

JF Australia

January 2012

Fund objective

To provide long-term capital growth by investing primarily in Australian securities.

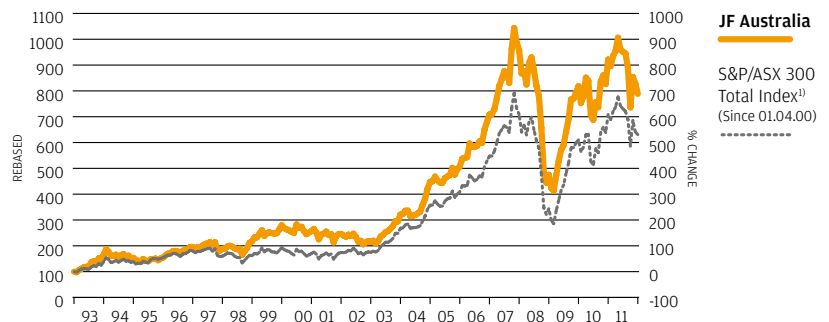
Fund Manager's report

Portfolio Review: The Australian market continued its downward slide into the year end as investors remained focused on the concerns emanating from Europe. The RBA again cut rates 25bps continuing its easing stance which begun in November. A downward revision in inflation expectations means that there is scope for more rate cuts. This proved to be too late for discretionary retail companies with a series of high profile profit warnings before Christmas. Again, defensive names outperformed and the portfolio performed essentially in line with the benchmark when the adjustment from the previous month is considered.

Outlook: The Australian market is inexpensive on historical multiples but will continue to be led by macro forces, particularly before the start of reporting season in February. The RBA will continue to ease rates but with the rise of cost of living pressures this is unlikely to prove supportive for domestic cyclical.

- The Fund invests in a single market, primarily Australia, and is therefore subject to greater concentration risk than a more diversified investment.
- The Fund may invest in emerging and developing markets and thus may have significant exposure to liquidity and the relevant currency risk. The Fund's price movement may go down or up sharply over a short time span.
- Investors may be subject to substantial losses.
- Investors should not solely rely on this document to make any investment decision.

Performance from 31.12.92 to 30.12.11



Cumulative performance %

	1 month	1 year	3 years	5 years	Since launch
Fund	-4.8	-14.4	+66.0	+11.2	+237.4
Benchmark ¹⁾	-1.6	-11.0	+83.5	+15.2	+727.4

Calendar Year performance %

	2006	2007	2008	2009	2010	2011YTD
Fund	+39.8	+35.2	-50.4	+72.3	+12.6	-14.4
Benchmark ¹⁾	+33.8	+29.5	-51.5	+77.5	+16.1	-11.0

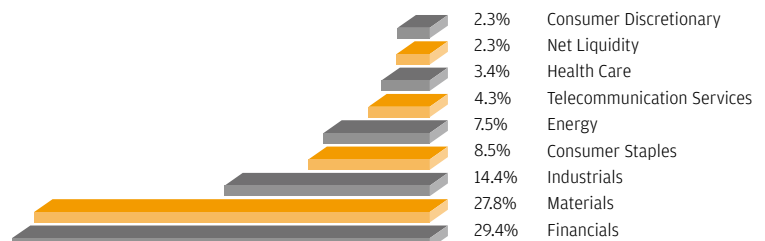
Portfolio information

Fund manager	James Ewinger/Adam Upton, Hong Kong	
Launch date	15.06.81	
Fund size (m)	USD 106.4	
Base currency and NAV per unit	USD 27.66	
12 month NAV:	High	USD 35.70 (28.04.11)
	Low	USD 24.13 (04.10.11)
Charges:	Initial	5.0% of NAV
	Redemption	0.5% of NAV
	Management fee	1.5% p.a.
Last distribution (x/d date)	USD 0.6228 (30.09.08)	
SEDOL/ISIN codes	B413TL9/HK0000055613	
Bloomberg code	JFAAUTI HK	

Statistical analysis

	3 years	5 years	Since launch ²⁾
Correlation	0.99	0.99	0.88
Alpha %	-0.19	-0.06	-0.17
Beta	0.94	0.96	0.94
Annual volatility %	27.62	29.19	25.21
Sharpe ratio	0.65	0.01	-
Annual tracking error %	4.83	4.59	12.08
Average annual return %	18.41	2.15	4.06

Portfolio analysis



Top five holdings (as at end November 2011)

Holding	Sector	%
BHP Billiton Ltd.	Materials	9.2
Rio Tinto Ltd.	Materials	7.7
National Australia Bank Ltd.	Financials	5.9
Commonwealth Bank of Australia	Financials	5.8
Wesfarmers Ltd.	Consumer Staples	5.7

For more information, please contact your bank, financial adviser or visit

www.jpmmorganam.com.hk

Unless stated otherwise, all information as at the last valuation date of the previous month. Source: JPMAM/Thomson Reuters Datastream (NAV to NAV in USD with income reinvested). Source of star rating: Morningstar, Inc. Risk ratings (if any) are based on JPMAM's assessment of relative risk by asset class and is subject to change. This is for reference only. Any overweight in any investment holding exceeding the limit set out in the Investment Restrictions was due to market movements and will be rectified shortly. Top ten holdings is available upon request. It should be noted that due to the difference of the fund domiciles the valuation points used by the JF funds and JPMorgan series of funds for fair valuation (where applied) may vary. For details please refer to the respective offering documents. ¹⁾Prior to 01.04.00, Australian All Ordinaries Price (Price change only, dividends not taken into account). ²⁾With the exception of the "Average annual return" figure, all data are calculated from the month end after inception. ³⁾The Asset Triple A Investment Awards. For 2011, the award is "Asset Management Company of the Year, Asia - Retail". ⁴⁾Lipper Fund Awards Hong Kong 2009 (reflect fund performance as of 2008).

Investment involves risk. Past performance is not indicative of future performance. Please refer to the offering document(s) for details, including the risk factors.

This document has not been reviewed by the SFC. Issued by JPMorgan Funds (Asia) Limited.