

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

JP MORGAN SERIES TRUST

CIK: **1016937** | State of Incorporation: **NY** | Fiscal Year End: **1231**
Type: **N-30D** | Act: **40** | File No.: **811-07795** | Film No.: **01697529**

Mailing Address
522 FIFTH AVENUE
NEW YORK NY 10036

Business Address
522 FIFTH AVENUE
522 FIFTH AVENUE
NEW YORK NY 10036
2128372348

SERIES PORTFOLIO

CIK: **943180** | State of Incorporation: **NY** | Fiscal Year End: **1231**
Type: **N-30D** | Act: **40** | File No.: **811-09008** | Film No.: **01697526**

Mailing Address
JP MORGAN
522 FIFTH AVENUE
NEW YORK NY 10036

Business Address
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AVENUE
NEW YORK NY 10036
809-949-66

US SMALL CO PORTFOLIO

CIK: **909280** | IRS No.: **980150620** | State of Incorporation: **NY** | Fiscal Year End: **1031**
Type: **N-30D** | Act: **40** | File No.: **811-07882** | Film No.: **01697527**

Mailing Address
JP MORGAN
522 FIFTH AVENUE
NEW YORK NY 10036

Business Address
JP MORGAN
522 FIFTH AVENUE
NEW YORK NY 10036
8099494719

US EQUITY PORTFOLIO

CIK: **909282** | IRS No.: **043194421** | State of Incorporation: **NY** | Fiscal Year End: **0531**
Type: **N-30D** | Act: **40** | File No.: **811-07880** | Film No.: **01697528**

Mailing Address
60 STATE STREET
SUITE 1300
BOSTON MA 02109

Business Address
JP MORGAN
522 FIFTH AVENUE
NEW YORK NY 10036
6175773447

JP MORGAN INSTITUTIONAL FUNDS

CIK: **894088** | State of Incorporation: **MA** | Fiscal Year End: **0731**
Type: **N-30D** | Act: **40** | File No.: **811-07342** | Film No.: **01697530**

Mailing Address
522 FIFTH AVENUE
11TH FLOOR
NEW YORK NY 10036

Business Address
522 FIFTH AVENUE
11TH FLOOR
NY NY 10036
6175570700

JP MORGAN FUNDS

CIK: **894089** | IRS No.: **133692750** | State of Incorporation: **MA** | Fiscal Year End: **0731**
Type: **N-30D** | Act: **40** | File No.: **811-07340** | Film No.: **01697531**

Mailing Address
C/O FUNDS DISTRIBUTOR,
INC.
60 STATE STREET, SUITE
1300
BOSTON MA 02109-

Business Address
60 STATE STREET
SUITE 1300
BOSTON MA 02109-
6175570700

JPMORGAN EQUITY FUNDS

MARKET NEUTRAL FUND

SMARTINDEX(TM) FUND

LARGE CAP GROWTH FUND

U.S. EQUITY FUND

U.S. EQUITY FUND-ADVISOR SERIES

INSTITUTIONAL U.S. EQUITY FUND

DISCIPLINED EQUITY FUND

INSTITUTIONAL DISCIPLINED EQUITY FUND

U.S. SMALL COMPANY FUND

INSTITUTIONAL U.S. SMALL COMPANY FUND

U.S. SMALL COMPANY OPPORTUNITIES FUND

[JPMORGAN FLEMING LOGO]

ASSET MANAGEMENT

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HIGHLIGHTS

- Over this reporting period, U.S. equity markets were roiled by nervous investors in search of safety amidst a declining domestic economy.
- Investors shunned any form of risk, preferring to place their bets on slower

growing "value" stocks.

- Evidence emerged that investors were beginning to tone down their earnings expectations.

NOT FDIC INSURED May lose value / No bank guarantee
JPMorgan Funds are distributed by J.P. Morgan Fund Distributors, Inc.

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JPMorgan EQUITY FUNDS

LETTER TO THE SHAREHOLDERS

July 5, 2001

Dear Shareholder:

We are pleased to present this annual report for the JPMorgan Equity Funds during the year ended May 31, 2001. Inside, you will find information on the performance of each Fund and a report from the portfolio management team.

VALLEYS...

Over this reporting period, U.S. equity markets were roiled by nervous investors in search of safety amidst a declining domestic economy.

Certainly, there was sufficient bad news to dismay the indecisive and the inexperienced. Some came in the form of reports from many leading and lesser corporations that their earnings would be shy of expectations, sometimes a good deal shy of expectations. Investors literally pounced on such concerns, driving the prices of some very high-quality companies down to levels not seen in many years. This was particularly true of Internet-related companies, many of which folded, or barely managed to hang on. Over much of this period, even major, well-established industry leaders felt the pinch, as sellers punished good companies along with the bad in an indiscriminate run for the exits.

Along the way, investors shunned any form of risk, preferring to place their bets on slower growing "value" stocks, while downplaying the growth stocks that had, until recently, been powering the stock market's long advance.

As a consequence of these influences and others, most major stock market indices posted declines during this reporting period, with the tech-dominated NASDAQ (-18.76%) falling the most.

AND PEAKS.

Yet, all news was not discouraging--far from it. The Federal Reserve Board, for example, cut interest rates by 250 basis points over the first five months of this year, in an unusually aggressive effort to get our economy going again.

Congress also passed legislation that provided for a \$1.3 trillion tax cut over the next ten years. Owing to some front-loading, some of this much needed capital may find its way into our beleaguered economy as early as late this year.

On a more visceral level, evidence began to emerge that investors were beginning to tone down their earnings expectations and be a little more forgiving than they have been in the recent past. If so, this will undoubtedly help to stabilize an equity marketplace that has seen more than its share of ups and downs over the past year and more.

Finally, owing to these welcome developments and a few others, investors in April and May began to do what is needed in order to get the stock market back on its feet: INVEST!

In what follows, you will hear from our managers about these and other developments that impacted performance, along with their views on what to expect over the months ahead.

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AS OF MAY 31, 2001 (UNAUDITED)

As always, I would like to thank you on behalf of all of us at JPMorgan Fleming Asset Management for entrusting us with your assets. Be assured that we remain solely dedicated to their preservation and growth over time.

Sincerely,

/s/ George Gatch

George Gatch

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J.P. Morgan MARKET NEUTRAL FUND
AS OF MAY 31, 2001 (UNAUDITED)

HOW THE FUND PERFORMED

J.P. Morgan Market Neutral Fund, which seeks to provide long-term capital appreciation from a broadly diversified portfolio of stocks, returned 12.65% over the year ended May 31, 2001. This compares with a return of 6.03% for the Merrill Lynch 91 Day Treasury Bill Index, the Fund's benchmark.

HOW THE FUND WAS MANAGED

U.S. equity markets were very volatile -- both on the up and downside -- during the reporting period, a period that was plagued by steadily shrinking corporate earnings estimates, slowing capital and consumer spending, rising inventories, rising unemployment and other indicators of a U.S. economy in more than a little need of repair. Investors greeted such bad news with a massive sell-off that began in February and continued throughout much of March. Conversely, good news, especially the Federal Reserve Board's cumulative 250 basis point cut in interest rates over the period, stimulated strong rallies, particularly in January and April.

During the last six months of this reporting period, the S&P 500 returned -3.89%, with the best performing sectors being basic materials (+23.98%), finance (+17.76%), and consumer cyclicals (+15.90%). The sectors that struggled the most were network technology (-54.33%), systems hardware (-23.12%), and semiconductors (-17.88%).

This said, as a sector and market neutral fund, outperformance was not driven by the behavior of the market as a whole, but by robust stock selection across our research universe. In fact, stocks selected from 13 out of our 19 industry sectors outperformed, with the Fund's strongest gainers coming from the capital markets, finance and consumer cyclical sectors. From a stock specific standpoint, outperformance over this period was due largely to long positions in Philip Morris, Citigroup, Goldman Sachs and American General--all of which performed strongly--and a short position in Ariba, which did not.

Positive gains were slightly offset by stock selection in the systems hardware, energy and network technology sectors, where long positions in Sun Microsystems, Cigna and Cisco Systems, combined with short positions in BMC Software and Computer Associates, negatively impacted performance.

LOOKING AHEAD

The Fed's aggressive interest rate easing policy and the recently signed tax cut package should boost after-tax income and spending in the second half of the year, which bodes well for the economy.

However, several upcoming events suggest that equity market volatility is likely to increase over the near term. One of these is the scheduled reconstitution of several major market indices, which will result in major portfolio reshuffling and associated stock price volatility over the coming weeks. An upcoming Federal Open Market Committee meeting may also keep some investors on the sidelines, or encourage them to sell, as they await news of whether there will be an additional near-term interest rate cut by the Fed.

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Our market neutral approach to investing is well suited to such volatility, enabling us to control risk and potentially profit in this environment.

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J.P. MORGAN MARKET NEUTRAL FUND (LONG)
AS OF MAY 31, 2001 (UNAUDITED)

PERCENTAGE OF TOTAL PORTFOLIO INVESTMENTS

[CHART]

<Table>

<S>	<C>
Financial	24.4%
Technology	13.9%

Consumer Cyclical	13.5%
Utilities	9.1%
Energy	8.4%
Health Care	7.6%
Industrial Cyclical	6.0%
Cash Equivalents & Short Term Paper	5.6%
Basic Materials	4.7%
Transportation	2.8%
Real Estate	2.5%
Consumer Staples	1.2%
Software & Services	0.3%

TOP TEN EQUITY HOLDINGS OF THE PORTFOLIO

1. CHEVRON CORP. (1.9%) Produces crude oil and natural gas. It also refines crude oil into finished petroleum products as well as markets and transports crude oil, natural gas, and petroleum products.
2. PHILIP MORRIS COMPANIES, INC. (1.7%) Through subsidiaries, the Company provides a range of manufacturing and selling of a variety of consumer products. It also provides tobacco products, as well as packaged foods.
3. PPG INDUSTRIES, INC. (1.6%) Supplies products for the manufacturing, construction, automotive, chemical processing and other industries worldwide. The Company makes protective and decorative coatings, flat glass, fabricated glass products, continuous-strand fiber glass products and industrial and specialty chemicals.
4. BURLINGTON NORTHERN SANTA FE CORP. (1.5%) Through its Burlington Northern and Santa Fe Railway Company subsidiary, operates a railroad system in the United States and Canada. The Company transports a wide range of products and commodities, including the transportation of containers and trailers, coal, grain, chemicals, metals, minerals, forest products, autos and consumer goods.
5. PINNACLE WEST CAPITAL CORP. (1.5%) A utility holding company. The Company's Arizona Public Service Company subsidiary provides electricity service in the state of Arizona. The Company also owns SunCor Development Company, which holds, develops and sells real estate.
6. JOHNSON CONTROLS, INC. (1.5%) Markets automotive systems and building controls. The Company supplies seating systems, interior systems and batteries. Johnson Controls also provides building control systems and services, energy management and integrated facility management.
7. GANNETT CO., INC. (1.4%) International news and information company that publishes various daily newspapers in the United States and the United Kingdom, including "USA TODAY" and "USA WEEKEND", a newspaper magazine. The Company also operates television stations in major United States markets.
8. AMBAC FINANCIAL GROUP INC. (1.4%) Provides financial guarantee insurance and financial management services. The Company insures municipal and structured finance obligations. AMBAC provides investment agreements, interest rate swaps, investment management advisory and cash management services to states and municipalities.
9. MARRIOTT INTERNATIONAL, INC. (1.3%) A worldwide operator and franchiser of hotels and senior living communities, as well as a provider of food distribution services. The Company franchises lodging facilities and vacation timesharing resorts under various brand names.
10. CIGNA CORP. (1.3%) Through its subsidiaries, provides group life and health insurance, managed care products and services, retirement products and services and individual financial services worldwide. It also sells individual life and health insurance and annuity products in international locations.

Top 10 equity holdings comprised 15.1% of the Portfolio's market value of investments. Portfolio holdings are subject to change at any time.

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J.P. MORGAN MARKET NEUTRAL FUND (SHORT)
AS OF MAY 31, 2001 (UNAUDITED)

PERCENTAGE OF TOTAL PORTFOLIO INVESTMENTS

[CHART]

<Table>

<S>	<C>
Financial	25.6%

Consumer Cyclical	14.9%
Utilities	10.9%
Technology	10.5%
Energy	9.3%
Health Care	9.0%
Transportation	5.3%
Basic Materials	5.1%
Industrial Materials	5.1%
Industrial Cyclical	4.4%
Real Estate	2.8%
Consumer Staples	2.2%

TOP TEN EQUITY SHORT POSITIONS OF THE PORTFOLIO

1. EXELON CORP. (1.8%) Distributes electricity and gas to customers in Illinois and Pennsylvania. The Company also has holdings in infrastructure services, energy services and telecommunications businesses.
2. THE WALT DISNEY CO. (1.7%) An entertainment company which conducts operations in media networks, studio entertainment, theme parks and resorts, consumer products and Internet and direct marketing. It produces motion pictures, television programs and musical recordings, as well as publishes books and magazines. It also operates ABC radio and television.
3. ABBOTT LABORATORIES (1.6%) Discovers, develops, manufactures and sells a broad and diversified line of health care products and services.
4. OCCIDENTAL PETROLEUM CORP. (1.5%) Explores for, develops, produces and markets crude oil and natural gas. Occidental also has an interest in petrochemicals.
5. DUKE ENERGY CORP. (1.5%) An integrated energy company delivering both electricity and natural gas to customers throughout the U.S. and abroad. The Company is a domestic gatherer and processor of natural gas and develops, constructs and operates energy facilities worldwide.
6. CALPINE CORP. (1.5%) Acquires, develops, owns and operates power generation facilities, as well as sells electricity in the United States.
7. PHILLIPS PETROLEUM CO. (1.4%) An integrated oil company which operates in several business segments. The Company explores for and produces petroleum world-wide, gathers and processes natural gas, manufactures and markets petrochemicals and plastics and refines, markets and transports petroleum products.
8. CSX CORP. (1.4%) An international freight transportation company. The Company provides rail, intermodal, domestic container-shipping, barging and contract logistics services around the world.
9. UNITED PARCEL SERVICE, INC. (1.3%) Delivers packages and documents throughout the United States and in other countries and territories. The Company also provides logistics services, including comprehensive management of supply chains, for major companies worldwide.
10. MINNESOTA MINING & MANUFACTURING CO. (1.3%) Technology company with operations in electronics, telecommunications, industrial, consumer and office, health care, safety and other markets. The Company's businesses share technologies, manufacturing operations, brands, marketing channels and other resources.

Top 10 equity short positions comprised 15.0% of the Portfolio's market value of short positions. Portfolio holdings are subject to change at any time.

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J.P. MORGAN MARKET NEUTRAL FUND
AS OF MAY 31, 2001 (UNAUDITED)

AVERAGE ANNUAL TOTAL RETURNS

<Table>

<Caption>

	1 YEAR	SINCE INCEPTION (12/31/98)
	-----	-----
<S>	<C>	<C>
MARKET NEUTRAL FUND	12.65%	5.44%

LIFE OF FUND PERFORMANCE (12/31/98 TO 05/31/01)

[CHART]

<Table>
<Caption>

	J.P. MORGAN MARKET NEUTRAL FUND	MERRILL LYNCH 91 DAY T-BILL INDEX	LIPPER SPECIALTY/MISCELLANEOUS FUNDS AVERAGE
<S>	<C>	<C>	<C>
12/31/1998	\$3,000,000	\$3,000,000	\$3,000,000
1/31/1999	\$2,983,914	\$3,010,656	\$2,977,530
2/28/1999	\$2,977,882	\$3,019,296	\$2,961,708
3/31/1999	\$2,945,744	\$3,031,717	\$2,992,839
4/30/1999	\$3,036,475	\$3,042,723	\$3,107,499
5/31/1999	\$3,056,637	\$3,054,560	\$3,072,210
6/30/1999	\$3,078,504	\$3,067,319	\$3,139,560
7/31/1999	\$3,110,930	\$3,079,833	\$3,093,738
8/31/1999	\$3,096,657	\$3,092,223	\$3,021,333
9/30/1999	\$3,092,587	\$3,106,827	\$2,987,322
10/31/1999	\$3,051,895	\$3,119,057	\$3,004,812
11/30/1999	\$3,096,657	\$3,131,521	\$2,996,523
12/31/1999	\$2,998,421	\$3,145,541	\$3,120,051
1/31/2000	\$3,024,270	\$3,159,050	\$3,008,439
2/29/2000	\$3,002,730	\$3,172,898	\$2,935,650
3/31/2000	\$3,058,771	\$3,189,427	\$3,075,693
4/30/2000	\$3,039,344	\$3,204,289	\$3,071,685
5/31/2000	\$3,026,392	\$3,223,835	\$3,056,709
6/30/2000	\$3,071,823	\$3,237,720	\$3,048,402
7/31/2000	\$3,082,654	\$3,252,419	\$3,053,697
8/31/2000	\$3,069,565	\$3,269,267	\$3,150,909
9/30/2000	\$3,132,609	\$3,286,463	\$3,123,567
10/31/2000	\$3,189,131	\$3,303,553	\$3,177,522
11/30/2000	\$3,197,826	\$3,321,656	\$3,161,121
12/31/2000	\$3,249,630	\$3,339,959	\$3,271,848
1/31/2001	\$3,325,986	\$3,361,936	\$3,291,843
2/28/2001	\$3,299,037	\$3,374,745	\$3,281,535
3/31/2001	\$3,305,735	\$3,390,235	\$3,219,132
4/30/2001	\$3,352,960	\$3,405,118	\$3,318,756
5/31/2001	\$3,409,180	\$3,418,330	\$3,394,293

</Table>

Source: Lipper Analytical Services. Past performance is not indicative of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

The Fund commenced operations on 12/31/98.

The Fund is currently waiving fees. The waiver may be terminated, which would reduce returns.

Chart illustrates comparative performance of \$3,000,000 and assumes reinvestment of all distributions. Performance of the indices does not include sales charges, but includes reinvestment of all distributions. The Merrill Lynch 91 Day T-Bill Index is an unmanaged index that measures short term fixed income market performance. The Lipper Specialty/Miscellaneous Funds Average describes the average total return for all funds in the indicated Lipper category, as defined by Lipper Inc. Investors cannot invest directly in an index.

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J.P. Morgan SMARTINDEX(TM) FUND
AS OF MAY 31, 2001 (UNAUDITED)

HOW THE FUND PERFORMED

J.P. Morgan SmartIndex(TM) Fund, which seeks to provide a consistently high total return from a broadly diversified portfolio of about 250 equity securities, while maintaining risk characteristics similar to those of the S&P 500 Index, fell 11.21% during the year ended May 31, 2001. This compares to a loss of 10.55% from the Fund's benchmark, the S&P 500 Index.

HOW THE FUND WAS MANAGED

During the reporting period, U.S. equity markets were enveloped by a cloud of pervasive negativism, one broken only occasionally by brief glimmers of optimism.

On the positive side of the ledger, investors were heartened by five consecutive 50 basis point interest rate cuts by the Federal Reserve Board, which sought to re-invigorate what had become a moribund U.S. economy. Thus, the Fed more than retraced its previous path of raising interest rates by 175 basis points over

the June 1999 -- May 2000 period, in order to slow what was then perceived to be an overheated economy.

Rallies tied to Fed cuts and the passage of significant tax relief legislation by Congress were unusually short lived, as investors focused nearly exclusively on a raft of negative earnings surprises and revisions by many major and minor corporations, along with continuing signs of a decelerating U.S. economy. These and other negative influences strongly depressed the nation's equity markets over much of this period, with the NASDAQ falling some 20.2% over the six months ended May 31, 2001 and the S&P 500 declining by 3.92%.

In this environment of extreme market instability, the Fund's sector-neutral, stock selection focused approach provided strength. Stock picking added value in 12 out of 18 sectors, led by security selection within capital markets, consumer staples and industrial cyclicals. On the other hand, stock selection in software & services, network technology and systems hardware proved troublesome as companies in these sectors were able to provide investors with virtually any guidance around future earnings.

More specifically, positions within the Fund that significantly bolstered performance included an overweight in Philip Morris (+38%) and underweights in Applied Micro Circuits (-76%) and Palm Inc. (-84%). Positions that detracted from performance included overweights in Rational Software (-25%) and Level 3 Communications (-60%).

LOOKING AHEAD

U.S. economic data continues to be somewhat mixed. On the plus side, current data suggests that the mountain of excess inventory that has dragged on the economy is well along in the process of being whittled away. Additionally, housing and auto sales have held up well, reinforcing hopes that GDP growth, which declined to an annualized rate of 1.3% during the first quarter of 2001, has slowed as far as it will this market cycle. However, corporate spending promises to remain weak for some time yet to come, and

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households likely will need to pull back from spending in order to rebuild nest eggs cracked by the economy's and the stock market's declines over the past year and more.

All in all, however, the Fund's sector-neutral stock picking strategy, one which emphasizes the strength of a company's underlying fundamentals, should be able to outperform the benchmark across all market environments and has demonstrated the ability to do so in the past. This said, we certainly favor an environment in which investors focus on a company's long-term potential, rather than its quarter-to-quarter performance, as they may well do when there are concrete signs that our economy is recovering.

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PERCENTAGE OF TOTAL PORTFOLIO INVESTMENTS

[CHART]

<Table>

<S>	<C>
Technology	19.6%
Financial	17.7%
Consumer Cyclicals	16.8%
Health Care	12.8%
Utilities	8.8%
Industrial Cyclical	8.0%
Energy	7.7%
Consumer Staples	3.6%
Basic Materials	2.6%
Transportation	1.1%
Cash Equivalents & Short Term Paper	1.0%
U.S. Treasury Security	0.2%
Software & Services	0.1%

</Table>

TOP TEN EQUITY HOLDINGS OF THE PORTFOLIO

1. GENERAL ELECTRIC CO. (4.3%) Develops, manufactures and markets products for the generation, distribution and utilization of electricity. Through General Electric Capital Services, Inc., offers a variety of financial services including mutual fund management, financing, asset management and insurance. It also owns the National Broadcasting Company.
2. MICROSOFT CORP. (3.2%) Develops, manufactures, licenses, sells and supports

software products.

3. EXXON MOBIL CORP. (2.9%) Operates petroleum and petrochemicals businesses on a worldwide basis. Operations include exploration and production of oil and gas, electric power generation and coal and minerals operations.

4. CITIGROUP, INC. (2.7%) A diversified financial services holding company that provides investment banking, retail brokerage, corporate banking and cash management products and services around the world.

5. PFIZER, INC. (2.5%) A research-based, global pharmaceutical company that discovers, develops, manufactures and markets medicines for humans and animals. Its products include prescription pharmaceuticals, non-prescription self-medications and animal health products.

6. AOL TIME WARNER, INC. (2.1%) Is a global company delivering entertainment, news and Internet brands across converging media platforms. The Company conducts operations in cable systems, interactive services, publishing, music, cable networks and filmed entertainment.

7. WAL-MART STORES, INC. (1.9%) Operates discount stores and Supercenters as well as Sam's Clubs which offer merchandise such as apparel, housewares, small appliances, electronics and hardware.

8. INTERNATIONAL BUSINESS MACHINES CORP. (1.9%) Provides technologies, systems, products, services, software and financing. The Company offers its products through its global sales and distribution organization, as well as through a variety of third party distributors and resellers.

9. INTEL CORP. (1.6%) Designs, manufactures and sells computer components and related products. Major products include microprocessors, chipsets, embedded processors and microcontrollers, flash memory products, graphics products, network and communication products, systems management software, conferencing products and digital imaging products.

10. MERCK & CO., INC. (1.6%) Is a global pharmaceutical company that discovers, develops, manufactures and markets a broad range of human and animal health products. The Company also provides pharmaceutical benefit services.

Top 10 equity holdings comprised 24.7% of the Portfolio's market value of investments. Portfolio holdings are subject to change at any time.

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AVERAGE ANNUAL TOTAL RETURNS

<Table>

<Caption>

		SINCE INCEPTION
	1 YEAR	(12/31/98)
<S>	<C>	<C>
SMARTINDEX(TM) FUND	-11.21%	0.97%

</Table>

LIFE OF FUND PERFORMANCE (12/31/98 TO 05/31/01)

<Table>

<Caption>

	J. P. MORGAN SMARTINDEX-TM- FUND	S&P 500 Index	LIPPER LARGE-CAP CORE Funds Average
<S>	<C>	<C>	<C>
12/31/1998	\$3,000,000	\$3,000,000	\$3,000,000
1/31/1999	\$3,124,248	\$3,125,460	\$3,101,871
2/28/1999	\$3,022,044	\$3,028,321	\$3,000,555
3/31/1999	\$3,134,242	\$3,149,484	\$3,116,898
4/30/1999	\$3,290,853	\$3,271,463	\$3,226,755
5/31/1999	\$3,224,595	\$3,194,224	\$3,155,805
6/30/1999	\$3,389,479	\$3,371,504	\$3,327,636
7/31/1999	\$3,284,878	\$3,266,245	\$3,232,884
8/31/1999	\$3,270,790	\$3,249,914	\$3,194,799
9/30/1999	\$3,176,130	\$3,160,834	\$3,111,951
10/31/1999	\$3,355,379	\$3,360,851	\$3,296,439
11/30/1999	\$3,423,856	\$3,429,177	\$3,372,855
12/31/1999	\$3,588,202	\$3,631,156	\$3,583,143
1/31/2000	\$3,418,298	\$3,448,727	\$3,423,024
2/29/2000	\$3,333,346	\$3,383,442	\$3,414,987
3/31/2000	\$3,665,010	\$3,714,445	\$3,711,144
4/30/2000	\$3,545,543	\$3,602,677	\$3,600,240
5/31/2000	\$3,458,474	\$3,528,750	\$3,515,211
6/30/2000	\$3,545,561	\$3,615,734	\$3,614,880

7/31/2000	\$3,488,735	\$3,559,220	\$3,558,975
8/31/2000	\$3,701,890	\$3,780,283	\$3,792,783
9/30/2000	\$3,474,332	\$3,580,722	\$3,595,314
10/31/2000	\$3,451,982	\$3,565,575	\$3,567,087
11/30/2000	\$3,167,534	\$3,284,465	\$3,286,110
12/31/2000	\$3,193,138	\$3,300,526	\$3,327,363
1/31/2001	\$3,315,715	\$3,417,629	\$3,401,565
2/28/2001	\$3,005,186	\$3,106,010	\$3,104,811
3/31/2001	\$2,817,311	\$2,909,244	\$2,900,775
4/30/2001	\$3,042,205	\$3,135,321	\$3,121,905
5/31/2001	\$3,070,828	\$3,156,328	\$3,137,262

</Table>

Source: Lipper Analytical Services. Past performance is not indicative of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

The Fund commenced operations on 12/31/98.

The Fund is currently waiving fees. The waiver may be terminated, which would reduce returns.

Chart illustrates comparative performance of \$3,000,000 and assumes reinvestment of all distributions. Performance of the indices does not include sales charges, but includes reinvestment of all distributions. The S&P 500 Index is a broad-based index that replicates the U.S. stock market. The Lipper Large-Cap Core Funds Average describes the average total return for all the funds in the indicated category, as defined by Lipper, Inc. Investors cannot invest directly in an index.

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J.P. Morgan LARGE CAP GROWTH FUND
AS OF MAY 31, 2001 (UNAUDITED)

HOW THE FUND PERFORMED

J.P. Morgan Large Cap Growth Fund, which seeks to provide total return through large-cap stocks, had a loss of 25.46% during the year ended May 31, 2001. This compares with a loss of 29.71% from the Russell 1000 Growth Index, the Fund's benchmark.

HOW THE FUND WAS MANAGED

The U.S. economy experienced a sharp and abrupt decline over this reporting period, with annualized GDP growth during this year's first quarter substantially lower than GDP growth for all of 2000. The technology-related sectors, which recently accounted for as much as 50% of all capital spending, were substantially impacted by a major decline in overall corporate profit growth, which fell from 9% in 2000 to -14% in the first quarter of 2001.

Earnings revisions, downgrades and missed profit targets by many corporations during this period, especially amongst technology companies, led to a significant rotation away from technology sectors and growth investing generally, as investors sought comfort and stability in value stocks. For example, during the year 2000, the tech-dominated NASDAQ slid by 40%, while utility stocks rose 54% and finance companies rose 25%. This pattern continued into the first quarter of 2001, with the NASDAQ falling an additional 26% and utilities declining modestly.

During this period of economic and earnings uncertainty, we reduced our exposure to more volatile technology stocks and consumer cyclicals, in favor of consumer staples, energy and, more recently, semi-conductors.

The Fund benefited modestly from sector weightings; however, most positive performance was due to well-targeted stock selections across the portfolio. For example, positions in Philip Morris, Sprint PCS, Fox Entertainment, AOL-Time Warner and Lam Research more than offset the difficult market environment in the technology sector.

LOOKING AHEAD

We are reasonably optimistic about the prospects for U.S. equities for the foreseeable future. Such a stance is, we feel, justified in large part by the Federal Reserve Board's aggressive moves to cut interest rates, which it has done five times, in 50 basis point increments, since the beginning of the year. Equities tend to behave well in such an environment, and we believe that this will continue to be the case going forward.

Into this mix, we would add the stimulating effect of recent tax cut legislation by Congress, along with growing evidence that investors are beginning to pare back their expectations concerning future corporate performance, which, if true, may very well inject a much desired measure of stability into what has been a demonstrably unstable marketplace.

Within this environment, we remain fully invested, favoring well-established companies that lead their respective sectors, in particular those we feel investors will turn to first, as the nation's economy recovers.

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PERCENTAGE OF TOTAL PORTFOLIO INVESTMENTS

[CHART]

<Table>

<Caption>

<S>

	<C>
Technology	37.3%
Health Care	22.0%
Consumer Cyclical	14.0%
Utilities	8.5%
Industrial Cyclical	6.7%
Energy	4.6%
Cash Equivalents & Short Term Paper	2.7%
Financial	1.7%
Consumer Staples	1.4%
Basic Materials	0.7%
Software & Services	0.4%

</Table>

TOP TEN EQUITY HOLDINGS OF THE PORTFOLIO

1. MICROSOFT CORP. (6.2%) Develops, manufactures, licenses, sells and supports software products.
2. PFIZER, INC. (5.1%) A research-based, global pharmaceutical company that discovers, develops, manufactures and markets medicines for humans and animals. Its products include prescription pharmaceuticals, non-prescription self-medications and animal health products.
3. AOL TIME WARNER, INC. (5.0%) Is a global company delivering entertainment, news and Internet brands across converging media platforms. The Company conducts operations in cable systems, interactive services, publishing, music, cable networks and filmed entertainment.
4. GENERAL ELECTRIC CO. (5.0%) Develops, manufactures and markets products for the generation, distribution and utilization of electricity. Through General Electric Capital Services, Inc., offers a variety of financial services including mutual fund management, financing, asset management and insurance. It also owns the National Broadcasting Company.
5. INTEL CORP. (4.2%) Designs, manufactures and sells computer components and related products. Major products include microprocessors, chipsets, embedded processors and microcontrollers, flash memory products, graphics products, network and communication products, systems management software, conferencing products and digital imaging products.
6. CISCO SYSTEMS, INC. (3.0%) Supplies data networking products to the corporate enterprise and public wide area service provider markets. Products include routers, LAN switches, frame relay/ATM and remote access concentrators.
7. COMPAQ COMPUTER CORP. (2.5%) An information technology company, develops and markets hardware, software, solutions and services. The Company's products and solutions include enterprise computing solutions, fault-tolerant business-critical solutions, networking and communication products, commercial desktop and portable products and consumer personal computers.
8. SCHERING-PLOUGH CORP. (2.3%) Worldwide pharmaceutical company that discovers and markets new therapies and treatment programs. The Company's core product groups include allergy/respiratory, anti-infective/anticancer, dermatologicals and cardiovasculars, as well as an animal health business. Schering-Plough also conducts health management programs and sells other consumer products.
9. AMGEN, INC. (2.3%) Discovers, develops, manufactures, and markets human therapeutics based on cellular and molecular biology. It focuses its research on secreted protein and small molecule therapeutics.
10. COOPER CAMERON CORP. (2.2%) Manufactures oil and gas pressure control equipment, including valves, wellheads, chokes, blowout preventers, and assembled systems. The Company's equipment is used for oil and gas drilling, production, and transmission used in onshore, offshore and subsea applications. Cooper also manufactures gas turbines, centrifugal gas and air compressors and other products.

Top 10 equity holdings comprised 37.8% of the Portfolio's market value of investments. Portfolio holdings are subject to change at any time.

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AVERAGE ANNUAL TOTAL RETURNS

<Table>

<Caption>

	1 YEAR	SINCE INCEPTION (12/31/98)
<S>	<C>	<C>
LARGE CAP GROWTH FUND	-25.46%	-3.24%

</Table>

LIFE OF FUND PERFORMANCE (12/31/98 TO 05/31/01)

<Table>

<Caption>

	J.P. MORGAN LARGE CAP GROWTH FUND	RUSSELL 1000 GROWTH INDEX
<S>	<C>	<C>
12/31/1998	\$3,000,000	\$3,000,000
1/31/1999	\$3,164,109	\$3,176,160
2/28/1999	\$3,018,012	\$3,031,073
3/31/1999	\$3,164,109	\$3,190,720
4/30/1999	\$3,214,143	\$3,194,804
5/31/1999	\$3,158,105	\$3,096,627
6/30/1999	\$3,342,228	\$3,313,515
7/31/1999	\$3,226,151	\$3,208,212
8/31/1999	\$3,220,147	\$3,260,634
9/30/1999	\$3,122,081	\$3,192,128
10/31/1999	\$3,344,229	\$3,433,197
11/30/1999	\$3,518,346	\$3,618,418
12/31/1999	\$3,796,276	\$3,994,770
1/31/2000	\$3,690,768	\$3,807,455
2/29/2000	\$3,853,088	\$3,993,602
3/31/2000	\$4,149,324	\$4,279,464
4/30/2000	\$3,851,059	\$4,075,847
5/31/2000	\$3,717,145	\$3,870,587
6/30/2000	\$4,037,728	\$4,163,939
7/31/2000	\$3,873,378	\$3,990,345
8/31/2000	\$4,212,223	\$4,351,630
9/30/2000	\$3,773,957	\$3,940,010
10/31/2000	\$3,696,855	\$3,753,568
11/30/2000	\$3,167,283	\$3,200,255
12/31/2000	\$3,064,272	\$3,098,999
1/31/2001	\$3,353,271	\$3,313,109
2/28/2001	\$2,817,189	\$2,750,642
3/31/2001	\$2,468,625	\$2,451,317
4/30/2001	\$2,803,952	\$2,761,335
5/31/2001	\$2,770,861	\$2,720,689

</Table>

The Fund commenced operations on 12/31/98.

The Fund is currently waiving fees. The waiver may be terminated, which would reduce returns.

Chart illustrates comparative performance of \$3,000,000 and assumes reinvestment of all distributions. Performance of the indices does not include sales charges, but includes reinvestment of all distributions. The Russell 1000 Growth Index is an unmanaged index used to measure performance of growth-oriented U.S. stocks. It does not include fees or operating expenses and is not available for actual investment. Investors cannot invest directly in an index.

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J.P. Morgan U.S. EQUITY FUND
U.S. EQUITY FUND-ADVISOR SERIES
INSTITUTIONAL U.S. EQUITY FUND
AS OF MAY 31, 2001 (UNAUDITED)

HOW THE FUNDS PERFORMED

The Funds seek to provide a high total return from a portfolio of select large-cap stocks. For the year ended May 31, 2001, J.P. Morgan U.S. Equity Fund fell 7.10%; J.P. Morgan U.S. Equity Fund - Advisor Series fell 7.30%; and J.P. Morgan Institutional U.S. Equity Fund fell 6.99%. This compares with a loss of 10.55% for the Standard & Poor's 500 Index, the Funds' benchmark.

HOW THE FUNDS WERE MANAGED

U.S. equity markets were highly volatile over the reporting period, benefiting from stimulating actions by the Federal Reserve Board and the U.S. Congress, yet suffering from a weak U.S. economy and its negative impact on corporate profitability.

For much of this period, investors were beset by numerous profit warnings and earnings revisions by some of our premier corporations, several of which have seen their formerly rosy earnings prospects made considerably less so by a slowing U.S. and global economy. Those companies that disappointed investors found them to be unforgiving to an extreme, with equity prices of such concerns sliding substantially over a short period, regardless of underlying fundamentals.

On the other end of the spectrum, good news tended to flood the market with what was sometimes an excess of investor enthusiasm. Such was the response to the Federal Reserve Board's five 50 basis point interest rate cuts over this period, and to the passage of significant tax cut legislation by Congress. In particular, the market liked the fact that some of the promised tax relief would be felt as soon as this year's second half.

This environment was particularly suited to the sector neutral, highly disciplined investment strategy of the Funds. On the one hand, we were able to take advantage of significant price swings on the upside to take profits on holdings where we felt prices were temporarily inflated. More importantly, we were able to initiate and increase positions amongst several high-quality companies that we felt were victimized by investor overreaction to short term negative developments.

AOL-Time Warner and Nextel are good examples of companies of the latter. With AOL-Time Warner, investors reacted badly to slowing advertising revenues in a slowing economy. We felt this to be a short-term phenomenon that would have little lasting impact on this dominant, highly diversified company, and so added to our holdings in it. Similarly, Nextel, a well established and cash flow positive cellular company, was impacted by a drop in its core corporate business. Even so, we felt that with Nextel's market leadership and long-term growth profile, it should be added to the Fund's holdings, and so it was.

LOOKING AHEAD

We are guardedly optimistic about U.S. equities over the remainder of this year and the year 2002. The Fed and Congress have provided the U.S.

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economy with the building blocks that are necessary for a near- to medium-term recovery. This, in turn, will support the stock market and serve to increase equity values.

Even so, we do not expect the coming recovery to mirror the boom times of the late 1990s, when 20%+ annual returns were the norm. Rather, we anticipate that there will be a more moderate, more broadly based and more sustainable economic recovery going forward.

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PERCENTAGE OF TOTAL PORTFOLIO INVESTMENTS

[CHART]

<Table>

<S>	<C>
Consumer Cyclical	20.1%
Technology	19.1%
Financial	17.2%
Health Care	12.6%
Industrial Cyclical	9.4%
Utilities	9.1%
Energy	7.7%
Basic Materials	2.5%
Cash Equivalents & Short Term Paper	1.9%
Transportation	0.3%
U.S. Treasury Security	0.1%

</Table>

TOP TEN EQUITY HOLDINGS OF THE PORTFOLIO

1. GENERAL ELECTRIC CO. (3.9%) Develops, manufactures and markets products for the generation, distribution and utilization of electricity. Through General Electric Capital Services, Inc., offers a variety of financial services including mutual fund management, financing, asset management and insurance. It

also owns the National Broadcasting Company.

2. PHILIP MORRIS COMPANIES, INC. (3.5%) Through its subsidiaries, the Company provides a complete range of manufacturing and selling of a variety of consumer products. It also provides tobacco products, as well as packaged foods such as cheese, processed meat products, coffee, and grocery products.

3. TYCO INTERNATIONAL LTD (BERMUDA) (3.2%) A diversified manufacturing and service company with operations around the world. The Company manufactures, services and installs electrical and electronic components, undersea telecommunications systems and fire protection and security systems. The Company also manufactures flow control valves, healthcare and specialty products and plastics.

4. EXXON MOBIL CORP. (2.9%) Operates petroleum and petrochemicals businesses on a worldwide basis. Operations include exploration and production of oil and gas, electric power generation and coal and minerals operations.

5. MICROSOFT CORP. (2.7%) Develops, manufactures, licenses, sells and supports software products.

6. INTERNATIONAL BUSINESS MACHINES CORP. (2.4%) Provides technologies, systems, products, services, software and financing. The Company offers its products through its global sales and distribution organization, as well as through a variety of third party distributors and resellers.

7. PFIZER, INC. (2.1%) A research-based, global pharmaceutical company that discovers, develops, manufactures and markets medicines for humans and animals. Its products include prescription pharmaceuticals, non-prescription self-medications and animal health products.

8. AOL-TIME WARNER, INC. (2.0%) Is a global company delivering entertainment, news and Internet brands across converging media platforms. The Company conducts operations in cable systems, interactive services, publishing, music, cable networks and filmed entertainment.

9. CITIGROUP, INC. (2.0%) A diversified financial services holding company that provides investment banking, retail brokerage, corporate banking and cash management products and services around the world.

10. GOLDMAN SACHS GROUP, INC. (2.0%) Is a global investment banking and securities firm specializing in investment banking, trading and principal investments, and asset management and securities services. The Company provides services to corporations, financial institutions, governments and high-net worth individuals.

Top 10 equity holdings comprised 26.7% of the Portfolio's market value of investments. Portfolio holdings are subject to change at any time.

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AVERAGE ANNUAL TOTAL RETURNS

<Table>

<Caption>

<S>	1 YEAR	5 YEARS	10 YEARS
	<C>	<C>	<C>
U.S. EQUITY FUND	-7.10%	12.51%	13.52%
U.S. EQUITY FUND-ADVISOR SERIES	-7.30%	12.46%	13.50%

</Table>

10-YEAR PERFORMANCE (05/31/91 TO 05/31/01)

[CHART]

<Table>

<Caption>

<S>	J.P. Morgan U.S. Equity Fund	J.P. Morgan U.S. Equity Fund - Advisor Series	S&P 500 Index	Lipper Multi-Cap Core Funds Average
	<C>	<C>	<C>	<C>
5/91	\$10,000	\$10,000	\$10,000	\$10,000
6/91	\$9,583	\$9,583	\$9,542	\$9,522
7/91	\$10,052	\$10,052	\$9,987	\$9,980
8/91	\$10,306	\$10,306	\$10,223	\$10,240
9/91	\$10,120	\$10,120	\$10,052	\$10,133
10/91	\$10,393	\$10,393	\$10,187	\$10,317
11/91	\$10,006	\$10,006	\$9,777	\$9,909
12/91	\$11,231	\$11,231	\$10,895	\$10,978
1/92	\$11,207	\$11,207	\$10,692	\$10,989
2/92	\$11,453	\$11,453	\$10,831	\$11,169
3/92	\$11,207	\$11,207	\$10,620	\$10,891

4/92	\$11,309	\$11,309	\$10,932	\$10,925
5/92	\$11,460	\$11,460	\$10,985	\$10,985
6/92	\$11,176	\$11,176	\$10,822	\$10,711
7/92	\$11,498	\$11,498	\$11,264	\$11,056
8/92	\$11,286	\$11,286	\$11,033	\$10,843
9/92	\$11,394	\$11,394	\$11,163	\$11,035
10/92	\$11,459	\$11,459	\$11,201	\$11,229
11/92	\$11,989	\$11,989	\$11,583	\$11,735
12/92	\$12,211	\$12,211	\$11,725	\$11,973
1/93	\$12,413	\$12,413	\$11,823	\$12,116
2/93	\$12,309	\$12,309	\$11,984	\$12,024
3/93	\$12,576	\$12,576	\$12,237	\$12,403
4/93	\$12,249	\$12,249	\$11,941	\$12,145
5/93	\$12,609	\$12,609	\$12,261	\$12,536
6/93	\$12,629	\$12,629	\$12,297	\$12,628
7/93	\$12,643	\$12,643	\$12,247	\$12,619
8/93	\$13,100	\$13,100	\$12,712	\$13,132
9/93	\$12,939	\$12,939	\$12,614	\$13,244
10/93	\$13,276	\$13,276	\$12,875	\$13,407
11/93	\$13,289	\$13,289	\$12,753	\$13,153
12/93	\$13,557	\$13,557	\$12,907	\$13,528
1/94	\$14,135	\$14,135	\$13,346	\$13,945
2/94	\$13,832	\$13,832	\$12,983	\$13,714
3/94	\$13,262	\$13,262	\$12,417	\$13,111
4/94	\$13,566	\$13,566	\$12,576	\$13,236
5/94	\$13,686	\$13,686	\$12,783	\$13,298
6/94	\$13,276	\$13,276	\$12,469	\$12,932
7/94	\$13,719	\$13,719	\$12,879	\$13,295
8/94	\$14,204	\$14,204	\$13,407	\$13,851
9/94	\$13,868	\$13,868	\$13,079	\$13,569
10/94	\$13,995	\$13,995	\$13,373	\$13,735
11/94	\$13,338	\$13,338	\$12,886	\$13,212
12/94	\$13,474	\$13,474	\$13,077	\$13,365
1/95	\$13,774	\$13,774	\$13,416	\$13,453
2/95	\$14,358	\$14,358	\$13,939	\$13,989
3/95	\$14,878	\$14,878	\$14,350	\$14,347
4/95	\$15,202	\$15,202	\$14,773	\$14,698
5/95	\$15,754	\$15,754	\$15,363	\$15,123
6/95	\$15,997	\$15,997	\$15,720	\$15,714
7/95	\$16,484	\$16,484	\$16,242	\$16,496
8/95	\$16,607	\$16,607	\$16,282	\$16,670
9/95	\$17,060	\$17,060	\$16,970	\$17,114
10/95	\$16,615	\$16,615	\$16,909	\$16,813
11/95	\$17,538	\$17,538	\$17,651	\$17,426
12/95	\$17,851	\$17,851	\$17,991	\$17,542
1/96	\$18,323	\$18,323	\$18,604	\$17,983
2/96	\$18,706	\$18,706	\$18,776	\$18,358
3/96	\$19,053	\$19,053	\$18,957	\$18,562
4/96	\$19,454	\$19,454	\$19,236	\$19,033
5/96	\$19,721	\$19,721	\$19,732	\$19,432
6/96	\$19,489	\$19,489	\$19,808	\$19,213
7/96	\$18,456	\$18,456	\$18,933	\$18,183
8/96	\$19,104	\$19,104	\$19,332	\$18,825
9/96	\$19,967	\$19,967	\$20,420	\$19,819
10/96	\$20,264	\$20,264	\$20,983	\$20,070
11/96	\$21,981	\$21,981	\$22,569	\$21,340
12/96	\$21,611	\$21,611	\$22,122	\$21,086
1/97	\$22,852	\$22,852	\$23,504	\$22,095
2/97	\$22,942	\$22,942	\$23,688	\$21,964
3/97	\$22,161	\$22,161	\$22,715	\$21,118
4/97	\$23,082	\$23,082	\$24,071	\$21,885
5/97	\$24,643	\$24,643	\$25,537	\$23,429
6/97	\$25,403	\$25,403	\$26,681	\$24,363
7/97	\$27,604	\$27,604	\$28,804	\$26,374
8/97	\$26,637	\$26,637	\$27,190	\$25,670
9/97	\$27,825	\$27,825	\$28,679	\$27,144
10/97	\$26,714	\$26,714	\$27,721	\$26,187
11/97	\$27,325	\$27,325	\$29,005	\$26,628
12/97	\$27,750	\$27,750	\$29,503	\$26,960
1/98	\$27,910	\$27,910	\$29,829	\$26,971
2/98	\$29,979	\$29,979	\$31,980	\$28,945
3/98	\$31,284	\$31,284	\$33,618	\$30,238
4/98	\$31,925	\$31,925	\$33,956	\$30,603
5/98	\$31,629	\$31,629	\$33,372	\$29,782
6/98	\$32,048	\$32,048	\$34,728	\$30,622
7/98	\$31,344	\$31,344	\$34,358	\$29,866
8/98	\$26,340	\$26,340	\$29,391	\$24,929
9/98	\$28,465	\$28,465	\$31,273	\$26,428
10/98	\$30,591	\$30,591	\$33,817	\$28,197
11/98	\$32,952	\$32,952	\$35,867	\$29,830
12/98	\$34,536	\$34,536	\$37,934	\$32,048
1/99	\$35,596	\$35,596	\$39,520	\$33,196
2/99	\$34,178	\$34,178	\$38,292	\$31,957
3/99	\$35,686	\$35,686	\$39,824	\$33,181
4/99	\$37,850	\$37,850	\$41,366	\$34,552

5/99	\$37,447	\$37,447	\$40,389	\$34,017
6/99	\$39,597	\$39,597	\$42,631	\$35,893
7/99	\$38,088	\$38,088	\$41,300	\$34,987
8/99	\$37,131	\$37,131	\$41,094	\$34,447
9/99	\$35,591	\$35,591	\$39,967	\$33,783
10/99	\$37,131	\$37,131	\$42,496	\$35,748
11/99	\$38,044	\$38,044	\$43,360	\$37,365
12/99	\$39,608	\$39,608	\$45,914	\$40,688
1/00	\$37,951	\$37,951	\$43,607	\$39,167
2/00	\$36,982	\$36,982	\$42,782	\$40,959
3/00	\$41,018	\$41,018	\$46,967	\$43,591
4/00	\$39,115	\$39,115	\$45,554	\$41,954
5/00	\$38,269	\$38,269	\$44,619	\$40,556
6/00	\$39,203	\$39,203	\$45,719	\$42,000
7/00	\$39,115	\$39,115	\$45,005	\$41,152
8/00	\$41,990	\$41,989	\$47,800	\$44,482
9/00	\$40,137	\$40,131	\$45,276	\$42,502
10/00	\$40,119	\$40,172	\$45,085	\$41,933
11/00	\$36,538	\$36,497	\$41,530	\$38,432
12/00	\$36,991	\$36,948	\$41,734	\$39,635
1/01	\$38,783	\$38,787	\$43,214	\$40,567
2/01	\$34,755	\$34,700	\$39,274	\$37,419
3/01	\$32,224	\$32,125	\$36,786	\$35,085
4/01	\$35,180	\$35,108	\$39,645	\$37,844
5/01	\$35,550	\$35,476	\$39,910	\$38,120

</Table>

Source: Lipper Analytical Services. Past performance is not indicative of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

The U.S. Equity Fund commenced operations on 06/27/85. The U.S. Equity Fund-Advisor Series commenced operations on 09/15/00. Performance prior to the introduction is based upon historical expenses of the predecessor U.S. Equity Fund.

The U.S. Equity Fund-Advisor Series is currently waiving fees. The waiver may be terminated, which would reduce returns.

Chart illustrates comparative performance of \$10,000 and assumes reinvestment of all distributions. Performance of the indices does not include sales charges, but includes reinvestment of all distributions. The S&P 500 Index is a broad-based index that replicates the U.S. stock market. The Lipper Multi-Cap Core Fund Average describes the average total return for all the funds in the indicated Lipper category, as defined by Lipper Inc. Investors cannot invest directly in an index.

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<Page>

AVERAGE ANNUAL TOTAL RETURNS

<Table>

<Caption>

<S>	1 YEAR <C>	5 YEARS <C>	10 YEARS <C>
INSTITUTIONAL U.S. EQUITY FUND	-6.99%	12.72%	13.70%

</Table>

10-YEAR PERFORMANCE (05/31/91 TO 05/31/01)

[CHART]

<Table>

<Caption>

<S>	J.P. Morgan Institutional U.S. Equity Fund		Lipper Multi-Cap Core Funds Average
	<C>	S&P 500 Index <C>	<C>
5/91	\$3,000,000	\$3,000,000	\$3,000,000
6/91	\$2,874,856	\$2,862,571	\$2,856,678
7/91	\$3,015,548	\$2,995,995	\$2,993,850
8/91	\$3,091,827	\$3,066,970	\$3,071,856
9/91	\$3,035,899	\$3,015,660	\$3,039,984
10/91	\$3,117,766	\$3,056,190	\$3,095,019
11/91	\$3,001,788	\$2,933,057	\$2,972,571
12/91	\$3,369,305	\$3,268,510	\$3,293,478
1/92	\$3,362,098	\$3,207,618	\$3,296,769
2/92	\$3,435,971	\$3,249,156	\$3,350,604
3/92	\$3,362,040	\$3,185,960	\$3,267,234
4/92	\$3,392,769	\$3,279,500	\$3,277,389
5/92	\$3,437,957	\$3,295,570	\$3,295,437
6/92	\$3,352,923	\$3,246,532	\$3,213,153
7/92	\$3,449,438	\$3,379,152	\$3,316,884

8/92	\$3,385,738	\$3,309,981	\$3,252,777
9/92	\$3,418,177	\$3,348,874	\$3,310,356
10/92	\$3,437,587	\$3,360,427	\$3,368,820
11/92	\$3,596,753	\$3,474,850	\$3,520,374
12/92	\$3,663,372	\$3,517,486	\$3,591,786
1/93	\$3,723,972	\$3,546,892	\$3,634,815
2/93	\$3,692,695	\$3,595,236	\$3,607,272
3/93	\$3,772,803	\$3,671,096	\$3,721,014
4/93	\$3,674,808	\$3,582,366	\$3,643,446
5/93	\$3,782,602	\$3,678,194	\$3,760,686
6/93	\$3,788,749	\$3,688,971	\$3,788,469
7/93	\$3,792,782	\$3,674,141	\$3,785,748
8/93	\$3,929,895	\$3,813,538	\$3,939,558
9/93	\$3,879,537	\$3,784,288	\$3,973,071
10/93	\$3,980,840	\$3,862,585	\$4,022,145
11/93	\$3,988,344	\$3,825,775	\$3,945,939
12/93	\$4,068,628	\$3,872,028	\$4,058,286
1/94	\$4,245,361	\$4,003,677	\$4,183,395
2/94	\$4,155,114	\$3,894,978	\$4,114,245
3/94	\$3,984,521	\$3,725,157	\$3,933,357
4/94	\$4,078,674	\$3,772,913	\$3,970,854
5/94	\$4,120,101	\$3,834,827	\$3,989,283
6/94	\$3,992,054	\$3,740,835	\$3,879,483
7/94	\$4,126,626	\$3,863,684	\$3,988,416
8/94	\$4,271,823	\$4,022,095	\$4,155,345
9/94	\$4,172,478	\$3,923,755	\$4,070,715
10/94	\$4,210,687	\$4,011,922	\$4,120,434
11/94	\$4,015,819	\$3,865,807	\$3,963,663
12/94	\$4,055,615	\$3,923,137	\$4,009,461
1/95	\$4,145,827	\$4,024,864	\$4,035,861
2/95	\$4,322,328	\$4,181,713	\$4,196,775
3/95	\$4,479,218	\$4,305,116	\$4,304,052
4/95	\$4,577,275	\$4,431,901	\$4,409,448
5/95	\$4,745,932	\$4,609,044	\$4,536,789
6/95	\$4,820,455	\$4,716,112	\$4,714,101
7/95	\$4,969,501	\$4,872,499	\$4,948,674
8/95	\$5,006,170	\$4,884,729	\$5,001,045
9/95	\$5,142,884	\$5,090,864	\$5,134,110
10/95	\$5,010,191	\$5,072,690	\$5,043,771
11/95	\$5,291,662	\$5,295,381	\$5,227,767
12/95	\$5,387,126	\$5,397,370	\$5,262,504
1/96	\$5,527,438	\$5,581,096	\$5,394,756
2/96	\$5,642,238	\$5,632,833	\$5,507,385
3/96	\$5,748,535	\$5,687,077	\$5,568,699
4/96	\$5,871,839	\$5,770,905	\$5,709,750
5/96	\$5,952,625	\$5,919,736	\$5,829,675
6/96	\$5,884,595	\$5,942,291	\$5,763,858
7/96	\$5,574,208	\$5,679,760	\$5,454,828
8/96	\$5,768,301	\$5,799,546	\$5,647,536
9/96	\$6,033,195	\$6,125,945	\$5,945,634
10/96	\$6,119,971	\$6,294,898	\$6,021,081
11/96	\$6,640,625	\$6,770,730	\$6,402,132
12/96	\$6,530,173	\$6,636,602	\$6,325,824
1/97	\$6,906,182	\$7,051,257	\$6,628,515
2/97	\$6,934,739	\$7,106,538	\$6,589,308
3/97	\$6,701,519	\$6,814,531	\$6,335,403
4/97	\$6,977,576	\$7,221,364	\$6,565,356
5/97	\$7,453,536	\$7,660,999	\$7,028,664
6/97	\$7,681,997	\$8,004,212	\$7,308,825
7/97	\$8,353,101	\$8,641,107	\$7,912,323
8/97	\$8,056,403	\$8,157,032	\$7,700,913
9/97	\$8,420,006	\$8,603,793	\$8,143,311
10/97	\$8,087,569	\$8,316,427	\$7,856,133
11/97	\$8,274,565	\$8,701,394	\$7,988,382
12/97	\$8,396,599	\$8,850,796	\$8,088,075
1/98	\$8,448,042	\$8,948,686	\$8,091,252
2/98	\$9,076,786	\$9,594,065	\$8,683,401
3/98	\$9,471,088	\$10,085,377	\$9,071,412
4/98	\$9,671,504	\$10,186,835	\$9,180,864
5/98	\$9,579,885	\$10,011,724	\$8,934,666
6/98	\$9,711,658	\$10,418,400	\$9,186,627
7/98	\$9,499,413	\$10,307,444	\$8,959,710
8/98	\$7,983,692	\$8,817,194	\$7,478,697
9/98	\$8,626,982	\$9,382,023	\$7,928,460
10/98	\$9,270,273	\$10,145,157	\$8,458,974
11/98	\$9,993,974	\$10,760,055	\$8,948,967
12/98	\$10,478,100	\$11,380,050	\$9,614,502
1/99	\$10,794,477	\$11,855,963	\$9,958,683
2/99	\$10,365,108	\$11,487,480	\$9,587,133
3/99	\$10,832,136	\$11,947,094	\$9,954,213
4/99	\$11,487,943	\$12,409,805	\$10,365,573
5/99	\$11,367,335	\$12,116,809	\$10,205,103
6/99	\$12,023,846	\$12,789,292	\$10,767,942
7/99	\$11,563,133	\$12,390,011	\$10,496,082
8/99	\$11,276,052	\$12,328,061	\$10,333,992

9/99	\$10,807,476	\$11,990,148	\$10,135,002
10/99	\$11,276,052	\$12,748,885	\$10,724,349
11/99	\$11,555,686	\$13,008,070	\$11,209,587
12/99	\$12,036,765	\$13,774,245	\$12,206,397
1/00	\$11,535,992	\$13,082,227	\$11,750,175
2/00	\$11,244,633	\$12,834,581	\$12,287,610
3/00	\$12,473,804	\$14,090,188	\$13,077,363
4/00	\$11,900,191	\$13,666,214	\$12,586,161
5/00	\$11,645,252	\$13,385,783	\$12,166,911
6/00	\$11,927,576	\$13,715,743	\$12,599,886
7/00	\$11,900,219	\$13,501,366	\$12,345,645
8/00	\$12,775,637	\$14,339,935	\$13,344,531
9/00	\$12,218,984	\$13,582,930	\$12,750,555
10/00	\$12,218,984	\$13,525,474	\$12,579,879
11/00	\$11,123,930	\$12,459,126	\$11,529,573
12/00	\$11,269,751	\$12,520,051	\$11,890,404
1/01	\$11,815,219	\$12,964,263	\$12,170,031
2/01	\$10,587,917	\$11,782,181	\$11,225,688
3/01	\$9,818,418	\$11,035,780	\$10,525,521
4/01	\$10,714,543	\$11,893,370	\$11,353,212
5/01	\$10,831,429	\$11,973,056	\$11,436,018

</Table>

Source: Lipper Analytical Services. Past performance is not indicative of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

The U.S. Equity Fund commenced operations on 06/27/85. The Institutional U.S. Equity Fund commenced operations in 07/19/93. Performance prior to the introduction is based upon historical expenses of the predecessor U.S. Equity Fund.

The Fund is currently waiving fees. The waiver may be terminated, which would reduce returns.

Chart illustrates comparative performance of \$3,000,000 and assumes reinvestment of all distributions. Performance of the indices does not include sales charges, but includes reinvestment of all distributions. The S&P 500 Index is a broad-based index that replicates the U.S. stock market. The Lipper Multi-Cap Core Fund Average describes the average total return for all the funds in the indicated Lipper category, as defined by Lipper Inc. Investors cannot invest directly in an index.

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J.P. Morgan DISCIPLINED EQUITY FUND
 INSTITUTIONAL DISCIPLINED EQUITY FUND
 AS OF MAY 31, 2001 (UNAUDITED)

HOW THE FUNDS PERFORMED

The Funds seek to provide consistently high total return from a broadly diversified portfolio of stocks. During the year ended May 31, 2001, J.P. Morgan Disciplined Equity Fund fell 10.43%, and J.P. Morgan Institutional Disciplined Equity Fund fell 9.99%. This compares to a loss of 10.55% from the S&P 500 Index, the Funds' benchmark.

HOW THE FUNDS WERE MANAGED

During the reporting period, U.S. equity markets were enveloped by a cloud of pervasive negativism, one broken only occasionally by brief glimmers of optimism.

On the positive side of the ledger, investors were heartened by five consecutive 50 basis point interest rate cuts by the Federal Reserve Board, which sought to re-invigorate what had become a moribund U.S. economy. Thus, the Fed more than retraced its previous path of raising interest rates by 175 basis points over the June 1999 -- May 2000 period, in order to slow what was then perceived to be an overheated economy.

Rallies tied to Fed cuts and the passage of significant tax relief legislation by Congress were unusually short lived, as investors focused nearly exclusively on a raft of negative earnings surprises and revisions by many major and minor corporations, along with continuing signs of an decelerating U.S. economy. These and other negative influences strongly depressed the nation's equity markets over much of this period.

Amidst this environment of extreme market instability, the Funds' sector-neutral, stock selection focused approach resulted in strong outperformance. Stock picking added value in 12 out of 18 sectors, led by security selection within capital markets, consumer staples and industrial cyclicals. On the other hand, stock selection in software & services, network technology and systems hardware proved troublesome as companies in these sectors

were not able to provide investors with virtually any guidance around future earnings.

More specifically, positions within the Funds that significantly added to performance included overweights in Philip Morris (+38%), Cendant (+109%) and Goldman Sachs (+16%). Positions that detracted from performance included an overweight in Sun Microsystems (-57%) and underweights in Microsoft (+21%).

LOOKING AHEAD

U.S. economic data continues to be somewhat mixed. On the plus side, current data suggests that the mountain of excess inventory that has dragged on the economy is well along in the process of being whittled away. Additionally, housing and auto sales have held up well, reinforcing hopes that GDP growth, which declined to an annualized rate of 1.3% during the first quarter of 2001, has slowed as far as it will this market cycle. On the other hand, corporate spending promises to remain weak for some time yet to come, and households likely will need to pull back from spending in order to rebuild nest eggs cracked by the economy's and the stock market's declines over the past year and more.

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All in all, however, the Fund's sector-neutral stock picking strategy, one which emphasizes the strength of a company's underlying fundamentals, should be able to outperform the benchmark across all market environments and has demonstrated the ability to do so in the past. This said, we certainly favor an environment in which investors focus on a company's long-term potential, rather than its quarter-to-quarter performance, as they may well do when there are concrete signs that our economy is recovering.

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PERCENTAGE OF TOTAL PORTFOLIO INVESTMENTS

[CHART]

<Table>

<S>	<C>
Technology	19.5%
Financial	17.9%
Consumer Cyclical	17.0%
Health Care	12.8%
Utilities	8.9%
Industrial Cyclical	8.3%
Energy	7.8%
Consumer Staples	3.1%
Basic Materials	2.6%
Transportation	1.1%
Cash Equivalents & Short Term Paper	0.7%
Software & Services	0.2%
U.S. Treasury Security	0.1%

</Table>

TOP TEN EQUITY HOLDINGS OF THE PORTFOLIO

1. GENERAL ELECTRIC CO. (3.8%) Develops, manufactures and markets products for the generation, distribution and utilization of electricity. Through General Electric Capital Services, Inc., offers a variety of financial services including mutual fund management, financing, asset management and insurance. It also owns the National Broadcasting Company.
2. CITIGROUP, INC. (3.3%) A diversified financial services holding company that provides investment banking, retail brokerage, corporate banking and cash management products and services around the world.
3. MICROSOFT CORP. (3.2%) Develops, manufactures, licenses, sells and supports software products.
4. EXXON MOBIL CORP. (3.2%) Operates petroleum and petrochemicals businesses on a worldwide basis. Operations include exploration and production of oil and gas, electric power generation and coal and minerals operations.
5. PFIZER, INC. (2.7%) A research-based, global pharmaceutical company that discovers, develops, manufactures and markets medicines for humans and animals. Its products include prescription pharmaceuticals, non-prescription self-medications and animal health products.
6. AOL-TIME WARNER, INC. (2.3%) Is a global company delivering entertainment, news and Internet brands across converging media platforms. The Company conducts operations in cable systems, interactive services, publishing, music, cable

networks and filmed entertainment.

7. PHILIP MORRIS COMPANIES, INC. (2.1%) Through its subsidiaries, the Company provides a complete range of manufacturing and selling of a variety of consumer products. It also provides tobacco products, as well as packaged foods such as cheese, processed meat products, coffee, and grocery products.

8. INTERNATIONAL BUSINESS MACHINES CORP. (2.0%) Provides technologies, systems, products, services, software and financing. The Company offers its products through its global sales and distribution organization, as well as through a variety of third party distributors and resellers.

9. WAL-MART STORES, INC. (1.8%) Operates discount stores and Supercenters as well as Sam's Clubs which offer merchandise such as apparel, housewares, small appliances, electronics and hardware.

10. INTEL CORP. (1.7%) Designs, manufactures and sells computer components and related products. Major products include microprocessors, chipsets, embedded processors and microcontrollers, flash memory products, graphics products, network and communication products, systems management software, conferencing products and digital imaging products. Top 10 equity holdings comprised 26.1% of the Portfolio's market value of investments. Portfolio holdings are subject to change at any time.

<Page>

AVERAGE ANNUAL TOTAL RETURNS

<Table>

<Caption>

	1 YEAR	SINCE INCEPTION (01/03/97)
<S>	<C>	<C>
DISCIPLINED EQUITY FUND	-10.43%	12.72%

</Table>

LIFE OF FUND PERFORMANCE (01/03/97 TO 05/31/01)

[CHART]

<Table>

<Caption>

<S>	J.P. Morgan Disciplined Equity Fund	S&P 500 Index	Lipper Large-Cap Value Average
<C>	<C>	<C>	<C>
1/97	\$10,000	\$10,000	\$10,000
2/97	\$10,076	\$10,078	\$9,997
3/97	\$9,657	\$9,664	\$9,591
4/97	\$10,210	\$10,241	\$10,065
5/97	\$10,924	\$10,865	\$10,690
6/97	\$11,410	\$11,351	\$11,121
7/97	\$12,362	\$12,255	\$11,991
8/97	\$11,728	\$11,568	\$11,458
9/97	\$12,283	\$12,202	\$12,041
10/97	\$11,900	\$11,794	\$11,620
11/97	\$12,407	\$12,340	\$11,995
12/97	\$12,579	\$12,552	\$12,192
1/98	\$12,792	\$12,691	\$12,286
2/98	\$13,742	\$13,606	\$13,173
3/98	\$14,459	\$14,303	\$13,752
4/98	\$14,682	\$14,447	\$13,894
5/98	\$14,507	\$14,199	\$13,602
6/98	\$15,012	\$14,775	\$14,061
7/98	\$14,876	\$14,618	\$13,828
8/98	\$12,680	\$12,504	\$11,759
9/98	\$13,516	\$13,305	\$12,435
10/98	\$14,653	\$14,388	\$13,372
11/98	\$15,673	\$15,260	\$14,146
12/98	\$16,601	\$16,139	\$15,045
1/99	\$17,178	\$16,814	\$15,553
2/99	\$16,553	\$16,291	\$15,055
3/99	\$17,227	\$16,943	\$15,624
4/99	\$18,225	\$17,599	\$16,131
5/99	\$17,824	\$17,184	\$15,777
6/99	\$18,725	\$18,138	\$16,630
7/99	\$18,127	\$17,571	\$16,173
8/99	\$18,029	\$17,483	\$15,989
9/99	\$17,499	\$17,004	\$15,583
10/99	\$18,422	\$18,080	\$16,487
11/99	\$18,697	\$18,448	\$16,867
12/99	\$19,594	\$19,534	\$17,928

1/00	\$18,540	\$18,553	\$17,135
2/00	\$18,089	\$18,202	\$17,118
3/00	\$19,925	\$19,983	\$18,563
4/00	\$19,242	\$19,381	\$18,004
5/00	\$18,750	\$18,984	\$17,583
6/00	\$19,222	\$19,451	\$18,084
7/00	\$18,910	\$19,147	\$17,787
8/00	\$20,097	\$20,337	\$18,963
9/00	\$18,849	\$19,263	\$17,987
10/00	\$18,859	\$19,182	\$17,830
11/00	\$17,288	\$17,669	\$16,456
12/00	\$17,417	\$17,756	\$16,680
1/01	\$18,112	\$18,386	\$17,002
2/01	\$16,395	\$16,709	\$15,543
3/01	\$15,332	\$15,651	\$14,527
4/01	\$16,621	\$16,867	\$15,631
5/01	\$16,795	\$16,980	\$15,707

</Table>

Source: Lipper Analytical Services. Past performance is not indicative of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

The Institutional Disciplined Equity Fund commenced operations on 01/03/97. The Disciplined Equity Fund commenced operations on 12/31/97. Performance prior to introduction is based upon historical expenses of the predecessor Institutional Disciplined Equity Fund.

The Fund is currently waiving fees. The waiver may be terminated, which would reduce returns.

Chart illustrates comparative performance of \$10,000 and assumes reinvestment of all distributions. Performance of the indices does not include sales charges, but includes reinvestment of all distributions. The S&P 500 Index is a broad-based index that replicates the U.S. stock market. The Lipper Large-Cap Value Funds Average describes the average total return for all funds in the indicated Lipper category, as defined by Lipper Inc. Investors cannot directly invest in an index.

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AVERAGE ANNUAL TOTAL RETURNS

<Table>

<Caption>

	1 YEAR	SINCE INCEPTION (01/03/97)
<S>	<C>	<C>
INSTITUTIONAL DISCIPLINED EQUITY FUND	-9.99%	13.01%

</Table>

LIFE OF FUND PERFORMANCE (01/03/97 TO 05/31/01)

[CHART]

<Table>

<Caption>

	J.P. Morgan Institutional Disciplined Equity Fund	S&P 500 Index	Lipper Large-Cap Value Average
<S>	<C>	<C>	<C>
1/97	\$1,000,000	\$1,000,000	\$1,000,000
2/97	\$1,007,619	\$1,007,840	\$999,699
3/97	\$965,714	\$966,428	\$959,147
4/97	\$1,020,952	\$1,024,124	\$1,006,535
5/97	\$1,092,381	\$1,086,473	\$1,069,033
6/97	\$1,140,952	\$1,135,147	\$1,112,139
7/97	\$1,236,190	\$1,225,471	\$1,199,115
8/97	\$1,172,814	\$1,156,820	\$1,145,800
9/97	\$1,228,298	\$1,220,179	\$1,204,142
10/97	\$1,190,033	\$1,179,425	\$1,162,016
11/97	\$1,240,734	\$1,234,020	\$1,199,544
12/97	\$1,257,870	\$1,255,208	\$1,219,180
1/98	\$1,280,159	\$1,269,091	\$1,228,587
2/98	\$1,375,129	\$1,360,618	\$1,317,265
3/98	\$1,446,844	\$1,430,295	\$1,375,233
4/98	\$1,469,177	\$1,444,684	\$1,389,354
5/98	\$1,452,670	\$1,419,850	\$1,360,205
6/98	\$1,504,152	\$1,477,524	\$1,406,131
7/98	\$1,490,523	\$1,461,788	\$1,382,779
8/98	\$1,271,366	\$1,250,443	\$1,175,858

9/98	\$1,355,149	\$1,330,546	\$1,243,513
10/98	\$1,470,108	\$1,438,773	\$1,337,165
11/98	\$1,571,427	\$1,525,977	\$1,414,605
12/98	\$1,664,734	\$1,613,904	\$1,504,512
1/99	\$1,721,648	\$1,681,397	\$1,555,330
2/99	\$1,659,652	\$1,629,139	\$1,505,541
3/99	\$1,727,740	\$1,694,321	\$1,562,376
4/99	\$1,827,456	\$1,759,942	\$1,613,092
5/99	\$1,787,773	\$1,718,390	\$1,577,748
6/99	\$1,879,577	\$1,813,761	\$1,663,046
7/99	\$1,819,340	\$1,757,135	\$1,617,312
8/99	\$1,810,146	\$1,748,349	\$1,598,872
9/99	\$1,758,019	\$1,700,427	\$1,558,256
10/99	\$1,851,030	\$1,808,030	\$1,648,733
11/99	\$1,878,627	\$1,844,787	\$1,686,696
12/99	\$1,969,709	\$1,953,445	\$1,792,849
1/00	\$1,864,400	\$1,855,304	\$1,713,484
2/00	\$1,819,268	\$1,820,183	\$1,711,781
3/00	\$2,004,072	\$1,998,252	\$1,856,335
4/00	\$1,936,301	\$1,938,125	\$1,800,358
5/00	\$1,886,818	\$1,898,354	\$1,758,270
6/00	\$1,935,235	\$1,945,149	\$1,808,350
7/00	\$1,903,970	\$1,914,746	\$1,778,667
8/00	\$2,023,657	\$2,033,671	\$1,896,304
9/00	\$1,898,527	\$1,926,313	\$1,798,722
10/00	\$1,900,685	\$1,918,165	\$1,782,988
11/00	\$1,742,114	\$1,766,937	\$1,645,600
12/00	\$1,755,602	\$1,775,577	\$1,668,028
1/01	\$1,827,171	\$1,838,575	\$1,700,230
2/01	\$1,653,671	\$1,670,934	\$1,554,259
3/01	\$1,547,441	\$1,565,080	\$1,452,683
4/01	\$1,680,916	\$1,686,702	\$1,563,113
5/01	\$1,698,279	\$1,698,003	\$1,570,686

</Table>

Source: Lipper Analytical Services. Past performance is not indicative of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

The Institutional Disciplined Equity Fund commenced operations on 01/03/97.

The Fund is currently waiving fees. The waiver may be terminated, which would reduce returns.

Chart illustrates comparative performance of \$1,000,000 and assumes reinvestment of all distributions. Performance of the indices does not include sales charges, but includes reinvestment of all distributions. The S&P 500 Index is a broad-based index that replicates the U.S. stock market. The Lipper Large-Cap Value Funds Average describes the average total return for all funds in the indicated Lipper category, as defined by Lipper Inc. Investors cannot directly invest in an index.

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J.P. MORGAN U.S. SMALL COMPANY FUND
 INSTITUTIONAL U.S. SMALL COMPANY FUND
 AS OF MAY 31, 2001 (UNAUDITED)

HOW THE FUNDS PERFORMED

The Funds seek to provide high total return from a portfolio of small company stocks. During the year ended May 31, 2001, J.P. Morgan U.S. Small Company Fund returned 0.79%, and J.P. Morgan Institutional U.S. Company Fund returned 0.94%. This compares to a 5.69% return from the Russell 2000 Index, the Funds' benchmark.

HOW THE FUNDS WERE MANAGED

The U.S. equity marketplace was a proverbial roller coaster during this reporting period, rising sharply, but temporarily, on good news and declining as sharply and more on bad news.

In the former case, the Federal Reserve Board sought to jump-start our economy by cutting interest rates five times in 50 basis point increments. Congress also agreed to a fairly significant tax cut, which may bolster the economy as early as later this year.

Less heartening to investors was a domestic economy that grew by an anemic 1.3% during the first quarter. Also damaging investor confidence were numerous admissions by both large and small corporations that their earnings would fall short of expectations and might not recover for some time. Companies in the once favored TMT (technology-media-telecommunications) sectors were particularly hard hit.

These and other developments sent the stock market sharply up and down over much of this period, one that was also marked by growing investor preference for value stocks over their growth stock alternatives. In several cases, this led to lower quality companies with current earnings being favored over companies, without current earnings, but substantial long-term earnings potential. The Funds, which tend to invest in the latter group, suffered from this shift in investor sentiment.

From a sector-specific standpoint, the Funds benefited most from investments in the finance, energy and hardware sectors. In contrast, investments in the healthcare services and systems, semiconductor and technology services sectors detracted the most from performance.

LOOKING AHEAD

We are likely to continue experiencing stock market volatility until there are clear signs that the economy has bottomed and is on the way to recovery.

With the valuations of many quality companies at or near record low levels, the present market could be characterized as a buyer's market for long-term investors, such as ourselves. This is particularly true of companies in heavily battered sectors. This includes but is not limited to, the aforementioned TMT sectors, which should thrive when capital spending picks up. As this occurs, the present performance gap between value and growth stocks should narrow and eventually revert to the mean.

In our view, when the market for small capitalization stocks turns around, it will be a sharp, swift turn that will reward those investors that stood the course and took advantage of market dynamics, by buying into attractively valued companies that are poised for growth.

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PERCENTAGE OF TOTAL PORTFOLIO INVESTMENTS

[CHART]

CONSUMER CYCLICALS	18.3%
TECHNOLOGY	17.8%
FINANCIAL	13.4%
HEALTH CARE	12.0%
BASIC MATERIALS	9.5%
CASH EQUIVALENTS & SHORT TERM PAPER	7.4%
UTILITIES	5.4%
REAL ESTATE	4.9%
INDUSTRIAL CYCLICAL	4.5%
TRANSPORTATION	3.3%
ENERGY	3.3%
CONSUMER STAPLES	0.2%

TOP TEN EQUITY HOLDINGS OF THE PORTFOLIO

1. MCDERMOTT INTERNATIONAL, INC. (1.3%) Worldwide energy services company. The Company and its subsidiaries manufacture steam-generating and environmental equipment and products for the U.S. government. McDermott also provides engineering and construction services to industrial, utility and hydrocarbon processing facilities, and to the shipping and offshore oil and gas industries.
2. AMERICREDIT CORP. (1.3%) A national consumer finance company specializing in purchasing, securitizing and servicing automobile loans. Using its branch network and strategic alliances with select auto groups and banks, the Company purchases loans made by franchised and select independent dealers to consumers who are typically unable to obtain financing from traditional sources.
3. HELLER FINANCIAL, INC. (1.2%) Provides an array of commercial financial products and services. The Company provides U.S.-based clients with cash flow financing, real estate financing, factoring and working capital loans, equipment financing and leasing, asset-based finance and equity investments.
4. CHARLES RIVER LABORATORIES INTERNATIONAL, INC. (1.2%) Provides research tools and support services that enable drug discovery and development. The Company provides the animal research models required in research and development for new drugs, devices and therapies. Charles River's customers include pharmaceutical and biotechnology companies, hospitals and academic institutions.
5. MINIMED, INC. (1.2%) Designs, develops, manufactures and markets infusion systems with a primary emphasis on the intensive management of diabetes. The Company's products include external pumps and related disposables, as well as an implantable insulin pump. MiniMed also distributes other diabetes supplies and pharmaceutical products.
6. ANCHOR GAMING (PUERTO RICO) (1.2%) A diversified gaming technology company serving states, municipalities, and gaming programs around the world. The

Company develops and distributes proprietary games, and manufactures and distributes gaming devices to casinos.

7. SKYWEST, INC. (1.1%) Operates a regional airline that provides passenger and freight service in the United States. The Company operates as a Delta Connection in certain markets and as United Express in certain other markets. SkyWest also provides car rental services through a fleet of Avis vehicles located at several airports.

8. PROTECTIVE LIFE CORP. (1.1%) Provides financial services through the production, distribution and administration of insurance and investment products. The Company markets individual life insurance, indemnity and prepaid dental products, credit life and disability insurance, guaranteed investment contracts, guaranteed funding agreements and annuities.

9. COUSINS PROPERTIES, INC. (1.0%) A real estate investment trust that derives its revenues from the acquisition, financing, development, management and leasing of commercial properties.

10. CLECO CORP. (1.0%) Generates, transmits, distributes, and sells electric energy to customers in Louisiana. The Company, through a subsidiary, also markets energy and energy management services, as well as is involved in energy asset development opportunities in the southeastern region of the United States.

Top 10 equity holdings comprised 11.6% of the Portfolio's market value of investments. Portfolio holdings are subject to change at any time.

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AVERAGE ANNUAL TOTAL RETURNS

	1 YEAR	5 YEARS	10 YEARS
U.S. SMALL COMPANY FUND	0.79%	8.83%	12.62%

10-YEAR PERFORMANCE (05/31/91 TO 05/31/01)

[CHART]

	J.P. MORGAN U.S. SMALL COMPANY FUND	LIPPER SMALL-CAP GROWTH	
		RUSSELL 2000 INDEX	FUNDS AVERAGE
5/91	\$10,000	\$10,000	\$10,000
6/91	\$8,943	\$9,422	\$9,346
7/91	\$9,711	\$9,751	\$10,006
8/91	\$10,206	\$10,111	\$10,465
9/91	\$10,206	\$10,190	\$10,511
10/91	\$10,779	\$10,459	\$10,996
11/91	\$10,172	\$9,975	\$10,444
12/91	\$11,663	\$10,773	\$11,712
1/92	\$12,353	\$11,647	\$12,325
2/92	\$12,514	\$11,987	\$12,527
3/92	\$11,991	\$11,582	\$11,919
4/92	\$11,107	\$11,175	\$11,283
5/92	\$11,140	\$11,324	\$11,243
6/92	\$10,562	\$10,791	\$10,734
7/92	\$11,224	\$11,167	\$11,143
8/92	\$10,834	\$10,851	\$10,833
9/92	\$11,212	\$11,101	\$11,114
10/92	\$11,774	\$11,451	\$11,684
11/92	\$13,109	\$12,328	\$12,669
12/92	\$13,877	\$12,757	\$13,074
1/93	\$14,177	\$13,188	\$13,360
2/93	\$13,454	\$12,884	\$12,714
3/93	\$13,966	\$13,302	\$13,191
4/93	\$13,365	\$12,936	\$12,660
5/93	\$13,971	\$13,509	\$13,464
6/93	\$14,027	\$13,593	\$13,611
7/93	\$14,015	\$13,780	\$13,705
8/93	\$14,492	\$14,375	\$14,459
9/93	\$14,789	\$14,781	\$15,040
10/93	\$14,969	\$15,162	\$15,231
11/93	\$14,608	\$14,668	\$14,650
12/93	\$15,068	\$15,169	\$15,359
1/94	\$15,477	\$15,644	\$15,778
2/94	\$15,273	\$15,587	\$15,655
3/94	\$14,592	\$14,766	\$14,738
4/94	\$14,487	\$14,854	\$14,681
5/94	\$14,130	\$14,687	\$14,341
6/94	\$13,615	\$14,191	\$13,609
7/94	\$13,881	\$14,425	\$13,916
8/94	\$14,548	\$15,228	\$14,842
9/94	\$14,424	\$15,176	\$14,970
10/94	\$14,528	\$15,115	\$15,274

11/94	\$13,874	\$14,504	\$14,661
12/94	\$14,180	\$14,893	\$14,945
1/95	\$14,158	\$14,704	\$14,757
2/95	\$14,814	\$15,317	\$15,367
3/95	\$15,297	\$15,579	\$15,850
4/95	\$15,657	\$15,925	\$16,036
5/95	\$15,866	\$16,199	\$16,224
6/95	\$16,687	\$17,039	\$17,404
7/95	\$17,545	\$18,021	\$18,847
8/95	\$17,893	\$18,394	\$19,057
9/95	\$18,200	\$18,722	\$19,626
10/95	\$17,601	\$17,885	\$19,048
11/95	\$18,323	\$18,636	\$19,706
12/95	\$18,698	\$19,128	\$20,108
1/96	\$18,813	\$19,107	\$19,881
2/96	\$19,494	\$19,703	\$20,876
3/96	\$19,781	\$20,104	\$21,548
4/96	\$20,790	\$21,179	\$23,390
5/96	\$21,496	\$22,013	\$24,490
6/96	\$20,618	\$21,110	\$23,297
7/96	\$19,190	\$19,266	\$20,870
8/96	\$20,199	\$20,384	\$22,228
9/96	\$21,010	\$21,181	\$23,527
10/96	\$21,124	\$20,855	\$22,707
11/96	\$21,901	\$21,714	\$23,239
12/96	\$22,577	\$22,283	\$23,692
1/97	\$23,056	\$22,728	\$24,196
2/97	\$22,577	\$22,177	\$22,715
3/97	\$21,475	\$21,131	\$21,303
4/97	\$21,348	\$21,189	\$20,974
5/97	\$23,535	\$23,547	\$23,782
6/97	\$24,638	\$24,556	\$25,054
7/97	\$26,211	\$25,699	\$26,486
8/97	\$26,731	\$26,287	\$26,946
9/97	\$28,410	\$28,210	\$29,061
10/97	\$27,209	\$26,971	\$27,544
11/97	\$27,336	\$26,797	\$27,162
12/97	\$27,715	\$27,266	\$27,207
1/98	\$26,886	\$26,835	\$26,883
2/98	\$29,414	\$28,820	\$29,042
3/98	\$30,946	\$30,008	\$30,386
4/98	\$30,683	\$30,174	\$30,660
5/98	\$29,036	\$28,549	\$28,640
6/98	\$28,827	\$28,609	\$29,145
7/98	\$26,330	\$26,293	\$26,911
8/98	\$21,162	\$21,187	\$20,780
9/98	\$22,602	\$22,846	\$22,243
10/98	\$23,274	\$23,777	\$23,386
11/98	\$24,419	\$25,023	\$25,173
12/98	\$26,194	\$26,571	\$27,612
1/99	\$26,242	\$26,924	\$28,168
2/99	\$23,961	\$24,744	\$25,403
3/99	\$24,922	\$25,130	\$26,262
4/99	\$26,242	\$27,382	\$27,446
5/99	\$25,858	\$27,782	\$27,633
6/99	\$27,791	\$29,038	\$30,124
7/99	\$27,647	\$28,241	\$30,115
8/99	\$27,226	\$27,196	\$29,627
9/99	\$27,995	\$27,202	\$30,141
10/99	\$29,267	\$27,312	\$31,600
11/99	\$32,965	\$28,943	\$35,342
12/99	\$37,703	\$32,220	\$41,777
1/00	\$37,499	\$31,702	\$41,452
2/00	\$44,871	\$36,937	\$51,427
3/00	\$40,801	\$34,502	\$48,276
4/00	\$34,989	\$32,426	\$42,604
5/00	\$32,540	\$30,536	\$38,835
6/00	\$37,883	\$33,198	\$45,159
7/00	\$35,962	\$32,130	\$42,420
8/00	\$40,069	\$34,581	\$47,339
9/00	\$38,976	\$33,565	\$45,785
10/00	\$36,166	\$32,067	\$42,962
11/00	\$30,628	\$28,775	\$35,599
12/00	\$34,009	\$31,246	\$38,884
1/01	\$34,490	\$32,873	\$40,065
2/01	\$30,884	\$30,716	\$34,661
3/01	\$28,644	\$29,214	\$31,516
4/01	\$31,561	\$31,499	\$35,374
5/01	\$32,798	\$32,273	\$36,358

Source: Lipper Analytical Services. Past performance is not indicative of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

The U.S. Small Company Fund commenced operations on 06/27/85.

Chart illustrates comparative performance of \$10,000 and assumes reinvestment of all distributions. Performance of the indices does not include sales charges, but includes reinvestment of all distributions. The Russell 2000 is an unmanaged index used to measure the average stock performance of U.S. small-cap stocks. The Lipper Small-Cap Core Funds Average describes the average total return for all funds in the indicated Lipper category, as defined by Lipper Inc. Investors cannot invest directly in an index.

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AVERAGE ANNUAL TOTAL RETURNS

	1 YEAR	5 YEARS	10 YEARS
INSTITUTIONAL U.S. SMALL COMPANY FUND	0.94%	8.98%	12.71%

10-YEAR PERFORMANCE (05/31/91 TO 05/31/01)

[CHART]

	J.P. MORGAN INSTITUTIONAL U.S. SMALL COMPANY FUND	RUSSELL 2000 INDEX	LIPPER SMALL-CAP GROWTH FUNDS AVERAGE
5/91	\$1,000,000	\$1,000,000	\$1,000,000
6/91	\$894,327	\$942,170	\$934,569
7/91	\$971,079	\$975,137	\$1,000,594
8/91	\$1,020,578	\$1,011,100	\$1,046,466
9/91	\$1,020,578	\$1,018,986	\$1,051,128
10/91	\$1,077,864	\$1,045,928	\$1,099,618
11/91	\$1,017,241	\$997,523	\$1,044,388
12/91	\$1,166,296	\$1,077,344	\$1,171,229
1/92	\$1,235,261	\$1,164,717	\$1,232,457
2/92	\$1,251,390	\$1,198,715	\$1,252,749
3/92	\$1,199,110	\$1,158,151	\$1,191,932
4/92	\$1,110,679	\$1,117,488	\$1,128,273
5/92	\$1,114,016	\$1,132,350	\$1,124,347
6/92	\$1,056,174	\$1,079,141	\$1,073,441
7/92	\$1,122,358	\$1,116,652	\$1,114,313
8/92	\$1,083,426	\$1,085,073	\$1,083,262
9/92	\$1,121,246	\$1,110,063	\$1,111,391
10/92	\$1,177,419	\$1,145,096	\$1,168,404
11/92	\$1,310,901	\$1,232,788	\$1,266,857
12/92	\$1,387,653	\$1,275,689	\$1,307,418
1/93	\$1,417,686	\$1,318,832	\$1,335,973
2/93	\$1,345,384	\$1,288,420	\$1,271,438
3/93	\$1,396,552	\$1,330,216	\$1,319,146
4/93	\$1,336,485	\$1,293,649	\$1,265,966
5/93	\$1,397,108	\$1,350,867	\$1,346,373
6/93	\$1,402,688	\$1,359,256	\$1,361,107
7/93	\$1,401,525	\$1,378,027	\$1,370,514
8/93	\$1,449,211	\$1,437,530	\$1,445,886
9/93	\$1,478,870	\$1,478,097	\$1,504,002
10/93	\$1,496,898	\$1,516,158	\$1,523,072
11/93	\$1,461,515	\$1,466,762	\$1,465,043
12/93	\$1,506,892	\$1,516,881	\$1,535,905
1/94	\$1,547,771	\$1,564,405	\$1,577,829
2/94	\$1,526,627	\$1,558,726	\$1,565,491
3/94	\$1,460,375	\$1,476,628	\$1,473,835
4/94	\$1,449,098	\$1,485,385	\$1,468,130
5/94	\$1,413,857	\$1,468,674	\$1,434,058
6/94	\$1,361,701	\$1,419,121	\$1,360,919
7/94	\$1,389,591	\$1,442,451	\$1,391,605
8/94	\$1,456,031	\$1,522,796	\$1,484,178
9/94	\$1,443,308	\$1,517,634	\$1,497,035
10/94	\$1,453,204	\$1,511,502	\$1,527,448
11/94	\$1,389,591	\$1,450,423	\$1,466,083
12/94	\$1,419,311	\$1,489,250	\$1,494,523
1/95	\$1,416,467	\$1,470,441	\$1,475,714
2/95	\$1,483,308	\$1,531,656	\$1,536,734
3/95	\$1,530,239	\$1,557,908	\$1,584,960
4/95	\$1,567,215	\$1,592,525	\$1,603,596
5/95	\$1,587,125	\$1,619,900	\$1,622,446
6/95	\$1,669,610	\$1,703,941	\$1,740,447
7/95	\$1,754,939	\$1,802,088	\$1,884,652
8/95	\$1,790,573	\$1,839,373	\$1,905,730
9/95	\$1,821,268	\$1,872,224	\$1,962,584
10/95	\$1,761,339	\$1,788,498	\$1,904,841
11/95	\$1,834,423	\$1,863,633	\$1,970,630
12/95	\$1,871,764	\$1,912,796	\$2,010,788
1/96	\$1,884,088	\$1,910,730	\$1,988,122
2/96	\$1,951,872	\$1,970,287	\$2,087,601
3/96	\$1,979,602	\$2,010,383	\$2,154,826
4/96	\$2,081,278	\$2,117,878	\$2,339,029

5/96	\$2,152,143	\$2,201,344	\$2,449,047
6/96	\$2,064,332	\$2,110,956	\$2,329,669
7/96	\$1,921,061	\$1,926,585	\$2,087,035
8/96	\$2,022,362	\$2,038,443	\$2,222,752
9/96	\$2,103,843	\$2,118,105	\$2,352,691
10/96	\$2,115,251	\$2,085,465	\$2,270,703
11/96	\$2,193,473	\$2,171,387	\$2,323,904
12/96	\$2,261,775	\$2,228,299	\$2,369,247
1/97	\$2,310,253	\$2,272,820	\$2,419,608
2/97	\$2,260,103	\$2,217,704	\$2,271,504
3/97	\$2,149,772	\$2,113,051	\$2,130,340
4/97	\$2,136,399	\$2,118,946	\$2,097,380
5/97	\$2,355,388	\$2,354,679	\$2,378,175
6/97	\$2,465,719	\$2,455,600	\$2,505,400
7/97	\$2,624,528	\$2,569,859	\$2,648,641
8/97	\$2,677,031	\$2,628,658	\$2,694,616
9/97	\$2,844,016	\$2,821,049	\$2,906,071
10/97	\$2,724,490	\$2,697,121	\$2,754,406
11/97	\$2,736,794	\$2,679,670	\$2,716,188
12/97	\$2,775,142	\$2,726,564	\$2,720,692
1/98	\$2,693,352	\$2,683,539	\$2,688,323
2/98	\$2,946,329	\$2,881,960	\$2,904,249
3/98	\$3,100,398	\$3,000,812	\$3,038,587
4/98	\$3,075,671	\$3,017,407	\$3,066,037
5/98	\$2,910,190	\$2,854,889	\$2,863,950
6/98	\$2,891,169	\$2,860,884	\$2,914,472
7/98	\$2,640,094	\$2,629,296	\$2,691,128
8/98	\$2,121,484	\$2,118,739	\$2,077,958
9/98	\$2,266,478	\$2,284,552	\$2,224,257
10/98	\$2,335,159	\$2,377,716	\$2,338,605
11/98	\$2,449,628	\$2,502,284	\$2,517,326
12/98	\$2,628,702	\$2,657,126	\$2,761,214
1/99	\$2,633,036	\$2,692,439	\$2,816,763
2/99	\$2,405,490	\$2,474,378	\$2,540,304
3/99	\$2,500,842	\$2,513,003	\$2,626,241
4/99	\$2,635,203	\$2,738,193	\$2,744,572
5/99	\$2,596,195	\$2,778,198	\$2,763,278
6/99	\$2,791,235	\$2,903,829	\$3,012,406
7/99	\$2,778,232	\$2,824,148	\$3,011,544
8/99	\$2,737,094	\$2,719,626	\$2,962,654
9/99	\$2,815,173	\$2,720,224	\$3,014,105
10/99	\$2,943,135	\$2,731,241	\$3,159,997
11/99	\$3,316,178	\$2,894,323	\$3,534,230
12/99	\$3,793,326	\$3,221,961	\$4,177,684
1/00	\$3,773,806	\$3,170,216	\$4,145,167
2/00	\$4,515,554	\$3,693,746	\$5,142,723
3/00	\$4,107,810	\$3,450,217	\$4,827,645
4/00	\$3,522,219	\$3,242,583	\$4,260,443
5/00	\$3,277,138	\$3,053,605	\$3,883,525
6/00	\$3,815,014	\$3,319,788	\$4,515,869
7/00	\$3,621,986	\$3,212,990	\$4,241,956
8/00	\$4,036,703	\$3,458,142	\$4,733,944
9/00	\$3,925,900	\$3,356,507	\$4,578,466
10/00	\$3,643,461	\$3,206,672	\$4,296,152
11/00	\$3,085,101	\$2,877,507	\$3,559,861
12/00	\$3,429,481	\$3,124,628	\$3,888,421
1/01	\$3,476,596	\$3,287,296	\$4,006,510
2/01	\$3,114,554	\$3,071,616	\$3,466,058
3/01	\$2,888,898	\$2,921,353	\$3,151,614
4/01	\$3,183,987	\$3,149,890	\$3,537,422
5/01	\$3,307,974	\$3,227,315	\$3,635,802

Source: Lipper Analytical Services. Past performance is not indicative of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

The Institutional U.S. Small Company Fund commenced operations on 11/04/93. Performance prior to introduction is based upon historical expenses of the predecessor U.S. Small Company Fund.

The Institutional Fund is currently waiving fees. The waiver may be terminated, which would reduce returns.

Chart illustrates comparative performance of \$1,000,000 and assumes reinvestment of all distributions. Performance of the indices does not include sales charges, but includes reinvestment of all distributions. The Russell 2000 is an unmanaged index used to measure the average stock performance of U.S. small-cap stocks. The Lipper Small-Cap Core Funds Average describes the average total return for all funds in the indicated Lipper category, as defined by Lipper Inc. Investors cannot invest directly in an index.

HOW THE FUND PERFORMED

The Fund seeks to provide long-term growth through a portfolio of small-company growth stocks. During the year ended May 31, 2001, J.P. Morgan U.S. Small Company Opportunities Fund fell 15.51%. This compares to a loss of 15.74% from the Russell 2000 Growth Index, the Fund's benchmark.

HOW THE FUND WAS MANAGED

The reporting period proved volatile for the U.S. equity marketplace, which temporarily rose sharply on good news, but declined sharply on bad news. The Federal Reserve Board sought to jump-start our economy by cutting interest rates five times in 50 basis point increments. Congress also agreed to a fairly significant tax cut, which may bolster the economy as early as later this year.

News of a domestic economy that grew by an anemic 1.3% during the first quarter was discouraging to investors. Additionally, numerous admissions by both large and small corporations that their earnings would fall short of expectations and might not recover for some time damaged investor confidence. Companies in the once favored TMT (technology-media-telecommunications) sectors were particularly hard hit.

These and other developments sent the stock market sharply up and down over much of this period, one that was also marked by growing investor preference for value stocks over their growth stock alternatives. In several cases, this led to lower quality companies with current earnings being favored over companies, without current earnings, but substantial long-term earnings potential. The Fund, which focuses on the latter group, suffered from this shift in investor sentiment.

Among specific industries, the Fund benefited most from its investments in the pharmaceutical, energy and hardware sectors. Conversely, investments in the software, semiconductor and technology services sectors detracted the most from performance.

LOOKING AHEAD

Until there are clear signs that the economy has bottomed and is on the way to recovery, we are likely to continue experiencing stock market volatility. With the valuations of many quality companies at or near record low levels, the present market could be characterized as a buyer's market for long-term investors, such as ourselves. This is particularly true of companies in heavily battered sectors. This includes, but is not limited to, the aforementioned TMT sectors, which should thrive when capital spending picks up. As this occurs, the present performance gap between value and growth stocks should narrow and eventually revert to the mean.

We believe that when the small-cap market turns around, it will reward those investors that stood the course and took advantage of market dynamics, by buying into attractively valued companies that are poised for growth.

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PERCENTAGE OF TOTAL PORTFOLIO INVESTMENTS

[CHART]

TECHNOLOGY	29.6%
HEALTH CARE	21.1%
CONSUMER CYCLICALS	16.8%
FINANCIAL	7.5%
CASH EQUIVALENTS & SHORT TERM PAPER	7.4%
ENERGY	6.4%
BASIC MATERIALS	4.3%
UTILITIES	3.9%
INDUSTRIAL CYCLICAL	1.5%
CONSUMER STAPLES	0.8%
TRANSPORTATION	0.7%

TOP TEN EQUITY HOLDINGS OF THE PORTFOLIO

1. HELLER FINANCIAL, INC. (1.8%) Provides an array of commercial financial products and services. The Company provides US-based clients with cash flow financing, real estate financing, factoring and working capital loans, equipment financing and leasing, asset-based finance and equity investments.

2. ALLIED CAPITAL CORP. (1.8%) Is a business development company that provides long-term investment capital to support the expansion of growing middle-market

companies. The Company provides mezzanine debt and equity financing and also participates in the real estate capital markets as an investor in commercial mortgage-backed securities.

3. CORE LABORATORIES NV (NETHERLANDS) (1.8%) Provides reservoir description, production enhancement and reservoir management services. The Company's customers include major, national and independent oil and gas producers. Core also manufactures and sells petroleum reservoir rock and fluid analysis instrumentation and other integrated systems.

4. ENZON, INC. (1.7%) Biopharmaceutical company that develops, manufactures and markets enhanced therapeutics for life-threatening diseases. The Company's technologies utilize polyethylene glycol modification and single-chain antigen binding proteins. Enzon also licenses its technology and products.

5. ABGENIX, INC. (1.7%) Biopharmaceutical company that develops antibody therapeutic products for the treatment of a variety of disease conditions. The Company's products treat transplant-related diseases, inflammatory and autoimmune disorders and cancer. Abgenix utilizes its XenoMouse technology to build a diversified product portfolio.

6. OM GROUP, INC. (1.7%) Produces and markets value-added metal-based specialty chemicals and powders. The Company supplies metal carboxylates, inorganic metal salts and metal powders for diverse applications to a variety of industries. OM's products are used to manufacture coatings, custom catalysts, liquid detergents, lubricants, fuel additives, colorants and rechargeable batteries.

7. FINANCIAL FEDERAL CORP. (1.7%) Provides installment financing and leasing programs for manufacturers, dealers and users of industrial, commercial and professional equipment. The Company markets its services primarily to middle-market companies in the general construction, road and infrastructure, manufacturing, trucking and waste disposal industries.

8. GILEAD SCIENCES, INC. (1.7%) Discovers, develops and commercializes therapeutics for viral diseases. The Company markets VISTIDE for the treatment of CMV retinitis, a sight-threatening viral infection in patients with AIDS. Gilead is also developing products to treat diseases caused by HIV, hepatitis B virus and influenza virus.

9. INTERNET SECURITY SYSTEMS, INC. (1.6%) Provides security management solutions for the Internet. The Company provides SAFESuite security software, remote managed security services and strategic consulting and education offerings. Internet Security's customers include commercial banks, telecommunications companies and government agencies located worldwide.

10. SMARTFORCE PLC, ADR (IRELAND) (1.6%) Provides an electronic learning solution, which enables users to access and participate in integrated learning events via the Internet. The Company's Web site features online mentors, links to relevant learning events and access to a course catalog. SmartForce serves businesses and individuals.

Top 10 equity holdings comprised 17.1% of the Portfolio's market value of investments. Portfolio holdings are subject to change at any time.

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AVERAGE ANNUAL TOTAL RETURNS

	1 YEAR	SINCE INCEPTION (06/16/97)
U.S. SMALL COMPANY OPPORTUNITIES FUND	-15.51%	8.49%

LIFE OF FUND PERFORMANCE (06/16/97 TO 05/31/01)

[CHART]

	J.P. MORGAN U.S. SMALL COMPANY OPPORTUNITIES FUND	RUSSELL 2000 GROWTH INDEX	LIPPER SMALL COMPANY GROWTH FUNDS AVERAGE
6/97	\$10,000	\$10,000	\$10,000
7/97	\$10,632	\$10,512	\$10,669
8/97	\$10,846	\$10,828	\$10,875
9/97	\$11,897	\$11,692	\$11,777
10/97	\$11,206	\$10,990	\$11,196
11/97	\$11,060	\$10,728	\$10,996
12/97	\$11,518	\$10,734	\$11,055
1/98	\$11,508	\$10,591	\$10,889
2/98	\$12,539	\$11,526	\$11,806
3/98	\$13,268	\$12,009	\$12,426
4/98	\$13,239	\$12,083	\$12,548

5/98	\$12,228	\$11,205	\$11,713
6/98	\$12,335	\$11,319	\$11,969
7/98	\$11,537	\$10,374	\$11,096
8/98	\$8,804	\$7,979	\$8,683
9/98	\$9,844	\$8,788	\$9,332
10/98	\$10,165	\$9,247	\$9,718
11/98	\$11,002	\$9,964	\$10,497
12/98	\$12,117	\$10,866	\$11,584
1/99	\$12,677	\$11,355	\$11,855
2/99	\$11,567	\$10,316	\$10,755
3/99	\$11,957	\$10,683	\$11,208
4/99	\$12,397	\$11,627	\$11,682
5/99	\$12,167	\$11,645	\$11,782
6/99	\$13,517	\$12,259	\$12,830
7/99	\$13,467	\$11,880	\$12,818
8/99	\$13,247	\$11,435	\$12,654
9/99	\$13,737	\$11,656	\$12,976
10/99	\$14,447	\$11,954	\$13,700
11/99	\$16,426	\$13,218	\$15,402
12/99	\$19,586	\$15,548	\$18,297
1/00	\$20,265	\$15,403	\$18,144
2/00	\$25,454	\$18,987	\$22,835
3/00	\$21,595	\$16,991	\$21,256
4/00	\$17,986	\$15,276	\$18,771
5/00	\$15,896	\$13,938	\$17,182
6/00	\$19,866	\$15,739	\$19,973
7/00	\$18,126	\$14,390	\$18,630
8/00	\$21,335	\$15,903	\$20,796
9/00	\$20,275	\$15,113	\$20,035
10/00	\$18,006	\$13,887	\$18,598
11/00	\$13,627	\$11,365	\$15,350
12/00	\$15,349	\$12,061	\$16,672
1/01	\$15,635	\$13,037	\$17,039
2/01	\$13,046	\$11,250	\$14,798
3/01	\$11,239	\$10,227	\$13,435
4/01	\$13,123	\$11,479	\$14,994
5/01	\$13,431	\$11,745	\$15,348

Source: Lipper Analytical Services. Past performance is not indicative of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

The Fund commenced operations on 06/16/97.

The Fund is currently waiving fees. The waiver may be terminated, which would reduce returns.

Chart illustrates comparative performance of \$10,000 and assumes reinvestment of all distributions. Performance of the indices does not include sales charges, but includes reinvestment of all distributions. The performance reflects an initial investment at the end of the month following the Fund's commencement of operations. The Russell 2000 Growth Index is an unmanaged index of small, growth-oriented U.S. stocks. The Lipper Small Company Growth Funds Average describes the average total return for all funds in the indicated Lipper category, as defined by Lipper Inc. Investors cannot invest directly in an index.

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J.P. MORGAN MARKET NEUTRAL FUND
PORTFOLIO OF INVESTMENTS

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG POSITIONS-- 100.0%**		

<S>	<C> <C>	<C>
	Common Stock-- 94.4%	

	AEROSPACE-- 0.3%	
0^	Boeing Co.	\$ 25
1	Goodrich Co.	29

		54
	AIRLINES-- 0.6%	
6	Southwest Airlines Co.	119
	APPAREL-- 0.7%	

3	Jones Apparel Group, Inc.*	141
	AUTOMOTIVE-- 0.0%	
0^	Visteon Corp.	3
	BANKING-- 8.4%	
8	AmSouth Bancorporation	147
5	Bank One Corp.	215
4	Banknorth Group, Inc.	87
3	Compass Bancshares, Inc.	71
1	Dime Bancorp, Inc.	35
1	First Union Corp.	29
3	Golden State Bancorp, Inc.	79
5	GreenPoint Financial Corp.	186
7	Hibernia Corp., Class A	109
1	IndyMac Bancorp, Inc.*	30
6	KeyCorp	136
3	PNC Financial Services Group, Inc.	194
9	U.S. Bancorp	190
2	Wilmington Trust Corp.	102

		1,610
	BIOTECHNOLOGY-- 1.3%	
2	Amgen, Inc.*	100
0^	Genzyme Corp.-- General Division*	43
2	Human Genome Sciences, Inc.*	106

		249
	CHEMICALS-- 3.1%	
5	PPG Industries, Inc.	300
3	Praxair, Inc.	171
3	Rohm & Haas Co.	106

		577
	COMPUTER NETWORKS-- 0.2%	
2	Cisco Systems, Inc.*	40
	COMPUTER SOFTWARE-- 2.6%	
2	BEA Systems, Inc.*	75
2	Citrix Systems, Inc.*	36
2	i2 Technologies, Inc.*	40
0^	Oracle Corp.*	3
8	Parametric Technology Corp.*	96
4	Peregrine Systems, Inc.*	114
1	Siebel Systems, Inc.*	32
1	Veritas Software Corp.*	86

		482

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG POSITIONS-- CONTINUED		

<S>	<C> <C>	<C>
	COMPUTERS/COMPUTER HARDWARE-- 2.9%	
5	Compaq Computer Corp.	\$ 82
0^	EMC Corp.*	9
1	International Business Machines Corp.	123
4	NCR Corp.*	193
1	Quantum Corporation Digital Linear Tape & Storage*	12
1	Redback Networks, Inc.*	16
6	Sun Microsystems, Inc.*	105

		540
	CONSUMER PRODUCTS-- 3.2%	
2	Estee Lauder Co., Inc., Class A	97
2	Gillette Co.	69
2	Kimberly-Clark Corp.	97
6	Philip Morris Companies, Inc.	320
0^	Procter & Gamble Co.	19

		602

DIVERSIFIED-- 2.8%		
6	Cendant Corp.*	109
6	CIT Group, Inc.	219
2	Legg Mason, Inc.	82
2	Tyco International LTD (Bermuda)	126

		536
ELECTRONICS/ELECTRICAL EQUIPMENT-- 4.3%		
5	Ameren Corp.	201
3	Cinergy Corp.	110
0^	Emerson	27
4	Johnson Controls, Inc.	274
8	Wisconsin Energy Corp.	191

		803
FINANCIAL SERVICES-- 7.9%		
0^	American Express Co.	17
3	AmeriCredit Corp.*	146
3	Capital One Financial Corp.	208
1	Charles Schwab Corp.	15
2	Charter One Financial, Inc.	70
4	Citigroup, Inc.	190
2	Countrywide Credit Industries, Inc.	85
11	E*Trade Group, Inc.*	80
1	Fannie Mae	99
2	Federal Home Loan Mortgage Corp.	99
1	Goldman Sachs Group, Inc.	76
1	Household International, Inc.	92
3	Provident Financial Corp.	170
4	Stilwell Financial, Inc.	115
1	Washington Mutual, Inc.	23

		1,485
FOOD/BEVERAGE PRODUCTS-- 1.2%		
1	General Mills, Inc.	25
2	Kroger Co.*	57
1	Quaker Oats Co.	48
2	Safeway, Inc.*	87

		217

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG POSITIONS-- CONTINUED		

<S>	<C>	<C>
	HEALTH CARE/HEALTH CARE SERVICES-- 1.8%	
1	Aetna, Inc.*	\$ 30
2	Becton, Dickinson & Co.	62
2	C.R. Bard, Inc.	119
3	Tenet Healthcare Corp.*	123

		334
	HOTELS/OTHER LODGING-- 1.9%	
5	Marriott International, Inc., Class A	247
3	Starwood Hotels & Resorts Worldwide, Inc.	117

		364
	INSURANCE-- 8.0%	
5	Allstate Corp.	221
5	AMBAC Financial Group, Inc.	263
2	American General Corp.	77
3	Cigna Corp.	236
2	Hartford Financial Services Group, Inc.	122
1	Lincoln National Corp.	34
3	MBIA, Inc.	174
2	Protective Life Corp.	69
3	St. Paul Companies, Inc.	152
4	Torchmark Corp.	152

		1,500
	INTERNET SERVICES/SOFTWARE-- 1.6%	
2	eBay, Inc.*	97

1	Internet Security Systems, Inc.*	48
8	TD Waterhouse Group, Inc.*	91
1	VeriSign, Inc.*	57

		293
	MACHINERY & ENGINEERING EQUIPMENT-- 1.2%	
1	Ingersoll-Rand Co.	69
3	Rockwell International Corp.	160

		229
	MANUFACTURING-- 2.0%	
5	Cooper Industries, Inc.	186
1	Danaher Corp.	82
1	Eaton Corp.	102

		370
	METALS/MINING-- 0.9%	
4	Alcoa, Inc.	164
	MULTI-MEDIA-- 4.5%	
4	AOL Time Warner, Inc.*	198
5	Fox Entertainment Group, Inc.*	120
4	Gannett Co., Inc.	272
6	Gemstar-TV Guide International, Inc.*	233
1	New York Times Co., Class A	21

		844
	OIL & GAS-- 8.0%	
3	Anadarko Petroleum Corp.	169
2	Baker Hughes, Inc.	79
4	Chevron Corp.	355

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG POSITIONS-- CONTINUED		

<S>	<C> <C>	<C>
	OIL & GAS -- CONTINUED	
3	Cooper Cameron Corp.*	\$ 187
0^	Devon Energy Corp.	17
2	Diamond Offshore Drilling, Inc.	59
2	Exxon Mobil Corp.	204
7	Global Marine, Inc.*	180
3	Rowan Companies, Inc.*	96
2	Sunoco, Inc.	86
1	Texaco, Inc.	93

		1,525
	PAPER/FOREST PRODUCTS-- 0.8%	
9	Smurfit-Stone Container Corp.*	140
0^	Temple-Inland, Inc.	11

		151
	PHARMACEUTICALS-- 4.5%	
2	Alza Corp.*	94
2	American Home Products Corp.	133
1	Forest Laboratories, Inc.*	104
2	Merck & Co., Inc.	139
0^	Omnicare, Inc.	2
3	Pfizer, Inc.	133
3	Pharmacia Corp.	131
3	Schering-Plough Corp.	113

		849
	PIPELINES-- 0.3%	
1	Dynegy, Inc., Class A	54
	REAL ESTATE INVESTMENT TRUST-- 2.5%	
2	Archstone Communities Trust	55
0^	Equity Office Properties Trust	9
1	Equity Residential Properties Trust	75
3	General Growth Properties, Inc.	94
2	Highwoods Properties, Inc.	40

1	Kimco Realty Corp.	34
4	ProLogis Trust	94
1	Simon Property Group, Inc.	30
3	United Dominion Realty Trust, Inc.	41

		472
	RETAILING-- 3.0%	
2	Abercrombie & Fitch Co., Class A*	74
2	Federated Department Stores, Inc.*	103
2	Home Depot, Inc.	79
3	MAY Department Stores Co.	88
3	Target Corp.	114
3	TJX Companies, Inc.	107

		565
	SEMI-CONDUCTORS-- 1.6%	
1	Altera Corp.*	34
1	Applied Materials, Inc.*	69
1	Lattice Semiconductor Corp.*	30
1	Linear Technology Corp.	58
1	Maxim Integrated Products, Inc.*	26
1	PMC-Sierra, Inc.*	38
1	Xilinx, Inc.*	45

		300

</Table>

See notes to financial statements.

<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG POSITIONS-- CONTINUED		

<S>	<C>	<C>
	SHIPPING/TRANSPORTATION-- 0.6%	
4	C.H. Robinson Worldwide, Inc.	\$ 111
0^	Gatx Corp.	8

		119
	TELECOMMUNICATIONS-- 2.2%	
2	Adelphia Communications Corp., Class A*	92
8	AT&T Corp.-- Liberty Media Group, Class A*	137
4	Charter Communications, Inc.*	85
2	Global Crossing LTD (Bermuda)*	24
2	Level 3 Communications, Inc.*	20
0^	Nextel Communications, Inc., Class A*	5
1	Qwest Communications International*	22
2	Sprint Corp., (PCS Group)*	35

		420
	TELECOMMUNICATIONS EQUIPMENT-- 0.6%	
2	CIENA Corp.*	86
1	Juniper Networks, Inc.*	26
0^	Qualcomm, Inc.*	6

		118
	TOYS & GAMES-- 0.2%	
2	Hasbro, Inc.	24
0^	Mattel, Inc.	5

		29
	TRANSPORTATION-- 1.5%	
9	Burlington Northern Santa Fe Corp.	292
	UTILITIES-- 6.9%	
3	CMS Energy Corp.	95
2	DTE Energy Co.	89
8	Edison International	88
5	Entergy Corp.	216
8	PG & E Corp.	91
6	Pinnacle West Capital Corp.	280
4	Progress Energy, Inc.	183
1	TECO Energy, Inc.	19
3	TXU Corp.	143
3	Xcel Energy, Inc.	94

	WAREHOUSING-- 0.3%	1,298
1	W.W. Grainger, Inc.	53
	Total Common Stock	17,801
	(Cost \$15,656)	
	SHORT-TERM INVESTMENT-- 5.6%	
	Money Market Fund-- 5.6%	
1,059	J.P. Morgan Institutional Prime Money Market Fund+	1,059
	(Cost \$1,059)	
	Total Long Positions-- 100.0%	18,860
	(Cost \$16,715)	

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>
<Caption>

SHARES	ISSUER	VALUE
SHORT POSITIONS-- 100%		
<S>	<C>	<C>
	Common Stock--- 100.0%	
	Advertising-- 1.2%	
(1)	Omnicom Group	\$ (103)
(3)	The Interpublic Group of Companies, Inc.	(99)
		(202)
	AEROSPACE-- 0.7%	
(1)	Lockheed Martin Corp.	(38)
(3)	Raytheon Co.*	(78)
		(116)
	AIRLINES-- 1.1%	
(2)	AMR Corp.*	(78)
(0)^	Continental Airlines, Inc., Class B*	(10)
(3)	UAL Corp.	(104)
		(192)
	AUTOMOTIVE-- 2.6%	
(4)	Dana Corp.	(95)
(9)	Ford Motor Co.	(209)
(2)	General Motors Corp.	(114)
(1)	PACCAR, Inc.	(38)
		(456)
	BANKING-- 12.1%	
(1)	Bank of America Corp.	(41)
(1)	Bank of New York Co., Inc.	(76)
(6)	BB&T Corp.	(211)
(2)	Commerce Bancorp, Inc.	(103)
(2)	Commerce Bancshares, Inc.	(79)
(2)	Cullen/Frost Bankers, Inc.	(77)
(3)	Fifth Third Bancorp	(159)
(2)	First Virginia Banks, Inc.	(74)
(3)	Firstmerit Corp.	(76)
(3)	FleetBoston Financial Corp.	(141)
(1)	Huntington Bancshares	(21)
(3)	M&T Bank Corp.	(196)
(3)	Mellon Financial Corp.	(124)
(0)^	Mercantile Bankshares Corp.	(12)
(7)	National City Corp.	(208)
(2)	Northern Trust Corp.	(139)
(1)	Regions Financial Corp.	(40)
(1)	SouthTrust Corp.	(30)
(1)	Valley National Bancorp	(32)
(4)	Wells Fargo & Co.	(198)
(2)	Zions Bancorp.	(103)

(2,140)

BIOTECHNOLOGY-- 1.8%

(1)	Biogen, Inc.*	(78)
(3)	Chiron Corp.*	(140)
(0)^	Genentech, Inc.*	(15)
(5)	Immunex Corp.*	(85)

(318)

</Table>

See notes to financial statements.

<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

SHORT POSITIONS-- CONTINUED		

<S>	<C>	<C>

BROADCASTING/CABLE-- 2.2%		
(3)	Cablevision Systems Corp.*	\$ (149)
(2)	Clear Channel Communications, Inc.*	(128)
(0)^	Comcast Corp., Class A*	(12)
(2)	Cox Communications, Inc., Class A*	(99)

		(388)

CHEMICALS-- 2.1%		
(1)	Dow Chemical Co.	(32)
(3)	E.I. DuPont de Nemours Co.	(144)
(5)	Georgia Gulf Corp.	(95)
(3)	IMC Global, Inc.	(30)
(4)	Lyondell Chemical Co.	(65)

		(366)

COMPUTER SOFTWARE-- 3.6%		
(2)	BMC Software, Inc.*	(43)
(2)	Computer Associates International, Inc.	(68)
(1)	Intuit, Inc.*	(29)
(9)	J.D. Edwards & Co.*	(92)
(0)^	Microsoft Corp.*	(7)
(10)	Novell, Inc.*	(47)
(2)	Peoplesoft, Inc.*	(69)
(2)	Pitney Bowes, Inc.	(67)
(4)	Quest Software, Inc.*	(111)
(1)	RSA Security, Inc.*	(26)
(1)	Symantec Corp.*	(71)

		(630)

COMPUTERS/COMPUTER HARDWARE-- 2.1%		
(5)	Apple Computer, Inc.*	(98)
(1)	Brocade Communications Systems*	(39)
(1)	Dell Computer Corp.*	(29)
(4)	Gateway, Inc.*	(70)
(3)	Hewlett-Packard Co.	(88)
(1)	Lexmark International, Inc.*	(37)

		(361)

CONSUMER PRODUCTS-- 1.6%		
(4)	Clorox Co.	(132)
(3)	Colgate-Palmolive Co.	(147)

		(279)

DIVERSIFIED-- 1.3%		
(2)	Minnesota Mining & Manufacturing Co.	(225)

ELECTRONICS/ELECTRICAL EQUIPMENT-- 0.1%		
(1)	Applied Biosystems Group-- Applera Corp.	(22)

FINANCIAL SERVICES-- 6.1%		
(1)	Golden West Financial Corp.	(32)
(3)	Lehman Brothers Holdings, Inc.	(214)
(0)^	Marshall & Ilsley Corp.	(15)
(2)	MBNA Corp.	(79)
(2)	Merrill Lynch & Co., Inc.	(143)
(2)	Morgan Stanley Dean Witter & Co.	(137)
(2)	Neuberger Berman, Inc.	(117)

</Table>

<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

SHORT POSITIONS-- CONTINUED		

<S>	<C>	<C>
	FINANCIAL SERVICES-- CONTINUED	
(8)	Sovereign Bancorp, Inc.	\$ (92)
(3)	State Street Corp.	(187)
(2)	T. Rowe Price Group, Inc.	(55)

		(1,071)
	FOOD/BEVERAGE PRODUCTS-- 2.2%	
(4)	Campbell Soup Co.	(131)
(2)	Coca-Cola Co.	(85)
(2)	PepsiCo, Inc.	(98)
(1)	Unilever NV, New York Shares	(72)

		(386)
	HEALTH CARE/HEALTH CARE SERVICES-- 2.7%	
(2)	Baxter International, Inc.	(109)
(0)^	Guidant Corp.*	(8)
(1)	HCA-- The Healthcare Co.	(36)
(2)	Medtronic, Inc.	(82)
(1)	MiniMed, Inc.*	(33)
(4)	UnitedHealth Group, Inc.	(212)

		(480)
	INSURANCE-- 7.3%	
(4)	AFLAC, Inc.	(143)
(1)	American International Group, Inc.	(73)
(2)	Aon Corp.	(60)
(1)	Chubb Corp.	(75)
(4)	Cincinnati Financial Corp.	(159)
(3)	Jefferson-Pilot Corp.	(142)
(1)	Markel Corp.*	(98)
(1)	Mercury General Corp.	(48)
(4)	MetLife, Inc.*	(140)
(1)	Progressive Corp.	(144)
(4)	Safeco Corp.	(118)
(2)	UNUMProvident Corp.	(78)

		(1,278)
	INTERNET SERVICES/SOFTWARE-- 1.6%	
(8)	Ariba, Inc.*	(43)
(5)	Commerce One, Inc.*	(31)
(3)	DoubleClick, Inc.*	(33)
(5)	Exodus Communications, Inc.*	(41)
(7)	Yahoo!, Inc.*	(130)

		(278)
	MACHINERY & ENGINEERING EQUIPMENT-- 2.3%	
(3)	Caterpillar, Inc.	(162)
(5)	Deere & Co.	(183)
(1)	Dover Corp.	(51)

		(396)
	MANUFACTURING-- 0.9%	
(2)	Illinois Tool Works, Inc.	(157)
	METALS/MINING-- 1.1%	
(7)	Freeport-McMoRan Copper & Gold, Inc., Class B*	(110)
(2)	Phelps Dodge Corp.	(90)

		(200)

</Table>

See notes to financial statements.

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As of May 31, 2001

(Amounts in thousands)

<Table>			
<Caption>			
SHARES	ISSUER	VALUE	

SHORT POSITIONS-- CONTINUED			

<S>	<C>	<C>	<C>
		MULTI-MEDIA-- 2.3%	
	(1)	Knight-Ridder, Inc.	\$ (27)
	(9)	The Walt Disney Co.	(291)
	(2)	Tribune Co.	(86)

			(404)
		OFFICE/BUSINESS EQUIPMENT-- 0.1%	
	(1)	Xerox Corp.	(12)
		OIL & GAS-- 9.3%	
	(2)	Amerada Hess Corp.	(154)
	(4)	Burlington Resources, Inc.	(205)
	(0)	Conoco, Inc., Class B	(9)
	(1)	ENSCO International, Inc.	(29)
	(3)	Halliburton Co.	(145)
	(1)	Murphy Oil Corp.	(42)
	(2)	Noble Drilling Corp.*	(77)
	(9)	Occidental Petroleum Corp.	(268)
	(4)	Phillips Petroleum Co.	(253)
	(3)	Schlumberger LTD	(176)
	(1)	Smith International, Inc.*	(101)
	(2)	Ultramar Diamond Shamrock Corp.	(95)
	(2)	Valero Energy	(79)

			(1,633)
		PAPER/FOREST PRODUCTS-- 1.9%	
	(2)	Boise Cascade Corp.	(56)
	(0)^	Bowater, Inc.	(10)
	(4)	International Paper Co.	(137)
	(3)	Mead Corp.	(93)
	(1)	Weyerhaeuser Co.	(29)

			(325)
		PHARMACEUTICALS-- 4.5%	
	(5)	Abbott Laboratories	(281)
	(3)	Bristol-Myers Squibb Co.	(163)
	(1)	Eli Lilly & Co.	(59)
	(2)	IDEC Pharmaceuticals Corp.*	(123)
	(0)^	Medimmune, Inc.*	(16)
	(2)	QLT, Inc.*	(47)
	(2)	Watson Pharmaceuticals, Inc.*	(96)

			(785)
		PHOTOGRAPHIC EQUIPMENT-- 0.3%	
	(1)	Eastman Kodak Co.	(47)
		PIPELINES-- 0.0%	
	(0)^	Williams Companies, Inc.	(4)
		REAL ESTATE INVESTMENT TRUST-- 2.8%	
	(4)	AMB Property Corp.	(96)
	(2)	Avalonbay Communities, Inc.	(93)
	(1)	Boston Properties, Inc.	(40)
	(0)^	CarrAmerica Realty Corp.	(8)
	(2)	Duke-Weeks Realty Corp.	(42)

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>			
<Caption>			
SHARES	ISSUER	VALUE	

SHORT POSITIONS-- CONTINUED			

<S>	<C>	<C>	<C>
		REAL ESTATE INVESTMENT TRUST-- CONTINUED	
	(8)	Host Marriott Corp.	\$ (101)
	(2)	Spieker Properties, Inc.	(102)

	RESTAURANTS/FOOD SERVICES-- 0.1%	(482)
(1)	McDonald's Corp.	(24)
	RETAILING-- 4.5%	
(3)	Albertson's, Inc.	(86)
(1)	Circuit City Stores, Inc.	(21)
(0)^	Costco Wholesale Corp.*	(4)
(2)	CVS Corp.	(88)
(2)	Gap, Inc.	(68)
(9)	Kmart Corp.*	(105)
(1)	Lowe's Co.	(90)
(5)	Nordstrom, Inc.	(93)
(3)	Sears, Roebuck and Co.	(108)
(2)	Wal-Mart Stores, Inc.	(83)
(1)	Walgreen Co.	(48)
		(794)
	SEMI-CONDUCTORS-- 1.6%	
(3)	Advanced Micro Devices, Inc.*	(79)
(1)	Analog Devices, Inc.*	(36)
(0)^	Broadcom Corp., Class A*	(10)
(10)	Conexant Systems, Inc.*	(83)
(0)	LSI Logic Corp.*	(7)
(1)	National Semiconductor Corp.*	(24)
(1)	Texas Instruments, Inc.	(44)
		(283)
	TELECOMMUNICATIONS-- 0.9%	
(3)	AT&T Corp.	(60)
(1)	AT&T Wireless Group	(21)
(1)	BellSouth Corp.	(37)
(2)	Network Appliance, Inc.*	(33)
(2)	Williams Communications Group, Inc.	(7)
		(158)
	TELECOMMUNICATIONS EQUIPMENT-- 0.8%	
(0)^	Avaya, Inc.*	(2)
(1)	Cabletron Systems*	(12)
(1)	Corning, Inc.	(17)
(1)	JDS Uniphase Corp.*	(20)
(8)	Lucent Technologies, Inc.	(66)
(2)	Nortel Networks Corp. (Canada)	(29)
		(146)
	TRANSPORTATION-- 4.2%	
(6)	CSX Corp.	(238)
(2)	FedEx Corp.*	(88)
(5)	Norfolk Southern Corp.	(115)
(1)	Union Pacific Corp.	(69)
(4)	United Parcel Service, Inc., Class B	(226)
		(736)

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

SHORT POSITIONS-- CONTINUED		

<S>	<C>	<C>
	UTILITIES-- 10.0%	
(1)	AES Corp.*	\$ (50)
(1)	Allegheny Energy, Inc.	(64)
(4)	American Electric Power Co., Inc.	(176)
(5)	Calpine Corp.*	(256)
(1)	Consolidated Edison, Inc.	(23)
(4)	Constellation Energy Group, Inc.	(170)
(1)	Dominion Resources, Inc.	(53)
(6)	Duke Energy Corp.	(261)
(5)	Exelon Corp.	(313)
(4)	Public Service Enterprise Group, Inc.	(185)
(9)	Southern Co.	(202)

	(1,753)
Total Short Positions-- 100.0%	\$ (17,527)
(Proceeds \$15,923)	

</Table>

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<Page>

J.P. MORGAN SMARTINDEX(TM) FUND
PORTFOLIO OF INVESTMENTS

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments-- 99.0%		

<S>	<C>	<C>
	Common Stock-- 98.8%	

	Advertising-- 0.1%	
4	Omnicom Group	\$ 400
3	The Interpublic Group of Companies, Inc.	110
	-----	510
	Aerospace-- 1.1%	
41	Boeing Co.	2,567
15	Goodrich Co.	614
13	Lockheed Martin Corp.	505
20	United Technologies Corp.	1,691
	-----	5,377
	Airlines-- 0.5%	
3	Continental Airlines, Inc., Class B*	138
19	Delta Air Lines, Inc.	881
64	Southwest Airlines Co.	1,286
	-----	2,305
	Apparel-- 0.3%	
14	Jones Apparel Group, Inc.*	614
17	Nike, Inc., Class B	716
	-----	1,330
	Automotive-- 1.0%	
55	Delphi Automotive Systems Corp.	804
72	Ford Motor Co.	1,746
30	General Motors Corp.	1,707
8	Lear Corp.*	286
5	PACCAR, Inc.	245
10	Visteon Corp.	170
	-----	4,958
	Banking-- 5.1%	
31	AmSouth Bancorporation	566
55	Bank of America Corp.	3,259
33	Bank of New York Co., Inc.	1,802
97	Bank One Corp.	3,826
7	Banknorth Group, Inc.	134
3	Compass Bancshares, Inc.	78
11	Dime Bancorp, Inc.	371
70	First Union Corp.	2,254
8	FleetBoston Financial Corp.	349
10	Golden State Bancorp, Inc.	301
8	GreenPoint Financial Corp.	289
7	Hibernia Corp., Class A	114
9	Huntington Bancshares	127
5	IndyMac Bancorp, Inc.*	121
43	KeyCorp	1,011
20	Mellon Financial Corp.	916
12	National Commerce Financial Co.	287
8	Northern Trust Corp.	516
33	PNC Financial Services Group, Inc.	2,271
1	Regions Financial Corp.	16
19	SouthTrust Corp.	482
7	SunTrust Banks, Inc.	399
1	TCF Financial Corp.	25

</Table>

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As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments -- Continued		

<S>	<C>	<C>
	Banking -- Continued	
166	U.S. Bancorp	\$ 3,704
25	Wells Fargo & Co.	1,177
2	Wilmington Trust Corp.	102

		24,497
	Biotechnology-- 0.8%	
50	Amgen, Inc.*	3,339
8	Human Genome Sciences, Inc.*	511

		3,850
	Broadcasting/Cable-- 0.3%	
9	Clear Channel Communications, Inc.*	543
20	Comcast Corp., Class A*	827

		1,370
	Chemicals-- 1.5%	
22	Air Products & Chemical, Inc.	1,024
45	Dow Chemical Co.	1,611
32	E.I. DuPont de Nemours Co.	1,485
20	PPG Industries, Inc.	1,101
23	Praxair, Inc.	1,162
33	Rohm & Haas Co.	1,082

		7,465
	Computer Networks-- 1.6%	
331	Cisco Systems, Inc.*	6,375
21	Electronic Data Systems Corp.	1,280

		7,655
	Computer Software-- 5.4%	
12	Adobe Systems, Inc.	461
2	AutoDesk, Inc.	67
28	Automatic Data Processing	1,494
1	BEA Systems, Inc.*	36
2	BMC Software, Inc.*	55
18	Citrix Systems, Inc.*	430
15	Computer Associates International, Inc.	417
1	i2 Technologies, Inc.*	12
9	Intuit, Inc.*	292
225	Microsoft Corp.*	15,532
239	Oracle Corp.*	3,658
33	Parametric Technology Corp.*	393
5	Peoplesoft, Inc.*	190
19	Peregrine Systems, Inc.*	512
4	Pitney Bowes, Inc.	154
17	Siebel Systems, Inc.*	780
2	Symantec Corp.*	106
19	Veritas Software Corp.*	1,285

		25,874
	Computers/Computer Hardware-- 4.7%	
102	Compaq Computer Corp.	1,634
100	Dell Computer Corp.*	2,424
96	EMC Corp.*	3,021
66	Hewlett-Packard Co.	1,947
80	International Business Machines Corp.	8,955
3	Lexmark International, Inc.*	155

</Table>

See notes to financial statements.

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As of May 31, 2001

(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments -- Continued		

<S>	<C>	<C>
	Computers/Computer Hardware-- Continued	
33	NCR Corp.*	\$ 1,533
17	Quantum Corporation Digital Linear Tape & Storage*	199
165	Sun Microsystems, Inc.*	2,718

		22,586
	Consumer Products-- 3.5%	
12	Black & Decker Corp.	484
14	Colgate-Palmolive Co.	770
18	Estee Lauder Co., Inc., Class A	711
57	Gillette Co.	1,661
32	Kimberly-Clark Corp.	1,934
144	Philip Morris Companies, Inc.	7,418
60	Procter & Gamble Co.	3,829

		16,807
	Diversified-- 6.1%	
100	Cendant Corp.*	1,910
29	CIT Group, Inc.	1,139
4	Franklin Resources, Inc.	156
423	General Electric Co.	20,733
2	Legg Mason, Inc.	105
0^	Minnesota Mining & Manufacturing Co.	47
96	Tyco International LTD (Bermuda)	5,492

		29,582
	Electronics/Electrical Equipment-- 1.2%	
21	Agilent Technologies, Inc.*	704
15	Ameren Corp.	660
12	Applied Biosystems Group-- Applera Corp.	369
15	Cinergy Corp.	541
22	Emerson	1,518
12	FPL Group, Inc.	705
11	Johnson Controls, Inc.	767
19	Wisconsin Energy Corp.	433

		5,697
	Entertainment/Leisure-- 0.0%	
2	Harrah's Entertainment, Inc.*	73
2	International Game Technology*	135

		208
	Environmental Services-- 0.2%	
30	Waste Management, Inc.	831
	Financial Services-- 8.4%	
4	A.G. Edwards, Inc.	179
49	American Express Co.	2,051
11	AmeriCredit Corp.*	553
2	Bear Stearns Companies, Inc.	109
0^	Blackrock, Inc.	11
36	Capital One Financial Corp.	2,363
65	Charles Schwab Corp.	1,220
14	Charter One Financial, Inc.	430
252	Citigroup, Inc.	12,915
22	Countrywide Credit Industries, Inc.	844
41	E*Trade Group, Inc.*	305
51	Fannie Mae	4,237

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments-- Continued		

<S>	<C>	<C>	<C>
		Financial Services-- Continued	
39		Federal Home Loan Mortgage Corp.	\$ 2,588
16		Goldman Sachs Group, Inc.	1,531
2		Heller Financial, Inc.	76
28		Household International, Inc.	1,812
40		MBNA Corp.	1,450
14		Merrill Lynch & Co., Inc.	916
33		Morgan Stanley Dean Witter & Co.	2,145
31		Providian Financial Corp.	1,782
9		Sovereign Bancorp, Inc.	107
24		Stilwell Financial, Inc.	785
59		Washington Mutual, Inc.	2,098

			40,507
		Food/Beverage Products-- 3.6%	
22		Anheuser-Busch Companies, Inc.	955
17		Campbell Soup Co.	493
106		Coca-Cola Co.	5,033
14		General Mills, Inc.	602
30		H.J. Heinz Co.	1,304
3		Hershey Foods Corp.	170
22		Kellogg Co.	580
61		Kroger Co.*	1,526
46		PepsiCo, Inc.	2,041
15		Quaker Oats Co.	1,438
36		Safeway, Inc.*	1,813
24		Unilever NV, New York Shares	1,340

			17,295
		Health Care/Health Care Services-- 2.1%	
14		Aetna, Inc.*	320
32		Baxter International, Inc.	1,555
30		Becton, Dickinson & Co.	1,016
31		Boston Scientific Corp.*	533
9		C.R. Bard, Inc.	480
19		Guidant Corp.*	717
26		HCA - The Healthcare Co.	1,065
37		Medtronic, Inc.	1,578
11		St. Jude Medical, Inc.*	658
42		Tenet Healthcare Corp.*	1,916
1		Wellpoint Health Networks, Inc.*	78

			9,916
		Hotels/Other Lodging-- 0.6%	
46		Hilton Hotels Corp.	564
23		Marriott International, Inc., Class A	1,070
28		Starwood Hotels & Resorts Worldwide, Inc.	1,059

			2,693
		Insurance-- 4.2%	
6		AFLAC, Inc.	195
55		Allstate Corp.	2,458
26		AMBAC Financial Group, Inc.	1,452
51		American General Corp.	2,284
83		American International Group, Inc.	6,739
19		Cigna Corp.	1,814
11		Hartford Financial Services Group, Inc.	731

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE	

Long-Term Investments -- Continued			

<S>	<C>	<C>	
		Insurance -- Continued	
18		Lincoln National Corp.	\$ 876
11		Marsh & McLennan Companies, Inc.	1,175
17		MBIA, Inc.	907
7		MetLife, Inc.*	207
4		Protective Life Corp.	132
15		St. Paul Companies, Inc.	769

12	Torchmark Corp.	440
5	UNUMProvident Corp.	172

		20,351
	Internet Services/Software-- 0.1%	
3	eBay, Inc.*	206
1	Openwave Systems, Inc.*	31
27	TD Waterhouse Group, Inc.*	321
1	VeriSign, Inc.*	28

		586
	Machinery & Engineering Equipment--- 0.5%	
2	Caterpillar, Inc.	125
11	Dover Corp.	483
17	Ingersoll-Rand Co.	849
19	Rockwell International Corp.	907

		2,364
	Manufacturing-- 1.3%	
10	Cooper Industries, Inc.	376
13	Danaher Corp.	794
9	Eaton Corp.	696
18	Harley-Davidson, Inc.	831
43	Honeywell International, Inc.	2,076
11	Illinois Tool Works, Inc.	774
7	ITT Industries, Inc.	341
11	Parker Hannifin Corp.	531

		6,419
	Metals/Mining-- 0.7%	
7	Alcan, Inc. (Canada)	327
64	Alcoa, Inc.	2,779
4	Allegheny Technologies, Inc.	72

		3,178
	Multi-Media-- 4.2%	
195	AOL Time Warner, Inc.*	10,174
11	Fox Entertainment Group, Inc.*	279
27	Gannett Co., Inc.	1,796
30	Gemstar-TV Guide International, Inc.*	1,106
3	Knight-Ridder, Inc.	159
14	New York Times Co., Class A	577
39	The Walt Disney Co.	1,227
3	Tribune Co.	137
86	Viacom, Inc., Class B*	4,946

		20,401
	Office/Business Equipment-- 0.0%	
8	Xerox Corp.	82
	Oil & Gas-- 7.2%	
3	Amerada Hess Corp.	274

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments-- Continued		

<S>	<C>	<C>
	Oil & Gas-- Continued	
21	Anadarko Petroleum Corp.	\$ 1,296
3	Apache Corp.	191
35	Baker Hughes, Inc.	1,379
39	Chevron Corp.	3,698
18	Conoco, Inc., Class A	566
0^	Conoco, Inc., Class B	6
17	Cooper Cameron Corp.*	1,178
5	Devon Energy Corp.	268
7	Diamond Offshore Drilling, Inc.	281
1	ENSCO International, Inc.	32
160	Exxon Mobil Corp.	14,226
30	Global Marine, Inc.*	757
4	Halliburton Co.	178
13	Rowan Companies, Inc.*	386

102	Royal Dutch Petroleum Co., N.Y. Shares (Netherlands)	6,244
7	Schlumberger LTD	448
44	Texaco, Inc.	3,106
2	Transocean Sedco Forex, Inc.	80
9	Unocal Corp.	363

		34,957
	Paper/Forest Products-- 0.4%	
10	Georgia-Pacific Group	358
9	International Paper Co.	340
22	Smurfit-Stone Container Corp.*	326
7	Temple-Inland, Inc.	373
6	Weyerhaeuser Co.	366

		1,763
	Pharmaceuticals-- 9.9%	
48	Abbott Laboratories	2,516
29	Alza Corp.*	1,348
61	American Home Products Corp.	3,868
72	Bristol-Myers Squibb Co.	3,884
42	Eli Lilly & Co.	3,566
15	Forest Laboratories, Inc.*	1,118
55	Johnson & Johnson	5,332
3	Medimmune, Inc.*	120
103	Merck & Co., Inc.	7,518
5	Omnicare, Inc.	107
278	Pfizer, Inc.	11,923
69	Pharmacia Corp.	3,365
73	Schering-Plough Corp.	3,050
1	Watson Pharmaceuticals, Inc.*	30

		47,745
	Photographic Equipment-- 0.3%	
35	Eastman Kodak Co.	1,647
	Pipelines-- 0.4%	
22	Dynegy, Inc., Class A	1,065
13	El Paso Corp.	810
5	Williams Companies, Inc.	197

		2,072

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE
	Long-Term Investments-- Continued	

<S>	<C>	<C>
	Restaurants/Food Services-- 0.4%	
65	McDonald's Corp.	\$ 1,965
	Retailing-- 5.6%	
13	Abercrombie & Fitch Co., Class A*	544
7	Best Buy Co., Inc.*	377
19	Costco Wholesale Corp.*	743
11	CVS Corp.	604
35	Federated Department Stores, Inc.*	1,564
24	Gap, Inc.	747
112	Home Depot, Inc.	5,501
10	Kohl's Corp.*	640
21	Limited, Inc.	342
15	Lowe's Co.	1,036
36	MAY Department Stores Co.	1,164
53	Target Corp.	2,019
1	Tiffany & Company	17
44	TJX Companies, Inc.	1,482
180	Wal-Mart Stores, Inc.	9,321
25	Walgreen Co.	993

		27,094
	Semi-Conductors-- 3.8%	
29	Altera Corp.*	684
12	Analog Devices, Inc.*	521

41	Applied Materials, Inc.*	2,057
8	Broadcom Corp., Class A*	273
6	Cypress Semiconductor Corp.	127
290	Intel Corp.	7,827
14	Lattice Semiconductor Corp.*	296
23	Linear Technology Corp.	1,090
15	LSI Logic Corp.*	276
16	Maxim Integrated Products, Inc.*	791
25	Micron Technology, Inc.*	926
2	National Semiconductor Corp.*	42
7	PMC-Sierra, Inc.*	210
67	Texas Instruments, Inc.	2,276
23	Xilinx, Inc.*	949

18,345

7	Shipping/Transportation-- 0.1%	
	C.H. Robinson Worldwide, Inc.	200
3	Gatx Corp.	109

309

8	Telecommunications-- 6.1%	
	Adelphia Communications Corp., Class A*	318
5	Alltel Corp.	296
118	AT&T Corp.	2,500
48	AT&T Corp.-- Liberty Media Group, Class A*	812
58	BellSouth Corp.	2,395
10	Broadwing, Inc.	257
5	Charter Communications, Inc.*	107
69	Global Crossing LTD (Bermuda)*	880
29	Level 3 Communications, Inc.*	326
54	Nextel Communications, Inc., Class A*	866

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments-- Continued		

<S>	<C>	<C>
	Telecommunications -- Continued	
96	Qwest Communications International*	\$ 3,531
129	SBC Communications, Inc.	5,532
69	Sprint Corp., (PCS Group)*	1,520
25	Tellabs, Inc.*	837
125	Verizon Communications	6,857
127	WorldCom, Inc.*	2,267

		29,301
	Telecommunications Equipment-- 1.9%	
15	Avaya, Inc.*	249
3	Cabletron Systems*	64
14	CIENA Corp.*	742
41	Corning, Inc.	781
55	JDS Uniphase Corp.*	919
4	Juniper Networks, Inc.*	187
135	Lucent Technologies, Inc.	1,061
108	Motorola, Inc.	1,580
125	Nortel Networks Corp. (Canada)	1,670
35	Qualcomm, Inc.*	2,121

		9,374
	Toys & Games-- 0.3%	
21	Hasbro, Inc.	319
52	Mattel, Inc.	922

		1,241
	Transportation-- 0.5%	
40	Burlington Northern Santa Fe Corp.	1,230
8	FedEx Corp.*	316
10	Norfolk Southern Corp.	228
14	Union Pacific Corp.	794

		2,568
	Utilities-- 2.7%	
4	AES Corp.*	163

6	American Electric Power Co., Inc.	286
20	CMS Energy Corp.	584
19	Consolidated Edison, Inc.	732
5	Dominion Resources, Inc.	312
18	DTE Energy Co.	787
44	Edison International	473
22	Enron Corp.	1,138
51	Entergy Corp.	2,208
15	GPU, Inc.	490
23	Nisource, Inc.	723
51	PG & E Corp.	581
10	Pinnacle West Capital Corp.	485
6	Potomac Electric Power Co.	126
1	PPL Corp.	84
22	Progress Energy, Inc.	932
10	Reliant Energy, Inc.	465
10	TECO Energy, Inc.	308
29	TXU Corp.	1,416
30	Xcel Energy, Inc.	894

		13,187

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>			
<Caption>			
SHARES	ISSUER		VALUE

Long-Term Investments-- Continued			

<S>	<C>	<C>	<C>
	11	Warehousing-- 0.1% W.W. Grainger, Inc.	\$ 504
		Total Common Stock	476,766
		(Cost \$476,337)	

</Table>

<Table>			
<Caption>			
PRINCIPAL			
AMOUNT			

U.S. Treasury Security-- 0.2%			

<S>	<C>	<C>	<C>
	\$825	U.S. Treasury Note, 5.88%, 11/30/01@ (Costs \$829)	834
		Total Long-Term Investments	477,600
		(Cost \$477,166)	

Short-Term Investment-- 1.0%			

Shares	Money Market Fund-- 1.0%		
4,709	-----		
	J.P. Morgan Institutional Prime Money Market Fund+		4,709
	(Cost \$4,709)		
	Total Investments-- 100.0%		\$482,309
	(Cost \$481,875)		

</Table>

<Table>					
<Caption>					
NUMBER			ORIGINAL	NOTIONAL	
OF		EXPIRATION	NOTIONAL	VALUE AT	UNREALIZED
CONTRACTS	DESCRIPTION	DATE	VALUE	5/31/01	APPRECIATION

LONG FUTURES OUTSTANDING					

<S>	<C>	<C>	<C>	<C>	<C>

See notes to financial statements.

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J.P. MORGAN LARGE CAP GROWTH FUND
 PORTFOLIO OF INVESTMENTS

As of May 31, 2001
 (Amounts in thousands)

<Table>		<Caption>	
SHARES	ISSUER	VALUE	

Long-Term Investments-- 97.3%			

<S>	<C>	<C>	
	Common Stock-- 97.3%	-----	
	Agricultural Production/Services-- 0.3%		
0^	Monsanto Co.	\$	14
	Biotechnology-- 4.9%		
1	Affymetrix, Inc.*		24
2	Amgen, Inc.*		106
0^	Aurora Biosciences Corp.		11
0^	Curagen Corp.*		11
0^	Genentech, Inc.*		10
1	Human Genome Sciences, Inc.*		36
1	Millennium Pharmaceutical, Inc.*		23
0^	Myriad Genetics, Inc.*		12

			233
	Broadcasting/Cable-- 0.5%		
1	Comcast Corp., Class A*		25
	Chemicals-- 0.4%		
1	Rohm & Haas Co.		20
	Computer Networks-- 3.0%		
7	Cisco Systems, Inc.*		143
	Computer Software-- 10.8%		
1	BEA Systems, Inc.*		22
2	i2 Technologies, Inc.*		38
4	Microsoft Corp.*		290
5	Oracle Corp.*		72
2	Parametric Technology Corp.*		20
1	Peregrine Systems, Inc.*		14
0^	Siebel Systems, Inc.*		14
1	Veritas Software Corp.*		38

			508
	Computers/Computer Hardware-- 8.6%		
0^	Brocade Communications Systems*		12
8	Compaq Computer Corp.		120
1	Dell Computer Corp.*		34
1	EMC Corp.*		44
6	Maxtor Corp.*		36
1	NCR Corp.*		23
2	Quantum Corporation Digital Linear Tape & Storage*		23
1	Redback Networks, Inc.*		13
6	Sun Microsystems, Inc.*		99

			404
	Consumer Products-- 2.9%		
0^	Estee Lauder Co., Inc., Class A		16
1	Gillette Co.		32
1	Philip Morris Companies, Inc.		61
0^	Procter & Gamble Co.		26

			135

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments-- Continued		

<S>	<C>	<C>
	Diversified-- 6.3%	
5	General Electric Co.	\$ 235
1	Tyco International LTD (Bermuda)	63

		298
	Electronics/Electrical Equipment-- 1.3%	
0^	Applied Biosystems Group-- Applera Corp.	12
1	Teradyne, Inc.*	32
0^	Waters Corp.*	15

		59
	Financial Services-- 1.7%	
0^	Capital One Financial Corp.	26
1	Citigroup, Inc.	56

		82
	Food/Beverage Products-- 1.4%	
1	PepsiCo, Inc.	41
1	Safeway, Inc.*	25

		66
	Health Care/Health Care Services-- 1.0%	
1	Medtronic, Inc.	47
	Internet Services/Software-- 0.4%	
0^	Akamai Technologies, Inc.*	4
1	TD Waterhouse Group, Inc.*	14

		18
	Manufacturing-- 0.4%	
0^	Danaher Corp.	19
	Multi-Media-- 6.3%	
5	AOL Time Warner, Inc.*	238
1	Gemstar-TV Guide International, Inc.*	22
1	News Corp., LTD , ADR (Australia)	39

		299
	Oil & Gas-- 4.6%	
1	Anadarko Petroleum Corp.	31
2	Cooper Cameron Corp.*	104
1	Diamond Offshore Drilling, Inc.	32
2	Global Industries LTD*	34
1	Global Marine, Inc.*	18

		219
	Pharmaceuticals-- 16.1%	
1	Abgenix, Inc.*#	20
1	Alza Corp.*	66
1	American Home Products Corp.	57
1	Bristol-Myers Squibb Co.	76
1	Eli Lilly & Co.	76
0^	IDEC Pharmaceuticals Corp.*	18
1	Medarex, Inc.	17
6	Pfizer, Inc.	240
2	Pharmacia Corp.	78
3	Schering-Plough Corp.	109

		757

</Table>

See notes to financial statements.

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As of May 31, 2001

(Amounts in thousands)

<Table>		
<Caption>		
SHARES	ISSUER	VALUE

Long-Term Investments-- Continued		

<S>	<C>	<C>
	Retailing-- 4.2%	
1	Costco Wholesale Corp.*	\$ 43
1	Target Corp.	53
2	Wal-Mart Stores, Inc.	103

		199
	Semi-Conductors-- 9.8%	
1	Applied Materials, Inc.*	35
1	Applied Micro Circuits Corp.*	22
7	Intel Corp.	200
1	Lam Research Corp.*	33
1	Micron Technology, Inc.*	30
1	PMC-Sierra, Inc.*	25
2	Texas Instruments, Inc.	75
1	Xilinx, Inc.*	41

		461
	Telecommunications-- 8.5%	
1	Adelphia Communications Corp., Class A*	23
2	Advanced Fibre Communication*	28
6	AT&T Corp.-- Liberty Media Group, Class A*	96
2	Charter Communications, Inc.*	49
1	Level 3 Communications, Inc.*	9
1	Network Appliance, Inc.*	13
2	Qwest Communications International*	70
3	Sprint Corp., (PCS Group)*	64
1	Tellabs, Inc.*	41
2	XO Communications, Inc.*	7

		400
	Telecommunications Equipment-- 3.5%	
1	CIENA Corp.*	27
0^	Comverse Technology, Inc.*	17
1	Corvis Corp.*	7
1	JDS Uniphase Corp.*	24
0^	Juniper Networks, Inc.*	13
1	Motorola, Inc.	12
1	Nextel Partners, Inc., Class A*	15
1	Qualcomm, Inc.*	43
1	Sycamore Networks, Inc.*	5

		163
	Warehousing-- 0.4%	
0^	W.W. Grainger, Inc.	18

	Total Long-Term Investments	4,587
	(Cost \$4,870)	

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>		
<Caption>		
SHARES	ISSUER	VALUE

Short-Term Investment-- 2.7%		

<S>	<C>	<C>
	Money Market Fund-- 2.7%	

127	J.P. Morgan Institutional Prime Money Market Fund+ (Cost \$127)	\$ 127

	Total Investments-- 100.0%	\$4,714
	(Cost \$4,997)	

</Table>

Index:

- * -- Non-income producing security.
- ** -- Securities are pledged with a broker as collateral for short sales.
- # -- Security may only be sold to qualified institutional buyers.
- ^ -- Share amounts round to less than a thousand.
- + -- Affiliated. Money market fund registered under the Investment Company Act of 1940, as amended and advised by J.P. Morgan Investment Management, Inc.
- @ -- All or a portion of this security is segregated for futures.
- ADR -- American Depositary Receipt.

See notes to financial statements.

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JPMORGAN FUNDS

STATEMENT OF ASSETS AND LIABILITIES As of May 31, 2001

(Amounts in thousands, except per share amounts)

<Table>

<Caption>

	MARKET NEUTRAL FUND	SMARTINDEX(TM) FUND	LARGE CAP GROWTH FUND
<S>	<C>	<C>	<C>
ASSETS:			
Investment securities, at value	\$18,860	\$482,309	\$4,714
Deposits with broker for securities sold short	18,009	--	--
Cash	351	--	--
Receivables:			
Investment securities sold	296	16,195	23
Interest and dividends	67	730	2
Fund shares sold	--	742	--
Variation margin	--	29	--
Expense reimbursements	35	142	7

Total Assets	37,618	500,147	4,746

LIABILITIES:			
Payables:			
Securities sold short (proceeds \$15,923, \$0, and \$0, respectively)	17,527	--	--
Investment securities purchased	307	90	64
To custodian	--	--	21
Fund shares redeemed	--	16,438	--
Accrued liabilities:			
Investment advisory fees	25	107	2
Administration services fees	1	20	--
Shareholder servicing fees	2	43	--
Other	42	86	42

Total Liabilities	17,904	16,784	129

NET ASSETS:			
Paid in capital	18,879	543,335	5,483
Accumulated undistributed (distributions in excess of) net investment income	264	1,530	--
Accumulated net realized gain (loss) on investments, securities sold short, and futures transactions	30	(62,335)	(583)
Net unrealized appreciation (depreciation) of investments, securities sold short and futures contracts	541	833	(283)

Net Assets	\$19,714	\$483,363	\$4,617
=====			
Shares of beneficial interest outstanding (\$.001 par value; unlimited number of shares authorized):	1,301	32,184	367
Net Asset Value, redemption and offering price per share	\$ 15.16	\$ 15.02	\$12.56

Cost of investments	\$16,715	\$481,875	\$4,997

</Table>

See notes to financial statements.

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<Page>

<Table>

<Caption>

	U.S. EQUITY FUND	U.S. EQUITY FUND-ADVISOR SERIES	INSTITUTIONAL U.S. EQUITY FUND
<S>	<C>	<C>	<C>
ASSETS:			
Investment in Portfolio, at value	\$312,038	\$2,635	\$151,035
Other assets	5	--	4
Receivables:			
Fund shares sold	--	2	13
Expense reimbursements	--	2	--
Total Assets	312,043	2,639	151,052
LIABILITIES:			
Payables:			
Fund shares redeemed	45	25	--
Accrued liabilities:			
Administration services fees	6	--	3
Shareholder servicing fees	67	--	14
Distribution fees	--	1	--
Service organization fees	--	1	--
Other	49	33	32
Total Liabilities	167	60	49
NET ASSETS:			
Paid in capital	281,304	2,810	124,607
Accumulated undistributed net investment income	428	1	315
Accumulated net realized loss on investments	(4,864)	(327)	(1,585)
Net unrealized appreciation (depreciation) of investments	35,008	95	27,666
Net Assets	\$311,876	\$2,579	\$151,003
Shares of beneficial interest outstanding (\$.001 par value; unlimited number of shares authorized):			
	16,210	297	13,576
Net Asset Value, redemption and offering price per share	\$ 19.24	\$ 8.68	\$ 11.12

</Table>

See notes to financial statements.

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<Page>

<Table>

<Caption>

	DISCIPLINED EQUITY FUND	INSTITUTIONAL DISCIPLINED EQUITY FUND
<S>	<C>	<C>
ASSETS:		
Investment in Portfolio, at value	\$128,469	\$1,210,975
Other assets	3	2
Receivables:		
Fund shares sold	154	114
Expense reimbursements	--	203
Total Assets	128,626	1,211,294
LIABILITIES:		
Payables:		
Fund shares redeemed	122	872
Accrued liabilities:		
Administration services fees	3	24
Shareholder servicing fees	27	104
Administration fees	--	1
Other	41	52
Total Liabilities	193	1,053
NET ASSETS:		
Paid in capital	134,400	1,234,386
Accumulated undistributed net		

investment income	229	2,716
Accumulated net realized loss on investments	(14,493)	(158,178)
Net unrealized appreciation of investments	8,297	131,317

Net Assets	\$128,433	\$1,210,241
=====		
Shares of beneficial interest outstanding (\$0.01 par value; unlimited number of shares authorized):	7,822	77,327
Net Asset Value, redemption and offering price per share	\$ 16.42	\$ 15.65

</Table>

See notes to financial statements.

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<Table>
<Caption>

	U.S. SMALL COMPANY FUND	INSTITUTIONAL U.S. SMALL COMPANY FUND	U.S. SMALL COMPANY OPPORTUNITIES FUND
<S>	<C>	<C>	<C>
ASSETS:			
Investment in Portfolio, at value	\$290,205	\$409,542	\$334,622
Other assets	1	2	2
Receivables:			
Fund shares sold	6,546	599	5,735

Total Assets	296,752	410,143	340,359

LIABILITIES:			
Payables:			
Fund shares redeemed	622	63	675
Accrued liabilities:			
Administration services fees	6	8	7
Shareholder servicing fees	62	35	72
Fund services	--	1	--
Other	40	53	115

Total Liabilities	730	160	869

NET ASSETS:			
Paid in capital	278,737	379,160	397,312
Accumulated undistributed (distributions in excess of) net investment income	458	503	--
Accumulated net realized loss on investments	(7,181)	(11,220)	(32,105)
Net unrealized appreciation (depreciation) of investments	24,008	41,540	(25,717)

Net Assets	\$296,022	\$409,983	\$339,490

Shares of beneficial interest outstanding (\$0.01 par value; unlimited number of shares authorized):	11,754	30,733	27,850
Net Asset Value, redemption and offering price per share	\$ 25.18	\$ 13.34	\$ 12.19

</Table>

See notes to financial statements.

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JPMORGAN FUNDS
STATEMENT OF OPERATIONS
For the year ended May 31, 2001 (Amounts in thousands)

<Table>
<Caption>

	MARKET NEUTRAL FUND	SMARTINDEX (TM) FUND	LARGE CAP GROWTH FUND
<S>	<C>	<C>	<C>

INVESTMENT INCOME:			
Dividend	\$ 10	\$ 5,539	\$ 24
Interest	1,345	90	--
Foreign taxes withheld	(1)	(25)	--
Dividend income from affiliated investments *	91	723	3
Total Investment Income	1,445	6,327	27
EXPENSES:			
Investment advisory fees	298	1,166	28
Administration services fees	9	221	3
Shareholder servicing fees	20	466	6
Administration fees	--	5	--
Fund services fees	--	6	--
Dividends on securities sold short	306	--	--
Accounting fees	15	15	15
Custodian fees	29	175	7
Printing and postage	8	7	8
Professional fees	39	42	39
Registration expenses	33	142	--
Transfer agent fees	16	18	16
Trustees' fees	--	5	--
Other	3	12	4
Total Expenses	776	2,280	126
Less expense reimbursements	221	636	84
Net Expenses	555	1,644	42
Net Investment Income (Loss)	890	4,683	(15)
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:			
Net realized gain (loss) on:			
Investments	503	(56,215)	(552)
Securities sold short	60	--	--
Futures transactions	33	(2,188)	--
Change in net unrealized appreciation/depreciation of:			
Investments	2,084	(2,353)	(1,006)
Securities sold short	(1,195)	--	--
Futures contracts	--	349	--
Net realized and unrealized gain (loss) on investments, securities sold short and futures transactions	1,485	(60,407)	(1,558)
Net increase (decrease) in net assets from operations	\$ 2,375	\$ (55,724)	\$ (1,573)
* Includes reimbursements of investment advisory, administrative and shareholder servicing fees:	\$ 3	\$ 21	\$ --

</Table>

See notes to financial statements.

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<Page>

<Table>

<Caption>

	U.S. EQUITY FUND	U.S. EQUITY FUND-ADVISOR SERIES*	INSTITUTIONAL U.S. EQUITY FUND
<S>	<C>	<C>	<C>
INVESTMENT INCOME:			
Income from Portfolio	\$ 4,263	\$ 12	\$ 2,337
Foreign taxes withheld	(3)	--	(2)
Expenses from Portfolio	(1,631)	(5)	(900)
Total Investment Income	2,629	7	1,435
EXPENSES:			
Administration services fees	85	--	47
Shareholder servicing fees	893	1	197
Administration fees	4	--	2
Fund services fees	5	--	3

Accounting fees	30	21	30
Distribution fees	--	2	--
Printing and postage	12	9	11
Professional fees	18	11	17
Service organization fees	--	2	--
Registration expenses	25	6	21
Transfer agent fees	90	10	18
Trustees' fees	3	--	2
Other	10	--	1
Total Expenses	1,175	62	349
Less expense reimbursements	--	57	28
Net Expenses	1,175	5	321
Net Investment Income	1,454	2	1,114
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:			
Net realized gain (loss) on investments from Portfolio	3,125	(231)	5,941
Change in net unrealized appreciation/depreciation of investments from Portfolio	(29,060)	95	(16,637)
Net realized and unrealized loss on investments	(25,935)	(136)	(10,696)
Net decrease in net assets from operations	\$(24,481)	\$(134)	\$ (9,582)

</Table>

* Fund commenced operations on 9/15/00.

See notes to financial statements.

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<Page>

<Table>

<Caption>

	DISCIPLINED EQUITY FUND	INSTITUTIONAL DISCIPLINED EQUITY FUND
<C>	<C>	<C>
INVESTMENT INCOME:		
Income from Portfolio	\$ 1,950	\$ 18,458
Foreign taxes withheld	(8)	(75)
Expenses from Portfolio	(603)	(5,724)
Total Investment Income	1,339	12,659
EXPENSES:		
Administration services fees	35	336
Shareholder servicing fees	373	1,415
Administration fees	2	14
Fund services fees	2	19
Accounting fees	30	30
Printing and postage	19	11
Professional fees	18	19
Registration expenses	7	186
Transfer agent fees	45	34
Trustees' fees	2	11
Other	17	37
Total Expenses	550	2,112
Less expense reimbursements	6	1,446
Net Expenses	544	666
Net Investment Income	795	11,993
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized loss on investments from Portfolio	(12,905)	(149,357)
Change in net unrealized appreciation/depreciation of investments from Portfolio	(5,881)	(12,853)

Net realized and unrealized loss on investments	(18,786)	(162,210)

Net decrease in net assets from operations	\$ (17,991)	\$ (150,217)
=====		

</Table>

See notes to financial statements.

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<Page>

<Table>
<Caption>

	U.S. SMALL COMPANY FUND	INSTITUTIONAL U.S. SMALL COMPANY FUND	U.S. SMALL COMPANY OPPORTUNITIES FUND
<S>	<C>	<C>	<C>
INVESTMENT INCOME:			
Income from Portfolio	\$ 4,210	\$ 5,558	\$ 3,279
Foreign taxes withheld	(3)	(4)	--
Expenses from Portfolio	(2,058)	(2,715)	(3,437)

Total Investment Income (Loss)	2,149	2,839	(158)

EXPENSES:			
Administration services fees	73	97	123
Shareholder servicing fees	774	408	1,290
Administration fees	3	4	5
Fund services fees	4	5	7
Accounting fees	30	30	30
Printing and postage	12	7	7
Professional fees	15	16	17
Registration expenses	74	33	40
Transfer agent fees	62	24	104
Trustees' fees	4	4	5
Other	12	16	39

Total Expenses	1,063	644	1,667

Less expense reimbursements	--	3	--

Net Expenses	1,063	641	1,667

Net Investment Income (Loss)	1,086	2,198	(1,825)

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:			
Net realized gain (loss) on investments from Portfolio	451	575	(30,821)
Change in net unrealized appreciation/depreciation of investments from Portfolio	(2,763)	(3,970)	(56,858)

Net realized and unrealized loss on investments	(2,312)	(3,395)	(87,679)

Net decrease in net assets from operations	\$ (1,226)	\$ (1,197)	\$ (89,504)

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JPMORGAN FUNDS
STATEMENT OF CHANGES IN NET ASSETS For the periods indicated

STATEMENTS OF CHANGES IN NET ASSETS For the year ended May 31,
(Amounts in thousands)

<Table>
<Caption>

MARKET NEUTRAL FUND	SMARTINDEX (TM) FUND	LARGE CAP GROWTH FUND
-----	-----	-----

	2001	2000	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:						
Net investment income (loss)	\$ 890	\$ 456	\$ 4,683	\$ 2,186	\$ (15)	\$ --
Net realized gain (loss) on investments, securities sold short, and futures transactions	596	(338)	(58,403)	(3,927)	(552)	394
Change in net unrealized appreciation/depreciation of investments, securities sold short, and futures contracts	889	(232)	(2,004)	2,545	(1,006)	535
Increase (decrease) in net assets from operations	2,375	(114)	(55,724)	804	(1,573)	929
DISTRIBUTIONS TO SHAREHOLDERS FROM:						
Net investment income	(867)	(325)	(4,240)	(1,114)	--	(4)
Net realized gain on investment transactions	--	(344)	--	(51)	(415)	(79)
Total distributions to shareholders	(867)	(669)	(4,240)	(1,165)	(415)	(83)
INCREASE (DECREASE) FROM CAPITAL SHARE TRANSACTIONS:						
Proceeds from shares issued	10,451	2,500	256,349	430,662	--	--
Dividends reinvested	867	669	3,203	1,164	414	83
Cost of shares redeemed	(5,641)	--	(116,766)	(36,287)	--	--
Increase from capital share transactions	5,677	3,169	142,786	395,539	414	83
Total increase (decrease) in net assets	7,185	2,386	82,822	395,178	(1,574)	929
NET ASSETS:						
Beginning of period	12,529	10,143	400,541	5,363	6,191	5,262
End of period	\$19,714	\$12,529	\$ 483,363	\$400,541	\$ 4,617	\$ 6,191
SHARE TRANSACTIONS:						
Issued	731	178	15,880	25,195	--	--
Reinvested	60	47	204	67	29	5
Redeemed	(384)	--	(7,364)	(2,132)	--	--
Change in shares	407	225	8,720	23,130	29	5
Accumulated undistributed net investment income	\$ 264	\$ 187	\$ 1,530	\$ 1,087	\$ --	\$ --

</Table>

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<Page>

<Table>
<Caption>

	U.S. EQUITY FUND		U.S. EQUITY FUND - ADVISOR SERIES		INSTITUTIONAL U.S. EQUITY FUND	
	2001	2000	9/15/00* THROUGH 5/31/01		2001	2000
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:						
Net investment income	\$ 1,454	\$ 2,478	\$ 2	\$ 1,114	\$ 2,040	
Net realized gain (loss) on investments from Portfolio	3,125	22,541	(231)	5,941	15,598	
Change in net unrealized appreciation/depreciation of investments from Portfolio	(29,060)	(14,615)	95	(16,637)	(10,166)	
Increase (decrease) in net assets from operations	(24,481)	10,404	(134)	(9,582)	7,472	
DISTRIBUTIONS TO SHAREHOLDERS FROM:						
Net investment income	(1,308)	(2,633)	(1)	(1,331)	(1,951)	
Net realized gain on investment transactions	(14,120)	(63,328)	--	(10,850)	(45,835)	
Total distributions to shareholders	(15,428)	(65,961)	(1)	(12,181)	(47,786)	
INCREASE (DECREASE) FROM CAPITAL SHARE TRANSACTIONS:						
Proceeds from shares issued	48,080	56,124	2,960	40,121	44,909	
Dividends reinvested	14,592	60,761	--	11,891	45,796	
Cost of shares redeemed	(97,576)	(115,604)	(246)	(120,736)	(87,154)	
Increase (decrease) from capital share transactions	(34,904)	1,281	2,714	(68,724)	3,551	
Total increase (decrease) in net assets	(74,813)	(54,276)	2,579	(90,487)	(36,763)	
NET ASSETS:						
Beginning of period	386,689	440,965	--	241,490	278,253	
End of period	\$311,876	\$ 386,689	\$2,579	\$ 151,003	\$241,490	

SHARE TRANSACTIONS:					
Issued	2,310	2,355	327	3,386	3,181
Reinvested	742	2,790	--	1,044	3,574
Redeemed	(4,651)	(4,912)	(30)	(9,739)	(6,327)
Change in shares	(1,599)	233	297	(5,309)	428
Accumulated undistributed net investment income	\$ 428	\$ 282	\$ 1	\$ 315	\$ 532

</Table>

* Commencement of operations.

See notes to financial statements.

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<Table>

<Caption>

	DISCIPLINED EQUITY FUND		INSTITUTIONAL DISCIPLINED EQUITY FUND	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:				
Net investment income	\$ 795	\$ 1,232	\$ 11,993	\$ 13,361
Net realized gain (loss) on investments from Portfolio	(12,905)	3,113	(149,357)	22,602
Change in net unrealized appreciation/depreciation of investments from Portfolio	(5,881)	3,527	(12,853)	22,395
Increase (decrease) in net assets from operations	(17,991)	7,872	(150,217)	58,358
DISTRIBUTIONS TO SHAREHOLDERS FROM:				
Net investment income	(982)	(1,082)	(12,362)	(12,298)
Net realized gain on investment transactions	(1,794)	(3,587)	--	(60,312)
Total distributions to shareholders	(2,776)	(4,669)	(12,362)	(72,610)
INCREASE (DECREASE) FROM CAPITAL SHARE TRANSACTIONS:				
Proceeds from shares issued	80,572	164,257	297,629	691,185
Dividends reinvested	2,586	4,397	11,502	69,686
Cost of shares redeemed	(94,413)	(131,994)	(412,421)	(278,944)
Increase (decrease) from capital share transactions	(11,255)	36,660	(103,290)	481,927
Total increase (decrease) in net assets	(32,022)	39,863	(265,869)	467,675
NET ASSETS:				
Beginning of period	160,455	120,592	1,476,110	1,008,435
End of period	\$128,433	\$160,455	\$1,210,241	\$1,476,110
SHARE TRANSACTIONS:				
Issued	4,598	8,518	17,437	38,419
Reinvested	151	281	699	3,905
Redeemed	(5,521)	(6,824)	(24,956)	(15,563)
Change in shares	(772)	1,975	(6,820)	26,761
Accumulated undistributed net investment income	\$ 229	\$ 416	\$ 2,716	\$ 3,085

</Table>

See notes to financial statements.

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<Page>

<Table>

<Caption>

	U.S. SMALL COMPANY FUND		INSTITUTIONAL U.S. SMALL COMPANY FUND		U.S. SMALL COMPANY OPPORTUNITIES FUND	
	2001	2000	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:						
Net investment income (loss)	\$ 1,086	\$ 123	\$ 2,198	\$ 1,036	\$ (1,825)	\$ (2,269)
Net realized gain (loss) on investments from Portfolio	451	38,031	575	73,587	(30,821)	60,819

Change in net unrealized appreciation/depreciation of investments from Portfolio	(2,763)	6,948	(3,970)	12,835	(56,858)	8,035
Increase (decrease) in net assets from operations	(1,226)	45,102	(1,197)	87,458	(89,504)	66,585
DISTRIBUTIONS TO SHAREHOLDERS FROM:						
Net investment income	(545)	(144)	(2,155)	(275)	--	--
Net realized gain on investment transactions	(22,322)	--	(45,717)	--	(40,197)	--
Total distributions to shareholders	(22,867)	(144)	(47,872)	(275)	(40,197)	--
INCREASE (DECREASE) FROM CAPITAL SHARE TRANSACTIONS:						
Proceeds from shares issued	215,828	208,966	197,258	94,035	426,571	395,396
Dividends reinvested	19,995	119	31,219	162	22,690	--
Cost of shares redeemed	(200,280)	(156,350)	(127,499)	(168,082)	(508,748)	(219,385)
Increase (decrease) from capital share transactions	35,543	52,735	100,978	(73,885)	(59,487)	176,011
Total increase (decrease) in net assets	11,450	97,693	51,909	13,298	(189,188)	242,596
NET ASSETS:						
Beginning of period	284,572	186,879	358,074	344,776	528,678	286,082
End of period	\$ 296,022	\$ 284,572	\$ 409,983	\$ 358,074	\$ 339,490	\$ 528,678
SHARE TRANSACTIONS:						
Issued	7,963	7,320	13,614	5,732	28,211	22,070
Reinvested	812	5	2,389	13	1,716	--
Redeemed	(7,521)	(5,502)	(8,974)	(10,818)	(35,331)	(12,319)
Change in shares	1,254	1,823	7,029	(5,073)	(5,404)	9,751
Accumulated undistributed net investment income	\$ 458	\$ 32	\$ 503	\$ 624	\$ --	\$ --

</Table>

See notes to financial statements.

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JPMORGAN DOMESTIC EQUITY FUNDS
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2001

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION -- J.P. Morgan Funds, J.P. Morgan Institutional Funds, and J.P. Morgan Series Trust (the "Trusts") were organized as Massachusetts business trusts and registered under the Investment Company Act of 1940 (the "1940 Act"), as amended, as open-end management investment companies. J.P. Morgan Funds and J.P. Morgan Institutional Funds were organized on November 4, 1992 and J.P. Morgan Series Trust was organized on August 15, 1996. The Funds below (collectively the "Funds") are separate series of the Trusts. Not all series of the Trusts are shown on this report.

J.P. Morgan Funds

J.P. Morgan U.S. Equity Fund ("USEF")
J.P. Morgan U.S. Equity Fund-Advisor Series ("USEFAS")
J.P. Morgan Disciplined Equity Fund ("DEF")
J.P. Morgan U.S. Small Company Fund ("USSCF")
J.P. Morgan U.S. Small Company Opportunities Fund ("USSCOF")

J.P. Morgan Institutional Funds

J.P. Morgan Institutional U.S. Equity Fund ("IUSEF")
J.P. Morgan Institutional Disciplined Equity Fund ("IDEF")
J.P. Morgan Institutional U.S. Small Company Fund ("IUSSCF")

J.P. Morgan Series Trust

J.P. Morgan Market Neutral Fund ("MNF")
J.P. Morgan SmartIndex(TM) Fund ("SF")
J.P. Morgan Large Cap Growth Fund ("LCGF")

The Trustees of J.P. Morgan Series Trust have divided the beneficial interests in the MNF into two classes of shares, Institutional and Select. Currently, the SF and LCGF only offer Institutional Shares. The Declarations of Trust permits the trustees to issue an unlimited number of shares in the Funds.

THE FOLLOWING IS A SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FUNDS:

The preparation of financial statements in accordance with accounting principles

generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual amounts could differ from those estimates.

A. USEF, USEFAS, DEF, USSCF, USSCOF, IUSEF, IDEF, AND IUSSCF
USEF, USEFAS, DEF, USSCF, USSCOF, IUSEF, IDEF, and IUSSCF (collectively the "Feeder Funds") utilize the Master Feeder Fund Structure and seek to achieve their investment objectives by investing all their investable assets in either The U.S. Equity Portfolio ("USEP"), The Disciplined Equity Portfolio ("DEP"), The U.S. Small Company Portfolio ("USSCP"), or The U.S. Small Company Opportunities Portfolio ("USSCOP") (collectively the "Portfolios"). The Portfolios are diversified, open-end management investment com-

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panies having the same investment objectives as the respective Feeder funds. The values of such investments included in the Statements of Assets and Liabilities reflect the Feeder Funds' proportionate interest in the net assets of the respective Portfolios, which at May 31, 2001 were approximately:

FUND	% OF THE U.S. EQUITY PORTFOLIO
USEF	67.0%
USEFAS	0.6
IUSEF	32.4

FUND	% OF THE DISCIPLINED EQUITY PORTFOLIO
DEF	9.6%
IDEF	90.4

FUND	% OF THE U.S. SMALL COMPANY PORTFOLIO
USSCF	41.5%
IUSSCF	58.5

FUND	% OF THE U.S. SMALL COMPANY OPPORTUNITIES PORTFOLIO
USSCOF	100.0%

The performance of the Feeder Funds are directly affected by the performance of the Portfolios. The financial statements of the Portfolios, including the Portfolio of Investments, are included elsewhere in this report and should be read in conjunction with the Funds' financial statements.

1. SECURITY VALUATION -- Valuation of securities by the Portfolio is discussed in Note 1 of the Portfolios' Notes to Financial Statements that are included elsewhere in this report.
2. INVESTMENT INCOME -- The Feeder Funds earn income, net of expenses, daily on their investment in the respective Portfolios. All net investment income and realized and unrealized gains and losses of the Portfolios are allocated pro-rata among the Funds and other investors in the Portfolios at the time of such determination.

B. MNF, SF, LCGF

The investment objective of MNF is to provide long-term capital appreciation from a broadly diversified portfolio of U.S. stocks while neutralizing the general risks associated with stock market investing. The investment objective of SF is to provide a consistently high total return from a broadly diversified portfolio while maintaining risk characteristics similar to the S&P 500. The investment objective of LCGF is to provide long-term growth from a portfolio of large cap stocks.

1. SECURITY VALUATION -- Securities traded on principal securities exchanges are valued at the last reported sales price, or at the mean of the latest bid and asked prices when no last sales price

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is available. Securities traded over-the counter and certain foreign securities are valued at the quoted bid price from a market maker or dealer. When valuations are not readily available, securities are valued at fair value as determined in accordance with procedures

adopted by the Trustees. All short-term securities with a remaining maturity of sixty days or less are valued using the amortized cost method.

Trading in securities on most foreign exchanges and over-the-counter markets is normally completed before the close of the domestic market and may also take place on days when the domestic market is closed. If events materially affecting the value of foreign securities occur between the time when the exchange on which they are traded closes and the time when the Funds net assets are calculated, such securities will be valued at fair value in accordance with procedures adopted by the Trustees.

2. REPURCHASE AGREEMENTS -- The Funds may enter into repurchase agreements with brokers, dealers or banks that meet the credit guidelines approved by the Trustees. The Funds' custodian (or designated subcustodians, as the case may be under tri-party repurchase agreements) takes possession of the collateral pledged for investments in repurchase agreements on behalf of the Funds. It is the policy of the Funds to mark-to-market the collateral on a daily basis to determine that the value, including accrued interest, is at least equal to the repurchase price plus accrued interest. In the event of default of the obligation to repurchase, the Funds have the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the seller of the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.
3. INVESTMENT INCOME -- Dividend income less foreign taxes withheld (if any) is recorded on the ex-dividend date or as of the time the relevant ex-dividend date and amount becomes known. Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums.
4. FUTURES CONTRACTS -- The Funds may enter into futures contracts in order to hedge existing portfolio securities, or securities the Funds intend to purchase, against fluctuations in value caused by changes in prevailing market interest rates or securities movements and to manage exposure to changing interest rates and securities prices. The risks of entering into futures contracts include the possibility that the change in value of the contract may not correlate with the changes in value of the

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underlying securities. Upon entering into a futures contract, the Funds are required to deposit with the broker either cash or securities in an amount equal to a certain percentage of the contract value (initial margin). Subsequent payments (variation margin) are made to or received from the broker daily, in cash, by the Funds. The variation margin is equal to the daily change in the contract value and is recorded as unrealized gain or loss. The Funds will recognize a gain or loss when the contract is closed or expires.

5. FOREIGN CURRENCY TRANSACTIONS-- All assets and liabilities initially expressed in foreign currencies are translated into U.S. dollars at prevailing exchange rates at period end. Purchases and sales of investment securities, dividend and interest income and certain expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Realized and unrealized gains and losses from foreign currency translations arise from changes in currency exchange rates and are reported in the Statement of Operations.

Although the net assets of the Funds are presented at the exchange rates and market values prevailing at the end of the period, the Funds do not isolate the portion of the results of operations arising from changes in foreign exchange rates from the fluctuations arising from changes in the market prices of securities during the period.

6. FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS -- The Funds may enter into forward foreign currency exchange contracts to facilitate transactions of securities denominated in a foreign currency, to manage the Funds' exposure to foreign currency exchange fluctuations or to adjust the Funds' exposure relative to the benchmark. The net U.S. dollar value of foreign currency underlying all contractual commitments held by the Funds and the resulting unrealized appreciation or depreciation are determined daily using prevailing exchange rates. The Funds bear the risk of an unfavorable change in the foreign currency exchange rate underlying the forward contract. Additionally, losses may arise if the counterparties do not perform under the contract terms.

7. SHORT SALES -- MNF may engage in short sales (selling securities it does not own) as part of its normal investment activities. These short sales are collateralized by cash deposits and securities made with the applicable counterparty broker. The collateral required is determined daily by reference to the market value of the short positions. Such collateral for the Fund is held by one broker. Dividend expense on short sales is treated as an expense on the Statement of Operations. Liabilities for securities

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sold short are reported at market value in the financial statements. Such liabilities are subject to off balance sheet risk to the extent of any future increases in market value of the securities sold short. The ultimate liability for securities sold short could exceed the liabilities recorded in the Statement of Assets and Liabilities. Liabilities for securities sold short are closed out by purchasing the applicable securities for delivery to the counterparty broker.

C. GENERAL POLICIES

1. SECURITY TRANSACTIONS -- Security transactions for the Funds are accounted for as of the trade date. Realized gains and losses are determined on the identified cost basis, which is also used for federal income tax purposes.
2. EXPENSES -- Expenses incurred by the Trusts with respect to any two or more Funds in the Trust are allocated in proportion to the net assets of each Fund in each Trust, except where allocations of direct expenses to each Fund can otherwise be made fairly.
3. ORGANIZATION EXPENSES -- The following Funds incurred organization expenses that have been deferred and are being amortized on a straight-line basis over a period not to exceed five years beginning with the commencement of operations of the Funds.

FUND	ORGANIZATION EXPENSES
DEF	\$ 7,898
IDEF	10,340
USSCOF	14,000

4. INCOME TAX STATUS -- It is the Funds' policy to distribute all net investment income and net realized gains to shareholders and to otherwise qualify as a regulated investment company under the provisions of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes.
5. DISTRIBUTIONS TO SHAREHOLDERS-- Distributions to a shareholder are recorded on the ex-dividend date.

The amount of dividends and distributions from net investment income and net realized capital gains is determined in accordance with the Federal income tax regulations, which may differ from generally accepted accounting principles. To the extent these "book/tax" differences are permanent in nature (i.e., that they result from other than timing of recognition - "temporary differences") such amounts are reclassified within the capital accounts based on their Federal tax-basis treatment. Dividends and distributions which exceed net investment income or net realized capital gains for financial reporting purposes but not for tax purposes are reported as distributions in excess of net investment income or net realized capital gains.

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The following amounts were reclassified within the capital accounts (in thousands):

<Table>
<Caption>

	PAID-IN CAPITAL	ACCUMULATED UNDISTRIBUTED/ (DISTRIBUTIONS IN EXCESS OF) NET INVESTMENT INCOME	ACCUMULATED NET REALIZED GAIN (LOSS) ON INVESTMENTS
<S>	<C>	<C>	<C>
MNF	\$ -	\$ 54	\$ (54)
LCGF	(15)	15	-
USEF	76	-	(76)

USEFAS	96	-	(96)
IUSEF	(148)	-	148
DEF	(30)	-	30
IDEF	37	-	(37)
USSCF	165	(115)	(50)
IUSSCF	(168)	(164)	332
USSCOF	(1,825)	1,825	-

</Table>

The reclassifications for MNF primarily relate to the capitalization of dividend expense on short sales for tax purposes. The reclassifications for LCGF and USSCOF primarily relate to the character for tax purposes of current year net operating losses. The reclassifications for USEF, USEFAS, IUSEF, DEF, IDEF, USSCF and IUSSCF primarily relate to the application of tax allocation rules and a basis adjustment as a result of asset migration at the portfolio level.

2. TRANSACTIONS WITH AFFILIATES

A. ADVISORY-- J.P. Morgan Series Trust, on behalf of MNF, SF, and LCGF, has an Investment Advisory Agreement with J.P. Morgan Investment Management Inc. ("JPMIM"), an affiliate of Morgan Guaranty Trust Company of New York ("Morgan") and a wholly owned subsidiary of J.P. Morgan Chase & Co. Under the terms of the agreement, MNF, SF, and LCGF each pay JPMIM at an annual rate of 1.50%, 0.25% and 0.50%, respectively, of their average daily net assets.

MNF, SF, and LCGF may invest in one or more affiliated money market funds: J.P. Morgan Institutional Prime Money Market Fund, J.P. Morgan Institutional Tax Exempt Money Market Fund, J.P. Morgan Institutional Federal Money Market Fund and J.P. Morgan Institutional Treasury Money Market Fund. The Advisor has agreed to reimburse the Funds in an amount to offset any investment advisory, administrative fee and shareholder servicing fees related to the Fund's investment in an affiliated money market fund. The amount listed on the Statement of Operations as Dividend Income from Affiliated Investment is the amount the Funds earned.

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B. ADMINISTRATIVE SERVICES -- The Trusts have Administrative Services Agreements (the "Services Agreements") with Morgan under which Morgan is responsible for certain aspects of the administration and operation of the Funds. Under the Services Agreements, the Trusts have agreed to pay Morgan a fee equal to its allocable share of an annual complex-wide charge. This charge is calculated based on the aggregate average daily net assets of the Trusts and certain other registered investment companies for which JPMIM acts as investment advisor in accordance with the following annual schedule: 0.09% on the first \$7 billion of their aggregate average daily net assets and 0.04% of their aggregate average daily net assets in excess of \$7 billion less the complex-wide fees payable to Funds Distributor, Inc. The portion of this charge payable by the Funds is determined by the proportionate share that its net assets bear to the net assets of the Trusts and certain other investment companies for which Morgan provides similar services.

The Trustees have approved an increase in the Funds' administration fee. Effective August 11, 2001, the administration fee payable to Morgan will be increased to 0.15% of average daily net assets for complex wide non-money market fund assets up to \$25 billion and 0.075% on assets in excess of \$25 billion. Morgan, however, has contractually agreed to waive fees payable to them and to reimburse expenses so that the Funds' actual total operating expenses (excluding interest, dividend expenses (only for MNF), taxes and extraordinary items) of the Funds, will remain the same for a period of three years and will not exceed the listed percentages of the Funds' average daily net assets.

<Table>

<Caption>

FUND	% OF AVERAGE DAILY NET ASSETS
MNF	1.25%
SF	0.35
LCGF	0.75
USEF	0.79
USEFAS	1.05
IUSEF	0.64
DEF	0.75
IDEF	0.45
USSCF	1.01
IUSSCF	0.83
USSCOF	1.02

</Table>

The above caps are all the same for those that were in effect for the year ended May 31, 2001 except for IUSEF, IUSSCF and USSCOF which were 0.60%, 0.80% and no cap, respectively, which expired on May 31, 2000.

C. Administration -- Prior to May 1, 2001, the Trusts retained Funds Distributor, Inc. ("FDI"), a registered broker-dealer, to serve as the co-administrator for the Fund. Under a Co-Administration

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Agreement between FDI and the Trusts, FDI provided administrative services necessary for the operations of the Funds, furnished office space and facilities required for conducting the business of the Funds and paid the compensation of the Funds' officers affiliated with FDI. The Funds agreed to pay FDI fees equal to its allocable share of an annual complex-wide charge of \$425,000 plus FDI's out-of-pocket expenses. The portion of this charge payable by the Funds was determined by the proportionate share that its net assets bear to the net assets of the Trusts and certain other investment companies for which FDI provides similar services.

Effective May 1, 2001, BISYS Fund Services, L.P. ("BISYS") has been named as the Funds' Sub-Administrator. FDI will no longer serve as the Funds' co-administrator. For its services as Sub-Administrator, BISYS will receive a portion of the fees payable to Morgan as Administrator.

On April 11, 2001, the BISYS Group Inc., completed its acquisition of Boston Institutional Group, the parent company of FDI.

D. DISTRIBUTION PLANS-- Pursuant to Distribution Agreements, J.P. Morgan Fund Distributors, Inc., a wholly owned subsidiary of The BISYS Group, Inc., acts as the Trusts' exclusive underwriter and promotes and arranges for the sale of each Fund's shares. Prior to April 10, 2001, FDI acted as the Trusts' Distributor.

The Trustees have adopted Distribution Plans for Shares of USEFAS (the "Fund") in accordance with Rule 12b-1 under the 1940 Act. The Plans provide for the Fund to pay a fee for these services which is computed daily and paid monthly at an annual rate not to exceed 0.25% of the value of the average daily net assets of the Funds. The amount paid to such institutions is based on the daily value of shares owned by their clients.

E. SHAREHOLDER SERVICING -- The Trusts have a Shareholder Servicing Agreement with Morgan under which Morgan provides account administration and personal account maintenance service to Fund shareholders. The agreement provides for the Funds to pay Morgan a fee for these services that is computed daily and paid monthly at the listed annual rates of the average daily net assets of the Funds.

<Table>

<Caption>

FUND	% OF AVERAGE DAILY NET ASSETS
MNF	0.10%
SF	0.10
LCGF	0.10
USEF	0.25
USEFAS	0.05
IUSEF	0.10
DEF	0.25
IDEF	0.10
USSCF	0.25
IUSSCF	0.10
USSCOF	0.25

</Table>

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Morgan, Charles Schwab & Co. ("Schwab") and the Trusts are parties to separate services and operating agreements (the "Schwab Agreements") whereby Schwab makes Fund shares available to customers of investment advisors and other financial intermediaries who are Schwab's clients. The Funds are not responsible for payments to Schwab under the Schwab Agreements; however, in the event the services agreement with Schwab is terminated for reasons other than a breach by Schwab and the relationship between the Trusts and Morgan are terminated, the Funds would be responsible for the ongoing payments to Schwab with respect to pre-termination shares.

F. SERVICE PLAN -- J.P. Morgan Funds, on behalf of USEFAS, has a Service

Plan with respect to Fund shares which authorizes it to compensate Service Organizations for providing account administration and other services to its customers who are beneficial owners of such shares. The Fund will enter into agreements with Service Organizations that purchase shares on behalf of their customers ("Service Agreements"). The Service Agreements provide that the Fund pay Service Organizations a fee which is computed daily and paid monthly at an annual rate of up to 0.25% of the average daily net assets of the Fund with respect to the shares of the Fund attributable to or held in the name of the Service Organization for their customers.

G. FUND SERVICES -- The Trusts have a Fund Services Agreement with Pierpont Group, Inc. ("PGI") to assist the Trustees in exercising their overall supervisory responsibilities for the Trusts' affairs. The Trustees of the Trusts represent all the existing shareholders of PGI. In connection with the reorganization (See Note 8), it is anticipated that the Trusts will terminate their agreements with PGI.

H. TRUSTEES -- Each Trustee receives an aggregate annual fee of \$75,000 for serving on the board of the Trusts and other registered investment companies in which they invest. The trustees' fees and expenses shown in the financial statements represent the Fund's allocated portion of the total Trustees' fees and expenses. The Trust's Chairman and Chief Executive Officer also serves as Chairman of PGI and receives compensation and employee benefits from PGI. The allocated portion of such compensation and

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benefits included in the Fund Services Fee shown on the Statement of Operations was as follows:

<Table>
<Caption>

FUND	ALLOCATED TRUSTEES' FEES & EXPENSES
MNF	\$ 100
SF	1,200
LCGF	20
USEF	1,000
USEFAS	5
IUSEF	600
DEF	400
IDEF	2,100
USSCF	800
IUSSCF	1,100
USSCOF	1,400

</Table>

3. FEDERAL INCOME TAXES

For Federal income tax purposes, the cost and net unrealized appreciation (depreciation) of investment securities at May 31, 2001 were as follows (in thousands):

<Table>
<Caption>

	MNF	SF	LCGF
Aggregate cost	\$16,960	\$504,380	\$5,021
Gross unrealized appreciation	2,687	51,128	655
Gross unrealized depreciation	(787)	(73,199)	(962)
Net unrealized appreciation (depreciation)	1,900	(22,071)	(307)

</Table>

At May 31, 2001, the following Funds has capital loss carryovers which will be available to offset capital gains. To the extent that any net capital loss carryovers are used to offset future capital gains, it is probable that the gains so offset will not be distributed to shareholders.

<Table>
<Caption>

FUND	AMOUNT	EXPIRATION DATE
SF	\$ 102,307	May 31, 2008
	17,112,878	May 31, 2009
	17,215,185	
LCGF	120,882	May 31, 2009
USEFAS	2,521	May 31, 2009
DEF	4,772,378	May 31, 2009

IDEF	48,217,648	May 31, 2009
USSCOF	10,362,525	May 31, 2009

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Capital losses incurred after October 31, within a Fund's fiscal year are deemed to arise on the first business day of the following fiscal year for tax purposes. The following Funds have incurred the following post-October realized losses.

FUND	AMOUNT
MNF	\$ 5,629
SF	22,215,313
LCGF	438,378
USEF	2,266,130
USEFAS	303,491
DEF	8,256,403
IDEF	95,877,977
USSCF	5,316,790
IUSSCF	6,974,294
USSCOF	15,721,870

4. INVESTMENT TRANSACTIONS

During the year ended May 31, 2001, purchases and sales of investments (excluding short-term investments) were as follows (in thousands):

	MNF	SF	LCGF
Purchases (excluding U.S. Government securities)	\$28,779	\$449,569	\$3,703
Sales (excluding U.S. Government securities)	24,926	299,614	3,749

5. BANK LOANS

The Funds may borrow money for temporary or emergency purposes, such as funding shareholder redemptions. Effective May 23, 2000 and extended on June 20, 2001, the Funds, along with certain other funds managed by JPMIM, entered into a \$150,000,000 bank line of credit agreement with DeutscheBank. Borrowings under the agreement will bear interest at approximate market rates. A commitment fee is charged at an annual rate of 0.085% on the unused portion of the committed amount.

The Funds had no borrowings outstanding at May 31, 2001. During the year ended May 31, 2001, USSCOF borrowed from the line of credit for which it paid \$11,963 in interest charges.

6. CONCENTRATIONS OF RISK

From time to time, the Funds may have a concentration of several shareholders holding a significant percentage of shares outstanding. Investment activities of these shareholders could have a material impact on the Funds.

<Page>

7. CORPORATE EVENT

The Merger of J.P. Morgan & Co. Incorporated, the former parent company of the Funds' Advisor, JPMIM, with and into The Chase Manhattan Corporation was consummated on December 31, 2000. J.P. Morgan Chase & Co. is the new parent company of JPMIM, which continues to serve as the Funds' Advisor.

8. SUBSEQUENT EVENT

On March 27, 2001, the Board of Trustees of the J.P. Morgan Funds and J.P. Morgan Institutional Funds approved agreements and plans of reorganization (the "Reorganization Plans") pursuant to which (i) IUSEF will acquire all of the assets and assume all of the liabilities of USEF and USEFAS in exchange for Select Class and Class A Shares, respectively, of equal value of IUSEF; (ii) IUSSCF will acquire all of the assets and assume all of the liabilities of USSCF in exchange for Select Class Shares of equal value of IUSSCF; (iii) IDEF will

acquire all of the assets and assume all of the liabilities of DEF in exchange for Select Class Shares of equal value of IDEF (collectively, the "Reorganizations"). Concurrent with the Reorganizations, the surviving Funds and USSCOF will cease to operate under a "master/feeder" structure and will instead invest directly in portfolio securities. Each Reorganization Plan can be consummated only if, among other things, it is approved by the vote of a majority (as defined by the 1940 Act) of outstanding voting securities of the acquired Funds. At a special meeting of shareholders (the "Meeting") held on July 3, 2001, the shareholders of USEFAS approved the Plan of Reorganization. The meeting originally scheduled for USEF, USSCF and DEF was adjourned until July 25, 2001. Only shareholders of record as of the close of business on April 6, 2001 were entitled to vote at the Meeting and the adjournment. If the Reorganizations are approved at the adjourned meeting, the Reorganizations are expected to become effective on or about September 7, 2001, or such other date as agreed to by the parties to the Reorganization Plans.

IUSEF has also entered into an agreement and plan of reorganization with (i) JPMorgan Large Cap Equity Fund (formerly, Chase Vista Large Cap Equity Fund), a series of Mutual Fund Group ("MFG") (the "Concurrent Reorganization"). If the Concurrent Reorganization is approved by the shareholders of this fund and certain other conditions are met, this fund will also be reorganized into IUSEF. The Concurrent Reorganization is also expected to become effective on or about September 7, 2001, or such other date as agreed to by the parties to the Concurrent Reorganization.

In connection with the reorganizations, it is anticipated that the Trusts will terminate their agreements with PGI.

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JPMORGAN FUNDS

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

<Table>

<Caption>

	MARKET NEUTRAL FUND		
	YEAR ENDED		12/31/98*
	5/31/01	5/31/00	THROUGH 5/31/99
<C>	<C>	<C>	
Per share operating performance:			
Net asset value, beginning of period	\$14.02	\$15.16	\$15.00
Income from investment operations:			
Net investment income	0.54	0.60	0.13
Net gains or losses on securities (both realized and unrealized)	1.19	(0.75)	0.07
Total from investment operations	1.73	(0.15)	0.20
Less distributions:			
Dividends from net investment income	0.59	0.48	0.04
Distributions from capital gains	--	0.51	--
Total distributions	0.59	0.99	0.04
Net asset value, end of period	\$15.16	\$14.02	\$15.16
Total return	12.65%	(0.99)%	1.34% [@]
Ratios/supplemental data:			
Net assets, end of period (in millions)	\$ 20	\$ 13	\$ 10
Ratios to average net assets:#			
Net expenses (excluding dividend expense)	1.25%	1.50%	2.00%
Net investment income	4.47%	4.46%	2.14%
Expenses without reimbursements (including dividend expense)	3.90%	3.69%	5.66%
Net investment income without reimbursements (including dividend expense)	3.36%	2.88%	0.00%
Portfolio turnover rate	141%	114%+	54%+

</Table>

* Commencement of operations.

@ Not annualized.

Short periods have been annualized.

+ Restated.

See notes to financial statements.

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<Page>

<Table>

<Caption>

	SMARTINDEX (TM) FUND		
	YEAR ENDED		12/31/98*
	5/31/01	5/31/00	THROUGH 5/31/99
<S>	<C>	<C>	<C>
Per share operating performance:			
Net asset value, beginning of period	\$17.07	\$16.06	\$15.00
Income from investment operations:			
Net investment income	0.16	0.14	0.07
Net gains or losses on securities (both realized and unrealized)	(2.06)	1.02	1.02
Total from investment operations	(1.90)	1.16	1.09
Less distributions:			
Dividends from net investment income	0.15	0.14	0.03
Distributions from capital gains	--	0.01	--
Total distributions	0.15	0.15	0.03
Net asset value, end of period	\$15.02	\$17.07	\$16.06
Total return	(11.21)%	7.25%	7.27% [@]
Ratios/supplemental data:			
Net assets, end of period (in millions)	\$ 483	\$ 401	\$ 5
Ratios to average net assets:#			
Net expenses	0.35%	0.35%	0.35%
Net investment income	1.00%	1.26%	1.13%
Expenses without reimbursements	0.49%	0.58%	5.44%
Net investment income without reimbursements	0.86%	1.03%	(3.96)%
Portfolio turnover rate	67%	45%	19%

</Table>

* Commencement of operations.

@ Not annualized.

Short periods have been annualized.

See notes to financial statements.

<Page>

<Table>

<Caption>

	LARGE CAP GROWTH FUND		
	YEAR ENDED		12/31/98*
	5/31/01	5/31/00	THROUGH 5/31/99
<S>	<C>	<C>	<C>
Per share operating performance:			
Net asset value, beginning of period	\$18.32	\$15.78	\$15.00
Income from investment operations:			
Net investment income	--	0.01	--
Net gains or losses on securities (both realized and unrealized)	(4.53)	2.78	0.78
Total from investment operations	(4.53)	2.79	0.78
Less distributions:			
Dividends from net investment income	--	0.01	--
Distributions from capital gains	1.23	0.24	--
Total distributions	1.23	0.25	--
Net asset value, end of period	\$12.56	\$18.32	\$15.78
Total return	(25.46)%	17.70%	5.20% [@]
Ratios/supplemental data:			
Net assets, end of period (in millions)	\$ 5	\$ 6	\$ 5
Ratios to average net assets:#			
Net expenses	0.75%	0.75%	0.75%
Net investment income	(0.27)%	-- [^]	(0.03)%
Expenses without reimbursements	2.24%	2.30%	4.01%
Net investment income without reimbursements	(1.76)%	(1.55)%	(3.29)%
Portfolio turnover rate	66%	66%	35%

</Table>
 * Commencement of operations.
 @ Not annualized.
 # Short periods have been annualized.
 ^ Less than 0.01%.

See notes to financial statements.

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<Table>
 <Caption>

	U.S. EQUITY FUND				
	YEAR ENDED				
	5/31/01	5/31/00	5/31/99	5/31/98	5/31/97
<S>	<C>	<C>	<C>	<C>	<C>
Per share operating performance:					
Net asset value, beginning of period	\$21.71	\$25.09	\$25.66	\$24.63	\$22.15
Income from investment operations:					
Net investment income	0.09	0.15	0.18	0.18	0.25
Net gains or losses on investments (both realized and unrealized)	(1.61)	0.41	3.91	5.92	4.72
Total from investment operations	(1.52)	0.56	4.09	6.10	4.97
Less distributions:					
Dividends from net investment income	0.08	0.16	0.19	0.23	0.36
Distributions from capital gains	0.87	3.78	4.47	4.84	2.13
Total distributions	0.95	3.94	4.66	5.07	2.49
Net asset value, end of period	\$19.24	\$21.71	\$25.09	\$25.66	\$24.63
Total return	(7.10)%	2.20%	18.39%	28.35%	25.00%
Ratios/supplemental data:					
Net assets, end of period (in millions)	\$ 312	\$ 387	\$ 441	\$ 448	\$ 363
Ratios to average net assets:					
Net expenses	0.79%	0.78%	0.79%	0.78%	0.80%
Net investment income	0.41%	0.59%	0.70%	0.71%	1.13%
Expenses without reimbursements	0.79%	0.78%	0.79%	0.78%	0.80%
Net investment income without reimbursements	0.41%	0.59%	0.70%	0.71%	1.13%

</Table>

See notes to financial statements.

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	U.S. EQUITY FUND - ADVISOR SERIES	INSTITUTIONAL U.S. EQUITY FUND				
	9/15/00* THROUGH 5/31/01	YEAR ENDED				
		5/31/01	5/31/00	5/31/99	5/31/98	5/31/97
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Per share operating performance:						
Net asset value, beginning of period	\$10.00	\$12.79	\$15.08	\$16.73	\$15.66	\$14.00
Income from investment operations:						
Net investment income	0.02	0.08	0.11	0.16	0.15	0.17
Net gains or losses on investments (both realized and unrealized)	(1.33)	(0.96)	0.26	2.39	3.81	3.02
Total from investment operations	(1.31)	(0.88)	0.37	2.55	3.96	3.19
Less distributions:						
Dividends from net investment income	0.01	0.08	0.11	0.17	0.18	0.25
Distributions from capital gains	--	0.71	2.55	4.03	2.71	1.28

Total distributions to shareholders	0.01	0.79	2.66	4.20	2.89	1.53
	-----	-----	-----	-----	-----	-----
Net asset value, end of period	\$ 8.68	\$11.12	\$12.79	\$15.08	\$16.73	\$15.66
	=====	=====	=====	=====	=====	=====
Total return	(13.10)%	(6.99)%	2.45%	18.66%	28.53%	25.21%
Ratios/supplemental data:						
Net assets, end of period (in millions)	\$ 3	\$ 151	\$ 241	\$ 278	\$ 379	\$ 330
Ratios to average net assets:#						
Net expenses	1.05%	0.62%	0.60%	0.60%	0.60%	0.60%
Net investment income	0.22%	0.57%	0.76%	0.89%	0.89%	1.33%
Expenses without reimbursements	7.05%	0.64%	0.63%	0.63%	0.63%	0.65%
Net investment income without reimbursements	(5.78)%	0.55%	0.73%	0.86%	0.86%	1.28%

</Table>

* Commencement of operations.

@ Not annualized

Short periods have been annualized.

See notes to financial statements.

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<Page>

<Table>

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	DISCIPLINED EQUITY FUND			
	YEAR ENDED			12/31/97*
	5/31/01	5/31/00	5/31/99	THROUGH 5/31/98
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Per share operating performance:				
Net asset value, beginning of period	\$18.67	\$18.22	\$14.95	\$12.98
	-----	-----	-----	-----
Income from investment operations:				
Net investment income	0.09	0.13	0.12	0.03
Net gains or losses on investments (both realized and unrealized)	(2.03)	0.82	3.28	1.96
	-----	-----	-----	-----
Total from investment operations	(1.94)	0.95	3.40	1.99
	-----	-----	-----	-----
Less distributions:				
Dividends from net investment income	0.11	0.13	0.09	0.02
Distributions from capital gains	0.20	0.37	0.04	--
	-----	-----	-----	-----
Total distributions	0.31	0.50	0.13	0.02
	-----	-----	-----	-----
Net asset value, end of period	\$16.42	\$18.67	\$18.22	\$14.95
	=====	=====	=====	=====
Total return	(10.43)%	5.19%	22.86%	15.33%
Ratios/supplemental data:				
Net assets, end of period (in millions)	\$ 128	\$ 160	\$ 121	\$ 18
Ratios to average net assets:#				
Net expenses	0.77%	0.75%	0.75%	0.75%
Net investment income	0.53%	0.76%	0.89%	1.00%
Expenses without reimbursements	0.77%	0.78%	0.86%	3.28%
Net investment income without reimbursements	0.53%	0.73%	0.78%	(1.53)%

</Table>

* Commencement of operations.

@ Not annualized.

Short periods have been annualized.

See notes to financial statements.

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<Table>

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	INSTITUTIONAL DISCIPLINED EQUITY FUND				
	YEAR ENDED				1/3/97*
	5/31/01	5/31/00	5/31/99	5/31/98	THROUGH 5/31/97
-----	-----	-----	-----	-----	
<S>	<C>	<C>	<C>	<C>	<C>
Per share operating performance:					
Net asset value, beginning of period	\$17.54	\$17.57	\$14.96	\$11.47	\$10.00
	-----	-----	-----	-----	-----
Income from investment operations:					
Net investment income	0.14	0.17	0.17	0.12	0.04
Net gains or losses on investments (both realized and unrealized)	(1.89)	0.81	3.18	3.62	1.43

Total from investment operations	(1.75)	0.98	3.35	3.74	1.47
Less distributions:					
Dividends from net investment income	0.14	0.18	0.15	0.12	--
Distributions from capital gains	--	0.83	0.59	0.13	--
Total distributions	0.14	1.01	0.74	0.25	--
Net asset value, end of period	\$15.65	\$17.54	\$17.57	\$14.96	\$11.47
Total return	(9.99)%	5.54%	23.07%	32.98%	14.70%
Ratios/supplemental data:					
Net assets, end of period (in millions)	\$1,210	\$1,476	\$1,008	\$ 296	\$ 50
Ratios to average net assets:#					
Net expenses	0.45%	0.45%	0.45%	0.45%	0.45%
Net investment income	0.85%	1.04%	1.14%	1.27%	1.58%
Expenses without reimbursements	0.55%	0.55%	0.60%	0.72%	1.34%
Net investment income without reimbursements	0.75%	0.94%	0.99%	1.00%	0.69%

</Table>

* Commencement of operations.

@ Not annualized.

Short periods have been annualized.

See notes to financial statements.

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<Table>

<Caption>

U.S. SMALL COMPANY FUND					
YEAR ENDED					
	5/31/01	5/31/00	5/31/99	5/31/98	5/31/97
<S>	<C>	<C>	<C>	<C>	<C>
Per share operating performance:					
Net asset value, beginning of period	\$27.10	\$21.54	\$27.68	\$26.04	\$26.20
Income from investment operations:					
Net investment income	0.10	--	0.08	0.11	0.18
Net gains or losses on investments (both realized and unrealized)	0.06 [^]	5.58	(3.30)	5.58	2.00
Total from investment operations	0.16	5.58	(3.22)	5.69	2.18
Less distributions:					
Dividends from net investment income	0.05	0.02	0.08	0.14	0.21
Distributions from capital gains	2.03	--	2.84	3.91	2.13
Total distributions	2.08	0.02	2.92	4.05	2.34
Net asset value, end of period	\$25.18	\$27.10	\$21.54	\$27.68	\$26.04
Total return	0.75%	25.90%	(10.95)%	23.37%	9.49%
Ratios/supplemental data:					
Net assets, end of period (in millions)	\$ 296	\$ 285	\$ 187	\$ 262	\$ 238
Ratios to average net assets:					
Net expenses	1.01%	1.00%	1.02%	0.97%	0.90%
Net investment income	0.35%	0.05%	0.34%	0.39%	0.71%
Expenses without reimbursements	1.01%	1.00%	1.02%	1.03%	1.03%
Net investment income without reimbursements	0.35%	0.05%	0.34%	0.33%	0.58%

</Table>

[^] The amount shown for a share outstanding throughout the period does not accord with the change in aggregate gains and losses in the fund during the period because of the timing of sales and purchases of fund shares in relation to fluctuating market values.

See notes to financial statements.

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<Table>

<Caption>

INSTITUTIONAL U.S. SMALL COMPANY FUND

YEAR ENDED

	5/31/01	5/31/00	5/31/99	5/31/98	5/31/97
<S>	<C>	<C>	<C>	<C>	<C>
Per share operating performance:					
Net asset value, beginning of period	\$15.11	\$11.98	\$15.30	\$14.09	\$13.97
Income from investment operations:					
Net investment income	0.08	0.04	0.08	0.09	0.10
Net gains or losses on investments (both realized and unrealized)	0.03^	3.10	(1.83)	3.04	1.07
Total from investment operations	0.11	3.14	(1.75)	3.13	1.17
Less distributions:					
Dividends from net investment income	0.09	0.01	0.08	0.08	0.13
Distributions from capital gains	1.79	--	1.49	1.84	0.92
Total distributions	1.88	0.01	1.57	1.92	1.05
Net asset value, end of period	\$13.34	\$15.11	\$11.98	\$15.30	\$14.09
Total return	0.94%	26.23%	(10.79)%	23.55%	9.44%
Ratios/supplemental data:					
Net assets, end of period (in millions)	\$ 410	\$ 358	\$ 345	\$ 420	\$ 402
Ratios to average net assets:					
Net expenses	0.82%	0.80%	0.80%	0.80%	0.80%
Net investment income	0.54%	0.26%	0.55%	0.55%	0.81%
Expenses without reimbursements	0.82%	0.82%	0.85%	0.85%	0.85%
Net investment income without reimbursements	0.54%	0.24%	0.50%	0.50%	0.76%

</Table>

^ The amount shown for a share outstanding throughout the period does not accord with the change in aggregate gains and losses in the fund during the period because of the timing of sales and purchases of fund shares in relation to fluctuating market values.

See notes to financial statements.

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<Table>

<Caption>

	U.S. SMALL COMPANY OPPORTUNITIES FUND			
	YEAR ENDED			6/16/97*
	5/31/01	5/31/00	5/31/99	THROUGH 5/31/98
<S>	<C>	<C>	<C>	<C>
Per share operating performance:				
Net asset value, beginning of period	\$15.90	\$12.17	\$12.57	\$10.00
Income from investment operations:				
Net investment income	(0.07)	--	(0.01)	(0.02)
Net gains or losses on investments (both realized and unrealized)	(2.29)	3.73	(0.08)	2.59
Total from investment operations	(2.36)	3.73	(0.09)	2.57
Less distributions:				
Distributions from capital gains	1.35	--	0.31	--
Total distributions	1.35	--	0.31	--
Net asset value, end of period	\$12.19	\$15.90	\$12.17	\$12.57
Total return	(15.51)%	30.65%	(0.49)%	25.70% [@]
Ratios/supplemental data:				
Net assets, end of period (in millions)	\$ 339	\$ 529	\$ 286	\$ 189
Ratios to average net assets:#				
Net expenses	0.99%	0.99%	1.07%	1.19%
Net investment income	(0.35)%	(0.47)%	(0.42)%	(0.37)%
Expenses without reimbursements	0.99%	0.99%	1.07%	1.25%
Net investment income without reimbursements	(0.35)%	(0.47)%	(0.42)%	(0.43)%

</Table>

* Commencement of operations.

[@] Not annualized.

Short periods have been annualized.

See notes to financial statements.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Trustees and Shareholders of the J.P. Morgan Funds, J.P. Morgan Institutional Funds and J.P. Morgan Series Trust

In our opinion, the accompanying statements of assets and liabilities, including the portfolios of investments of the J.P. Morgan Market Neutral Fund, J.P. Morgan SmartIndex(TM) Fund, and J.P. Morgan Large Cap Growth Fund, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the J.P. Morgan U.S. Equity Fund, J.P. Morgan U.S. Equity Fund-Advisor Series, J.P. Morgan Disciplined Equity Fund, J.P. Morgan U.S. Small Company Fund, and J.P. Morgan U.S. Small Company Opportunities Fund (five of the funds constituting the J.P. Morgan Funds); J.P. Morgan Institutional U.S. Equity Fund, J.P. Morgan Institutional Disciplined Equity Fund and J.P. Morgan Institutional U.S. Small Company Fund (three of the funds constituting the J.P. Morgan Institutional Funds); and J.P. Morgan Market Neutral Fund, J.P. Morgan SmartIndex(TM) Fund, and J.P. Morgan Large Cap Growth Fund (three of the funds constituting the J.P. Morgan Series Trust) (collectively the "Funds") at May 31, 2001, the results of each of their operations for the year then ended, the changes in each of their net assets for the periods indicated and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Funds' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 2001 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
July 19, 2001

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THE U.S. EQUITY PORTFOLIO
PORTFOLIO OF INVESTMENTS

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG-TERM INVESTMENTS-- 98.1%		

<S>	<C>	<C>
	Common Stock-- 98.0%	

	Airlines-- 0.3%	
76	Southwest Airlines Co.	\$ 1,522
	Apparel-- 0.5%	
57	Jones Apparel Group, Inc.*	2,497
	Automotive-- 1.3%	
94	Delphi Automotive Systems Corp.	1,376
86	Ford Motor Co.	2,084
22	General Motors Corp.	1,240
33	Lear Corp.*	1,158

		5,858
	Banking-- 4.2%	
228	Bank One Corp.	9,021
118	Banknorth Group, Inc.	2,403
368	U.S. Bancorp	8,213

		19,637
	Biotechnology-- 1.7%	
85	Amgen, Inc.*	5,662

32	Human Genome Sciences, Inc.*	2,090

		7,752
	Chemicals-- 1.7%	
26	Potash Corp. of Saskatchewan (Canada)	1,612
75	PPG Industries, Inc.	4,142
59	Rohm & Haas Co.	1,942

		7,696
	Computer Networks-- 1.7%	
417	Cisco Systems, Inc.*	8,031
	Computer Software-- 4.7%	
44	BEA Systems, Inc.*	1,575
20	Check Point Software Technologies, LTD (Puerto Rico)*	1,050
182	Microsoft Corp.*	12,611
117	Oracle Corp.*	1,795
124	Parametric Technology Corp.*	1,473
29	Rational Software Corp.*	687
38	Veritas Software Corp.*	2,489

		21,680
	Computers/Computer Hardware-- 5.8%	
213	Compaq Computer Corp.	3,403
98	International Business Machines Corp.	10,968
147	NCR Corp.*	6,888
342	Sun Microsystems, Inc.*	5,639

		26,898

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG-TERM INVESTMENTS-- CONTINUED		

<S>	<C>	<C>
	Consumer Products-- 6.4%	
69	Estee Lauder Co., Inc., Class A	\$ 2,785
169	Gillette Co.	4,892
313	Philip Morris Companies, Inc.	16,071
91	Procter & Gamble Co.	5,839

		29,587
	Diversified-- 7.6%	
115	Cendant Corp.*	2,208
370	General Electric Co.	18,139
257	Tyco International LTD (Bermuda)	14,782

		35,129
	Electronics/Electrical Equipment-- 1.2%	
73	Ameren Corp.	3,260
18	Applied Biosystems Group-- Applera Corp.	538
24	Johnson Controls, Inc.	1,676

		5,474
	Entertainment/Leisure-- 0.2%	
40	Carnival Corp., Class A	1,140
	Environmental Services-- 0.8%	
128	Waste Management, Inc.	3,583
	Financial Services-- 8.7%	
110	Capital One Financial Corp.	7,130
178	Citigroup, Inc.	9,128
46	Countrywide Credit Industries, Inc.	1,762
474	E*Trade Group, Inc.*	3,557
69	Fannie Mae	5,688
96	Goldman Sachs Group, Inc.	9,101
36	Household International, Inc.	2,357
45	Stilwell Financial, Inc.	1,488

		40,211
	Health Care/Health Care Services-- 1.8%	
82	Becton, Dickinson & Co.	2,802
35	C.R. Bard, Inc.	1,998

49	Medtronic, Inc.	2,093
35	Tenet Healthcare Corp.*	1,583

		8,476
50	Hotels/Other Lodging-- 0.5% Marriott International, Inc., Class A	2,359

		7,607
136	Insurance-- 4.4% AMBAC Financial Group, Inc.	1,999
44	American General Corp.	7,737
82	Cigna Corp.	2,925
43	Hartford Financial Services Group, Inc.	-----
		20,268

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG-TERM INVESTMENTS-- CONTINUED		

<S>	<C>	<C>
	Internet Services/Software-- 0.4%	
163	TD Waterhouse Group, Inc.*	\$ 1,940

	Manufacturing-- 1.8%	
66	Cooper Industries, Inc.	2,495
41	Danaher Corp.	2,601
68	Honeywell International, Inc.	3,306

		8,402
	Multi-Media-- 3.7%	
181	AOL Time Warner, Inc.*	9,466
32	Gannett Co., Inc.	2,128
152	Gemstar-TV Guide International, Inc.*	5,536

		17,130
	Oil & Gas-- 7.3%	
35	Anadarko Petroleum Corp.	2,191
83	Baker Hughes, Inc.	3,254
44	Chevron Corp.	4,236
76	Conoco, Inc., Class B	2,381
36	Cooper Cameron Corp.*	2,522
154	Exxon Mobil Corp.	13,665
116	Global Marine, Inc.*	2,981
39	Texaco, Inc.	2,770

		34,000
	Paper/Forest Products-- 0.8%	
259	Smurfit-Stone Container Corp.*	3,878

	Pharmaceuticals-- 9.1%	
128	Alza Corp.*	6,049
57	American Home Products Corp.	3,621
57	Bristol-Myers Squibb Co.	3,070
46	Eli Lilly & Co.	3,888
59	Merck & Co., Inc.	4,336
224	Pfizer, Inc.	9,585
122	Pharmacia Corp.	5,920
141	Schering-Plough Corp.	5,898

		42,367
	Pipelines-- 0.3%	
33	Dynegy, Inc., Class A	1,607

	Restaurants/Food Services-- 0.3%	
52	McDonald's Corp.	1,584

	Retailing-- 6.3%	
60	Abercrombie & Fitch Co., Class A*	2,470
74	Costco Wholesale Corp.*	2,887
51	Gap, Inc.	1,575
161	Home Depot, Inc.	7,911
101	Target Corp.	3,806
120	TJX Companies, Inc.	4,002
125	Wal-Mart Stores, Inc.	6,479

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE
LONG-TERM INVESTMENTS-- CONTINUED		
<S>	<C>	<C>
	Semi-Conductors-- 3.5%	
36	Altera Corp.*	\$ 871
45	Applied Materials, Inc.*	2,227
269	Intel Corp.	7,260
50	Micron Technology, Inc.*	1,886
42	Texas Instruments, Inc.	1,423
57	Xilinx, Inc.*	2,360
		16,027
	Telecommunications-- 6.6%	
77	Adelphia Communications Corp., Class A*	2,928
107	Charter Communications, Inc.*	2,401
92	Level 3 Communications, Inc.*	1,027
102	Nextel Communications, Inc., Class A*	1,625
129	Qwest Communications International*	4,754
120	SBC Communications, Inc.	5,187
184	Sprint Corp., (PCS Group)*	4,044
128	Verizon Communications	7,031
104	WorldCom, Inc.*	1,854
		30,851
	Telecommunications Equipment-- 1.9%	
43	CIENA Corp.*	2,339
60	JDS Uniphase Corp.*	1,001
19	Juniper Networks, Inc.*	800
70	Lucent Technologies, Inc.	549
87	Motorola, Inc.	1,285
46	Qualcomm, Inc.*	2,776
		8,750
	Toys & Games-- 0.1%	
26	Mattel, Inc.	465
	Utilities-- 2.4%	
79	DTE Energy Co.	3,512
225	Edison International	2,431
54	Entergy Corp.	2,341
255	PG & E Corp.	2,909
		11,193
	Total Common Stock	\$455,122
	(Cost \$392,865)	

</Table>

See notes to financial statements.

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As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

PRINCIPAL AMOUNT	ISSUER	VALUE
LONG-TERM INVESTMENTS-- CONTINUED		
<S>	<C>	<C>
	U.S. Treasury Security-- 0.1%	

\$ 600 U.S. Treasury Note, 6.38%, 04/30/02@ \$ 614
(Cost \$613)

Total Long-Term Investments 455,736
(Cost \$393,479)

<Caption>

SHORT-TERM INVESTMENTS-- 1.9%

SHARES

<S>	<C>	<C>
	Money Market Fund-- 1.9%	
8,719	J.P. Morgan Institutional Prime Money Market Fund+	8,719
	(Cost \$8,719)	

Total Investments-- 100.0% \$464,455
(Cost \$402,197)

<Caption>

NUMBER OF CONTRACTS	DESCRIPTION	EXPIRATION DATE	ORIGINAL NOTIONAL VALUE	NOTIONAL VALUE AT 5/31/01	UNREALIZED APPRECIATION
LONG FUTURES OUTSTANDING					
<S>	<C>	<C>	<C>	<C>	<C>
32	S&P 500 Index	June, 2001	\$9,547	\$10,059	\$512

</Table>

See notes to financial statements.

<Page>

THE DISCIPLINED EQUITY PORTFOLIO
PORTFOLIO OF INVESTMENTS

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE
LONG - TERM INVESTMENTS-- 99.3%		
<S>	<C>	<C>
	Common Stock - 99.2%	
	Aerospace-- 0.9%	
110	Boeing Co.	\$ 6,899
34	Goodrich Co.	1,416
3	Lockheed Martin Corp.	107
44	United Technologies Corp.	3,666
		12,088
	Airlines-- 0.6%	
66	Delta Air Lines, Inc.	3,129
225	Southwest Airlines Co.	4,492
		7,621
	Apparel-- 0.3%	
59	Jones Apparel Group, Inc.*	2,608
20	Nike, Inc., Class B	826
		3,434
	Automotive-- 0.9%	
197	Delphi Automotive Systems Corp.	2,893
127	Ford Motor Co.	3,085
87	General Motors Corp.	4,945
27	Lear Corp.*	952
		11,875
	Banking-- 4.1%	
122	AmSouth Bancorporation	2,245
63	Bank of America Corp.	3,721
6	Bank of New York Co., Inc.	339
294	Bank One Corp.	11,646
36	Banknorth Group, Inc.	723
14	Compass Bancshares, Inc.	344
18	Dime Bancorp, Inc.	632
152	First Union Corp.	4,905
36	Golden State Bancorp, Inc.	1,060
32	GreenPoint Financial Corp.	1,212

36	Hibernia Corp., Class A	581
17	IndyMac Bancorp, Inc.*	384
141	KeyCorp	3,353
14	Mellon Financial Corp.	632
47	National Commerce Financial Co.	1,137
120	PNC Financial Services Group, Inc.	8,303
586	U.S. Bancorp	13,073
0^	Wachovia Corp.	13
7	Wilmington Trust Corp.	466

54,769

144	Biotechnology-- 0.9%	
	Amgen, Inc.*	9,565
39	Human Genome Sciences, Inc.*	2,608

12,173

</Table>

See notes to financial statements.

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<Page>

May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG-TERM INVESTMENTS-- CONTINUED		

<S>	<C>	<C>
79	Broadcasting/Cable-- 0.2% Comcast Corp., Class A*	\$ 3,248
71	Chemicals-- 1.7% Air Products & Chemical, Inc.	3,316
119	Dow Chemical Co.	4,258
21	E.I. DuPont de Nemours Co.	979
81	PPG Industries, Inc.	4,487
96	Praxair, Inc.	4,842
142	Rohm & Haas Co.	4,718

		22,600
965	Computer Networks-- 1.6% Cisco Systems, Inc.*	18,588
56	Electronic Data Systems Corp.	3,442

		22,030
29	Computer Software-- 5.2% Adobe Systems, Inc.	1,149
0^	AutoDesk, Inc.	12
77	Automatic Data Processing	4,143
45	BEA Systems, Inc.*	1,625
102	Citrix Systems, Inc.*	2,438
624	Microsoft Corp.*	43,141
551	Oracle Corp.*	8,432
89	Parametric Technology Corp.*	1,063
74	Peregrine Systems, Inc.*	2,044
2	RSA Security, Inc.*	43
29	Siebel Systems, Inc.*	1,334
65	Veritas Software Corp.*	4,313

		69,737
350	Computers/Computer Hardware-- 4.8% Compaq Computer Corp.	5,595
243	Dell Computer Corp.*	5,907
245	EMC Corp.*	7,726
94	Hewlett-Packard Co.	2,747
236	International Business Machines Corp.	26,363
130	NCR Corp.*	6,114
43	Quantum Corporation Digital Linear Tape & Storage*	510
539	Sun Microsystems, Inc.*	8,871

		63,833
0^	Consumer Products-- 4.1% Black & Decker Corp.	4
81	Estee Lauder Co., Inc., Class A	3,297
222	Gillette Co.	6,431
101	Kimberly-Clark Corp.	6,099
536	Philip Morris Companies, Inc.	27,531
183	Procter & Gamble Co.	11,749

	Diversified-- 6.1%	55,111
371	Cendant Corp.*	7,123
107	CIT Group, Inc.	4,264

</Table>

See notes to financial statements.

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<Page>

May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG-TERM INVESTMENTS -- CONTINUED		

<S>	<C>	<C>
	Diversified -- Continued	
1,026	General Electric Co.	\$ 50,264
349	Tyco International LTD (Bermuda)	20,039

		81,690
	Electronics/Electrical Equipment-- 1.1%	
37	Agilent Technologies, Inc.*	1,234
54	Ameren Corp.	2,408
27	Applied Biosystems Group - Applera Corp.	834
60	Cinergy Corp.	2,128
41	Emerson	2,749
24	FPL Group, Inc.	1,381
44	Johnson Controls, Inc.	3,118
40	Wisconsin Energy Corp.	923

		14,775
	Entertainment/Leisure - 0.0%	
3	International Game Technology*	209
	Environmental Services-- 0.1%	
36	Waste Management, Inc.	996
	Financial Services-- 9.5%	
19	A.G. Edwards, Inc.	808
163	American Express Co.	6,874
37	AmeriCredit Corp.*	1,952
136	Capital One Financial Corp.	8,874
196	Charles Schwab Corp.	3,683
18	Charter One Financial, Inc.	557
849	Citigroup, Inc.	43,526
81	Countrywide Credit Industries, Inc.	3,149
188	E*Trade Group, Inc.*	1,412
171	Fannie Mae	14,056
139	Federal Home Loan Mortgage Corp.	9,182
59	Goldman Sachs Group, Inc.	5,582
14	Heller Financial, Inc.	475
95	Household International, Inc.	6,251
23	MBNA Corp.	833
5	Merrill Lynch & Co., Inc.	331
35	Morgan Stanley Dean Witter & Co.	2,269
126	Provident Financial Corp.	7,123
100	Stilwell Financial, Inc.	3,271
201	Washington Mutual, Inc.	7,152

		127,360
	Food/Beverage Products-- 3.1%	
263	Coca-Cola Co.	12,444
25	General Mills, Inc.	1,038
80	H.J. Heinz Co.	3,478
1	Hershey Foods Corp.	36
27	Kellogg Co.	721
192	Kroger Co.*	4,783
101	PepsiCo, Inc.	4,539
46	Quaker Oats Co.	4,390
132	Safeway, Inc.*	6,660
49	Unilever NV, New York Shares	2,735

		40,824

</Table>

See notes to financial statements.

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May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG-TERM INVESTMENTS-- CONTINUED		

<S>	<C>	<C>
	Health Care/Health Care Services-- 2.1%	
14	Aetna Inc.*	\$ 336
47	Baxter International, Inc.	2,311
116	Becton, Dickinson & Co.	3,975
100	Boston Scientific Corp.*	1,732
53	C.R. Bard, Inc.	2,981
64	Guidant Corp.*	2,399
76	HCA - The Healthcare Co.	3,054
13	Medtronic, Inc.*	572
41	St. Jude Medical, Inc.	2,522
185	Tenet Healthcare Corp.*	8,416
2	Wellpoint Health Networks, Inc.*	191

		28,489
	Hotels/Other Lodging-- 0.7%	
183	Hilton Hotels Corp.	2,267
83	Marriott International, Inc., Class A	3,908
95	Starwood Hotels & Resorts Worldwide, Inc.	3,605

		9,780
	Insurance-- 4.3%	
226	Allstate Corp.	10,183
76	AMBAC Financial Group, Inc.	4,232
189	American General Corp.	8,557
190	American International Group, Inc.	15,365
57	Cigna Corp.	5,413
28	Hartford Financial Services Group, Inc.	1,862
55	Lincoln National Corp.	2,703
17	Marsh & McLennan Companies, Inc.	1,731
72	MBIA, Inc.	3,772
17	Protective Life Corp.	557
13	St Paul Companies, Inc.	653
58	Torchmark Corp.	2,192

		57,220
	Internet Services/Software-- 0.2%	
17	eBay, Inc.*	999
109	TD Waterhouse Group, Inc.*	1,297

		2,296
	Machinery & Engineering Equipment-- 0.5%	
18	Dover Corp.	759
72	Ingersoll-Rand Co.	3,558
56	Rockwell International Corp.	2,641

		6,958
	Manufacturing-- 1.7%	
42	Cooper Industries, Inc.	1,612
41	Danaher Corp.	2,557
27	Eaton Corp.	2,135
9	Harley-Davidson, Inc.	399
273	Honeywell International, Inc.	13,204
35	ITT Industries, Inc.	1,624
27	Parker Hannifin Corp.	1,295

		22,826

</Table>

See notes to financial statements.

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<Page>

May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG-TERM INVESTMENTS-- CONTINUED		

<S>	<C>	<C>

243	Metals/Mining-- 0.8%		
	Alcoa, Inc.	\$	10,473
	Multi-Media-- 4.2%		
586	AOL Time Warner, Inc.*		30,597
47	Fox Entertainment Group, Inc.*		1,216
97	Gannett Co., Inc.		6,429
172	Gemstar-TV Guide International, Inc.*		6,267
3	Tribune Co.		133
197	Viacom, Inc., Class B*		11,372

			56,014
	Oil & Gas-- 7.7%		
1	Amerada Hess Corp.		60
57	Anadarko Petroleum Corp.		3,537
72	Baker Hughes, Inc.		2,849
162	Chevron Corp.		15,541
59	Cooper Cameron Corp.*		4,101
11	Devon Energy Corp.		629
40	Diamond Offshore Drilling, Inc.		1,584
482	Exxon Mobil Corp.		42,778
163	Global Marine, Inc.*		4,178
288	Royal Dutch Petroleum Co., N.Y. Shares (Netherlands)		17,556
142	Texaco, Inc.		10,153

			102,966
	Paper/Forest Products-- 0.1%		
85	Smurfit-Stone Container Corp.*		1,271
5	Temple-Inland, Inc.		276

			1,547
	Pharmaceuticals-- 9.8%		
37	Abbott Laboratories		1,928
103	Alza Corp.*		4,861
178	American Home Products Corp.		11,236
134	Bristol-Myers Squibb Co.		7,268
94	Eli Lilly & Co.		7,945
57	Forest Laboratories, Inc.*		4,221
156	Johnson & Johnson		15,153
305	Merck & Co., Inc.		22,240
836	Pfizer, Inc.		35,868
235	Pharmacia Corp.		11,412
206	Schering-Plough Corp.		8,621

			130,753
	Photographic Equipment-- 0.3%		
87	Eastman Kodak Co.		4,127
	Pipelines-- 0.1%		
37	Dynegy, Inc., Class A		1,819
	Restaurants/Food Services--- 0.4%		
173	McDonald's Corp.		5,232

</Table>

See notes to financial statements.

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<Page>

May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG-TERM INVESTMENTS-- CONTINUED		

<S>	<C>	<C>
	Retailing-- 5.4%	
56	Abercrombie & Fitch Co., Class A*	\$ 2,292
1	Best Buy Co., Inc.*	27
34	Costco Wholesale Corp.*	1,319
158	Federated Department Stores, Inc.*	7,065
5	Gap, Inc.	146
340	Home Depot, Inc.	16,759
7	Kohl's Corp.*	419
74	Limited, Inc.	1,201
13	Lowe's Co.	925
115	MAY Department Stores Co.	3,757
200	Target Corp.	7,549
159	TJX Companies, Inc.	5,313
471	Wal-Mart Stores, Inc.	24,363

36	Walgreen Co.	1,435

		72,570
	Semi-Conductors - 3.8%	
67	Altera Corp.*	1,618
6	Analog Devices, Inc.*	258
131	Applied Materials, Inc.*	6,521
4	Broadcom Corp., Class A*	136
826	Intel Corp.	22,297
46	Lattice Semiconductor Corp.*	994
84	Linear Technology Corporation	4,013
57	LSI Logic Corp.*	1,038
35	Maxim Integrated Products, Inc.*	1,801
46	Micron Technology, Inc.*	1,714
19	PMC-Sierra, Inc.*	607
181	Texas Instruments, Inc.	6,186
90	Xilinx, Inc.*	3,713

		50,896
	Shipping/Transportation-- 0.1%	
29	C.H. Robinson Worldwide, Inc.	854
11	Gatx Corp.	431

		1,285
	Telecommunications-- 6.2%	
45	Adelphia Communications Corp., Class A*	1,703
293	AT&T Corp.	6,194
224	AT&T Corp.-- Liberty Media Group, Class A*	3,773
155	BellSouth Corp.	6,370
3	Broadwing, Inc.	72
203	Global Crossing LTD (Bermuda)*	2,579
99	Level 3 Communications, Inc.*	1,111
174	Nextel Communications, Inc., Class A*	2,776
258	Qwest Communications International*	9,490
383	SBC Communications, Inc.	16,471
235	Sprint Corp., (PCS Group)*	5,166
67	Tellabs, Inc.*	2,292
366	Verizon Communications	20,065
310	WorldCom, Inc.*	5,525

		83,587

</Table>

See notes to financial statements.

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<Page>

May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

LONG-TERM INVESTMENTS-- CONTINUED		

<S>	<C>	<C>
	Telecommunications Equipment-- 2.0%	
45	Avaya, Inc.*	\$ 730
37	Cabletron Systems*	710
68	CIENA Corp.*	3,666
127	Corning, Inc.	2,403
109	JDS Uniphase Corp.*	1,813
32	Juniper Networks, Inc.*	1,357
265	Lucent Technologies, Inc.	2,087
307	Motorola, Inc.	4,519
236	Nortel Networks Corp. (Canada)	3,150
99	Qualcomm, Inc.*	5,983

		26,418
	Toys & Games-- 0.4%	
87	Hasbro, Inc.	1,306
211	Mattel, Inc.	3,763

		5,069
	Transportation-- 0.4%	
167	Burlington Northern Santa Fe Corp.	5,180
5	Union Pacific Corp.	293

		5,473
	Utilities-- 2.6%	
75	CMS Energy Corp.	2,237
62	DTE Energy Co.	2,764
184	Edison International	1,995

27	Enron Corp.	1,429
190	Entergy Corp.	8,195
42	GPU, Inc.	1,399
45	Nisource, Inc.	1,402
194	PG & E Corp.	2,208
44	Pinnacle West Capital Corp.	2,173
95	Progress Energy, Inc.	4,055
104	TXU Corp.	5,141
80	Xcel Energy, Inc.	2,436

35,434

51	Warehousing-- 0.2% W.W. Grainger, Inc.	2,232
----	---	-------

Total Common Stock 1,327,837
(Cost \$1,188,555)

<Caption>
PRINCIPAL
AMOUNT

<S>	<C>	<C>
	U.S. Treasury Security-- 0.1%	
\$1,000	U.S. Treasury Note, 6.38%, 04/30/02@ (Cost \$1,022)	1,023
	Total Long-Term Investments	1,328,860
	(Cost \$1,189,577)	

</Table>

See notes to financial statements.

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<Page>

May 31, 2001
(Amounts in thousands)

<Table>		
<Caption>		
SHARES	ISSUER	VALUE

SHORT-TERM INVESTMENT-- 0.7%		
<S>	<C>	<C>
	Money Market Fund-- 0.7%	
9,225	J.P. Morgan Institutional Prime Money Market Fund+ \$ (Cost \$9,225)	9,225
	Total Investments-- 100.0%	\$1,338,085
	(Cost \$1,198,802)	

<Caption>					
NUMBER	ORIGINAL	NOTIONAL	UNREALIZED		
OF	NOTIONAL	VALUE AT	APPRECIATION		
CONTRACTS	DESCRIPTION	DATE	VALUE	5/31/01	APPRECIATION

LONG FUTURES OUTSTANDING					
<S>	<C>	<C>	<C>	<C>	<C>
33	S&P 500 Index	June, 2001	\$10,006	\$10,373	\$367

</Table>

See notes to financial statements.

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THE U.S. SMALL COMPANY PORTFOLIO
PORTFOLIO OF INVESTMENTS

As of May 31, 2001
(Amounts in thousands)

<Table>		
<Caption>		
SHARES	ISSUER	VALUE

Long-Term Investments-- 92.6%		

<S>	<C>	<C>
	Common Stock-- 91.8%	

	<C>	<C>
	Advertising-- 0.5%	
37	Catalina Marketing Corp.*	\$ 1,219
66	Getty Images, Inc.*	1,839
96	Obie Media Corp.*	758

		3,816
	Aerospace-- 0.8%	
125	Innovative Solutions & Support, Inc.*	1,660
46	L-3 Communications Holdings, Inc.*	4,102

		5,762
	Airlines-- 1.1%	
272	SkyWest, Inc.	7,722
	Apparel-- 2.9%	
91	Coach, Inc.*	3,204
218	Genesco, Inc.*	6,603
64	Hot Topic, Inc.*	1,844
59	Kenneth Cole Productions, Inc.*	1,782
79	Quiksilver, Inc.*	1,966
41	Talbots, Inc.	1,490
125	Vans, Inc.*	3,081

		19,970
	Appliances & Household Durables-- 1.1%	
79	Furniture Brands International, Inc.*	1,788
175	JAKKS Pacific*	2,750
125	Polycom, Inc. (Puerto Rico)*	3,092

		7,630
	Automotive-- 1.1%	
149	Monaco Coach Corp.*	3,272
161	National R.V. Holdings, Inc.*	1,718
23	Oshkosh Truck Corp.	866
41	Superior Industries International, Inc.	1,637

		7,493
	Banking-- 3.5%	
32	Astoria Financial Corp.	1,766
132	City National Corp.	5,611
130	National Commerce Financial Co.	3,147
243	Net.B@nk, Inc.*	2,560
277	Ocwen Financial Corp.*	2,571
222	Pacific Century Financial Corp.	5,484
91	Waypoint Financial Corp.	1,086
54	Westamerica Bancorporation	2,063

		24,288
	Biotechnology-- 3.2%	
33	Affymetrix, Inc.*	1,303
13	Aviron*	701
261	Charles River Laboratories International, Inc.*	8,267
45	Curagen Corp.*	1,688
28	Eden Bioscience Corp.*	526
47	Enzon, Inc.*	3,283
78	Inhale Therapeutic Systems, Inc.*	2,182

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments -- Continued		

<S>	<C>	<C>
	Biotechnology -- Continued	
38	Invitrogen Corp.*	\$ 2,693
41	Maxygen, Inc.*	708
81	Transgenomic, Inc.*	832

		22,183
	Business Services-- 2.4%	
44	Administaff, Inc.*	1,125

128	Anchor Gaming (Puerto Rico)*	8,130
27	ITT Educational Services, Inc.*	968
287	On Assignment, Inc.*	6,119

		16,342
	Chemicals-- 2.9%	
143	Albemarle Corp.	3,284
251	Olin Corp.	4,715
43	OM Group, Inc.	2,641
20	Potash Corp. of Saskatchewan (Canada)	1,203
138	Symyx Technologies, Inc.*	3,784
250	Wellman, Inc.	4,252

		19,879
	Computer Software-- 3.6%	
141	Apropos Technology, Inc.*	360
195	Borland Software Corp.*	1,880
175	Eclipsys Corp.*	3,811
34	Manugistics Group, Inc.*	1,214
86	MatrixOne, Inc.*	1,591
87	MetaSolv, Inc.*	699
177	Peregrine Systems, Inc.*	4,911
31	PLATO Learning, Inc.*	847
192	Precise Software Solutions, LTD*	4,234
143	SmartForce PLC, ADR (Ireland)*	4,001
138	Witness Systems, Inc.*	1,569

		25,117
	Computers/Computer Hardware-- 0.9%	
186	Certicom Corp. (Canada)*	1,827
19	Cirrus Logic, Inc.*	380
11	Mercury Computer Systems, Inc.*	545
38	Nuance Communications, Inc.*	571
99	Optimal Robotics Corp. (Canada)*	2,960

		6,283
	Construction-- 0.4%	
42	Centex Corp.*	1,574
59	D.R. Horton, Inc.	1,208

		2,782
	Construction Materials-- 1.3%	
188	Dal-Tile International, Inc.*	3,002
109	Elcor Corp.	1,852
230	Universal Forest Products, Inc.	4,515

		9,369
	Consumer Products-- 0.7%	
110	Alberto-Culver Co., Class B	4,656

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments -- Continued		

<S>	<C>	<C>
	Consumer Services-- 1.2%	
39	Albany Molecular Research, Inc.*	\$ 1,336
157	DiamondCluster International, Inc., Class A*	2,208
480	Hooper Holmes, Inc.	4,755

		8,299
	Diversified-- 0.2%	
221	Source Information Management Co.*	1,393
	Electronics/Electrical Equipment-- 5.5%	
231	Active Power, Inc.*	5,649
69	Axcelis Technologies, Inc.*	1,030
134	Capstone Turbine Corp.*	4,388
29	Cymer, Inc.*	846
173	DDI Corp.*	3,643
121	Garmin LTD*	2,415
168	Gentex Corp.*	5,249
205	Meade Instruments Corp.*	945

123	Mettler-Toledo International, Inc.*	5,500
100	Millipore Corp.	5,538
163	Power-One, Inc.*	3,322

	Engineering Services-- 1.3%	38,525
662	McDermott International, Inc.*	9,315
	Entertainment/Leisure-- 1.6%	
127	American Classic Voyages*	508
176	Penn National Gaming Inc.*	3,549
30	Six Flags, Inc.*	668
307	Station Casinos, Inc.*	5,340
46	WMS Industries, Inc.*	1,378

	Environmental Services-- 0.3%	11,443
42	Stericycle, Inc.*	1,795
	Financial Services-- 6.2%	
286	Allied Capital Corp.	7,040
87	American Capital Strategies LTD	2,367
129	American Home Mortgage Holdings, Inc.	1,606
172	AmeriCredit Corp.*	8,974
148	Doral Financial Corp.	4,073
86	eFunds Corp.*	1,802
250	Heller Financial, Inc.	8,611
93	Instinet Group, Inc.*	1,781
210	Medallion Financial Corp.	2,274
55	MicroFinancial, Inc.	893
223	Willis Lease Finance Corp.*	2,724

	Food/Beverage Products-- 0.2%	42,145
29	Suiza Foods Corp.*	1,512
	Health Care/Health Care Services-- 3.0%	
53	Bruker Daltonics, Inc.*	952

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE
	Long-Term Investments-- Continued	

<S>	<C>	<C>
	Health Care/Health Care Services-- Continued	
89	Cyberonics, Inc.*	\$ 1,301
171	I-STAT Corp.*	2,845
9	Laboratory Corp. of America Holdings*	1,203
48	LifePoint Hospitals, Inc.*	1,594
175	MiniMed, Inc.*	8,162
85	Physiometrix, Inc.*	339
223	STAAR Surgical Co.*	760
153	Triad Hospitals, Inc.*	3,773

	Hotels/Other Lodging-- 0.5%	20,929
149	Boca Resorts, Inc., Class A*	1,855
86	Orient-Express Hotels LTD, Class A (Bermuda)*	1,955

	Insurance-- 3.8%	3,810
101	American Physicians Capital, Inc.*	1,924
69	HCC Insurance Holdings, Inc.	1,711
25	MIIX Group, Inc.	205
229	Protective Life Corp.	7,524
86	RenaissanceRe Holdings LTD (Bermuda)	5,931
71	StanCorp Financial Group, Inc.	3,260
137	W.R. Berkley Corp.	5,941

	Internet Services/Software-- 3.4%	26,496
114	Alloy Online, Inc.*	1,324
469	Ameritrade Holding Corp., Class A*	3,979

316	Espeed, Inc., Class A*	6,136
383	Ibasis, Inc.*	1,496
44	Internet Security Systems, Inc.*	2,114
4	ITXC Corp.*	14
245	NextCard, Inc.*	2,231
100	Retek, Inc.*	3,494
191	Saba Software, Inc.*	2,266
50	SynQuest, Inc.*	143
189	Tumbleweed Communications Corp.*	736

		23,933
	Machinery & Engineering Equipment-- 1.2%	
91	Applied Industrial Technologies, Inc.	1,649
121	Flowserve Corp.*	3,630
94	IDEX Corp.	3,041

		8,320
	Manufacturing-- 1.7%	
157	Concord Camera Corp.*	1,283
79	Federal Signal Corp.	1,769
308	GenTek, Inc.	2,360
102	National-Oilwell, Inc.*	3,519
72	Roper Industries, Inc.	2,974

		11,905
	Metals/Mining-- 2.8%	
156	Mueller Industries, Inc.*	4,989
70	Precision Castparts Corp.	3,120
109	Shaw Group, Inc.*	6,390

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments-- Continued		

<S>	<C>	<C>
299	Metals/Mining-- Continued Valmont Industries, Inc.	\$ 4,763

		19,262
	Multi-Media-- 1.0%	
153	Hearst - Argyle Television, Inc.*	3,250
142	Insight Communications Company, Inc.*	3,563

		6,813
	Oil & Gas-- 3.3%	
185	Abraxas Petroleum Corp.*	806
133	Core Laboratories NV (Netherlands)*	3,301
122	Global Industries LTD*	1,954
80	Gulf Island Fabrication, Inc.*	1,305
120	Newfield Exploration Co.*	4,211
176	Spinnaker Exploration Co.*	7,159
32	Stone Energy Corp.*	1,675
86	Westport Resources Corp.*	2,490

		22,901
	Packaging-- 0.8%	
423	Pactiv Corp.*	5,811

	Paper/Forest Products-- 1.3%	
120	Aracruz Celulose SA, ADR (Brazil)	2,070
273	Buckeye Technologies, Inc.*	3,360
335	Caraustar Industries, Inc.	3,431

		8,861
	Pharmaceuticals-- 5.9%	
139	Abgenix, Inc.*#	5,525
50	Accredo Health, Inc.*	1,671
45	Adolor Corp.*	975
34	Arena Pharmaceuticals, Inc.*	872
87	COR Therapeutics, Inc.*	3,024
27	Durect Corp.*	280
53	Gilead Sciences, Inc.*	2,727
48	ImmunoGen, Inc.*	770

102	Isis Pharmaceuticals, Inc.*	1,219
108	La Jolla Pharmaceutical Co.*	787
326	Ligand Pharmaceuticals, Inc.*	4,299
131	Neurocrine Biosciences, Inc.*	4,765
297	Omnicare, Inc.	6,227
26	OSI Pharmaceuticals, Inc.,*	1,158
74	Pozen, Inc.*	866
79	Praecis Pharmaceuticals, Inc.*	1,931
49	Priority Healthcare Corp., Ser. B*	1,681
33	Trimeris, Inc.*	1,534

		40,311
Real Estate Investment Trust-- 4.9%		
189	Annaly Mortgage Management, Inc.	2,448
35	Anthracite Capital, Inc.	388
137	Centerpoint Properties Corp.	6,559
276	Cousins Properties, Inc.	7,241
104	General Growth Properties, Inc.	3,905
66	Highwoods Properties, Inc.	1,657

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments-- Continued		

<S>	<C>	<C>
	Real Estate Investment Trust-- Continued	
89	Mission West Properties, Inc.	\$ 1,238
159	Prentiss Properties Trust	4,039
199	United Dominion Realty Trust, Inc.	2,613
184	Ventas, Inc.	1,698
49	Weingarten Realty Investors	2,158

		33,944
Restaurants/Food Services-- 0.1%		
183	AFC Enterprises, Inc.*	4,074
81	California Pizza Kitchen, Inc.*	1,839
41	Jack in the Box, Inc.*	1,062

		6,975
Retailing-- 3.0%		
123	Abercrombie & Fitch Co., Class A*	5,083
116	Cost Plus, Inc.*	3,260
50	Ethan Allen Interiors, Inc.	1,832
108	Pacific Sunwear of California, Inc.*	2,475
115	School Specialty, Inc.*	2,667
178	Williams-Sonoma, Inc.*	5,981

		21,298
Semi-Conductors-- 2.7%		
50	Asyst Technologies, Inc. (Puerto Rico)*	912
162	August Technology Corp.*	2,318
115	AXT, Inc.*	3,105
142	Exar Corp.*	3,282
126	HI/FN, Inc.*	2,300
166	Integrated Circuit Systems, Inc.*	2,735
62	Lattice Semiconductor Corp.*	1,338
23	LTX Corp.*	551
21	Photronics, Inc.,*	498
231	Silicon Image, Inc.*	1,180
11	Veeco Instruments, Inc.*	507

		18,726
Shipping/Transportation-- 1.5%		
113	C.H. Robinson Worldwide, Inc.	3,373
171	Gatx Corp.	6,876

		10,249
Telecommunications-- 2.3%		
247	Advanced Fibre Communication*	4,576
217	Boston Communications Group*	2,607
99	Ectel LTD (Israel)*	1,599
308	FLAG Telecom Holdings LTD (Bermuda)*	2,477
67	SBA Communications Corp.*	1,539

17	Tellium, Inc.*	461
341	Turnstone Systems, Inc.*	2,386
168	U.S. Wireless Corp.*	480

	Telecommunications Equipment-- 0.5%	16,125
222	Corvis Corp.*	1,335
46	Oplink Communications, Inc.*	152
160	Stratos Lightwave, Inc.*	1,818

		3,305

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments-- Continued		

<S>	<C>	<C>
	Textiles-- 0.4%	
92	Mohawk Industries, Inc.*	\$ 2,956
	Transportation-- 0.8%	
265	Werner Enterprises, Inc.	5,263
	Utilities-- 3.1%	
72	Allete, Inc.	1,715
238	Atmos Energy Corp.	5,526
310	Cleco Corp.	7,217
236	CMS Energy Corp.	7,014

		21,472

	Total Common Stock	637,384
	(Cost \$571,348)	

	Preferred Stock-- 0.5%	

	Entertainment/Leisure-- 0.5%	
26	AMCV Capital Trust I	376
99	Six Flags, Inc*	3,240

	Total Preferred Stock	3,616
	(Cost \$3,782)	

</Table>

<Table>

<Caption>

Principal
Amount

Corporate Notes & Bonds-- 0.3%		

<S>	<C>	<C>
	Computer Software-- 0.2%	
\$ 750	Peregrine Systems, Inc., 5.50%, 11/15/07	999
	Internet Services/Software-- 0.1%	
1,322	Online Resources & Communications Corp., 8.00%, 09/30/05	767

	Total Corporate Notes & Bonds	1,766
	(Cost \$2,072)	

	Total Long-Term Investments	642,766
	(Cost \$577,202)	

Short-Term Investment-- 7.4%

Shares	Money Market Fund-- 7.4%	

51,587	J.P. Morgan Institutional Prime Money Market Fund+	51,587
	(Cost \$51,587)	

Total Investments-- 100.0% \$694,353
(Cost \$628,789)

</Table>

See notes to financial statements.

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THE U.S. SMALL COMPANY OPPORTUNITIES PORTFOLIO
PORTFOLIO OF INVESTMENTS

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES ISSUER VALUE

Long-Term Investments-- 92.6%

<S> <C> <C>

Common Stock-- 92.6%

Advertising-- 2.4%

120 Catalina Marketing Corp.* \$ 4,004

141 Getty Images, Inc.* 3,934

7,938

Airlines-- 0.7%

83 SkyWest, Inc. 2,354

Apparel-- 2.7%

33 Coach, Inc.* 1,165

37 Hot Topic, Inc.* 1,058

38 Kenneth Cole Productions, Inc.* 1,159

59 Quiksilver, Inc.* 1,467

67 Steven Madden, LTD* 1,081

20 Talbots, Inc. 736

104 Vans, Inc.* 2,552

9,218

Appliances & Household Durables-- 0.7%

43 JAKKS Pacific* 682

73 Polycom, Inc. (Puerto Rico)* 1,809

2,491

Automotive-- 0.5%

44 Oshkosh Truck Corp. 1,658

Banking-- 0.8%

66 City National Corp. 2,831

Biotechnology-- 5.9%

17 Affymetrix, Inc.* 681

6 Aviron* 337

171 Charles River Laboratories International, Inc.* 5,406

31 Curagen Corp.* 1,167

57 Diversa Corp.* 939

29 Eden Bioscience Corp.* 536

83 Enzon, Inc.* 5,840

24 Harvard Bioscience, Inc.* 217

39 Inhale Therapeutic Systems, Inc.* 1,096

30 Invitrogen Corp.* 2,119

36 Maxygen, Inc.* 628

71 Transgenomic, Inc.* 725

19,691

Business Services-- 1.9%

14 Administaff, Inc.* 352

78 Anchor Gaming (Puerto Rico)* 4,968

47 On Assignment, Inc.* 1,009

6,329

Chemicals-- 4.3%

127 Albemarle Corp. 2,907

20 Georgia Gulf Corp. 361

90 OM Group, Inc. 5,597

</Table>

See notes to financial statements.

<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Common Stocks -- Continued		

<S>	<C>	<C>
	Chemicals -- Continued	
10	Potash Corp. of Saskatchewan (Canada)	\$ 622
99	Symyx Technologies, Inc.*	2,717
126	Wellman, Inc.	2,142

		14,346
	Computer Software-- 6.2%	
130	Apropos Technology, Inc.*	330
114	Eclipsys Corp.*	2,469
54	Manugistics Group, Inc.*	1,929
42	MatrixOne, Inc.*	775
94	MetaSolv, Inc.*	756
158	Peregrine Systems, Inc.*	4,381
138	Precise Software Solutions, LTD*	3,042
194	SmartForce PLC, ADR (Ireland)*	5,429
159	Witness Systems, Inc.*	1,809

		20,920
	Computers/Computer Hardware-- 2.2%	
284	Certicom Corp. (Canada)*	2,785
20	Cirrus Logic, Inc.*	388
13	Mercury Computer Systems, Inc.*	639
51	Nuance Communications, Inc.*	774
70	Optimal Robotics Corp. (Canada)*	2,082
57	Redback Networks, Inc.*	819

		7,487
	Consumer Services-- 1.4%	
19	Albany Molecular Research, Inc.*	661
121	DiamondCluster International, Inc., Class A*	1,706
236	Hooper Holmes, Inc.	2,335

		4,702
	Electronics/Electrical Equipment-- 5.1%	
113	Active Power, Inc.*	2,753
37	Axcelis Technologies, Inc.*	546
92	Capstone Turbine Corp.*	3,009
30	Cymer, Inc.*	852
85	DDI Corp.*	1,789
81	Garmin LTD*	1,611
40	Gentex Corp.*	1,264
149	Meade Instruments Corp.*	689
52	Millipore Corp.	2,911
91	Power-One, Inc.*	1,857

		17,281
	Entertainment/Leisure-- 1.1%	
225	American Classic Voyages*	901
59	Resortquest International, Inc.*	717
73	WMS Industries, Inc.*	2,183

		3,801
	Financial Services-- 6.2%	
248	Allied Capital Corp.	6,108
217	Financial Federal Corp.*	5,573
181	Heller Financial, Inc.	6,215

</Table>

See notes to financial statements.

<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments-- Continued

<S>	<C>	<C>
	Financial Services-- Continued	
45	Instinet Group, Inc.*	\$ 861
94	Southwest Securities Group, Inc.	1,964

		20,721
	Food/Beverage Products-- 0.8%	
56	Robert Mondavi Corp., Class A*	2,690
	Health Care/Health Care Services-- 3.4%	
43	Brucker Daltonics, Inc.*	778
90	Cyberonics, Inc.*	1,310
6	Laboratory Corp. of America Holdings*	855
48	LifePoint Hospitals, Inc.*	1,601
108	MiniMed, Inc.*	5,041
22	Molecular Devices Corp.*	484
70	Physiometrix, Inc.*	280
12	RehabCare Group, Inc.*	516
129	STAAR Surgical Co.*	438

		11,303
	Insurance-- 0.5%	
26	HCC Insurance Holdings, Inc.	634
25	W.R. Berkley Corp.	1,087

		1,721
	Internet Services/Software-- 8.2%	
418	Ameritrade Holding Corp., Class A*	3,547
178	Corillian Corp.*	901
237	Espeed, Inc., Class A*	4,589
163	Ibasis, Inc.*	637
113	Internet Security Systems, Inc.*	5,480
100	ITXC Corp.*	390
113	Netegrity, Inc.	3,836
104	Retek, Inc.*	3,634
260	Saba Software, Inc.*	3,090
47	SynQuest, Inc.*	135
243	Tumbleweed Communications Corp.*	950

		27,189
	Manufacturing-- 1.5%	
79	Concord Camera Corp.*	647
306	GenTek, Inc.	2,343
45	National-Oilwell, Inc.*	1,566
41	Surebeam Corp., Class A*	646

		5,202
	Oil & Gas-- 6.4%	
10	Cooper Cameron Corp.*	701
240	Core Laboratories NV (Netherlands)*	5,952
281	Global Industries LTD*	4,523
52	Global Marine, Inc.*	1,341
48	Gulf Island Fabrication, Inc.*	781
133	Spinnaker Exploration Co.*	5,416
100	Westport Resources Corp.*	2,904

		21,618
	Pharmaceuticals-- 12.0%	
144	Abgenix, Inc.*#	5,745

</Table>

See notes to financial statements.

<Page>

As of May 31, 2001
(Amounts in thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments -- Continued		

<S>	<C>	<C>
	Pharmaceuticals -- Continued	
74	Accredo Health, Inc.*	\$ 2,447
34	Adolor Corp.*	739
31	Arena Pharmaceuticals, Inc.*	789
86	COR Therapeutics, Inc.*	2,987
25	Durect Corp.*	259

108	Gilead Sciences, Inc.*	5,571
35	ImmunoGen, Inc.*	572
88	Isis Pharmaceuticals, Inc.*	1,058
68	La Jolla Pharmaceutical Co.*	495
356	Ligand Pharmaceuticals, Inc.*	4,704
119	Medarex, Inc.	3,271
110	Neurocrine Biosciences, Inc.*	4,016
161	Omnicare, Inc.	3,378
23	OSI Pharmaceuticals, Inc.,*	1,032
36	Pozen, Inc.*	419
41	Praecis Pharmaceuticals, Inc.*	1,006
44	Priority Healthcare Corp., Ser. B*	1,520

		40,008
Restaurants/Food Services-- 1.1%		
89	AFC Enterprises, Inc.*	1,984
55	California Pizza Kitchen, Inc.*	1,252
20	Jack in the Box, Inc.*	516

		3,752
Retailing-- 5.0%		
73	Abercrombie & Fitch Co., Class A*	2,999
116	Cost Plus, Inc.*	3,251
38	Duane Reade, Inc.*	1,430
68	Ethan Allen Interiors, Inc.	2,486
141	Pacific Sunwear of California, Inc.*	3,250
99	Williams-Sonoma, Inc.*	3,324

		16,740
Semi-Conductors-- 6.2%		
41	Asyst Technologies, Inc. (Puerto Rico)*	746
172	August Technology Corp.*	2,474
65	AXT, Inc.*	1,767
10	Dupont Photomask, Inc.*	499
133	Exar Corp.*	3,075
143	HI/FN, Inc.*	2,598
111	Integrated Circuit Systems, Inc.*	1,825
65	Lattice Semiconductor Corp.*	1,422
44	LTX Corp.*	1,058
33	MKS Instruments, Inc.*	889
33	Photronics, Inc.,*	763
38	Semtech Corp.*	1,010
316	Silicon Image, Inc.*	1,610
18	Therma-Wave, Inc.*	262
21	Veeco Instruments, Inc.*	948

		20,946
Telecommunications-- 3.9%		
241	Advanced Fibre Communication*	4,467
146	Boston Communications Group*	1,749

</Table>

See notes to financial statements.

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<Page>

As of May 31, 2001
(Amounts in Thousands)

<Table>

<Caption>

SHARES	ISSUER	VALUE

Long-Term Investments -- Continued		

<S>	<C>	<C>
	Telecommunications -- Continued	
71	SafeNet, Inc.*	\$ 962
131	SBA Communications Corp.*	3,033
18	Tellium, Inc.*	477
311	Turnstone Systems, Inc.*	2,177
103	U.S. Wireless Corp.*	294

		13,159
Telecommunications Equipment-- 1.5%		
147	Anaren Microwave*	2,439
237	Corvis Corp.*	1,425
51	Oplink Communications, Inc.*	166
90	Stratos Lightwave, Inc.*	1,025

		5,055

Total Long-Term Investments		311,151

(Cost \$337,312)

Short-Term Investment-- 7.4%

Money Market Fund-- 7.4%

24,938	J.P. Morgan Institutional Prime Money Market Fund+ (Cost \$24,938)	24,938
	Total Investments-- 100.0% (Cost \$362,250)	\$336,089

</Table>

- * -- Non-income producing security.
- # -- Security may only be sold to qualified institutional buyers.
- ^ -- Share amounts round to less than a thousand.
- + -- Affiliated. Money market fund registered under the Investment Company Act of 1940, as amended and advised by J.P. Morgan Investment Management, Inc.
- @ -- All or a portion of this security is segregated for futures.
- ADR -- American Depositary Receipt.

See notes to financial statements.

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PORTFOLIOS
STATEMENT OF ASSETS AND LIABILITIES May 31, 2001

(Amounts in thousands, except per share amounts)

<Table>
<Caption>

	THE U. S. EQUITY PORTFOLIO	THE DISCIPLINED EQUITY PORTFOLIO	THE U. S. SMALL COMPANY PORTFOLIO	THE U. S. SMALL COMPANY OPPORTUNITIES PORTFOLIO
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Investment securities, at value	\$464,455	\$1,338,085	\$694,353	\$336,089
Cash	886	6	--	--
Other assets	10	3	1	2
Receivables:				
Variation margin	59	61	--	--
Investment securities sold	4,147	109	9,665	791
Interest and dividends	437	1,821	649	109
Total Assets				
	469,994	1,340,085	704,668	336,991
LIABILITIES:				
Payables:				
To custodian	--	--	133	7
Investment securities purchased	4,055	111	4,345	2,145
Accrued liabilities:				
Investment advisory fees	164	401	355	173
Administration services fees	10	27	14	7
Administration fees	1	2	1	--
Other	56	100	73	37
Total Liabilities				
	4,286	641	4,921	2,369
NET ASSETS APPLICABLE TO INVESTORS' BENEFICIAL INTEREST				
	\$465,708	\$1,339,444	\$699,747	\$334,622
Cost of investments				
	\$402,197	\$1,198,802	\$628,789	\$362,250

</Table>

See notes to financial statements.

<Page>

STATEMENT OF OPERATIONS
For the year ended May 31, 2001

(Amounts in thousands)

<Table>
<Caption>

	THE U. S. EQUITY PORTFOLIO	THE DISCIPLINED EQUITY PORTFOLIO	THE U. S. SMALL COMPANY PORTFOLIO	THE U. S. SMALL COMPANY OPPORTUNITIES PORTFOLIO
<S>	<C>	<C>	<C>	<C>
INVESTMENT INCOME:				
Dividend	\$ 5,948	\$ 17,497	\$ 6,467	\$ 1,187
Interest	97	1,752	151	16
Foreign taxes withheld	(5)	(84)	(8)	--
Dividend income from affiliated investments*	567	1,166	3,154	2,077
Total Investment Income	6,607	20,331	9,764	3,280
EXPENSES:				
Investment advisory fees	2,219	5,476	4,306	3,099
Administration services fees	132	371	170	123
Administration fees	3	9	4	3
Fund service fees	7	21	10	7
Custodian fees	117	376	216	157
Printing and postage	9	12	8	7
Professional fees	44	49	45	35
Trustees' fees	3	11	9	5
Other	2	4	5	2
Total Expenses	2,536	6,329	4,773	3,438
Net Investment Income (Loss)	4,071	14,002	4,991	(158)
REALIZED AND UNREALIZED GAIN (LOSS ON INVESTMENTS)				
Net realized gain (loss) on:				
Investments	10,962	(160,350)	1,001	(30,507)
Future transactions	(2,128)	(1,998)	--	--
Change in net unrealized appreciation/depreciation of:				
Investments	(46,105)	(19,487)	(6,717)	(57,302)
Future contracts	504	778	--	--
Net Realized and Unrealized Loss on investments, futures and foreign exchange transactions	(36,767)	(181,057)	(5,716)	(87,809)
Net Decrease In Net Assets From Operations	\$ (32,696)	\$ (167,055)	\$ (725)	\$ (87,967)
* Includes reimbursements of investment advisory, administrative fee and shareholder servicing fees.	\$15	\$34	\$87	\$60

</Table>

See notes to financial statements.

<Page>

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MAY 31,
(AMOUNTS IN THOUSANDS)

<Table>
<Caption>

	THE U.S. EQUITY	THE DISCIPLINED EQUITY	THE U.S. SMALL COMPANY	THE U.S. SMALL COMPANY OPPORTUNITIES
--	--------------------	------------------------------	---------------------------	--

	PORTFOLIO		PORTFOLIO		PORTFOLIO		PORTFOLIO	
	2001	2000	2001	2000	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:								
Net investment income	\$ 4,071	\$ 6,243	\$ 14,002	\$ 15,769	\$ 4,991	\$ 2,576	\$ (158)	\$ (684)
Net realized gain (loss) on investments, and futures transactions	8,834	38,139	(162,348)	25,692	1,001	111,618	(30,507)	60,819
Change in net unrealized appreciation (depreciation) of investments and futures contracts	(45,601)	(24,781)	(18,709)	25,933	(6,717)	19,782	(57,302)	8,035
Increase (decrease) in net assets from operations	(32,696)	19,601	(167,055)	67,394	(725)	133,976	(87,967)	68,170
TRANSACTIONS IN INVESTORS' BENEFICIAL INTEREST:								
Contributions	117,780	207,426	396,270	923,552	457,451	302,616	445,156	395,274
Withdrawals	(247,595)	(318,238)	(522,606)	(486,794)	(407,598)	(317,840)	(550,386)	(220,426)
Net increase (decrease) in transactions in investors' beneficial interests	(129,815)	(110,812)	(126,336)	436,758	49,853	(15,224)	(105,230)	174,848
Total increase (decrease) in net assets	(162,511)	(91,211)	(293,391)	504,152	49,128	118,752	(193,197)	243,018
NET ASSETS:								
Beginning of period	628,219	719,430	1,632,835	1,128,683	650,619	531,867	527,819	284,801
End of period	\$ 465,708	\$ 628,219	\$1,339,444	\$1,632,835	\$ 699,747	\$ 650,619	\$ 334,622	\$ 527,819

</Table>

See notes to financial statements

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SUPPLEMENTARY DATA FOR THE U.S. EQUITY PORTFOLIO

<Table>
<Caption>

	YEAR ENDED				
	05/31/01	05/31/00	05/31/99	05/31/98	05/31/97
<S>	<C>	<C>	<C>	<C>	<C>
Ratios to Average Net Assets					
Expenses	0.46%	0.46%	0.47%	0.47%	0.47%
Net Investment Income	0.73%	0.90%	1.03%	1.01%	1.44%
Portfolio Turnover	81%	89%	84%	106%	99%

</Table>

SUPPLEMENTARY DATA FOR THE DISCIPLINE EQUITY PORTFOLIO

<Table>
<Caption>

	YEAR ENDED				12/30/96* THROUGH 05/31/97
	05/31/01	05/31/00	05/31/99	05/31/98	
<S>	<C>	<C>	<C>	<C>	<C>
Ratios to Average Net Assets					
Expenses	0.40%	0.40%	0.42%	0.45%	0.45%^
Net Investment Income	0.90%	1.09%	1.18%	1.27%	1.54%^
Expenses without reimbursement	0.40%	0.40%	0.42%	0.51%	0.78%^
Portfolio Turnover	72%	56%	51%	61%	20%^^

</Table>

* Commencement of operations.

^ Annualized.

^^ Not annualized.

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SUPPLEMENTARY DATA FOR THE U.S. SMALL COMPANY PORTFOLIO

<Table>

<Caption>

	YEAR ENDED				
	05/31/01	05/31/00	05/31/99	05/31/98	05/31/97
<S>	<C>	<C>	<C>	<C>	<C>
Ratios to Average Net Assets					
Expenses	0.66%	0.66%	0.68%	0.68%	0.68%
Net Investment Income	0.69%	0.39%	0.67%	0.68%	0.92%
Portfolio Turnover	110%	104%	104%	96%	98%

</Table>

SUPPLEMENTARY DATA FOR THE U.S. SMALL COMPANY OPPORTUNITIES PORTFOLIO

<Table>

<Caption>

	YEAR ENDED			06/16/97*
	05/31/01	05/31/00	05/31/99	THROUGH 05/31/98
<S>	<C>	<C>	<C>	<C>
Ratios to Average Net Assets				
Expenses	0.66%	0.66%	0.71%	0.84%^
Net Investment Income	(0.03%)	(0.14%)	(0.07%)	(0.04%)^
Expenses without reimbursement	0.66%	0.66%	0.71%	0.84%^
Portfolio Turnover	117%	132%	116%	73%^

</Table>

* Commencement of operations.

^ Annualized.

^^ Not annualized.

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PORTFOLIOS

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2001

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION -- The U.S. Equity Portfolio ("USEP"), The Disciplined Equity Portfolio ("DEP"), The U.S. Small Company Portfolio ("USSCP") and The U.S. Small Company Opportunities Portfolio ("USSCOP") (collectively the "Portfolios") are registered separately under the Investment Company Act of 1940, (the "1940 Act"), as amended, as no-load, diversified, open-end management investment companies. The Portfolios are organized as separate trusts under the laws of the State of New York.

USEP's investment objective is to provide a high total return from a portfolio of selected equity securities. DEP's investment objective is to provide a high total return from a broadly diversified portfolio of equity securities. USSCP's investment objective is to provide a high total return from a portfolio of small company stocks. USSCOP's investment objective is long-term capital appreciation from a portfolio of equity securities of small companies. The Declaration of Trust permits the Trustees to issue beneficial interests in each of the Portfolios.

THE FOLLOWING IS A SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE PORTFOLIOS:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

A. VALUATION OF INVESTMENTS -- Securities traded on principal securities exchanges are valued at the last reported sales price, or mean of the latest bid and asked prices when no last sales price is available. Securities traded over-the counter and certain foreign securities are valued at the last quoted bid price from a market maker or dealer. When valuations are not readily available, securities are valued at fair value as determined in

accordance with procedures adopted by the Trustees. All short-term securities, including real estate owned investments, with a remaining maturity of sixty days or less are valued using the amortized cost method.

Trading in securities on most foreign exchanges and over-the-counter markets is normally completed before the close of the domestic market and may also take place on days when the domestic market is closed. If events materially affecting the value of foreign securities occur between the time when the exchange on which they are traded closes and the time when the Portfolios' net assets are calculated, such securities will be valued at fair value in accordance with procedures adopted by the Trustees.

B. REPURCHASE AGREEMENTS -- The Portfolios may enter into repurchase agreements with brokers, dealers or banks that meet

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the credit guidelines approved by the Trustees. The Portfolios' custodian (or designated subcustodians, as the case may be under tri-party repurchase agreements) takes possession of the collateral pledged for investments in repurchase agreements on behalf of the Portfolios. It is the policy of the Portfolios to mark-to-market the collateral on a daily basis to determine that the value, including accrued interest, is at least equal to the repurchase price plus accrued interest. In the event of default of the obligation to repurchase, the Portfolios have the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the seller of the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

C. SECURITY TRANSACTIONS -- Security transactions are accounted for as of the trade date. Realized gains and losses are determined on the identified cost basis, which is also used for federal income tax purposes.

D. INVESTMENT INCOME-- Dividend income less foreign taxes withheld (if any) is recorded on the ex-dividend date or as of the time the relevant ex-dividend date and amount becomes known. Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums.

E. ORGANIZATION EXPENSES -- The DEP and USSCOP incurred organization expenses in the amount of \$9,049 and \$9,000 respectively, which have been deferred and are being amortized on a straight-line basis over a period not to exceed five years beginning with the commencement of operations of the Portfolios.

F. EXPENSES-- Expenses directly attributable to a Portfolio are charged to that Portfolio; other expenses are allocated on another reasonable basis.

G. FUTURES CONTRACTS-- The Portfolios may enter into futures contracts in order to hedge existing portfolio securities, or securities the Portfolios intend to purchase, against fluctuations in value caused by changes in prevailing market interest rates or securities movements and to manage exposure to changing interest rates and securities prices. The risks of entering into futures contracts include the possibility that the change in value of the contract may not correlate with the changes in value of the underlying securities. Upon entering into a futures contract, the Portfolios are required to deposit with the broker either cash or securities in an amount equal to a certain percentage of the contract value (initial margin). Subsequent payments (variation margin) are made to or received from the broker daily, in cash, by the Portfolios. The vari-

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ation margin is equal to the daily change in the contract value and is recorded as unrealized gain or loss. The Portfolios will recognize a gain or loss when the contract is closed or expires.

H. FEDERAL INCOME TAXES -- The Portfolios intend to be treated as a partnership for federal income tax purposes. As such, each investor in a Portfolio will be taxed on its share of the Portfolio's ordinary income and capital gains. It is intended that the Portfolios' assets will be managed in such a way that an investor in a Portfolio will be able to satisfy the requirements of Subchapter M of the Internal Revenue Code.

I. FOREIGN TAXES -- The Portfolios may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Portfolios will accrue such taxes and recoveries as applicable, based upon their current interpretation of tax rules and regulations that exist in the markets in which they invest.

2. FEES AND OTHER TRANSACTIONS WITH AFFILIATES

A. ADVISORY -- The Portfolios have an Investment Advisory Agreement with J.P. Morgan Investment Management Inc. ("JPMIM"), an affiliate of Morgan Guaranty Trust Company of New York ("Morgan") and a wholly owned subsidiary of J.P. Morgan Chase & Co. Under the terms of the agreement, USEP, DEP, USSCP and USSCOP pay JPMIM at an annual rate of 0.40%, 0.35%, 0.60%, and 0.60%, respectively, of the Portfolio's average daily net assets.

The Portfolios may invest in one or more affiliated money market funds: J.P. Morgan Institutional Prime Money Market Fund, J.P. Morgan Institutional Tax Exempt Money Market Fund, J.P. Morgan Institutional Federal Money Market Fund and J.P. Morgan Institutional Treasury Money Market Fund. The Advisor has agreed to reimburse the Portfolios in an amount to offset any investment advisory, administrative fee and shareholder servicing fees related to the Portfolio's investment in an affiliated money market fund.

B. ADMINISTRATIVE SERVICES -- The Portfolios have Administrative Services Agreement (the "Services Agreement") with Morgan under which Morgan is responsible for certain aspects of the administration and operation of the Portfolios. Under the Services Agreement, the Portfolios have agreed to pay Morgan a fee equal to its allocable share of an annual complex-wide charge. This charge is calculated based on the aggregate average daily net assets of the Portfolios and certain other registered investment companies for which JPMIM acts as an investment advisor in accor-

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dance with the following annual schedule: 0.09% on the first \$7 billion of their aggregate average daily net assets and 0.04% of their aggregate average daily net assets in excess of \$7 billion less the complex-wide fees payable to Funds Distributor, Inc. The portion of this charge payable by the Fund is determined by the proportionate share that its net assets bear to the net assets of the Trust and certain other investment companies for which Morgan provides similar services.

The Trustees have approved an increase in the Funds' administration fee. Effective, August 11, 2001, the administration fee payable to Morgan will be increased to each Fund's proportionate share of 0.15% of average daily net assets for complex wide money non-market fund assets up to \$25 billion and 0.075% on assets in excess of \$25 billion. Morgan, however, has contractually agreed to waive fees payable to them and to reimburse expenses so that the Portfolios' actual total operating expenses will remain the same for a period of three years.

C. ADMINISTRATION -- Prior to May 1, 2001, the Portfolios retained Funds Distributor, Inc. ("FDI"), a registered broker-dealer, to serve as the co-administrator for the Portfolios. Under a Co-Administration Agreement between FDI and the Portfolios, FDI provides administrative services necessary for the operations of the Portfolio, furnishes office space and facilities required for conducting the business of the Portfolios and pays the compensation of the Portfolios' officers affiliated with FDI. The Portfolios have agreed to each pay FDI fees equal to its allocable share of an annual complex-wide charge of \$425,000 plus FDI's out-of-pocket expenses. The portion of this charge payable by the Portfolios is determined by the proportionate share that its net assets bear to the net assets of the Portfolio and certain other investment companies for which FDI provides similar services.

Effective May 1, 2001, BISYS Fund Services, L.P., ("BISYS") had been named as the Funds' Sub-Administrator. FDI will no longer serve as the Funds' Co-Administrator. For its services as Sub-Administrator, BISYS receives a portion of the fees payable to Morgan as Administrator.

On April 11, 2001, the BISYS Group Inc., completed its acquisition of Boston Institutional Group, the parent company of FDI.

D. FUND SERVICES-- The Portfolios have a Fund Services Agreement with Pierpont Group, Inc. ("PGI") to assist the Trustees in exercising their overall supervisory responsibilities for the Portfolios' affairs. The Trustees of the Portfolios represent all the existing shareholders of PGI.

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E. TRUSTEES -- Each Trustee receives an aggregate annual fee of \$75,000 for serving on the boards of the Trusts and other registered investment companies in which they invest. The Trustees' fees and expenses shown in the financial statements represent the Fund's allocated portion of the total Trustees' fees and expenses. The Trust's Chairman and Chief Executive Officer also serves as Chairman of PGI and receives compensation and employee benefits from PGI. The allocated portions of such compensation and

benefits included in the Fund Services Fee shown on the Statement of Operations were:

Fund	Allocated Trustees' Fees and Expenses
USEP	\$1,500
DEP	4,100
USSCP	1,900
USSCOP	1,400

3. FEDERAL INCOME TAXES

For Federal income tax purposes, the cost and net unrealized appreciation (depreciation) of investment securities at May 31, 2001 were as follows (in thousands):

	USEP	DEP	USSCP	USSCOP
Aggregate cost	\$408,551	\$1,213,982	\$636,105	\$368,270
Gross unrealized appreciation	\$101,326	\$ 241,483	\$137,217	\$ 54,346
Gross unrealized depreciation	(45,422)	(117,380)	(78,969)	(86,527)
Net unrealized appreciation (depreciation)	\$ 55,904	\$ 124,103	\$ 58,248	\$(32,181)

4. INVESTMENT TRANSACTIONS

During the year ended May 31, 2001, purchases and sales of investments (excluding short-term investments) were as follows (in thousands):

	USEP	DEP	USSCP	USSCOP
Purchases (excluding U.S. Government securities)	\$436,304	\$1,093,258	\$734,629	\$556,072
Sales (excluding U.S. Government securities)	588,564	1,154,767	731,094	643,175

5. BANK LOANS

The Portfolios are party to revolving line of credit agreement (the "Agreement") as discussed more fully under the heading "Bank Loans" in the Funds' Notes to the Financial Statements which are included elsewhere in this report. The Portfolios had no borrowings outstanding at May 31, 2001, nor at any time during the year.

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6. CONCENTRATIONS

The Portfolios may have elements of risk not typically associated with investments in the United States of America due to concentrated investments in a limited number of countries or regions which may vary throughout the year. Such concentrations may subject the Portfolios to additional risks resulting from political or economic conditions in such countries or regions and the possible imposition of adverse governmental laws or currency exchange restrictions could cause the securities and their markets to be less liquid and their prices more volatile than those of comparable U.S. securities.

7. CORPORATE EVENT

The merger of J.P. Morgan & Co. Incorporated, the former parent company of the Portfolios' Advisor, JPMIM, with and into The Chase Manhattan Corporation was consummated on December 31, 2000. J.P. Morgan Chase & Co. is the new parent company of JPMIM, which continues to serve as the Portfolios' Advisor.

8. SUBSEQUENT EVENTS

See Note 8 in the Funds' Notes to Financial Statements for a description of the proposed reorganization. In connection with the reorganization, it is

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Trustees and Investors of
 The U.S. Equity Portfolio, The Disciplined
 Equity Portfolio, The U.S. Small Company
 Portfolio and The U.S. Small Company
 Opportunities Portfolio

In our opinion, the accompanying statements of assets and liabilities, including the portfolios of investments, and the related statements of operations and of changes in net assets and the supplementary data present fairly, in all material respects, the financial position of the U.S. Equity Portfolio, the Disciplined Equity Portfolio, the U.S. Small Company Portfolio and the U.S Small Company Opportunities Portfolio (hereafter referred to as the "Portfolios") at May 31, 2001, and the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the supplementary data for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and supplementary data (hereafter referred to as "financial statements") are the responsibility of the Portfolios' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 2001 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
 New York, New York
 July 19, 2001

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TAX LETTER (UNAUDITED)

MARKET NEUTRAL FUND	INSTITUTIONAL U.S. EQUITY FUND
SMARTINDEX(TM) FUND	DISCIPLINED EQUITY FUND
LARGE CAP GROWTH FUND	INSTITUTIONAL DISCIPLINED EQUITY FUND
U.S. EQUITY FUND	U.S. SMALL COMPANY FUND
U.S. EQUITY FUND-ADVISOR SERIES	INSTITUTIONAL U.S. SMALL COMPANY FUND
	U.S. SMALL COMPANY OPPORTUNITIES FUND

Certain tax information for the JPMorgan Mutual Funds is required to be provided to shareholders based upon the Fund's income and distribution for the taxable year ended May 31, 2001. The information and distributions reported in this letter may differ from the information and distributions taxable to the shareholders for the calendar year ending December 31, 2001. The information necessary to complete your income tax returns for the calendar year ending December 31, 2001 will be received under separate cover.

FOR THE FISCAL YEAR ENDED MAY 31, 2001:

The following represents the source and percentage of income earned from the percentage of distributions eligible for dividends received deduction and the per share long-term capital gains distributed by the Funds:

<Table>

<Caption>

JPMorgan Fund	Dividends Received Deduction	Long-Term Capital Gains Distribution Per Share
---------------	------------------------------------	---

<S>	<C>	<C>	
Market Neutral Fund	3.57%		\$ -
SmartIndexTM Fund	98.83%		-
Large Cap Growth Fund	18.50%		0.608
U.S. Equity Fund	58.32%		0.627
U.S. Equity Fund-Advisor Series	90.00%		-
Institutional U.S. Equity Fund	53.00%		0.561
Disciplined Equity Fund	48.66%		-
Institutional Disciplined Equity Fund	78.53%		-
U.S. Small Company Fund	65.26%		2.027
Institutional U.S. Small Company Fund	69.67%		1.786
U.S. Small Company Opportunities Fund	-		1.075

</Table>

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JPMORGAN EQUITY FUNDS
ANNUAL REPORT

INVESTMENT ADVISOR
J.P. Morgan Investment
Management, Inc.

ADMINISTRATOR AND SHAREHOLDER AND FUND SERVICING AGENT
Morgan Guaranty Trust Company of New York

CUSTODIAN
The Bank of New York

DISTRIBUTOR
J.P. Morgan Fund Distributors, Inc.

TRANSFER AGENT
DST Systems, Inc.

LEGAL COUNSEL
Sullivan & Cromwell

INDEPENDENT ACCOUNTANTS
PricewaterhouseCoopers LLP

JPMorgan Funds are distributed by J.P. Morgan Fund Distributors, Inc.

This report is submitted for the general information of the shareholders of the funds. It is not authorized for distribution to prospective investors in the funds unless preceded or accompanied by a prospectus.

To obtain a prospectus for any of the JPMorgan Funds, call 1-800-348-4782. The prospectus contains more complete information, including charges and expenses. Please read it carefully before you invest or send money.

JPMorgan Funds Fulfillment Center
393 Manley Street
West Bridgewater, MA 02379-1039

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ANHM-EQ-701