

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 FUNDS

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Mailing Address

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

Business Address

*60 STATE ST STE 1300
60 STATE STREET, SUITE
1300
BOSTON MA 02109-
6175570700*

[front cover]

J.P. Morgan
U.S. Small Company Fund

Semi-annual Report
November 30, 2000

LETTER TO THE SHAREHOLDERS

January 8, 2001

Dear Shareholder,

The volatility experienced by small capitalization technology stocks rippled through other equity sectors, and made the six months ended November 30, 2000 a rough time to be a small cap stock investor. For the period, the J.P. Morgan U.S. Small Company Fund had a total return of -5.87%.

The Fund's benchmark index, the Russell 2000 Index, and peer group, as measured by the Lipper Small-Cap Core Funds Average, fared somewhat better. The Fund's benchmark had a total return of -5.77% for the six months ended November 30, 2000, while the Fund's peer group had a total return of -2.98% for the same time period.

The Fund's net asset value on November 30, 2000 was \$25.50 per share, decreasing from \$27.10 per share at the start of the fiscal period. During the period, the Fund made distributions of approximately \$0.01 per share from ordinary income. The Fund's net assets were approximately \$282 million on November 30, 2000, while the total net assets of The U.S. Small Company Portfolio, in which the Fund invests, totaled \$656 million.

This report includes an interview with Alexandra Wells, a member of the Fund's portfolio management team. Alexandra discusses the U.S. small cap equity market in detail, and explains the factors that influenced Fund performance during the fiscal period. Alexandra also provides insight in regard to positioning the Fund for the coming months.

As chairman and president of Asset Management Services, we thank you for investing with J.P. Morgan. Should you have any comments or questions, please telephone your Morgan representative, or J.P. Morgan Funds Services at 800-521-5411.

Sincerely yours,

/signature/

Ramon de Oliveira
Chairman of Asset Management Services
J.P. Morgan & Co. Incorporated

/signature/

Keith M. Schappert
President of Asset Management Services
J.P. Morgan & Co. Incorporated

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FUND PERFORMANCE

EXAMINING PERFORMANCE

One way is to review a fund's average annual total return. This calculation takes the fund's actual return and shows what would have happened if the fund had achieved that return by performing at a constant rate each year. Average annual total returns represent the average yearly change of a fund's value over various time periods, typically one, five, and ten years, (or since inception). Total returns for periods of less than one year are not annualized and provide a

picture of how a fund has performed over the short-term.

PERFORMANCE

<TABLE>

<CAPTION>

	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS		
	SIX MONTHS	ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS
<S>	<C>	<C>	<C>	<C>	<C>
AS OF NOVEMBER 30, 2000					
J.P. Morgan U.S. Small Company Fund	(5.87)%	(7.09)%	3.88%	10.83%	15.82%
Russell 2000 Index*	(5.77)%	(0.58)%	2.40%	9.08%	15.02%
Lipper Small-Cap Core Funds Average**	(2.98)%	6.18%	4.78%	10.36%	14.69%
AS OF SEPTEMBER 30, 2000					
J.P. Morgan U.S. Small Company Fund	(4.47)%	39.23%	11.13%	16.46%	18.55%
Russell 2000 Index*	(2.72)%	23.39%	5.96%	12.38%	16.93%
Lipper Small-Cap Core Funds Average**	0.04%	32.75%	7.04%	13.84%	15.62%

</TABLE>

* The Russell 2000 is an unmanaged index used to measure the average stock performance of U.S. small-cap stocks. It does not include fees or operating expense and is not available for actual investments.

** Describes the average total return for all funds in the indicated Lipper category, as defined by Lipper Ind., and does not take into account applicable sales charges. Lipper Analytical Services, Inc. is a leading source for mutual fund data.

Past performance is no guarantee of future results. Fund returns are net of fees, assume the reinvestment of distributions.

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PORTFOLIO MANAGER Q&A

[photo of Alexandra Wells]

Following is an interview with ALEXANDRA WELLS, vice president and member of the portfolio management team for The U.S. Small Company Portfolio. Alexandra joined J.P. Morgan in 1992 as an analyst in the Equity Research Department and became a portfolio manager with the Equity and Balanced Group in 1995. In 1997, she transferred to J.P. Morgan Investment Management London, where she spent a year as a portfolio manager responsible for U.S. equities. She joined Morgan's Small Cap Equity Group in March of 1998. Alexandra holds a B.A. in English and economics from Smith College, and an M.B.A. in finance from New York University's Stern School of Business. This interview was conducted on December 15, 2000, and reflects Alexandra's views on that date.

WHAT DROVE MARKET PERFORMANCE DURING THE SIX MONTHS ENDED NOV. 30, 2000?

Three things, really. First, there was the tech correction that began in March and has impacted performance up until today. Investors grew increasingly concerned about the valuations of many Internet, technology and telecommunications companies-- the same companies that helped drive the market into record-setting positive territory last year and earlier this year. Some high-profile earnings disappointments from several tech-related companies-- large and small--helped to pull prices down, and many investors abandoned these stocks en masse. Along the way, the tech-dominated Nasdaq corrected sharply, falling below 3,000, from a record high of over 5,000 reached just shortly before.

This sell-off was one of our first tastes of the incredible volatility that would last throughout this reporting period. The turmoil was largely focused on tech-related sectors through the spring, summer and much of the fall. As this reporting period drew to a close, however, volatility came to embrace almost every sector of the stock market. Even the pharmaceutical and bio-tech sectors, which had been safe havens for much of this year, experienced significant volatility as this period closed. In the end, investors demonstrated that they had no tolerance and no mercy for any company that faltered in any way.

Lastly, there was a significant rally in value stocks, at the expense of their new economy counterparts. The magnitude of this shift in investor sentiment could be seen in the contrasting performance of small cap growth and small cap value stocks. Last year, small cap growth stocks were one of the best places to invest in terms of overall returns. Year-to-date through November, however, small cap value has outperformed small cap growth by over 30%.

WHAT ABOUT DEVELOPMENTS IN THE CAPITAL MARKETS, WHERE SPREADS BETWEEN CORPORATE BONDS AND TREASURIES ARE AT OR NEAR AN ALL TIME HIGH? HOW HAS THIS AFFECTED THE ABILITY OF SMALL COMPANIES TO RAISE GROWTH CAPITAL?

A tight credit market is not good for small companies in general, as any increase in the cost of capital takes away from what can be a thin bottom line in the early stages of their development. This is true whether the increase is the result of higher borrowing costs in the capital markets, or from the inability to sell stock in the equity markets at favorable prices. We witnessed some of the side-effects during 2000, as many small companies, particularly in the Internet space, had to merge with larger players to stay afloat, or close their doors and exit the business altogether.

We take this into account when deciding which companies we want to own, favoring those that have demonstrated the ability to fund the execution of their business models until they are profitable.

WHICH COMPANIES DID YOU LIKE THE MOST OVER THIS REPORTING PERIOD?

Human Genome Sciences Inc (HGSI) was one of the top performers for the period. This company is in the business of developing products that predict, prevent, detect, treat and cure disease based on gene science. It benefited from the favorable environment for drug development companies, at a time when its pipeline looks promising. The company has several drugs in Phase II clinical trials: Repifermin, a treatment for venous ulcers; MPIF, a drug that protects bone marrow from chemotherapy; and BlyS,

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PORTFOLIO MANAGER Q&A

(Continued)

an engineered protein that is the body's primary weapon against infection. During the period, HGSI also moved up on news that it would collaborate on key projects with two major drug companies, Schering-Plough and SmithKline Beecham.

RenaissanceRe Holdings, which provides property catastrophe reinsurance, contributed meaningfully to performance. We have held this stock for some time and were rewarded over this period when it generated very positive financial results. RenRe also benefited from highly positive coverage from the brokerage community, as well as relatively good weather and fewer claims from storm-related damage this year.

IDEC Pharmaceuticals was another winner. IDEC develops treatments for cancer and auto-immune and inflammatory diseases. Pharmaceutical stocks as a group had a good year in 2000, and IDEC performed well based on the strength of its drug pipeline. One of the company's main drugs, Rituxan, is a treatment for non-Hodgkin's lymphoma. Sales of Rituxan have been strong and have grown steadily throughout the year. These strong sales led to positive financial results and broker upgrades, which compounded the company's success during the period.

WHICH STOCKS LAGGED OVER THE PAST SIX MONTHS?

One of the investments that detracted from performance was Turnstone Systems. Turnstone provides loop management solutions that enable competitive local exchange carries (CLECs) to offer and maintain digital subscriber line (DSL) service. Unfortunately, CLECs have had a terrible time this year. Increasing competition and decreasing price flexibility severely damaged many CLECs during this period, and Turnstone suffered along with them. The stock has been under fairly consistent downward pressure since July, and wasn't helped by the company's recent announcement of lowered revenue estimates for the fourth quarter. We anticipate increased demand for Touchstone's products in the future, which should help the stock further out, but, for now, it has been a disappointment.

Diamond Technology Partners also performed poorly. DTPI is a management-consulting firm that develops digital strategies, which leverage information technology for clients in various industries. Diamond's stock was beaten down with other technology-related stocks over this period, despite posting positive financial results, increasing its client base, and growing its overseas business. It also suffered, I think, from the inability of investors to fully understand and appreciate the potential of the business it's in.

Georgia Gulf Corp, a company that makes chemical and plastic products, was another stock that performed below expectations. Over much of this period, GGC suffered from higher raw materials prices and a decline in demand for PVC plastics. As a result, its margins have been under pressure. When it recently lowered earnings guidance for the third quarter, its stock price took a significant hit.

LOOKING AHEAD TO THE PROSPECT OF SLOWER GROWTH IN U.S. ECONOMY, WHICH SMALL COMPANY SECTORS ARE BEST POSITIONED TO PROSPER IN THIS ENVIRONMENT?

One way to look at it is to consider which sectors have done well this year, one in which the economy has shown some signs of deceleration. Some of these include utilities, paper stocks, restaurants, hospitals, and, until recently, bio-tech.

As for next year, it is difficult to say, because there is no clear direction in the market and high volatility is still very much in evidence. Some of the best names this year, for example, names that did well even when other stocks in their sectors did not, have recently begun to retreat. This said, we will probably see investors stick to the somewhat less volatile, old economy sectors until that goes too far and something happens to send the pendulum back the other direction in favor of more aggressive growth-oriented stocks.

For our part, we are positioning the portfolio to benefit from an expected soft landing for the U.S. economy. We feel that the market will continue to broaden, and that success will come from many sectors of the economy, with careful stock selection being the key to achieving excess returns. Here, we feel we have a competitive advantage, because of the depth and proven experience of our in-house research team.

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FUND FACTS

INVESTMENT OBJECTIVE

J.P. Morgan U.S. Small Company Fund seeks to provide a high total return from a portfolio of equity securities of small companies. The Fund seeks to outperform the Russell 2000 Index. It is designed for investors who are willing to assume the somewhat higher risk of investing in small companies in order to seek a higher total return over time than might be expected from a portfolio of stocks of large companies.

Inception Date: 6/27/1985

Fund Net Assets as of 11/30/2000:
\$282,284,506

Portfolio Net Assets: \$656,181,831

Dividend Payable Dates
(if applicable): 12/20/2000, 6/22/2001

Capital Gain Payable Dates
(if applicable): 12/20/2000, 12/21/2001

EXPENSE RATIOS

The Fund's current annualized expense ratio of 0.99% covers shareholders' expenses for custody, tax reporting, investment advisory, and shareholder services, after reimbursement. The Fund is no-load and does not charge any sales, redemption, or exchange fees. There are no additional charges for buying,

selling or safekeeping fund shares, or for wiring redemption proceeds from the Fund.

FUND HIGHLIGHTS

All data as of November 30, 2000

PORTFOLIO ALLOCATION

(As a percentage of total investment securities)

[data from pie chart]

<TABLE>	<C>
<S>	
Industrial Cyclical	20.9%
Software & Services	13.9%
Pharmaceuticals	9.3%
Short-Term Investments	8.2%
Finance	6.9%
Consumer Cyclical	5.4%
Energy	5.3%
Health Services & Systems	4.2%
Real Estate Investment Trusts	4.1%
Utilities	4.1%
Insurance	3.9%
Retail	3.5%
Consumer Services	2.8%
Semiconductors	2.7%
Consumer Stable	1.8%
Computer Hardware	1.2%
Capital Markets	1.0%
Telecommunications	0.8%

</TABLE>	<C>
<TABLE>	<C>
<S>	<C>
LARGEST EQUITY HOLDINGS	% OF TOTAL INVESTMENTS

Cleco Corp.	1.5%
Renaissancere Holdings Ltd.	1.3%
Allied Capital Corp.	1.2%
National-Oilwell, Inc.	1.2%
C.H. Robinson Worldwide, Inc.	1.2%
CMS Energy Corp.	1.2%
Internet Security Systems	1.2%
Mettler-Toledo International, Inc.	1.1%
Bank United Corp.	1.1%
SkyWest, Inc.	1.0%

</TABLE>
DISTRIBUTED BY FUNDS DISTRIBUTOR, INC. J.P. MORGAN INVESTMENT MANAGEMENT INC. SERVES AS INVESTMENT ADVISOR. SHARES OF THE FUND ARE NOT INSURED BY THE FDIC, ARE NOT BANK DEPOSITS OR OTHER OBLIGATIONS OF THE FINANCIAL INSTITUTION AND ARE NOT GUARANTEED BY THE FINANCIAL INSTITUTION. SHARES OF THE FUND ARE SUBJECT TO INVESTMENT RISK, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL INVESTED.

References to specific securities and their issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell securities. Opinions expressed herein and other Fund data presented are based on current market conditions and are subject to change without notice. The Fund invests in foreign securities which involve special risks including economic and political instability and currency fluctuations; prospective investors should refer to Fund's prospectus for discussion of these risks. The Fund invests through a master portfolio (another Fund with the same objective). Historically, small-company stocks have been more volatile than large-company stocks.

CALL J.P. MORGAN FUNDS SERVICES AT (800) 521-5411 FOR A PROSPECTUS CONTAINING MORE COMPLETE INFORMATION ABOUT THE FUND, INCLUDING MANAGEMENT FEES AND OTHER EXPENSES. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE INVESTING.

NOVEMBER 30, 2000

ASSETS

<TABLE>

<S>

Investment in The U.S. Small Company Portfolio ("Portfolio"), at value	\$282,457,087
Receivable for Shares of Beneficial Interest Sold	139,322
Prepaid Trustees' Fees and Expenses	772
Prepaid Expenses and Other Assets	485

<C>

TOTAL ASSETS

282,597,666

LIABILITIES

Payable for Shares of Beneficial Interest Redeemed	223,216
Shareholder Servicing Fee Payable	65,362
Administrative Services Fee Payable	6,202
Fund Services Fee Payable	215
Administration Fee Payable	118
Accrued Expenses and Other Liabilities	18,047

TOTAL LIABILITIES

313,160

NET ASSETS

Applicable to 11,070,868 Shares of Beneficial Interest Outstanding (par value \$0.001, unlimited shares authorized)	\$282,284,506
--	---------------

Net Asset Value, Offering and Redemption Price Per Share	\$25.50
--	---------

ANALYSIS OF NET ASSETS

Paid-in Capital	\$261,138,924
Undistributed Net Investment Income	478,836
Accumulated Net Realized Gain on Investment	25,947,837
Net Unrealized Depreciation of Investment	(5,281,091)

NET ASSETS

\$282,284,506

</TABLE>

6 The Accompanying Notes are an Integral Part of the Financial Statements.

J.P. MORGAN U.S. SMALL COMPANY FUND

STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2000

<TABLE>

<S>

INVESTMENT INCOME	
INCOME	
Allocated Investment Income from Portfolio	\$ 2,198,066
Allocated Portfolio Expenses	(1,096,596)

<C>

Investment Income	1,101,470
-------------------	-----------

FUND EXPENSES

Shareholder Servicing Fee	415,459
Administrative Services Fee	39,840
Transfer Agent Fees	26,773
Registration Fees	20,152
Financial and Fund Accounting Services Fee	15,041
Professional Fees	6,268
Printing Expenses	6,099
Line of Credit	5,550
Fund Services Fee	2,333
Trustees' Fees and Expenses	2,057
Administration Fee	1,760
Miscellaneous	7,311

Total Fund Expenses	548,643
---------------------	---------

NET INVESTMENT INCOME

552,827

REALIZED AND UNREALIZED GAIN (LOSS)	
NET REALIZED GAIN ON INVESTMENT ALLOCATED FROM PORTFOLIO	11,208,011

NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	
ON INVESTMENT ALLOCATED FROM PORTFOLIO	(32,051,730)

NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (20,290,892)
	=====

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements. 7

J.P. MORGAN U.S. SMALL COMPANY FUND
STATEMENT OF CHANGES IN NET ASSETS

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2000 (UNAUDITED)
AND THE YEAR ENDED MAY 31, 2000

<TABLE>

<CAPTION>

<S>	<C> NOVEMBER 30, 2000	<C> MAY 31, 2000
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Net Investment Income	\$ 552,827	\$ 123,495
Net Realized Gain on Investment Allocated from Portfolio	11,208,011	38,031,119
Net Change in Unrealized Appreciation (Depreciation) of Investment Allocated from Portfolio	(32,051,730)	6,948,030
	-----	-----
Net Increase (Decrease) in Net Assets Resulting from Operations	(20,290,892)	45,102,644
	-----	-----
DISTRIBUTIONS TO SHAREHOLDERS FROM		
Net Investment Income	(106,402)	(144,232)
	-----	-----
TRANSACTIONS IN SHARES OF BENEFICIAL INTEREST		
Proceeds from Shares of Beneficial Interest Sold	101,178,628	208,965,703
Reinvestment of Distributions	91,807	118,944
Cost of Shares of Beneficial Interest Redeemed	(83,160,686)	(156,350,195)
	-----	-----
Net Increase from Transactions in Shares of Beneficial Interest	18,109,749	52,734,452
	-----	-----
Total Increase (Decrease) in Net Assets	(2,287,545)	97,692,864
	-----	-----
NET ASSETS		
Beginning of Period	284,572,051	186,879,187
	-----	-----
End of Period	\$282,284,506	\$284,572,051
	=====	=====
Undistributed Net Investment Income	\$478,836	\$32,411
	=====	=====
TRANSACTIONS IN SHARES OF BENEFICIAL INTEREST		
Shares of Beneficial Interest Sold	3,275,178	7,319,514
Shares of Beneficial Interest Reinvested	2,948	4,810
Shares of Beneficial Interest Redeemed	(2,707,452)	(5,502,051)
	-----	-----
Net Increase in Shares of Beneficial Interest	570,674	1,822,273
	=====	=====

</TABLE>

8 The Accompanying Notes are an Integral Part of the Financial Statements.

J.P. MORGAN U.S. SMALL COMPANY FUND
FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A SHARE OUTSTANDING THROUGHOUT
EACH PERIOD ARE AS FOLLOWS:

<TABLE>

<CAPTION>

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2000 (UNAUDITED)	FOR THE YEARS ENDED MAY 31				
	2000	1999	1998	1997	1996

<S>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$27.10	\$21.54	\$27.68	\$26.04	\$26.20	\$22.02
INCOME FROM INVESTMENT OPERATIONS						
Net Investment Income	0.05	0.00 (a)	0.08	0.11	0.18	0.26
Net Realized and Unrealized Gain(Loss) on Investment	(1.64)	5.58	(3.30)	5.58	2.00	6.96
Total From Investment Operations	(1.59)	5.58	(3.22)	5.69	2.18	7.22
LESS DISTRIBUTIONS TO SHAREHOLDERS FROM						
Net Investment Income	(0.01)	(0.02)	(0.08)	(0.14)	(0.21)	(0.26)
Net Realized Gain	-	-	(2.84)	(3.91)	(2.13)	(2.78)
Total Distributions to Shareholders	(0.01)	(0.02)	(2.92)	(4.05)	(2.34)	(3.04)
NET ASSET VALUE, END OF PERIOD	\$25.50	\$27.10	\$21.54	\$27.68	\$26.04	\$26.20
RATIOS AND SUPPLEMENTAL DATA						
Total Return	(5.87)% (b)	25.90%	(10.95)%	23.37%	9.49%	35.48%
Net Assets, End of Year (in thousands)	\$282,285	\$284,572	\$186,879	\$261,804	\$237,985	\$220,917
Ratios to Average Net Assets						
Net Expenses	0.99% (c)	1.00%	1.02%	0.97%	0.90%	0.90%
Net Investment Income	0.33% (c)	0.05%	0.34%	0.39%	0.71%	1.10%
Expenses without Reimbursement	0.99% (c)	1.00%	1.02%	1.03%	1.03%	1.03%

</TABLE>

- (a) Less than \$0.005
(b) Not annualized
(c) Annualized

The Accompanying Notes are an Integral Part of the Financial Statements. 9

J.P. MORGAN U.S. SMALL COMPANY FUND
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

NOVEMBER 30, 2000

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION--J.P. Morgan U.S. Small Company Fund (the "Fund"), is a separate series of J.P. Morgan Funds, a Massachusetts business trust (the "Trust") which was organized on November 4, 1992. The Trust is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The Fund, prior to its tax-free reorganization on July 18, 1993 to a series of the Trust, operated as a stand-alone mutual fund. Costs related to the reorganization were borne by Morgan Guaranty Trust Company of New York ("Morgan"), a wholly owned subsidiary of J.P. Morgan & Co., Inc. ("J.P. Morgan").

The Fund invests all of its investable assets in The U.S. Small Company Portfolio (the "Portfolio"), a diversified open-end management investment company having the same investment objective as the Fund. The value of such investment included in the Statement of Assets and Liabilities reflects the Fund's proportionate interest in the net assets of the Portfolio (approximately 43% at November 30, 2000). The performance of the Fund is directly affected by the performance of the Portfolio. The financial statements of the Portfolio, including the Schedule of Investments, are included elsewhere in this report and should be read in conjunction with the Fund's financial statements.

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. Actual amounts could differ from those estimates. The following is a summary of the significant accounting policies of the Fund:

SECURITY VALUATION--Valuation of securities by the Portfolio is discussed in Note 1 of the Portfolio's Notes to Financial Statements that are included elsewhere in this report.

INVESTMENT INCOME--The Fund earns income, net of expenses, daily on its

investment in the Portfolio. All net investment income, realized and unrealized gains and losses of the Portfolio are allocated pro-rata among the Fund and other investors in the Portfolio at the time of such determination.

EXPENSES--Expenses incurred by the Trust with respect to any two or more Funds in the Trust are allocated in proportion to the net assets of each Fund in the Trust, except where allocations of direct expenses to each Fund can otherwise be made fairly.

INCOME TAX STATUS--It is the Fund's 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.

DISTRIBUTIONS TO SHAREHOLDERS--Distributions to a shareholder are recorded on the ex-dividend date. Distributions from net investment income are declared and paid semi-annually. Distributions from net realized gains, if any, are paid annually.

2. TRANSACTIONS WITH AFFILIATES

ADMINISTRATIVE SERVICES--The Trust has an Administrative Services Agreement (the "Services Agreement") with Morgan under which Morgan is responsible for certain aspects of the administration and operation of the Fund. Under the Services Agreement, the Trust has 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 Trust and certain other registered investment companies for which J.P. Morgan Investment Management, Inc. ("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 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.

ADMINISTRATION--The Trust has retained Funds Distributor, Inc. ("FDI"), a registered broker-dealer, to serve as the co-administrator and distributor for the Fund. Under a Co-Administration Agreement between FDI and the Trust, FDI provides administrative services necessary for the operations of the Fund, furnishes office space and facilities required for conducting the business of the Fund and pays the compensation of the Fund's officers affiliated with FDI. The Fund has 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 Fund is determined by the proportionate share that its net assets bear to the net assets

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J.P. MORGAN U.S. SMALL COMPANY FUND
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

NOVEMBER 30, 2000

2. TRANSACTIONS WITH AFFILIATES (CONTINUED)

of the Trust and certain other investment companies for which FDI provides similar services.

SHAREHOLDER SERVICING--The Trust has 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 Fund to pay Morgan a fee for these services that is computed daily and paid monthly at an annual rate of 0.25% of the average daily net assets of the Fund.

Morgan, Charles Schwab & Co. ("Schwab") and the Trust 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 Fund is 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

69,400	Web Street Inc.(+)	104,100

		6,406,034

COMPUTER HARDWARE - 1.2%		
COMPUTER HARDWARE & BUSINESS MACHINES - 1.2%		
349,800	Lexar Media Inc.(+)	1,858,313
133,300	M-Systems Flash Disk Pioneers(+)	2,441,056
136,900	Optimal Robotics Corp.(+)	3,627,850

		7,927,219

CONSUMER CYCLICAL - 5.4%		
AIRLINES - 1.0%		
114,500	SkyWest, Inc.	6,812,749

APPAREL & TEXTILES - 1.6%		
68,200	Coach, Inc.(+)	1,508,925
102,400	Vans, Inc.(+)	1,548,800
514,800	Wellman Incorporated	6,692,400

		9,750,125

CONSUMER DURABLES - 0.3%		
102,000	Stanley Furniture Co. Inc.(+)	2,237,625

HOTELS - 1.3%		
165,000	Anchor Gaming(+)	6,228,750
149,000	Boca Resorts Inc. Cl A(+)	2,281,563

		8,510,313

MOTOR VEHICLES & PARTS - 1.0%		
53,500	Borg-Warner Automotive, Inc.	1,959,438
93,000	Gentex Corp.(+)	1,615,875
147,000	Monaco Coach Corp.(+)	2,223,375
104,600	National R.V. Holdings, Inc.(+)	954,475

		6,753,163

RESTAURANTS - 0.2%		
35,100	California Pizza Kitchen Inc.(+)	1,066,163

		35,130,138

CONSUMER SERVICES - 2.7%		
ENTERTAINMENT - 0.2%		
118,000	American Classic Voyages Co.(+)	1,548,750

LEISURE - 1.9%		
145,900	Concord Camera Corp.(+)	2,918,000
91,800	Penn National Gaming Inc.(+)	1,457,325
262,300	Station Casinos, Inc.(+)	4,885,337
152,100	WMS Industries Inc.(+)	2,671,256

		11,931,918

SHARES		VALUE

MEDIA - 0.6%		
159,400	HEARST-ARGYLE Television Inc.(+)	\$ 2,879,163
101,800	Insight Communications Co., Inc.(+)	1,342,488

		4,221,651

		17,702,319

CONSUMER STABLE - 1.8%		
FOOD & BEVERAGE - 0.9%		
139,800	Keebler Foods Co.	5,758,013

HOME PRODUCTS - 0.9%		
156,400	Alberto-Culver Co. Cl B	5,728,150

		11,486,163
ENERGY - 5.3%		
ENERGY RESERVES & PRODUCTION - 2.2%		
128,200	Abraxas Petroleum Corp. (+)	360,563
174,600	Newfield Exploration Co. (+)	6,372,899
63,500	Precise Software Solutions Ltd. (+)	1,738,313
161,100	Spinnaker Exploration Co. (+)	4,188,600
113,000	Westport Resources Corp. (+)	1,991,625
		14,652,000
OIL SERVICES - 3.1%		
127,200	Core Laboratories N.V. (+)	2,528,100
130,500	Global Industries, Ltd. (+)	1,321,313
89,100	Gulf Island Fabrication, Inc. (+)	1,414,463
507,100	McDermott International, Inc.	4,563,900
250,200	National-Oilwell, Inc. (+)	7,975,124
40,600	Smith International, Inc. (+)	2,357,338
		20,160,238
		34,812,238
FINANCE - 6.9%		
BANKS - 2.1%		
119,400	City National Corp.	3,947,663
95,000	Hamilton Bancorp Inc. (+)	623,438
151,800	National Commerce Bancorporation	3,339,600
220,200	Net.B@nk, Inc. (+)	1,486,350
164,400	Pacific Century Financial Corp.	2,445,450
51,600	Westamerica Bancorporation	1,757,625
		13,600,126
FINANCIAL SERVICES - 3.5%		
398,800	Allied Capital Corp.	8,150,474
114,200	American Home Mortgage Holdings Inc. (+)	478,213
187,300	Doral Financial Corp.	3,535,288
256,100	Heller Financial, Inc.	6,770,643
151,900	Medallion Financial Corp.	1,784,825
48,000	MicroFinancial Inc.	504,000
275,700	NextCard Inc. (+)	2,291,756
		23,515,199

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements. 13

THE U.S. SMALL COMPANY PORTFOLIO
SCHEDULE OF INVESTMENTS (UNAUDITED)

(Continued)

NOVEMBER 30, 2000

<TABLE>

<CAPTION>

SHARES		VALUE
<C>	<S>	<C>
THRIFTS - 1.3%		
120,200	Bank United Corp.	\$ 6,979,112
129,200	Waypoint Financial Corp. (+)	1,187,025
		8,166,137
		45,281,462

HEALTH SERVICES & SYSTEMS - 4.2%

MEDICAL PRODUCTS & SUPPLIES - 1.6%

21,600	Ciphergen Biosystems Inc. (+)	237,600
146,700	Cyberonics, Inc. (+)	3,245,738
164,400	I-STAT Corp. (+)	3,061,950

59,800	Physiometrix, Inc.(+)	964,275
176,200	Staar Surgical Co.(+)	2,444,775
23,600	Wilson Greatbatch Technologies Inc.(+)	564,925

		10,519,263

MEDICAL PROVIDERS & SERVICES - 2.6%		
73,750	Accredo Health Inc.(+)	2,968,438
107,900	Charles River Laboratories(+)	2,306,363
95,300	Deltagen Inc.(+)	1,143,600
429,400	Hooper Holmes, Inc.	4,289,705
178,900	Omnicare, Inc.	2,929,488
113,900	Triad Hospitals Inc.(+)	3,402,762

		17,040,356

		27,559,619

INDUSTRIAL CYCLICAL - 20.9%		
CHEMICALS - 2.9%		
216,400	Albemarle Corp.	4,774,324
308,060	GenTek Inc.	4,505,377
273,300	Georgia Gulf Corp.	3,399,169
108,300	Minerals Technologies Inc.	3,655,125
501,500	PolyOne Corp.	2,789,594

		19,123,589

CONSTRUCTION & REAL PROPERTY - 0.7%		
127,500	Catellus Development Corp.(+)	2,342,813
158,750	Elcor Corp.	2,182,813

		4,525,626

DEFENSE/AEROSPACE - 0.3%		
87,600	Ectel Ltd.(+)	996,450
62,600	Innovative Solutions(+)	829,450

		1,825,900

ELECTRICAL EQUIPMENT - 5.1%		
211,600	Advanced Fibre Communications, Inc.(+)	5,475,149
146,700	August Technology Corp.(+)	1,687,050
34,800	Bruker Daltronics Inc.(+)	630,750
201,900	C-Cube Microsystems Inc.(+)	3,053,738
35,100	Caliper Technologies Corp.(+)	1,555,369
86,500	DDi Corp.(+)	1,903,000
46,700	Ditech Communications Corp.(+)	732,606
39,600	L-3 Communications Holdings, Inc.(+)	2,559,150
201,100	Meade Corp.(+)	1,709,350
35,300	Millipore Corp.	1,584,088

SHARES		VALUE

61,400	Molecular Devices Corp.(+)	\$ 3,000,925
108,100	Oplink Communications Inc.(+)	851,288
69,100	Polycom, Inc.(+)	2,336,444
88,900	Power-One Inc.(+)	3,761,581
61,100	Transgenomic, Inc.(+)	500,256
18,000	Ulticom Inc.(+)	569,250
81,900	Vyyo Inc.(+)	721,744

		32,631,738

ENVIRONMENTAL SERVICES - 0.1%		
22,900	Eden Bioscience Corp.(+)	798,638

FOREST PRODUCTS & PAPER - 2.9%		
48,200	Bowater Inc.	2,569,663
323,700	Buckeye Technologies Inc.(+)	4,086,713
325,800	Caraustar Industries Inc.	2,871,113
537,400	Pactiv Corp.(+)	6,280,862
229,900	Universal Forest Products	2,945,594

		18,753,945

HEAVY ELECTRICAL EQUIPMENT - 0.2%		
83,600	Active Power Inc.(+)	1,144,275

INDUSTRIAL PARTS - 3.4%		
59,500	Capstone Turbine Corp.(+)	1,100,750
77,200	Flowserve Corp.(+)	1,616,375
99,600	IDEX Corp.	3,218,325
116,200	Kennametal Inc.	3,333,488
153,200	Mettler-Toledo International, Inc.(+)	7,190,824
93,600	Shaw Group Inc. (The)(+)	5,768,099

		22,227,861

INDUSTRIAL SERVICES - 2.3%		
102,000	Gatx Corp.	4,793,999
267,900	On Assignment Inc.(+)	6,714,243
43,900	Universal Compression Holdings Inc.(+)	1,443,213
218,400	Willis Lease Finance Corp.(+)	1,856,400

		14,807,855

MINING & METALS - 1.2%		
155,900	Mueller Industries, Inc.(+)	3,585,700
228,000	Valmont Industries, Inc.	4,189,500

		7,775,200

TRUCKING & SHIPPING & AIR FREIGHT - 1.8%		
139,900	C.H. Robinson Worldwide, Inc.	7,921,837
288,825	Werner Enterprises Inc.	4,079,653

		12,001,490

		135,616,117

INSURANCE - 3.9%		
LIFE & HEALTH INSURANCE - 2.1%		
24,600	MIIX Group Inc.	164,513
117,200	Nationwide Financial Services Inc.	4,812,525
242,700	Protective Life Corp.	5,824,800
64,900	Stancorp Financial Group	2,806,925

		13,608,763

</TABLE>

14 The Accompanying Notes are an Integral Part of the Financial Statements.

THE U.S. SMALL COMPANY PORTFOLIO
SCHEDULE OF INVESTMENTS (UNAUDITED)

(Continued)

NOVEMBER 30, 2000

<TABLE>

<CAPTION>

SHARES

VALUE

<C>	<S>	<C>
PROPERTY AND CASUALTY INSURANCE - 1.8%		
97,400	Berkley (W.R.) Corp.	\$ 3,494,225
112,800	Renaissancere Holdings Ltd.	8,178,000

		11,672,225

		25,280,988

PHARMACEUTICALS - 9.3%

DRUGS - 9.3%

30,100	3 Dimensional Pharmaceutical, Inc.(+)	387,538
84,000	Abgenix, Inc.(+)	4,100,250
39,800	Adolor Corp.(+)	825,228
224,800	Akorn Inc.(+)	1,067,800

30,600	Arena Pharmaceuticals, Inc.(+)	596,700
175,000	Bindley Western Industries Inc.	5,512,499
67,800	COR Therapeutics, Inc.(+)	2,402,663
59,400	Corixa Corp.(+)	1,859,963
40,600	Diversa Corp.(+)	786,625
26,200	Durect Corp.(+)	353,700
70,900	Enzon, Inc.(+)	3,957,106
37,900	Gilead Sciences, Inc.(+)	3,086,481
106,000	Human Genome Sciences, Inc.(+)	6,591,874
33,500	IDEC Pharmaceuticals Corp.(+)	5,831,093
41,900	Immunogen Inc.(+)	1,055,356
50,100	Inhale Therapeutic Systems Inc.Inc.(+)	1,928,850
371,000	Ligand Pharmaceuticals Inc. Cl B(+)	4,660,688
17,500	Maxygen Inc.(+)	528,281
71,300	MediChem Life Sciences, Inc.(+)	356,500
100,600	Neurocrine Biosciences Inc.(+)	2,923,688
22,000	OSI Pharmaceuticals, Inc.(+)	1,234,750
70,000	POZEN Inc.(+)	1,023,750
19,600	Priority Healthcare Corp. Cl B(+)	534,100
54,500	Trimeris Inc.(+)	3,726,438
94,000	Vertex Pharmaceuticals, Inc.(+)	5,252,250

60,584,171

REAL ESTATE INVESTMENT TRUSTS - 4.1%

REAL ESTATE INVESTMENT TRUST - 4.1%

67,700	Arden Realty Inc.	1,654,419
106,300	Centerpoint Properties Corp.	4,916,375
220,050	Cousins Properties Inc.	6,065,127
97,300	General Growth Properties, Inc.	3,198,738
121,100	Manufactured Home Communities, Inc.	3,072,913
165,000	Mission West Properties Inc.	2,145,000
173,700	Post Properties, Inc.	5,981,794

27,034,366

RETAIL - 3.5%

CLOTHING STORES - 1.5%

169,000	Abercrombie & Fitch Co. Cl A(+)	3,527,875
271,400	Pacific Sunwear of California, Inc.(+)	6,038,650

9,566,525

SHARES

VALUE

SPECIALTY STORES - 2.0%

48,300	BJ's Wholesale Club Inc.(+)	\$ 1,621,069
130,000	Cost Plus, Inc.(+)	3,477,500
284,900	Genesco Inc.(+)	6,071,931
113,300	School Specialty Inc.(+)	1,876,531

13,047,031

22,613,556

SEMICONDUCTORS - 2.7%

SEMICONDUCTORS - 2.7%

43,600	Alliance Fiber Optics Products Inc.(+)	250,700
92,700	AXT, Inc.(+)	2,786,794
206,900	Exar Corp.(+)	5,198,362
11,700	Genesis Microchip Inc.(+)	105,483
124,700	hi/fn, inc.(+)	4,091,718
100,800	Integrated Circuit Systems, Inc.(+)	1,600,200
46,700	JNI Corp.(+)	1,868,000
15,500	Lattice Semiconductor Corp.(+)	257,688
5,000	Optical Communications Products, Inc.(+)	51,250
254,500	Silicon Image Inc.(+)	1,622,438

17,832,633

SOFTWARE & SERVICES - 13.7%

COMPUTER SOFTWARE - 7.5%

110,100	Agile Software Corp.(+)	5,080,082
---------	-------------------------	-----------

144,300	CBT Group Public Ltd. Co. ADR(i) (+)	4,626,618
183,300	Certicom Corp. (+)	3,024,450
171,800	click2learn.com, Inc. (+)	1,771,688
93,500	Dendrite International, Inc. (+)	1,583,656
57,400	Eclipsys Corp.	1,281,690
15,200	Excalibur Technologies Corp. (+)	338,200
74,400	Informatica Corp. (+)	5,198,699
105,600	Internet Security Systems (+)	7,801,199
99,700	MetaSolv Software Inc. (+)	822,525
165,000	Peregrine Systems, Inc. (+)	2,681,250
26,000	Precise Software Solutions Ltd. (+)	728,000
91,800	Retek Inc. (+)	1,916,325
98,600	SeeBeyond Technology Corp. (+)	850,425
108,300	Synquest Inc. (+)	727,641
55,000	Telecommunication Systems Inc. (+)	457,188
129,100	U.S. Wireless Corp. (+)	661,638
69,100	Watchguard Tech Inc. (+)	1,572,025
113,200	Webtrends Corp. (+)	2,865,375
84,300	Wind River Systems, Inc. (+)	3,372,000
129,100	Witness Systems Inc. (+)	1,702,506

49,063,180

INFORMATION SERVICES - 3.2%

105,200	Corillian Corp. (+)	1,091,450
64,700	Costar Group Inc. (+)	1,443,619
165,500	Diamond Technology Partners Inc. (+)	5,233,937
137,100	eFunds Corp. (+)	1,156,781
28,300	Exelixis Inc. (+)	410,350

</TABLE>

The Accompanying Notes are an Integral Part of the Financial Statements. 15

THE U.S. SMALL COMPANY PORTFOLIO
SCHEDULE OF INVESTMENTS (UNAUDITED)

(Continued)

NOVEMBER 30, 2000

<TABLE>

<CAPTION>

SHARES

VALUE

<C>	<S>	<C>	
110,900	Getty Images Inc. (+)	\$	3,091,338
95,840	Obie Media Corp. (+)		527,120
29,600	SBA Communications Corp. (+)		1,102,600
205,400	Source Information Management Co. (+)		1,027,000
111,300	Symyx Technologies Inc. (+)		3,492,037
56,107	Valassis Communications, Inc. (+)		1,567,489
29,500	Wireless Facilities, Inc. (+)		942,156

21,085,877

INTERNET - 3.0%

412,700	Ameritrade Holding Corp. Cl A (+)	3,404,775
130,800	Apropos Technology, Inc. (+)	727,575
55,000	Clarent Corp. (+)	660,000
143,500	Digitalthink Inc. (+)	1,569,531
53,750	E.piphany, Inc. (+)	2,108,008
23,210	Inet Technologies Inc. (+)	719,510
45,700	internet.com Corp. (+)	337,038
15,400	Interwoven Inc. (+)	847,963
40,350	Netegrity Inc. (+)	1,863,666
32,200	Nuance Communications (+)	984,113
176,800	Saba Software, Inc. (+)	2,408,900
28,900	SafeNet, Inc. (+)	1,089,169
157,900	Tumbleweed Communications Corp. (+)	2,348,763
32,400	WorldGate Communications, Inc. (+)	228,825

19,297,836

89,446,893

TELECOMMUNICATIONS - 0.8%

TELEPHONE - 0.7%		
30,900	Advanced Switching Communications, Inc.(+)	137,119
48,550	Dycom Industries, Inc.(+)	1,814,556
236,700	FLAG Telecom Holdings Ltd.(+)	1,893,600
132,100	Turnstone Systems Inc.(+)	796,728

		4,642,003

WIRELESS TELECOMMUNICATIONS - 0.1%		
23,000	Boston Communications Group, Inc.(+)	468,625
5,400	TeleCorp PCS, Inc. Cl A(+)	101,925

		570,550

		5,212,553

UTILITIES - 4.1%		
ELECTRICAL UTILITY - 2.6%		
203,700	Cleco Corp.	9,535,706
283,200	CMS Energy Corp.	7,876,500

		17,412,206

GAS & WATER UTILITIES - 1.5%		
194,700	Atmos Energy Corp.	4,891,838
114,800	Kinder Morgan, Inc.	4,757,025

		9,648,863

		27,061,069

		596,987,538

(Cost \$598,455,473)		
SHARES/PRINCIPAL AMOUNT		VALUE

CONVERTIBLE BONDS - 0.1%		
SOFTWARE & SERVICES - 0.1%		
COMPUTER SOFTWARE - 0.1%		
\$ 750,000	Peregrine Systems Inc., 144A, 5.50%, 11/15/07	\$ 656,250

(Cost \$750,000)		
CORPORATE BONDS - 0.1%		
SOFTWARE & SERVICES - 0.1%		
INTERNET - 0.1%		
\$ 1,322,000	Online Resources & Communications Corp., 144A, 8.00%, 9/30/05	965,060

(Cost \$1,322,000)		
PREFERRED STOCKS - 0.1%		
CONSUMER SERVICES - 0.1%		
LEISURE - 0.1%		
25,900	Amcv Capital Trust I, 7.00%, 2/15/15	734,913

(Cost \$1,295,000)		
SHORT-TERM INVESTMENTS - 8.2%		
INVESTMENT COMPANIES - 8.2%		
53,880,874	J.P. Morgan Institutional Prime Money Market (a)	53,880,874

(Cost \$53,880,874)		
TOTAL INVESTMENT SECURITIES - 100.0%		\$653,224,635
		=====
(Cost \$655,703,347)		

</TABLE>

ADR - American Depositary Receipt

144A - Securities restricted for resale to Qualified Institutional Buyers

(a) Money Market mutual fund registered under the Investment Company Act of 1940, as amended, and advised by J.P. Morgan Investment Management, Inc.

- (i) Foreign security
- (+) Non-income producing

16 The Accompanying Notes are an Integral Part of the Financial Statements.

THE U.S. SMALL COMPANY PORTFOLIO
STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)

NOVEMBER 30, 2000

<TABLE>	
<S>	<C>
ASSETS	
Investments at Value (Cost \$655,703,347)	\$653,224,635
Cash	4,685,200
Receivable for Investments Sold	8,675,757
Dividend and Interest Receivable	672,455
Prepaid Trustees' Fees and Expenses	541
Prepaid Expenses and Other Assets	1,288

TOTAL ASSETS	667,259,876

LIABILITIES	
Payable for Investments Purchased	10,640,710
Advisory Fee Payable	364,007
Administrative Service Fees Payable	14,391
Administration Fee Payable	663
Fund Services Fee Payable	495
Accrued Expenses and Other Liabilities	57,779

TOTAL LIABILITIES	11,078,045

NET ASSETS	
Applicable to Investors' Beneficial Interests	\$656,181,831
	=====
</TABLE>	

The Accompanying Notes are an Integral Part of the Financial Statements. 17

THE U.S. SMALL COMPANY PORTFOLIO
STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2000

<TABLE>	
<S>	<C>
INVESTMENT INCOME	
INCOME	
Dividend Income (Net of Foreign Withholding Tax of \$3,171)	\$ 2,983,298
Interest Income	1,973,421
Dividend Income from Affiliated Investments (includes reimbursement of \$49,085 from affiliate)	56,445

Investment Income	5,013,164

EXPENSES	
Advisory Fee	2,274,480
Custodian Fees and Expenses	93,255
Administrative Services Fee	90,870
Professional Fee	21,810
Trustees' Fees and Expenses	5,437
Fund Services Fee	5,315
Printing Expenses	4,346
Administration Fee	2,303
Miscellaneous	916

Total Expenses	2,498,732

NET INVESTMENT INCOME	2,514,432

REALIZED AND UNREALIZED GAIN (LOSS)	
NET REALIZED GAIN ON INVESTMENT TRANSACTIONS	25,184,443

NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENT TRANSACTIONS	(74,759,335)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (47,060,460)

</TABLE>

18 The Accompanying Notes are an Integral Part of the Financial Statements.

THE U.S. SMALL COMPANY PORTFOLIO
STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2000 (UNAUDITED)
AND THE YEAR ENDED MAY 31, 2000

<TABLE>
<CAPTION>

INCREASE IN NET ASSETS <S>	NOVEMBER 30, 2000 <C>	MAY 31, 2000 <C>
FROM OPERATIONS		
Net Investment Income	\$ 2,514,432	\$ 2,575,881
Net Realized Gain on Investment Transactions	25,184,443	111,618,260
Net Change in Unrealized Appreciation (Depreciation) on Investments	(74,759,335)	19,782,827
Net Increase (Decrease) in Net Assets Resulting from Operations	(47,060,460)	133,976,968
TRANSACTIONS IN INVESTORS' BENEFICIAL INTERESTS		
Contributions	182,852,222	302,615,546
Withdrawals	(130,229,403)	(317,840,027)
Net Increase (Decrease) from Transactions in Investors' Beneficial Interests	52,622,819	(15,224,481)
Total Increase in Net Assets	5,562,359	118,752,487
NET ASSETS		
Beginning of Period	650,619,472	531,866,985
End of Period	\$656,181,831	\$650,619,472

</TABLE>
SUPPLEMENTARY DATA
<TABLE>
<CAPTION>

	FOR THE SIX MONTHS ENDED NOVEMBER 30, 2000 (UNAUDITED)	FOR THE YEARS ENDED MAY 31				
		2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
RATIOS TO AVERAGE NET ASSETS						
Net Expenses	0.66% (a)	0.66%	0.68%	0.68%	0.68%	0.67%
Net Investment Income	0.67% (a)	0.39%	0.67%	0.68%	0.92%	1.33%
Portfolio Turnover	57% (b)	104%	104%	96%	98%	93%

</TABLE>
(a) Annualized
(b) Not annualized

The Accompanying Notes are an Integral Part of the Financial Statements. 19

THE U.S. SMALL COMPANY PORTFOLIO
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

NOVEMBER 30, 2000

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION--The U.S. Small Company Portfolio (the "Portfolio") is

registered under the Investment Company Act of 1940, as amended, as diversified, open-end management investment company which was organized as a trust under the laws of the State of New York. The Portfolio commenced operations on July 19, 1993. The Portfolio's investment objective is to provide a high total return from a portfolio of small company stocks. The Declaration of Trust permits the Trustees to issue an unlimited number of beneficial interests in the Portfolio

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. Actual amounts could differ from those estimates. The following is a summary of the significant accounting policies of the Portfolio:

SECURITY VALUATIONS--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 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.

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.

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

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

2. TRANSACTIONS WITH AFFILIATES

ADVISORY--The Portfolio 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 & Co. Incorporated ("J.P. Morgan"). Under the terms of the agreement, the Portfolio pays JPMIM at an annual rate of 0.60% of the Portfolio's average daily net assets.

The Portfolio 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 its advisory fee from the Portfolio in an amount to offset any investment advisory, administrative fee and shareholder servicing fees related to a Portfolio investment in an affiliated money market fund. The amount listed on the Statement of Operations as Dividend Income from Affiliated Investments is the amount the Fund earned.

ADMINISTRATIVE SERVICES--The Portfolio has an Administrative Services Agreement (the "Services Agreement") with Morgan under which Morgan is responsible for certain aspects of the administration and operation of the Portfolio. Under the Services Agreement, the Portfolio has 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 Portfolio 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 Portfolio 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.

ADMINISTRATION--The Portfolio has retained Funds Distributor, Inc. ("FDI"), a registered broker-dealer, to serve as the co-administrator and distributor

for the Fund. Under a Co-Administration Agreement between FDI and the Portfolio, FDI provides administrative services necessary

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THE U.S. SMALL COMPANY PORTFOLIO
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

NOVEMBER 30, 2000

2. TRANSACTIONS WITH AFFILIATES (CONTINUED)

for the operations of the Portfolio, furnishes office space and facilities required for conducting the business of the Portfolio and pays the compensation of the Portfolio's officers affiliated with FDI. The Portfolio has 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 Portfolio 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 FDI provides similar services.

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

TRUSTEES--Each Trustee receives an aggregate annual fee of \$75,000 for serving on the boards of the Trust, the J.P. Morgan Funds, the J.P. Morgan Institutional Funds, 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 benefits included in the Fund Services Fee shown on the Statement of Operations was \$1,000.

3. INVESTMENT TRANSACTIONS

During the six months ended November 30, 2000, the Portfolio purchased \$433,237,207 of investment securities and sold \$392,112,267 of investment securities other than U.S. government securities and short-term investments.

4. CREDIT AGREEMENT

The Portfolio is party to a revolving line of credit agreement (the "Agreement") as discussed more fully in Note 3 of the Fund's Notes to the Financial Statements, which are included elsewhere in this report.

5. SUBSEQUENT EVENT

The merger of J.P. Morgan & Co. Incorporated, the former parent company of the Fund's adviser, J.P. Morgan Investment Management, Inc. ("JPMIM"), with and into The Chase Manhattan Corporation was consummated on December 31, 2000. J.P. Morgan Chase & Co. will be the new parent company of JPMIM, which will continue to serve as the Fund's adviser.

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J.P. MORGAN FUNDS

Federal Money Market Fund

Prime Money Market Fund

Emerging Market Debt Fund

Tax Aware Enhanced Income Fund:
Select Shares

Tax Exempt Money Market Fund

Short Term Bond Fund

Bond Fund

Global Strategic Income Fund

Tax Exempt Bond Fund

California Bond Fund:
Select Shares

New York Tax Exempt Bond Fund

Diversified Fund

Disciplined Equity Fund

Tax Aware Small Company Opportunities Fund:
Select Shares

Tax Aware U.S. Equity Fund:
Select Shares

U.S. Equity Fund

U.S. Small Company Fund

U.S. Small Company Opportunities Fund

Emerging Markets Equity Fund

European Equity Fund

Global 50 Fund: Select Shares

Global Healthcare Fund:
Select Shares

International Equity Fund

International Opportunities Fund

For more information on the J.P. Morgan
Funds, call J.P. Morgan Funds
Services at (800) 521-5411.

Morgan Guaranty Trust Company
500 Stanton Christiana Road
Newark, Delaware 19713-2107

MAILING
INFORMATION

