

GLOBAL LIQUIDITY

Relationships
that lead the
world

JPMorgan Asset Management
Global Liquidity

October 2008

For TexSTAR Investors Only

TexSTAR Presentation

TexSTAR

Portfolio Summary – 3Q 2008

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WAM: 36 days

- Weighted average maturity above the 15 to 20 day target
- Purchased 1-month to 6-month agency discount notes
- Invested in 1 year and 18-month agency floaters when spreads were at their widest levels

Portfolio yield comparison:

Data as of 09/30/08	WAM ¹	Net 7-day yield	Net 30-day yield
TexSTAR	36	2.31%	2.30%
S&P LGIP Index ²	33	0.92%	1.26%
iMoneyNet US Govt and Agency Funds	34	1.63%	1.91%

¹ Weighted Average Maturity: The length of time until the average security in a fund will mature or be redeemed by its issuer; it indicates a fund's sensitivity to interest rate changes. Longer weighted average maturity implies greater volatility in response to interest rate changes.

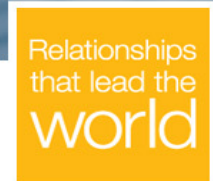
² S&P LGIP Index: Local Government Investment Pool Index published by Standard & Poor's Rating Services. It is a performance indicator of rated GIPs that maintain a stable NAV of \$1.00 per share. One can not invest directly in an index.

Past performance does not guarantee future results.

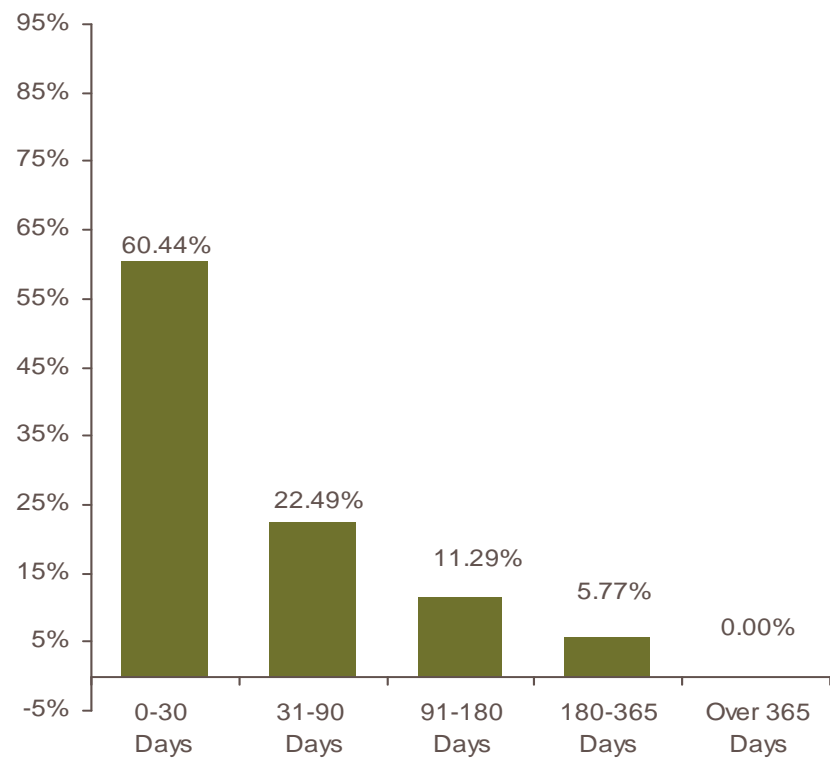
TexSTAR

Portfolio Composition and WAM

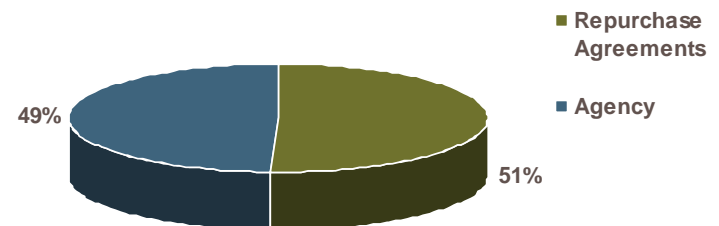
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Weighted Average Maturity

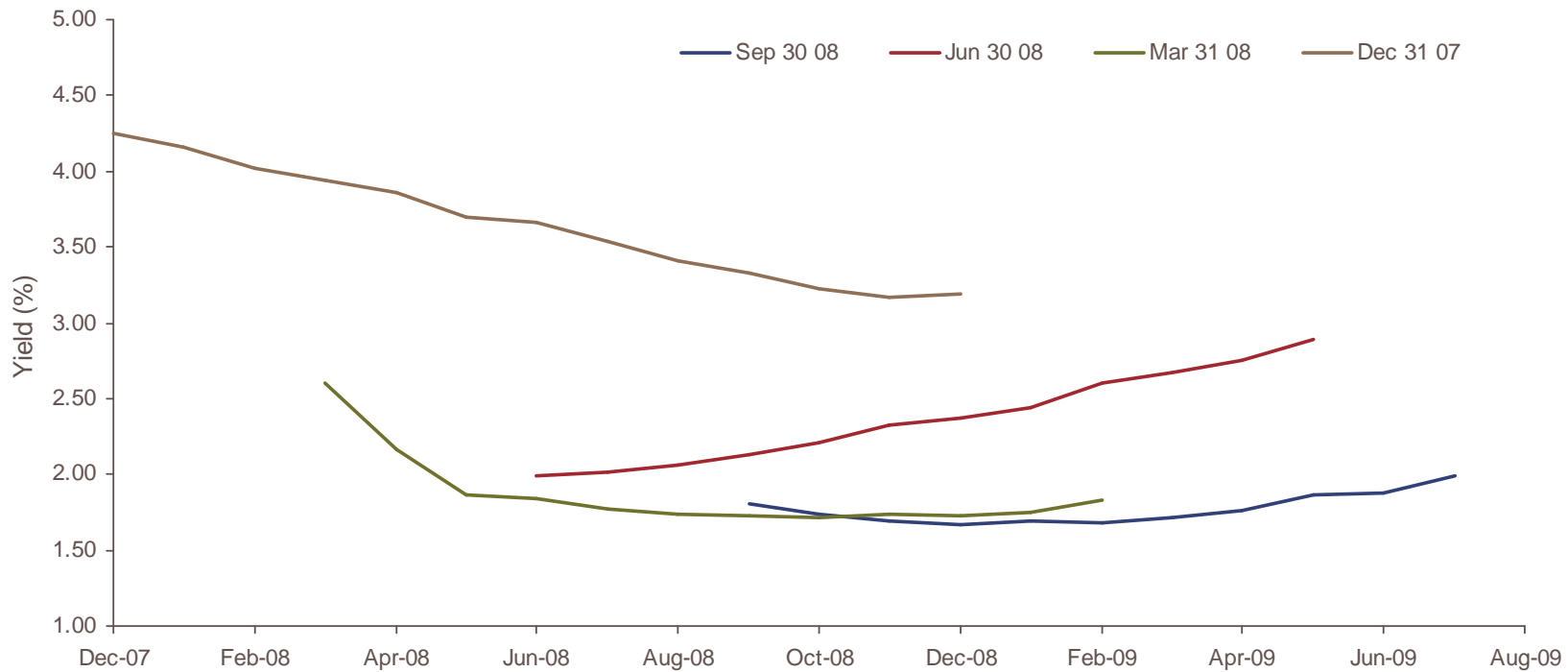


Portfolio Composition





Fed Funds Contracts



Source: Bloomberg as of 9/30/08

4 The above graph is for illustrative purposes only.

Market Facilities at the Federal Reserve

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ADN Purchase Facility

Description

- Agency Discount Notes (ADN) are short-term debt obligations issued by Fannie Mae, Freddie Mac and the Federal Home Loan Banks
- Permits the Federal Reserve to purchase ADN from primary dealers through the open market trading desk
- Create liquidity in the Agency Discount Note Market

Market Impact

- Only three operations conducted since its introduction, none since 9/26/08
- Fed has bought \$14.5 billion out of \$28.1 billion offered
- Majority of this activity conducted by a handful of dealers

Troubled Assets Relief Program (TARP)

Description

- Authorizes the Secretary of the Treasury to establish the Troubled Asset Relief Program (TARP) to purchase troubled assets from any financial institution
- Permits the Government to acquire equity interests in participating firms. The Treasury Secretary can purchase non-voting stock in companies — if a financial warrant is issued — or, senior debt from any firm participating in the program.
- The Act provides for the establishment of an Office of Financial Stability at the Treasury, overseen by an Assistant Secretary appointed by the President and confirmed by the Senate.
- Establishes the Troubled Assets Insurance Financing Fund for deposit of premiums collected from participating financial institutions in order to fund such guarantee program.
- Treasury will hire 5 to 10 asset management firms and hire at least two dozen new employees and contractors. Guidelines on compensation and conflicts of interest are still being developed.
- An initial tranche of \$250 billion for the purchase of assets was authorized upon enactment of the Act. An additional \$100 billion will be available upon certification by the President. The remaining \$350 billion will be available after the President sends a report to Congress detailing the Secretary's plan to exercise the remaining authority. Congress will be able to vote to disapprove the funds.
- The increase in deposit insurance coverage from \$100,000 to \$250,000 is effective upon enactment and will remain in effect until the end of 2009.

Market Impact

- TARP has paved the way for capital injections into financial institutions.

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