

# JF Provident Capital

January 2012

## Fund objectives

- To minimise its short-term capital risk in Hong Kong dollar terms and to outperform Hong Kong dollar deposit rates over the long term through a professionally managed portfolio of interests in collective investment schemes managed by the Manager or its Connected Persons.
- The underlying asset mix of the Trust will have a major bias towards investment in HK\$ and US\$ bonds to ensure that the capital value and income stability of the portfolio is maintained whilst balancing this with a minor exposure to global equities to provide the potential for some capital appreciation for the portfolio.

## Investor profile

- Employees who are relatively risk averse and require **modest capital growth**, or those who need to lock in gains in the short term.
- Suitable age group: 55+ (or less than 5 years to retirement date).

## Fund Manager's report

**Portfolio Review:** Global equity markets finished the month down 0.1% in USD terms. The European Central Bank provided a boost to markets early in the month as it cut interest rates and announced measures to improve banks' liquidity by providing unlimited loans for three years. Markets were also buoyed in the US by a slew of positive data releases. However, emerging market equities were weak as the South Korean and Indian governments cut growth forecasts and Chinese industrial production came in below expectations. US 10-year Treasury yield dropped 19bps to end the month at 1.88%. We remained neutral in equities and bond exposure.

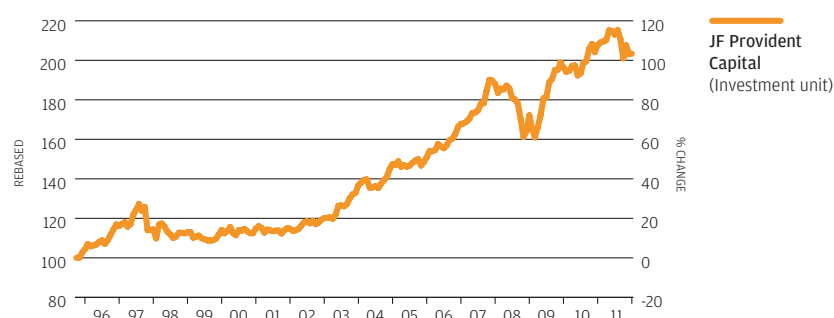
**Outlook:** The three-year refinancing made available to European banks has reduced some selling pressure in government bonds. However, it is far from clear that the current measures will be a quick fix for the Eurozone crisis without going through a long process of fiscal integration and treaty change. In the US, a two-month extension of the payroll tax cut has postponed fiscal tightening, but the long-term policy flexibility will continue to provoke debate. Meanwhile, the immediate focus for investors will be the upcoming results season to see whether companies can offer earnings surprises or clearer guidance for corporate earnings in 2012.

## Portfolio information

Launch date	29.09.95
Fund size (m)	HKD 475.7
Base currency	HKD
NAV per unit:	Investment unit HKD 203.36 Administration unit HKD 184.74
Year end	30 June
Annual management fee	0.8%
Fund prices quoted:	The Standard Hong Kong Economic Times www.jpmmorganam.com.hk
Dealing	Daily

- The Fund invests in collective investment schemes and thus has underlying exposure to equities and fixed income instruments. As a result the Fund is exposed to interest rate and credit risk as well as equity and currency market risk.
- Investors may be subject to substantial losses.
- Investors should not solely rely on this document to make any investment decision.

## Performance from 29.09.95 to 30.12.11



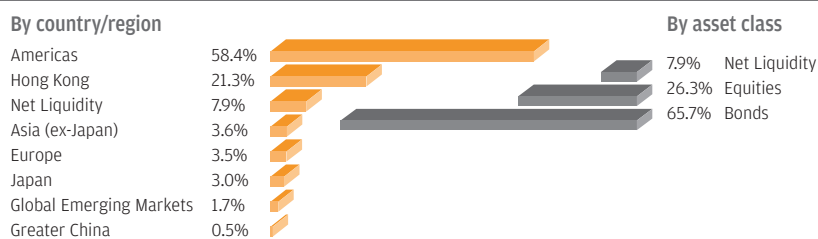
## Cumulative performance %

	1 month	1 year	3 years	5 years	Since launch
Investment unit	+0.1	-2.1	+18.1	+21.2	+103.4

## Calendar Year performance %

	2006	2007	2008	2009	2010	2011YTD
Investment unit	+11.1	+12.1	-8.4	+14.1	+5.8	-2.1

## Portfolio analysis



## Top five holdings as at end November 2011

Holding	%
Japan Fin Org 1.9% 22/06/18-Intl	2.5
European Inv Bk 1.4% 20/06/17	2.3
US Treasury 3.5% 15/02/18	2.1
US Treasury 2.625% 15/11/20	1.8
US Treasury 4.5% 15/02/16	1.7

## For more information, please contact JPM Pension Services

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Unless stated otherwise, all information as at the last valuation date of the previous month. Source: JPMAM (NAV to NAV in base currency). 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).

**Investment involves risk. Past performance is not indicative of future performance. Funds which are invested in emerging markets and smaller companies may also involve a higher degree of risk and are usually more sensitive to price movements. 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.