   |
| Bellway                                  | 2,715   | 18                    | 0.4                   |
| Berkeley Group                           | 1,816   | 22                    | 0.5                   |
| Bovis Homes Group                        | 4,224   | 17                    | 0.4                   |
| Persimmon                                | 3,985   | 18                    | 0.4                   |
| Redrow                                   | 12,302  | 16                    | 0.3                   |
| Taylor Wimpey                            | 51,834  | 18                    | 0.4                   |
| <b>Personal goods - 0.7%</b>             |         |                       |                       |
| Burberry Group                           | 2,310   | 34                    | 0.7                   |
| <b>Tobacco - 3.5%</b>                    |         |                       |                       |
| British American Tobacco                 | 5,742   | 162                   | 3.5                   |
| <b>Consumer services - 10.4% (10.8%)</b> |         |                       |                       |
| <b>Food &amp; drug retailers - 1.8%</b>  |         |                       |                       |
| Booker Group                             | 27,004  | 20                    | 0.4                   |
| Greggs                                   | 3,172   | 16                    | 0.3                   |
| Ocado Group                              | 7,406   | 13                    | 0.3                   |
| Morrison (Wm.) Supermarkets              | 12,471  | 36                    | 0.8                   |
| <b>General retailers - 2.8%</b>          |         |                       |                       |
| ASOS                                     | 826     | 19                    | 0.4                   |
| Carphone Warehouse Group                 | 4,234   | 18                    | 0.4                   |
| Dignity                                  | 2,382   | 19                    | 0.4                   |
| Inchcape                                 | 4,854   | 19                    | 0.4                   |
| Kingfisher                               | 12,188  | 31                    | 0.7                   |
| Sports Direct International              | 8,665   | 23                    | 0.5                   |

# Portfolio statement – continued

As at 31 July 2011

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Media – 3.4%</b>                                |         |                       |                       |
| Aegis Group  | 15,797  | 25                    | 0.5                   |
| British Sky Broadcasting Group                     | 5,041   | 36                    | 0.8                   |
| ITE Group  | 8,155   | 18                    | 0.4                   |
| Moneysupermarket.Com Group                         | 15,754  | 18                    | 0.4                   |
| Rightmove Group                                    | 1,820   | 22                    | 0.5                   |
| WPP  | 5,465   | 38                    | 0.8                   |
| <b>Travel &amp; leisure – 2.4%</b>                 |         |                       |                       |
| Flybe Group  | 2,181   | 4                     | -                     |
| Go-Ahead Group                                     | 1,129   | 17                    | 0.4                   |
| Intercontinental Hotels Group                      | 2,092   | 25                    | 0.5                   |
| Rank Group   | 12,619  | 18                    | 0.4                   |
| Restaurant Group                                   | 5,411   | 16                    | 0.3                   |
| Stagecoach Group                                   | 7,976   | 20                    | 0.4                   |
| William Hill                                       | 8,675   | 20                    | 0.4                   |
| <b>Technology – 5.2% (4.1%)</b>                    |         |                       |                       |
| <b>Software &amp; computer services – 4.0%</b>     |         |                       |                       |
| Autonomy   | 1,679   | 28                    | 0.6                   |
| Aveva Group  | 1,255   | 22                    | 0.5                   |
| Blinkx   | 11,437  | 12                    | 0.3                   |
| Computacenter                                      | 3,913   | 19                    | 0.4                   |
| Kofax  | 3,867   | 14                    | 0.3                   |
| Logica   | 18,320  | 21                    | 0.5                   |
| Misys  | 5,847   | 23                    | 0.5                   |
| SDL  | 2,423   | 17                    | 0.4                   |
| Telecity Group                                     | 3,730   | 21                    | 0.5                   |
| <b>Technology hardware &amp; equipment – 1.2%</b>  |         |                       |                       |
| ARM Holdings                                       | 6,506   | 38                    | 0.8                   |
| Imagination Technologies Group                     | 4,295   | 17                    | 0.4                   |
| <b>Health care – 3.4% (1.8%)</b>                   |         |                       |                       |
| <b>Health care equipment &amp; services – 1.1%</b> |         |                       |                       |
| Smith & Nephew                                     | 4,798   | 31                    | 0.7                   |
| Synergy Health                                     | 2,136   | 20                    | 0.4                   |
| <b>Pharmaceuticals &amp; biotechnology – 2.3%</b>  |         |                       |                       |
| Abcam  | 4,160   | 17                    | 0.4                   |
| BTG  | 6,877   | 19                    | 0.4                   |
| Genus  | 1,866   | 18                    | 0.4                   |
| Shire  | 2,349   | 50                    | 1.1                   |
| <b>Equity investment instruments – 3.0% (0.0%)</b> |         |                       |                       |
| JPM UK Smaller Companies 'I' (Accumulation)^       | 29,858  | 137                   | 3.0                   |
| <b>Telecommunications – 1.6% (6.4%)</b>            |         |                       |                       |
| <b>Fixed line telecommunications – 1.6%</b>        |         |                       |                       |
| BT Group   | 28,514  | 57                    | 1.2                   |
| Telecom Plus                                       | 2,525   | 17                    | 0.4                   |
| <b>Utilities – 1.0% (2.2%)</b>                     |         |                       |                       |
| <b>Electricity – 1.0%</b>                          |         |                       |                       |
| Scottish & Southern Energy                         | 3,670   | 48                    | 1.0                   |
| <b>Futures – 0.0% (0.0%)</b>                       |         |                       |                       |
| FTSE 100 Index Futures Sep 2011                    | 2       | 2                     | -                     |
| <b>Investment assets</b>                           |         | <b>4,501</b>          | <b>97.1</b>           |
| <b>Net other assets</b>                            |         | <b>133</b>            | <b>2.9</b>            |
| <b>Net assets</b>                                  |         | <b>4,634</b>          | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

\* Listed on Alternative Investment Market (AIM)

^ Deemed to be investment in related parties of the ACD

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000        |  | £'000           |
|--|--------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>2,223</b> | <b>Total of all sales for the period</b> | <b>2,210</b>    |
| <b>Major purchases</b>                       | <b>Cost</b>  | <b>Major sales</b>                       | <b>Proceeds</b> |
| British American Tobacco                     | 160          | HSBC                                     | 299             |
| JPM UK Smaller Companies 'I' (Accumulation)  | 138          | Vodafone Group                           | 236             |
| Scottish & Southern Energy                   | 49           | British American Tobacco                 | 135             |
| Xstrata                                      | 43           | Anglo American                           | 111             |
| Morrison (Wm.) Supermarkets                  | 38           | Xstrata                                  | 97              |
| Old Mutual                                   | 37           | Lloyds Banking Group                     | 70              |
| RPS Group                                    | 36           | Centrica                                 | 50              |
| Legal & General Group                        | 35           | Royal Bank of Scotland Group             | 30              |
| RSA Insurance Group                          | 34           | Schroders                                | 26              |
| Smith & Nephew                               | 33           | Sainsbury (J)                            | 24              |
| Resolution                                   | 33           | Standard Life                            | 23              |
| Lonmin                                       | 29           | ICAP                                     | 23              |
| Autonomy                                     | 27           | Lonmin                                   | 23              |
| Aggreko                                      | 25           | Man Group                                | 23              |
| Rexam  | 25           | Antofagasta                              | 22              |
| Babcock International Group                  | 25           | Smiths Group                             | 22              |
| Booker Group                                 | 25           | Spirent Communications                   | 22              |
| Capital Shopping Centres Group               | 25           | Carnival                                 | 21              |
| Segro  | 25           | Severn Trent                             | 21              |
| Logica                                       | 24           | Carillion                                | 20              |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|---|-------|---------------|-------|---------------|
| Income  |       |               |       |               |
| Net capital gains   |       | 53            |       | 270           |
| Revenue   | 60    |               | 43    |               |
| Expenses  | (38)  |               | (32)  |               |
| Net revenue before taxation   | 22    |               | 11    |               |
| Taxation  | -     |               | -     |               |
| Net revenue after taxation  |       | 22            |       | 11            |
| <b>Total return before distributions</b>  |       | <b>75</b>     |       | <b>281</b>    |
| Finance costs: Distributions  |       | -             |       | -             |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>75</b>     |       | <b>281</b>    |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000 | 2011<br>£'000 | £'000 | 2010<br>£'000 |
|--|-------|---------------|-------|---------------|
| <b>Opening net assets attributable to shareholders</b>                                   |       | <b>4,508</b>  |       | <b>3,606</b>  |
| Amounts receivable on issue of shares  | 78    |               | 37    |               |
| Amounts payable on cancellation of shares  | (27)  |               | (2)   |               |
|  |       | 51            |       | 35            |
| Change in net assets attributable to shareholders from investment activities (see above) |       | 75            |       | 281           |
| <b>Closing net assets attributable to shareholders</b>                                   |       | <b>4,634</b>  |       | <b>3,922</b>  |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011<br>£'000 |              | 31 January 2011<br>£'000 |              |
|--|-----------------------|--------------|--------------------------|--------------|
| <b>ASSETS</b>                                  |                       |              |                          |              |
| Investment assets                              |                       | 4,501        |                          | 4,435        |
| Debtors  | 7                     |              | 7                        |              |
| Cash and bank balances                         | 132                   |              | 97                       |              |
| <b>Total other assets</b>                      |                       | <b>139</b>   |                          | <b>104</b>   |
| <b>Total assets</b>                            |                       | <b>4,640</b> |                          | <b>4,539</b> |
| <b>LIABILITIES</b>                             |                       |              |                          |              |
| Investment liabilities                         |                       | -            |                          | (1)          |
| Creditors                                      | (6)                   |              | (17)                     |              |
| Distribution payable on income shares          | -                     |              | (13)                     |              |
| <b>Total other liabilities</b>                 |                       | <b>(6)</b>   |                          | <b>(30)</b>  |
| <b>Total liabilities</b>                       |                       | <b>(6)</b>   |                          | <b>(31)</b>  |
| <b>Net assets attributable to shareholders</b> |                       | <b>4,634</b> |                          | <b>4,508</b> |

# JPM US Equity Income Fund

## Important Information

### Change of investment policy

The investment policy was amended on 1 February 2011 to clarify that any future use of derivatives for investment purposes may change the risk profile of the Fund as follows:

“To provide a portfolio designed to achieve income by investing primarily in US equities in any economic sector whilst participating in long term capital growth.

Derivatives may be used for the purpose of Efficient Portfolio Management, including hedging, where appropriate (see section 11.14 for Risk Warnings on derivatives). Subject to at least 60 days’ notice to shareholders, the Fund may use derivatives for investment purposes which may change the risk profile of the Fund.”

For the avoidance of doubt, this is not a notice that the above sub-funds would use derivatives for investment purposes; such notice will be subject to at least 60 days notice to shareholders.

### Risk profile

This equity based Fund is designed for investors looking for a combination of regular income, US equity market exposure and the prospect of long-term capital growth.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market’s perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

As the Fund is primarily focused on generating income, the Fund may deviate from its benchmark.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

For investors in Share Classes which are not hedged to Sterling, as the underlying assets of the Fund are denominated in a currency other than Sterling, they will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

Investors in the A GBP Hedged Share Class should be aware that any currency hedging process may not give a precise hedge. Where currency hedging is undertaken, whilst it may protect an investor in Hedged Shares against a decrease in the value of the currency being hedged, it may also prevent the investor from participating in an increase in the value of that currency.

This Fund charges the fees of the ACD against capital, which will increase the amount of income available for distribution to Shareholders, but may constrain capital growth. It may also have tax implications for certain investors.

### Fund review

The six-months under review were marred by various economic and political concerns. As you would expect given its lower beta approach, the Fund held up very well in this turbulent period for markets and outperformed its benchmark. Strong stock selection, particularly in the consumer discretionary and financials sectors, contributed the most to relative performance. This was sufficient to overcome lacklustre returns from the portfolio’s health care holdings.

On a stock specific basis, a lack of exposure to Bank of America and Citigroup, as well as overweight positions in Smucker (J.M.) and Tupperware Brands were among the top contributors to relative performance. In contrast, a lack of exposure to Apple and overweight positions in Wells Fargo and T. Rowe Price were among the top detractors.

### Fund outlook

We continue to adhere to our investment philosophy, believing that investing in high quality, conservative companies with steady earnings patterns will enable us to generate superior risk-adjusted returns. This would allow the Fund to decline considerably less in down markets, while still participating in most of the upside of more favourable markets. Although we are not deviating from our approach, we are taking advantage of some current valuation disparities to add to some of our higher conviction names, using either cash inflows or proceeds from selling lower conviction holdings.

### 12 month performance to 31 July

|  | 2011         | 2010         |
|--|--------------|--------------|
| <b>JPM US Equity Income A-Class Acc</b>              | <b>15.5%</b> | <b>21.7%</b> |
| <b>JPM US Equity Income B-Class Inc</b>              | <b>16.1%</b> | <b>22.3%</b> |
| <b>JPM US Equity Income C-Class Inc</b>              | <b>16.4%</b> | <b>22.6%</b> |
| Benchmark Index                                      | 13.8%        | 20.1%        |
| <b>JPM US Equity Income A-Class Inc (GBP Hedged)</b> | <b>22.0%</b> | -            |
| Hedged Benchmark Index                               | 19.0%        | -            |

### Six month performance to 31 July 2011

|   |             |
|---|-------------|
| <b>JPM US Equity Income A-Class Acc</b> | <b>2.2%</b> |
| Benchmark Index                         | -1.1%       |

### Fund statistics

|                        |   |
|------------------------|---|
| Fund size              | <b>£370.6m</b>  |
| Benchmark Index        | <b>S&amp;P 500 (Total Return Net at 15% Tax)</b>              |
| Hedged Benchmark Index | <b>S&amp;P 500 (Total Return Net at 15% Tax) (GBP Hedged)</b> |
| Fund charges           |   |
| A-Class                | <b>Initial 4.25%, Annual 1.50%</b>                            |
| B-Class                | <b>Initial Nil, Annual 1.00%</b>                              |
| C-Class                | <b>Initial Nil, Annual 0.75%</b>                              |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation or income shares. Performance returns are in Sterling.  
Source: J.P. Morgan.

## Top ten holdings

|                             | %   |
|-----------------------------|-----|
| Chevron                     | 3.6 |
| Wells Fargo                 | 3.2 |
| Pfizer                      | 2.8 |
| Merck                       | 2.5 |
| ConocoPhillips              | 2.4 |
| Johnson & Johnson           | 2.2 |
| Philip Morris International | 2.0 |
| ExxonMobil                  | 1.9 |
| Verizon Communications      | 1.7 |
| PPG Industries              | 1.7 |

## Sector breakdown

|                            | %    |
|----------------------------|------|
| Financials                 | 20.7 |
| Consumer goods             | 14.6 |
| Industrials                | 12.9 |
| Health care                | 10.2 |
| Oil & gas                  | 10.1 |
| Consumer services          | 9.9  |
| Utilities                  | 6.6  |
| Technology                 | 5.0  |
| Basic materials            | 3.9  |
| Telecommunications         | 3.8  |
| Forward currency contracts | 0.1  |
| Net other assets           | 2.2  |

The forward exchange contracts are only entered into by the A-Class Income GBP Hedged shares.

## Highest/lowest share price and distribution record

| Calendar year                                       | Highest share price | Lowest share price | Distribution per share (net) |
|---|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares<sup>A</sup></b>      |                     |                    |                              |
| 2008  | 53.75p              | 49.81p             | -                            |
| 2009  | 58.98p              | 42.99p             | 1.18p                        |
| 2010  | 70.31p              | 56.37p             | 1.66p                        |
| 2011 <sup>B</sup>                                   | 74.02p              | 67.25p             | 1.21p                        |
| <b>A-Class Income Shares<sup>A</sup></b>            |                     |                    |                              |
| 2008  | 53.75p              | 49.81p             | -                            |
| 2009  | 57.70p              | 42.90p             | 1.15p                        |
| 2010  | 66.99p              | 55.04p             | 1.59p                        |
| 2011 <sup>B</sup>                                   | 69.68p              | 63.64p             | 1.21p                        |
| <b>A-Class Income GBP Hedged Shares<sup>C</sup></b> |                     |                    |                              |
| 2010  | 65.35p              | 53.25p             | 1.15p                        |
| 2011 <sup>B</sup>                                   | 70.66p              | 65.06p             | 1.22p                        |
| <b>B-Class Income Shares<sup>D</sup></b>            |                     |                    |                              |
| 2009  | 112.3p              | 83.31p             | 2.12p                        |
| 2010  | 131.0p              | 107.2p             | 3.11p                        |
| 2011 <sup>B</sup>                                   | 136.7p              | 124.6p             | 2.40p                        |
| <b>C-Class Accumulation Shares<sup>E</sup></b>      |                     |                    |                              |
| 2011 <sup>B</sup>                                   | 99.56p              | 94.15p             | 0.07p                        |
| <b>C-Class Income Shares<sup>F</sup></b>            |                     |                    |                              |
| 2009  | 113.3p              | 83.86p             | 2.20p                        |
| 2010  | 132.6p              | 108.2p             | 3.17p                        |
| 2011 <sup>B</sup>                                   | 138.5p              | 126.2p             | 2.45p                        |

<sup>A</sup> A-Class Accumulation and A-Class Income Shares were launched on 15 December 2008.

<sup>B</sup> To 31 July 2011.

<sup>C</sup> A-Class Income GBP Hedged Shares were launched on 1 February 2010.

<sup>D</sup> B-Class Income Shares were launched on 3 February 2009.

<sup>E</sup> C-Class Accumulation Shares were launched on 11 July 2011.

<sup>F</sup> C-Class Income Shares were launched on 15 January 2009.

## Portfolio turnover rate

|          |       |
|----------|-------|
| 31.01.11 | 54.5% |
| 31.07.11 | 27.5% |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                                    | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|---|---------------------------------------|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b>      |                                       |                  |                           |                     |
| 31.01.09                                | 1,697                                 | 3,256,236        | 52.11p                    | 1.68%               |
| 31.01.10                                | 1,159                                 | 2,056,371        | 56.37p                    | 1.66%               |
| 31.01.11                                | 3,635                                 | 5,360,955        | 67.80p                    | 1.68%               |
| 31.07.11                                | 8,412                                 | 12,141,155       | 69.28p                    | 1.68%               |
| <b>A-Class Income Shares</b>            |                                       |                  |                           |                     |
| 31.01.09                                | 5,109                                 | 9,835,269        | 51.94p                    | 1.68%               |
| 31.01.10                                | 64,788                                | 118,338,328      | 54.75p                    | 1.68%               |
| 31.01.11                                | 138,001                               | 214,976,757      | 64.19p                    | 1.68%               |
| 31.07.11                                | 181,979                               | 280,849,304      | 64.80p                    | 1.68%               |
| <b>A-Class Income GBP Hedged Shares</b> |                                       |                  |                           |                     |
| 31.01.11                                | 8,604                                 | 13,304,209       | 64.67p                    | 1.68%               |
| 31.07.11                                | 23,900                                | 35,682,591       | 66.98p                    | 1.68%               |
| <b>B-Class Income Shares</b>            |                                       |                  |                           |                     |
| 31.01.10                                | 1,761                                 | 1,651,280        | 106.7p                    | 1.15%               |
| 31.01.11                                | 4,103                                 | 3,265,884        | 125.7p                    | 1.15%               |
| 31.07.11                                | 6,339                                 | 4,985,444        | 127.2p                    | 1.15%               |
| <b>C-Class Accumulation Shares</b>      |                                       |                  |                           |                     |
| 31.07.11                                | 1,219                                 | 1,294,913        | 94.14p                    | 0.87%               |
| <b>C-Class Income Shares</b>            |                                       |                  |                           |                     |
| 31.01.09                                | 276                                   | 271,694          | 101.6p                    | 0.87%               |
| 31.01.10                                | 21,773                                | 20,228,038       | 107.6p                    | 0.87%               |
| 31.01.11                                | 100,605                               | 79,130,495       | 127.1p                    | 0.87%               |
| 31.07.11                                | 148,720                               | 115,453,307      | 128.8p                    | 0.87%               |

The Net asset value and the Net asset value per income share are shown ex-dividend.

The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Financials – 20.7% (22.2%)</b>                    |         |                       |                       |
| <b>Banks – 7.7%</b>                                  |         |                       |                       |
| BB&T   | 162,210 | 2,568                 | 0.7                   |
| Capitol Federal Financial                            | 58,050  | 411                   | 0.1                   |
| M&T Bank   | 79,350  | 4,210                 | 1.1                   |
| Northern Trust                                       | 134,470 | 3,689                 | 1.0                   |
| People's United Financial                            | 187,810 | 1,464                 | 0.4                   |
| US Bancorp   | 273,010 | 4,379                 | 1.2                   |
| Wells Fargo  | 679,630 | 11,823                | 3.2                   |
| <b>General financial – 4.1%</b>                      |         |                       |                       |
| American Express                                     | 163,800 | 5,089                 | 1.4                   |
| Bank of New York Mellon                              | 176,870 | 2,743                 | 0.7                   |
| Blackrock 'A'  | 21,910  | 2,356                 | 0.6                   |
| T. Rowe Price  | 151,200 | 5,241                 | 1.4                   |
| <b>Nonlife insurance – 5.1%</b>                      |         |                       |                       |
| Chubb  | 74,440  | 2,892                 | 0.8                   |
| Cincinnati Financial                                 | 116,970 | 1,991                 | 0.5                   |
| Old Republic International                           | 281,130 | 1,850                 | 0.5                   |
| OneBeacon Insurance Group 'A'                        | 110,088 | 878                   | 0.2                   |
| The Travelers Companies                              | 151,850 | 5,182                 | 1.4                   |
| Validus  | 204,580 | 3,401                 | 0.9                   |
| XL Group   | 234,220 | 2,979                 | 0.8                   |
| <b>Real estate – 3.8%</b>                            |         |                       |                       |
| Acadia Realty Trust                                  | 113,790 | 1,466                 | 0.4                   |
| Agree Realty   | 119,430 | 1,599                 | 0.4                   |
| Alexandria Real Estate                               | 52,140  | 2,629                 | 0.7                   |
| National Health Investors                            | 123,150 | 3,450                 | 0.9                   |
| Public Storage                                       | 32,025  | 2,349                 | 0.6                   |
| Regency Centers                                      | 70,410  | 1,948                 | 0.5                   |
| Simon Property Group                                 | 15,480  | 1,148                 | 0.3                   |
| <b>Consumer goods – 14.6% (12.1%)</b>                |         |                       |                       |
| <b>Automobiles &amp; parts – 1.6%</b>                |         |                       |                       |
| Gentex   | 135,250 | 2,397                 | 0.7                   |
| Genuine Parts  | 95,140  | 3,116                 | 0.9                   |
| <b>Beverages – 1.8%</b>                              |         |                       |                       |
| Coca-Cola  | 109,730 | 4,640                 | 1.3                   |
| Dr Pepper Snapple Group                              | 79,380  | 1,866                 | 0.5                   |
| <b>Food producers – 2.5%</b>                         |         |                       |                       |
| Hershey  | 124,450 | 4,348                 | 1.2                   |
| Smucker (J.M.)                                       | 95,290  | 4,598                 | 1.3                   |
| <b>Household goods – 3.6%</b>                        |         |                       |                       |
| Procter & Gamble                                     | 113,150 | 4,307                 | 1.2                   |
| Scotts Miracle-Gro 'A'                               | 79,620  | 2,495                 | 0.7                   |
| Snap-On  | 78,260  | 2,746                 | 0.7                   |
| Tupperware Brands                                    | 97,150  | 3,759                 | 1.0                   |
| <b>Personal goods – 2.1%</b>                         |         |                       |                       |
| Colgate-Palmolive                                    | 38,080  | 1,988                 | 0.5                   |
| Nike 'B'   | 52,360  | 2,911                 | 0.8                   |
| VF   | 40,900  | 2,942                 | 0.8                   |
| <b>Tobacco – 3.0%</b>                                |         |                       |                       |
| Lorillard  | 54,800  | 3,557                 | 1.0                   |
| Philip Morris International                          | 168,720 | 7,498                 | 2.0                   |
| <b>Industrials – 12.9% (14.8%)</b>                   |         |                       |                       |
| <b>Aerospace &amp; defence – 1.3%</b>                |         |                       |                       |
| United Technologies                                  | 91,270  | 4,652                 | 1.3                   |
| <b>Construction &amp; materials – 0.8%</b>           |         |                       |                       |
| Watsco 'A'   | 82,080  | 2,984                 | 0.8                   |
| <b>Electronics &amp; electrical equipment – 0.7%</b> |         |                       |                       |
| Emerson Electric                                     | 36,960  | 1,127                 | 0.3                   |
| Molex  | 107,280 | 1,575                 | 0.4                   |
| <b>General industrials – 3.6%</b>                    |         |                       |                       |
| 3M   | 92,130  | 4,958                 | 1.3                   |
| Greif 'A'  | 96,810  | 3,658                 | 1.0                   |
| Honeywell International                              | 151,120 | 4,923                 | 1.3                   |
| <b>Industrial engineering – 1.5%</b>                 |         |                       |                       |
| Deere & Co   | 42,330  | 2,064                 | 0.6                   |
| Illinois Tool Works                                  | 108,480 | 3,319                 | 0.9                   |
| <b>Industrial transportation – 2.9%</b>              |         |                       |                       |
| Norfolk Southern                                     | 62,440  | 2,936                 | 0.8                   |
| Seaspan  | 292,400 | 2,507                 | 0.7                   |
| Teekay   | 158,980 | 2,704                 | 0.7                   |
| United Parcel Service 'B'                            | 56,340  | 2,394                 | 0.7                   |

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Support services – 2.1%</b>                           |         |                       |                       |
| Automatic Data Processing                                | 80,330  | 2,555                 | 0.7                   |
| Grainger (W.W.)  | 28,440  | 2,601                 | 0.7                   |
| Republic Services  | 152,850 | 2,699                 | 0.7                   |
| <b>Health care – 10.2% (10.3%)</b>                       |         |                       |                       |
| <b>Health care equipment &amp; services – 2.3%</b>       |         |                       |                       |
| Baxter International                                     | 66,490  | 2,399                 | 0.7                   |
| Covidien   | 58,440  | 1,822                 | 0.5                   |
| Lincare  | 263,900 | 4,153                 | 1.1                   |
| <b>Pharmaceuticals &amp; biotechnology – 7.9%</b>        |         |                       |                       |
| Abbott Laboratories                                      | 45,720  | 1,451                 | 0.4                   |
| Johnson & Johnson  | 202,120 | 8,087                 | 2.2                   |
| Merck  | 436,400 | 9,370                 | 2.5                   |
| Pfizer   | 881,983 | 10,493                | 2.8                   |
| <b>Oil &amp; gas – 10.1% (10.9%)</b>                     |         |                       |                       |
| <b>Oil &amp; gas producers – 9.0%</b>                    |         |                       |                       |
| Chevron  | 205,080 | 13,236                | 3.6                   |
| ConocoPhillips   | 201,100 | 8,994                 | 2.4                   |
| ExxonMobil   | 138,940 | 6,955                 | 1.9                   |
| Marathon Oil   | 57,510  | 1,099                 | 0.3                   |
| Occidental Petroleum                                     | 49,360  | 3,026                 | 0.8                   |
| <b>Oil equipment, services &amp; distribution – 1.1%</b> |         |                       |                       |
| Kinder Morgan Delaware                                   | 33,630  | 583                   | 0.2                   |
| Williams   | 172,500 | 3,370                 | 0.9                   |
| <b>Consumer services – 9.9% (10.4%)</b>                  |         |                       |                       |
| <b>General retailers – 4.0%</b>                          |         |                       |                       |
| Gap  | 118,050 | 1,417                 | 0.4                   |
| Home Depot   | 125,040 | 2,700                 | 0.7                   |
| Limited Brands   | 161,410 | 3,711                 | 1.0                   |
| Tiffany & Co   | 37,440  | 1,827                 | 0.5                   |
| TJX Companies  | 80,870  | 2,744                 | 0.7                   |
| Wal-Mart Stores  | 84,330  | 2,746                 | 0.7                   |
| <b>Media – 2.4%</b>                                      |         |                       |                       |
| McGraw-Hill  | 50,280  | 1,318                 | 0.4                   |
| Time Warner  | 171,210 | 3,762                 | 1.0                   |
| Time Warner Cable  | 83,970  | 3,790                 | 1.0                   |
| <b>Travel &amp; leisure – 3.5%</b>                       |         |                       |                       |
| Cinemark   | 313,010 | 3,754                 | 1.0                   |
| McDonald's   | 92,710  | 4,943                 | 1.3                   |
| Regal Entertainment Group 'A'                            | 228,320 | 1,590                 | 0.4                   |
| Yum Brands   | 91,130  | 2,951                 | 0.8                   |
| <b>Utilities – 6.6% (6.6%)</b>                           |         |                       |                       |
| <b>Electricity – 3.3%</b>                                |         |                       |                       |
| CMS Energy   | 278,270 | 3,328                 | 0.9                   |
| Nextera Energy   | 79,090  | 2,733                 | 0.7                   |
| Northeast Utilities                                      | 140,330 | 2,976                 | 0.8                   |
| Southern Company   | 134,100 | 3,276                 | 0.9                   |
| <b>Gas, water &amp; multiutilities – 3.3%</b>            |         |                       |                       |
| American Water Works                                     | 35,300  | 613                   | 0.2                   |
| EQT  | 55,810  | 2,193                 | 0.6                   |
| ONEOK  | 89,530  | 4,015                 | 1.1                   |
| Sempra Energy  | 107,970 | 3,387                 | 0.9                   |
| Spectra Energy   | 118,430 | 1,970                 | 0.5                   |
| <b>Technology – 5.0% (3.2%)</b>                          |         |                       |                       |
| <b>Software &amp; computer services – 2.2%</b>           |         |                       |                       |
| IBM  | 28,185  | 3,150                 | 0.9                   |
| Microsoft  | 274,000 | 4,667                 | 1.3                   |
| <b>Technology hardware &amp; equipment – 2.8%</b>        |         |                       |                       |
| Analog Devices   | 115,220 | 2,455                 | 0.7                   |
| Intel  | 195,680 | 2,713                 | 0.7                   |
| KLA-Tencor   | 105,330 | 2,699                 | 0.7                   |
| Xilinx   | 132,360 | 2,612                 | 0.7                   |
| <b>Basic materials – 3.9% (4.4%)</b>                     |         |                       |                       |
| <b>Chemicals – 3.9%</b>                                  |         |                       |                       |
| Air Products & Chemicals                                 | 54,850  | 3,001                 | 0.8                   |
| Du Pont de Nemours                                       | 158,170 | 5,086                 | 1.4                   |
| PPG Industries   | 119,980 | 6,234                 | 1.7                   |

## Portfolio statement – continued

As at 31 July 2011

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Telecommunications – 3.8% (4.2%)</b>  |         |                       |                       |
| <b>Fixed line telecommunications – 3.8%</b>                                      |         |                       |                       |
| AT&T   | 208,680 | 3,753                 | 1.0                   |
| CenturyLink  | 170,070 | 3,893                 | 1.1                   |
| Verizon Communications   | 293,280 | 6,430                 | 1.7                   |
| <b>Forward currency contracts A-Class Income GBP Hedged shares – 0.1% (0.1%)</b> |         |                       |                       |
| <b>US Dollar</b>   |         |                       |                       |
| Buy \$25,670 sell £15,680 dated 10/08/11   |         | -                     | -                     |
| Buy \$32,161 sell £19,700 dated 09/09/11   |         | -                     | -                     |
| Buy \$972,945 sell £605,506 dated 10/08/11                                       |         | (7)                   | -                     |
| Sell \$39,563,185 buy £24,720,797 dated 10/08/11                                 |         | 406                   | 0.1                   |
| Sell \$1,336,420 buy £818,483 dated 10/08/11                                     |         | (3)                   | -                     |
| <b>Investment assets (including investment liabilities)</b>                      |         | <b>362,430</b>        | <b>97.8</b>           |
| <b>Net other assets</b>  |         | <b>8,139</b>          | <b>2.2</b>            |
| <b>Net assets</b>  |         | <b>370,569</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

The forward exchange contracts are only entered into by the A-Class Income GBP Hedged shares.

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000          |  | £'000           |
|--|----------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>157,145</b> | <b>Total of all sales for the period</b> | <b>50,658</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>    | <b>Major sales</b>                       | <b>Proceeds</b> |
| Wells Fargo                                  | 4,592          | Becton Dickinson & Co                    | 3,804           |
| US Bancorp                                   | 4,245          | Metlife                                  | 3,443           |
| Greif 'A'                                    | 3,794          | General Mills                            | 3,201           |
| Limited Brands                               | 3,576          | Bemis                                    | 2,970           |
| Chevron                                      | 3,328          | Gap                                      | 2,423           |
| Watsco 'A'                                   | 3,171          | Omnicom Group                            | 2,351           |
| Bank of New York Mellon                      | 2,832          | City National                            | 2,233           |
| Xilinx                                       | 2,829          | Tyco Electronics                         | 2,179           |
| Analog Devices                               | 2,819          | Fastenal                                 | 2,149           |
| KLA-Tencor                                   | 2,801          | PG&E                                     | 2,140           |
| Hershey                                      | 2,740          | Regency Centers                          | 2,077           |
| Automatic Data Processing                    | 2,606          | EQT                                      | 1,934           |
| Johnson & Johnson                            | 2,523          | PPL                                      | 1,812           |
| Scotts Miracle-Gro 'A'                       | 2,502          | Sherwin-Williams                         | 1,680           |
| Pfizer                                       | 2,488          | Cooper Industries                        | 1,534           |
| Procter & Gamble                             | 2,376          | Edison International                     | 1,379           |
| Merck  | 2,370          | ConocoPhillips                           | 1,138           |
| ConocoPhillips                               | 2,291          | Chubb                                    | 1,135           |
| T. Rowe Price                                | 2,281          | AT&T                                     | 1,011           |
| Baxter International                         | 2,255          | Procter & Gamble                         | 971             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011         | 2010         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| Income  |              |              |
| Net capital gains   | 2,774        | 912          |
| Revenue   | 4,866        | 2,107        |
| Expenses  | (2,161)      | (940)        |
| Net revenue before taxation   | 2,705        | 1,167        |
| Taxation  | (669)        | (296)        |
| Net revenue after taxation  | 2,036        | 871          |
| <b>Total return before distributions</b>  | <b>4,810</b> | <b>1,783</b> |
| Finance costs: Distributions  | (3,939)      | (1,693)      |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>871</b>   | <b>90</b>    |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | 2011           | 2010           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   | <b>254,948</b> | <b>89,481</b>  |
| Amounts receivable on issue of shares  | 125,881        | 89,419         |
| Amounts payable on cancellation of shares  | (11,218)       | (4,859)        |
|  | 114,663        | 84,560         |
| Change in net assets attributable to shareholders from investment activities (see above) | 871            | 90             |
| Retained distributions on accumulation shares  | 87             | 30             |
| <b>Closing net assets attributable to shareholders</b>                                   | <b>370,569</b> | <b>174,161</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011   | 31 January 2011 |
|--|----------------|-----------------|
|  | £'000          | £'000           |
| <b>ASSETS</b>                                  |                |                 |
| Investment assets                              | 362,440        | 253,026         |
| Debtors  | 2,939          | 6,258           |
| Cash and bank balances                         | 9,036          | 4,851           |
| <b>Total other assets</b>                      | <b>11,975</b>  | <b>11,109</b>   |
| <b>Total assets</b>                            | <b>374,415</b> | <b>264,135</b>  |
| <b>LIABILITIES</b>                             |                |                 |
| Investment liabilities                         | (10)           | (7)             |
| Creditors                                      | (1,480)        | (7,560)         |
| Distribution payable on income shares          | (2,356)        | (1,620)         |
| <b>Total other liabilities</b>                 | <b>(3,836)</b> | <b>(9,180)</b>  |
| <b>Total liabilities</b>                       | <b>(3,846)</b> | <b>(9,187)</b>  |
| <b>Net assets attributable to shareholders</b> | <b>370,569</b> | <b>254,948</b>  |

# JPM US Fund

## Investment objective and policy

To provide capital growth over the long term by investing primarily through a portfolio invested in the shares of US companies.

## Risk profile

This equity based Fund is designed for investors looking for broad market exposure, primarily to a single developed stock market.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

The underlying assets of the Fund are denominated in a currency other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

The six months under review were marred by various economic and political concerns. The Fund held up very well in this turbulent period for markets and outperformed its benchmark. Strong stock selection, particularly in the health care and information technology sectors, contributed the most to relative performance. This was sufficient to overcome lacklustre returns from the portfolio's financials and utilities holdings.

On a stock specific basis, overweight positions in Herbalife and Biogen Idec were among the top contributors to relative performance. In contrast, overweight positions in Microsoft and Ameriprise Financial were among the top detractors.

## Fund outlook

The behavioural finance strategies employed by the Fund face bigger challenges in times of heightened market volatility. However, our behavioural finance investment philosophy and process remain intact. We believe the current environment sets up buying opportunities once volatility subsides.

There have been several developments that offer equity investors reasons for optimism. First of all, the last week of July saw US weekly jobless claims fall below 400,000 for the first time in four months. Furthermore, shocks to the global economy experienced in the spring, particularly higher oil prices and the Japanese earthquake and nuclear crisis, are beginning to fade. After rebounding in April, Japanese industrial production is on its third consecutive month of expansion. This has helped ease supply chain constraints, which has led to expectations of a strong increase in US auto production for the third quarter. Falling oil prices and the resulting decline in miles driven bode well for lower gasoline prices, which would be a much welcome event for US consumers.

## 12 month performance to 31 July

|                 | 2011  | 2010  | 2009  | 2008   | 2007 |
|-----------------|-------|-------|-------|--------|------|
| <b>JPM US</b>   |       |       |       |        |      |
| A-Class Acc     | 16.8% | 17.4% | -4.3% | -11.5% | 6.0% |
| <b>JPM US</b>   |       |       |       |        |      |
| I-Class Acc     | 18.2% | 18.2% | -3.3% | -10.6% | -    |
| <b>JPM US</b>   |       |       |       |        |      |
| X-Class Inc     | 18.8% | 19.4% | -2.5% | -10.1% | -    |
| Benchmark Index | 13.8% | 20.1% | -4.8% | -9.1%  | 6.3% |

## Six month performance to 31 July 2011

|                           |       |
|---------------------------|-------|
| <b>JPM US A-Class Acc</b> | 1.8%  |
| Benchmark Index           | -1.1% |

## Fund statistics

|                 |                                       |
|-----------------|---------------------------------------|
| Fund size       | £160.5m                               |
| Benchmark Index | S&P 500 (Total Return Net at 15% Tax) |
| Fund charges    |                                       |
| A-Class         | Initial 4.25%, Annual 1.50%           |
| I-Class         | Initial Nil, Annual 0.60%             |
| X-Class         | On application <sup>A</sup>           |

## Top ten holdings

|                             | %   |
|-----------------------------|-----|
| Apple                       | 5.0 |
| IBM                         | 3.9 |
| Chevron                     | 3.3 |
| ExxonMobil                  | 3.3 |
| Wal-Mart Stores             | 2.0 |
| Wells Fargo                 | 2.0 |
| Philip Morris International | 2.0 |
| Citigroup                   | 1.8 |
| Discover Financial Services | 1.8 |
| Pfizer                      | 1.7 |

## Sector breakdown

|                    | %    |
|--------------------|------|
| Technology         | 18.3 |
| Financials         | 17.5 |
| Oil & gas          | 13.3 |
| Consumer services  | 11.0 |
| Health care        | 10.5 |
| Consumer goods     | 10.1 |
| Industrials        | 10.0 |
| Basic materials    | 3.4  |
| Telecommunications | 2.2  |
| Utilities          | 2.0  |
| Futures            | 0.0  |
| Net other assets   | 1.7  |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation or income shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> As agreed from time to time between the ACD and the relevant JPMorgan Chase & Co. entity.

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 363.0p              | 319.9p             | 0.00p                        |
| 2007   | 386.7p              | 326.7p             | 0.12p                        |
| 2008   | 358.7p              | 254.0p             | 0.00p                        |
| 2009   | 364.9p              | 248.4p             | 1.61p                        |
| 2010   | 417.0p              | 336.5p             | 0.33p                        |
| 2011 <sup>b</sup>                              | 444.1p              | 399.3p             | 0.00p                        |
| <b>A-Class Income Shares<sup>c</sup></b>       |                     |                    |                              |
| 2007   | 52.31p              | 45.64p             | -                            |
| 2008   | 50.10p              | 35.48p             | 0.00p                        |
| 2009   | 50.65p              | 34.46p             | 0.26p                        |
| 2010   | 57.80p              | 46.64p             | 0.07p                        |
| 2011 <sup>b</sup>                              | 61.55p              | 55.34p             | 0.00p                        |
| <b>I-Class Accumulation Shares<sup>d</sup></b> |                     |                    |                              |
| 2007   | 110.0p              | 93.37p             | 0.01p                        |
| 2008   | 102.6p              | 73.25p             | 1.03p                        |
| 2009   | 106.6p              | 71.92p             | 1.36p                        |
| 2010   | 122.7p              | 98.65p             | 0.74p                        |
| 2011 <sup>b</sup>                              | 131.4p              | 117.7p             | 1.08p                        |
| <b>X-Class Income Shares<sup>d</sup></b>       |                     |                    |                              |
| 2007   | 106.4p              | 90.59p             | 0.00p                        |
| 2008   | 99.58p              | 70.70p             | 0.94p                        |
| 2009   | 101.9p              | 68.43p             | 1.64p                        |
| 2010   | 116.5p              | 93.51p             | 1.17p                        |
| 2011 <sup>b</sup>                              | 123.4p              | 110.4p             | 1.59p                        |

<sup>b</sup> To 31 July 2011.

<sup>c</sup> A-Class Income Shares were launched on 1 September 2007.

<sup>d</sup> I-Class Accumulation and X-Class Income Shares were launched on 2 January 2007.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 208.4% |
| 31.07.11 | 66.2%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class £'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|---------------------------------------|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 144,235                               | 48,329,897       | 298.4p                    | 1.67%               |
| 31.01.10                           | 164,884                               | 48,171,126       | 342.3p                    | 1.67%               |
| 31.01.11                           | 155,158                               | 38,054,157       | 407.7p                    | 1.68%               |
| 31.07.11                           | 147,383                               | 35,523,245       | 414.9p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09 <sup>e</sup>              | 258                                   | 622,540          | 41.39p                    | 1.68%               |
| 31.01.10 <sup>e</sup>              | 1,386                                 | 2,921,275        | 47.44p                    | 1.66%               |
| 31.01.11 <sup>e</sup>              | 2,939                                 | 5,201,771        | 56.51p                    | 1.68%               |
| 31.07.11                           | 3,712                                 | 6,456,595        | 57.50p                    | 1.68%               |
| <b>I-Class Accumulation Shares</b> |                                       |                  |                           |                     |
| 31.01.09                           | 51,508                                | 59,693,964       | 86.29p                    | 0.60%               |
| 31.01.10                           | 10,317                                | 10,349,229       | 99.69p                    | 0.60%               |
| 31.01.11                           | 6,960                                 | 5,796,288        | 120.1p                    | 0.60%               |
| 31.07.11                           | 6,322                                 | 5,146,839        | 122.8p                    | 0.60%               |
| <b>X-Class Income Shares</b>       |                                       |                  |                           |                     |
| 31.01.09 <sup>e</sup>              | 14,365                                | 17,563,817       | 81.79p                    | 0.06%               |
| 31.01.10 <sup>e</sup>              | 6,392                                 | 6,784,060        | 94.22p                    | 0.06%               |
| 31.01.11 <sup>e</sup>              | 2,841                                 | 2,525,379        | 112.5p                    | 0.06%               |
| 31.07.11                           | 3,116                                 | 2,701,042        | 115.4p                    | 0.06%               |

<sup>e</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end. The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Technology - 18.3% (17.8%)</b>                        |         |                       |                       |
| <b>Software &amp; computer services - 8.2%</b>           |         |                       |                       |
| IAC  | 61,500  | 1,599                 | 1.0                   |
| IBM  | 56,200  | 6,280                 | 3.9                   |
| Microsoft  | 159,600 | 2,719                 | 1.7                   |
| Oracle   | 64,600  | 1,217                 | 0.8                   |
| Symantec   | 107,800 | 1,291                 | 0.8                   |
| <b>Technology hardware &amp; equipment - 10.1%</b>       |         |                       |                       |
| Apple  | 33,300  | 8,019                 | 5.0                   |
| Broadcom 'A'   | 71,900  | 1,627                 | 1.0                   |
| Dell   | 7,700   | 78                    | -                     |
| Freescale Semiconductor Holdings                         | 44,300  | 441                   | 0.3                   |
| Harris   | 41,800  | 1,038                 | 0.6                   |
| Lam Research   | 15,500  | 406                   | 0.3                   |
| Qualcomm   | 35,900  | 1,213                 | 0.8                   |
| Sandisk  | 20,900  | 543                   | 0.3                   |
| Xerox  | 364,300 | 2,111                 | 1.3                   |
| Xilinx   | 44,600  | 880                   | 0.5                   |
| <b>Financials - 17.5% (18.7%)</b>                        |         |                       |                       |
| <b>Banks - 6.5%</b>                                      |         |                       |                       |
| Bank of America  | 216,550 | 1,300                 | 0.8                   |
| Citigroup  | 121,470 | 2,851                 | 1.8                   |
| Huntington Bancshares                                    | 118,700 | 440                   | 0.3                   |
| PNC Financial Services Group                             | 47,000  | 1,577                 | 1.0                   |
| SunTrust Banks   | 41,800  | 632                   | 0.4                   |
| Wells Fargo  | 186,700 | 3,248                 | 2.0                   |
| Zions Bancorporation                                     | 22,500  | 305                   | 0.2                   |
| <b>General financial - 5.1%</b>                          |         |                       |                       |
| Ameriprise Financial                                     | 78,100  | 2,581                 | 1.6                   |
| Apollo Investment  | 100     | 1                     | -                     |
| Capital One Financial                                    | 68,300  | 1,999                 | 1.3                   |
| Discover Financial Services                              | 179,600 | 2,842                 | 1.8                   |
| SLM  | 62,800  | 599                   | 0.4                   |
| <b>Life insurance - 3.1%</b>                             |         |                       |                       |
| Assurant   | 22,600  | 498                   | 0.3                   |
| Lincoln National   | 75,800  | 1,234                 | 0.8                   |
| Metlife  | 64,500  | 1,578                 | 1.0                   |
| Protective Life  | 39,200  | 512                   | 0.3                   |
| Prudential Financial                                     | 30,000  | 1,076                 | 0.7                   |
| <b>Nonlife insurance - 1.7%</b>                          |         |                       |                       |
| Allied World Assurance                                   | 33,700  | 1,153                 | 0.7                   |
| Endurance Speciality                                     | 11,000  | 279                   | 0.2                   |
| Reinsurance Group America                                | 33,800  | 1,221                 | 0.8                   |
| <b>Real estate - 1.1%</b>                                |         |                       |                       |
| Chimera Investment Corporation                           | 141,000 | 270                   | 0.2                   |
| Prologis   | 29,600  | 642                   | 0.4                   |
| Simon Property Group                                     | 9,778   | 725                   | 0.5                   |
| <b>Oil &amp; gas - 13.3% (13.8%)</b>                     |         |                       |                       |
| <b>Oil &amp; gas producers - 11.3%</b>                   |         |                       |                       |
| Apache   | 14,400  | 1,103                 | 0.7                   |
| Baker Hughes   | 16,400  | 788                   | 0.5                   |
| Chevron  | 82,600  | 5,331                 | 3.3                   |
| ConocoPhillips   | 30,100  | 1,346                 | 0.8                   |
| Energen  | 35,600  | 1,307                 | 0.8                   |
| ExxonMobil   | 106,446 | 5,328                 | 3.3                   |
| Marathon Oil   | 15,800  | 302                   | 0.2                   |
| Marathon Petroleum                                       | 38,100  | 1,002                 | 0.6                   |
| Occidental Petroleum                                     | 17,500  | 1,073                 | 0.7                   |
| Valero Energy  | 41,300  | 631                   | 0.4                   |
| <b>Oil equipment, services &amp; distribution - 2.0%</b> |         |                       |                       |
| Halliburton  | 66,100  | 2,230                 | 1.4                   |
| National Oilwell Varco                                   | 19,800  | 989                   | 0.6                   |
| <b>Consumer services - 11.0% (11.2%)</b>                 |         |                       |                       |
| <b>Food &amp; drug retailers - 0.5%</b>                  |         |                       |                       |
| Walgreen   | 30,400  | 732                   | 0.5                   |
| <b>General retailers - 5.6%</b>                          |         |                       |                       |
| Autozone   | 8,000   | 1,406                 | 0.9                   |
| Block (H & R)  | 14,200  | 131                   | 0.1                   |
| Macy's   | 74,250  | 1,323                 | 0.8                   |
| Signet Jewelers  | 48,800  | 1,296                 | 0.8                   |
| Sothebys 'A'   | 23,700  | 623                   | 0.4                   |
| Wal-Mart Stores  | 100,400 | 3,270                 | 2.0                   |
| Weight Watchers International                            | 22,500  | 1,038                 | 0.6                   |

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Media - 3.4%</b>                                  |         |                       |                       |
| CBS 'B'  | 103,400 | 1,775                 | 1.1                   |
| Gannett  | 159,200 | 1,271                 | 0.8                   |
| Viacom 'B'   | 81,500  | 2,449                 | 1.5                   |
| <b>Travel &amp; leisure - 1.5%</b>                   |         |                       |                       |
| Alaska Air   | 31,000  | 1,156                 | 0.7                   |
| Wyndham Worldwide                                    | 63,200  | 1,355                 | 0.8                   |
| <b>Health care - 10.5% (10.8%)</b>                   |         |                       |                       |
| <b>Health care equipment &amp; services - 5.6%</b>   |         |                       |                       |
| Amerigroup   | 36,300  | 1,503                 | 0.9                   |
| Cigna  | 35,700  | 1,101                 | 0.7                   |
| Cooper   | 13,800  | 649                   | 0.4                   |
| Covidien   | 68,200  | 2,126                 | 1.3                   |
| Humana   | 21,300  | 981                   | 0.6                   |
| United Health Group                                  | 68,500  | 2,102                 | 1.3                   |
| Universal Health Services 'B'                        | 19,900  | 611                   | 0.4                   |
| <b>Pharmaceuticals &amp; biotechnology - 4.9%</b>    |         |                       |                       |
| Amgen  | 37,900  | 1,244                 | 0.8                   |
| Biogen Idec  | 31,500  | 1,977                 | 1.2                   |
| Endo Pharmaceutical                                  | 51,200  | 1,178                 | 0.7                   |
| Pfizer   | 236,100 | 2,809                 | 1.7                   |
| Warner Chilcott                                      | 60,800  | 791                   | 0.5                   |
| <b>Consumer goods - 10.1% (8.1%)</b>                 |         |                       |                       |
| <b>Automobiles &amp; parts - 1.4%</b>                |         |                       |                       |
| Autoliv  | 9,800   | 399                   | 0.3                   |
| Ford Motor Company                                   | 109,700 | 830                   | 0.5                   |
| General Motors                                       | 12,800  | 221                   | 0.1                   |
| TRW Automotive                                       | 9,100   | 284                   | 0.2                   |
| WABCO Holdings                                       | 14,000  | 537                   | 0.3                   |
| <b>Beverages - 1.1%</b>                              |         |                       |                       |
| Coca-Cola Enterprises                                | 35,500  | 618                   | 0.4                   |
| Constellation Brands 'A'                             | 92,200  | 1,160                 | 0.7                   |
| <b>Food producers - 2.1%</b>                         |         |                       |                       |
| Darling International                                | 40,000  | 416                   | 0.3                   |
| Herbalife  | 32,500  | 1,127                 | 0.7                   |
| Smithfield Foods                                     | 44,600  | 604                   | 0.4                   |
| Tyson Foods 'A'                                      | 111,100 | 1,195                 | 0.7                   |
| <b>Household goods - 0.8%</b>                        |         |                       |                       |
| Energizer  | 26,800  | 1,329                 | 0.8                   |
| <b>Leisure goods - 0.3%</b>                          |         |                       |                       |
| Mattel   | 28,400  | 465                   | 0.3                   |
| <b>Personal goods - 1.3%</b>                         |         |                       |                       |
| Kimberly-Clark                                       | 31,800  | 1,285                 | 0.8                   |
| VF   | 11,200  | 806                   | 0.5                   |
| <b>Tobacco - 3.1%</b>                                |         |                       |                       |
| Lorillard  | 27,700  | 1,798                 | 1.1                   |
| Philip Morris International                          | 70,600  | 3,137                 | 2.0                   |
| <b>Industrials - 10.0% (9.7%)</b>                    |         |                       |                       |
| <b>Aerospace &amp; defence - 0.6%</b>                |         |                       |                       |
| General Dynamics                                     | 22,300  | 929                   | 0.6                   |
| <b>Electronics &amp; electrical equipment - 0.2%</b> |         |                       |                       |
| Vishay   | 30,000  | 253                   | 0.2                   |
| <b>General industrials - 3.2%</b>                    |         |                       |                       |
| Honeywell International                              | 72,300  | 2,355                 | 1.5                   |
| Tyco International                                   | 97,100  | 2,673                 | 1.7                   |
| <b>Industrial engineering - 3.4%</b>                 |         |                       |                       |
| Caterpillar  | 36,700  | 2,247                 | 1.4                   |
| Joy Global   | 13,600  | 783                   | 0.5                   |
| KBR  | 57,300  | 1,231                 | 0.8                   |
| Navistar International                               | 18,100  | 569                   | 0.3                   |
| Parker-Hannifin                                      | 14,000  | 676                   | 0.4                   |
| <b>Industrial transportation - 1.3%</b>              |         |                       |                       |
| CSX  | 44,800  | 681                   | 0.4                   |
| Norfolk Southern                                     | 29,700  | 1,396                 | 0.9                   |
| <b>Support services - 1.3%</b>                       |         |                       |                       |
| Alliance Data System                                 | 17,100  | 1,036                 | 0.6                   |
| R.R. Donnelley & Sons                                | 92,100  | 1,084                 | 0.7                   |

## Portfolio statement – continued

As at 31 July 2011

| Investment  | Holding | Market value<br>£'000 | Total net<br>assets % |
|---|---------|-----------------------|-----------------------|
| <b>Basic materials – 3.4% (4.2%)</b>                        |         |                       |                       |
| <b>Chemicals – 2.6%</b>                                     |         |                       |                       |
| Eastman Chemical  | 18,000  | 1,108                 | 0.7                   |
| Lyondellbasell Industries                                   | 24,200  | 559                   | 0.3                   |
| PPG Industries  | 40,200  | 2,090                 | 1.3                   |
| Westlake Chemical   | 16,300  | 501                   | 0.3                   |
| <b>Industrial metals – 0.8%</b>                             |         |                       |                       |
| Cliffs Natural Resources                                    | 10,300  | 566                   | 0.4                   |
| Freeport-McMoRan Copper & Gold                              | 19,000  | 631                   | 0.4                   |
| <b>Telecommunications – 2.2% (2.3%)</b>                     |         |                       |                       |
| <b>Fixed line telecommunications – 2.2%</b>                 |         |                       |                       |
| AT&T  | 47,800  | 860                   | 0.5                   |
| CenturyLink   | 25,835  | 592                   | 0.4                   |
| Frontier Communications 'B'                                 | 11,531  | 53                    | -                     |
| Verizon Communications                                      | 67,800  | 1,487                 | 0.9                   |
| Windstream  | 87,800  | 661                   | 0.4                   |
| <b>Utilities – 2.0% (1.5%)</b>                              |         |                       |                       |
| <b>Electricity – 0.6%</b>                                   |         |                       |                       |
| American Electric Power                                     | 43,600  | 996                   | 0.6                   |
| <b>Gas, water &amp; multiutilities – 1.4%</b>               |         |                       |                       |
| Sempra Energy   | 70,400  | 2,208                 | 1.4                   |
| <b>Futures – 0.0% (0.0%)</b>                                |         |                       |                       |
| S&P 500 E-Mini Futures Sep 2011                             | 15      | (20)                  | -                     |
| <b>Investment assets (including investment liabilities)</b> |         | <b>157,768</b>        | <b>98.3</b>           |
| <b>Net other assets</b>                                     |         | <b>2,765</b>          | <b>1.7</b>            |
| <b>Net assets</b>   |         | <b>160,533</b>        | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>71,171</b> | <b>Total of all sales for the period</b> | <b>81,477</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| Philip Morris International                  | 3,056         | National Oilwell Varco                   | 3,234           |
| Discover Financial Services                  | 2,705         | Microsoft                                | 3,138           |
| Caterpillar                                  | 2,481         | ExxonMobil                               | 2,668           |
| Sempra Energy                                | 2,454         | Qualcomm                                 | 2,586           |
| Halliburton                                  | 2,298         | Occidental Petroleum                     | 2,405           |
| Covidien                                     | 2,286         | Kinetic Concepts                         | 1,956           |
| Valero Energy                                | 1,929         | Cummins                                  | 1,898           |
| Apache                                       | 1,751         | Helmerich & Payne                        | 1,844           |
| Qualcomm                                     | 1,725         | Capital One Financial                    | 1,620           |
| Baker Hughes                                 | 1,657         | Apache                                   | 1,458           |
| Broadcom 'A'                                 | 1,648         | Applied Materials                        | 1,447           |
| Oracle                                       | 1,586         | XI Group                                 | 1,409           |
| Applied Materials                            | 1,545         | Whiting Petroleum                        | 1,403           |
| Occidental Petroleum                         | 1,469         | Cephalon                                 | 1,396           |
| ConocoPhillips                               | 1,417         | Timken                                   | 1,391           |
| Apple  | 1,404         | Prudential Financial                     | 1,372           |
| Lam Research                                 | 1,357         | United Health Group                      | 1,369           |
| VF   | 1,350         | Freeport-McMoRan Copper & Gold           | 1,364           |
| Symantec                                     | 1,282         | NVIDIA                                   | 1,298           |
| Reinsurance Group America                    | 1,241         | Ameren                                   | 1,288           |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000   | 2011<br>£'000 | £'000   | 2010<br>£'000 |
|---|---------|---------------|---------|---------------|
| Income  |         |               |         |               |
| Net capital gains   |         | 3,388         |         | 6,531         |
| Revenue   | 1,398   |               | 1,776   |               |
| Expenses  | (1,318) |               | (1,535) |               |
| Net revenue before taxation   | 80      |               | 241     |               |
| Taxation  | (197)   |               | (244)   |               |
| Net expense after taxation  |         | (117)         |         | (3)           |
| <b>Total return before distributions</b>  |         | <b>3,271</b>  |         | <b>6,528</b>  |
| Finance costs: Distributions  |         | -             |         | (31)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |         | <b>3,271</b>  |         | <b>6,497</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|  | £'000    | 2011<br>£'000  | £'000    | 2010<br>£'000  |
|--|----------|----------------|----------|----------------|
| <b>Opening net assets attributable to shareholders</b>                                   |          | <b>167,898</b> |          | <b>182,979</b> |
| Amounts receivable on issue of shares  | 5,642    |                | 19,224   |                |
| Amounts payable on cancellation of shares  | (16,278) |                | (59,266) |                |
|  |          | (10,636)       |          | (40,042)       |
| Change in net assets attributable to shareholders from investment activities (see above) |          | 3,271          |          | 6,497          |
| <b>Closing net assets attributable to shareholders</b>                                   |          | <b>160,533</b> |          | <b>149,434</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                | 31 January 2011 |                |
|--|--------------|----------------|-----------------|----------------|
|  | £'000        | £'000          | £'000           | £'000          |
| <b>ASSETS</b>                                  |              |                |                 |                |
| Investment assets                              |              | 157,788        |                 | 164,699        |
| Debtors  | 1,353        |                | 9,032           |                |
| Cash and bank balances                         | 3,560        |                | 2,944           |                |
| <b>Total other assets</b>                      |              | <b>4,913</b>   |                 | <b>11,976</b>  |
| <b>Total assets</b>                            |              | <b>162,701</b> |                 | <b>176,675</b> |
| <b>LIABILITIES</b>                             |              |                |                 |                |
| Investment liabilities                         |              | (20)           |                 | (38)           |
| Creditors                                      | (2,148)      |                | (8,699)         |                |
| Distribution payable on income shares          | -            |                | (40)            |                |
| <b>Total other liabilities</b>                 |              | <b>(2,148)</b> |                 | <b>(8,739)</b> |
| <b>Total liabilities</b>                       |              | <b>(2,168)</b> |                 | <b>(8,777)</b> |
| <b>Net assets attributable to shareholders</b> |              | <b>160,533</b> |                 | <b>167,898</b> |

# JPM US Select Fund

## Investment objective and policy

To invest in a portfolio of North American securities. The current policy is to invest for capital growth without any distribution target.

## Risk profile

This equity based Fund is a core product designed to provide an exposure to US equities.

Equity investment is subject to specific risks relating to the performance of the individual companies held and the market's perception of their performance. Equities are also subject to systematic risks such as general economic conditions, inflation, interest rates, foreign exchange rates and industry sector risks. In general terms, equities tend to be more volatile than bonds.

Funds that invest predominantly in a single market, asset class or sector may be subject to greater volatility than those funds with a more diversified portfolio.

The underlying assets of the Fund are denominated in a currency other than Sterling and are not hedged back to Sterling. Investors will therefore be exposed to the currency risk of fluctuations between Sterling and the currency denomination of the underlying assets.

## Fund review

The six months under review were marred by various economic and political concerns. The Fund underperformed its benchmark for the period as the market experienced a rotation from cyclical to defensive sectors. Our tilt to the economically-sensitive sectors hurt performance, and we became more cautious and added to our defensive exposures. However, as we believe the near-term weakness to be more indicative of a mid-cycle pullback rather than a longer-term slowdown we started to add to riskier names towards the end of the period.

In particular, the portfolio's underperformance was attributable to weak stock and sector selection in the big banks & brokers, network technology as well as the consumer staples sectors. On a stock specific basis, overweight positions in Cisco Systems, General Motors and Goldman Sachs Group were the top detractors from relative performance for the period under review.

In contrast, the largest positive contribution to relative performance came from stock selection in the pharmaceuticals & biotechnology, media and technology hardware & equipment sectors. Among the top contributors to the portfolio's relative performance were overweight positions in Biogen Idec, Norfolk Southern and Time Warner.

## Fund outlook

The market volatility experienced in early August demonstrates a heightened sense of panic and portfolio de-risking. Within the portfolio, we have maintained a pro-cyclical tilt, reflecting our views that the US is not entering a double-dip recession. We continue to believe we are facing a mid-cycle correction.

Valuations for many of the stocks we like are compelling; however, the current market environment calls for striking a balance between long-range cyclical risk opportunities and the potential for the environment to worsen in the near term.

## 12 month performance to 31 July

|                                  | 2011  | 2010  | 2009  | 2008   | 2007 |
|----------------------------------|-------|-------|-------|--------|------|
| <b>JPM US Select A-Class Acc</b> | 11.2% | 19.4% | 0.5%  | -      | -    |
| <b>JPM US Select C-Class Acc</b> | 12.1% | 20.4% | -     | -      | -    |
| <b>JPM US Select I-Class Acc</b> | 12.4% | 20.4% | 1.4%  | -10.4% | 9.0% |
| <b>JPM US Select X-Class Inc</b> | 13.0% | 21.2% | 1.9%  | -10.0% | 9.4% |
| Benchmark Index                  | 13.8% | 20.1% | -4.8% | -9.1%  | 6.3% |

## Six month performance to 31 July 2011

|                                  |       |
|----------------------------------|-------|
| <b>JPM US Select A-Class Acc</b> | -1.6% |
| Benchmark Index                  | -1.1% |

## Fund statistics

|                 |                                       |
|-----------------|---------------------------------------|
| Fund size       | £82.2m                                |
| Benchmark Index | S&P 500 (Total Return Net at 15% Tax) |
| Fund charges    |                                       |
| A-Class         | Initial 4.25%, Annual 1.50%           |
| C-Class         | Initial Nil, Annual 0.75%             |
| I-Class         | Initial Nil, Annual 0.60%             |
| X-Class         | On application <sup>A</sup>           |

## Top ten holdings

|                      | %   |
|----------------------|-----|
| Apple                | 4.8 |
| Time Warner          | 2.9 |
| Schlumberger         | 2.8 |
| Microsoft            | 2.5 |
| Chevron              | 2.4 |
| Wells Fargo          | 2.3 |
| Merck                | 2.3 |
| ExxonMobil           | 2.3 |
| Occidental Petroleum | 2.1 |
| Coca-Cola            | 1.9 |

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. For specific risks, please read the Simplified Prospectus.

All performance returns are calculated using the quoted price of the accumulation or income shares. Performance returns are in Sterling.

Source: J.P. Morgan.

<sup>A</sup> As agreed from time to time between the ACD and the relevant JPMorgan Chase & Co. entity.

## Sector breakdown

|                    | %    |
|--------------------|------|
| Technology         | 17.1 |
| Financials         | 13.8 |
| Oil & gas          | 13.6 |
| Consumer services  | 12.5 |
| Health care        | 12.4 |
| Consumer goods     | 10.2 |
| Industrials        | 9.3  |
| Basic materials    | 3.3  |
| Telecommunications | 3.1  |
| Utilities          | 2.6  |
| Futures            | 0.0  |
| Net other assets   | 2.1  |

## Highest/lowest share price and distribution record

| Calendar year                                  | Highest share price | Lowest share price | Distribution per share (net) |
|--|---------------------|--------------------|------------------------------|
| <b>A-Class Accumulation Shares<sup>a</sup></b> |                     |                    |                              |
| 2008   | 52.25p              | 38.08p             | -                            |
| 2009   | 56.71p              | 37.02p             | 0.19p                        |
| 2010   | 64.97p              | 53.23p             | 0.21p                        |
| 2011 <sup>c</sup>                              | 66.50p              | 60.67p             | 0.00p                        |
| <b>A-Class Income Shares<sup>b</sup></b>       |                     |                    |                              |
| 2008   | 52.25p              | 38.08p             | -                            |
| 2009   | 56.38p              | 36.78p             | 0.19p                        |
| 2010   | 64.35p              | 52.72p             | 0.22p                        |
| 2011 <sup>c</sup>                              | 65.87p              | 60.09p             | 0.00p                        |
| <b>C-Class Accumulation Shares<sup>d</sup></b> |                     |                    |                              |
| 2009   | 135.6p              | 101.1p             | -                            |
| 2010   | 156.5p              | 127.7p             | 0.98p                        |
| 2011 <sup>c</sup>                              | 160.9p              | 146.7p             | 1.09p                        |
| <b>I-Class Accumulation Shares</b>             |                     |                    |                              |
| 2006   | 228.7p              | 202.1p             | 1.90p                        |
| 2007   | 244.8p              | 212.4p             | 2.07p                        |
| 2008   | 229.7p              | 165.8p             | 2.42p                        |
| 2009   | 249.8p              | 161.6p             | 2.93p                        |
| 2010   | 288.5p              | 235.2p             | 2.42p                        |
| 2011 <sup>c</sup>                              | 297.0p              | 270.8p             | 2.72p                        |
| <b>X-Class Income Shares</b>                   |                     |                    |                              |
| 2006   | 222.8p              | 196.9p             | 2.64p                        |
| 2007   | 236.2p              | 205.4p             | 2.93p                        |
| 2008   | 222.3p              | 158.3p             | 3.29p                        |
| 2009   | 235.4p              | 151.8p             | 3.60p                        |
| 2010   | 269.4p              | 219.3p             | 3.01p                        |
| 2011 <sup>c</sup>                              | 274.1p              | 249.8p             | 3.87p                        |

<sup>a</sup> A-Class Accumulation and A-Class Income Shares were launched on 28 April 2008.

<sup>c</sup> To 31 July 2011.

<sup>d</sup> C-Class Accumulation Shares were launched on 24 March 2009.

## Portfolio turnover rate

|          |        |
|----------|--------|
| 31.01.11 | 129.3% |
| 31.07.11 | 65.4%  |

The portfolio turnover rate (PTR) reflects the total of security purchases and sales, less the total of share issues and cancellations, expressed as a percentage of the average daily net asset values over the period.

## Net asset values and Total expense ratios

| Date                               | Net asset value per share class<br>£'000 | Number of shares | Net asset value per share | Total expense ratio |
|------------------------------------|--|------------------|---------------------------|---------------------|
| <b>A-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 12,574                                   | 28,218,344       | 44.56p                    | 1.65%               |
| 31.01.10                           | 19,212                                   | 35,995,467       | 53.37p                    | 1.68%               |
| 31.01.11                           | 36,748                                   | 57,946,055       | 63.42p                    | 1.68%               |
| 31.07.11                           | 46,329                                   | 74,243,716       | 62.40p                    | 1.68%               |
| <b>A-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>e</sup>              | 12                                       | 28,052           | 44.35p                    | 1.66%               |
| 31.01.10 <sup>e</sup>              | 63                                       | 118,556          | 52.85p                    | 1.68%               |
| 31.01.11 <sup>e</sup>              | 1,341                                    | 2,135,761        | 62.81p                    | 1.68%               |
| 31.07.11                           | 2,408                                    | 3,896,153        | 61.81p                    | 1.68%               |
| <b>C-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.10                           | 14,833                                   | 11,621,789       | 127.6p                    | 0.87%               |
| 31.01.11                           | 25,858                                   | 16,909,624       | 152.9p                    | 0.87%               |
| 31.07.11                           | 29,186                                   | 19,320,768       | 151.1p                    | 0.87%               |
| <b>I-Class Accumulation Shares</b> |  |                  |                           |                     |
| 31.01.09                           | 5,991                                    | 3,082,038        | 194.4p                    | 0.55%               |
| 31.01.10                           | 2,703                                    | 1,151,910        | 234.7p                    | 0.60%               |
| 31.01.11                           | 1,433                                    | 508,162          | 282.0p                    | 0.60%               |
| 31.07.11                           | 1,339                                    | 480,271          | 278.9p                    | 0.60%               |
| <b>X-Class Income Shares</b>       |  |                  |                           |                     |
| 31.01.09 <sup>e</sup>              | 13,414                                   | 7,353,233        | 182.4p                    | 0.06%               |
| 31.01.10 <sup>e</sup>              | 8,950                                    | 4,103,609        | 218.1p                    | 0.06%               |
| 31.01.11 <sup>e</sup>              | 2,768                                    | 1,066,667        | 259.6p                    | 0.06%               |
| 31.07.11                           | 2,937                                    | 1,140,885        | 257.4p                    | 0.06%               |

<sup>e</sup> The Net asset value and the Net asset value per income share are shown ex-dividend at the financial year end. The total expense ratio (TER) takes into account the ACD fee and any fixed expenses charged to revenue expressed as a percentage of the average daily net asset values over the period.

# Portfolio statement

As at 31 July 2011

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Technology - 17.1% (19.7%)</b>                        |         |                       |                       |
| <b>Software &amp; computer services - 6.0%</b>           |         |                       |                       |
| Adobe Systems  | 9,600   | 165                   | 0.2                   |
| Citrix Systems   | 1,860   | 83                    | 0.1                   |
| Cognizant Technology Solutions                           | 9,410   | 403                   | 0.5                   |
| Google 'A'   | 1,595   | 599                   | 0.7                   |
| IBM  | 5,037   | 563                   | 0.7                   |
| Microsoft  | 120,714 | 2,056                 | 2.5                   |
| Oracle   | 55,177  | 1,040                 | 1.3                   |
| <b>Technology hardware &amp; equipment - 11.1%</b>       |         |                       |                       |
| American Tower 'A'                                       | 6,360   | 205                   | 0.2                   |
| Analog Devices   | 8,530   | 182                   | 0.2                   |
| Apple  | 16,557  | 3,987                 | 4.8                   |
| Broadcom 'A'   | 24,570  | 556                   | 0.7                   |
| Cisco Systems  | 109,210 | 1,074                 | 1.3                   |
| EMC  | 18,930  | 309                   | 0.4                   |
| Freescale Semiconductor Holdings                         | 14,800  | 147                   | 0.2                   |
| Juniper Networks   | 34,840  | 509                   | 0.6                   |
| Lam Research   | 24,390  | 639                   | 0.8                   |
| Motorola Mobility  | 1,850   | 26                    | -                     |
| Novellus Systems   | 2,930   | 56                    | 0.1                   |
| Qualcomm   | 23,301  | 787                   | 1.0                   |
| Verifone Systems   | 8,660   | 213                   | 0.3                   |
| Xilinx   | 23,232  | 458                   | 0.5                   |
| <b>Financials - 13.8% (14.8%)</b>                        |         |                       |                       |
| <b>Banks - 5.5%</b>                                      |         |                       |                       |
| Bank of America  | 117,070 | 703                   | 0.9                   |
| Citigroup  | 52,741  | 1,238                 | 1.5                   |
| Fifth Third Bancorp                                      | 22,850  | 178                   | 0.2                   |
| Huntington Bancshares                                    | 8,850   | 33                    | -                     |
| SVB Financial Group                                      | 1,390   | 52                    | 0.1                   |
| US Bancorp   | 23,126  | 371                   | 0.5                   |
| Wells Fargo  | 108,956 | 1,895                 | 2.3                   |
| Zions Bancorporation                                     | 2,750   | 37                    | -                     |
| <b>General financial - 4.5%</b>                          |         |                       |                       |
| American Express   | 11,430  | 355                   | 0.4                   |
| CME Group 'A'  | 1,510   | 263                   | 0.3                   |
| Goldman Sachs Group                                      | 13,444  | 1,123                 | 1.4                   |
| Intercontinental Exchange                                | 2,320   | 176                   | 0.2                   |
| Invesco  | 17,840  | 245                   | 0.3                   |
| Mastercard   | 2,070   | 391                   | 0.5                   |
| Morgan Stanley   | 46,020  | 633                   | 0.8                   |
| State Street   | 10,714  | 275                   | 0.3                   |
| TD Ameritrade  | 14,336  | 162                   | 0.2                   |
| Visa 'A'   | 2,190   | 117                   | 0.1                   |
| <b>Life insurance - 2.3%</b>                             |         |                       |                       |
| AFLAC  | 11,350  | 321                   | 0.4                   |
| Metlife  | 36,710  | 898                   | 1.1                   |
| Prudential Financial                                     | 18,790  | 674                   | 0.8                   |
| <b>Nonlife insurance - 1.5%</b>                          |         |                       |                       |
| ACE  | 10,520  | 434                   | 0.5                   |
| Axis Capital Holdings                                    | 4,080   | 80                    | 0.1                   |
| Berkshire Hathway 'B'                                    | 6,510   | 300                   | 0.4                   |
| Everest Re Group   | 1,460   | 75                    | 0.1                   |
| Renaissance Re   | 3,842   | 166                   | 0.2                   |
| XI Group   | 11,790  | 150                   | 0.2                   |
| <b>Real estate - 0.0%</b>                                |         |                       |                       |
| Prologis   | 1,840   | 40                    | -                     |
| <b>Oil &amp; gas - 13.6% (13.9%)</b>                     |         |                       |                       |
| <b>Oil &amp; gas producers - 9.9%</b>                    |         |                       |                       |
| Apache   | 7,514   | 576                   | 0.7                   |
| Chevron  | 30,400  | 1,962                 | 2.4                   |
| Conocophillips   | 17,360  | 776                   | 1.0                   |
| Devon Energy   | 3,278   | 161                   | 0.2                   |
| EOG Resources  | 8,400   | 534                   | 0.6                   |
| ExxonMobil   | 36,954  | 1,850                 | 2.3                   |
| Marathon Petroleum                                       | 13,610  | 358                   | 0.4                   |
| Occidental Petroleum                                     | 28,265  | 1,733                 | 2.1                   |
| Southwestern Energy                                      | 6,800   | 198                   | 0.2                   |
| <b>Oil equipment, services &amp; distribution - 3.7%</b> |         |                       |                       |
| Baker Hughes   | 4,050   | 195                   | 0.2                   |
| Cameron International                                    | 6,550   | 222                   | 0.3                   |
| Schlumberger   | 41,383  | 2,325                 | 2.8                   |
| Williams   | 14,660  | 286                   | 0.4                   |

| Investment   | Holding | Market value<br>£'000 | Total net<br>assets % |
|--|---------|-----------------------|-----------------------|
| <b>Consumer services - 12.5% (12.3%)</b>           |         |                       |                       |
| <b>Food &amp; drug retailers - 1.7%</b>            |         |                       |                       |
| Cardinal Health                                    | 25,823  | 689                   | 0.8                   |
| CVS Caremark                                       | 15,923  | 356                   | 0.4                   |
| McKesson   | 3,080   | 151                   | 0.2                   |
| Sysco  | 10,531  | 200                   | 0.3                   |
| <b>General retailers - 3.8%</b>                    |         |                       |                       |
| Amazon   | 8,710   | 1,198                 | 1.4                   |
| Autozone   | 800     | 141                   | 0.2                   |
| Home Depot   | 21,930  | 474                   | 0.6                   |
| ITT Educational Services                           | 3,750   | 194                   | 0.2                   |
| Kohl's   | 5,873   | 199                   | 0.2                   |
| Lowes  | 16,030  | 215                   | 0.3                   |
| Target   | 23,850  | 739                   | 0.9                   |
| <b>Media - 5.0%</b>                                |         |                       |                       |
| CBS 'B'  | 44,300  | 761                   | 0.9                   |
| Comcast 'A'  | 36,590  | 544                   | 0.7                   |
| Gannett  | 12,800  | 102                   | 0.1                   |
| Time Warner  | 106,638 | 2,343                 | 2.9                   |
| Walt Disney  | 13,682  | 331                   | 0.4                   |
| <b>Travel &amp; leisure - 2.0%</b>                 |         |                       |                       |
| Carnival   | 43,020  | 896                   | 1.1                   |
| Darden Restaurants                                 | 2,640   | 82                    | 0.1                   |
| Starwood Hotels 'B'                                | 3,460   | 118                   | 0.1                   |
| Yum Brands   | 17,520  | 567                   | 0.7                   |
| <b>Health care - 12.4% (8.8%)</b>                  |         |                       |                       |
| <b>Health care equipment &amp; services - 3.8%</b> |         |                       |                       |
| Becton Dickinson & Co                              | 10,100  | 515                   | 0.6                   |
| Covidien   | 28,090  | 876                   | 1.1                   |
| DaVita   | 2,480   | 127                   | 0.2                   |
| Humana   | 7,640   | 352                   | 0.4                   |
| St Jude Medical                                    | 16,060  | 460                   | 0.6                   |
| Thermo Fisher Scientific                           | 3,240   | 120                   | 0.1                   |
| United Health Group                                | 17,080  | 524                   | 0.6                   |
| Wellpoint  | 4,014   | 169                   | 0.2                   |
| <b>Pharmaceuticals &amp; biotechnology - 8.6%</b>  |         |                       |                       |
| Abbott Laboratories                                | 37,421  | 1,188                 | 1.4                   |
| Biogen Idec  | 12,440  | 781                   | 1.0                   |
| Celgene  | 18,506  | 682                   | 0.8                   |
| Dendreon   | 9,460   | 215                   | 0.3                   |
| Johnson & Johnson                                  | 30,320  | 1,213                 | 1.5                   |
| Merck  | 87,791  | 1,885                 | 2.3                   |
| Pfizer   | 75,360  | 897                   | 1.1                   |
| Teva Pharmaceutical Industries ADR                 | 5,580   | 160                   | 0.2                   |
| <b>Consumer goods - 10.2% (9.5%)</b>               |         |                       |                       |
| <b>Automobiles &amp; parts - 3.2%</b>              |         |                       |                       |
| General Motors                                     | 74,790  | 1,291                 | 1.6                   |
| Johnson Controls                                   | 58,543  | 1,339                 | 1.6                   |
| <b>Beverages - 2.4%</b>                            |         |                       |                       |
| Coca-Cola  | 37,709  | 1,595                 | 1.9                   |
| Dr Pepper Snapple Group                            | 2,960   | 70                    | 0.1                   |
| PepsiCo  | 8,160   | 320                   | 0.4                   |
| <b>Food producers - 1.4%</b>                       |         |                       |                       |
| Campbell Soup                                      | 17,970  | 365                   | 0.4                   |
| General Mills                                      | 17,474  | 401                   | 0.5                   |
| Kraft Foods  | 19,170  | 408                   | 0.5                   |
| <b>Household goods - 2.2%</b>                      |         |                       |                       |
| Lennar   | 13,400  | 145                   | 0.2                   |
| NVR  | 590     | 247                   | 0.3                   |
| Procter & Gamble                                   | 35,994  | 1,370                 | 1.7                   |
| <b>Personal goods - 1.0%</b>                       |         |                       |                       |
| Colgate-Palmolive                                  | 11,770  | 614                   | 0.7                   |
| Nike 'B'   | 4,000   | 222                   | 0.3                   |

# Portfolio statement – continued

As at 31 July 2011

| Investment  | Holding | Market value<br>£'000 | Total net<br>assets % |
|---|---------|-----------------------|-----------------------|
| <b>Industrials – 9.3% (9.3%)</b>                            |         |                       |                       |
| <b>Aerospace &amp; defence – 1.5%</b>                       |         |                       |                       |
| United Technologies   | 24,583  | 1,253                 | 1.5                   |
| <b>Construction &amp; materials – 0.6%</b>                  |         |                       |                       |
| Fluor   | 12,760  | 496                   | 0.6                   |
| <b>Electronics &amp; electrical equipment – 1.4%</b>        |         |                       |                       |
| Emerson Electric  | 21,720  | 662                   | 0.8                   |
| NV Energy   | 16,607  | 153                   | 0.2                   |
| Tyco Electronics  | 15,780  | 336                   | 0.4                   |
| <b>General industrials – 2.5%</b>                           |         |                       |                       |
| 3M  | 10,360  | 558                   | 0.7                   |
| General Electric  | 39,159  | 436                   | 0.5                   |
| Honeywell International                                     | 22,970  | 748                   | 0.9                   |
| Tyco International  | 12,290  | 338                   | 0.4                   |
| <b>Industrial engineering – 1.1%</b>                        |         |                       |                       |
| Paccar  | 33,361  | 885                   | 1.1                   |
| <b>Industrial transportation – 1.7%</b>                     |         |                       |                       |
| Norfolk Southern  | 30,483  | 1,433                 | 1.7                   |
| <b>Support services – 0.5%</b>                              |         |                       |                       |
| Accenture 'A'   | 9,310   | 342                   | 0.4                   |
| Genpact   | 4,520   | 47                    | 0.1                   |
| <b>Basic materials – 3.3% (4.5%)</b>                        |         |                       |                       |
| <b>Chemicals – 2.3%</b>                                     |         |                       |                       |
| Air Products & Chemicals                                    | 9,490   | 519                   | 0.6                   |
| Dow Chemical  | 9,850   | 214                   | 0.3                   |
| Du Pont de Nemours  | 31,240  | 1,005                 | 1.2                   |
| Georgia Gulf Corporation                                    | 11,143  | 136                   | 0.2                   |
| <b>Mining – 1.0%</b>  |         |                       |                       |
| Alcoa   | 34,930  | 318                   | 0.4                   |
| Freeport-McMoRan Copper & Gold                              | 15,496  | 515                   | 0.6                   |
| <b>Telecommunications – 3.1% (3.1%)</b>                     |         |                       |                       |
| <b>Fixed line telecommunications – 1.0%</b>                 |         |                       |                       |
| AT&T  | 46,771  | 841                   | 1.0                   |
| <b>Mobile telecommunications – 2.1%</b>                     |         |                       |                       |
| Sprint Nextel   | 201,710 | 538                   | 0.7                   |
| Verizon Communications                                      | 51,460  | 1,128                 | 1.4                   |
| <b>Utilities – 2.6% (2.8%)</b>                              |         |                       |                       |
| <b>Electricity – 1.9%</b>                                   |         |                       |                       |
| Calpine   | 8,330   | 86                    | 0.1                   |
| Constellation Energy Group                                  | 7,600   | 184                   | 0.2                   |
| Nextera Energy  | 21,154  | 731                   | 0.9                   |
| Northeast Utilities   | 14,030  | 298                   | 0.4                   |
| NRG Energy  | 8,490   | 130                   | 0.2                   |
| Public Service Enterprise Group                             | 6,210   | 126                   | 0.1                   |
| <b>Gas, water &amp; multiutilities – 0.7%</b>               |         |                       |                       |
| AGL Resources   | 3,300   | 83                    | 0.1                   |
| Centerpoint Energy  | 13,790  | 168                   | 0.2                   |
| Sempra Energy   | 10,640  | 334                   | 0.4                   |
| <b>Futures – 0.0% (0.0%)</b>                                |         |                       |                       |
| S&P 500 E-Mini Futures Sep 2011                             | 17      | (17)                  | -                     |
| <b>Investment assets (including investment liabilities)</b> |         | <b>80,493</b>         | <b>97.9</b>           |
| <b>Net other assets</b>                                     |         | <b>1,706</b>          | <b>2.1</b>            |
| <b>Net assets</b>   |         | <b>82,199</b>         | <b>100.0</b>          |

Unless otherwise stated the above securities are admitted to official stock exchange listings or trade on a regulated market.

The comparative percentage figures in brackets are at 31 January 2011.

## Portfolio movements

For the six months ending 31 July 2011

|  | £'000         |  | £'000           |
|--|---------------|--|-----------------|
| <b>Total of all purchases for the period</b> | <b>40,161</b> | <b>Total of all sales for the period</b> | <b>25,586</b>   |
| <b>Major purchases</b>                       | <b>Cost</b>   | <b>Major sales</b>                       | <b>Proceeds</b> |
| Schlumberger                                 | 1,597         | ExxonMobil                               | 1,523           |
| Johnson & Johnson                            | 1,299         | PepsiCo                                  | 894             |
| General Motors                               | 999           | Procter & Gamble                         | 744             |
| Apple  | 992           | Hewlett Packard                          | 681             |
| Wells Fargo                                  | 829           | Freeport-McMoRan Copper & Gold           | 656             |
| Occidental Petroleum                         | 813           | EOG Resources                            | 621             |
| Merck  | 789           | Occidental Petroleum                     | 590             |
| Lam Research                                 | 781           | Dow Chemical                             | 583             |
| CBS 'B'                                      | 781           | Devon Energy                             | 530             |
| Metlife                                      | 762           | Cisco Systems                            | 519             |
| Emerson Electric                             | 725           | 3M                                       | 516             |
| PepsiCo                                      | 677           | Goldman Sachs Group                      | 496             |
| ExxonMobil                                   | 668           | Abbott Laboratories                      | 474             |
| Carnival                                     | 633           | IBM                                      | 462             |
| Conocophillips                               | 630           | EMC                                      | 451             |
| Time Warner                                  | 584           | Pfizer                                   | 449             |
| Paccar                                       | 545           | Walt Disney                              | 418             |
| Air Products & Chemicals                     | 537           | Du Pont de Nemours                       | 400             |
| Becton Dickinson & Co                        | 531           | Bank of America                          | 400             |
| EOG Resources                                | 525           | Sysco                                    | 384             |

# Financial statements

## Statement of total return

(Unaudited)

For the six months ending 31 July

|   | £'000 | 2011<br>£'000  | £'000 | 2010<br>£'000 |
|---|-------|----------------|-------|---------------|
| Income  |       |                |       |               |
| Net capital (losses)/gains  |       | (1,389)        |       | 1,909         |
| Revenue   | 677   |                | 514   |               |
| Expenses  | (484) |                | (303) |               |
| Net revenue before taxation   | 193   |                | 211   |               |
| Taxation  | (95)  |                | (74)  |               |
| Net revenue after taxation  |       | 98             |       | 137           |
| <b>Total return before distributions</b>  |       | <b>(1,291)</b> |       | <b>2,046</b>  |
| Finance costs: Distributions  |       | 9              |       | (11)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       | <b>(1,282)</b> |       | <b>2,035</b>  |

## Statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|   | £'000  | 2011<br>£'000  | £'000   | 2010<br>£'000 |
|---|--------|----------------|---------|---------------|
| <b>Opening net assets attributable to shareholders</b>  |        | <b>68,148</b>  |         | <b>45,761</b> |
| Amounts receivable on issue of shares   | 16,282 |                | 13,999  |               |
| Amounts payable on cancellation of shares   | (949)  |                | (6,841) |               |
|   |        | 15,333         |         | 7,158         |
| <b>Change in net assets attributable to shareholders from investment activities (see above)</b> |        | <b>(1,282)</b> |         | <b>2,035</b>  |
| <b>Closing net assets attributable to shareholders</b>  |        | <b>82,199</b>  |         | <b>54,954</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Balance sheet

(Unaudited)

As at

|  | 31 July 2011 |                | 31 January 2011 |               |
|--|--------------|----------------|-----------------|---------------|
|  | £'000        | £'000          | £'000           | £'000         |
| <b>ASSETS</b>                                  |              |                |                 |               |
| Investment assets                              |              | 80,510         |                 | 67,277        |
| Debtors  | 1,531        |                | 1,067           |               |
| Cash and bank balances                         | 1,464        |                | 686             |               |
| <b>Total other assets</b>                      |              | <b>2,995</b>   |                 | <b>1,753</b>  |
| <b>Total assets</b>                            |              | <b>83,505</b>  |                 | <b>69,030</b> |
| <b>LIABILITIES</b>                             |              |                |                 |               |
| Investment liabilities                         |              | (17)           |                 | -             |
| Creditors                                      | (1,289)      |                | (841)           |               |
| Distribution payable on income shares          | -            |                | (41)            |               |
| <b>Total other liabilities</b>                 |              | <b>(1,289)</b> |                 | <b>(882)</b>  |
| <b>Total liabilities</b>                       |              | <b>(1,306)</b> |                 | <b>(882)</b>  |
| <b>Net assets attributable to shareholders</b> |              | <b>82,199</b>  |                 | <b>68,148</b> |

# Aggregated Company financial statements

## Aggregated statement of total return

(Unaudited)

For the six months ending 31 July

|   | 2011             | 2010           |
|---|------------------|----------------|
|   | £'000            | £'000          |
| Income  |                  |                |
| Net capital (losses)/gains  | (151,955)        | 414,675        |
| Revenue   | 123,906          | 108,526        |
| Expenses  | (67,757)         | (59,741)       |
| Performance fee   | (79)             | -              |
| Finance costs: Interest   | -                | (3)            |
| Net revenue before taxation   | 56,070           | 48,782         |
| Taxation  | (7,701)          | (5,659)        |
| Net revenue after taxation  | 48,369           | 43,123         |
| <b>Total return before distributions</b>  | <b>(103,586)</b> | <b>457,798</b> |
| Finance costs: Distributions  | (41,609)         | (38,524)       |
| <b>Change in net assets attributable to shareholders from investment activities</b> | <b>(145,195)</b> | <b>419,274</b> |

## Aggregated statement of change in net assets attributable to shareholders

(Unaudited)

For the six months ending 31 July

|   | 2011             | 2010             |
|---|------------------|------------------|
|   | £'000            | £'000            |
| <b>Opening net assets attributable to shareholders</b>  | <b>9,227,826</b> | <b>7,421,761</b> |
| Amounts receivable on issue of shares   | 693,643          | 1,035,820        |
| Amounts payable on cancellation of shares   | (647,550)        | (1,066,215)      |
|   | 46,093           | (30,395)         |
| <b>Change in net assets attributable to shareholders from investment activities (see above)</b> | <b>(145,195)</b> | <b>419,274</b>   |
| Retained distributions on accumulation shares   | 23,311           | 23,700           |
| Stamp duty reserve tax  | (465)            | (499)            |
| Unclaimed distributions   | 57               | 47               |
| <b>Closing net assets attributable to shareholders</b>  | <b>9,151,627</b> | <b>7,833,888</b> |

As the comparatives in the above table are for the previous interim period, the Net assets at the end of that period will not agree to the Net assets at the start of the current period.

## Aggregated balance sheet

(Unaudited)

As at

|  | 31 July 2011     | 31 January 2011  |
|--|------------------|------------------|
|  | £'000            | £'000            |
| <b>ASSETS</b>                                  |                  |                  |
| Investment assets                              | 9,023,619        | 8,967,653        |
| Debtors  | 162,932          | 100,884          |
| Cash and bank balances                         | 167,564          | 340,062          |
| <b>Total other assets</b>                      | <b>330,496</b>   | <b>440,946</b>   |
| <b>Total assets</b>                            | <b>9,354,115</b> | <b>9,408,599</b> |
| <b>LIABILITIES</b>                             |                  |                  |
| Investment liabilities                         | (21,495)         | (30,356)         |
| Creditors                                      | (171,218)        | (144,658)        |
| Bank overdraft                                 | -                | (372)            |
| Distribution payable on income shares          | (9,775)          | (5,387)          |
| <b>Total other liabilities</b>                 | <b>(180,993)</b> | <b>(150,417)</b> |
| <b>Total liabilities</b>                       | <b>(202,488)</b> | <b>(180,773)</b> |
| <b>Net assets attributable to shareholders</b> | <b>9,151,627</b> | <b>9,227,826</b> |

## Accounting policies

The interim financial statements of each of the sub-funds have been prepared in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010. The comparative figures in the Statement of total return and the Statement of change in net assets attributable to shareholders were produced under the SORP issued in 2008 and no restatement has been necessary. Under SORP 2010 there is no longer requirement to disclose the Portfolio turnover rate figure, however, this figure is still being disclosed to provide shareholders with additional information. Other accounting policies applied are consistent with those of the annual financial statements for the year ending 31 January 2011 and are described in those financial statements.

This report has been prepared in accordance with the Financial Services Authority's Collective Investment Schemes Sourcebook and was approved by the Authorised Corporate Director on 12 September 2011.



Mr R Thompson  
Director  
For and on behalf of JPMorgan Funds Limited  
12 September 2011



Mr J Broderick  
Director  
For and on behalf of JPMorgan Funds Limited  
12 September 2011

## Who to contact

### Intermediaries

**0800 727 770**

### If you are an investor with us please call

**0800 20 40 20**

Lines are open 9.00am to 5.30pm Monday to Friday.

Telephone lines are recorded to ensure compliance with our legal and regulatory obligations and internal policies.

[www.jpmorganassetmanagement.co.uk](http://www.jpmorganassetmanagement.co.uk)