# JPMorgan Elect Managed Cash

Overall Morningstar Rating™ –

February 2014

## Investment objective

Preservation of capital with a yield based on short term interest rates by investing in a range of liquidity funds and short dated AAA-rated UK government securities/G7 government securities hedged into sterling.

## Company facts

| | |
|---|---|
| Portfolio manager(s) | Katy Thorneycroft |
| Board of director(s) | Robert Ottley, Angus Macpherson, Roger Yates, Alan Hodson, James Robinson |
| Financial year end date | 31 August |
| Company launch date | 2004 |
| Listing | LSE |
| Dividends paid | March, June, September and December |
| Company Broker(s) | Winterflood Securities |

## Company statistics

(as at 31/01/14)

| | |
|---|---|
| Total assets (as at 28/02/14) | GBP 4.7m |
| Share price | 100.5p |
| Net asset value [A] | 100.5p |
| Discount(-)/Premium | |
| Current | 0.0% |
| 12 month high | 0.1% |
| 12 month low | -0.8% |
| 12 month average | -0.4% |
| Total dividend for last financial year | 0.5p |
| Dividend yield [B] | 0.2% |
| Actual gearing (as at 28/02/14) [C] | - |
| Potential gearing range | nil |

## Company fees & expenses

| | |
|---|---|
| Annual mgt. fee [D] | Nil |
| Performance fee | No |

## Company codes

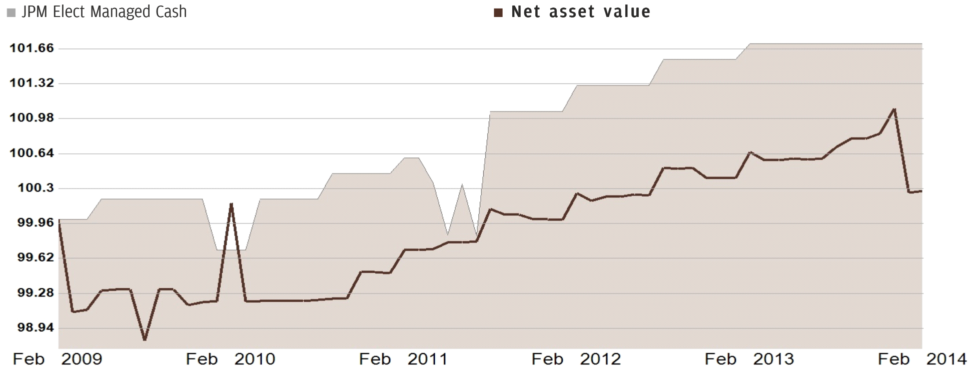
| | |
|---|---|
| ISIN | GB0034080092 |
| Sedol | 3408009 |
| Bloomberg | JPEC LN |
| Reuters | JPEx.L |

## Benchmark

-

## Performance [E]

(as at 28/02/14)




## Cumulative performance [E]

| % | 1 M | 3 M | 1 Y | 3 Y | 5 Y | 10 Y |
|---|---|---|---|---|---|---|
| Share Price | 0.0 | 0.0 | 0.0 | 1.1 | 1.7 | 23.2 |
| Net asset value | 0.0 | -0.6 | -0.4 | 0.6 | 0.3 | 22.5 |

## Rolling 12m performance [E]

| % | 2013/14 | 2012/13 | 2011/12 | 2010/11 | 2009/10 |
|---|---|---|---|---|---|
| Share Price | 0.0 | 0.4 | 0.7 | 0.9 | -0.3 |
| Net asset value | -0.4 | 0.4 | 0.6 | -0.5 | 0.2 |

## Top 10 Holdings

(as at 28/02/14)

| Holding | Weight |
|---|---|
| Institutional Cash Series Heritage Fund | 17.8% |
| Deutsche Global Liquidity Managed Sterling Fund | 17.7% |
| Insight Sterling Liquidity Fund | 17.1% |
| Fidelity Institutional Sterling Cash Fund | 16.5% |
| JPMorgan Sterling Liquidity Fund | 16.2% |
| SWIP Global Sterling Liquidity Fund | 14.7% |

## Statistical analysis review

(as at 28/02/14)

| | 3 years | 5 years |
|---|---|---|
| Correlation | - | - |
| Annualised volatility | 0.60% | 0.94% |
| Tracking error | 0.60% | 0.94% |
| Information ratio | 0.32 | 0.06 |

**Please read the Explanatory Notes, Risks and Important Information at the end of this document.**

**For further information, please contact:**
**UK-based Investor Services Team 0800 731 111 (or +44 20 7742 9995 if calling from outside the UK)**
**Agent Services Line 0800 727 770**
**Our lines are open Monday to Friday, 9.00am to 5.30pm**
**www.jpmorgan.co.uk/investment-trusts**

J.P.Morgan Asset Management

# JPMorgan Elect Managed Cash

Katy Thorneycroft is a senior portfolio manager in the Global Multi-Asset Group (""GMAG""), based in London. Katy focuses on the UK pension, Diversified Growth and investment trust funds. An employee since 1999, Katy was previously a member of the GMAG in New York and prior to this was a portfolio manager in the European Equity Group in London focusing on small and mid-cap strategies. Katy obtained an MChem from the University of Oxford and is a CFA charterholder.

## Sector breakdown

(as at 28/02/14)

| Sector | Company |
|---|---|
| Financials | 100.0% |
| Total | 100.0% |

## Manager's quarterly commentary

(as at 31/12/13)

The final estimate of UK third-quarter GDP was confirmed at 0.8%. Previous quarters were revised up, causing year-on-year (y/y) growth to move upwards from 1.5% to 1.9%. Public sector borrowing figures were higher than expected, at GBP 16.5 billion. Industrial production was in line with expectations, at 3.2%, while manufacturing production was slightly weaker than expected, at 2.7% y/y. Consumer and retail prices were at the lowest level since November 2009, at 2.1% and 2.6%. In the Autumn Statement the Chancellor of the Exchequer announced the latest fiscal forecasts from the Office for Budget Responsibility. GDP forecasts were revised up significantly in the near term, to 1.4% in 2013 and 2.4% in 2014. Growth forecasts further out were revised down marginally, to 2.2% in 2015 and 2.6% in 2016. Public sector net debt was expected to peak at 80% in 2015-2016, a year earlier than last estimated. The headline unemployment rate fell unexpectedly to 7.4% in October as employment surged and the claimant count fell slightly. This prompted some economists to expect the 7% target to be reached in the first quarter of 2014, with the Bank of England starting to raise interest rates in late 2014.

Over the quarter the trust remained broadly diversified across six of the UK's leading AAA-rated sterling liquidity funds, each selected to provide a high level of capital security for shareholders.

## Market Outlook

At its December meeting the Monetary Policy Committee (MPC) voted unanimously to keep interest rates on hold at 0.5% and asset purchases at GBP 375 billion. The MPC noted that recent data had been indicative of a "burgeoning recovery" and were concerned that "any further substantial appreciation of sterling would pose additional risks to the balance of demand growth and the recovery."

## Investment trust history and investment policies

The Company was incorporated on 16th September 1999 and launched as an investment trust on 24th November 1999 with assets of £28million. The Company changed its name to JPMorgan Fleming Managed Growth plc on 5th December 2002. The Company's name was changed to JPMorgan Fleming Elect plc on 14th January 2004 following the capital reorganisation and combination of JPMorgan Fleming Managed Growth plc and JPMorgan Fleming Managed Income plc. The Company adopted its present name on 2nd February 2006.

In order to achieve its stated investment policy and manage risks, the Managed Cash portfolio invests no more than 20% of the value of the portfolio in any one liquidity fund or short dated (i.e. with a maturity of less than 2 years) UK government securities or G7 government securities hedged into sterling. All liquidity funds or government securities shall have an AAA credit rating (as measured by Standard & Poor's) or equivalent rating from a recognised credit rating agency.

The Board does not intend to utilise borrowings to increase the funds available for investment. The Board monitors closely the level of indirect gearing through the underlying investments. The underlying portfolio should be invested 95-120%.

## Explanatory Notes, Risks and Important Information

### Notes

[A]Capital only NAV with debt at par, diluted for treasury and/or subscription shares if applicable.

[B]Dividend yields are based on mid market prices and the estimated dividend(s) payable in respect of the current financial year. This will include declared and prospective dividends. Source Morningstar

[C]Actual gearing: Represents the excess amount above shareholders' funds of total assets less cash/cash equivalents, expressed as a percentage of shareholders funds. If the amount calculated is negative, this represents a net cash position.

[D]Management fees are paid to managers of the underlying funds.

[E]Total return – using capital only NAVs with net dividend (if any) reinvested, in sterling, unless otherwise stated. Source: J.P. Morgan/Morningstar (www.morningstar.co.uk)

All price information is indicative only. Nothing herein is to be construed as a solicitation or an offer to buy or sell any financial products. The interactive factsheets are based on information obtained from sources believed to be reliable but are not guaranteed as being accurate, nor are they a complete statement of these securities.

See Glossary of terms for explanations.

Based on its return characteristics and the costs incurred in transacting in its shares, an investment in Managed Cash should only be considered by existing holders of Managed Growth and/or Managed Income who wish to switch into Managed Cash on the designated quarterly conversion dates. Accordingly Elect Managed Cash shares are not available for purchase through the J.P. Morgan Investment Account, J.P. Morgan ISA or J.P. Morgan SIPP or on J.P. Morgan WealthManager+.

The company currently conducts its affairs so that the shares issued by the company can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

### Important Information

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

For up-to-date information and performance data please contact your J.P. Morgan Asset Management representative. Telephone lines are recorded and may be monitored for security and training purposes.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. The level of tax benefits and liabilities will depend on individual circumstances and may change in the future. An investor's capital in a bank or building society is secure whereas in stock market linked investment it is exposed to a degree of risk.

The JPM investment trust may utilise gearing techniques (leverage) which will exaggerate market movements both down and up which could mean sudden and large falls in market value. For further details please refer to the individual trust's annual report and accounts. Some investment trusts may have warrants in issue, which if exercised may have an effect on the Net Asset Value.

The investment objective of a trust may allow some flexibility in terms in portfolio composition. Exchange rate changes may cause the value of underlying overseas investments to go down as well as up. Investments in emerging markets may involve a higher element of risk due to political and economic instability and underdeveloped markets and systems. Trusts which invest in smaller companies may involve a higher degree of risk as small cap markets tend to be much more volatile than their larger capitalisation counterparts. Where a trust invests in non investment grade bonds an increase in the risk to capital will arise. Where permitted, a trust may invest in other investment trusts that utilise gearing (leverage) which will exaggerate market movements both up and down.

JPMorgan Asset Management Marketing Limited is authorised and regulated by the Financial Conduct Authority. Registered in England No. 28853.Registered Office: 25 Bank Street, Canary Wharf, London E14 5JP.

## Glossary

**Annual volatility:** Volatility is one measure used to assess the risk of a portfolio as it helps to describe the likely range of returns achieved by the fund. In statistical terms it is the standard deviation of the return distribution. Greater volatility of monthly Net Asset Value returns means that there is a wider range of likely returns in the future, or greater uncertainty regarding the fund return. Most investors would equate this greater uncertainty with greater risk. Gearing will have an impact on the volatility of an investment trust.

**Benchmark comparison:** Comparison of the Company's performance is made with the benchmark. The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not follow or track this index and therefore there may be a degree of divergence between its performance and that of the Company.

**Cash:** Net current assets and includes investment in liquidity funds & treasury stocks (if held) and drawn revolving credit facilities (if any) with an original maturity of less than 1 year.

**Correlation:** Correlation describes the way in which Net Asset Value has moved relative to the benchmark. Correlation coefficients range between +1.0 for assets which consistently move in the same direction, and -1.0 for assets which consistently move in the opposite direction. Assets with a correlation of zero are unrelated. Portfolios combining assets with low correlations provide diversification or risk reduction benefits, potentially without decreasing total portfolio return.

**Actual gearing:** Total portfolio less liquidity stocks, divided by net assets plus income cash and any effects of performance fees and revenue reserve accruals where applicable.

**Gearing range:** Indication of the maximum and minimum percentage by which the Company may be geared.

**Information ratio:** This is the difference between the annualised average fund return and the annualised average benchmark return (calculated geometrically) divided by the annualised tracking error. The higher the ratio, the better, as it shows that the risk taken by the fund manager relative to the benchmark has been rewarded. Gearing will have an impact on the information ratio.

**Sector/Geographical breakdowns:** These are expressed as a percentage of total portfolio and cash. Investments in liquidity funds will be shown as cash.

**Top 10 holdings:** These are expressed as a percentage of total portfolio and cash. Investments in liquidity funds / treasury stocks will not be shown in the top 10 holdings.

**Ongoing charges:** Management fees and all other operating expenses, excluding interest payments and commissions which are treated as a separate capital item, expressed as a percentage of the average of the opening and closing net assets. This calculation is based on the financial year end data and will be updated annually.

**Tracking error:** Tracking error measures the standard deviation of relative returns, i.e. the Net Asset Value return less the benchmark return. Tracking error is often used as a measure of risk taken against the fund's benchmark with a larger tracking error indicating that greater risks were taken relative to the benchmark in achieving the return of the fund. Gearing will increase a tracking error.