JF Provident HK$ Money Fund

Audited Annual Report
30 June 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 Responsibilities of the Manager and the Trustee

Manager's responsibilities

The Manager of the Fund is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong and the Trust Deed to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund at the end of that period and of the transactions for the period then ended. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee's responsibilities

The Trustee of the Fund is required to:

- ensure that the Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Fund.

Report of the Trustee to the Unitholders

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 7 December 1998, as amended, for the year ended 30 June 2011.

For and on behalf of
Royal Bank of Canada Trust Company (Cayman) Limited, Trustee

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Independent Auditor's Report

To the Unitholders of JF Provident HK$ Money Fund (the "Fund")

Report on the financial statements

We have audited the accompanying financial statements of the Fund set out on pages 4 to 16, which comprise the Statement of Financial Position as at 30 June 2011, and the Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Trustee and the Manager (the "Management") of the Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 7 December 1998, as amended (the "Trust Deed"), and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 30 June 2011, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

Report on other legal and regulatory disclosure requirements

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant financial statements disclosure provisions specified in the SFC Code.

PricewaterhouseCoopers
Cayman Islands,

13 October 2011

Statement of Financial Position
As at 30 June 2011

	2011 HK$	2010 HK$
Assets		
Cash at banks	2,312,728	2,029,925
Amounts receivable on allotment	1,044,097	549,727
Investments [Note 4(I)(a)]	195,507,558	206,706,103
Total assets	198,864,383	209,285,755
Liabilities		
Amounts payable on redemption	275,819	84,000
Other accounts payable	209,999	197,693
Liabilities (excluding net assets attributable to holders of redeemable units)	485,818	281,693
Net assets attributable to holders of redeemable units [Note 3]	198,378,565	209,004,062

Approved by the Trustee and the Manager on 13 October 2011

Signed By:

For and on behalf of Royal Bank of Canada Trust Company (Cayman) Limited, Trustee

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For and on behalf of JPMorgan Funds (Asia) Limited, Manager

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The notes on pages 8 to 16 form part of these financial statements.

Statement of Comprehensive Income
For the year ended 30 June 2011

	2011 HK$	2010 HK$
Income		
Net gains on investments [Note 5]	201,456	184,343
Net foreign currency exchange gains	41	799
	201,497	185,142
Expenses		
Administration fee [Note 7(g)]	971,031	1,028,265
Auditor's fee	109,020	103,851
Trustee's fee [Note 8]	40,567	42,210
Legal and professional expenses	21,158	514
Printing and publication expenses	4,756	4,383
Transaction costs	1,182	2,018
Safe custody and bank charges	844	372
Other operating expenses	35,375	35,433
	1,183,933	1,217,046
Decrease in net assets attributable to holders of redeemable units and total comprehensive loss	(982,436)	(1,031,904)

The notes on pages 8 to 16 form part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
For the year ended 30 June 2011

	2011 HK$	2010 HK$
Net assets attributable to holders of redeemable units at the beginning of the year	209,004,062	212,992,381
Allotment of redeemable units [Note 3]	52,848,527	66,951,284
Redemption of redeemable units [Note 3]	(62,491,588)	(69,907,699)
Net redemption	(9,643,061)	(2,956,415)
	199,361,001	210,035,966
Decrease in net assets attributable to holders of redeemable units and total comprehensive loss	(982,436)	(1,031,904)
Net assets attributable to holders of redeemable units at the end of the year	198,378,565	209,004,062

The notes on pages 8 to 16 form part of these financial statements.

Statement of Cash Flows
For the year ended 30 June 2011

	2011 HK$	2010 HK$
Operating activities		
Purchase of investments	(2,499,999)	(10,000,000)
Proceeds from disposal of investments	13,900,000	15,200,000
Transaction costs paid	(1,245)	(2,017)
Trustee's fee paid	(40,925)	(42,580)
Administration fee paid	(976,771)	(1,038,824)
Others	(152,617)	(158,244)
Net cash inflow from operating activities	10,228,443	3,958,335
Financing activities		
Receipts on allotment of redeemable units	52,354,157	66,807,978
Payments on redemption of redeemable units	(62,299,769)	(70,051,820)
Net cash outflow from financing activities	(9,945,612)	(3,243,842)
Increase in cash and cash equivalents	282,831	714,493
Cash and cash equivalents at the beginning of the year	2,029,925	1,315,354
Exchange (losses)/gains on cash and cash equivalents	(28)	78
Cash and cash equivalents at the end of the year	2,312,728	2,029,925
Analysis of balances of cash and cash equivalents:		
Cash at banks	2,312,728	2,029,925

The notes on pages 8 to 16 form part of these financial statements.

Notes to the Financial Statements

1 The Fund

JF Provident HK$ Money Fund (the "Fund") was established under a Trust Deed dated 7 December 1998, 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 ("SFC").

The Fund is a feeder fund investing solely in the units of JF Money Fund - HK$ (the "Master Fund") which is also managed by the Fund's Manager, JPMorgan Funds (Asia) Limited. The investment objective of the Fund is to provide investors with the opportunity to invest in short term deposits and debt securities.

The investment objective of the Master Fund is to provide an efficient vehicle for holding liquid assets currently denominated in the currency of Hong Kong.

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation of financial statements

The financial statements of the Fund have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) held at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee (the "Management") to exercise their judgment in the process of applying the Fund's accounting policies.

New standards and amendments to standards that are not yet effective and have not been early adopted by the Fund

HKFRS 9, "Financial Instruments" issued in November 2009. This standard is the first step in the process to replace Hong Kong Accounting Standard (“HKAS”) 39, "Financial Instruments: Recognition and Measurement". HKFRS 9 introduces new requirements for classifying and measuring financial assets. In the fourth quarter of 2010, the Hong Kong Institute of Certified Public Accountants (“HKICPA”) has released additions to HKFRS 9 dealing with financial liabilities. The additions, which are part of the HKICPA's plan to replace HKAS 39, retain most of the HKAS 39's requirements for financial liabilities. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income. The standard is not applicable until 1 January 2013 but is available for early adoption. The Management is currently assessing the impact on the Fund's financial statements.

HKFRS 13, "Fair Value Measurement" issued in June 2011. This standard introduces guidance for defining and measuring fair value. It also requires for additional disclosures about fair value measurements so as to enhance the comparability of information reported in the financial statements. The standard is not applicable until 1 January 2013 but is available for early adoption. The Management is currently assessing the impact on the Fund's financial statements.

(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) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(d) Income and expense

Interest income on cash at banks and short term deposits is accounted for in the Statement of Comprehensive Income on an effective interest basis.

Expenses are accounted for in the Statement of Comprehensive Income on an accrual basis.

(e) 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 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".

(f) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash at banks and bank deposits with maturity of three months or less from the date of placing the deposits, net of certain short term bank loans which the Fund usually undertakes as overnight bank borrowings.

(g) Amounts due from/to brokers

Amounts due from/to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled by the end of the year.

(h) 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 7 December 1998, 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", "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)

	2011		2010	
	Investment Units	Administration Units	Investment Units	Administration Units
Number of units in issue:				
At the beginning of the year	302,805.097	1,373,069.737	265,007.201	1,437,285.233
Total allotments	116,066.117	305,765.472	130,784.844	402,327.488
Total redemptions	(100,317.915)	(401,210.593)	(92,986.948)	(466,542.984)
At the end of the year	318,553.299	1,277,624.616	302,805.097	1,373,069.737
	HK$	HK$	HK$	HK$
Net assets attributable to holders of redeemable units	42,028,733	156,349,832	39,953,243	169,050,819
Net assets attributable to holders of redeemable units (per unit)	131.94	122.38	131.94	123.12

Holders of investment units are only entitled to investment management services from the Manager. Holders of administration units are also entitled to other administrative services provided by the Manager upon payment of the administration fee, which is deducted from the share of net assets of the respective units.

4 Financial risk management

(I) Financial risk factors

The Fund solely invests in a collective investment scheme – JF Money Fund – HK$ which is managed by the Fund's Manager. The Master Fund invests in the money markets of major countries such as Hong Kong and Australia. The Fund's activities therefore expose it to the same financial risks to which the Master Fund is exposed to, i.e. market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk.

As at 30 June 2011, the Fund owned 18.34% (2010: 16.22%) of the Master Fund's net assets attributable to the holders of redeemable units.

(a) Market risk

(i) Market price risk

The Master Fund primarily invests in debt securities which are subject to interest rate risk. Refer to Note 4(I)(a)(ii) for interest rate risk.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flow will fluctuate due to changes in market interest rates.

<u>The Fund</u>

The Fund is a feeder fund investing substantially all of its assets in the Master Fund and thus its investment is not directly exposed to interest rate risk. The Fund's bank deposits are exposed to interest rate risk which is considered to be minimal as these interest bearing assets are short term in nature, changes in their fair values in the event of a change in interest rate will not be material.

<u>The Master Fund</u>

The Master Fund is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its investments and cash deposits.

The table below summarizes the Master Fund's financial assets and liabilities as at 30 June extracted from the unaudited financial records of the Master Fund as at that date which expose it to the risk associated with the effects of fluctuations in the prevailing levels of market interest rates, categorized by remaining maturity dates.

	Less than 1 year HK$	1-5 years HK$	Over 5 years HK$	Non-interest bearing HK$	Total HK$
2011					
Cash at banks	12,467,266	-	-	-	12,467,266
Short term deposits	273,000,123	-	-	-	273,000,123
Investments (Note*)	577,607,455	50,044,400	-	164,915,500	792,567,355
Total interest sensitivity gap	863,074,844	50,044,400	-	164,915,500	1,078,034,744
2010					
Cash at banks	228,581,236	-	-	-	228,581,236
Investments (Note*)	955,027,132	164,824,258	-	-	1,119,851,390
Total interest sensitivity gap	1,183,608,368	164,824,258	-	-	1,348,432,626

Note:

* The coupon rate of the investments ranged between 0.00% p.a. - 4.08% p.a. (2010: 0.00% p.a. - 8.02% p.a.). The non-interest bearing investments mainly refer to zero-coupon debt securities.

As at 30 June, the Master Fund's fair value of investment extracted from the unaudited financial information as at that date were as follows:

	2011		2010	
Listed/Quoted Investments	Fair value of investments HK$	% of net assets	Fair value of investments HK$	% of net assets
Assets				
Debt Securities				
- Hong Kong	200,271,875	18.8	326,067,843	25.6
- China	120,058,628	11.3	79,881,550	6.3
- Australia	115,365,834	10.8	163,099,489	12.8
- Others	191,955,518	17.9	305,962,508	24.0
	627,651,855	58.8	875,011,390	68.7
Money Market				
- Hong Kong	104,942,500	9.9	69,972,000	5.5
- Korea	29,982,000	2.8	69,925,000	5.5
- Australia	-	-	64,959,000	5.1
- Others	29,991,000	2.8	39,984,000	3.1
	164,915,500	15.5	244,840,000	19.2
Total Listed/Quoted Investments	792,567,355	74.3	1,119,851,390	87.9

The Investment Manager of the Master Fund monitors the Master Fund's interest rate risk sensitivity primarily through the modified duration of the Master Fund on a regular basis. The modified duration measures the sensitivity of the price of a bond relative to the change in interest rate. As at 30 June 2011, the Investment Manager of the Master Fund estimates that the Master Fund has a modified duration of 0.13 (2010: 0.13). For the purpose of disclosing relevant sensitivities, the percentage of reasonable possible change in interest rate adopted is 25 basis points, which is based on the typical possible change of Fed Funds rate and does not include remote or "worst case" scenarios or "stress tests" nor represent the Master Fund Investment Manager's forecast of the Master Fund's future returns. If the interest rates were to rise by 25 basis points with all other variables held constant, this would result in a decrease in net asset value of the Master Fund by approximately HK$346,548 (2010: HK$414,194). If the interest rates were to fall by 25 basis points, this would result in an increase in the net asset value of the Master Fund by the same amount.

(iii) Currency risk

The Fund

The Fund invests substantially all of its assets in the Master Fund in Hong Kong dollar denomination. HKFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk. The Investment Manager monitors the exposure on all foreign currency denominated assets and liabilities including both monetary and non-monetary assets and liabilities.

The Fund's other assets and liabilities are mainly denominated in United States dollar and Hong Kong dollar and are therefore not exposed to significant currency risk as the Hong Kong dollar is currently pegged to United States dollar.

The Master Fund

The Master Fund's functional currency is Hong Kong dollar and the Master Fund did not have any assets and liabilities denominated in currencies other than their functional currency, Hong Kong dollar. As a result, the Investment Manager of the Master Fund considered that the Master Fund has no direct currency exposure.

(b) Credit risk

Credit risk is the risk that a counterparty will not be able to pay amounts in full when due.

The Fund

As at 30 June, the Fund's maximum exposure to credit risk before any credit enhancements was as follows:

	2011 HK$	2010 HK$
Cash at banks	2,312,728	2,029,925
Amounts receivable on allotment	1,044,097	549,727
	3,356,825	2,579,652

The table below summarizes the credit rating of the financial assets placed with banks as at 30 June.

	2011 Exposure to counterparties HK$	2010 Exposure to counterparties HK$
Bank balances		
S&P(AA)/Moody's(Aa)/FITCH(AA)	2,312,728	2,029,925

The Master Fund

As at 30 June, the Master Fund's maximum exposure to credit risk before any credit enhancements based on unaudited financial information as at that date was as follows:

	2011 HK$	2010 HK$
Cash at banks	12,467,266	228,581,236
Short term deposits	273,000,123	-
Amounts receivable on allotment	272,595	-
Investments - debt securities	627,651,855	875,011,390
Investments - money market	164,915,500	244,840,000
Interest and other accounts receivable	625,967	3,317
	1,078,933,306	1,348,435,943

All transactions in listed investments are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of investments sold is only made when the Master Fund's custodian bank has received payment. For a purchase, payment is made once the investments have been received by the Master Fund's custodian bank. The trade will fail if either party fails to meet the obligation.

The Master Fund's investments are predominantly in debt securities and therefore the Master Fund is exposed to credit risk that the issuers may not be able to repay the principal amount and interest at maturity.

The table below summarizes the debt securities by credit rating as at 30 June based on unaudited financial information as at that date.

	2011 % of net assets	2010 % of net assets
S&P(AAA)/Moody's(Aaa)/FITCH(AAA)	3.6	7.2
S&P(AA)/Moody's(Aa)/FITCH(AA)	13.5	20.5
S&P(A)/Moody's(A)/FITCH(A)	7.8	7.9
Unrated	49.4	52.3
	74.3	87.9

The table below summarizes the unrated debt securities as stated in the table above by their issuers' credit rating as at 30 June based on unaudited financial information as at that date.

	2011 % of net assets	2010 % of net assets
S&P(AA)/Moody's(Aa)/FITCH(AA)	19.7	19.6
S&P(A)/Moody's(A)/FITCH(A)	24.9	26.7
S&P(BBB)/Moody's(Baa)/FITCH(BBB)	4.8	6.0
	49.4	52.3

The table below summarizes the credit rating of the financial assets other than debt securities placed with banks as at 30 June based on unaudited financial information as at that date.

	2011 Exposure to counterparties HK$	2010 Exposure to counterparties HK$
Bank balances		
S&P(AA)/Moody's(Aa)/FITCH(AA)	255,435,780	228,573,729
S&P(A)/Moody's(A)/FITCH(A)	31,486	7,507
S&P(BBB)/Moody's(Baa)/FITCH(BBB)	30,000,123	-

(c) Liquidity risk

The Fund is exposed to daily redemption of units. As at 30 June 2011 and 2010, the Fund invests solely in collective investment scheme - JF Money Fund - HK$ which allows daily redemption. The Manager may also limit the total number of units redeemed on any dealing day to 10% or more of the units in issue on any dealing day.

The Fund

The table below summarizes the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at 30 June to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2011 Less than 1 month HK$	2010 Less than 1 month HK$
Amounts payable on redemption	275,819	84,000
Other accounts payable	209,999	197,693
Net assets attributable to holders of redeemable units	198,378,565	209,004,062
Total financial liabilities	198,864,383	209,285,755

The Master Fund

The table below summarizes the Master Fund's financial liabilities into relevant maturity groupings based on the remaining period as at 30 June extracted from the unaudited financial information of the Master Fund as at that date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2011 Less than 1 month HK$	2010 Less than 1 month HK$
Amounts payable on redemption	12,106,038	-
Other accounts payable	526,651	75,760,992
Total financial liabilities	12,632,689	75,760,992

The Investment Manager manages the Fund's liquidity risk by investing predominantly in investments that the Investment Manager expects to be able to liquidate within 1 month to meet the total financial liabilities and making short term bank borrowing.

(II) Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units which is subject to subscriptions and redemptions of redeemable units. The Fund's objective for capital management is to provide returns and long-term capital growth for unitholders.

In order to maintain the capital structure, the Management perform the following:

- Monitor subscriptions and redemptions activities relative to the liquid assets.

- To protect the interest of unitholders and in exceptional circumstances, the Manager may also limit the total number of units redeemed on any dealing day to 10% or more of the units in issue on any dealing day.

- Monitor fund investment guidelines and restrictions, in accordance with the constitutional documents, to maintain sufficient liquidity through diversification.

(III) Fair value estimation

As at 30 June 2011 and 2010, the Management consider that the carrying values of assets and liabilities were reasonable approximations of their fair value.

HKFRS 7 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The table below summarizes the Fund's investments within the fair value hierarchy measured at fair value as at 30 June:

Listed/Quoted Investments	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
2011				
Assets				
Collective Investment Schemes	195,507,558	-	-	195,507,558
Total financial assets at fair value through profit and loss	195,507,558	-	-	195,507,558
2010				
Assets				
Collective Investment Schemes	206,706,103	-	-	206,706,103
Total financial assets at fair value through profit and loss	206,706,103	-	-	206,706,103

5 Net gains on investments

	2011 HK$	2010 HK$
Change in unrealized gains/losses in value of investments	(1,157,379)	(1,337,700)
Realized gains on sale of investments	1,358,835	1,522,043
	201,456	184,343

6 Taxation

No provision for Hong Kong profits tax has been made as the Fund was authorized as a collective investment scheme under Section 104 of the Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Inland Revenue Ordinance.

Under current laws of the Cayman Islands, there are no income, capital gains or other taxes payable by the Fund. As a result, no provision for income taxes has been made in the financial statements.

7 Transactions with the Trustee and its affiliates and the Manager and its Connected Persons

The following is a summary of transactions entered into during the year between the Fund and the Trustee and its affiliates and the Manager and its Connected Persons. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the SFC. All such transactions were entered into in the ordinary course of business and were on normal commercial terms.

(a) As stated in Note 1, the Fund is a feeder fund investing solely in the units of JF Money Fund – HK$ which is issued and managed by the Fund's Manager.

(b) Investment transactions with the Manager and its Connected persons are set out below:

Name of company	Aggregate value of purchases and sales of investments HK$	Commission paid HK$	% of the Fund's total commission paid in the year	Average commission rate %
2011				
JPMorgan Funds (Asia) Limited	16,400,000	-	-	-
2010				
JPMorgan Funds (Asia) Limited	25,200,000	-	-	-

(c) Balances with the Manager and its Connected Persons as at year end:

	2011 HK$	2010 HK$
Cash at banks	2,312,728	1,948,937
Other accounts payable	(77,650)	(83,297)

As at 30 June 2011, the Fund's investment balance of HK$195,507,558 (2010: HK$206,706,103) represents the investments in the collective investment schemes issued and managed by the Manager.

(d) The Fund may utilize the brokerage, custodian, agency and banking services of the Trustee and its affiliates and the Manager and its Connected Persons.

(e) For the year ended 30 June 2011, there was no income accruing to the Manager relating to allotments and redemptions in the Fund (2010: nil).

(f) During the year, no management fee was charged by the Manager since a management fee of 0.25% per annum of the net asset value of JF Money Fund – HK$ was paid to JPMorgan Funds (Asia) Limited as the Manager of JF Money Fund – HK$.

(g) Administration fee of 0.6% per annum of the net asset value attributable to administration units of the Fund is paid to JPMorgan Funds (Asia) Limited. Administration fee is calculated daily and is payable monthly in arrears.

(h) The Fund allows the Manager and its Connected Persons to subscribe for, and redeem, units of the Fund. All such transactions are entered into in the ordinary course of business and are on normal commercial terms.

8 Trustee's fee

Trustee's fee of 0.02% per annum of the net asset value of the Fund is paid to the Trustee. Trustee's fee is calculated daily and is payable quarterly in arrears.

9 Soft commission arrangements

During the year, 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 (2010: nil)

10 Distribution

No distribution was made during the year (2010: nil).

Investment Portfolio
As at 30 June 2011 *(Unaudited)*

	Place of establishment	Holding	Fair value HK$	% of net assets
Listed/Quoted Investments (98.6%)				
Collective Investment Schemes (98.6%)				
Hong Kong (98.6%)				
JF Money Fund - HK$ *	Hong Kong	1,224,678	195,507,558	98.6
Total Listed/Quoted Investments			195,507,558	98.6
Other net assets			2,871,007	1.4
Net assets attributable to holders of redeemable units at 30 June 2011			198,378,565	100.0
Total investments, at cost			176,402,494	

* Issued and managed by the Manager

Note: Collective Investment Scheme listed above is quoted investment.

Statement of Movements in Portfolio Holdings
For the year ended 30 June 2011 *(Unaudited)*

	% holdings of net assets	
	2011	2010
Listed/Quoted Investments		
Collective Investment Schemes		
Hong Kong	98.6	98.9
Total Listed/Quoted Investments	98.6	98.9
Other net assets	1.4	1.1
Net assets attributable to holders of redeemable units at 30 June	100.0	100.0

Supplementary Information
Investment Portfolio of JF Money Fund – HK$
As at 30 June 2011 *(Unaudited)*

	Holding	Fair value HK$	% of net assets
Listed/Quoted Investments (74.3%)			
(I) Debt Securities (58.8%)			
Australia (10.8%)			
ANZ Banking Grp FRN 21/05/12	HKD15,000,000	15,063,254	1.4
Commonwealth Bk Aust FRN 15/05/12	HKD25,000,000	25,117,199	2.3
National Aust Bk FRN 23/11/11	HKD35,000,000	34,969,284	3.3
Westpac Banking Sydney FRN 22/05/12	HKD40,000,000	40,216,097	3.8
Canada (0.9%)			
Canadian Imperial Bank FRN 25/05/12	HKD10,000,000	10,004,211	0.9
Cayman Islands (4.6%)			
Sun Hung Kai Prop 3.01% 17/11/11	HKD20,000,000	20,502,745	1.9
Swire Pacific MTN 4.08% 28/07/11	HKD18,000,000	18,143,352	1.7
Swire Pacific MTN FRN 10/06/13	HKD10,000,000	10,080,227	1.0
China (11.3%)			
Agricultural Bk China HK FRN 02/12	HKD30,000,000	30,014,556	2.8
Bank of Commun HK FRN 20/01/12	HKD30,000,000	30,022,811	2.8
China Dev Bank 1.25% 23/12/11	HKD10,000,000	10,011,740	0.9
China Dev Bank HK FRN 26/11/12	HKD30,000,000	29,962,570	2.8
China Merchants Bk HK 0.95% 10/1/12	HKD10,000,000	10,025,367	1.0
China Merchants Bk HK FRN 14/07/11	HKD10,000,000	10,021,584	1.0
France (0.9%)			
BNP Paribas 0.75% 10/08/11	HKD10,000,000	10,062,181	0.9
Hong Kong (18.8%)			
Bank of East Asia FRN 21/07/11	HKD25,000,000	25,032,096	2.4
Dah Sing Bank 0.95% 17/02/12	HKD10,000,000	10,027,377	0.9
Dah Sing Bank 1% 18/10/11	HKD10,000,000	10,067,637	0.9
DBS Bank HK 0.91% 27/06/12	HKD10,000,000	10,003,097	0.9
Fubon Bank (HK) FRN 13/10/11	HKD20,000,000	20,020,899	1.9
Fubon Bank (HK) FRN 25/11/11	HKD10,000,000	9,998,704	0.9
HK Mortgage 1.22% 06/10/11	HKD30,000,000	30,117,135	2.8
ICBC Asia 1.47% 20/07/11	HKD5,000,000	5,010,049	0.5
ICBC Asia FRN 30/01/12	HKD25,000,000	25,001,093	2.4
Standard Chart Bk HK FRN 27/02/12	HKD35,000,000	34,998,868	3.3
Wing Hang Bank FRN 28/09/11	HKD20,000,000	19,994,920	1.9
Korea (3.3%)			
Export-Import Bk Korea 0.95% 27/1/12	HKD10,000,000	10,025,182	1.0
Export-Import Bk Korea 1.145% 09/11	HKD15,000,000	15,126,136	1.4
Export-Import Bk Korea FRN 22/09/11	HKD10,000,000	10,013,846	0.9
Malaysia (3.7%)			
Malayan Banking HK FRN 06/12/11	HKD20,000,000	20,005,337	1.8
Malayan Banking HK FRN 17/11/11	HKD20,000,000	20,017,542	1.9
Singapore (1.4%)			
OCBC/HK FRN 04/11/11	HKD15,000,000	15,007,656	1.4
United Kingdom (0.9%)			
Barclays Bank FRN 27/08/13	HKD10,000,000	10,001,603	0.9
United States (2.2%)			
General Elec Cap FRN 30/08/11	HKD15,000,000	14,979,591	1.4

Supplementary Information
Investment Portfolio of JF Money Fund – HK$ (Continued)
As at 30 June 2011 *(Unaudited)*

	Holding	Fair value HK$	% of net assets
United States (Continued)			
Morgan Stanley FRN 18/06/12	HKD8,000,000	7,985,909	0.8
		627,651,855	58.8
(II) Money Market (15.5%)			
Hong Kong (9.9%)			
Bank of East Asia ECD 0% 5/8/11-HKD	HKD10,000,000	9,997,000	0.9
BNP Paribas HK ECD 0% 12/08/11-HKD	HKD25,000,000	24,992,500	2.4
China Constr Bk ECD 0% 19/10/11-HKD	HKD30,000,000	29,961,000	2.8
Standard Cha Bk HK ECD 0% 08/11-HKD	HKD40,000,000	39,992,000	3.8
Korea (2.8%)			
Shinhan Bank ECP 0% 16/09/11-HKD	HKD30,000,000	29,982,000	2.8
United Kingdom (2.8%)			
Lloyds TSB Bank ECP 0% 16/08/11-HKD	HKD30,000,000	29,991,000	2.8
		164,915,500	15.5
Total Listed/Quoted Investments		792,567,355	74.3
Other net assets (25.7%)			
Cash at banks		12,467,266	1.2
Short term deposits		273,000,123	25.6
Accounts receivable			
Amounts receivable on allotment		272,595	0.0
Interest and other accounts receivable		625,967	0.1
Accounts payable			
Amounts payable on redemption		(12,106,038)	(1.1)
Other accounts payable		(526,651)	(0.1)
Total other net assets		273,733,262	25.7
Net assets attributable to holders of redeemable units at 30 June 2011		1,066,300,617	100.0
Total investments, at cost		792,660,272	

Performance Record - Unaudited

Net Asset Values

At financial period ended	Net asset value of the Fund HK$	Net asset value per investment unit HK$	Net asset value per administration unit HK$
30/6/11	198,378,565	131.94	122.38
30/6/10	209,004,062	131.94	123.12
30/6/09	212,992,381	131.95	123.86

Highest Offer/Lowest Bid Prices

Financial period ended	Highest offer HK$	Lowest bid HK$
Investment unit		
30/6/11	131.97	131.93
30/6/10	131.98	131.93
30/6/09	131.95	130.55
30/6/08	130.55	126.70
30/6/07	126.65	122.09
30/6/06	122.05	118.13
30/6/05	118.10	117.52
30/6/04	117.63	117.34
30/6/03	117.31	115.94
30/6/02	115.94	113.76
Administration unit		
30/6/11	123.11	122.38
30/6/10	123.86	123.12
30/6/09	123.96	123.29
30/6/08	123.28	120.37
30/6/07	120.33	116.68
30/6/06	116.65	113.58
30/6/05	113.68	113.30
30/6/04	114.22	113.69
30/6/03	114.17	113.51
30/6/02	113.51	112.03

Management and Administration

Manager and Service Provider
JPMorgan Funds (Asia) Limited
21/F, Chater House
8 Connaught Road Central
Hong Kong

Investment Manager
JF Asset Management Limited
21/F, Chater House
8 Connaught Road Central
Hong Kong

Directors of the Manager
as at 13 October 2011
Ann Kui Ching Kao
Edwin Tsun Kay Chan
Elsie Pui Shan Leung
Ken Wai Ming Tam
Leo Ka Kui Cheung
Lily Suet Lai Lau
Marco Ka Nam Tang
Terry San Kong Pan

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