

JPMorgan Funds - Highbridge US STEEP Fund

JPM D (acc) - EUR (hedged)

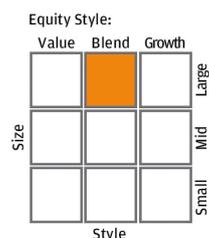
August 2014

Fund overview

Investment objective ^A

To provide long term capital growth by having exposure primarily to US companies, using financial derivative instruments where appropriate.

Morningstar style box ^B



Fund statistics

Morningstar Category TM	US Equity - Currency Hedged
Fund manager(s)	Highbridge Capital Management
Client portfolio manager(s)	Nick White
Fund launch date	16/05/08
Fund size (as at 31/08/14)	USD 3955.8m
NAV (as at 31/08/14)	14.97
12M NAV High (as at 26/08/14)	14.97
12M NAV Low (as at 04/09/13)	12.35
Share class launch date ^C	29/07/09

Fund codes

ISIN	LU0325075579
Bloomberg	JPHIUSD LX
Reuters	LU0325075579.LUF

Fund highlights

The JPM Highbridge US STEEP Fund draws on Highbridge's industry-leading statistical arbitrage process to profit from the return potential of the US stock market using a long-only strategy.

The fund employs an automated, quantitative model to identify and capitalise on small but predictable anomalies in US equity markets in order to generate attractive long-term returns.

The fund emphasises stock selection as the primary source of alpha and aims to minimise exposure to common market factors through diversification, pursuing higher risk-adjusted returns than the wider market.

Quarterly comments

(as at 30/06/14)

Review

The fund performed in line with its benchmark.

Relative to the benchmark, the relative value and technical forecast themes contributed positively to performance, while fundamental and event/news detracted. Sector tilts detracted, while stock selection contributed positively. Underweight exposure to energy and information technology, and overweight exposure to consumer discretionary, detracted. Underweight exposure to financials and overweight exposure to utilities contributed positively. Stock selection was strongest in healthcare, consumer staples and utilities, and weakest in consumer discretionary, energy and materials. The largest absolute contributors were Apple, Celgene and Symantec, which all rallied. The largest absolute detractors were eBay, Bed Bath & Beyond and Express Scripts. Overweight positions in Celgene and Symantec were also two of the largest relative positive contributors, as the stock fell. The three largest relative detractors were all underweights and included Apple, Schlumberger and Intel, which all rose. As at 30 June 2014, the biggest underweights were in financials and energy, while the biggest overweights were in consumer staples and utilities. It is important to note that the sector weightings are not views on the sectors themselves, but on the stocks within the sectors. Approximately 84% of the fund is invested in mega and large cap companies, 14% in mid cap and 2% in small cap.

Outlook

Highbridge believes that the fund's stock selection and benchmark-unaware approach to long-only investing may offer investors both the potential to outperform, and meaningful diversification to passive and traditional active long-only strategies.

Benchmark

S&P 500 Index (Total Return Net of 30% withholding tax) Hedged to EUR

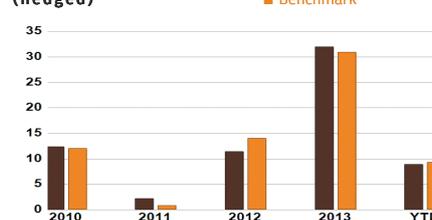
Performance

(as at 31/08/14)

Cumulative performance
■ JPM D (acc) - EUR (hedged)



Calendar year performance
■ JPM D (acc) - EUR (hedged)



Cumulative performance

%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
JPM D (acc) - EUR (hedged)	3.10	3.74	21.12	62.36	104.23	-
Benchmark	3.98	4.53	24.13	67.95	102.56	-

Calendar year performance

	2010	2011	2012	2013	YTD
JPM D (acc) - EUR (hedged)	12.41	2.19	11.44	31.96	8.87
Benchmark	12.10	0.85	14.09	30.96	9.30

Annualised performance

%	1 Y	3 Y	5 Y	Since inception
JPM D (acc) - EUR (hedged)	21.12	17.53	15.35	15.78
Benchmark	24.13	18.87	15.16	15.92

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Fund facts

Fund charges

Initial charge (max.)	5.00%
Redemption charge (max.)	0.50%
Annual Mgt.	2.25%
Expenses	0.40%
TER (Total Expense Ratio)	2.65%
Performance fee	20.00%

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.

Statistical analysis review

(as at 31/08/14)

	3 years	5 years
Correlation	0.97	0.95
Alpha	-1.12	0.16
Beta	1.08	1.03
Annualised volatility	12.80	14.32
Sharpe ratio	1.31	1.04
Tracking error	3.34	4.66
Information ratio	-0.30	0.07

Holdings

10 largest holdings

(as at 31/07/14)

Equity holding	Weight
Merck & Co (Health Care)	1.6%
Berkshire Hathaway (Financials)	1.5%
Dollar Gen (Financials)	1.5%
Express Scripts (Health Care)	1.5%
Johnson & Johnson (Health Care)	1.5%
McDonalds (Consumer Discretionary)	1.5%
Pepsico (Consumer Staples)	1.5%
Union Pacific (Industrials)	1.5%
Verizon (Telecomm Service)	1.5%
Walmart (Consumer Staples)	1.5%

Investor suitability

Investor profile

This is an actively managed equity Sub-Fund offering exposure to US equities. The Sub-Fund uses an investment process that is based upon a strategy that seeks to exploit small market inefficiencies. Therefore the Sub-Fund may be suitable for investors looking for a higher risk equity strategy to complement an existing core portfolio, or who are looking to enhance potential long-term returns but are also comfortable with the extra risk inherent in the Sub-Fund's investment strategy. Investors should also have at least a five year investment horizon.

Key risks

The value of your investment may fall as well as rise and you may get back less than you originally invested.

The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.

The single market in which the Sub-Fund invests may be subject to particular political and economic risks, and as a result, the Sub-Fund may be more volatile than more broadly diversified funds.

Where the Sub-Fund gains exposure to equity securities through the use of financial derivative instruments, the Sub-Fund may not benefit from the returns arising from its investments in cash, cash equivalents and short-dated instruments as these investments will serve primarily as collateral for financial derivative instruments (principally swaps).

The investment process seeks to exploit market inefficiencies. Since these market inefficiencies are small, individual transactions generally have a small expected return. Consequently, the investment process involves efficiently executing a large number of trades, diversified across many different equities.

The value of financial derivative instruments can be volatile. This is because a small movement in the value of the underlying asset can cause a large movement in the value of the financial derivative instrument and therefore, investment in such instruments may result in losses in excess of the amount invested by the Sub-Fund.

Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimise the effect of currency fluctuations may not always be successful.

Sector breakdown

(as at 31/08/14)

Sector	Fund - Average weight	Benchmark - Average weight	Deviation
Consumer Staples	17.2%	9.1%	8.1%
Health Care	16.4%	13.5%	2.9%
Financials	13.2%	16.0%	-2.8%
Information Technology	12.3%	19.2%	-6.9%
Consumer Discretionary	11.7%	12.1%	-0.4%
Industrials	8.8%	10.2%	-1.4%
Utilities	7.7%	3.0%	4.7%
Energy	6.0%	11.2%	-5.2%
Telecomm Service	3.4%	2.4%	1.0%
Materials	2.6%	3.3%	-0.7%
Cash	0.7%	0.0%	0.7%
Total	100.0%	100.0%	0.0%

Explanatory Notes, Risks and Important Information

Notes

^AAs at 10/10/10 the investment objective of the Fund was changed. As at 30/06/12 the investment objective was revised. For clarification the revisions made do not constitute any changes in the way the Sub-Fund is managed.

^BThe Morningstar Style Box [™] indicates the fund's investment strategy. For equity funds the vertical axis shows the capitalization of the shares held by the fund, and the horizontal axis shows investment style (value, mixed, or growth). In bond funds, the vertical axis shows the average risk quality of the bonds the fund owns, and the horizontal axis indicates sensitivity to interest rates, as measured by the duration of the bond (short, medium, or long).

^CFor reactivated share classes the performance is shown from the date of reactivation and not the share class launch date.

All equity indices stated as 'Net' are calculated net of tax as per the standard published approach by the index vendor unless stated otherwise.

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.

This Share Class seeks to minimise the effect of currency fluctuations between the Reference Currency of the Sub-Fund and the Reference Currency of this Share Class.

All performance details are NAV - NAV with gross income reinvested.

FX Adjusted returns have been calculated by JPMAM. Blended benchmarks have been calculated by JPMAM.

Source: J.P. Morgan

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