Save & Prosper Distribution Bond Fund

All performance data relates to the Save & Prosper Distribution Bond Fund

Investment objective

The objective of the fund is to be invested 80% in JPM UK Equity & Bond Income Fund, 15% S&P Property Fund and 5% in cash. The fund is realigned to these proportions on a regular basis.

Fund statistics

Fund launch date	11/97
Fund size (as at 30/06/10)	GBP 4.6m

Portfolio breakdown (as at 30/06/10)

	%
JPM UK Equity & Bond Income Fund	**78.3**
Property Fund	**15.5**
Deposit Fund	**6.2**

Fund review (as at 30/06/10)

The fund is 80% invested in the JPM UK Equity & Bond Income Fund, which over the quarter slightly underperformed its customised benchmark. UK equities fell sharply and the fund's equity exposure was further hit by stock selection in the mining and oil & gas producers sectors. Overweight positioning in industrial engineering contributed to relative performance, as did stock selection and an overweight position in pharmaceuticals. At a stock level, the biggest contributor to performance was an overweight position in drugmaker AstraZeneca, which rose after a US court upheld a patent on its Crestor cholesterol medication. An overweight position in IMI also contributed to relative returns after the engineering company raised its first-half revenue forecast. Stock-level detractors included an overweight position in BP, which fell heavily following an explosion at its Deepwater Horizon rig in the Gulf of Mexico.

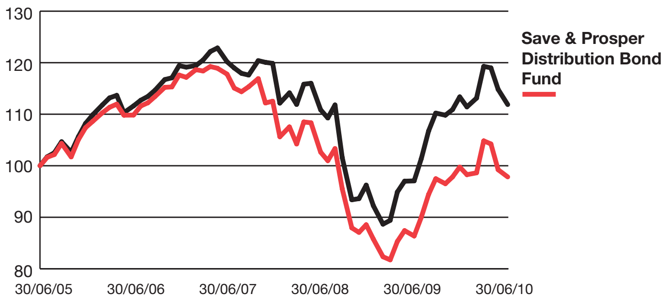
In the bond portion of the portfolio, the overweight position in AAA-rated UK sovereign debt provided good protection as risk assets suffered, particularly in May. UK Gilts were buoyed by the quick formation of a coalition government following the election and the anticipation that the Conservative and Liberal Democrat leaders would address the fiscal situation. The fund's credit exposure held up relatively well and there were no significant reallocations over the quarter.

The fund is also invested 15% in the S&P Property Fund, which benefited in absolute terms from positive property returns over the quarter as the economy continued to recover. The remaining 5% is invested in the S&P Deposit Fund.

Fund outlook (as at 30/06/10)

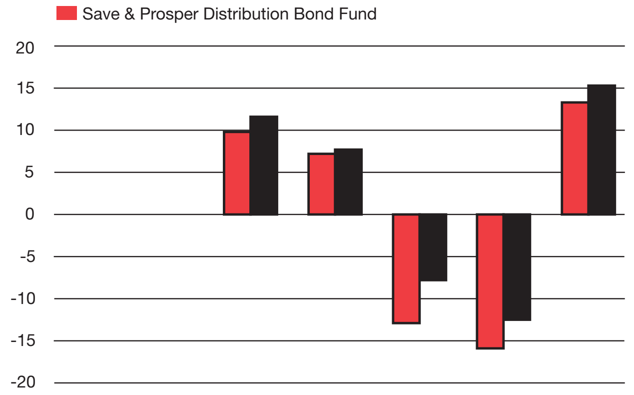
The projected low growth and low interest rate environment remains supportive for bonds. Meanwhile, equity valuations are attractive, although markets are likely to remain volatile in the short term given uncertainty over the economic outlook. Property yields have stabilised, but any ongoing capital appreciation will be driven for the foreseeable future by tenant demand and growth in rental value.

Cumulative performance (as at 30/06/10)



%	3M	1 Y	3 Y	5 Y	10 Y
Save & Prosper Distribution Bond Fund	**-6.7**	**13.3**	**-16.9**	**-2.2**	**21.4**
Benchmark	-6.2	15.3	-6.9	11.9	43.1

Rolling 12 month performance (as at 30/06)



%	2006/2005	2007/2006	2008/2007	2009/2008	2010/2009
Save & Prosper Distribution Bond Fund	**9.8**	**7.2**	**-12.9**	**-15.9**	**13.3**
Benchmark	11.6	7.7	-7.8	-12.5	15.3

Returns calculated on an offer to offer, net income reinvested basis.
Source: J.P. Morgan.

For up to date information and performance data please contact our Customer Services Team on 0845 3000144. Telephone lines are recorded to ensure compliance with our legal and regulatory obligations and internal policies.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may go down as well as up and you may not get back the full amount invested. Investment in emerging markets may involve a higher element of risk due to political and economic instability and underdeveloped markets and systems. Investments in smaller companies may involve a higher degree of risk as markets are usually more sensitive to price movements. Exchange rate changes may cause the value of underlying overseas investments to go down or up. The value of property assets is a matter of valuer's opinion, not fact. These assets may be more difficult to realise and may not be realisable at all. The level of tax benefits and liabilities will depend on individual circumstances and may change in the future.

Save & Prosper is a trading name of JPMorgan Asset Management Marketing Limited, which is authorised and regulated by the Financial Services Authority.
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