

# JF China Pioneer A-Share

January 2012

## Fund objective

To achieve long-term capital growth by investing primarily in PRC securities, including but not limited to A-Shares.

## Fund Manager's report

**Portfolio Review:** Greater China equities rose in December as coordinated central bank easing led to a strong rally on the first trading day of the month. However, the China domestic market saw a significant correction during the month as domestic investors were disappointed with a lack of accelerated policy easing amid an economic growth slowdown. Financials and utilities outperformed while cyclical sectors such as materials and industrials underperformed. There was also strong profit taking pressure on sectors that have outperformed and stayed at high absolute valuations. The Fund outperformed due to our underweight position in cyclical sectors and contributions from stock selection in the financial and consumer discretionary sectors.

**Outlook:** We continue to expect inflation to ease in China, thus paving the way for a looser policy environment. Although concerns regarding economic growth momentum and earnings risks will continue to add pressure on market in the near term, valuations are cheap with the stock market touching Global Financial Crisis levels. As such, we see more attractive investment opportunities after this correction. We are reducing our underweight positions in banks and making some switches from those stocks that had outperformed to those undergoing weakness recently but with good long-term growth potential. Our core strategies remain unchanged.

## Portfolio information

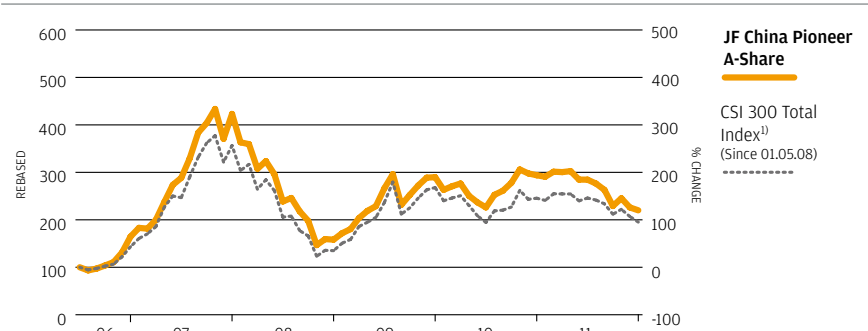
Fund manager	<b>Lilian Leung/Song Shen, Hong Kong</b>	
Launch date	<b>19.06.06</b>	
Fund size (m)	<b>USD 538.3</b>	
Base currency and NAV per unit	<b>USD 22.00</b>	
12 month NAV:	High	<b>USD 31.31 (08.04.11)</b>
	Low	<b>USD 21.53 (15.12.11)</b>
Charges:	Initial	<b>5.0% of NAV</b>
	Redemption	<b>0.5% of NAV</b>
	Management fee	<b>1.75% p.a.</b>
Last distribution (xd date)	<b>N/A</b>	
SEDOL/ISIN codes	<b>B4238J9/HK0000055621</b>	
Bloomberg code	<b>JFCHPNA HK</b>	

## Statistical analysis

	3 years	5 years	Since launch <sup>9)</sup>
Correlation	0.96	0.96	0.96
Alpha %	0.02	0.01	0.28
Beta	0.86	0.90	0.93
Annual volatility %	27.34	34.37	35.52
Sharpe ratio	0.41	0.12	0.37
Annual tracking error %	8.97	9.91	10.36
Average annual return %	11.62	5.99	15.43

- The Fund may invest in emerging and developing markets, primarily in PRC securities, including but not limited to A-Shares, and therefore 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.
- The Fund has exposure to the China A-Share market via a QFII license. Investors will be subject to the associated regulatory and concentration risk.
- Investors may be subject to substantial losses.
- Investors should not solely rely on this document to make any investment decision.

## Performance from 03.07.06 to 30.12.11



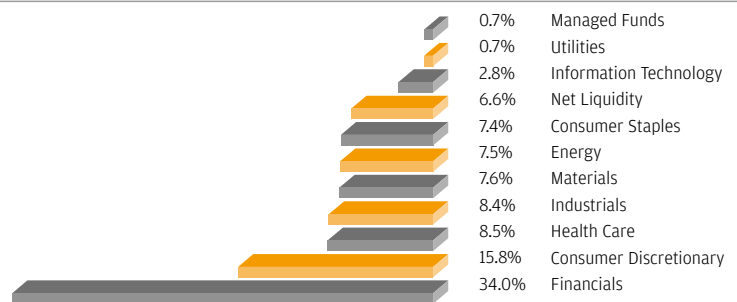
## Cumulative performance %

	1 month	1 year	3 years	5 years	Since 03.07.06
<b>Fund</b>	<b>-2.7</b>	<b>-25.1</b>	<b>+39.1</b>	<b>+33.7</b>	<b>+120.0</b>
Benchmark <sup>1)</sup>	-5.7	-20.5	+44.6	+36.3	+95.2

## Calendar Year performance %

	2006*	2007	2008	2009	2010	2011YTD
<b>Fund</b>	<b>+64.5</b>	<b>+157.2</b>	<b>-62.6</b>	<b>+83.2</b>	<b>+1.4</b>	<b>-25.1</b>
Benchmark <sup>1)</sup>	+43.2	+148.9	-62.1	+98.5	-8.4	-20.5

## Portfolio analysis



## Top five holdings (as at end November 2011)

Holding	Sector	%
<b>CITIC Securities Co. Ltd.</b>	Financials	5.8
<b>Kweichow Moutai Co. Ltd.</b>	Consumer Staples	5.3
<b>Shanghai Pudong Development Bank Co. Ltd.</b>	Financials	4.8
<b>China Shenhua Energy Co. Ltd.</b>	Energy	4.6
<b>Shandong Dong-E E-Jiao Co. Ltd.</b>	Health Care	4.4

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

[www.jpmmorganam.com.hk](http://www.jpmmorganam.com.hk)

Unless stated otherwise, all information as at the last valuation date of the previous month. As the Fund's dealing date for December 2007 has been postponed to 2 January 2008, any performance-related data that would otherwise have referred to end-December 2007 is now referred to 2 January 2008 instead. Source: JPMAM/ Factset/BNP Paribas/CSI (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. Individual stock and market performance is not indicative of fund performance. 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. \*Since launch to end of year. 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 document(s). <sup>1)</sup>Prior to 03.01.08, 75% FTSE Xinhua 600 Total + 25% BNP Paribas China Price (Price change only, dividends not taken into account). Prior to 01.05.08, 75% CSI 300 Total + 25% BNP Paribas China Price. All rights about CSI 300 Index belong to China Securities Index Co., Ltd. <sup>2)</sup>With the exception of the "Average annual return" figure, all data are calculated from the month end after inception. <sup>3)</sup>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.