

# JF Provident Stable Capital

January 2012

## Fund objectives

- To provide long term appreciation in HK dollar terms through a professionally managed portfolio consisting primarily of interests in collective investment schemes managed by the Manager or its Connected Persons. In the longer term, the Manager aims to preserve the capital value of the Fund.
- The underlying asset mix of the Fund will have a bias towards investment in HK\$ bonds to ensure that the capital value and income stability of the portfolio is maintained whilst balancing this with an effective exposure to a global portfolio of government and corporate bonds.

## Investor profile

- Ideal for risk averse and income orientated investors.
- Suitable for money fund holders who are looking for potentially higher yields.
- Also appropriate for employees who have investments only in Growth and Balanced Funds and who prefer a more diversified portfolio with lower risk.

## Fund Manager's report

**Portfolio Review:** Hong Kong dollar yields moved higher during December due to a funding squeeze, while US Treasury yields moved lower. US economic data was generally positive as the labor market continued to show signs of recovering and housing data appeared to stabilize. However, concerns remain about the lack of fiscal support to protect the economy from the external slowdown. Headlines from the European debt crisis also continue to weigh on investors' sentiment. Domestic Hong Kong economic data was generally robust as retail sales remained strong and unemployment stayed low, but exports slowed sharply and industrial production also declined. Finally, inflation remains high and sticky.

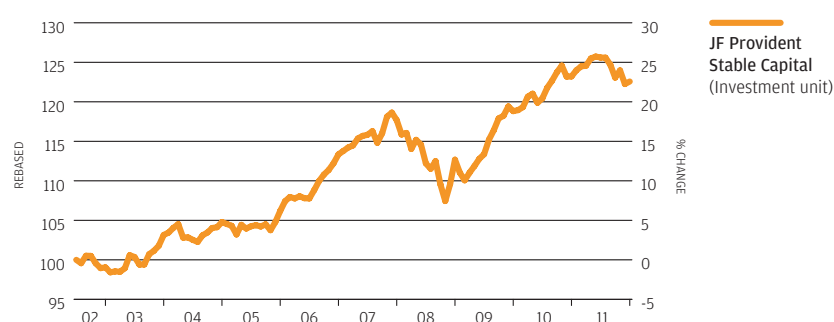
**Outlook:** With the Fed promising to keep rates low until 2013, we expect that both US and Hong Kong short-term yields will remain low and range-bound. In addition, the curves should remain relatively flat with the Fed purchasing longer-term bonds. While the domestic economic data remains reasonably robust, average broker forecasts for 2012 expect a slowdown in both GDP and inflation in Hong Kong, due to declining demand for exports from the developed world.

## Portfolio information

Launch date	02.07.02
Fund size (m)	HKD 120.5
Base currency	HKD
NAV per unit:	Investment unit HKD 122.57 Administration unit HKD 115.79
Year end	30 June
Annual management fee	1.0%
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 02.07.02 to 30.12.11



## Cumulative performance %

	1 month	1 year	3 years	5 years	Since launch
Investment unit	+0.3	-0.5	+8.8	+8.1	+22.6

## Calendar Year performance %

	2006	2007	2008	2009	2010	2011YTD
Investment unit	+6.7	+3.8	-4.2	+5.4	+3.7	-0.5

## Portfolio analysis



## Top five holdings as at end November 2011

Holding	%
HK Govt Bd 2.93% 13/1/20-10GB2001	2.4
HK Exchange Fund 2.31% 21/06/21	1.5
HK Exchange Fund 2.07% 26/08/26	1.4
HK Exchange Fund 3.56% 25/06/18	1.2
HK Exchange Fund 1.18% 21/09/15	1.0

## 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.