

A N N U A L R E P O R T

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**J.P.Morgan**  
Asset Management

**SPONSOR****JPMorgan Asset Management (Asia) Inc.**

270 Park Avenue, New York,  
New York 12017, USA

**TRUSTEE****JPMorgan Mutual Fund India Private Limited**

*Registered office:*

Kalpataru Synergy, 3<sup>rd</sup> Floor,  
West Wing, Santacruz (East),  
Mumbai 400 055,  
India.

**ASSET MANAGEMENT COMPANY****JPMorgan Asset Management India Private Limited**

*Registered office:*

Kalpataru Synergy, 3<sup>rd</sup> Floor,  
West Wing, Santacruz (East),  
Mumbai 400 055,  
India.

**CUSTODIAN****Deutsche Bank AG,**

Mumbai Branch,  
Sir Hazarimal Somani Marg,  
Fort, Mumbai 400 001,  
India.

**STATUTORY AUDITORS****Price Waterhouse**

252, Veer Savarkar Marg,  
Shivaji Park, Dadar (West),  
Mumbai 400 028,  
India.

**REGISTRAR & TRANSFER AGENT****Deutsche Investor Services Private Limited**

2nd Floor, Tower 1, Logitech Park,  
M.V. Road, Saki Naka,  
Andheri (East), Mumbai 400 072,  
India.

**BOARD OF DIRECTORS****JPMorgan Mutual Fund India Private Limited**

- 1) Mr. Jagadish Salunkhe
- 2) Mr. P. G. R. Prasad
- 3) Dr. Dharmendra Bhandari
- 4) Mr. M. G. Bhide
- 5) Mr. N. Balasubramanian  
[resigned, effective December 11, 2008]

**JPMorgan Asset Management India Private Limited**

- 1) Mr. Krishnamurthy Vijayan
- 2) Mr. Roger Hepper  
[appointed, effective December 19, 2008]
- 3) Mrs. Kalpana Morparia  
[appointed, effective December 19, 2008]
- 4) Mr. D. N. Mungale
- 5) Mr. A. P. Kurian
- 6) Mr. K. G. Vassal
- 7) Mr. T. P. Ostwal
- 8) Mr. N. Balasubramanian  
[appointed, effective December 19, 2008]
- 9) Mr. Anthony Morgan  
[resigned, effective December 18, 2008]

# Trustees' Report for the year ended March 31, 2009

## JPMorgan Mutual Fund India Private Limited

Kalpataru Synergy, 3rd Floor, West Wing, Santacruz (E),  
Mumbai - 400 055

### 1) SCHEMES PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF SCHEMES

From the date of inception till March 31, 2009 the Fund has launched three Equity Schemes - JPMorgan India Equity Fund ("JPMIEF"), JPMorgan India Smaller Companies Fund ("JPMISCF") and JPMorgan India Tax Advantage Fund ("JPMITAF"), a Liquid Scheme - JPMorgan India Liquid Fund ("JPMILF"), two Income Schemes - JPMorgan India Treasury Fund ("JPMITF") and JPMorgan India Active Bond Fund ("JPMIABF") and an Interval Scheme - JPMorgan India Alpha Fund ("JPMIAF").

#### a) Scheme Performance

##### JPMorgan India Equity Fund

Scheme Returns as on March 31, 2009		
	Scheme	BSE - 200
Since Inception	-21.63%	-20.65%
1 Year	-40.92%	-40.98%

Note: CAGR are given for more than one year. Absolute returns of the growth option are computed for a period of less than one year. "Since inception" returns are calculated on Rs. 10/- invested at inception. Past performance may or may not be sustained in future.

##### JPMorgan India Smaller Companies Fund

Scheme Returns as on March 31, 2009		
	Scheme	CNX - Mid Cap
Since Inception	-60.69%	-53.11%
1 Year	-57.77%	-45.40%

Note: CAGR are given for more than one year. Absolute returns of the growth option are computed for a period of less than one year. "Since inception" returns are calculated on Rs. 10/- invested at inception. Past performance may or may not be sustained in future.

##### JPMorgan India Tax Advantage Fund

Scheme Returns as on March 31, 2009		
	Scheme	BSE - 200
Since Inception	0.17%	7.42%

Note: Absolute returns of the growth option are computed. "Since inception" returns are calculated on Rs. 10/- invested at inception. Past performance may or may not be sustained in future.

##### JPMorgan India Liquid Fund

###### Super Institutional

Scheme Returns as on March 31, 2009		
	Scheme	CRISIL Liquid Fund Index
Since Inception	8.79%	8.12%
1 Year	9.18%	8.81%

###### Retail

Scheme Returns as on March 31, 2009		
	Scheme	CRISIL Liquid Fund Index
Since Inception	4.83%	4.98%
1 Year	NA	8.81%

Note: The Allotment date of the retail plan of the scheme is 16th September 2008. CAGR are given for more than one year. Absolute returns of the

growth option are computed for a period of less than one year. "Since inception" returns are calculated on Rs. 10/- invested at inception. Past performance may or may not be sustained in future.

##### JPMorgan India Treasury Fund

###### Super Institutional

Scheme Returns as on March 31, 2009		
	Scheme	CRISIL Liquid Fund Index
Since Inception	9.03%	8.12%
1 Year	9.25%	8.81%

###### Retail

Scheme Returns as on March 31, 2009		
	Scheme	CRISIL Liquid Fund Index
Since Inception	4.81%	4.99%
1 Year	NA	8.81%

Note: The Allotment date of the retail plan of the scheme is 16th September 2008. CAGR are given for more than one year. Absolute returns of the growth option are computed for a period of less than one year. "Since inception" returns are calculated on Rs. 10/- invested at inception. Past performance may or may not be sustained in future.

##### JPMorgan India Active Bond Fund

Scheme Returns as on March 31, 2009			
	Institutional Growth	Retail Growth	CRISIL Composite Bond Fund Index
Since Inception	3.39%	2.80%	8.54%

Note: Absolute returns of the growth option are computed. "Since inception" returns are calculated on Rs. 10/- invested at inception. Past performance may or may not be sustained in future.

##### JPMorgan India Alpha Fund

Scheme Returns as on March 31, 2009		
	Scheme	CRISIL Liquid Fund Index
Since Inception	4.30%	4.80%

Note: Absolute returns of the growth option are computed. "Since inception" returns are calculated on Rs. 10/- invested at inception. Past performance may or may not be sustained in future.

### b) Future Outlook

We commenced our India business in February 2007 and in just over 2 years, manage close to INR 38 billion\* worth of assets spread across 7 funds. We have over 1,80,000 investor folios spread across 141 cities in the country as on 31st March, 2009.

We launched in India with a clear agenda of bringing the inherent strengths of JPMorgan Asset Management into the country, namely: Excellent systems and processes. Strong risk management & controls, The best of investment styles

We always work closely with the local regulator to see if we can contribute in any way to developing the market, with our collective experience in various countries. Our outlook is very positive towards

# Trustees' Report for the year ended March 31, 2009

working along with our industry association, AMFI and our Regulators, to help raise the awareness levels of the public towards the mutual funds and thus accelerate the growth of this sector.

In partnership with our distributors, we hope to grow our business at a steady pace for long term growth and stability. In keeping with our commitment to our distribution partners, we are planning to launch an e-learning platform which will be the first of its kind in the Indian Mutual Fund industry. With this initiative, we endeavour to empower our distribution partners with the skills, knowledge and tools that will help them conduct their business better.

At JPMorgan Asset Management, we strongly believe in "information before investing" and an informed distributor translates to a more informed investor.

\* Assets under management as on May 31, 2009

## c) Operations of Schemes

With a view to safeguard the interests of investors, our constant endeavour will be towards evolving suitable product offerings, as would suit investors needs, such as Systematic Investment Plans, Systematic Transfer Plans and so forth.

## 2) BRIEF BACKGROUND OF SPONSOR, TRUST, TRUSTEE CO. AND AMC CO.

### a) JPMorgan Asset Management (Asia) Inc. (Sponsor)

The Sponsor for JPMorgan Mutual Fund is JPMorgan Asset Management (Asia) Inc. The Sponsor is a wholly-owned indirect subsidiary of JPMorgan Chase & Co. and a part of the JPMorgan Chase Group. JPMorgan Chase is among the world's leading global financial services firms. The Sponsor serves as the holding company for many Asian asset management businesses of JPMorgan Chase and its principal activity is to undertake asset management businesses through operating subsidiaries established for this purpose in the Asia Pacific region. The Sponsor holds 75% of the paid-up equity capital of the AMC. The balance 25% is held by J.P. Morgan India Private Limited. J.P. Morgan India Private Limited is a SEBI registered merchant banker, underwriter, a trading member of the capital market segments of the BSE and the NSE and trading-cum-clearing member of the derivatives segments of the BSE and the NSE.

### b) JPMorgan Mutual Fund (Trust)

JPMorgan Mutual Fund (JPMMF) was set up as a Trust by the Settlers, JPMorgan Asset Management (Asia) Inc. on December 4, 2006 with JPMorgan Mutual Fund India Private Limited (the Trustee Company) as a Trustee in accordance with the provisions of the Indian Trust Act, 1882 and is duly registered under the Indian Registration Act, 1908. The Trustee has entered into an Investment Management Agreement dated December 6, 2006 with JPMorgan Asset Management India Private Limited (the AMC) to function as the Investment Manager for all the Schemes of JPMMF. JPMMF was registered with SEBI on February 8, 2007.

### c) JPMorgan Mutual Fund India Private Limited (the Trustee)

The Trustee is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the Regulations and the Trust Deed. The Trustee seeks to ensure that the Fund and the Schemes floated there under are managed by the AMC in accordance with the Trust Deed, the Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

### d) JPMorgan Asset Management India Private Limited (the AMC)

JPMorgan Asset Management India Private Limited is a company incorporated and registered under the provisions of the Companies Act, 1956 having its registered office at Kalpataru Synergy, 3<sup>rd</sup> Floor, West Wing, Santacruz - East, Mumbai 400 055. The AMC has been appointed to act as an Asset Management Company for JPMorgan Mutual Fund

(JPMMF), a mutual fund approved by the Securities and Exchange Board of India (SEBI), by way of an Investment Management agreement dated December 6, 2006.

## 3) INVESTMENT OBJECTIVES OF THE SCHEMES

### a) JPMorgan India Equity Fund

The investment objective of the Scheme is to generate income and long-term capital growth from a diversified portfolio of predominantly equity and equity-related securities including equity derivatives. However, there can be no assurance that the investment objective of the scheme will be realised.

### b) JPMorgan India Smaller Companies Fund

The investment objective is to seek to generate long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities focused on smaller companies. Generally, the universe will be the companies constituting the bottom fourth by way of market capitalization of stocks listed on the NSE or the BSE. The fund manager may from time to time include other equity and equity related securities outside the universe to achieve optimal portfolio construction. However, there can be no assurance that the investment objective of the scheme will be realised.

### c) JPMorgan India Tax Advantage Fund

The investment objective of the Scheme is to generate income and long-term capital appreciation from a diversified portfolio of predominantly equity and equity-related Securities. However, there can be no assurance that the investment objective of the Scheme will be realized, as actual market movements may be at variance with anticipated trends.

### d) JPMorgan India Liquid Fund

The investment objective of the Scheme is to provide reasonable returns, commensurate with low risk while providing a high level of liquidity, through a portfolio of money market and debt securities. However, there can be no assurance that the investment objectives of the Scheme will be realised.

### e) JPMorgan India Treasury Fund

The investment objective is to provide liquidity and optimal returns to the investors by investing primarily in a mix of short-term debt and money market instruments which results in a portfolio having marginally higher maturity and moderately higher credit risk as compared to a liquid fund, at the same time maintaining a balance between safety and liquidity.

However, there can be no assurance that the investment objective of the Scheme will be realised.

### f) JPMorgan India Active Bond Fund

To generate optimal returns while maintaining liquidity through active management of the portfolio by investing in debt and money market instruments. However, there can be no assurance that the investment objective of the Scheme will be realized.

### g) JPMorgan India Alpha Fund

The investment objective of the Scheme is to achieve a total return in excess of the return on short-term instruments through various strategies of buying and selling equity and equity-linked Securities including derivatives. The strategies would be designed to minimise market exposure for investors with a medium to long term horizon. However, there can be no assurance that the investment objective of the Scheme will be realized.

## 4) ACCOUNTING POLICIES

All accounting policies are in accordance with Securities Exchange Board of India (Mutual Fund) Regulations 1996.

# Trustees' Report for the year ended March 31, 2009

## 5) UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of no. of investors and corresponding amount schemewise:

Scheme	Unclaimed Dividends		Unclaimed Redemptions	
	Amount (Rs.)	No. of Investors	Amount (Rs.)	No. of Investors
JPMorgan India Equity Fund	7.00 Lakhs	199	18.62 Lakhs	37
JPMorgan India Smaller Companies Fund	NIL	NIL	0.53 Lakhs	4
JPMorgan India Tax Advantage Fund	NIL	NIL	NIL	NIL
JPMorgan India Liquid Fund	NIL	NIL	NIL	NIL
JPMorgan India Treasury Fund	NIL	NIL	NIL	NIL
JPMorgan India Active Bond Fund	NIL	NIL	NIL	NIL
JPMorgan India Alpha Fund	NIL	NIL	NIL	NIL

Note: Reminder letters have been sent to the investors on various occasions, with regard to unclaimed amounts.

## 6) STATUTORY INFORMATION

- a) The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond their initial contribution (to the extent contributed) of Rs. 1,00,000/- for setting up the Fund, and such other accretions / additions to the same.
- b) The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c) Full Annual Report shall be disclosed on the website ([www.jpmorganmf.com](http://www.jpmorganmf.com)) and shall be available for inspection at the Head Office of the mutual fund. Present and prospective unit holders can obtain copy of the trust deed, the full Annual Report of the Fund / AMC at a price.

For JPMorgan Mutual Fund India Private Limited

Sd/-  
**Mr. Jagadish Salunkhe**  
Chairman

Place: Mumbai  
Date: July 17, 2009

# JPMorgan India Tax Advantage Fund

An open-ended equity linked savings scheme

## AUDITORS' REPORT

To,

**The Trustee**  
**JPMORGAN MUTUAL FUND**

1. We have audited the Balance Sheet of JPMorgan Mutual Fund – JPMorgan India Tax Advantage Fund ("The Scheme") as at March 31, 2009 and the related Revenue Account for the period December 18, 2008 to March 31, 2009 both of which we have signed under reference to this report. These financial statements are the responsibility of Trustee of JPMorgan Mutual Fund and the Management of JPMorgan Asset Management India Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of unit capital balances as at March 31, 2009 by correspondence with the registrar and transfer agent. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.

4. In our opinion and to the best of our information and according to the explanations given to us:

- (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively a true and fair view of the state of affairs of JPMorgan Mutual Fund – JPMorgan India Tax Advantage Fund as at March 31, 2009 and its net surplus for the period December 18, 2008 to March 31, 2009.
- (ii) The Balance Sheet as at March 31, 2009, and the Revenue Account for the period December 18, 2008 to March 31, 2009, of the Scheme together with the notes thereon, have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.

**K. H. Vachha**  
Partner  
Membership No. F/30798

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Mumbai  
Date: July 17, 2009

# JPMorgan India Tax Advantage Fund

An open-ended equity linked savings scheme

## BALANCE SHEET AS AT MARCH 31, 2009

	<u>Schedule</u>	<u>March 31, 2009</u> <u>Rupees</u>
<b>ASSETS</b>		
Other Current Assets	1	9,036,162
<b>TOTAL</b>		<b>9,036,162</b>
<b>LIABILITIES</b>		
Unit Capital	2	8,977,373
Reserves and Surplus	3	15,692
Current Liabilities and Provisions	4	43,097
<b>TOTAL</b>		<b>9,036,162</b>

### RECONCILIATION OF NET ASSET VALUE PER UNIT

	<u>March 31, 2009</u> <u>Growth</u> <u>Option</u> <u>Rupees</u>	<u>March 31, 2009</u> <u>Dividend</u> <u>Option</u> <u>Rupees</u>	<u>March 31, 2009</u> <u>Total</u> <u>Rupees</u>
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions ) (Note 2.6)	5,693,673	3,299,392	8,993,065
Number of Units in Issue	568,373.156	329,364.157	
<b>Net Asset Value per Unit</b>	<b>10.017</b>	<b>10.017</b>	

Notes to the Financial Statements.

6

The Schedules referred to herein form an integral part of the Financial Statements.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Sd/-  
**K. H. Vachha**  
Partner

Place: Mumbai  
Date: July 17, 2009

For and on behalf of  
**JPMorgan Asset Management India Private Limited**

Sd/-  
**Mr. Krishnamurthy Vijayan**  
Executive Chairman

Sd/-  
**Mr. K. G. Vassal**  
Director

Sd/-  
**Mr. Harshad M Patwardhan**  
Head - Equity and Fund Manager

Place: Mumbai  
Date: July 17, 2009

For and on behalf of  
**JPMorgan Mutual Fund India**  
**Private Limited**

Sd/-  
**Mr. Jagadish Salunkhe**  
Chairman

Sd/-  
**Dr. Dharmendra Bhandari**  
Director

Place: Mumbai  
Date: July 17, 2009

# JPMorgan India Tax Advantage Fund

An open-ended equity linked savings scheme

## REVENUE ACCOUNT FOR THE PERIOD DECEMBER 18, 2008 TO MARCH 31, 2009

	Schedule	December 18, 2008 to March 31, 2009 Rupees
<b>INCOME AND GAINS</b>		
Interest and Discount	5	47,165
<b>TOTAL</b>		<b>47,165</b>
<b>EXPENSES AND LOSSES</b>		
Investment Management and Advisory Fees (Note 4)		16,546
Transfer Agent Fees and Expenses		4,236
Trusteeship Fees and Expenses (Note 5)		661
Custodian Fees and Expenses (Note 6)		630
Audit Fees		6,000
Selling and Distribution Expenses		12,260
Other Operating Expenses		11,238
		<b>51,571</b>
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		18,479
<b>TOTAL</b>		<b>33,092</b>
<b>Net Surplus for the Period</b>		<b>14,073</b>

December 18, 2008 to March 31, 2009		
Growth Option Rupees	Dividend Option Rupees	Total Rupees
8,933	5,140	14,073
997	614	1,611
<b>9,930</b>	<b>5,754</b>	<b>15,684</b>

Net Surplus for the Period by Option  
Transfer from Income Equalisation Reserve (Note 2.8)

**Balance Transferred to Reserve Fund**

Notes to the Financial Statements.

6

The Schedules referred to herein form an integral part of the Financial Statements.

This is the Revenue Account referred to in our report of even date.

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Sd/-  
**K. H. Vachha**  
Partner

Place: Mumbai  
Date: July 17, 2009

For and on behalf of  
**JPMorgan Asset Management India Private Limited**

Sd/-  
**Mr. Krishnamurthy Vijayan**  
Executive Chairman

Sd/-  
**Mr. K. G. Vassal**  
Director

Sd/-  
**Mr. Harshad M Patwardhan**  
Head - Equity and Fund Manager

Place: Mumbai  
Date: July 17, 2009

For and on behalf of  
**JPMorgan Mutual Fund India  
Private Limited**

Sd/-  
**Mr. Jagadish Salunkhe**  
Chairman

Sd/-  
**Dr. Dharmendra Bhandari**  
Director

Place: Mumbai  
Date: July 17, 2009



**JPMorgan India Tax Advantage Fund** An open-ended equity linked savings scheme

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND  
THE REVENUE ACCOUNT FOR THE PERIOD DECEMBER 18, 2008 TO MARCH 31, 2009**

	<b>March 31, 2009 Rupees</b>
<b>SCHEDULE 1</b>	
<b>OTHER CURRENT ASSETS</b>	
Balances with Banks - in Current Account	966,012
Reverse Repos	7,932,584
Unit Subscriptions Receivable	118,000
Interest Receivable - Reverse Repos	1,087
Receivable from Investment Manager	18,479
<b>TOTAL</b>	<b>9,036,162</b>

	<b>March 31, 2009 Rupees</b>	<b>March 31, 2009 Units</b>
<b>SCHEDULE 2</b>		
<b>UNIT CAPITAL</b>		
<b>Growth Option</b>		
<b>Issued and Subscribed:</b>		
Units of Rs.10 each fully paid up	4,690,049	469,004.948
<b>Outstanding:</b>		
Initial Issue and Subscription	4,690,049	469,004.948
Issued during the period	993,682	99,368.208
At the end of the period	5,683,731	568,373.156
<b>Dividend Option</b>		
<b>Issued and Subscribed:</b>		
Units of Rs.10 each fully paid up	2,735,644	273,564.418
<b>Outstanding:</b>		
Initial Issue and Subscription	2,735,644	273,564.418
Issued during the period	557,998	55,799.739
At the end of the period	3,293,642	329,364.157
<b>TOTAL</b>	<b>8,977,373</b>	<b>897,737.313</b>

	<b>March 31, 2009 Growth Option Rupees</b>	<b>March 31, 2009 Dividend Option Rupees</b>	<b>March 31, 2009 Total Rupees</b>
<b>SCHEDULE 3</b>			
<b>RESERVES AND SURPLUS</b>			
<b>Unit Premium Reserve (Note 2.7)</b>			
Added during the period	12	(4)	8
At the end of the period	12	(4)	8
<b>Income Equalisation Reserve (Note 2.8)</b>			
Added during the period	997	614	1,611
Transferred to Revenue Account	(997)	(614)	(1,611)
At the end of the period	-	-	-
<b>Reserve Fund</b>			
Balance transferred from Revenue Account	9,930	5,754	15,684
At the end of the period	9,930	5,754	15,684
<b>TOTAL</b>	<b>9,942</b>	<b>5,750</b>	<b>15,692</b>

**JPMorgan India Tax Advantage Fund** An open-ended equity linked savings scheme

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND  
THE REVENUE ACCOUNT FOR THE PERIOD DECEMBER 18, 2008 TO MARCH 31, 2009 (contd....)**

	<u>March 31, 2009</u> Rupees
<b>SCHEDULE 4</b>	
<b>CURRENT LIABILITIES AND PROVISIONS</b>	
<b>Current Liabilities</b>	
Investment Management and Advisory Fees	7,988
Transfer Agent Fees and Expenses	2,129
Trusteeship Fees and Expenses	323
Custodian Fees and Expenses	398
Audit Fees	5,321
Selling and Distribution Expenses	20,417
Load (Note 2.9)	582
Inter Scheme Payable - Others	231
Sundry Payables	5,708
<b>TOTAL</b>	<u><u>43,097</u></u>
	<u>December 18, 2008 to</u> <u>March 31, 2009</u> Rupees
<b>SCHEDULE 5</b>	
<b>INTEREST AND DISCOUNT (Note 2.4)</b>	
Reverse Repos	19,886
Collateralised Borrowing and Lending Obligation	27,279
<b>TOTAL</b>	<u><u>47,165</u></u>

# JPMorgan India Tax Advantage Fund

An open-ended equity linked savings scheme

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE REVENUE ACCOUNT FOR THE PERIOD DECEMBER 18, 2008 TO MARCH 31, 2009 (contd....)

### SCHEDULE 6

#### NOTES TO THE FINANCIAL STATEMENTS

##### 1 Organisation

JPMorgan India Tax Advantage Fund (the "Scheme") is an open-ended equity linked savings scheme of JPMorgan Mutual Fund (the "Fund") and was launched on December 18, 2008. JPMorgan Mutual Fund has been sponsored by JPMorgan Asset Management (Asia) Inc. JPMorgan Asset Management India Private Limited incorporated under the Companies Act, 1956 has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on January 16, 2009 and reopened for issue and redemption of units on January 30, 2009. The Scheme has been prepared pursuant to the notifications dated November 3, 2005 and December 13, 2005 issued by the Department of Economic Affairs, Ministry of Finance, Government of India or such other Scheme as the Central Government may by notification in the Official Gazette specify under section 80C of the Income Tax Act, 1961. The investment objective of the Scheme is to generate income and long-term capital appreciation from a diversified portfolio of predominantly equity and equity-related securities. The Scheme has two options - Growth and Dividend Option.

The Scheme will not declare dividend under the Growth Option in normal circumstances. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

##### 2 Significant Accounting Policies

###### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (SEBI) (Mutual Funds) Regulations, 1996 ("the Regulation") and amendments thereto, as applicable.

###### 2.2 Portfolio Valuation

Investments are stated at market/fair value at the Balance Sheet date/date of determination. In valuing the Scheme's investments:

- (i) Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- (ii) Non traded money market instruments are valued at cost plus accrued interest.

Following the issue of guidance note on accounting for investments in the financial statements of the mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealised appreciation/depreciation in the value of investments is determined separately for each category of investments. In respect of each category of investments, the net change in the unrealised appreciation if any, between two balance sheet dates/valuation dates is accounted through the Revenue Account and thereafter the net unrealised appreciation is transferred from the Revenue Account to the Unrealised Appreciation Reserve. The net depreciation if any, is accounted through the Revenue Account.

Net unrealised appreciation is reduced from the distributable income at the time of income distribution.

###### 2.3 Securities Transactions

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realised gain or loss on sale of investments.

###### 2.4 Investment Income

Interest and dividend income are recorded on an accrual basis.

###### 2.5 Initial Issue Expenses

Initial issue expenses upto 2.25% of the amount mobilised during the new fund offering period was borne from the entry load collected from the investors during the new fund offering period. Expenses over and above the applicable entry load were borne by the asset management company.

###### 2.6 Net Asset Value for Growth/Dividend Option

The net asset value of the units of the Scheme is determined separately for the units issued under Growth and Dividend Option.

For reporting the net asset value for the Options, daily income earned, including realised and unrealised gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Options in proportion to the value of the units outstanding.

###### 2.7 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the income equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments.

###### 2.8 Income Equalization Reserve

The net distributable income relating to units issued/repurchased is transferred to/from income equalization reserve for determining the net surplus/deficit, transferred from/to unit premium reserve.

###### 2.9 Load

Load collected is retained under a separate account in the Scheme and is utilized to meet the selling and distribution expenses of the Scheme.

##### 3 Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognised mutual fund under Section 10 (23D) of the Income tax Act, 1961 of India.

##### 4 Investment Management Fees

The Scheme has paid or provided for investment management and advisory fees payable to JPMorgan Asset Management India Private Limited for managing the Scheme at an average annual rate of 1.25% of the average daily net asset values recorded by the Scheme. All costs, charges and expenses incurred by JPMorgan Asset Management India Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations are on their own account for which they receive investment management and advisory fees.

# JPMorgan India Tax Advantage Fund An open-ended equity linked savings scheme

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND THE REVENUE ACCOUNT FOR THE PERIOD DECEMBER 18, 2008 TO MARCH 31, 2009 (contd....)

### SCHEDULE 6

#### NOTES TO THE FINANCIAL STATEMENTS (contd....)

#### 5 Trustee Fees

In accordance with the Trust Deed dated December 4, 2006 between JPMorgan Asset Management (Asia) Inc. (the "Settlor") and JPMorgan Mutual Fund India Private Limited (the "Trustee"), the Scheme has paid or provided for trustee fees payable to the Trustee at the rate of 0.05% (annualised) of the average daily net asset values recorded by the schemes of the Fund or Rs. one crore per annum, in aggregate for all the Schemes of the Fund, whichever is lower.

#### 6 Custodian Fees

Deutsche Bank AG, Mumbai Branch provides custodial services to the Scheme for which it receives custody fees.

#### 7 Limitation on Expenses

The total expenses chargeable to the Scheme is limited to 2.50% (annualised) of the average daily net assets. JPMorgan Asset Management India Private Limited has borne Rs. 18,479 in excess of the above mentioned percentage of the average daily net assets to be charged to the Scheme as total expenses for the period.

#### 8 Income and Expenses

The total Income and total expenses is Rs. 47,165 and Rs. 33,092 respectively being 3.56% (annualised) and 2.50% (annualised) of the average daily net assets.

#### 9 Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended (SEBI Regulations) and in accordance with Accounting Standard 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India (ICAI)

The Scheme has entered into transactions with certain related parties. The information required in this regard in accordance with Accounting Standard 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India and Regulation 25(8) of SEBI Regulations, is provided below:

##### (i) Related party relationships during the period

Name	Description of Relationship
JPMorgan Asset Management (Asia) Inc.	Sponsor of the Fund*
JPMorgan Mutual Fund India Private Limited	Trustee to the schemes of JPMorgan Mutual Fund
JPMorgan Asset Management India Private Limited	Investment Manager to the Schemes of JPMorgan Mutual Fund

\* There were no transactions with the Sponsor of the Fund during the period

##### (ii) Schemes of the Fund under the Common Control of the Sponsor during the period.

- JPMorgan India Equity Fund
- JPMorgan India Treasury Fund (formerly JPMorgan India Liquid Plus Fund)
- JPMorgan India Liquid Fund
- JPMorgan India Active Bond Fund (with effect from June 09, 2008)
- JPMorgan India Smaller Companies Fund
- JPMorgan India Alpha Fund (with effect from July 31, 2008)

##### (iii) Key Management Personnel and their Relatives during the period

Krishnamurthy Vijayan\*, Director and the Executive chairman of the Investment Manager  
 Roger Hepper\*, Director of Investment Manager (with effect from December 18, 2008)  
 Kalpana Morparia\*, Director of Investment Manager (with effect from December 18, 2008)  
 A.P. Kurian\*, Director of the Investment Manager  
 M.G. Bhide\*, Director of the Trustee  
 Usha Vijayan\*, Relative of Key Management Personnel  
 Keshav Vijayan\*, Relative of Key Management Personnel  
 Jaisingh Morparia\*, Relative of Key Management Personnel  
 Lizy Kurian\*, Relative of Key Management Personnel  
 Suneeti Bhide\*, Relative of Key Management Personnel

\* There were no transactions during the period

(iv) The transactions with the related parties during the period in the ordinary course of business have been listed in **Annexure I**.

#### 10 Prior Period Comparatives

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

For and on behalf of <b>PRICE WATERHOUSE</b> Chartered Accountants	For and on behalf of <b>JPMorgan Asset Management India Private Limited</b>	For and on behalf of <b>JPMorgan Mutual Fund India Private Limited</b>
Sd/- <b>K. H. Vachha</b> Partner	Sd/- <b>Mr. Krishnamurthy Vijayan</b> Executive Chairman	Sd/- <b>Mr. Jagadish Salunkhe</b> Chairman
	Sd/- <b>Mr. Harshad M Patwardhan</b> Head - Equity and Fund Manager	Sd/- <b>Dr. Dharmendra Bhandari</b> Director
Place: Mumbai Date: July 17, 2009	Place: Mumbai Date: July 17, 2009	Place: Mumbai Date: July 17, 2009

**JPMorgan India Tax Advantage Fund** An open-ended equity linked savings scheme

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND  
THE REVENUE ACCOUNT FOR THE PERIOD DECEMBER 18, 2008 TO MARCH 31, 2009**

**ANNEXURE - I  
RELATED PARTY DISCLOSURES ( Schedule 6 - Note 9)**

(Rupees)

Nature of Transaction	Trustee	Investment Manager	Schemes under Common Control Sponsor of of the Fund	Total
<b>(i) TRANSACTIONS DURING THE PERIOD</b>				
Investment Management and Advisory Fees	-	16,546	-	16,546
Trusteeship Fees and Expenses	661	-	-	661
Reimbursement of Expenses	-	18,479	-	18,479
Nature of Transaction	Trustee	Investment Manager	Schemes under Common Control Sponsor of of the Fund	Total
<b>(ii) OUTSTANDING AS AT PERIOD END</b>				
Investment Management and Advisory Fees Payable	-	7,988	-	7,988
Trusteeship Fees and Expenses Payable	323	-	-	323
Other Payables	-	-	231	231
Other Receivables	-	18,479	-	18,479
				<b>December 18, 2008 to March 31, 2009</b>
<b>(iii) DETAILS OF MATERIAL TRANSACTIONS WITH RESPECT TO PARTIES REFERRED TO IN NOTE 9 (II) FOR SCHEMES UNDER COMMON CONTROL OF THE SPONSOR OF THE FUND</b>				
<b>Other Payables</b>				
JPMorgan India Equity Fund				231

# JPMorgan India Tax Advantage Fund

An open-ended equity linked savings scheme

## ANNEXURE - II DISCLOSURE UNDER REGULATION 25 (11) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS) REGULATIONS 1996 AS AMENDED

JPMorgan Mutual Fund has made following investments in companies or their subsidiaries which hold units in excess of 5% of the net asset value of any scheme of JPMorgan Mutual Fund for the year ended March 31,2009

*Rupees in lakhs*

Name of the Company	Schemes Invested in by the Company	Investments made by the Schemes of JPMorgan Mutual Fund in the Company or its Subsidiary	Aggregated for the Period under Regulation 25(11) at Cost	Outstanding as on March 31, 2009 at Market / Fair Value
Allahabad Bank	JPMorgan India Liquid Fund JPMorgan India Treasury Fund	JPMorgan India Treasury Fund	7,159.72	7,163.98
Bharti Airtel Ltd.	JPMorgan India Liquid Fund JPMorgan India Treasury Fund	JPMorgan India Equity Fund JPMorgan India Smaller Companies Fund	9,396.08 1,011.39	2,503.00 -
Cairn India Ltd.	JPMorgan India Treasury Fund	JPMorgan India Equity Fund	1,160.47	349.79
Cipla Ltd.	JPMorgan India Liquid Fund	JPMorgan India Equity Fund JPMorgan India Smaller Companies Fund	778.33 136.76	891.20 -
Crompton Greaves Ltd.	JPMorgan India Liquid Fund	JPMorgan India Equity Fund JPMorgan India Smaller Companies Fund	1,688.81 1,408.06	- 135.85
DCM Shriram Consolidated Ltd.	JPMorgan India Liquid Fund	JPMorgan India Treasury Fund	8,000.00	-
DSP Merrill Lynch Capital Ltd.	JPMorgan India Treasury Fund	JPMorgan India Active Bond Fund JPMorgan India Equity Fund JPMorgan India Liquid Fund JPMorgan India Smaller Companies Fund JPMorgan India Treasury Fund	5,000.00 8,175.00 18,275.12 1,920.00 30,462.47	- - - - -
Export Import Bank Of India	JPMorgan India Liquid Fund JPMorgan India Treasury Fund	JPMorgan India Treasury Fund	4,882.10	-
Financial Technologies India	JPMorgan India Active Bond Fund JPMorgan India Treasury Fund	JPMorgan India Equity Fund JPMorgan India Smaller Companies Fund	1,154.61 460.89	- -
Global Trade Finance Ltd.	JPMorgan India Liquid Fund JPMorgan India Treasury Fund	JPMorgan India Smaller Companies Fund	5,000.00	-
Grasim Industries Ltd.	JPMorgan India Treasury Fund	JPMorgan India Equity Fund JPMorgan India Smaller Companies Fund	6,931.25 2,347.07	870.18 -
HDFC Bank Ltd.	JPMorgan India Treasury Fund	JPMorgan India Equity Fund JPMorgan India Smaller Companies Fund	7,705.67 1,973.82	2,529.41 -
Hero Honda Motors Ltd.	JPMorgan India Active Bond Fund	JPMorgan India Equity Fund	992.42	642.69
ICICI Bank Ltd.	JPMorgan India Liquid Fund	JPMorgan India Equity Fund JPMorgan India Liquid Fund JPMorgan India Smaller Companies Fund JPMorgan India Treasury Fund	17,069.92 13,389.12 1,294.08 41,410.30	1,996.80 983.24 - 6,391.08
ITC Ltd.	JPMorgan India Active Bond Fund JPMorgan India Treasury Fund	JPMorgan India Equity Fund JPMorgan India Smaller Companies Fund	6,439.56 1,993.52	3,724.53 -
Jammu & Kashmir Bank Ltd.	JPMorgan India Treasury Fund	JPMorgan India Liquid Fund	3,496.45	-
Jindal Saw Ltd.	JPMorgan India Liquid Fund	JPMorgan India Liquid Fund JPMorgan India Treasury Fund	7,000.00 27,501.73	- -
Larsen & Toubro Ltd.	JPMorgan India Active Bond Fund JPMorgan India Alpha Fund JPMorgan India Equity Fund JPMorgan India Liquid Fund JPMorgan India Treasury Fund	JPMorgan India Equity Fund JPMorgan India Smaller Companies Fund	10,741.93 2,819.71	1,524.08 -
Max India Ltd.	JPMorgan India Treasury Fund	JPMorgan India Equity Fund JPMorgan India Smaller Companies Fund	1,760.65 1,434.76	- -
Shriram Transport Finance Co. Ltd.	JPMorgan India Liquid Fund	JPMorgan India Active Bond Fund JPMorgan India Equity Fund JPMorgan India Liquid Fund JPMorgan India Smaller Companies Fund JPMorgan India Treasury Fund	12,300.41 3,062.96 12,746.72 3,639.73 12,500.00	- 267.09 - 202.80 -
Sintex Industries Ltd.	JPMorgan India Liquid Fund	JPMorgan India Equity Fund JPMorgan India Smaller Companies Fund	2,252.36 2,295.56	- -
Sun Pharmaceutical Industries Ltd.	JPMorgan India Liquid Fund	JPMorgan India Equity Fund	1,375.04	722.44
Tata Consultancy Services Ltd.	JPMorgan India Liquid Fund JPMorgan India Treasury Fund	JPMorgan India Equity Fund	2,042.43	-
UCO Bank	JPMorgan India Liquid Fund JPMorgan India Treasury Fund	JPMorgan India Liquid Fund JPMorgan India Treasury Fund	3,457.75 8,078.99	1,481.10 5,777.36

# JPMorgan India Tax Advantage Fund

An open-ended equity linked savings scheme

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**Investment objective: JPMorgan India Equity Fund (JPMIEF):** To generate income and long-term capital growth from a diversified portfolio of predominantly equity and equity-related securities including equity derivatives. However, there can be no assurance that the investment objective of the Scheme will be realized. **JPMorgan India Smaller Companies Fund (JPMISCF):** The investment objective is to seek to generate long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities focused on smaller companies. Generally, the universe will be the companies constituting the bottom fourth by way of market capitalization of stocks listed on the National Stock Exchange or The Bombay Stock Exchange. The fund manager may from time to time include other equity and equity related securities outside the universe to achieve optimal portfolio construction. However, there can be no assurance that the investment objective of the scheme will be realized. **JPMorgan India Alpha Fund (JPMIAF):** The investment objective of the Scheme is to achieve a total return in excess of the return on short-term instruments through various strategies of buying and selling equity and equity-linked Securities including derivatives. The strategies would be designed to minimise market exposure for investors with a medium to long term horizon. However, there can be no assurance that the investment objective of the Scheme will be realized. **JPMorgan India Tax Advantage Fund (JPMITAF):** The investment objective of the Scheme is to generate income and long-term capital appreciation from a diversified portfolio of predominantly equity and equity-related Securities. However, there can be no assurance that the investment objective of the Scheme will be realized, as actual market movements may be at variance with anticipated trends. **JPMorgan India Liquid Fund (JPMILF):** The investment objective of the Scheme is to provide reasonable returns, commensurate with low risk while providing a high level of liquidity, through a portfolio of money market and debt securities. However there can be no assurance that the investment objectives of the Scheme will be realized. **JPMorgan India Treasury Fund (JPMITF):** The investment objective is to provide liquidity and optimal returns to the investors by investing primarily in a mix of short term debt and money market instruments which results in a portfolio having marginally higher maturity and moderately higher credit risk as compared to a liquid fund at the same time maintaining a balance between safety and liquidity. However, there can be no assurance that the investment objective of the Scheme will be realized. **JPMorgan India Active Bond Fund (JPMIABF):** an open ended income scheme: To generate optimal returns while maintaining liquidity through active management of the portfolio by investing in debt and money market instruments. However, there can be no assurance that the investment objective of the Scheme will be realized.

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**Risk Factors:** Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee against loss in the Scheme or that the Scheme's objectives will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on various factors and forces affecting capital markets. Past performance of the Sponsor / AMC / Mutual Fund does not indicate the future performance of the Scheme. Investors in the Scheme are not being offered a guaranteed or assured rate of return. JPMorgan India Equity Fund, JPMorgan India Smaller Companies Fund, JPMorgan India Alpha Fund, JPMorgan India Tax Advantage Fund, JPMorgan India Liquid Fund, JPMorgan India Treasury Fund and JPMorgan India Active Bond Fund are only the name of the respective schemes and they do not in any manner indicate the quality of the Scheme(s) or their future prospects and returns. Mutual funds invest in securities which may not always be profitable and there can be no guarantee against loss resulting from investing in the Scheme. The Scheme's value may be impacted by fluctuations in the bond markets, fluctuations in interest rates, prevailing political, economic and social environments, changes in government policies and other factors specific to the issuer of the securities, tax Laws, liquidity of the underlying instruments, settlement periods, trading volumes, etc. Redemptions due to a change in the fundamental attributes of the Scheme or due to any other reason may entail tax consequences. Such tax shall be borne by the investor and the Mutual Fund shall not be liable for any tax consequences that may arise. For scheme specific risk factors, please refer to the Offer Document. **Terms of Issue and Mode of Sale:** Issue of Units of Rs. 10 per Unit at the Applicable Net Asset Value (NAV) subject to applicable Entry and Exit Loads / Contingent Deferred Sales Load (CDSL) thereafter. **Investor benefit and General services:** NAVs will be calculated on all business days and published in at least two daily newspapers. Purchase/redemption on all business days. For liquid scheme, the NAVs will be calculated on all calendar days and published on all business days in at least two daily newspapers.

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**Statutory details: Sponsor:** JPMorgan Asset Management (Asia) Inc. **Trustee:** JPMorgan Mutual Fund India Private Limited, a company incorporated under the Companies Act, 1956. **Asset Management Company:** JPMorgan Asset Management India Private Limited, a company incorporated under the Companies Act, 1956. JPMorgan Mutual Fund has been established as a Trust under the Indian Trusts Act, 1882, by JPMorgan Asset Management (Asia) Inc., liability restricted to initial contribution of Rs. 1 lakh. Please refer to the Offer Document before investing. Offer Documents, Key Information Memorandum and application forms are available at Investor Service Centres and distributors.

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\*\*\*\*"The JPMorgan India Smaller Companies Fund ("Product") is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (IISL). IISL makes no representation or warranty, express or implied to the owners of the Product or any member of the public regarding the advisability of investing in securities generally or in the Product particularly or the ability of the CNX Midcap Index to track general stock market performance in India. The relationship of IISL to the JPMorgan Asset Management India Pvt. Ltd. is in respect of the using of the trade name and the trade name of CNX Midcap Index for benchmarking purposes, which is determined, composed and calculated by IISL without regard to the JPMorgan Asset Management India Pvt. Ltd. or the Product. IISL has no obligation to take the needs of JPMorgan Asset Management India Pvt. Ltd. or the owners of the Product into consideration in determining, composing or calculating the CNX Midcap Index. IISL is not responsible for nor has participated in the determination of the timing of, prices at, or quantities of the Product to be issued or in determination or calculation of the equation by which the product is to be converted into cash. IISL has no obligation or liability in connection with the administration, marketing or trading of the Product."

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