

JF China (USD)

JF share class of JPMorgan Funds

January 2012

Fund objective

To provide long-term capital growth by investing primarily in companies of the People's Republic of China.

Fund Manager's report

Portfolio Review: Hong Kong-listed Chinese equities (MSCI China) rose in December, as coordinated central bank easing led to a strong rally on the first trading day of the month. The MSCI China, however, subsequently corrected while the domestic A-share market continued to weaken as local investors were disappointed with a lack of accelerated policy easing amid an economic growth slowdown. Consumer discretionary names underperformed as consumption growth showed signs of sharp deceleration, partly due to weakening consumer confidence. The Fund underperformed modestly this month, mainly attributed to the underperformance of our positions in A-shares and Chinese consumer stocks which had outperformed previously.

Outlook: We expect a brighter outlook for markets in the near term as global economic fears ease with brighter macro data and more steps towards a liquidity response to the European Debt Crisis. We continue to expect inflation to ease in China, paving the way for a looser policy environment. While we expect a continued slowdown in 1Q12 and subsequent downward earnings revisions, we believe the share prices have well priced in the weak macro environment. Most importantly, valuations are attractive for most Chinese equities, with many stocks touching at/below Global Financial Crisis levels. Our core strategies remain unchanged as we expect recovery from sectors that underperformed in the crisis-like atmosphere since September 2011.

Portfolio information

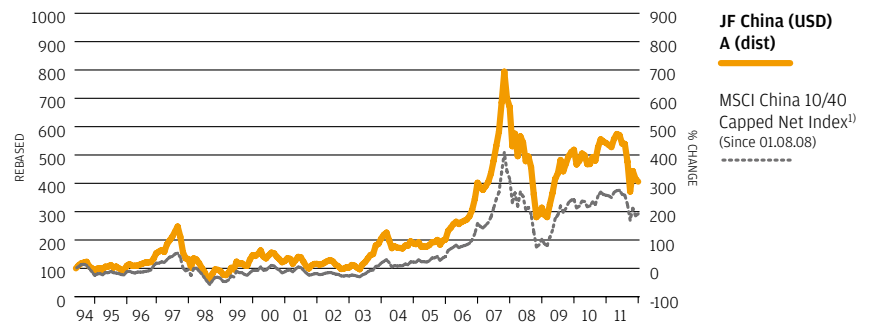
Fund manager	Shumin Huang/Howard Wang, Hong Kong	
Launch date ²⁾	04.07.94	
Fund size (m)	USD 2,459.5	
Base currency and NAV per share	USD 37.38	
12 month NAV:	High	USD 54.19 (21.04.11)
	Low	USD 31.10 (04.10.11)
Charges:	Initial Redemption	5.0% of NAV
	Management fee	Currently 0% (up to 0.5% of NAV)
		1.5% p.a.
Last distribution (xd date)	USD 0.18 (02.09.09)	
SEDOL/ISIN codes	5224076/LU0051755006	
Bloomberg code	FLEFCHI LX	

Statistical analysis

	3 years	5 years	Since launch ³⁾
Correlation	0.98	0.99	0.96
Alpha %	-0.33	-0.17	0.17
Beta	1.07	1.00	1.01
Annual volatility %	28.25	33.79	33.76
Sharpe ratio	0.30	-	0.14
Annual tracking error %	6.13	5.43	9.07
Average annual return %	8.92	0.19	8.33

- The Fund invests in a single market, primarily in companies of the People's Republic of China, 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 04.07.94 to 30.12.11



Cumulative performance %

	1 month	1 year	3 years	5 years	Since launch
Fund	-2.5	-25.2	+29.2	+0.9	+305.8
Benchmark ¹⁾	+2.5	-18.4	+44.3	+13.0	+192.2

Calendar Year performance %

	2006	2007	2008	2009	2010	2011YTD
Fund	+99.8	+66.7	-53.1	+65.1	+4.6	-25.2
Benchmark ¹⁾	+82.8	+61.0	-51.4	+69.1	+4.5	-18.4

Portfolio analysis

By country/region

China	96.9%
Net Liquidity	2.4%
Hong Kong	0.4%
Taiwan	0.3%

By sector

2.4%	Net Liquidity
3.9%	Materials
4.0%	Others
5.1%	Telecommunication Services
6.5%	Consumer Staples
7.6%	Information Technology
14.1%	Consumer Discretionary
19.2%	Energy
37.2%	Financials

Top five holdings (as at end November 2011)

Holding	Sector	%
China CITIC Bank Corp. Ltd.	Financials	7.1
China Construction Bank Corp.	Financials	7.0
China Oilfield Services Ltd.	Energy	6.6
Agricultural Bank of China Ltd.	Financials	5.9
Tencent Holdings Ltd.	Information Technology	5.4

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/BNP Paribas/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(s). 1) Dividends reinvested after deduction of withholding tax. Prior to 01.08.08, BNP Paribas China Price (Price change only, dividends not taken into account). 2) Available for purchase in Hong Kong on 18.05.01. 3) With the exception of the "Average annual return" figure, all data are calculated from the month end after inception. 4) The Asset Triple A Investment Awards. For 2011, the award is 'Asset Management Company of the Year, Asia - Retail'.

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.