# JF Provident Capital Fund

**Unaudited Semi-Annual Report**
**31 December 2011**

J.P.Morgan
Asset Management

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This report does not constitute an offer of any units in the fund forming the subject matter of this document (the "Fund"). Subscriptions are only valid if made on the basis of the current explanatory memorandum (or equivalent), supplemented by the most recent financial report.

## Statement of Financial Position
As at 31 December 2011 *(Unaudited)*

| | 31.12.2011<br>HK$ | 30.6.2011<br>HK$ |
|---|---|---|
| **Assets** | | |
| Cash at banks | 38,218,129 | 30,673,952 |
| Amounts receivable on allotment | 2,132,174 | 2,011,970 |
| Investments | 437,977,396 | 459,833,239 |
| **Total assets** | 478,327,699 | 492,519,161 |
| **Liabilities** | | |
| Amounts payable on redemption | 280,725 | 94,689 |
| Other accounts payable | 494,349 | 572,322 |
| **Liabilities (excluding net assets attributable to holders of redeemable units)** | 775,074 | 667,011 |
| **Net assets attributable to holders of redeemable units** [Note 3] | 477,552,625 | 491,852,150 |

*The notes on pages 5 to 6 form part of these financial statements.*

## Statement of Comprehensive Income
For the period ended 31 December 2011 *(Unaudited)*

| | 1.7.2011 to 31.12.2011 HK$ | 1.7.2010 to 31.12.2010 HK$ |
|---|---|---|
| **Income** | | |
| Net (losses)/gains on investments [Note 4] | (20,370,185) | 35,805,368 |
| Interest on deposits | 252 | 1,158 |
| Net foreign currency exchange losses | (54,458) | (168,647) |
| | (20,424,391) | 35,637,879 |
| **Expenses** | | |
| Management fee | 1,922,928 | 1,922,364 |
| Administration fee | 470,237 | 494,893 |
| Auditor's fee | 64,761 | 65,165 |
| Trustee's fee | 15,704 | 31,456 |
| Printing and publication expenses | 1,933 | 3,878 |
| Transaction costs | 1,153 | 777 |
| Safe custody and bank charges | 635 | 326 |
| Other operating expenses | 35,183 | 35,124 |
| | 2,512,534 | 2,553,983 |
| **(Decrease)/increase in net assets attributable to holders of redeemable units and total comprehensive (loss)/income** | (22,936,925) | 33,083,896 |

*The notes on pages 5 to 6 form part of these financial statements.*

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
For the period ended 31 December 2011 *(Unaudited)*

| | 1.7.2011 to 31.12.2011 HK$ | 1.7.2010 to 31.12.2010 HK$ |
|---|---|---|
| **Net assets attributable to holders of redeemable units at the beginning of the period** | 491,852,150 | 448,586,485 |
| Allotment of redeemable units | 38,004,614 | 35,874,588 |
| Redemption of redeemable units | (29,367,214) | (28,999,220) |
| **Net allotment** | 8,637,400 | 6,875,368 |
| | 500,489,550 | 455,461,853 |
| **(Decrease)/increase in net assets attributable to holders of redeemable units and total comprehensive (loss)/income** | (22,936,925) | 33,083,896 |
| **Net assets attributable to holders of redeemable units at the end of the period** | 477,552,625 | 488,545,749 |

*The notes on pages 5 to 6 form part of these financial statements.*

## Statement of Cash Flows
For the period ended 31 December 2011 *(Unaudited)*

| | 1.7.2011 to 31.12.2011 HK$ | 1.7.2010 to 31.12.2010 HK$ |
|---|---|---|
| **Operating activities** | | |
| Purchase of investments | (36,509,662) | (39,157,521) |
| Proceeds from disposal of investments | 37,995,320 | - |
| Interest received | 252 | 1,158 |
| Transaction costs paid | (1,060) | (777) |
| Trustee's fee paid | (16,673) | (37,123) |
| Administration fee paid | (471,646) | (486,385) |
| Management fee paid | (1,934,188) | (1,888,157) |
| Others | (180,022) | (266,094) |
| **Net cash outflow from operating activities** | (1,117,679) | (41,834,899) |
| **Financing activities** | | |
| Receipts on allotment of redeemable units | 37,884,410 | 36,031,411 |
| Payments on redemption of redeemable units | (29,181,178) | (29,476,467) |
| **Net cash inflow from financing activities** | 8,703,232 | 6,554,944 |
| **Increase/(decrease) in cash and cash equivalents** | 7,585,553 | (35,279,955) |
| Cash and cash equivalents at the beginning of the period | 30,673,952 | 72,854,641 |
| Exchange losses on cash and cash equivalents | (41,376) | (63,623) |
| **Cash and cash equivalents at the end of the period** | 38,218,129 | 37,511,063 |
| **Analysis of balances of cash and cash equivalents:** | | |
| Cash at banks | 38,218,129 | 37,511,063 |

*The notes on pages 5 to 6 form part of these financial statements.*

## Notes to the Financial Statements

### 1 The Fund

JF Provident Capital Fund (the "Fund") was established under a Trust Deed dated 29 September 1995 , as amended, and is governed by the laws of the Cayman Islands. The Fund is authorized by the Securities and Futures Commission of Hong Kong.

The primary investment objective of the Fund is to minimize its short term capital risk in Hong Kong dollar terms. The secondary objective is to outperform Hong Kong dollar deposit rates over the long-term. The Fund seeks to achieve these investment objectives through a professionally managed portfolio of interests in collective investment schemes managed by the Manager or its Connected Persons.

The Fund offers two classes of units, administration units and investment units. All unitholders' rights with regard to the convening, voting or otherwise acting at any meeting of unitholders are the same.

### 2 Summary of principal accounting policies

#### (a) Accounting policies of interim financial statements

The accounting policies and methods of computation used in the preparation of these unaudited condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2011.

#### (b) Investments

*Classification*

The Fund classifies its investments as financial assets or financial liabilities at fair value through profit or loss. These financial assets or financial liabilities are held-for-trading as they are acquired or incurred principally for the purpose of selling or repurchasing in the near term or short-term profit taking.

*Recognition, derecognition and measurement*

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognized at fair value and are subsequently re-measured at fair value. Realized and unrealized gains and losses on investments are recognized in the Statement of Comprehensive Income. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

*Fair value estimation*

Investments in collective investment schemes are stated at fair value based on the net asset value per unit of the respective funds as determined by the administrators of the relevant funds.

#### (c) Foreign currency translation

*Functional and presentation currency*

The Fund has adopted Hong Kong dollar as its functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of assets and liabilities denominated in foreign currencies at period/year end exchange rates are recognized in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within "Net foreign currency exchange gains/losses". Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net gains/losses on investments".

#### (d) Proceeds and payments on allotment and redemption of units

The net asset value per unit is computed for each dealing day. The price at which units are allotted or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day in accordance with the provisions of the Fund's Trust Deed dated 29 September 1995, as amended, which may be different from the accounting policies stated in the financial statements.

Units of the Fund are redeemable at the option of the holders of redeemable units and are classified as a financial liability in the Statement of Financial Position which represents the net assets attributable to holders of redeemable units (or "net asset value" or "net assets" or "NAV") and is carried at the redemption amount that would be payable at the Statement of Financial Position date if the holders of redeemable units exercised the right to redeem units of the Fund.

## 3 Number of units in issue and net assets attributable to holders of redeemable units (per unit)

| | 31.12.2011<br>Units | 30.6.2011<br>Units |
|---|---|---|
| Number of units in issue | | |
| Administration Units | 847,469.063 | 817,128.327 |
| Investment Units | 1,578,480.188 | 1,564,240.172 |
| | HK$ | HK$ |
| Net assets attributable to holders of redeemable units | | |
| Administration Units | 156,558,500 | 158,611,716 |
| Investment Units | 320,994,125 | 333,240,434 |
| | 477,552,625 | 491,852,150 |
| Net assets attributable to holders of redeemable units (per unit) | | |
| Administration Units | 184.74 | 194.11 |
| Investment Units | 203.36 | 213.04 |

## 4 Net (losses)/gains on investments

| | 1.7.2011<br>to<br>31.12.2011<br>HK$ | 1.7.2010<br>to<br>31.12.2010<br>HK$ |
|---|---|---|
| Change in unrealized gains/losses in value of investments | (26,508,394) | 35,805,368 |
| Realized gains on sale of investments | 6,138,209 | - |
| | (20,370,185) | 35,805,368 |

## 5 Soft commission arrangements

During the period, the Investment Manager and its associates did not enter into any soft commission arrangements in connection with directing transactions of the Fund through a broker or dealer (31 December 2010: nil).

## 6 Distribution

No distribution was made during the period (31 December 2010: nil).

Investment Portfolio
As at 31 December 2011 *(Unaudited)*

| | Place of establishment | Holding | Fair value HK$ | % of net assets |
|---|---|---|---|---|
| **Listed/Quoted Investments** (91.7%) | | | | |
| **Collective Investment Schemes** (91.7%) | | | | |
| **Asia Pacific Region** (3.6%) | | | | |
| JF SAR Asian Bond Fund 'B' * | Hong Kong | 721,204 | 7,558,218 | 1.6 |
| JF SAR Asian Fund 'B' * | Hong Kong | 26,527 | 9,703,766 | 2.0 |
| **Europe** (3.5%) | | | | |
| JF SAR European Fund 'B' * | Hong Kong | 133,328 | 16,868,420 | 3.5 |
| **Greater China** (0.5%) | | | | |
| JF SAR Greater China Fund 'B' * | Hong Kong | 28,807 | 2,219,019 | 0.5 |
| **Hong Kong** (21.2%) | | | | |
| JF SAR HK$ Bond Fund 'B' * | Hong Kong | 2,573,543 | 52,731,900 | 11.0 |
| JF SAR Hong Kong Fund 'B' * | Hong Kong | 1,246,874 | 48,503,408 | 10.2 |
| **International** (54.6%) | | | | |
| JF SAR Global Bond Fund 'B' * | Hong Kong | 1,593,913 | 252,413,615 | 52.9 |
| JF SAR Global Emerging Markets Fund 'B' * | Hong Kong | 634,637 | 8,148,738 | 1.7 |
| **Japan** (3.0%) | | | | |
| JF SAR Japan Fund 'B' * | Hong Kong | 108,471 | 14,228,999 | 3.0 |
| **United States** (5.3%) | | | | |
| JF SAR American Fund 'B' * | Hong Kong | 234,448 | 25,601,313 | 5.3 |
| **Total Listed/Quoted Investments** | | | 437,977,396 | 91.7 |
| **Other net assets** | | | 39,575,229 | 8.3 |
| **Net assets attributable to holders of redeemable units at 31 December 2011** | | | 477,552,625 | 100.0 |
| **Total investments, at cost** | | | 340,213,622 | |

* Issued and managed by a Connected Person of the Manager

Note : Collective Investment Schemes listed above are quoted investments.

## Statement of Movements in Portfolio Holdings
For the period ended 31 December 2011 *(Unaudited)*

| | % holdings of net assets | |
|---|---|---|
| | 31.12.2011 | 30.6.2011 |
| **Listed/Quoted Investments** | | |
| **Collective Investment Schemes** | | |
| International | 54.6 | 52.5 |
| Hong Kong | 21.2 | 20.9 |
| United States | 5.3 | 4.4 |
| Asia Pacific Region | 3.6 | 5.9 |
| Europe | 3.5 | 4.9 |
| Japan | 3.0 | 3.7 |
| Greater China | 0.5 | 1.2 |
| **Total Listed/Quoted Investments** | 91.7 | 93.5 |
| **Other net assets** | 8.3 | 6.5 |
| **Net assets attributable to holders of redeemable units** | 100.0 | 100.0 |

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