

JPMorgan Funds – Global Natural Resources Fund

August 2009

Profit from developments in the commodities sector

The JPMorgan Funds – Global Natural Resources Fund aims to provide long-term capital growth by capitalising on natural resources demand, thereby tapping into the rapid industrial development of emerging economies like China, India, Brazil and Russia.

Exciting commodities potential

Despite recent volatility, natural resources stocks continue to offer an exciting investment opportunity. The principal driver of the sector has been and will continue to be the combination of taut supply and rising demand. Demand in the sector has grown rapidly as the emerging economies develop, while at the same time, some supplies are tight and will struggle to keep pace with the continuing increase in global demand following years of underinvestment.

One country which will have a key influence on the sector is China. Over the last decade, China's rapid industrialisation has created massive demand for raw materials – demand which is forecast to continue to grow for many years to come, although at a more modest pace. China is now the world's most significant importer of many key commodities, from nickel and copper through to oil and gas. Similar steady industrialisation in other large emerging markets – India, Brazil and Russia – is adding to the potential of global commodities.

Supplies are also struggling to keep pace with long-term shifts in demand due to chronic underinvestment in production capacity. There is no quick or easy way to boost supplies, as it is estimated that in most cases it takes between five and ten years to bring new capacity online.

Greatly diversified portfolio

The JPM – Global Natural Resources Fund is much more than simply a gold or oil fund. It invests in a wide range of companies spanning base metals as well as energy extraction, gold and other precious metals.

The fund is flexible enough to capture the performance potential of the most attractive commodities at any particular moment. So, while natural resources markets have demonstrated how volatile they can be, it is important to understand that this fund not only gives exposure to investment opportunities in natural resources – it is also diversified across the commodities sector, spreading risk across a multitude of markets. For the risks to capital associated with this fund please see further below.

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Highly respected and successful manager

Ian Henderson, who is the fund's manager, is one of the most respected investors in the natural resources sector. Ian's experience of investing in natural resources stocks stretches back 30 years, and he has managed the sister fund of JPM – Global Natural Resources Fund (the UK domiciled JPM – Natural Resources Fund) since 1992, delivering great performance for over 10 years. However, please remember that past performance may not be a reliable guide to the future.

Boosts portfolio diversification

Since natural resources stocks are sometimes driven by different factors than those driving other sectors, natural resources stocks can demonstrate a low correlation with the rest of the market. By investing in resources stocks, the JPM – Global Natural Resources Fund can be a highly effective and natural portfolio diversifier.

Why choose J.P. Morgan Asset Management as your partner?

- Putting clients first – our company is built on a steadfast commitment to the principle of always putting our clients' interests first.
- Building on a heritage of excellence – benefit from our 170 years' experience which has incorporated some of the leading financial names in history.
- A legacy of innovation – from pioneering in new markets and style investing to total return strategies, we continue to seek out the most exciting opportunities markets offer.
- Our size makes a difference – our truly global footprint gives us a local presence, rare insights and investment advantages few can match.
- Unflinching risk controls – using comprehensive analysis, disciplined processes and an approach which embraces star teams, not star managers.

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Risks associated with using the fund in a portfolio:

- Investors may see the value of their investment go down as well as up, on a daily basis, and the return upon the investment will therefore necessarily be variable. Past performance is may not be a guide to future performance and investors may get back less than they had originally invested.
- This aggressively managed fund invests in a portfolio of natural resources companies, globally. This means that the fund may carry an increased risk to capital.
- The fund's concentration on natural resources companies limits the room for risk diversification within the fund. However, there may also be greater potential for higher returns. Volatility of the fund may therefore be high. This means that investment may be subject to sudden and large falls in value and investors could lose the total value of initial investment.
- Investors should be aware that the fund is invested in emerging markets, which may be subject to additional political and economic risks, while stocks can be negatively impacted by low liquidity, poor transparency and greater financial risks. The fund may invest directly in securities listed on the Russian Trading System (RTS) Stock Exchange and the Moscow Interbank Currency Exchange, which are classified as Regulated Markets.
- This fund is denominated in EUR, but may have significant exposure to other currencies. Changes in exchange rates may have an adverse effect on the value price or income of the product.
- As the fund invests in equities, investors are exposed to stock market fluctuations and the financial performance of the companies held in the fund's portfolio.

For more detailed information about the risks associated with this fund you should read the Prospectus or Simplified Prospectus, which are available online at www.jpmorganassetmanagement.lu or free of charge upon request from J.P. Morgan Asset Management (Europe) S.à.r.l., European Bank & Business Centre, 6 route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

Suitable for investors

Although this focused approach can result in high relative returns when the commodities sector is in favour with the market, investors can suffer long periods of underperformance when the sector falls out of favour.

This means the fund may be suitable for investors with at least a five year investment horizon looking for a higher risk equity strategy.

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Natural resources stocks have in the past demonstrated a low correlation with global stock markets, which means that investing in the fund may add diversification benefits to existing equity portfolios.

If there is any doubt about the suitability of this investment, investors should consult with a suitably qualified financial adviser.

What you need to know

JPM – Global Natural Resources A (acc) EUR

Fund manager	Ian Henderson
Launch date	December 2004
Fund size	EUR 1.175,7 m (31/07/2009)
Benchmark	HSBC Gold Mining & Energy Index (Total Return Net)
Management fee	1.5%
Initial charge	5%
Morningstar Rating™*	* *
Currency	EUR

*as at 30.06.09

The investment objective can be found in the Fund prospectus. For more information on fees or to obtain copies of our factsheet, prospectus or simplified prospectus, please visit our website www.jpmorganassetmanagement.lu.

Any forecast or opinions expressed are J.P. Morgan Asset Management own's at July 2009 and maybe subject to change. This material should not be considered by the recipient as a recommendation relating to the acquisition or disposal of investments. This material does not contain sufficient information to support an investment decision and investors should ensure that they obtain all available relevant information before making any investment.

All transactions should be based on the latest available prospectus. To have more information regarding charges, entry fees and minimum investment amount, please refer to the Prospectus.

The price of shares and any income from them may fall as well as rise. Past performance may not be a reliable guide to future performance and investors may not get back the full amount invested. When a subscription involves a foreign exchange transaction, it may be subject to the fluctuations of currency values. Changes in exchange rates in the underlying investments may have an adverse effect on the value price or income of the product. When investing in an emerging markets fund, emerging markets may be more volatile and the risk to your capital is greater. Investment may therefore be subject to sudden and large falls in value, and investors could lose the total value of their initial investment.

Investment is subject to documentation (Prospectus, Simplified Prospectus), copies of which can be obtained free of charge from JPMorgan Asset Management (UK) Limited, 125 London Wall, London EC2Y 5AJ, which is authorised and regulated by the UK Financial Services Authority. Registered in England No. 01161446. A copy of the Prospectus, Simplified Prospectus, annual report, semi-annual report, the articles of incorporation of the Luxembourg-based SICAV JPMorgan Funds is also available free of charge upon request from JPMorgan Asset Management (Europe) S.à.r.l., European Bank & Business Centre, 6 route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

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*Please note that the fund ratings are as at the end for the calendar month and are calculated by Morningstar based on the previous month's performance data. Source: Morningstar Direct™. Copyright © 2008 Morningstar, Inc. All Rights Reserved. Morningstar Rating™ as of 30 June 2009 in the Sector Equity Industrial Materials Category™. Morningstar Rating is for A (acc) EUR share class only; other classes may have different performance characteristics.