

Form ADV Part 2A

Firm Brochure

JPMorgan Asset Management (UK) Limited

File No. 801-64725

60 Victoria Embankment
London, United Kingdom
EC4Y 0JP
(44)20-7742-6000

March 30, 2015

This brochure provides information about the qualifications and business practices of JPMorgan Asset Management (UK) Limited ("JPMAM(UK)" or the "Adviser"). If you have any questions about the contents of this brochure, please contact us at (44)20-7742-6000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about JPMAM(UK) is also available on the SEC's website at www.adviserinfo.sec.gov.

JPMAM(UK) is registered as an investment adviser with the SEC. Such does not imply a certain level of skill or training.

ITEM 2 Material Changes

The material changes to JPMAM(UK)'s Form ADV Part 2A (commonly referred to as the "Brochure") since the last annual update of the Brochure dated March 31, 2014 are as follows:

- The disclosure in Item 4 ("Advisory Business") has been revised to more clearly describe the investment strategies and solutions offered by the Adviser.
- The disclosure in Item 6 ("Performance-based Fees and Side by Side Management") has been revised to more clearly describe performance-based fees and the potential conflicts of interest arising from side by side management,
- The disclosure in Item 8 ("Methods of Analysis, Investment Strategies and Risk of Loss") has been revised as follows:
 - The disclosure regarding the Adviser's Global Fixed Income, Currency & Commodities and Global Liquidity businesses have been revised to include a more robust description of their investment styles, solutions, and research strategies.
 - The disclosure regarding the Adviser's Private Equity business has been enhanced.
 - Certain risk disclosures have been revised and enhanced.
- The disclosure in Item 12 ("Brokerage Practices") has been revised to more clearly describe the Adviser's use of client commission arrangements.

Please consult the full Brochure for additional information regarding the changes described above. Capitalized terms used in this section shall have the meanings assigned to them in the main body of the Brochure. Clients may request a copy of the JPMAM(UK)'s current Brochure by contacting their client service representative or financial adviser.

ITEM 3

Table of Contents

<u>Item</u>	<u>Page</u>
1. Cover Page	-
2. Material Changes	1
3. Table of Contents	2
4. Advisory Business	
A. General Description of Advisory Firm	4
B. Description of Advisory Services	4
C. Availability of Customized Services for Individual Clients	5
D. Wrap Fee Program	6
E. Assets under Management	6
5. Fees and Compensation	
A. Advisory Fees and Compensation	6
B. Payment of Fees	7
C. Additional Fees and Expenses	7
D. Prepayment of Fees	7
E. Additional Compensation and Conflicts of Interest	7
6. Performance-Based Fees and Side by Side Management	8
7. Types of Clients	9
8. Method of Analysis, Investment Strategies and Risk of Loss	
A. Method of Analysis and Investment Strategies	10
B. Material, Significant or Unusual Risks Relating to Investment Strategies	20
C. Risks Associated With Particular Types of Securities	34
9. Disciplinary Information	
A. Criminal or Civil Proceedings	35
B. Administrative Proceedings before Regulatory Authorities	35
C. Self-Regulatory Organization (SRO) Proceedings	35
10. Other Financial Industry Activities and Affiliations	
A. Broker-Dealer Registration Status	35
B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status	35
C. Material Relationship or Arrangements with Industry Participants	35
D. Material Conflicts of Interest Relating to Other Investment Advisers	37

<u>Item</u>	<u>Page</u>
11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	
A. Code of Ethics	37
B. Securities That You or a Related Person Has a Material Financial Interest	39
C. Investing in Securities That You or a Related Person Recommends to Clients	41
D. Conflicts of Interest Created by Contemporaneous Trading	41
12. Brokerage Practices	
A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions	43
1. Research and Other Soft Dollar Benefits	45
2. Brokerage for Client Referrals	46
3. Directed Brokerage.....	47
B. Order Aggregation	47
13. Review of Accounts	
A. Frequency and Nature of Review of Client Accounts or Financial Plans	48
B. Factors Prompting Review of Client Accounts Other than a Periodic Review	29
C. Content and Frequency of Account Reports to Clients	49
14. Client Referrals and Other Compensation	
A. Economic Benefits for Providing Services to Clients.....	49
B. Compensation to Non-Supervised Persons for Client Referrals	49
15. Custody	49
16. Investment Discretion	50
17. Voting Client Securities	
A. Policies and Procedures Relating to Voting Client Securities	50
B. No Authority to Vote Client Securities and Client Receipt of Proxies.....	51
18. Financial Information	
A. Balance Sheet	52
B. Financial Conditions	52
C. Bankruptcy Filings	52
Appendix A – Account Fees.....	53

ITEM 4 Advisory Business

A General Description of Advisory Firm

JPMorgan Asset Management (UK) Limited ("JPMAM(UK)" or the "Adviser") is part of J.P. Morgan Asset Management ("JPMAM"), which is the marketing name for the asset management businesses of JPMorgan Chase & Co. ("JPMC"), a publicly traded company, and its affiliates worldwide. JPMAM(UK) is wholly-owned by JPMorgan Asset Management Holdings (UK) Limited, which is a subsidiary of JPMC. JPMAM(UK) was incorporated on February 27, 1974 under the laws of England and Wales. JPMAM(UK) is registered with the SEC as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act"). JPMAM(UK) is also authorized and regulated by the Financial Conduct Authority of the United Kingdom.

B Description of Advisory Services

JPMAM(UK) provides discretionary investment management services and products to institutional investors. In performing investment advisory services for its clients, JPMAM(UK) acts as a fiduciary. JPMAM(UK)'s fiduciary duty derives from Section 206 of the Advisers Act. The fiduciary standards are established under the Advisers Act and state laws, where applicable, and include:

- Obligations to disclose to you all material conflicts between our interests and your interests.
- If we or our affiliates receive additional compensation from you or a third-party as a result of our relationship with you, we must disclose that to you.
- We must obtain your informed consent before engaging in transactions with you for our own account or that of an affiliate or another client when we act in an advisory capacity.
- We must treat you and our other advisory clients fairly and equitably and cannot unfairly advantage one client to the disadvantage of another.
- The investment decisions or recommendations we make for you must be suitable and appropriate for you and consistent with your investment objectives and goals and any restrictions you have placed on us.
- We must act in what we reasonably believe to be your best interests and in the event of a conflict of interest, we must place your interests before our own.

JPMAM(UK) and its asset management affiliates support multiple investment strategies in order to meet the diverse requirements of its clients' investment needs. Major asset classes supported include equity, fixed income, cash management, currency, asset allocation, and alternative asset classes such as real estate and infrastructure, private equity and other private funds:

- Domestic US Equity disciplines include core, growth, value, all cap, active extension, enhanced, long/short, quantitative, behavioral and alternative equity strategies.

- International/Global Equity strategies include active extension, behavioral, core, enhanced, growth, value, and focused investment styles across multi-regional, global, regional and country specific sectors.
- Emerging Market Equity includes global core, discovery and focused strategies as well as regional and country specific strategies.
- Global Fixed Income, Currency & Commodities strategies include a full array of strategies along the risk and return continuum, including short duration, government, broad markets, sector specific, long duration, high yield (including distressed debt), and extended markets/alternatives. Currency Management services include sophisticated passive management techniques, active management of both major and emerging market currencies, and currency as an alternative investment.
- Global Liquidity strategies are short-term in nature, ranging from money market funds that seek to provide preservation of principal and liquidity to customized short-term fixed income strategies that seek to provide a high level of current income through low volatility of principal that typically have durations of one year or less.
- Investment Management Solutions (“IMS”) develops and manages multi-asset, multi-manager and/or multi-strategy portfolio solutions to a broad range of investment objectives for a diverse base of institutional and retail clients. The group's investment capabilities encompass the complete spectrum from traditional to alternative asset classes globally. IMS typically manages (i) target date strategies, (ii) target risk strategies, (iii) thematic/flexible/total return/liability aware strategies, (iv) single asset strategies, - (v) quantitative/alternative beta strategies, and (vi) passive and enhanced beta (Index) strategies.
- Global Real Assets offers products, services and opportunities across multiple geographies (U.S., Europe and Asia), markets (public and private) and asset and property types in the real estate, infrastructure and maritime and related asset sectors that span the risk-reward continuum.
- Private Equity offers clients access to three distinct investment programs: Venture Capital, Corporate Finance and Asia Private Equity.

C Availability of Customized Services for Individual Clients

JPMAM(UK) makes investment decisions without consultation with the client regarding the selection of investments for the account and the total amount of securities bought and sold. However, JPMAM(UK)'s discretionary authorization is limited by conditions imposed by clients in their stated investment guidelines or objectives or instructions otherwise provided by the client. JPMAM(UK) has established procedures and controls to help ensure compliance with each account's investment guidelines and any client-imposed restrictions. These procedures and controls include daily portfolio compliance monitoring using guideline monitoring software, pre-trade compliance review and regular group and peer review meetings designed to ensure that portfolio managers are complying with each client's investment objectives. Where JPMAM(UK) is the investment adviser to a pooled investment vehicle, investment objectives, guidelines and any investment restrictions generally are not tailored to the needs of individual investors in those vehicles, but rather are described in the prospectus or other relevant offering document for the vehicle.

D Wrap Fee Programs

JPMAM(UK) does not manage wrap fee programs.

E Assets Under Management

As of December 31, 2014, JPMAM(UK) had assets under management in the amounts set forth below:

- Assets managed on a **discretionary** basis (including the Dollar value of all discretionary accounts contracted with JPMAM (UK) for management) **\$309,546,916,809**
- Assets managed on a **non-discretionary** basis **\$0**

ITEM 5
Fees and Compensation

A Advisory Fees and Compensation

The Adviser's fee schedule will vary depending on the type of account and investment strategy, and may, in certain circumstances, be subject to negotiation. Typically, the Adviser's annual investment advisory service fee is calculated as a percentage of the market value of the assets it manages, which is referred to as an annual "asset-based fee." The Adviser usually charges a minimum annual fee for managing a portfolio. To the extent permitted under the Advisers Act, the Adviser may negotiate and charge performance-based fees, as well as asset-based fees. For an additional discussion of performance-based fees, please refer to Item 6.

The annual fee schedules for the most often utilized investment strategies for equity and fixed income accounts are included in Appendix A. In certain circumstances in which the Adviser or its affiliates provide other services in addition to investment advisory services, a higher fee schedule than those shown in Appendix A may apply. Higher fees may also apply if an account's assets are below the minimum investment level indicated in the standard fee schedule. From time to time, and under agreed upon specific situations (which generally involve account size, investment strategy, account servicing requirements and material aspects of a client's overall relationship with the Adviser and its asset management affiliates), the Adviser may agree to lower advisory fees on a case by case basis.

Fee schedules are available upon request for other investment products, asset classes and strategies. Fees for such services may be higher than those for the services included in Appendix A. The prospectus of each registered fund advised or sub-advised by the Adviser sets forth the applicable fees and expenses. The offering memorandum, subscription agreement and/or other governing document of each unregistered pooled investment fund sets forth the applicable fees and expenses.

JPMAM(UK) may effect transactions on behalf of the client in units, shares or other securities of an in-house fund or of any life policy, company or trust or any other investment vehicle of which JPMAM(UK) or an affiliate may be the manager, issuer, operator, banker, adviser, transfer agent, depository, custodian

or trustee, for which it will receive a fee. All fees will be agreed with clients and fully disclosed in the investment management agreement.

JPMAM(UK)'s standard fees are described in Appendix A to this Schedule. Similar products managed by JPMAM(UK) and Advisory affiliates may have different fee schedules based on the historical nature of the products.

B Payment of Fees

Clients may select to have JPMAM(UK) bill the client for fees incurred, or the client may agree to instruct the custodian to deduct advisory fees directly from the client's account. JPMAM(UK) generally charges fees after services have been rendered, at the end of each calendar quarter, at one quarter of the applicable annual rate.

C Additional Fees and Expenses

In addition to the advisory fees described above, clients may be subject to other fees and expenses in connection with JPMAM(UK)'s advisory services.

Transaction Charges

Clients may pay brokerage commissions, taxes, charges and other costs related to the purchase and sale of securities for a client's account. See Item 12 for additional information regarding JPMAM(UK)'s brokerage practices.

Custody and Other Fees

Separate account clients typically establish a custody account under a separate agreement with a custodian bank, and the client will incur a separate custody fee for the custodian's services. The custodian may be an affiliate of JPMAM(UK). If a client's account is invested in mutual funds or other pooled investment funds, the client's account generally will bear its pro rata share of the expenses of the fund including custody fees.

D Prepayment of Fees

Not applicable – Advisory fees are charged in arrears and are not paid in advance.

E Additional Compensation and Conflicts of Interest

If a separately managed account is invested in mutual funds or other pooled investment funds, JPMAM(UK) generally does not receive asset-based sales charges or service fees from the sale of the fund. Where an account is invested in a mutual fund or other pooled investment vehicle, JPMAM(UK) does not receive dual level advisory fees. Typically JPMAM(UK) does not charge an account level advisory fee for account assets invested in JPMorgan mutual funds, so that the client's account only bears the fees and expenses of the mutual fund. The Adviser may charge an account level advisory fee for account assets invested in third party mutual funds and Exchange Traded Funds, ("ETFs"). In some cases JPMAM(UK) will charge the client's account an advisory fee but will offset the fee by the amount of

the advisory fees of the affiliated funds in which the account is invested or JPMAM(UK) (or its affiliate, as applicable) will waive its advisory fee at the fund level. The Adviser may charge an account level advisory fee for account assets invested in third party mutual funds and exchange traded funds, ("ETFs").

ITEM 6

Performance-Based Fees and Side by Side Management

A. Performance-Based Fees

Clients of JPMAM(UK) pay various types of fees for investment advisory services. For example, institutional account fees may be determined on a fixed rate, sliding scale or incentive basis. Most client accounts are charged fees based on a percentage of assets under management, and certain accounts are also charged an incentive or performance-based fee. Generally, these performance-based fees are calculated on a share of capital gains or on capital appreciation of a client's assets. As part of the initial acceptance process, clients will work with JPMAM(UK) to determine the fee structure that best fits their specific needs. JPMAM(UK)'s fee structure is more fully described in Item 5.

B. Side-by-Side Management and Potential Conflicts of Interest

JPMAM(UK) portfolio managers may simultaneously manage accounts that are charged performance-based fees and accounts that are charged asset-based fees. The portfolio managers of these accounts may utilize substantially similar investment strategies and may invest in substantially similar assets for both account types. This portfolio management relationship is often referred to as "side-by-side management." Managing such accounts "side-by-side" may create a conflict of interest, as there may be a financial incentive to favor accounts for which the Adviser receives performance-based fees. Accounts that pay performance-based fees reward the Adviser based on the performance in those accounts. As a result, performance-based fee arrangements may provide a heightened incentive for portfolio managers to make investments that may present a greater potential for return but also a greater risk of loss and that may be more speculative than if only asset-based fees were applied. In addition, the side-by-side management of accounts that pay performance-based fees and accounts that only pay a fixed-rate fee may create a conflict of interest as the portfolio manager may have an incentive to favor accounts with the potential to receive greater fees. For example, a portfolio manager may be faced with a conflict of interest when allocating scarce investment opportunities given the possibility of greater fees from accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees.

JPMAM(UK) is guided by fiduciary principles in the management of conflicts of interest. Put simply, JPMAM(UK) is expected to always act in the best interests of its clients. JPMAM(UK)'s fiduciary obligation applies in every aspect of our dealings with clients, regardless of the account relationship, assets under management or fee structure. JPMAM(UK) takes its fiduciary obligation very seriously. To address these types of conflicts, JPMAM(UK) has adopted policies, procedures and controls pursuant to which allocation decisions may not be influenced by fee arrangements, and investment opportunities will be allocated in a manner that JPMAM(UK) believes is consistent with its obligations as an investment adviser.

To further manage these potential conflicts of interest, the Adviser has implemented an Investment Director Review ("IDR") process that monitors accounts within the same strategy to ensure performance

is consistent across accounts and that no one account is favored. For additional information regarding the Adviser's review process please see Item 13.A.

ITEM 7 Type of Clients

JPMAM(UK) primarily provides investment advisory services to institutional clients, including:

- Corporations
- Pension plans
- Trusts
- Charitable organizations
- Insurance companies
- Investment companies (including mutual fund companies)
- Defined contribution investment plans
- Investment consultants
- Foreign governments
- State and local governments
- Supranational organizations
- Religious organizations
- Pooled investment vehicles (e.g., hedge funds)
- Banking institutions

JPMAM(UK) also provides investment advisory services to the Global Wealth Management ("GWM") division of J.P. Morgan Asset Management and certain GWM clients such as high net worth individuals.

The Adviser generally requires a minimum account size for client accounts, which may vary based on the investment vehicle (separate account or fund), investment strategy and asset class. In addition, a larger minimum account balance may be required for certain types of accounts that require extensive administrative effort. Minimums may be waived under certain circumstances.

For certain types of investment fund offered or managed by the Adviser, U.S. investors must generally satisfy certain investor sophistication requirements, including that the client is an "accredited investor" under Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, a "qualified purchaser" within the meaning of section 2(a)(51) of the Investment Company Act of 1940, as amended (the "1940 Act"), and/or a "qualified eligible person" under Rule 4.7 of the Commodity Exchange Act.

ITEM 8**Method of Analysis, Investment Strategies and Risk of Loss****8.A Method of Analysis and investment Strategies**

Our approach to investment management is driven by three key principles:

- Breadth and depth of choice - We offer expertise across every major financial asset class - equities, fixed income and cash, and also alternative asset classes like managed currency and hedge funds in order to offer investors an unrivalled choice of products covering the full risk/reward spectrum;
- Multiple investment processes - We do not believe there is one single way to deliver investment performance within equity markets. We therefore offer a range of distinct but complementary investment approaches across different markets;
- Disciplined and team-based management - We have developed proven, transparent and disciplined investment processes to manage our investment funds, which rely strictly on team-based research, stock picking, portfolio construction and risk management. While making full use of the individual strengths and insights of our investment professionals - and expecting full accountability from our named fund managers - we look to team-based management to ensure consistency of investment style at all times.

We aim to offer expertise across the broadest range of mainstream and specialist asset classes.

Approach to Equities

We maintain expertise across all major developed and emerging equity markets to provide clients with the widest possible range of investment opportunities.

As far as possible, our equity teams are located close to their relevant market, with investment hubs in London, New York, Tokyo and Hong Kong.

This Item 8 includes a discussion of the primary risks associated with these investment strategies. However, it is not possible to identify all of the risks associated with investing and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held. While the Adviser seeks to manage accounts so that risks are appropriate to the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. Clients should read carefully all applicable informational materials and offering/governing documents prior to retaining the Adviser to manage an account or investing in any JPMAM(UK) fund. See Item 8.B for additional information regarding investment risks.

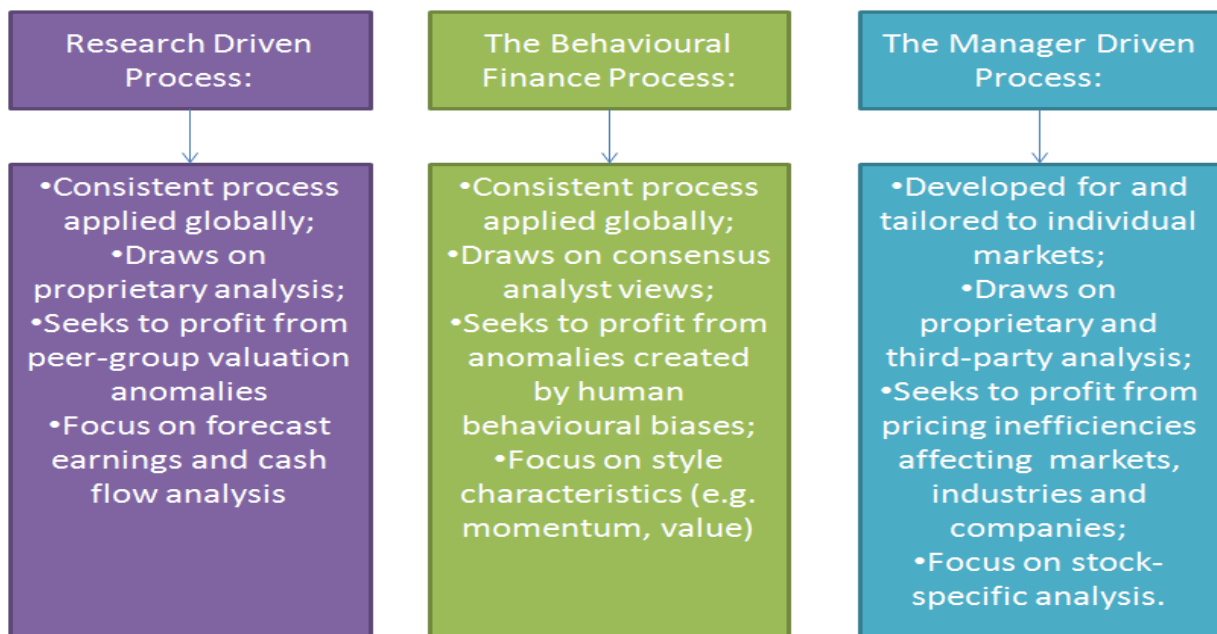
Disciplined Processes

Our equity strategies are actively managed using disciplined and transparent processes.

In order to exploit different market characteristics and anomalies, we maintain three key equity processes. These can be summarised as follows:

- Behavioural finance process: A process based on systematic investment in stocks with specific investment style characteristics, which are associated with long term out performance and, we believe, are created by investor psychological biases.
- Research driven process: An investment process which is based on bottom-up analysis of companies and their future earnings and cashflows by specialist sector analysts.
- Manager driven process: A bottom up stock picking process based on fundamental analysis with a strong emphasis on company visits by fund managers.

A summary of our equity approaches is given below.

Global Fixed Income, Currency & Commodities

We deliver two distinctive styles of investing to our clients with consistent, disciplined risk management and superior client focus. Our 'Value-Driven' style is a disciplined value-driven approach based on bottom-up fundamental analysis with a focus on longer term investing and individual security analysis. Our 'Macro-Driven' style draws upon the expertise of a globally integrated team of sector specialists and portfolio managers focused on a research-driven approach.

- ***Value-Driven Investing***

All portfolios are managed on a team basis to incorporate a range of expertise and opinion into the investment process, which includes portfolio management, research, and risk management.

The Value-Driven Investment team incorporates a bottom-up, value-oriented approach to investment management and central to this approach is:

- Identifying securities that are priced inefficiently;
- Making sector allocation decisions based on a broad sector outlook, utilizing expected return and valuation analysis;
- Managing yield curve, with an emphasis on evaluating relative risk/reward relationships along the yield curve; and
- Managing portfolio duration used primarily as a risk control measure.

The investment process seeks to generate positive excess return through the selection of undervalued securities and spread sectors that offer incremental yield and total return in comparison to the index. A variety of quantitative methodologies are used to assess security value including total return analysis, which is used to estimate the total return for a given security over a specified time horizon. In this context, scenario analysis is conducted, which allows for analysis of each security based on different interest rate scenarios for reinvestment rates and hypothetical yields.

Although the fixed income investment process is driven largely by a bottom-up approach emphasizing security selection, close attention is paid to sector and sub-sector valuations and weightings. Sectors are analyzed and their relative attractiveness is based on an assessment of economic and industry factors, as well as supply and demand conditions. Historical spread analysis is conducted to help identify sectors that are over- or undervalued and to establish the risk/return tradeoff between sectors. Sectors are emphasized when the dynamics are attractive and when undervalued securities within the sector can be readily identified.

The Adviser will carefully manage duration to control interest rate risk in fixed income portfolios and use it sparingly as an active management tool. Duration may be adjusted periodically, in small increments, seeking to enhance returns when the market is undervalued and to protect portfolio value when the market is overvalued. The duration decision is based on the adviser's interest rate forecasts, which incorporate many factors such as the outlook for inflation, the monetary aggregates, anticipated Federal Reserve policy and the overall economic environment.

In conjunction with the economic analysis JPMAM(UK) performs with respect to duration decision, JPMAM(UK) identifies broad interest rate trends and supply and demand relationships that may influence the shape of the yield curve. As part of the investment process, JPMAM(UK) will evaluate the risk/reward posture of various maturities along the yield curve in an effort to identify undervalued portions of the yield curve.

- ***Macro-Driven Investing***

Global debate forms the foundation of the Adviser's investment process with investors across the firm contributing to their regular strategy-setting sessions. Each quarter, the Investment Strategy Team ("IST"), chaired by the Global Chief Investment Officer, meets to discuss the key factors driving the fixed income markets. At these sessions, approximately 20 of the lead portfolio managers and sector specialists provide valuable insight into their specific sectors, debate factors likely to influence the markets over the coming quarters, and establish themes that will guide the Adviser's fixed income investment strategies.

Once investment themes have been established, the Adviser's sector specialists scan the market for investment opportunities. Each team has developed a unique approach for analyzing their sector, utilizing a combination of fundamental, quantitative and technical inputs to identify buy and sell targets. The Adviser's portfolio managers are responsible for tailoring investment strategies to each client's objectives and guidelines. Portfolio managers determine sector allocations and select securities, identified by sector specialists, which are suitable for each portfolio. Once constructed, portfolios are closely monitored by portfolio managers, sector specialists, quantitative analysts and risk managers to ensure they comply with guidelines and that portfolio risk is appropriately managed.

- *Quarterly Investment Theme Development*

During the quarterly IST meeting, the Adviser determines and documents a variety of macroeconomic scenarios and a set of investment themes to establish interest rate and sector portfolio expectations that will drive fixed income investments over the next quarter. Each scenario is assigned a level of probability conveying the investment team's confidence level. These scenarios and the resulting portfolio allocations are monitored weekly at individual sector and multi-sector meetings. The scenarios and investment themes do not establish portfolio positions, but serve as a framework for risk allocation, sector weightings and portfolio construction.

These scenarios and investment themes form the basis for investment strategy across all Global Fixed Income, Currency & Commodities accounts. Fluid intra-day dialogue between portfolio managers and sector specialists allows for adjustments to portfolios in response to market changes. Should major market events occur that are counter to the Adviser's investment themes, the team will convene as needed to discuss current portfolio positioning and how to readjust portfolios, if necessary.

- ***Currency Management***

The Currency Group specializes in customized solutions to the currency issues faced by clients, such as generating excess returns from the movements of exchange rates, or controlling the currency risk inherent in cross-border investments and liabilities. These solutions can be accessed via a range of investment vehicles.

The Adviser also offers a range of hedging solutions for managing currency risk using specialized portfolio management tools and technology to ensure risk management is exceptionally strong.

The Adviser's investment style for active management is multi-disciplined and diversified. The Adviser seeks to capture the primary drivers of a broad range of global currencies as consistently as possible.

The approach is to build a portfolio of long/short currency positions based on their relative fundamentals, incorporating different timeframes, macro-themes and idiosyncratic views. The Adviser believes a combination of both quantitative and qualitative assessments is the best way to add value for our clients.

JPMAM(UK) is one of the leading providers of currency management solutions to institutional and retail clients around the world. Clients include governments, pension funds, individuals and fund providers.

- ***Commodities***

The Adviser believes the combination of fundamental, quantitative and technical analysis can help avoid common problems in commodities investing and help capture excess returns versus the benchmark. The Adviser individualizes the investment process for each commodity based on their unique characteristics:

- Sector-specific analysts develop a fundamental view on each commodity
- Quantitative tools help to identify the optimal investment opportunity on each commodity curve
- Technical signals are used to guide implementation.

Global Liquidity

The Adviser delivers two main strategies to our clients with consistent, disciplined risk management and superior client focus. The Liquidity Strategy focuses on principal preservation and liquidity, and is designed to protect client interests through a conservative investment philosophy and a strong focus on credit analysis. The Managed Reserves Strategy, which is highly customizable to individual client risk tolerances and needs, seeks to outperform the returns of a money market fund while retaining focus on preservation of principal by carefully managing interest rate and credit risk.

- ***Liquidity Strategy***

The Adviser has an integrated investment process, from strategic allocations to portfolio construction, which focuses on credit analysis. A strong credit process is at the core of the Adviser's philosophy and is a direct reflection of the conservative investment culture.

A team of more than 20 credit research analysts support the Global Liquidity business. Each analyst follows an assigned list of industries or sectors, loosely based on the corporate component of the broad market indices. Analysts are responsible for all issuers in their sectors and across all maturities and ratings categories to ensure the consistency of the analytical approach. In doing their reviews, credit analysts rely on an in-depth analysis of company, industry, and competitor information.

The Adviser does not solely rely on outside rating agencies to make its credit assessments. Analysts are responsible for independently evaluating the creditworthiness of existing holdings and potential new issues for all portfolios. The Adviser supplements proprietary information with sell-side research and

selected database services; however, this input is of secondary importance. In addition, the significant trading presence in the markets facilitates the gathering of market information by the in-house trading desk.

This is supplemented by meetings with company management. The output of the credit research is two-fold; first, a documented credit analysis of each company the Adviser follows with relative value opinions, and second, for short-term instruments, the maintenance of a proprietary approved-for-purchase list. The approved-for-purchase list is an internal database accessible to portfolio managers, credit researchers and senior management. It includes a list of all counterparties with which the Adviser is comfortable adding exposure within the funds, a maximum tenor limit for those exposures, a concentration limit and a nominal dollar limit for the exposure to the counterparty across the Global Liquidity business in aggregate, and an internal credit rating. All of these distinct pieces of data are ways that the analyst can communicate their outlook for a particular issuer and their judgment of the associated risk.

Portfolio managers pick investments solely from the approved-for-purchase list, which is incorporated into the risk and control systems to ensure continuous compliance with fund guidelines. The portfolio managers have no authority to buy issues that are not on the approved-for-purchase list.

The investment process for the Liquidity Strategy involves four key stages: determining the macroeconomic outlook; assessing the credit quality of potential investments and identifying investment opportunities to construct portfolios in line with investment objectives; working closely with clients to ensure that the Adviser meets their cash flow requirements; and, finally, monitoring positions to manage risk and ensure compliance with investment guidelines.

- ***Managed Reserves Strategy***

The Adviser employs a disciplined approach that is driven by fundamental research and focuses on duration, sector allocation and security selection decisions. Duration and yield curve exposure is managed based on the Adviser's views on future interest rate levels, keeping in mind clients' cash flow requirements. The Adviser targets diversified sources of portfolio returns using internally generated fundamental, quantitative and technical research.

- *Economic Outlook*

Each month, senior investment professionals from the Managed Reserves Investment Committee ("MRIC") meet to discuss the fundamental outlook for the economy, focusing on factors such as GDP growth, unemployment and interest rates. Data from a range of internal and external economic sources are compiled and debated by the team, and a consensus view is established. This view is then translated into investment themes which guide portfolio decisions.

- *Scenario Analysis*

The portfolio management team utilizes scenario analysis tools to evaluate security and portfolio performance in different environments to help determine optimal portfolio positioning on the yield curve and across sectors.

- *Model Portfolio*

Using the results of the scenario analysis, the portfolio management team develops a model portfolio for the Managed Reserves Strategy. This portfolio includes the optimal yield curve and sector positions

identified during the scenario analysis, focusing in particular on those positions that performed well across all economic scenarios. The model portfolio guides portfolio construction and is updated bi-monthly. While this process determines broad sector allocation, it is then up to the credit analysts to perform bottom-up security selection within their sectors.

▪ *Portfolio Construction*

Using the model portfolio as a base, all portfolios are constructed in line with client guidelines. Individual securities are selected based on their relative value and ability to achieve client investment objectives. Rigorous credit analysis forms the foundation for security selection. Only those securities included on the approved-for-purchase list, developed by the Adviser's in-house credit research team, can be incorporated into Managed Reserves portfolios. Portfolio positions are monitored daily by the portfolio management team and reviewed monthly by the Managed Reserves Investment Policy Committee ("MRIPC"). Please note that each portfolio is highly customizable to each client's guidelines. Permissible security types, as well as maximum maturity, minimum credit quality, maximum allocation by sector, maximum duration, minimum average overall credit quality, as well as many other criteria are customized to each individual client's requirements, and can be updated as market conditions/business cycles change.

Global Asset Allocation

The Adviser develops and manages multi-asset, multi-manager and/or multi-strategy portfolio solutions to a broad range of investment objectives for a diverse base of institutional and retail clients. The group's investment capabilities encompass the complete spectrum from traditional to alternative asset classes globally.

The Adviser manages the following types of solutions:

- ***Target Date Strategy*** -- Glide-path oriented target date funds designed to maximize defined contribution participant income replacement upon retirement.
- ***Target Risk Strategy*** -- Asset-based benchmark oriented global multi-asset strategies designed to deliver compelling risk-adjusted excess returns over a market cycle; we manage across a range of stated benchmarks which include a variety of traditional and alternative asset classes. Active risk positions are expressed as over-and-underweights versus the benchmarks asset weights. In some cases we may hold non-benchmark exposures.

Thematic/Flexible/Total Return/Liability Aware Strategies -- Start with an investment challenge such as to achieve a specific return goal, a need to outperform liabilities, generate income, provide exposure to real assets or deliver inflation protection. Additional risk objectives such as to minimize the risk of losing capital may be present as well. The group employs a holistic investment approach with a flexible portfolio construction process for these strategies, since objectives are formulated without reference to individual asset classes in which to invest or traditional asset-based benchmarks.

- ***Single Asset Strategies*** -- Operate separately from the group's principal investment process by focusing on a single asset class (e.g. Global Convertibles) and follow a rigorous bottom-up selection approach. Stock selection is the key driver of performance in these types of portfolios.

- **Quantitative/Alternative Beta Strategies** -- Operate separately from the group's principal investment process by relying on a model driven investment and portfolio construction process based on proprietary risk factor models. The strategies are primarily implemented through the use of financial derivative instruments and often employ structural leverage.
- **Passive & Enhanced Beta (Index) Strategies** -- Also independent from the group's principal investment process, the Adviser manages passive and enhanced index strategies.

The Advisers principal investment process constructs portfolios from the insights it generates through several differentiated proprietary research approaches, resulting in thoughtfully selected assets from an extensive global platform. The investment process starts with a Strategic Asset Allocation Framework which is based upon long-term capital market assumptions and asset allocation research. The group generates its insights from the three main areas of research: fundamental research, quantitative analysis, and manager research.

- **Fundamental Research** -- The Adviser performs rigorous qualitative and econometric analysis and modeling to identify, study, and distill evolving macroeconomic investment themes. In particular, the Adviser analyzes both the level and change of five major economic factors (output, inflation, credit, policy, and external) across the U.S., Euro area, Japan and Emerging regions.
- **Quantitative Research** -- The Adviser develops and maintains a suite of Tactical Asset Allocation ("TAA") models. The focus of the GTAA models is to generate insights on the relative value of assets and allocation decisions that produce alpha without changing the overall risk profile of a strategic asset allocation. The TAA models incorporate longer-term as well as shorter-term categories of factors based on the following five drivers: Valuation, Business Cycle, Liquidity, Risk and Technical.
- **Manager Research** -- The Adviser assesses people, process, and performance to develop return expectations relative to the underlying asset class and to determine whether there is a fit within our client portfolios. Fit includes conviction in the asset class and confidence in the manager's ability to maintain a consistent investment process and provide style diversification within a multi asset portfolio. The Adviser values, in particular, strategies where the manager will also express a view on whether their own market segment or style is likely to be in or out of favor.

The insights generated by the three areas of research are then used as inputs in the various strategy and portfolio management team meetings operated by the Adviser. The strategy and portfolio management team meetings are designed to identify the product-specific investment characteristics that best reflect the group's investment insights and convictions. Directed by the respective Chief Investment Officers, and supported by tools developed by research, the group's portfolio managers construct portfolios tailored to the specific client objectives and restrictions. The portfolio managers determine the final portfolio positions and transactions, security and fund selection, as well as monitor the underlying investment managers.

In addition to its principal research, the group also operates three separate investment processes for alternative beta/quantitative, passive and enhanced index and single asset strategies.

Quantitative/Alternative Beta Strategies are systematic investment approaches based on a factor-based asset allocation process. These strategies typically rely on a proprietary model-driven investment and

portfolio construction process. Individual portfolio strategies are comprised of one or several asset allocation building blocks including traditional asset classes (e.g. equities, bonds and commodities), risk premia (e.g. value, momentum and carry) and risk factors (e.g. inflation and growth). The model-driven portfolio construction process for these strategies emphasizes overall risk control, breadth of portfolio positions, and risk diversification over a medium-term horizon.

Passive strategies are designed with the objective of replicating index results with minimal tracking error. Factor based enhanced strategies are designed and carefully constructed with the objective of producing higher returns than the index while incurring a moderate level of tracking error.

Single Asset Strategies (e.g. Global Convertibles) are based on a rigorous security-level research and selection approach. The portfolios overall positioning reflect the broader asset allocation insights developed from the group's research as described above as well as investment insights developed with the country specialists in the Adviser's regional equity teams and external research.

As mentioned above, for certain clients, JPMAM(UK) may manage portfolios by allocating portfolio assets among various securities, including underlying JPMorgan Funds, on a discretionary basis using one or more of its proprietary investment models. In so doing, JPMAM(UK) buys, sells, exchanges and/or transfers underlying funds based upon the investment strategy. JPMAM(UK)'s management using these models complies with the requirements of Rule 3a-4 of the 1940 Act. Rule 3a-4 provides similarly managed accounts, such as the models, with a safe harbor from the definition of an investment company. Securities in the model are usually exchanged and/or transferred without regard to a client's individual tax ramifications.

Approach to Private Equity

Private Equity

Successful private equity investing depends to a large degree on the ability to attract and develop a steady flow of quality investment opportunities, and to select investments that will provide superior risk-adjusted returns from these opportunities. When making private equity investments, the Adviser takes a bottom-up approach designed to assess the probability of a sponsor's future success, and focuses on the track record and reputation of the principals, their investment thesis and investment strategy, the sponsor's decision making process and the sponsor's relevant past performance.

- **Partnerships**

The investment selection process for partnership investments requires initial screening of new proposals, introductory meetings and extensive due diligence. After a potential investment has been initially approved, the deal team and the investment vehicle's legal counsel will work with the general partner and its counsel on the review and, when appropriate, negotiation of the partnership agreement. At this stage, areas of focus for the deal team will include management fees, distribution policy, claw-back provisions, ERISA and other legal and tax issues. After the partnership agreement and other legal documents have been reviewed and, when appropriate, successfully negotiated, the investment will be presented to the Adviser for final approval. A consensus of the senior investment professionals of the private equity group of the Adviser is required to approve an investment.

- **Direct Company Investments**

Direct investment opportunities in companies are expected primarily to be co-investments sourced through the Adviser's relationships with partnership sponsors. The Adviser's direct

investment selection process is designed to capitalize on the due diligence work performed by the general partners. Although a general partner's due diligence will not be a substitute for the Adviser's own assessment of the opportunity, the Adviser will benefit from the general partner's work and expertise in the sector and thus free up time and resources for the Adviser to focus its efforts on aspects of the investment that are of particular interest or concern.

The deal team pursuing a direct investment opportunity will prepare an investment memorandum detailing the material aspects of the investment, including the company's business description, industry analysis, investment considerations, description of the transaction and features of the security being issued, management, financial analysis (historical and projected financials, return analysis, sensitivity analyses), and legal, environmental and other contingent liability analysis. Investments will be discussed and analyzed with appropriate members of the management team, and will be subject to final approval by consensus of the senior investment professionals of the private equity group of the Adviser.

The most important investment criteria for direct investments will be the projected returns, the attractiveness of the industry, the company's relative position in its industry, valuation, depth of the management team, type of security issued, and the alignment of interests with the general partner.

Approach to Real Assets

J.P. Morgan's Global Real Assets group has been established to provide investors with exposure to Global Real Estate investment markets through commingled funds and separate accounts.

We employ a disciplined investment management process that encourages professionals to proactively seek value enhancement opportunities in their portfolios. The caliber of our investment professionals, the quality of our relationships, and the discipline of our investment process provide for superior execution in the markets in which we operate.

Our business has shown strong growth in terms of asset and investor base and transacted on over \$10bn of deals in Europe over the past 10 years. We have further strengthened our franchise by investing in the business through the addition of new resources and talent.

J.P. Morgan is one of the leading specialist teams in the REIT sector, with investment analysis expertise stretching back to 1990.

While nimble in the markets, we are also methodical in our approach to executing transactions. Our procedures are well established and designed to ensure rigorous due diligence of each investment. We are committed to identifying transactions where we believe that we can deliver performance that meets or exceeds our client's expectations. We actively manage assets to create value while protecting against downside risk and carefully manage disposals to maximize sale proceeds and minimize seller liability.

J.P. Morgan Asset Management's Global Real Assets group established a Global Maritime Investment business in 2010, head-quartered in London. This asset class offers clients an alternative investment, to complement its existing investment management capabilities in Private Equity, Hedge Funds, Real Estate & Infrastructure. The GRA Global Maritime Investment business benefits from JPMAM's strong, established platform, granting access to JPMAM-GRA systems, resources, and network.

B Material, Significant, or Unusual Risks Relating to Investment Strategies

Clients should understand that investments in securities (both income securities as well as equity securities) and other assets involve a risk of loss. Past performance of any investment strategy is not a guarantee of future results. Clients should be prepared to bear the risk of investment losses. Some investments may only be suitable for experienced investors. See below for more information regarding investment risks.

JPMAM(UK) uses a variety of investment strategies depending on the requirements of the client and the investment guidelines associated with the client's account. All strategies are subject to management risk and an account or fund may not achieve its objective if JPMAM(UK)'s expectations regarding particular securities or markets are not met. Risks for a particular strategy will be disclosed by JPMAM(UK) to the client and in the case of pooled investment funds, the risks associated with the fund's investment strategy are described in the prospectus, offering memorandum or other materials of the fund.

Listed below are principal risk factors that are often associated with certain investment strategies and types of investments. The information included in this Brochure does not include every potential risk associated with each investment strategy or applicable to a particular client account. Clients are urged to ask questions regarding risk factors applicable to a particular strategy or investment product, read all product-specific risk disclosures and determine whether a particular investment strategy or type of security is suitable for their account in light of their specific circumstances, investment objectives and financial situation.

General Market Risk. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions.

Shares and Other Types of Equity Securities Risk. A risk with an equity investment is that the company must both grow in value and, if it elects to pay dividends to its shareholders, make adequate dividend payments, or the share price may fall. If the share price falls, the company, if listed or traded on-exchange, may then find it difficult to raise further capital to finance the business, and the company's performance may deteriorate vis-à-vis its competitors, leading to further reductions in the share price. Ultimately the company may become vulnerable to a takeover or may fail.

Shares have exposure to all the major risk types referred to below. In addition, there is a risk that there could be volatility or problems in the sector that the company is in. If the Company is private, i.e. not listed or traded on an exchange, or is listed but only traded infrequently, there may also be liquidity risk, whereby shares could become very difficult to dispose of.

Ordinary shares are issued by limited liability companies as the primary means of raising risk capital. The issuer has no obligation to repay the original cost of the share, or the capital, to the shareholder until the issuer is wound up (in other words, the issuer company ceases to exist). In return for the capital investment in the share, the issuer may make discretionary dividend payments to shareholders which could take the form of cash or additional shares.

Ordinary shares usually carry a right to vote at general meetings of the issuer.

There is no guaranteed return on an investment in ordinary shares and in a liquidation of the issuer, ordinary shareholders are amongst the last with a right to repayment of capital and any surplus funds of the issuer, which could lead to a loss of a substantial proportion, or all, of the original investment.

Unlike ordinary shares, preference shares give shareholders the right to a fixed dividend the calculation of which is not based on the success of the issuer company. They therefore tend to be a less risky form of investment than ordinary shares.

Preference shares do not usually give shareholders the right to vote at general meetings of the issuer, but shareholders will have a greater preference to any surplus funds of the issuer than ordinary shareholders, should the issuer go into liquidation.

Depository Receipts (ADRs, GDRs, etc.) are negotiable certificates, typically issued by a bank, which represent a specific number of shares in a company, traded on a stock exchange which is local or overseas to the issuer of the receipt. They may facilitate investment in the companies due to the widespread availability of price information, lower transaction costs and timely dividend distributions. The risks involved relate both to the underlying share and to the bank issuing the receipt. In addition, there are important differences between the rights of holders of ADRs and GDRs, (together, "Depository Receipts") and the rights of holders of the shares of the underlying share issuer represented by such Depository Receipts. The relevant deposit agreement for the Depository Receipt sets out the rights and responsibilities of the depository (being the issuer of the Depository Receipt), the underlying share issuer and holders of the Depository Receipt which may be different from the rights of holders of the underlying shares. For example, the underlying share issuer may make distributions in respect of its underlying shares that are not passed on to the holders of its Depository Receipts. Any such differences between the rights of holders of the Depository Receipts and holders of the underlying shares of the underlying share issuer may be significant and may materially and adversely affect the value of the relevant instruments. Depository Receipts representing underlying shares in a foreign jurisdiction (in particular an emerging market jurisdiction) also involve risks associated with the securities markets in such jurisdictions.

There is an extra risk of losing money when shares are bought in some smaller companies, including penny shares. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them. The price may change quickly and it may go down as well as up.

Growth Investing Risk. Growth investing attempts to identify companies that the Adviser believes will experience rapid earnings growth relative to value or other types of stocks, Growth stocks may trade at higher multiples of current earnings compared to value or other stocks, leading to inflated prices and thus potentially greater declines in value. The performance of growth strategies may be better or worse than the performance of equity strategies that focus on value stocks or that have a broader investment style.

Value Investing Risk. Value investing attempts to identify companies that are undervalued according to the Adviser's estimate of their true worth. A value stock may decrease in price or may not increase in price as anticipated by the Adviser if other investors fail to recognize the company's value or the factors that the Adviser believes will cause the stock price to increase do not occur. The performance of value investing strategies may be better or worse than the performance of equity funds that focus on growth stocks or that have a broader investment style.

Suspensions of Trading and Grey Market Investments. Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price

movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

Transactions may be entered into in:

- (a) a security whose listing on an exchange is suspended, or the listing of or dealings in which have been discontinued, or which is subject to an exchange announcement suspending or prohibiting dealings; or
- (b) a grey market security, which is a security for which application has been made for listing or admission to dealings on an exchange where the security's listing or admission has not yet taken place (otherwise than because the application has been rejected) and the security is not already listed or admitted to dealings on another exchange.

There may be insufficient published information on which to base a decision to buy or sell such securities.

Interest Rate Risk. Interest rates can rise as well as fall. A risk with interest rates is that the relative value of a security, especially a bond, will worsen due to an interest rate increase. This could impact negatively on other products. There are additional interest rate related risks in relation to floating rate instruments and fixed rate instruments; interest income on floating rate instruments cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of floating rate instruments at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the relevant instruments provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Changes in market interest rates have a substantially stronger impact on the prices of zero coupon bonds than on the prices of ordinary bonds because the discounted issue prices are substantially below par. If market interest rates increase, zero coupon bonds can suffer higher price losses than other bonds having the same maturity and credit rating.

Income Securities Risk. Investments in income securities will change in value based on changes in interest rates and are subject to the risk that a counterparty will fail to make payments when due or default. If rates rise, the value of these investments drops. Certain underlying funds invest in variable and floating rate loan assignments and participations (Loans) and other variable and floating rate securities. Although these instruments are generally less sensitive to interest rate changes than other fixed rate instruments, the value of floating rate Loans and other securities may decline if their interest rates do not rise as quickly, or as much, as general interest rates. Given the historically low interest rate environment, risks associated with rising rates are heightened. Certain underlying funds invest in mortgage-related and asset-backed securities including so-called "sub-prime" mortgages that are subject to certain other risks including prepayment and call risks. When mortgages and other obligations are prepaid and when securities are called, an underlying fund may have to reinvest in securities with a lower yield or fail to recover additional amounts (i.e., premiums) paid for securities with higher interest rates, resulting in an unexpected capital loss and/or a decrease in the amount of dividends and yield. Mortgage-related and asset-backed securities may decline in value, face valuation difficulties, be more volatile and/or be illiquid. The risk of default for "sub-prime" mortgages is generally higher than other types of mortgage-back

securities. The structure of some of these securities may be complex and there may be less available information than other types of debt securities. Some of the underlying funds invest in securities issued or guaranteed by the U.S. government or its agencies and instrumentalities (such as the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac)). Securities, such as those issued or guaranteed by Ginnie Mae or the U.S. Treasury, that are backed by the full faith and credit of the United States are guaranteed only as to the timely payment of interest and principal when held to maturity. Notwithstanding that these securities are backed by the full faith and credit of the United States, circumstances could arise that would prevent the payment of principal and interest. Securities issued by U.S. government related organizations, such as Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. government and no assurance can be given that the U.S. government will provide financial support

Asset-Backed, Mortgage-Related and Mortgage-Backed Securities Risk. Certain strategies invest in mortgage-related and asset-backed securities including so-called “sub-prime mortgages” that are subject to certain other risks including prepayment extension and call risks. Since mortgage borrowers have the right to prepay principal in excess of scheduled payments, there is a risk that borrowers will exercise this option when interest rates are low to take advantage of lower refinancing rates. When that happens, the mortgage holder will need to reinvest the returned capital at the lower prevailing yields. This prepayment risk, as well as the risk of a bond being called, can cause capital losses. Conversely, when rates rise significantly, there is a risk that prepayments will slow to levels much lower than anticipated when the mortgage was originally purchased. In this instance, the risk that the life of the mortgage security is extended can also cause capital losses, as the mortgage holder needs to wait longer for capital to be returned and reinvested at higher prevailing yields. Mortgage-related and asset-backed securities may decline in value, face valuation difficulties, be more volatile and/or be illiquid.

Currency Risk. In respect of any foreign exchange transactions and transactions in derivatives and securities that are denominated in a currency other than that in which your account is denominated, a movement in exchange rates may have a favorable or an unfavorable effect on the gain or loss achieved on such transactions.

The weakening of a country's currency relative to a benchmark currency or the currency of your portfolio will negatively affect the value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. Some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values. Currency markets generally are not as regulated as securities markets.

Credit Risk. Credit risk is the risk of loss caused by borrowers, bond obligors, guarantors, or counterparties failing to fulfill their obligations or the risk of such parties' credit quality deteriorating. Exposure to the credit risk of one or more reference entities is particularly relevant to any credit linked product such as credit linked notes, and the potential losses which may be sustained, and the frequency and likelihood of such losses occurring, when investing in credit links products may be substantially greater than when investing in an obligation of the reference entity itself.

Money Market Risk. A money-market instrument is a borrowing of cash for a period, generally no longer than six months, but occasionally up to one year, in which the lender takes a deposit from the money markets in order to lend (or advance) it to the borrower. Unlike in an overdraft, the borrower must specify

the exact amount and the period for which he wishes to borrow. Like other debt instruments, money-market instruments may be exposed to the major risk types, in particular credit and interest rate risk.

High Yield Securities Risk. Certain strategies invest in securities and instruments that are issued by companies that are highly leveraged, less creditworthy or financially distressed. These investments (known as junk bonds) are considered to be speculative and are subject to greater risk of loss, greater sensitivity to interest rate and economic changes, valuation difficulties, and potential illiquidity.

Liquidity Risk. Investments in privately placed securities, structured notes, or other instruments may be difficult to purchase or sell, possibly preventing the sale of these illiquid securities at an advantageous price or at the time desired. A lack of liquidity may also cause the value of investments to decline and the illiquid investments may also be difficult to value.

Geographic Focus Risk. Certain strategies and funds concentrate their investments in a region or small group of countries and as a result the value of the portfolio may be subject to greater volatility than a more geographically diversified portfolio.

Exchange Traded Fund Risk. Certain strategies and funds make use of ETFs. ETFs use an indexing approach and may be affected by a general decline in market segments or asset classes relating to its underlying index. Each ETF invests in securities and instruments included in, or representative of, its underlying index regardless of the investment merits of the underlying index. ETFs generally will not be able to duplicate exactly the performance of the underlying indexes they seek to track. Although ETFs are generally listed on securities exchanges, there can be no assurances that an active trading market for such ETFs will be maintained. In addition, secondary market trading in ETFs may be halted by a national securities exchange because of market conditions or for other reasons.

Index Funds Risk. Index funds are not actively managed and are designed to track the performance and holdings of a specified index. Securities may be purchased, held and sold by an index fund or an account following an index strategy at times when an actively managed fund would not do so. There is also the risk that the underlying performance of an index fund may not correlate with the performance of the index.

Foreign Securities and Emerging Markets Risk. Strategies that invest in foreign currencies and foreign issuers are subject to special risks in addition to those of U.S. investments. These risks include political and economic risks, greater volatility, civil conflicts and war, currency fluctuations, higher transaction costs, delayed settlement, possible foreign controls on investment, expropriation and nationalization risks, liquidity risks, and less stringent investor protection and disclosure standards of foreign markets. In certain markets where securities and other instruments are not traded "delivery versus payment," an account or investment fund may not receive timely payment for securities or other instruments it has delivered and may be subject to increased risk that the counterparty will fail to make payments when due or default completely. These risks can make foreign investments more volatile and potentially less liquid than U.S. investments. The risks associated with foreign securities are magnified in countries in "emerging" markets. These countries may have relatively unstable governments and less-established market economies than developed countries. Emerging markets may face greater social, economic, regulatory and political uncertainties. These risks make emerging market securities more volatile and less liquid than securities issued in more developed countries.

Commodity Risk. Certain strategies have exposure to commodities. Exposure to commodities, commodity-related securities and derivatives may subject an underlying fund to greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of

commodity-linked investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity. In addition, to the extent that an underlying fund gains exposure to an asset through synthetic replication by investing in commodity-linked investments rather than directly in the asset, it may not have a claim on the applicable underlying asset and will be subject to enhanced counterparty risk.

Funds Risk. There are many different types of collective investment schemes. Generally, a collective investment scheme will involve an arrangement that enables a number of investors to 'pool' their assets and have these professionally managed by an independent manager. Investments may typically include gilts, bonds and quoted equities, but depending on the type of scheme, may go wider into derivatives, real estate or any other asset. There may be risks on the underlying assets held by the scheme and investors are advised, therefore, to check whether the scheme holds a number of different assets, thus spreading its risk. Subject to this, investment in such schemes may reduce risk by spreading the investor's investment more widely than may have been possible if he or she was to invest in the assets directly.

The reduction in risk may be achieved because the wide range of investments held in a collective investment scheme can reduce the effect that a change in the value of any one investment may have on the overall performance of the portfolio. Although, therefore, seen as a way to spread risks, the portfolio price can fall as well as rise and, depending on the investment decisions made, a collective investment scheme may be exposed to many different major risk types.

The valuation of a collective investment scheme is generally controlled by the relevant fund manager or the investment adviser (as the case may be) of the collective investment scheme. Valuations are performed in accordance with the terms and conditions governing the collective investment scheme. Such valuations may be based upon the unaudited financial records of the collective investment scheme and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the collective investment schemes and accounts. The collective investment scheme may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or the investment adviser may vary certain quotations for such investments held by the collective investment scheme in order to reflect its judgment as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the collective investment scheme assets and/or accounts may have an adverse effect on the net asset value of the relevant collective investment scheme where such judgments regarding valuations prove to be incorrect.

A collective investment scheme and any collective investment scheme components in which it may invest may utilize (inter alia) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realizable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Collective investment schemes, and any collective investment scheme components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. The performance of each collective investment scheme and any collective investment scheme component in which it may invest is dependent on the performance of the collective investment scheme managers in selecting collective investment scheme components and the management of the relevant component in respect of the collective investment scheme components.

In addition, the opportunities to realize an investment in a collective investment scheme is often limited in accordance with the terms and conditions applicable to the scheme and subject to long periods of advance notice (during which the price at which interests may be redeemed may fluctuate or move against you). There may be no secondary market in the collective investment scheme and therefore an investment in such a scheme may be (highly) illiquid.

High Portfolio Turnover Risk. Certain funds and accounts engage in active and frequent trading leading to increased portfolio turnover, higher transaction costs, and the possibility of increased capital gains, including short-term capital gains that may be a taxable event to clients.

Smaller Companies Risk. Certain strategies invest in securities of smaller companies. Investments in smaller, newer companies may be riskier than investments in larger, more established companies. Securities of smaller companies tend to be less liquid than securities of larger companies. In addition, small companies may be more vulnerable to economic, market and industry changes. Because economic events have a greater impact on smaller companies, there may be greater and more frequent changes in their stock price. This may cause unexpected and frequent decreases in the value of an account's investments. Finally, emerging companies in certain sectors may not be profitable and may not realize profits in the foreseeable future.

Short Selling Risk. Selling "short" means to sell financial instruments that you do not own at the time of the sale. The seller has an obligation to deliver the product sold at the settlement date which will generally be a few days later than the trade date, so will either go into the market to buy the relevant financial instruments for delivery or "borrow" the relevant financial instruments under a stock lending arrangement.

Short selling is a technique used by investors who want to try to profit from the falling price of a financial instrument. If the price of the financial instrument drops after the investor has sold short (in other words at the time when he is buying or borrowing the relevant financial instruments for delivery), the investor will make a profit. If however the price of the financial instrument rises after the investor has sold short, the investor will have automatically made a loss, and the loss has the potential to get bigger and bigger if the price of the financial instrument continues to rise before the investor has gone into the market to buy or borrow the financial instrument to settle the short sale.

Additionally, the investment portfolio may not be able to borrow a security it wishes to sell short or may have to purchase a borrowed security in the market to return it to the lender at a disadvantageous time or price. Losses on short sales are potentially unlimited because there is no upward limit on the price a borrowed security could attain. Short sales are speculative transactions and involve special risks, including regulatory restrictions and a greater reliance on the Adviser's ability to accurately anticipate the future value of a security. Furthermore, taking short positions in securities results in a form of leverage which may cause the account to be more volatile.

Derivatives Generally: A derivative is a financial instrument, the value of which is derived from an underlying asset's value. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some other value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument.

There are many types of derivative, but options, futures and swaps are among the most common. An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest.

If a derivative transaction is particularly large or if the relevant market is illiquid (as may be the case with many privately negotiated off-exchange derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

On-exchange derivatives are subject, in addition, to the risks of exchange trading generally, including potentially the requirement to provide margin. Off-exchange derivatives may take the form of unlisted instruments or bi-lateral "over the counter" contracts ("OTC"). Although these forms of derivatives may be traded differently, both arrangements may be subject to credit risk of the Issuer (if transferable securities) or the counterparty (if OTCs) and, like any contract, are subject also to the particular terms of the contract (whether a one-off transferable security or OTC, or a master agreement), as well as the risks identified in Part III below. In particular, with an OTC contract, the counterparty may not be bound to "close out" or liquidate this position, and so it may not be possible to terminate a loss-making contract. Off-exchange derivatives are individually negotiated. As the terms of the transactions are not standardized and no centralized pricing source exists (as exists for exchange traded instruments), the transactions may be difficult to value. Different pricing formulas and financial assumptions may yield different values, and different financial institutions may quote different prices for the same transaction. In addition, the value of an off-exchange derivative will vary over time and is affected by many factors, including the remaining time until maturity, the market price, price volatility and prevailing interest rates.

Derivatives can be used for speculative purposes or as hedges to manage other investment or economic risks. In all cases the suitability of the transaction for the particular investor should be very carefully considered.

You are therefore advised to ask about the terms and conditions of the specific derivatives and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of an underlying asset and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or Clearing House to reflect changes in the underlying asset.

Normal pricing relationships between the underlying asset and the derivative may not exist in all cases. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to assess 'fair' value.

The points set out below in relation to different types of derivative are not only applicable specifically to these derivatives but are also applicable more widely to derivatives generally. All derivatives are potentially subject to the major risk types set out in this document, especially market risk, credit risk and any specific sector risks connected with the underlying asset.

Futures/Forwards/Forward rate agreements: Transactions in futures or forwards involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures and forwards trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you.

Futures and forwards transactions have a contingent liability, and you should be aware of the implications of this, in particular margining requirements: these are that, on a daily basis, with all exchange-traded,

and most OTC off-exchange, futures and forwards, you will have to pay over in cash losses incurred on a daily basis and if you fail to, the contract may be terminated.

Options: There are many different types of options with different characteristics subject to the following conditions.

Put option: a put option is an option contract that gives the holder (buyer) of the option the right to sell a certain quantity of an underlying security to the writer of the option at a specified price (the strike price) up to a specified date (the expiration date).

Call option: a call option is an option contract that gives the holder (buyer) the right to buy a certain quantity of an underlying security from the writer of the option, at a specified price (the strike price) up to a specified date (the expiration date).

Buying options; Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you must acquire the future. This will expose you to the risks described under 'futures' and 'contingent liability investment transactions'. Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

Writing options; If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price.

If you already own the underlying asset which you have contracted to sell (known as 'covered call options') the risk is reduced. If you do not own the underlying asset (known as 'uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

If you buy an American-style call option and the relevant market price of the underlying asset never rises above the strike price on the option (or if you fail to exercise the option while such condition exists), the option will expire unexercised and you will have lost the premium you paid for the option. Similarly, if you buy an American-style put option and the relevant market price for the underlying asset does not fall below the option strike price (or if you fail to exercise the option while such condition exists), the option will not be exercised and you will have lost the premium you paid for the put option.

Purchasing European-style or Bermuda-style options may carry additional market risk since the option could be "in-the-money" for part or substantially all of the holding period but not on the exercise date(s). A call option is "in-the-money" if the strike price is lower than the relevant market price for the underlying asset. A put option is "in-the-money" if the strike price is higher than the relevant market price for the underlying asset.

It is even possible for the holder of an exercised, “in-the-money” option to lose money on an option transaction. Such a situation exists whenever the value received under the option fails to exceed the purchaser’s costs of entering into the option transaction (the premium and any other costs and expenses).

If you are a potential writer of an option, you should consider how the type of option affects the timing of your potential payment and delivery obligations there under. As the writer of a European-style option, the timing of any payment and delivery obligations is predictable. Absent early termination, no settlements will be necessary prior to the expiration date. As the writer of an American-style option, however, you must be certain that you are prepared to satisfy your potential payment and delivery obligations at any time during the exercise period (possibly quite soon following the sale of the option).

Traditional options; Certain London Stock Exchange member firms under special exchange rules write a particular type of option called a ‘traditional option’. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

Contracts for differences: Certain derivatives are referred to as contracts for differences. These can be options and futures on the FTSE 100 index or any other index of an exchange, as well as equity, currency and interest rate swaps, amongst others. However, unlike other futures and options (which may, depending on their terms, be settled in cash or by delivery of the underlying asset), these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option as referred above. Transactions in contracts for differences may also have a contingent liability.

Swaps: A swap agreement is a derivative where two counterparties exchange one stream of cash flows against another stream, calculated by reference to an “underlying” (such as securities’ indices, bonds currencies, interest rates or commodities, default or other credit event of a company or companies or more intangible items).

A swap agreement may also be combined with an option. Such an option may be structured in two different ways. Firstly, “swaptions” are transactions that give the purchaser of the swaption the right, against payment of a premium, to exercise or not to exercise, until the agreed maturity date, its right to enter into a pre-agreed swap agreement. Secondly, “caps”, “floors” and “collars” enable a party, against payment or receipt of a premium, to protect itself against, or to take an exposure on, the variation on the value or level of an underlying.

The payout either or both sides of a swap may be complex, involve multiple underlings, different approaches through time, or take a long time to calculate. The payout from either side may be a cash calculation or a physical security (or other derivative). The more complex an instrument is, the fewer opportunities there will be to exit the transaction with a different counterparty and the likely higher transaction costs to exit and enter in the first place. However there have been industry initiatives to standardize apparently complex payoffs, particularly regarding credit derivatives, which increases the availability of counterparties and reduces transaction cost.

A major risk of off-exchange derivatives, (including swaps) is known as counterparty risk, whereby a party is exposed to the inability of its counterparty to perform its obligations under the relevant Financial Instrument. For example if a party, A, wants a fixed interest rate loan and so swaps a variable rate loan

with another party, B, thereby swapping payments, this will synthetically create a fixed rate for A. However, if B goes insolvent, A will lose its fixed rate and will be paying a variable rate again. If interest rates have gone up a lot, it is possible that A will struggle to repay.

The swap market has grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation to cover swaps trading over a broad range of underlying assets. As a result, the swap market for certain underlying assets has become more liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap, nor that the prices for entering and exiting a transaction will be close together even if such a market exists.

Combined Instruments/Baskets: Any combined instruments, such as a bond with a warrant attached, is exposed to the risk of both those products and so combined products may contain a risk which is greater than those of its components generally, although certain combined instruments may contain risk mitigation features, such as principal protected instruments.

The value of a basket of products (such as shares, indices etc.) may be affected by the number and quality of reference assets included in such basket. Generally, the value of a basket that includes reference assets from a number of reference asset issuers or indices will be less affected by changes in the value of any particular reference asset included therein than a basket that includes fewer reference assets, or that gives greater weight to some reference assets included therein. In addition, if the reference assets included in basket are concentrated in a particular industry, the value of such a basket will be more affected by the economic, financial and other factors affecting that industry than if the reference assets included in the basket are in various industries that are affected by different economic, financial or other factors or are affected by such factors in different ways.

Off-exchange transactions: In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime.

Real Estate Risk. There are certain risks associated with the development, construction and/or ownership of real estate and the real estate industry in general, including: the burdens of ownership of real property; local, national and international economic conditions; the supply and demand for properties; the financial condition of tenants, buyers and sellers of properties; changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; changes in environmental laws and regulations, planning laws, fiscal and monetary policies and other governmental rules; environmental claims arising with respect to properties acquired with undisclosed or unknown environmental problems or with respect to which inadequate reserves have been established; changes in real property tax rates; changes in energy prices; negative developments in the economy that depress travel activity; uninsured casualties; *force majeure* acts, terrorist events, under-insured or uninsurable losses; and other factors which are beyond the reasonable control of the applicable investment fund or its investment adviser. In addition, as recent experience during the financial crisis has demonstrated, real estate assets are subject to long-term cyclical trends that give rise to significant volatility in values.

Many of these factors could cause fluctuations in occupancy rates, rent schedules, or operating expenses, and may adversely impact returns. The value of investments may fluctuate significantly due to these factors among others and may be significantly diminished in the event of a sudden downward market for real estate and real estate-related assets. The returns available from investments depend on the amount of income earned and capital appreciation generated by the relevant underlying properties, as well as expenses incurred in connection therewith. If properties do not generate income sufficient to meet operating expenses, including amounts owed under any third-party borrowings and capital expenditures, returns will be adversely affected. In addition, the cost of complying with governmental laws and regulations and the cost and availability of third-party borrowings may also affect the market value of and returns from real estate and real estate related investments. Returns would be adversely affected if a significant number of tenants were unable to pay rent or if properties could not be rented on favorable terms. Certain significant fixed expenditures associated with purchasing properties (such as third-party borrowings, taxes and maintenance costs) may stay the same or increase even when circumstances cause a reduction in returns from properties.

Real Estate Securities Risk. The value of real estate securities in general, and Real Estate Investment Trusts ("REITs") in particular, are subject to the same risks as direct investments in real estate and mortgages, and their value will be influenced by many factors including the value of the underlying properties or the underlying loans or interests. The underlying loans may be subject to the risks of default or of prepayments that occur later or earlier than expected and such loans may also include so-called "subprime" mortgages, commercial mortgage-backed securities, etc. The value of these securities will rise and fall in response to many factors, including economic conditions, the demand for rental property, interest rates and, with respect to REITs, the management skill and creditworthiness of the issuer. In particular, the value of these securities may decline when interest rates rise and will also be affected by the real estate market and by the management of the underlying properties. REITs may be more volatile and/or more illiquid than other types of equity securities.

Maritime Risk. An investment in Maritime strategies is subject to certain risks associated with the ownership of maritime and maritime-related assets and the shipping industry in general, including: the burdens of ownership of maritime and maritime-related assets; local, national and international economic and political conditions; developments in international trade and changes in seaborne and other transportation patterns; changes in the tourism and holiday travel market; the financial condition of charterers, pool operators, buyers and sellers of maritime-related assets; changes in interest rates and the availability of debt financing which may render the sale or refinancing of maritime and maritime-related assets difficult or impracticable; changes in environmental laws and regulations; changes in governmental rules and fiscal and monetary policies; environmental claims arising in respect of maritime and maritime-related assets acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; environmental accidents, contamination or pollution; changes in tax policies and rates; changes in energy and commodities prices including bunker prices; negative developments in the economy that depress global trade and transportation activity; business interruptions caused by mechanical error; exposure to emerging markets and politically unstable regions and countries; embargoes and strikes; port and canal closures; cargo and property losses or damage; accidents caused by human error; uninsured casualties; maritime disasters including collisions, groundings or capsizing or incidents relating to design failures of a vessel; natural disasters, weather patterns, storms, and climate changes; the risk of an explosion, fire or flooding; force majeure acts; political unrest or the interference of government agencies or political bodies, armed conflicts and war; acts of piracy; terrorist events; acts of God; under-insured or uninsurable losses; epidemics and widespread transmission of communicable diseases; and other factors which are beyond the reasonable control of the Fund and the Operator. The nature, timing and degree of changes in shipping industry

conditions are unpredictable. In addition, as recent experience has demonstrated, maritime and maritime-related assets are subject to long-term cyclical trends that give rise to significant volatility in values in terms of charter rates, profitability and, consequently, vessel values. The time lag in the shipping industry between orders and deliveries heighten this cyclical nature.

In addition, significant contraction in demand for imported commodities such as iron ore, coal, crude oil and manufactured goods, as a result of economic downturns or changes in government policies in certain regional markets, could depress vessel freight rates, as well as the general demand for vessels. A decline in demand for, and the level of consumption of, refined petroleum products could cause demand for tank vessel capacity and charter rates to decline. The future demand for carriers and related charter rates will be dependent upon continued demand for imported commodities, economic seasonal and regional changes in demand, and changes to the capacity of the world fleet. A decline in demand for commodities and finished goods transported in maritime carriers or an increase in supply of vessels could cause a significant decline in charter rates. The supply of shipping capacity is also a function of the delivery of new vessels and the number of older vessels scrapped, in lay-up, converted to other uses, reactivated or removed from active service. Supply may also be affected by maritime transportation and other types of governmental regulation, including that of international authorities.

Many of these factors could cause fluctuations in charter hire and pooling rates or operating expenses, causing the value of the Investments to decline and negatively affect the Fund's returns. The value of the Investments may fluctuate significantly due to these factors and may be significantly diminished in the event of a sudden downward market for maritime and maritime-related assets. The returns available from Investments depend on the amount of income earned and capital appreciation generated by the relevant underlying vessels, as well as expenses incurred in connection therewith. The types of operating expenses to which the Fund may be exposed and which may be subject to increase beyond current estimates include labor, repairs and maintenance costs, the costs of periodic dry-docking of vessels and insurance premia. If maritime and maritime-related assets do not generate income sufficient to meet operating expenses, including amounts owed under any third-party borrowings and capital expenditures, the Fund's returns will be adversely affected. In addition, the cost of complying with governmental or international laws and regulations and the cost and availability of third-party borrowings may also affect the market value of and returns from the Investments. The Fund's returns would be adversely affected if a significant number of charterers were unable to pay their charter rates or if vessels could not be chartered or pooled on favorable terms. Certain significant fixed expenditures associated with purchasing maritime and maritime-related assets (such as third-party borrowings, taxes and maintenance costs) may stay the same or increase even when circumstances cause a reduction in returns from maritime and maritime-related assets.

Private Equity Specific Risks. The structure of private equity investment vehicles presents certain risks, apart from the portfolios of investments, of which investors should be aware.

Long-term commitment required

A commitment is a long-term investment. The expected term of each investment vehicle can be up to fifteen years. The investment vehicles may draw down the capital commitments of investors at any time during their term. There will be a substantial period of time during which investors may be obligated to provide capital without receiving any return and regardless of the performance of the investment vehicles. Investors should be willing to hold their interests until the liquidation of the investment vehicles.

Lack of control by investors

Investors will not have the ability to select, veto or cause the sale or other disposition of any investments by the investment vehicles or to determine the timing of any takedown, distribution or liquidation of the investment vehicles.

Illiquidity; Restrictions on transfer and withdrawal

An investment in the investment vehicles will be highly illiquid. Except in certain very limited circumstances investors will not be permitted to transfer their interests without the prior written consent of the Board of Managers of the relevant investment vehicle, which may be granted or withheld in its sole discretion. The transferability of interests in the investment vehicles also will be subject to certain restrictions contained in the substantive documents and restrictions on resale imposed under applicable securities laws.

Penalty for default

An investor that defaults in any payment with respect to its capital commitment to an investment vehicle will be subject to substantial penalties, including for each event of default a reduction in its interest in such investment vehicle corresponding to a reduction in its capital contributions (but not below zero) by an amount equal to 25 percent of its capital commitment.

Diversification risk

Each investment vehicle may make only a limited number of investments and, as a consequence, the aggregate return on investments may be substantially adversely affected by the unfavorable performance of one or a small number of the investments.

Risks of corporate finance and venture capital investments

Investments made in connection with acquisition transactions are subject to a variety of special risks, including the risk that the acquiring company has paid too much for the acquired business, the risk of unforeseen liabilities, the risks associated with new or unproven management or new business strategies and the risk that the acquired business will not be successfully integrated with existing businesses or produce the expected synergies.

Venture companies may be in a conceptual or early stage of development, may not have a proven operating history, may have products that are not yet developed or ready to be marketed or that have no established market.

Companies may face significant fluctuations in operating results, may need to engage in acquisitions or divestitures of assets in order to compete successfully or survive financially, may be operating at a loss, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or otherwise may have a weak financial condition.

Companies may be highly leveraged and, as a consequence, subject to restrictive financial and operating covenants. The leverage may impair the ability of these companies to finance their future operations and capital needs. As a result, these companies may lack the flexibility to respond to changing business and economic conditions, or to take advantage of business opportunities.

Companies may face intense competition, including competition from companies with far greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified managerial and technical personnel.

Regulatory Risk. Pending and ongoing regulatory reform may have a significant impact on JPMAM(UK)'s investment advisory business. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") was signed into law in the United States. Dodd-Frank is expansive in scope and requires the adoption of extensive regulations and numerous regulatory decisions in order to be implemented fully. Dodd-Frank may significantly change JPMAM(UK)'s operating environment and the financial markets in general in unpredictable ways. It is not possible to predict the ultimate effects that Dodd-Frank, or subsequent implementing regulations and decisions, will have upon JPMAM(UK)'s business and results of operations. Among the potential impacts of Dodd-Frank, provisions of Dodd-Frank referred to as the Volcker Rule will impact the method by which JPMAM(UK) seeds, invests in and operates its private investment funds, including private equity funds and hedge funds. The impact of the Volcker Rule on liquidity and pricing in the broader financial markets is unknown at this time. The Volcker Rule became effective on July 21, 2012, and banking entities (including JPMC and its subsidiaries, including JPMAM(UK)) have until July 2016 to conform their activities into compliance with the Volcker Rule unless an extension applies. Among other things, the Volcker Rule generally prohibits pooled investment vehicles from engaging in transactions that would cause a banking entity or its affiliates to have credit exposure to a pooled investment vehicle managed by its affiliates, that would involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties, or that would result, directly or indirectly, in a material exposure by the banking entity to high-risk assets or high-risk trading strategies. These restrictions could materially adversely affect accounts that are, or are invested in, pooled investment vehicles, including because the restrictions could limit a pooled investment vehicle from obtaining seed capital, loans or other commercial benefits from JPMAM(UK).

In addition, JPMAM(UK) and/or its funds could become designated as a systemically important financial institution ("SIFI") and become subject to direct supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). If JPMAM(UK) were designated a SIFI, it could be subject to enhanced prudential, supervisory and other requirements, such as risk-based capital requirements; leverage limits; liquidity requirements; resolution plan and credit exposure report requirements; concentration limits; a contingent capital requirement; enhanced public disclosures; short-term debt limits; and overall risk management requirements. Further, final regulations adopted under Dodd-Frank, relating to regulation of swaps and derivatives, will impact the manner by which JPMAM(UK) and JPMAM(UK)-advised funds and accounts use and trade swaps and other derivatives, and may increase the costs of derivatives trading. Similarly, JPMAM(UK)'s management of funds and accounts that use and trade swaps and derivatives may be adversely impacted by recently adopted changes to the Commodity Futures Trading Commission regulations. Other jurisdictions outside the United States in which JPMAM(UK) operates are also in the process of devising or considering more pervasive regulation of many elements of the financial services industry, which could have a similar impact on JPMAM(UK) and the broader markets.

C Risks Associated With Particular Types of Securities

See Item 8.B. for a summary of the risks associated with certain types of securities and asset classes.

ITEM 9
Disciplinary Information

A. Criminal or Civil Proceedings

The Adviser has no material civil or criminal actions to report.

B. Administrative Proceedings Before Regulatory Authorities

The Adviser has no material administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority to report.

C. Self-Regulatory Organization (SRO) Proceedings

The Adviser has no material SRO disciplinary proceedings to report.

ITEM 10
Other Financial Industry Activities and Affiliations

A Broker-Dealer Registration Status

No information to report.

B Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

The Adviser is registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a commodity trading advisor and commodity pool operator. JPMFL is also a member of the National Futures Association (the "NFA"). The NFA and CFTC each administer a comparable regulatory system covering futures contracts, swaps and various other financial instruments in which certain clients and pooled vehicles may invest.

Many of JPMAM(UK)'s investment management personnel are registered with the National Futures Association ("NFA") as Associated Persons of JPMAM(UK).

C Material Relationships or Arrangements with Industry Participants

JPMAM(UK) is part of a large financial services firm. In connection with providing investment advisory services to its clients, JPMAM(UK) may use the products or services of its affiliates or other related persons, as described below. While transactions with affiliates can be beneficial to client accounts, they

may present conflicts of interest and raise questions about whether JPMAM(UK) is acting in the best interests of its clients.

Subject to applicable law and regulation, and with client consent, JPMAM(UK) may from time to time effect client transactions through affiliated broker-dealers including J.P. Morgan Securities Ltd. All trades however, are subject to best execution and broker performance is subject to continuous review. JPMAM(UK) may also utilize J.P. Morgan Securities Ltd for derivative clearing purposes.

JPMAM(UK) serves as adviser and sub-adviser, respectively, to various open and closed-ended investment management companies sponsored by JPMAM(UK) or its affiliates. JPMAM(UK) or its affiliates also serve as adviser or sub adviser to various U.S private investment companies and numerous registered and unregistered investment companies and pooled funds organized or formed under the laws of various countries including the Grand-Duchy of Luxembourg, The Bahamas, Canada, France, Germany, Italy, the Republic of Ireland, Japan, and Spain. JPMAM (UK) acts as adviser, sub-adviser and/or marketing agent for a series of unit-linked pooled funds of J.P. Morgan Life Limited, a United Kingdom insurance company.

For certain accounts, JPMAM(UK) may invest client assets on a discretionary basis in any of the funds referred to above. In all cases, purchases of internal funds will always be subject to client guideline and restrictions. In certain circumstances, when required by applicable law or by agreement with the client, JPMAM(UK) may waive its investment advisory fee with respect to assets so invested.

From time to time, JPMAM(UK) or its related persons may act as a general partner of a limited partnership, or managing member of a limited liability company to which JPMAM(UK) serves as an adviser. JPMAM(UK) and related persons may solicit JPMAM(UK)'s clients to invest in such limited partnerships or limited liability companies, for which JPMAM(UK) or a related person may receive compensation. From time to time, related persons of JPMAM(UK) may serve as a director of an investment company for which JPMAM(UK) may solicit clients to invest. The portfolio manager could be incentivized to give preferential treatment to those partnerships providing high performance kickbacks. However, Individual compensation is not set exclusively by reference to specific client performance. Compensation planning is evaluated at the team level.

JPMAM(UK) works closely with its United States based investment advisory affiliates JPMorgan Chase Bank N.A., and J.P. Morgan Investment Management Inc ("JPMIM"). JPMIM is registered with the SEC as an investment advisor, and CFTC and the NFA as a Commodity Trading Advisor and Commodity Pool Operator. JPMAM(UK) provides investment management services to clients of affiliated investment advisers, and/or related persons, who share JPMAM(UK)'s portfolio and/or trading platform.

Currently, Emerging market debt securities may be valued using market quotations provided by Emerging Market Research ("EMR"), a pricing product supplied by JPMSI, a related person of JPMAM(UK). EMR is an industry standard for end of day price evaluations used by buy side firms. All institutional clients of JPMSI are provided access to this product at no charge and the prices reflected are the same prices used to price the securities that comprise the JPMorgan Emerging Markets Bond Indices. Generally, an independent pricing source is used wherever possible for readily priced assets. Affiliated pricing sources for non readily priced assets may be considered subject to appropriate due diligence. Appropriate governance Forums and committee structures are utilized for approval of all pricing sources.

Participating Affiliates

JF Asset Management Limited and JPMorgan Asset Management (Japan) Limited, JPMorgan Asset Management (Singapore) Limited, being wholly owned subsidiaries of JPMorgan Chase & Co., are “Participating Affiliates” (as that term has been defined by the Division of Investment Management of the Securities and Exchange Commission in various no-action letters) of JPMAM(UK) by providing investment advice through JPMAM(UK) to JPMAM(UK)’s US clients. The Participating Affiliates are not registered as investment advisers under the Investment Advisers Act.

D Material Conflicts of Interest Relating to Other Investment Advisers

JPMAM(UK) does not recommend or select unaffiliated investment advisers for its clients, and does not have other business relationships with other investment advisers that create a material conflict of interest.

ITEM 11

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A Code of Ethics

The JPMC Code of Conduct (the “Code of Conduct”) is a collection of rules and policy statements intended to assist JPMC employees and directors in making decisions about their conduct in relation to the firm's business. The Code of Conduct applies to all JPMC employees (including employees of JPMAM(UK)) and all employees are required to comply with its terms as a condition of continued employment. In addition, JPMAM(UK) employees must adhere to the JPMAM Code of Ethics (the “Code of Ethics”), which establishes more stringent standards than the Code of Conduct and reflects the fiduciary obligations of JPMAM(UK) and its supervised persons. JPMAM(UK) and its registered investment advisory affiliates have adopted the Code of Ethics pursuant to Rule 204A-1 under the Advisers Act. A copy of the Code of Ethics is available free of charge to any client upon request by contacting your client service representative or financial adviser.

The Code of Ethics requires that JPMAM(UK)'s employees and other supervised persons place the interests of clients before their own personal interests at all times and avoid any actual or potential conflict of interest. All real or potential conflicts of interest must be disclosed to the Compliance Department, including those in which the employee may have been placed inadvertently due to either business or personal relationships with customers, suppliers, business associates, or competitors of JPMC, or with other JPMC employees. Certain transactions or activities may be restricted by the Code of Conduct, the Code of Ethics or Compliance policies. The Code of Ethics contains policies and procedures relating to:

- Personal trading policies, including reporting and pre-clearance requirements for certain personnel of the Adviser.
- Confidentiality obligations with respect to clients and compliance with policies, procedures and training requirements regarding securities laws, privacy, the Bank Secrecy Act, anti-money laundering and related matters.
- Conflicts of interest, including policies relating to restrictions on trading in securities of clients and suppliers, gifts and entertainment, political and charitable contributions and outside business activities.

In general, the personal trading rules under the Code of Ethics require that accounts of employees and associated persons be maintained with a designated broker and that all trades in reportable securities for such accounts are pre-cleared and monitored by compliance personnel. The Code of Ethics also prohibits certain types of trading activity, such as short-term and speculative trades. Employees of JPMAM(UK) generally must obtain approval prior to engaging in all security transactions, including those in private placements. In addition, certain employees of JPMAM(UK) may not be permitted to buy or sell securities issued by JPMC in certain periods throughout the year prior to and following announcement of quarterly earnings. Certain "Access Persons" (generally defined as persons with access to nonpublic information regarding JPMAM(UK)'s recommendations to clients or purchases or sales of securities for client accounts and advised funds) are prohibited from executing personal trades in a security or similar instrument five business days (typically seven calendar days) before and after a client or fund managed by that access person transacts in that security or similar instrument.

JPMC is a global financial services firm that provides a variety of services for, and advice to, many types of clients. While providing such services, some divisions of JPMC, such as investment banking and JPMAM(UK)'s private equity business, routinely have access to confidential information, some or all of which may be material, non-public information, (i.e., "inside information"). In order to prevent the flow of inside information from a so-called "insider" area to a "public" area of JPMC, JPMC has established informational barriers that seek to prohibit anyone in an insider area from communicating any non-public information, however obtained, to anyone in a public area. In order to prevent the inadvertent flow of such information, employees in insider areas are generally physically segregated from employees in public areas. Furthermore, JPMAM(UK) safeguards the investment research and analysis on which its investment decisions are based to prevent "front running" (i.e., the misuse of such information prior to the execution of a trade on behalf of clients). However, subject to certain constraints, employees of JPMAM(UK) generally may discuss "best practices" or topics of a general, non-confidential nature with employees of JPMAM(UK) as well as other parts of JPMC.

From time to time, JPMAM(UK) and its employees may acquire inside information from non-JPMC sources. However the inside information may be obtained, in compliance with JPMC's information sharing policies and insider trading policy, JPMAM(UK) and its employees are prohibited from using such information to buy or sell securities until such information has been disclosed to the public or is no longer material.

In addition, as part of a global financial services firm, as a result of applicable law and/or other conflicts of interest concepts, JPMAM(UK) may be precluded from effecting or recommending transactions in certain client portfolios. As a result, from time to time, client portfolios managed by JPMAM(UK) may be precluded from acquiring, or disposing of, certain securities or instruments. This includes, but is not limited to, the securities issued by JPMC. However, with respect to voting proxies on behalf of clients, JPMAM(UK), as a fiduciary, will vote proxies independently and in the best interests of its clients, as described below.

In certain circumstances, JPMAM(UK) may conclude that certain transactions in a particular security need to be restricted and therefore, the security may be placed on a so-called "restricted list" and/or "watch list". While the security is on the restricted list and/or watch list, JPMAM(UK) may prohibit purchases, sales or all transactions in the security. The reasons for placing a security on the restricted list and/or watch list include, but are not limited to: (i) preventing JPMAM(UK) from exceeding regulatory investment limitations with respect to the securities of companies in certain regulated industries, such as insurance companies and public utilities; (ii) avoiding a concentration in any particular security; (iii) buttressing an information

barrier by preventing any appearance of impropriety in connection with trading decisions or recommendations; and (iv) preventing the use or appearance of the use of inside information.

B Securities in Which JPMAM(UK) or a Related Person Has a Material Financial Interest

JPMAM(UK) may, from time to time, and subject to applicable law, effect principal transactions on behalf of a client with a related person, for which the related person will receive a fee, subject to receipt of the client's consent and when JPMAM(UK) reasonably believes the transactions will be in the best interests of the client. Principal transactions occur when an adviser or any affiliate, acting for its own account (or the proprietary account of an affiliate) buys a security or other asset from, or sells a security or other asset to, a client's account. JPMAM(UK) will notify the client that the trade will be conducted on a principal basis with a related person and obtain the client's consent prior to the completion of such transaction. Before entering into a principal transaction with a related person, JPMAM(UK) will attempt to obtain competitive quotes from non-related persons that JPMAM(UK) reasonably believes are in a position to quote favourable prices for the transaction.

If permitted in writing by a client, from time to time JPMAM(UK) may effect client transactions on an agency basis in securities and futures and options through affiliated broker/dealers when, in JPMAM(UK)'s judgement the transactions are consistent with best execution. An agency transaction occurs when an adviser or any affiliate acts as a broker for an advisory client. JPMAM(UK)'s affiliate may be entitled to receive a commission for effecting these transactions. These transactions may be effected through affiliated firms even though the total commission for the transaction may exceed the commission charged by another unaffiliated firm for the same transaction. Furthermore, JPMAM(UK)'s related persons may provide futures execution/or clearing services for a fee. In addition, for certain institutional accounts JPMAM(UK)/or a related person may execute client directed orders through a related person on an agency basis. JPMAM(UK) will be acting in a fiduciary capacity and the related person will receive normal consideration for services rendered.

In both cases above, JPMAM(UK) will only undertake such transactions with an affiliate broker/dealer when it has been determined that the transaction is permitted in line with client guidelines and is in the best interests of the client, including fulfilling the duty with respect to best execution.

In addition, in some instances a security to be sold by one client account may independently be considered appropriate for purchase by another client account. In such cases, JPMAM(UK) may cause the security to be "crossed" or transferred directly between the relevant accounts at an independently determined market price and without incurring brokerage commissions, although customary custodian fees and transfer fees may be incurred (no part of which will be received by JPMAM(UK)). No such transactions will be effected unless JPMAM(UK) determines that the transaction is in the best interest of each client account and permitted by applicable law.

If permitted by a client's investment objectives, and subject to compliance with applicable law, JPMAM(UK) may purchase securities for client accounts during an underwriting or other offering of such securities in which a broker-dealer affiliate of JPMAM(UK) acts as a manager, co-manager, underwriter or placement agent. JPMAM(UK)'s affiliate may receive a benefit in the form of management, underwriting or other fees. Affiliates of JPMAM(UK) may also act in other capacities in such offerings and may receive a fee for such services. The JPMAM(UK) Compliance Department pre-clears all new issue offerings, reviewing documentation for relevant conflicts and where appropriate, approving participation for client accounts. In addition, the JPMAM(UK) Compliance Department monitors surveillance reports on a

monthly basis to ensure that all transactions involving an affiliated broker-dealer in the underwriting comply with relevant regulations and compliance procedures.

From time to time, JPMAM(UK) or its affiliates may be current investors in companies that offer securities to JPMAM(UK), and may receive a direct or indirect benefit, as a selling shareholder, return of capital or otherwise, from the purchase by JPMAM(UK)'s clients in such offerings. In addition, employees of JPMAM(UK), or its related persons, may serve as directors, officers or in other capacities in which they may receive direct or indirect compensation for companies in which JPMAM(UK) may purchase securities. Further, for certain purposes affiliates of JPMAM(UK) may be deemed affiliates of companies in which JPMAM(UK) may purchase securities in public offerings. Therefore, an investment in such issuers may be deemed an investment in an affiliate. Accordingly, JPMAM(UK) will receive advisory fees on the portion of client holdings invested in such affiliated issuers. All discretionary transactions in affiliated offerings are subject to client investment guidelines. Client restrictions regarding affiliate trading and products are strictly adhered to and subject to post trade surveillance. Affiliate transactions are negotiated and undertaken on a commercial "arms length" basis, with no special conditions attached.

Purchases involving affiliated broker/dealers, or other affiliates of JPMAM(UK), must comply with the applicable provisions of the Advisers Act, the Investment Company Act of 1940, as amended (the "1940 Act") and any other applicable laws. Compliance with such requirements is monitored by the Compliance Surveillance team.

From time to time, JPMAM(UK) may execute various trading strategies for certain clients that may conflict with the trading activities of other clients, as well as clients of advisory affiliates and related persons (e.g., buy and sell in the same security), or involve the separation of orders in the same security that would otherwise be executed on an aggregated basis. From time to time, and subject to change, JPMAM(UK) has implemented trade order volume controls for client's related persons who have received JPMAM(UK)'s research information in order to minimize potential market impact execution costs of trading the same securities outside of JPMAM(UK)'s trading desk. In the course of monitoring the above noted trading activities JPMAM(UK) attempts to objectively ensure that all clients, as well as clients of advisory affiliates and related persons, are treated equitably.

In addition, JPMAM(UK) may, subject to applicable law, participate in structured fixed income offerings of securities in which a related person may serve as trustee, depositor, originator service agent or other service provider, on behalf of the issuer in which fees will be paid to such related person. The related person may act as originator of loans or receivables for the structured fixed income offerings in which JPMAM(UK) may invest for clients. Participations in such offerings may directly or indirectly relieve obligations of the related person.

In the ordinary course of business, and subject to compliance with regulations, JPMAM(UK) or related persons may provide the initial funding necessary to establish new funds for the purpose of developing new investment strategies and products. These "seeded" funds may be in the form of registered investment companies, private funds such as partnerships, limited liability companies or separate accounts and these funds or separate account may invest in the same securities as other client accounts. JPMAM(UK) expects that such investments will be redeemed from time to time as permitted by the governing documents of such funds and applicable regulations. As a result of the infusion of seed capital from JPMAM(UK) or related person, the manager may be precluded from buying or selling certain securities, including, but not limited to, IPOs. These funds and accounts may, and frequently do, invest in the same securities as client accounts. JPMAM(UK)'s policy is to treat such accounts in the same manner as client accounts for purposes of trading allocation. Such accounts are normally included in

JPMAM(UK)'s daily block trades to the same extent as client accounts. There is a motivation for JPMAM(UK) to give preferential treatment to seeded funds in order to generate performance. However, allocations and aggregations across accounts are independently monitored by JPMAM(UK)'s Compliance Surveillance team to check for equitable treatment and consistent application of policy. In addition, there is an Investment Director Review process ('IDR') that monitors performance and investigates the rationale for any outliers.

JPMorgan Chase has an indirect interest in electronic communication networks and alternative trading systems (collectively "ECNs"), although these interests do not rise to a level of causing the ECNs to be a related person of JPMAM(UK). JPMAM(UK) may from time to time execute client trades through ECNs in which JPMorgan Chase has, or may acquire, an indirect interest. A related person may receive indirect proportionate compensation based upon its ownership percentage in relation to the transaction fees charged by the ECNs. JPMAM(UK) will execute through an ECN in which a related person receives compensation only in a situation where the JPMAM(UK) reasonably believes such transactions will be in the best interests of clients and the requirements of applicable law have been satisfied. From time to time, JPMAM(UK) may utilize execution platforms for foreign currency type transactions through ECNs in which it may have an equity interest. JPMAM(UK) intends to ensure that clients continue to receive best execution for their transactions.

When permitted by applicable law and a client's investment guidelines, and when considered by JPMAM(UK) to be in the client's best interest, JPMAM(UK) may invest the assets of the client in various collective investment vehicles and other securities investment vehicles with respect to which JPMAM(UK) or its affiliates may receive compensation for advisory, administration, trust or other services. When required by law, client consent will be obtained with respect to these investments. Also, JPMAM(UK) may waive its investment advisory fee with respect to assets invested in the fund or investment vehicle.

C Investing in Securities that JPMAM(UK) or a Related Person Recommends to Clients

JPMAM (UK) does not maintain a house position or trade for its own account.

A related person to JPMAM(UK) may, for their own account, buy or sell securities or other instruments that JPMAM(UK) has recommended to clients or purchased or sold for its clients.

In order to safeguard the integrity of JPMAM(UK)'s investment processes and investment decisions, and to enhance the firm's reputation as a fiduciary with respect to its investment management clients, JPMAM(UK) has established informational barriers and has adopted various policies and safeguards in order to address conflicts of interest that may arise from such activities. For additional information regarding such informational barriers, policies and safeguards, please see Item 11.A.

D Conflicts of Interest Created by Contemporaneous Trading

The Adviser and its related persons may recommend securities to clients that the Adviser and its related persons may also purchase or sell. As a result, positions taken by the Adviser and its related persons may be the same as or different from, or made contemporaneously or at different times than, positions taken for clients of the Adviser. As these situations may involve potential conflicts of interest, the Adviser has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The

policies and procedures contain provisions regarding preclearance of employee trading, reporting requirements and supervisory procedures that are designed to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of clients, including the prevention of front-running. In addition, the Adviser has implemented monitoring systems designed to ensure compliance with these policies and procedures.

The Adviser and/or its affiliates ("JPMorgan Chase") perform investment services, including rendering investment advice, to varied clients. The Adviser, JPMorgan Chase and its or their directors, officers, agents, and/or employees and/or JPMorgan Chase may render similar or differing investment advisory services to clients and may give advice or exercise investment responsibility and take such other action with respect to any of its other clients that differs from the advice given or the timing or nature of action taken with respect to another client or group of clients. It is the Adviser's policy, to the extent practicable, to allocate, within its reasonable discretion, investment opportunities among clients over a period of time on a fair and equitable basis. One or more of the Adviser's other client accounts may at any time hold, acquire, increase, decrease, dispose, or otherwise deal with positions in investments in which another client account may have an interest from time-to-time.

The Adviser, JPMorgan Chase, and any of its or their directors, partners, officers, agents or employees, may also buy, sell, or trade securities for their own accounts or the proprietary accounts of the Adviser and/or JPMorgan Chase. The Adviser and/or JPMorgan Chase, within their discretion, may make different investment decisions and other actions with respect to their own proprietary accounts than those made for client accounts, including the timing or nature of such investment decisions or actions. Further, the Adviser is not required to purchase or sell for any client account securities that it, JPMorgan Chase, and any of its or their employees, principals, or agents may purchase or sell for their own accounts or the proprietary accounts of the Adviser, or JPMorgan Chase or its clients.

The potential for conflicts of interest exists when JPMAM(UK)'s portfolio managers manage accounts with similar investment objectives and strategies. Potential conflicts may include, for example, conflicts in the allocation of investment opportunities for similar accounts.

Responsibility for managing JPMAM(UK)'s client portfolios is organized according to investment strategies within asset classes. Generally, client portfolios with similar strategies are managed by portfolio managers in the same portfolio management group using the same objectives, approach and philosophy. Therefore, portfolio holdings, relative position sizes and industry and sector exposures tend to be similar across similar portfolios, which reduce the potential for conflicts of interest.

JPMAM(UK) may receive more compensation with respect to certain similar accounts or may receive compensation based in part on the performance of some of its similar accounts. Potential conflicts of interest may arise with the allocation of securities transactions and allocation of limited investment opportunities, particularly for accounts that allow for the use of leverage. In certain instances portfolio managers may manage accounts' with less restrictive investment guidelines allowing for the use of leverage. In such accounts the portfolio manager generally will allocate securities based on the account's market value inclusive of the desired leverage, causing a potential conflict of interest. Allocations of aggregated trades, particularly trade orders that were only partially completed due to limited availability and allocation of investment opportunities generally, could raise a potential conflict of interest, as JPMAM(UK) may have an incentive to allocate securities that are expected to increase in value to favored accounts. New issue offerings, in particular, are frequently of limited availability. A potential conflict of

interest also may be perceived to arise if transactions in one account closely follow related transactions in a different account, such as when a purchase increases the value of securities previously purchased by another account, or when a sale in one account lowers the sale price received in a sale by a second account. If JPMAM(UK) manages accounts that engage in short sales of securities of the type in which similar accounts invest, JPMAM(UK) could be seen as harming the performance of one account for the benefit of the accounts engaging in short sales if the short sales cause the market value of the securities to fall.

JPMAM(UK) has established policies and procedures designed to manage the conflicts described above. JPMAM(UK) has allocation and order aggregation practices in place designed to achieve fair and equitable allocation and execution of investment opportunities among its client accounts over time and designed to comply with the securities laws and other applicable regulations. See Item 12.B. for a description of these practices. JPMAM(UK) monitors a variety of areas, including compliance with account guidelines, review of IPO and new issue allocation decisions, compliance with the Code of Ethics, and a review of any material discrepancy in the performance of similar accounts.

From time to time, JPMAM(UK) may have clients who, through the normal course of the investment process, may own different classes of securities by the same issuer. Consequently, in the event of default or bankruptcy by the issuer, JPMAM(UK) may be involved in negotiations on behalf of holders of different classes of securities. As such, JPMAM(UK) will continue to act in the best interest of its clients, irrespective of the client's holdings and ability to recoup the value of their original investment.

ITEM12

Brokerage Practices

A Factors Considered in Selecting or Recommending Broker – Dealers for Client Transactions

JPMAM(UK)'s primary objective in broker-dealer selection is to execute orders for its clients in accordance with its duty of best execution. Brokers may only be used for trading if they have first been approved by the client and JPMAM's Counterparty Risk Management Department.

The Adviser's Risk Management Department is responsible for:

- (1) setting risk policies and procedures worldwide;
- (2) monitoring implementation of these policies and procedures;
- (3) reviewing and approving all proposed trading counterparties;
- (4) setting credit limits for certain activities with an approved counterparty; and
- (5) monitoring credit exposures to counterparties.

In an effort to monitor and minimize counterparty risk, the Risk Management Department communicates the list of approved counterparties to the trading desks globally, having conducted credit analysis.

Monitoring credit exposures is an ongoing responsibility and JPMAM(UK) adjusts limitations on exposure to counterparties as circumstances change.

In selecting from this approved counterparty list a particular broker-dealer to be used to execute a transaction, JPMAM(UK) considers a number of factors including, but not limited to,

- the price per unit of the security;
- the broker's execution capabilities;
- the commissions charged;
- the broker's reliability for prompt, accurate confirmations and on-time delivery of securities;
- the broker-dealer's ability to access liquidity/natural order flow
- any applicable client guidelines or client restrictions.

The relative importance of these factors will be determined by considering matters including the characteristics of the portfolio manager's order, the characteristics of the financial instruments that are subject to that order and the characteristics of the counterparties and execution venues to which that order can be directed. For those markets and instruments where commissions are paid, JPMAM(UK) must arrange commissions in such a way as not to discriminate unfairly between execution venues. Importantly, JPMAM (UK)'s portfolio managers have no discretion to direct trades to particular brokers in order to generate commissions to pay for advisory services.. JPMAM(UK) periodically evaluates general industry practices with respect to commission levels and rates charged by brokerage firms. Additionally, JPMAM(UK) periodically gathers intelligence on the brokerage community in order to maintain a posture on negotiated commissions, which allows JPMAM(UK) to take advantage of the competitive environment in negotiating commission rates that are considered fair and reasonable for its clients. There is a standard rate of commission for all brokers within each market with special terms negotiated for certain orders such as program/portfolio transactions and transactions in illiquid stocks.

While JPMAM(UK) generally seeks the most favorable price in placing its orders, an account may not necessarily pay the lowest price available. In accordance with applicable law, JPMAM(UK) may select brokers who charge a commission in excess of that charged by other brokers, if JPMAM(UK) determines in good faith that the commission to be charged is reasonable in relation to the brokerage services the broker provides to JPMAM(UK).

JPMAM's objective at all times is to access the deepest and widest pools of liquidity, as this can have the highest impact on price which is the prime determinant in considering the trader's choice of venue or trading method. Market liquidity is often considered an indirect cost to execution and usually has a higher impact than the explicit costs of commissions, especially for larger orders and transactions in relation to medium and smaller capitalized securities. Accordingly, it is important to view commissions as part of the total transaction cost borne by our clients. In addition to commissions and taxes, we also consider the 'implementation shortfall' (i.e. the difference between the standard quote price at the time the portfolio manager places a trade, and the final price at which a trade is executed). The 'implementation shortfall' is typically many times larger than the commission cost and at times it may be advantageous to trade in a way which requires a higher level of intermediary service (incurring higher commission costs) in order to reduce the overall cost of the transaction.

Whilst price and costs usually together merit high relative importance in obtaining best execution, this will be tempered, for example, where the size of the trade is large compared to the liquidity of the instrument in question, or where speed of execution becomes important for investment due to nature and size of order or client cash flow requirements and therefore the execution venue may play a more important role.

1 Research and Other Soft Dollar Benefits

The sole responsibility of the JPMAM (UK) dealing desks is to ensure that best execution is achieved for our clients in accordance with regulatory requirements for each trade. Therefore the JPMAM (UK) trader, when selecting the counterparty and the type of trade to be used, will aim to ensure that the best possible transaction outcome is achieved in accordance with best execution. Accordingly, JPMAM (UK)'s portfolio managers have no discretion to direct trades to particular brokers in order to pay for advisory services.

JPMAM (UK) may use part of the commission charged by brokers that is generated from its client's equity trades to purchase substantive research on behalf of those clients. Importantly the amount of any dealing commission paid on equity transactions is always and only determined by our best execution policy.

Goods and services would be considered substantive research to be paid from commissions if the research

1. is capable of adding value to the investment decision by providing new insights that inform the investment decision;
2. presents original thought in the critical and careful consideration and assessment of new and existing facts;
3. is intellectually rigorous and does not merely state what is commonplace or self evident; and
4. presents JPMAM(UK) with meaningful conclusions based on the analysis or manipulation of data.

In addition the substantive research goods and services must assist JPMAM (UK) in the provision of services to its clients and not impair JPMAM (UK)'s ability to act within the best interests of its clients. JPMAM (UK) therefore only uses client commissions to purchase research that meets the substantive research tests and does not use client commissions to purchase data or quotation services, computer hardware / software even though these may be permitted in some jurisdictions.

Substantive Research services may be received electronically and also in the form of seminars, written reports, telephone contacts, and personal meetings with sell side security analysts, economists and senior issuer representatives.

For "mixed use" research services ie where the service provided does not meet the substantive research tests; any beneficial service providers assessed as non permissible to be paid using client's equity trading commissions are paid directly by JPMAM (UK).

Payments for permissible substantive research are made either via a portion of the commission paid to the executing broker, or subject to local regulatory rules and client participation via payment adjustments made through client commission sharing arrangements (CCSA). CCSA are managed by the investor support teams and therefore are fully separated from the best execution and investment management decisions.

Where CCSA broker agreements are in place, a portion of the commission paid to the executing broker is set aside to be used as part of a commission sharing arrangement. Payments for substantive research

received from brokers other than the executing broker and/or independent research providers may then be instructed using any commissions accumulated via this commission sharing arrangement.

Importantly, CCSAs are not dependent upon placing specific volumes of business with individual brokers and commission rates are the same for all equivalent trades with brokers, irrespective of client or broker CCSA participation.

We therefore enter into CCSA only where it assists in the provision of investment management services and where we are satisfied that the transactions generating CSA credits are in strict compliance with the regulatory requirements including best execution.

Fixed income transactions do not incur commission charges and therefore JPMAM(UK) does not have any commission sharing arrangements in place with broker-dealers used to execute fixed income transactions.

When JPMAM(UK) uses client brokerage commissions to obtain research or other services, JPMAM(UK) receives a benefit because it does not have to produce or pay for the research or services. JPMAM(UK) may have an incentive to select a broker-dealer in order to obtain research, products or other services rather than to obtain the lowest price for execution. Because of this, procedures and controls are in place to monitor executions and the use of research.

Under the Adviser's soft dollar policy, the services obtained must fall within the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a safe harbor that protects a money manager from liability for a breach of fiduciary duty solely because it pays more than the lowest available commission rate. Section 28(e) requires that the research services obtained with client brokerage commissions provide lawful and appropriate assistance in the decision-making process, and that the amount of the client commission is reasonable in relation to the value of the products or services provided by the broker-dealer.

The brokerage services the Adviser receives include not only the execution of trades but also incidental functions that may include post-trade matching, exchange of messages among broker-dealers, custodians, and institutions and broker-dealers, and routing settlement instructions to custodian banks and broker-dealers' clearing agents.

The research obtained from soft dollars is used to benefit all of the Adviser's clients and is not used only for the client accounts that generated the soft dollar credits. The soft dollar benefits are not allocated to client accounts proportionately to the soft dollar credits the accounts generate. JPMAM(UK) may share research reports, including those that have been provided through the use of soft dollars, with advisory affiliates and related persons, including offshore affiliated advisers.

2 Brokerage for Client Referrals

JPMAM(UK) does not select broker-dealers in order to receive client referrals. The factors used by JPMAM(UK) in selecting broker-dealers in order to execute trades are described in Item 12.A.

3 Directed Brokerage

Under certain conditions, JPMAM(UK) may accept written direction from a client to direct brokerage commissions from that client's account to a specific broker(s) in return for services provided by the broker to the client. Due to JPMAM(UK)'s overall objective in effecting client transactions consistent with its duty to achieve best execution, JPMAM(UK) generally will accept direction only with respect to a limited percentage of certain clients' overall trades on a "best efforts" basis. Consequently, JPMAM(UK) generally will not enter client orders with a directed broker when a pending order with a different broker in the same security is the broker providing best execution. Under most circumstances, JPMAM(UK) will aggregate the client's order with the open order and place the combined order with the broker providing best execution. Where client orders are directed, clients may experience sequencing delays in order to meet directed brokerage requests, which may impact JPMAM(UK)'s ability to achieve best execution on behalf of such clients. Clients may forgo benefits, such as volume discounts, that JPMAM(UK) may have obtained for its non-directed accounts in a combined order.

B Order Aggregation

For purposes of achieving best execution in various investment sector markets, JPMAM(UK) will coordinate, as applicable, portfolio management and trading activities among clients of JPMAM(UK) and appropriate clients of related persons and of advisory affiliates that utilize JPMAM(UK)'s trading desk. Such activities will be executed through JPMAM(UK)'s appropriate trading desk in accordance with JPMAM(UK)'s current trading policies and procedures, including, but not limited to, trade allocations, securities of "new issues" as such term is defined under Rule 5130 of the Financial Industry Regulatory Authority or other international securities exchange, cross trading, directed brokerage and soft dollar/commission sharing activities. Indications of interest for new issue securities will be aggregated for clients of JPMAM(UK) and appropriate clients of advisory affiliates and related persons, who will receive a fair and equitable allocation of securities in accordance with JPMAM(UK)'s allocation policy.

In general, orders involving the same investment opportunity or managed by the same portfolio manager will be aggregated, consistent with JPMAM(UK)'s obligation to obtain best execution for its clients. If fully executed, participating accounts will be allocated their requested allotment on an average price basis. If partially executed, the order may be allocated on an average price basis among clients in the same proportions as the initial allocation.

As a result of JPMAM(UK)'s trading arrangements, JPMAM(UK)'s clients may receive fewer shares of a new issue of securities given the participation of clients of advisory affiliates and related persons in such "new issues". Allocations of aggregated trades, particularly trade orders that are only partially completed due to limited availability and allocation of investment opportunity generally, could raise a potential conflict of interest, as JPMAM(UK) may have an incentive to allocate securities that are expected to increase in value to favoured accounts.

JPMAM(UK) has allocation practices in place that are designed to reasonably promote fair and equitable allocations of investment opportunities among its client accounts over time and to promote compliance with applicable regulatory requirements. Such practices are designed to reasonably ensure that accounts are treated in a fair and equitable manner. In general, orders involving the same investment opportunity are aggregated throughout each trading day, consistent with JPMAM(UK)'s obligation to obtain best execution for its clients. Partially completed orders will generally be allocated among participating accounts on a prorated average price basis.

With regard to equity securities, including public offerings that receive substantial interest and are frequently oversubscribed, partially completed orders generally will be allocated among participating accounts on a pro-rata average price basis, subject to certain limited exceptions. One such exception provides that if an allocation results in a de minimis allocation relative to the size of the account or its investment strategy, the allocation may be reallocated to other participating accounts. With respect to certain asset classes (e.g., cash and fixed income) and in certain other circumstances (e.g., participating accounts that have a dedicated, specialized investment strategy, such as small cap, high yield, emerging markets, or other specialized strategies) there may be an exception to pro-rata allocations as these situations may be given priority in the allocation process with respect to certain securities that are included in their investment mandate. Non-pro-rata allocations for money market instruments and fixed income securities are based upon a disciplined process for allocating securities with similar duration, credit quality, risk/return profiles and liquidity in the good faith judgment of JPMAM(UK) so that fair and equitable allocation will occur over time.

The similarity of guidelines and objectives for many accounts in combination with thin markets, price volatility or lack of liquidity in the market may require that a block order be filled in multiple executions extending over several days. To promote fair and equitable allocation over time each account is allocated shares on a pro-rata basis to their original order. In certain circumstances the partial fills of the order could result in a client receiving an allocation that is too small to justify fixed transaction costs and custody costs associated with being included in the transaction. In these circumstances the traders may exclude small orders until such time as 50% of the total order is complete. At this stage the small orders will be executed. Under this process smaller orders will lag in the early part of the order but will be 100% filled before the completion of the total order. In certain circumstances the trader may override the individual amounts which would be automatically allocated to each account.

Examples of these are where a limit order applies, or to avoid a mismatch with a contingent trade. JPMAM(UK)'s policy regarding securities allocations requires portfolio managers to use reasonable judgment consistent with fiduciary duties to clients in making any non-pro rata allocations that are in the best interest of the affected clients. Trade allocations are reviewed by compliance on a post trade basis to ensure fair treatment and consistent application.

ITEM 13

Review of Accounts

A Frequency and Nature of Review of Client Accounts or Financial Plans

JPMAM(UK)'s portfolio managers are responsible for the continuous review of the accounts under their supervision. Working with the global strategic asset allocation and the policy guidelines set by product heads reflecting the recommendations of the strategy groups and addressing the client's objectives, the portfolio managers decide which securities to buy and sell and the timing of these transactions.

By way of oversight, each of JPMAM(UK)'s investment groups conducts periodic reviews of its portfolio managers' accounts. As an additional tool to aid portfolio compliance monitoring, JPMAM(UK) maintains a portfolio compliance monitoring system which is used in conjunction with its proprietary investment management systems. This portfolio compliance monitoring system assesses the underlying positions for

accounts and provides a daily review of positions data against various rules-based compliance tests applicable to client specific guidelines and restrictions, and product and regulatory requirements.

B Factors Prompting Review of Client Accounts Other than a Periodic Review

JPMAM(UK) may trigger a non-periodic review of Client Account as a result of client inquiry/complaints, dealing error or issues identified by Compliance or Investment Directors.

C Content and Frequency of Account Reports to Clients

All clients receive, at least quarterly, a statement of the assets held in their account(s) that contains a complete description of each asset together with cost and current market values. Many clients receive these statements monthly. Also, all clients receive a monthly statement of transactions, detailing all activity within their accounts. Upon request, performance reports are sent quarterly to clients on their account(s). JPMAM(UK) generally meets with each client on an annual basis to review investment strategy, performance and administrative matters.

ITEM 14

Client Referrals and Other Compensation

A Economic Benefits for Providing Services to Clients

JPMAM(UK) does not received economic benefits from others for providing investment advice or other advisory services to JPMAM(UK)'s clients.

B Compensation to Non-Supervised Persons for Client Referrals

JPMAM(UK) has compensated, and may continue to compensate, affiliated and non-affiliated persons for client referrals in accordance with Rule 206(4)-3 under the Advisers Act. The compensation paid generally consists of a cash payment computed as a percentage of JPMAM(UK)'s advisory fee, although other methods of computation may be used.

ITEM 15

Custody

For certain accounts, and subject to the relevant regulatory authorization, the Adviser is deemed to have custody of the client's assets because it, or a related person, holds client funds or securities either directly or indirectly. Clients will receive account statements at least quarterly directly from their broker-dealer, bank or other qualified custodian. Upon receipt, clients should carefully review the statements. Clients will also receive Statements of Assets from the Adviser on a monthly basis. Clients are urged to compare these statements with those received from their qualified custodian. If there is a significant difference in the information provided, clients should contact their Client Service Manager immediately.

ITEM 16

Investment Discretion

As described in Item 4.B, JPMAM(UK) provides discretionary investment management services. When JPMAM(UK) accepts discretionary authority to manage the securities and other assets of client accounts, JPMAM(UK)'s authority is set forth in an investment advisory, investment management or other written agreement with the client. JPMAM(UK)'s discretionary authority is subject to the provisions of the agreement with the client, including the objectives and investment guidelines the client establishes for the account.

ITEM 17

Voting Client Securities

A Policies and Procedures Relating to Voting Client Securities

JPMAM(UK) may be granted by their clients the authority to vote the proxies of the securities held in client portfolios. To ensure that the proxies are voted in the best interests of its clients, JPMAM(UK) has adopted detailed proxy voting procedures ("Procedures") pursuant to Rule 206(4)-6 under the Advisers Act that incorporate detailed proxy guidelines ("Guidelines") for voting proxies on specific types of issues.

Pursuant to the Procedures, most routine proxy matters will be voted in accordance with the Guidelines, which have been developed with the objective of encouraging corporate action that enhances shareholder value. For proxy matters that are not covered by the Guidelines (including matters that require a case-by-case determination) or where a vote contrary to the Guidelines is considered appropriate, the Procedures require a certification and review process to be completed before the vote is cast. That process is designed to identify actual or potential material conflicts of interest and ensure that the proxy vote is cast in the best interests of clients.

JPMAM(UK) has a proprietary Corporate Governance team who, with assistance from an independent proxy voting service, ensure that all proxy materials are processed in a timely fashion; vote all proposals that are clearly covered in the JPMorgan Asset Management Proxy Voting Procedures and Guidelines; provide JPMAM with a comprehensive analysis of each proxy proposal; and provide JPMAM with recommendations on how to vote each proxy proposal based on JPMorgan Asset Management Proxy Voting Procedures and Guidelines. It should be noted that JPMAM(UK) scrutinizes every proxy on a case-by-case basis; standing instructions to vote are never issued and the investment analyst or portfolio manager always has the discretion to override the policy should individual circumstances dictate.

To oversee and monitor the proxy-voting process, JPMAM(UK) has established a proxy committee and appointed a proxy administrator in each global location where proxies are voted. The Proxy Committee is composed of a representative of the Proxy Administrator, senior business officers of JPMAM(UK), and representatives of the Legal, Compliance and Risk Management Departments. Each proxy committee will meet periodically to review general proxy-voting matters, review and approve the Guidelines annually,

and provide advice and recommendations on general proxy-voting matters as well as on specific voting issues implemented by JPMAM(UK).

In order to maintain the integrity and independence of JPMAM(UK)'s investment processes and decisions, including proxy voting decisions, and to protect JPMAM(UK)'s decisions from influences that could lead to a vote other than in the clients' best interests, JPMC (including JPMAM(UK)) adopted a Safeguard Policy, and established formal informational barriers designed to restrict the flow of information from JPMC's securities, lending, investment banking and other divisions to JPMAM(UK)'s investment professionals. Material conflicts of interest are further avoided by voting in accordance with JPMAM(UK)'s predetermined Guidelines. Examples of material conflicts of interest that could arise include, without limitation, circumstances in which: (i) management of a client or prospective client, distributor or prospective distributor of its investment management products, or critical vendor, is soliciting proxies and failure to vote in favor of management may harm JPMAM(UK)'s relationship with such company and materially impact JPMAM(UK)'s business; or (ii) a personal relationship between an officer of JPMAM(UK) and management of a company or other proponent of a proxy proposal could impact JPMAM(UK)'s voting decisions.

Depending on the nature of the conflict of interest, JPMAM(UK), in the course of addressing the conflict, may elect to take one or more of the following measures, or other appropriate action:

- Removing certain personnel from the proxy voting process;
- "walling off" personnel with knowledge of the conflict to ensure that such personnel do not influence the relevant proxy vote;
- Voting in accordance with the applicable Guidelines, if any, if the application of the Guidelines would objectively result in the casting of a proxy vote in a predetermined manner; or
- Deferring the vote to the Independent Voting Service, if any, which will vote in accordance with its own recommendation.

The resolution of all potential and actual material conflict issues will be documented in order to demonstrate that JPMAM(UK) acted in the best interests of its clients.

A copy of JPMAM(UK)'s proxy voting procedures and guidelines are available upon request by contacting your client service representative.

B No Authority to Vote Client Securities and Client Receipt of Proxies

Some clients do not grant proxy voting authority to JPMAM(UK), in which case the right to vote client securities is retained by the client or other designated person. In such situations the client will generally receive proxies or other solicitations from the client's custodian or transfer agent.

ITEM 18
Financial Information

A Balance Sheet

Pursuant to SEC instructions, JPMAM(UK) is not required to include its balance sheet as part of this brochure.

B Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients

Not applicable – JPMAM(UK) is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

C Bankruptcy Filings

Not applicable - The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.

APPENDIX A

Account Fees

<u>Currency Overlay</u>	Assets Under Management	Fee as a % of Assets
First	\$50,000,000	0.30%
Next	\$150,000,000	0.20%
Next	\$balance	0.10%
Minimum Investment: USD 100 million		

<u>Global Govt Core Fixed Income</u>	Assets Under Management	Fee as a % of Assets
First		
Next	\$50,000,000	0.25%
Next	\$50,000,000	0.20%
Next	\$balance	0.15%
Minimum Investment: USD 75 million		

<u>Global Aggregate Fixed Income</u>	Assets Under Management	Fee as a % of Assets
First		
Next	\$50,000,000	0.25%
Next	\$50,000,000	0.20%
Next	\$balance	0.15%
Minimum Investment: USD 75 million		

<u>European Equities (Higher Alpha)</u>	Assets Under Management	Fee as a % of Assets
First	\$75,000,000	1.00%
Next	\$150,000,000	0.95%
Next	\$balance	0.90%
Minimum Investment: USD 50 million		

<u>European Equities (Core)</u>	Assets Under Management	Fee as a % of Assets
First	\$75,000,000	0.45%
Next	\$150,000,000	0.40%
Next	\$balance	0.35%
Minimum investment: USD 50 million		

<u>Global Emerging Market Diversified¹</u>	Assets Under Management	Fee as a % of Assets
First	\$100,000,000	0.65%
Next	\$100,000,000	0.60%
	\$balance	0.55%
Minimum Investment: USD 100 million		

<u>Global Emerging Markets Equity Focus</u>	Assets Under Management	Fee as a % of Assets
First	\$100,000,000	0.75%
Next	\$100,000,000	0.70%
Next	\$balance	0.65%
Minimum Investment: USD 10 million		

<u>Global Opportunities</u>	Assets Under Management	Fee as a % of Assets
First	\$50,000,000	0.60%
Next	\$50,000,000	0.50%
Next	\$balance	0.40%
Minimum Investment: USD 50 million		

<u>Global Dividend/Equity Income</u>	Assets Under Management	Fee as a % of Assets
First	\$50,000,000	0.60%
Next	\$50,000,000	0.50%
Next	\$balance	0.40%
Minimum Investment: USD 50 million		

<u>Global Dynamic/Intrepid</u>	Assets Under Management	Fee as a % of Assets
First	\$100,000,000	0.75%
Next	\$100,000,000	0.65%
Next	\$balance	0.50%
Minimum Investment: USD 100 million		

<u>Global Focus</u>	Assets Under Management	Fee as a % of Assets
First	\$100,000,000	0.75%
Next	\$balance	0.65%
Minimum Investment: USD 100 million		

<u>Global Unconstrained</u>	Assets Under Management	Fee as a % of Assets
First	\$100,000,000	0.65%
Next	\$100,000,000	0.60%
Next	\$balance	0.50%
Minimum Investment: USD 50 million		

<u>Global Select Equity Plus</u>	Assets Under Management	Fee as a % of Assets
First	\$50,000,000	0.70%
Next	\$50,000,000	0.60%
Next	\$balance	0.50%
Minimum Investment: USD 50 million		

<u>Global Financials</u>	Assets Under Management	Fee as a % of Assets
First	\$50,000,000	0.60%
Next	\$balance	0.50%
Minimum Investment: USD 100 million		

<u>Global Healthcare</u>	Assets Under Management	Fee as a % of Assets
First	\$50,000,000	0.60%
Next	\$balance	0.50%
Minimum Investment: USD 100 million		

<u>Global Natural Resources</u>	Assets Under Management	Fee as a % of Assets
First		
Next		
Next	\$balance	0.85%
Minimum Investment: USD 100 million		

<u>Global Developing Trends</u>	Assets Under Management	Fee as a % of Assets
First	\$50,000,000	0.60%
Next	\$50,000,000	0.50%
Next	\$balance	0.40%

Minimum Investment: USD 50 million

<u>Global Consumer Trends</u>	Assets Under Management	Fee as a % of Assets
First	\$50,000,000	0.60%
Next	\$50,000,000	0.50%
Next	\$balance	0.40%

Minimum Investment: USD 50 million

<u>International REI 100 Equity</u>	Assets Under Management	Fee as a % of Assets
First	\$50,000,000	0.225%
Next	\$balance	0.20%
Minimum Investment: USD 50 million		

<u>International REI 200 Equity</u>	Assets Under Management	Fee as a % of Assets
First	\$50,000,000	0.30%
Next	\$balance	0.275%
Minimum Investment: USD 50 million		

<u>GMAG - Global Balanced</u>	Assets Under Management	Fee as a % of Assets
Minimum Investment: USD 100 million		

	\$100,000,000 and over	0.75%
<u>GMAG - Convertible</u>	Assets Under Management	Fee as a % of Assets
Minimum Investment: USD 100 million	\$100,000,000 and over	0.75%
<u>GMAG – Income (Multi Asset)</u>	Assets Under Management	Fee as a % of Assets
Minimum Investment: USD 100 million	\$100,000,000 and over	0.60%
(Fund of funds mandate only)		
<u>GMAG – Total Return (Multi Asset)</u>	Assets Under Management	Fee as a % of Assets
Minimum Investment: USD 100 million	\$100,000,000 and over	0.6%
<u>GMAG Alternative Beta</u>	Assets Under Management	Fee as a % of assets
Minimum Investment: USD 500 million	\$500,000,000 and over	0.75%
<u>Liquidity</u>	Assets Under Management	Fee as a % of Assets
	\$0 - 100,000,000	0.15%
	\$100 - 199,000,000	0.12%
	\$200 - 399,000,000	0.10%
	\$400 - 749,000,000	0.08%
	\$750 - 999,000,000	0.07%
	Over \$1,000,000,000	0.06%
Minimum Investment USD 100million		