



PB Global Analyst Forum

QUARTERLY NEWSLETTER

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Mission Statement

Our main objective is to build a network of Analysts from around the world with an eye towards sharing ideas and best practices.

News & Views: Big I and beyond

The Private Bank is steadily moving towards its goal of implementing the Big I, under which a lead investor will be selected for each client who can perform the traditional functions of both a portfolio manager and a self-directed investor. The PB selected the West Coast and Latin America to be the pilot regions and the first to incorporate the Big I framework.

The Latin America region began the transition to the Big I framework on March 1, 2004. Since then, bankers and investors have been assigning clients to their eventual lead investors as well as training and preparing for the conversion. Preparation has included compliance training, identifying whether each client is more suitable for a heritage discretionary investor versus a heritage non-discretionary investor, and additional etiquette training for investors not accustomed to either self-directed or discretionary investing.

John McNear, portfolio manager, believes there will be many significant benefits for the client once the transition to the Big I is complete. The biggest advantage is that clients will now “have one person sitting on the same side of the table acting on their behalf in the markets on a daily basis, and executing as a buyer for the client based on an agreed-upon plan.”

Most investors in Latin America agree there will be some obstacles to overcome before the Big I is ready. Aside from the obvious technology issues, McNear believes that the biggest challenge will be getting everyone on the client team to make the more difficult behavioral changes – to adjust his or her comfort zone away from a single investment platform to a single “dual-hatted” investor – and to begin incorporating the framework and thinking that is necessary to execute on the new platform.

The Big I has also formally kicked-off on the West Coast. All “Investors” are officially dual hatted and are officers of both JPMorgan Securities and JPMorgan Trust Company N.A. As the West Coast knows, Investors have been performing the Big I function, working with clients in a holistic fashion on Asset Allocation and Portfolio Construction, but the implementation of the “solution” has often required both a sales trader and a portfolio manager. Now a single Integrated Investor can fully implement investment solutions across the broad Private Bank investment platform as well as implement tactical asset allocation changes in client portfolios.

While most investors are dual hatted, Andrew McGrade (Super Portfolio Manager) and his team are single hatted as officers of JPMorgan Trust Company N.A. Andy and his team will continue to be focused on asset allocation, portfolio construction and large cap alpha generation for

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News & Views (cont.)

our largest and most complex investment management clients. These clients typically have complex investment management needs or carry certain portfolio restrictions and therefore need a Super PM who has the ability to focus on security selection within the managed portfolios.

In addition to providing clients with holistic advice via the Big I initiatives, Morgan Plus has been rolled out with a mission to provide comprehensive, integrated advice to clients across their total wealth. The Morgan Plus philosophy is driven by the fact that *“we want to bring to the clients the best of JPMorgan Chase as well as the best outside managers.”*

Morgan Plus seeks to add a suite of third-party managers in our investment advice and transform the multi-manager service into a PB product group. The original *Manager of Managers service* was a stand-alone service for a select group of clients, but with the onset of Morgan Plus, third-party products will be integrated in the Private Bank. Morgan Plus offers a broad product suite which includes third-party managers, fund of funds and structured investments, complemented with the traditional JPMorgan managers and fund offerings. The third-party manager suite allows the Private Bank to fill gaps where there is a lack of internal offerings, to offer substitute strategies for clients looking for alternatives, and to complement existing strategies offered by traditional JPMorgan styles. Several initiatives in the future will expand the service to offer solutions for smaller minimum investment amounts, automated performance reporting, and combined IM and SDI performance flexibility.

Interview with Mary Erdoes

How are we positioned for growth in the future?

“The Private Bank has never been in a better position to win,” says Mary. “The key to our success has been the hard work of the management team, which has focused on several key initiatives to guide the organization along an integrated and thoughtful course.” These initiatives, which include the Big I and sales management, have moved the bank “light years ahead of the competition” because they allow management to focus on all of the key areas at once by working together and sharing the same vision. The results are evident in “the numbers, the spirit of the organization, and the dialogue with clients.”

What is your vision of the Big I and its impact on the firm?

“The Big I is the transformation of heritage businesses on Wall Street into one firm by combining portfolio management, brokerage, and consulting services into one force.” The key to the success of the initiative revolves around time management. As Mary stated, “in order for investors to find the time to do all the investing, get in front of the clients, and give them the best advice – they need to move away from what they did before ... out of their comfort zone.” In order for the Big I to succeed, investors will need to spend more time developing the areas of their tool kit which they have not focused on in the past so that they can be well equipped to speak on every product available to clients. This summer, management plans to launch Private Banking University (PBU), led by David Kelso, where investors will participate in training classes devoted to specific investment practices such as foreign exchange and derivatives.

Who do you respect the most in the firm?

“The two people that I have tremendous respect for are the leaders of the firm, Bill Harrison and MEL, who understand how to run a business and create a leadership culture. A huge

amount of energy and time needs to be invested in order to move forward and develop the business, and they are completely devoted to that goal. In addition to these two leaders, I respect the front-line people – bankers, investors, and wealth advisors to name a few – who wake up every morning ‘ready to make it happen’ no matter what challenges or market conditions they face.”

What are your passions in life outside of work?

“I thought the greatest thing in the world was my husband, Phillip; but then my daughter, Mia, came around and changed that (but don’t tell my husband). I can’t wait for another special person in my life [Mary is due for another child in August]. Even when I am awakened in the middle of the night by Mia, I have a smile on my face because there is nothing about it that is a negative ... except sleep deprivation,” laughs Mary. “My family helps put everything in perspective for me, especially when I have a tough day.” Mary’s role as Global Head of Investments offers its own challenges and rewards each day, but nothing quite like raising a family. “Forget about the Big I, Mia learned how to say the word “No” last week for the first time – now this is *big*.”

Aside from family, Mary spends her free time mentoring and sponsoring less-fortunate children. She is involved in a program called “Student Sponsorship” where her family sponsors seven individual children in school and sports. One outgrowth of the program is the opportunity to work with the Special Olympics Organization in New York City. Mary, Phillip, and Mia volunteer each weekend with the Special Olympics, participating in a variety of ways, including coaching and encouraging the children who are involved in the activities. “Mia is a great cheerleader,” says Mary.



Leveraging Best Practices

One of the first lessons that Regional and Product Analysts alike learn at the Private Bank is to take advantage of the knowledge and experience of their fellow analysts. Leveraging the analyst network is one of the most valuable “best practices” that analysts can use to succeed. The Analyst Networking Committee has institutionalized this practice with their popular “Leveraging Best Practices Call.”

Every month, the Committee hosts a 15-minute call during which at least one analyst shares unique practices and knowledge that can benefit his or her analyst colleagues. The call is meant to save analysts from having to reinvent the wheel when faced with specialized client situations. The topics that have been covered since the call’s debut include:

- Creating Team Cards with the integrated team’s contact information for clients’ quick reference - Philadelphia Office
- Modeling PrISMS and Collars in MAPS - New York Office

- Prospecting tips, by the IB/PB Focus Group - New York Office
- Investor Reports on top clients and AUM - Chicago Office
- Best practices in the Latin America team - Latin America New York Office
- Keeping up to date with the markets/economics - New York Office

Keith Gornish, who organizes the call, has received positive feedback since the call’s inception. The call allows analysts to become familiar with what has been done in the past on a variety of subjects and gives you the name of the analyst to contact if you need to work on a similar project. Also, the call provides a way to learn about different areas of the Private Bank and to remain engaged with fellow analysts in all regions. As Keith explains, analysts’ number one resource should be each other. “Our goal,” he adds, “is to make greater use of an analyst’s time in terms of productivity and efficiency.” The Committee is exploring ways to expand the call to include analysts in EMEA, Asia, and Latin America.

Around The World: Philadelphia Office

The Philadelphia office is currently comprised of approximately 30–35 people. The office is located on the 47th floor of 1 Liberty Place, the tallest building in Philadelphia. The location serves as a fully integrated Private Bank office, serving the clients of the Mid-Atlantic region. The team in Philadelphia covers the geographical regions of PA, MD, Southern NJ, DE and OH, and serves approximately 300 clients. The Private Bank team in Philadelphia is comprised of:

- 1 sales manager (region head)
- 4 bankers
- 2 analysts
- 3 salestraders
- 1 portfolio manager
- 1 portfolio assistant
- 1 wealth advisor
- 1 fiduciary manager
- 1 fiduciary officer
- 1 business manager
- 1 supervisory manager
- 1 account opening specialist
- A wonderful group of support staff

Outside of the Private Bank, the Philadelphia location serves as a temporary office for a few JPMorgan Chase Middle Market bankers when they have meetings in the area with their clients. The space also serves as a permanent office for a group of four JPMorgan Investment Bank Institutional Traders who cover this region. Finally, starting this summer, a team of about ten people from JPMorgan Chase’s Treasury & Security Services Institutional Trust Services Group will be permanently setting up their office in Philadelphia as well.





ANALYST PROFILES



Varcity Kariuki

Which group do you work for?

I work in the Fixed Income Group, which covers clients globally.

What do you think is different about your office/group?

The team offers several opportunities within the Fixed Income Group, ranging from Fixed Income

relationship management to portfolio management (both domestically and globally). The team constitutes a group of smart and intelligent individuals who each bring a slightly different skill-set to the table, making the end product very dynamic within the Private Bank. We are also fortunate to have one of the most innovative people in the bank, Anton Pil, leading the team, which makes the whole working experience very stimulating as he continues to challenge every member of the team at different levels. The Fixed Income Team in NY also has the privilege of sitting within close proximity to the Strategy Team, which the majority has agreed is the most resourceful group in the Private

Bank that disseminates a wealth of global market knowledge at the 8:15 morning meeting in New York.

How many languages do you speak?

I speak three languages, two of which most of you may not be familiar with – Kikuyu and Swahili, both Kenyan languages. English is my third language.

What is one of the best practices you have developed or learned which might help other Analysts across the world?

On several occasions I've been presented with challenging opportunities/projects that I had previously thought I was incapable of accomplishing successfully. However, my experience so far has taught me that there are absolutely no hurdles that cannot be overcome. The important thing is to stay focused and to persistently pursue the final goal without losing perspective. I've also learned that while it's extremely important to learn from your mistakes, it's far more important to not repeat them.



Martino Rigo

Which group do you work for?

I work for the UK Bankers' Team headed by Olivier de Givenchy. Until last month the team was split between UK Domestic and UK International clients, but now we are all under the same umbrella. In my "former" Team (UK International), we used to look mostly after non-UK citizens that

reside in the UK. Most of those clients have their personal and economic interests spread all over the world. This is an extremely interesting perspective, especially on the fiscal and estate planning side.

How many languages do you speak?

I speak Italian, English and French.

What is one of the best practices you have developed or learned which might help other Analysts across the world ?

First, share all information! Keep nothing to yourself; it does not help but to lose track of the bigger picture. We always "cc" the Team on all communication that might be helpful. This improves our efficiency and Team-building. Second, have a laugh with your colleagues. There is no better way of gaining each other's trust and collaboration than by fostering a fun and enjoyable work environment.

What do you think is different about your office/group?

The single most important characteristic of my Team is the spirit that brings us together. Olivier de Givenchy's leadership is expressed through hard work and devotion, and support for the work of the analysts. We are also a very fun Team, where a good joke is always welcome. London is an amazing place to live, due to its multiethnic/multicultural foothold, which is also reflected in the office.

We are always interested in feedback from Analysts worldwide.

To share ideas, opinions and news, please contact Courtney La Bau (Los Angeles) or Usman Shaukat (New York).