



Half Year Report 08

JPMorgan Progressive Multi-Strategy Fund Limited

Half Year Report & Accounts for the six months ended 31st March 2008

Features

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History

JPMorgan Progressive Multi-Strategy Fund Limited (the "Company") is a closed-ended investment company with an unlimited life, incorporated in Guernsey and which is managed by JPMorgan Asset Management (UK) Limited (the "Manager"). The Company was incorporated on 14th February 2007 by a placing and offer for subscription. The Company was admitted to trading on the Alternative Investment Market ("AIM") of the London Stock Exchange and the Channel Islands Stock Exchange ("CISX") on 15th May 2007, raising £25,060,000 from the issue of 25,060,000 Sterling shares at £1 each.

Investment Objective and Policy

The Company's investment objective is to achieve over the medium to long term a return broadly comparable to direct equity investments but at a lower level of volatility.

- The Company's investment objective will be achieved through an investment policy of investing substantially all available funds in the Luxembourg domiciled JPMorgan Progressive Multi-Strategy Fund ("PM-S Fund") (or any successor vehicle to PM-S Fund) thereby aligning the Company's investment objective with that of PM-S Fund.
- PM-S Fund seeks to achieve its investment objective by gaining exposure to a diversified range of asset classes which may include, but is not limited to, equities, fixed income securities, money market instruments, real estate property funds, hedge funds and other alternative asset classes, on a worldwide basis, primarily through investment in undertakings for collective investments ("UCIs") managed by members of the JPMorgan Chase & Co. group, but also through investment in UCIs managed by other investment managers (collectively, "Underlying Funds").
- PM-S Fund may also seek to gain exposure to such various asset classes directly (excluding real estate property) or through the use of financial derivative instruments including, but not limited to, credit default swaps.
- It is not intended that any dividends will be paid on the Company's shares.

PM-S Fund

- PM-S Fund, into which the Company invests, is a sub-fund of JPMorgan Portfolio Strategies Funds II ("Portfolio Strategies Umbrella Fund"). Portfolio Strategies Umbrella Fund is an investment company organised as a "société d'investissement à capital variable" (namely, an investment company with variable capital and commonly referred to as a "SICAV") under the laws of the Grand Duchy of Luxembourg. Portfolio Strategies Umbrella Fund was incorporated in Luxembourg on 7 December 2005 for an unlimited period.
- PM-S Fund was launched in October 2006 by the JPMorgan Chase & Co. group and, since January 2007, has been open to third party investors.
- Following the admission of the Company to AIM and the investment of a significant proportion of the proceeds from the placing into PM-S Fund, the Company is the largest shareholder in PM-S Fund. As at 30th September 2007 and the date of this report, the Company is still the largest Shareholder in PM-S Fund.

Group

The Group comprises the Company and PM-S Fund.

Benchmark

MSCI World Index (hedged into Sterling).

Structure

The Company has an unlimited authorised share capital of redeemable participating shares of nil par value, designated as "Sterling shares". At 31st March 2008, 25,060,000 Sterling shares were in issue.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited to manage its assets.

Half Year Performance

Total Returns (capital plus income)

+0.5%

Share price return to shareholders¹

-4.0%

NAV return on net assets²

-14.6%

Benchmark total return³

Summary of Consolidated Results⁴

for the six months ended 31st March 2008

	31st March 2008	30th September 2007 ⁵	Change %
Returns			
Share price	98.0p	97.5p	+0.5
Net asset value per share	93.1p	97.0p	-4.0
Assets			
Shareholders' funds (£'000)	23,330	24,303	-4.0
Share price premium to net asset value	5.3%	0.5%	

A glossary of terms and definitions is provided on page 12.

¹Source: Standard & Poors – www.funds.morningstar.com

²Source: Fundamental Data Ltd. – www.funddata.com

³The Company's benchmark is the MSCI World Index (hedged into Sterling).

⁴Consolidated refers to the Group

⁵The comparative results cover the period from the date of incorporation of the Company on 14th February 2007 to 30th September 2007. The proceeds of the share Placing were received by the Company on 15th May 2007.

Chairman's Statement



As shareholders will be only too aware the six month period to 30th March 2008 was a rollercoaster ride for global markets and, accordingly, continued to test the Company's diversification strategy.

Under such difficult markets conditions, the return on net assets was negative. However, when compared to the Company's benchmark, the MSCI World Index (hedged into Sterling), it is pleasing to see that the benefits of investing across asset classes have helped the Company weather the storm rather better. The Company remained ungeared throughout the period.

As a Board we look forward to seeing how the Company's strategy will perform under more normal market conditions.

Please refer to the Investment Manager's report for detailed analysis of the Company's performance on a month by month basis.

Christopher Sherwell
Chairman

10th June 2008

Investment Manager's Report



JPMorgan Progressive Multi-Strategy Fund Limited ('the Company') aims to deliver equity like returns with significantly lower levels of volatility than the market over the medium to long term.

The last six months have seen equity and bond markets continue to pose difficulties for investors as the "credit crunch" deepened over the course of Q4 2007 and into the first three months of 2008. This translated into extremely volatile market conditions with levels of volatility in January and March passing levels seen in August, when the sub-prime crisis and subsequent liquidity withdrawal across financial markets started in earnest.

Over the period the NAV of the consolidated Group returned -4.0% compared with a return of -14.6% from the benchmark, giving an outperformance of 10.6%, with a level of volatility of nearly half that of the MSCI World Index (hedged into Sterling). The volatility of the Company saw a slight rise to 5.35%. In contrast the volatility of the benchmark, the MSCI World Index (hedged into Sterling) rose to 10.33% since launch, up from 7.15% last September.

A full breakdown of the Company's performance is shown below:

Date	NAV
Group's NAV as at 30th September 2007	97.00p
Company's NAV as at 31st October 2007	99.64p
Company's NAV as at 30th November 2007	97.50p
Company's NAV as at 31st December 2007	96.42p
Company's NAV as at 31st January 2008	93.44p
Company's NAV as at 29th February 2008	95.10p
Group's NAV as at 31st March 2008	93.10p

Source: JPMAM PAG

Looking back over the period under review October saw world equity markets rise but there was significant dispersion at the sector level with concerns regarding the long term implications of the sub-prime crisis in the financial sector offsetting a strong performance in commodity based companies. The Company's NAV rose 1.32% over the month. All of the components were positive contributors with hybrid alpha, and equity and bond beta doing particularly well. At the underlying fund level there were notable contributions from the Asian and Emerging Markets elements of the portfolio.

Equity markets fell in November as a result of several factors. Firstly investors were concerned that the US may go into recession. Secondly, there was further newsflow surrounding the impact of the "credit crunch" on a number of companies. The result was that markets questioned the future earnings of companies and hence the

accuracy of their valuations. Once again the benefits of diversification, both across asset classes and alpha and beta, led the Company to outperform equities, with the NAV down just 2.15%. The positive returns of bond beta helped to offset the falls in equity and property beta, whilst the alpha baskets were broadly flat.

The equity markets continued their period of poor performance through December, with a late year end rally failing to offset the overall decline. Both the Pure Alpha and Hybrid Alpha buckets were positive for the month. However these gains were not enough to offset the falls in the Equity Beta and Real Estate Beta which were a result of mounting concerns over the prospect of a US recession. Speculation surrounding further interest rates moves from the Central Banks led to the Bond Beta bucket producing a negative return for the month.

Concerns over future economic growth and the subsequent impact on company earnings led the equity markets to fall substantially at the beginning of 2008. The MSCI World Index (hedged into Sterling) returned -8.37% . The diversification across different asset classes aided a return for the Company over the month of -3.09% . Bond beta was the only positive contributor towards the return, as the market sought more defensive asset classes but this positive return from bonds was offset by Equity beta and Hybrid alpha, both of which suffered from the market's volatility.

Markets remained cautious throughout February as investors continued to pore over economic and corporate data to try and determine the state of the economy and corporate earnings. The MSCI World Index (hedged into Sterling) returned -1.57% . The Company's NAV delivered a positive return of 1.78% , with all the buckets contributing positively.

Global equity markets suffered another month of negative returns in March with volatility exceeding levels last seen in January 2008 and August 2007 as concerns increased over the stability of the financial systems across the globe. Fears that a US led recession would have far reaching effects were partially eased by the Fed's 75bps rate cut mid-month. March saw negative returns with the MSCI World Index (hedged into Sterling) returning -2.01% . Despite this volatility our pure alpha strategies produced a positive contribution for the month, along with the bond beta strategies. The hybrid alpha, equity beta and property beta strategies were all negative performers resulting in the NAV returning -1.81% for the month.

Overall

Since inception, the maximum drawdown experienced by the Company was -6.22% , compared with the MSCI World Index which experienced a drawdown of -15.94% and the percentage of months that have experienced positive returns are 50%, notably higher than the benchmark at 30%. Given the testing conditions that have been experienced over the period we remain pleased that the fund is behaving as we would expect, protecting against the downside relative to equities with a lower level of volatility.

Chris Complin
Investment Manager

10th June 2008

List of Group Investments

at 31st March 2008

Group	Valuation £'000	Investment Category	Investment Approach	Region
Cayman Islands				
JF Japan Absolute Return Fund	1,662	Hybrid Alpha	Manager Driven	Japan
JPM Ultra Global Emerging Markets Fund	1,569	Hybrid Alpha	Manager Driven	Emerging Markets
JF Greater China Absolute Return Fund	1,529	Hybrid Alpha	Manager Driven	Asia
JF Korea Absolute Return Fund	1,411	Hybrid Alpha	Manager Driven	Asia
	6,171			
Luxembourg				
JPM Global Real Estate Securities Fund	5,600	Property Beta	Dividend Discount	Global
JPM USD Liquidity Fund	4,705	N/A	N/A	US
JPM Highbridge Statistical Market Neutral Fund EUR	3,549	Pure Alpha	Quantitative	Global
JPM Portfolio Strategies Funds – Europe Equity Market Neutral Fund USD	3,128	Pure Alpha	Style Driven	Europe
JPM US Market Neutral Fund USD	2,741	Pure Alpha	Quantitative	US
JPM Portfolio Strategies Funds – Europe Dynamic Long Short Fund USD	1,463	Pure Alpha	Style Driven	Europe
JPM Japan Behavioural Finance Equity Fund USD	1,182	Equity Beta	Style Driven	Japan
JPM Europe 130/30 Fund EUR	1,061	Equity Beta	Style Driven	Europe
JPM US Select 130/30 Fund USD	1,048	Equity Beta	Manager Driven	US
JPM US 130/30 Fund USD	998	Equity Beta	Style Driven	US
JPM Europe Select 130/30 Fund EUR	996	Equity Beta	Research Driven	Europe
JF Asia Alpha Plus Fund USD	931	Equity Beta	Manager Driven	Asia
	27,402			
Total Portfolio	33,573			

The above investments are all managed by members of the JPMorgan Chase & Co. group, which includes the Manager.

Consolidated Income Statement

for the six months ended 31st March 2008

	(Unaudited) Six months ended 31st March 2008			(Audited) Period from 14th February 2007 to 30th September 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	120	—	120	159	—	159
Other income	16	—	16	60	—	60
	136	—	136	219	—	219
(Losses)/gains on investments held at fair value through profit or loss	—	(548)	(548)	—	658	658
Net foreign exchange (losses)/gains	—	(1,592)	(1,592)	—	174	174
Total income/(loss)	136	(2,140)	(2,004)	219	832	1,051
Expenses						
Management fee	(172)	—	(172)	(133)	—	(133)
Other administrative expenses	(236)	—	(236)	(105)	—	(105)
(Loss)/profit before finance costs and taxation	(272)	(2,140)	(2,412)	(19)	832	813
Finance costs	—	—	—	(2)	—	(2)
(Loss)/profit before taxation	(272)	(2,140)	(2,412)	(21)	832	811
Taxation	(8)	—	(8)	(8)	—	(8)
Net (loss)/profit	(280)	(2,140)	(2,420)	(29)	832	803
Attributable to:						
Equity holders of the parent	(244)	(1,585)	(1,829)	(29)	815	786
Minority interest	(36)	(555)	(591)	—	17	17
	(280)	(2,140)	(2,420)	(29)	832	803
(Loss)/earnings per share (note 4)	(1.0)p	(6.3)p	(7.3)p	(0.1)p	3.2p	3.1p

The 'Total' column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. The supplementary 'Revenue' and 'Capital' columns are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period. Details of the period covered by the comparative results are given in note 2.

Consolidated Statement of Changes in Equity

Six months ended 31st March 2008 (Unaudited)

(Unaudited)
Six months ended 31st March 2008

	Share capital £'000	Share premium £'000	Other reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000	Minority interest £'000	Total equity £'000
Balance at 30th September 2007	—	—	24,614	(282)	(29)	24,303	11,199	35,502
Shares issued	—	—	—	—	—	—	375	375
Exchange gain on translation	—	—	—	856	—	856	—	856
Loss for the period	—	—	—	—	(1,829)	(1,829)	(591)	(2,420)
Transfer to other capital reserve	—	—	—	(1,585)	1,585	—	—	—
Balance at 31st March 2008	—	—	24,614	(1,011)	(273)	23,330	10,983	34,313

(Audited)
Period from 14th February 2007 to 30th September 2007

	Share capital £'000	Share premium £'000	Other reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000	Minority interest £'000	Total equity £'000
Proceeds of share placing	—	25,060	—	—	—	25,060	—	25,060
Costs of share placing	—	(446)	—	—	—	(446)	—	(446)
Minority interest on acquisition of subsidiary	—	—	—	—	—	—	11,182	11,182
Cancellation of share premium	—	(24,614)	24,614	—	—	—	—	—
Exchange loss on translation	—	—	—	(1,097)	—	(1,097)	—	(1,097)
Profit for the period	—	—	—	—	786	786	17	803
Transfer to other capital reserve	—	—	—	815	(815)	—	—	—
Balance at 30th September 2007	—	—	24,614	(282)	(29)	24,303	11,199	35,502

Consolidated Balance Sheet

as at 31st March 2008

	(Unaudited) 31st March 2008 £'000	(Audited) 30th September 2007 £'000
Non current assets		
Investments held at fair value through profit or loss	33,573	35,096
Current assets		
Other receivables	39	51
Derivative financial instruments at fair value through profit or loss	—	205
Cash and cash equivalents	1,330	740
	1,369	996
Current liabilities		
Other payables	(142)	(140)
Amounts falling due within one year	(487)	(450)
Net current assets	740	406
Net assets	34,313	35,502
Equity attributable to equity holders		
Called up share capital	—	—
Other reserve	24,614	24,614
Capital reserves	(1,011)	(282)
Revenue reserve	(273)	(29)
Equity attributable to equity holders of the parent	23,330	24,303
Minority interest	10,983	11,199
Total equity	34,313	35,502
Net asset value per share (note 5)	93.1p	97.0p

Consolidated Cash Flow Statement

for the six months ended 31st March 2008

	(Unaudited) Six months ended 31st March 2008 £'000	(Audited) Period from 14th February 2007 to 30th September 2007 £'000
Operating activities		
(Loss)/profit before taxation	(2,412)	811
Add back interest paid	—	2
Losses/(gains) on investments held at fair value through profit or loss	548	(658)
Losses on foreign exchange	282	205
Net sales/(purchases) of investments held at fair value through profit or loss	814	(11,405)
Decrease/(increase) in other receivables	12	(51)
Increase in other payables	8	134
Net cash outflow from operating activities before interest payable and taxation	(748)	(10,962)
Interest paid	—	(2)
Tax paid	(8)	(8)
Net cash outflow from operating activities	(756)	(10,972)
Investing activities		
Acquisition of subsidiary	—	(12,763)
Net cash outflow from investing activities	—	(12,763)
Financing activities		
Net proceeds from the issue of shares	375	24,620
Net cash inflow from financing activities	375	24,620
(Decrease)/increase in cash and cash equivalents	(381)	885
Cash and cash equivalents at start of the period	740	—
Effect of foreign exchange translation	971	(145)
Cash and cash equivalents at end of the period	1,330	740

Notes to the Accounts

for the six months ended 31st March 2008

1. Principal activity

The principal activity of JPMorgan Progressive Multi-Strategy Fund Limited (the 'Company') is that of an investment company, incorporated and domiciled in Guernsey. The principal activity of its subsidiary, JPMorgan Progressive Multi-Strategy Fund ('PM-S Fund') a sub-fund of JPMorgan Portfolio Strategies II (a Luxembourg SICAV), is also that of an investment company.

The Group comprises the Company and PM-S Fund.

2. Comparative accounting period

The comparative accounts cover the period from the date of incorporation of the Company on 14th February 2007 to 30th September 2007. The proceeds of the share Placing were received by the Company on 15th May 2007. The consolidated accounts include the results of the Company and PM-S Fund from 1st June 2007, which is the date when the Company's control of PMS-Fund commenced.

3. Accounting policies

The accounting policies applied to these half year accounts are consistent with those applied in the accounts for the period ended 30th September 2007.

4. (Loss)/earnings per share

	(Unaudited) Six months ended 31st March 2008 £'000	(Audited) Period ended 30th September 2007 £'000
Net revenue loss attributable to shareholders	(244)	(29)
Net capital (loss)/gains attributable to shareholders	(1,585)	815
	(1,829)	786
Weighted average number of shares in issue during each period	25,060,000	25,060,000
Revenue loss per share	(1.0)p	(0.1)p
Capital (loss)/earnings per share	(6.3)p	3.2p
Total (loss)/earnings per share	(7.3)p	3.1p

5. Net asset value per share

	(Unaudited) Six months ended 31st March 2008	(Audited) Period ended 30th September 2007
Shareholders funds (£'000)	23,330	24,303
Number of shares in issue at each period end	25,060,000	25,060,000
Net asset value per share	93.1p	97.0p

6. Publication of non-statutory accounts

The financial information for the six month period ended 31st March 2008 is unaudited and does not constitute statutory accounts for the purposes of the Companies (Guernsey) Law, 1994.

7. Comparative information

The information for the period ended 30th September 2007 has been extracted from the latest published audited financial statements. Those accounts included the report of the auditors which was unqualified.

Information about the Company

Financial Calendar

Financial year end	30th September
Financial results announced	January
Half year end	31st March
Half year results announced	June
Final results announced	January
Annual General Meeting	February/March

History

JPMorgan Progressive Multi-Strategy Fund Limited (the “Company”) is a closed-ended investment company with an unlimited life, incorporated in Guernsey and which is managed by JPMorgan Asset Management (UK) Limited (the “Manager”). The Company was incorporated on 14th February 2007 by a placing and offer for subscription. The Company was admitted to trading on the Alternative Investment Market (“AIM”) of the London Stock Exchange and the Channel Islands Stock Exchange (“CISX”) on 15th May 2007, raising £25,060,000 from the issue of 25,060,000 Sterling shares at £1 each.

Directors

Christopher Sherwell (Chairman)
Donald Adamson
Patrick Firth
Jonathan Griffin

Company Numbers

Company registration number: 46407
AIM code: PMSF
Bloomberg code: PMSF LN
Reuters code: PMSFL

Market Information

The Company’s shares are traded on the AIM market of the London Stock Exchange and the CISX and are quoted in the Financial Times, The Times, The Daily Telegraph, The Scotsman and The Independent.

Website

www.jpmprogressivemultistrategy.co.uk

Share Transactions

The Company’s shares may be dealt in directly through a stockbroker or through a professional adviser acting on an investor’s behalf.

Manager

JPMorgan Asset Management (UK) Limited

Company’s Registered Office

Regency Court
Glatigny Esplanade
St Peter Port
Guernsey GY1 3NQ

Nominated Adviser

Shore Capital and Corporate Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Broker

Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Administrator, Secretary and Registrars

Butterfield Fund Services (Guernsey) Limited
Regency Court
Glatigny Esplanade
St Peter Port
Guernsey GY1 3NQ

Auditors

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National Westminster House
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Custodian

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UK Transfer and Paying Agent

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Spencer Road
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Telephone: 0871 384 2340

aic

The Association of
Investment Companies A member of the AIC

Glossary of Terms

Share Price Return to Shareholders

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received (net of tax) were reinvested in the shares of the Company at the time the shares were quoted ex-dividend. Transaction costs of reinvestment are not taken into account.

NAV Return on Net Assets

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company (net of tax) were reinvested in the shares of the Company at time the shares were quoted ex-dividend.

Discount/Premium

If the share price of an investment company is lower than the NAV per share, the trust is said to be trading at a discount. The discount is shown as a percentage of the NAV. The opposite of a discount is a premium. It is more common for an investment company to trade at a discount than a premium.

For all enquiries please contact:

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www.jpmprogressivemultistrategy.co.uk