

JF SAR European Fund

Audited Annual Report
30 June 2011

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This report does not constitute an offer of any units in the fund forming the subject matter of this document (the "Fund"). Subscriptions are only valid if made on the basis of the current explanatory memorandum (or equivalent), supplemented by the most recent financial report.

Investment Report

Investment Policy

The investment policy of the JF SAR European Fund (the "Fund") is to provide investors with long-term capital growth in United States dollar terms through a portfolio consisting primarily of securities of companies based or operating principally in countries in Western Europe. A portion of the Fund may be invested in companies which are based or operate in other countries in Eastern Europe.

The proposed allocation of the assets held under the Fund is as follows:

70-100%	non-cash assets in European equities
0-30%	non-cash assets in other equities
0-30%	non-cash assets in bonds *

* For cash management purpose only.

During this financial period, there has been no change in the Fund's investment policy.

Commentary by the Manager

Review

European stock markets produced very strong gains over the last 12 months, with the MSCI Europe Index up 36% in USD terms in the year to 30 June 2011 (source: JPMorgan). A robust economic recovery in core Europe, coupled with impressive corporate profits growth, drove markets higher, while US dollar returns further boosted by currency weakness against the euro.

The euro strengthened significantly over the review period as expectations for higher Eurozone interest rates boosted the single European currency. The European Central Bank raised interest rates by 0.25% to 1.25% in April in an attempt to bring inflation back below its 2% target against a backdrop of accelerating growth in the core Eurozone economies, particularly Germany. Another 0.25% increase to 1.5% followed in early July. In contrast, the Bank of England kept UK policy rates unchanged at a record low of 0.5% despite much higher inflation than in the Eurozone, as UK economic growth remained disappointingly weak.

Pan European corporate profits rose sharply over the period, lifted by strong demand from Emerging Markets as the global economic recovery continued. On a regional basis, company earnings grew 47.2% across Europe in 2010, with particular strength in basic materials due to a further rise in commodity prices, consumer goods and financials. Although earnings momentum has slowed in 2011, forecasts continue to suggest firm profits growth for this year and for 2012.

These strong fundamentals helped markets overcome several bouts of uncertainty, including political unrest in North Africa and the Middle East (and a subsequent spike in oil prices), disruption to global supply chains caused by the Japanese earthquake in March, and further flare ups in the Eurozone sovereign debt crisis. Sentiment was supported by bailouts for Ireland and Portugal by the European Union (EU) and International Monetary Fund (IMF), although concerns grew over an imminent Greek default towards the end of the review period until the Greek parliament passed further austerity measures, thus securing more EU and IMF funding.

Outlook

The Greek austerity package agreed at the end of June lifted immediate fears of default but it did not obviate the need for European authorities to find a long-term solution to Europe's sovereign debt issues. Economic growth in the core European economies remains strong and interest rates are likely to rise only modestly over the next 12 months given the need to support the European periphery.

Whilst investors remain concerned about the sluggish recovery in US economic growth and a hard landing in China, European valuations on a number of measures including price-earnings and dividend yield remain attractive both compared to history and to bond yields, and are supported by firm corporate earnings growth expectations for 2011 and 2012.

The Fund continues to invest in companies exhibiting outstanding value and growth characteristics. This investment style has proved its ability to deliver outperformance over the long term and we feel confident about the future.

Commentary by the Trustee

Investments made by the Fund during the year are in accordance with the investment policy as described in the Explanatory Memorandum. During the year, there has been no change in the statement of investment policy that will materially affect the risk attached to the investment of the Fund. The trustee would like to highlight that during the year there was one advertent breach, one compliance breach and a few investment-related breaches which were passive in nature. The breaches are summarized in the Report of the Trustee.

	2011 US\$	2010 US\$	2009 US\$
Increase in net assets attributable to holders of redeemable units and total comprehensive income before net gains/(losses) on investments and net foreign currency exchange gains/(losses)	7,504,898	6,634,174	6,919,208
Capital appreciation/(depreciation) ¹	69,263,354	28,992,222	(106,206,492)
Net assets attributable to holders of redeemable units (after fair value adjustment)	347,095,990	270,327,738	234,701,342

[¹Capital appreciation/(depreciation) represents the aggregate of net allotment/(redemption) and net gains/(losses) on investments and net foreign currency exchange gains/(losses)]

Report of the Trustee to the Unitholders

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 16 September 1998, as amended, for the year ended 30 June 2011.

We hereby report that, during the year, we became aware of one advertent breach on permissible investment, one compliance breach on eligibility of a custodian delegate and a few investment-related breaches which were passive in nature.

Advertent breach

The Fund was entitled to rights issue of Nyrstar NV from a corporate action. The rights issue was exercised on 18 March 2011, resulting in the Fund acquiring 34,314 shares of Nyrstar NV bundled with its Strip VVPRs. The Strip VVPRs are not permissible investment. The breach was rectified on 4 April 2011 when all the holdings of Strip VVPRs were sold at a gain for the Fund.

Compliance breach

The breach was in relation to the Bank of Ireland which was ineligible to act as a MPF custodian due to its failure to meet the minimum credit rating requirement as an approved overseas bank.

Investment-related breaches

Apart from the breaches mentioned above, a few investment-related breaches which were passive in nature were recorded for the Fund. The investment-related breaches had limited impact on unitholders' interests and they were rectified as soon as practicable. Apart from this, we have not become aware of any failures by the Custodian, the Manager and their delegates to comply with the obligations imposed on them.

We are not aware of any events of a significant nature relating to the Fund that occurred during the year which have not been reported to the Mandatory Provident Fund Schemes Authority (the "MPFA").

We hereby confirm that provisions of the Trust Deed dated 16 September 1998, as amended, the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong, the Mandatory Provident Fund Schemes Ordinance, the Mandatory Provident Fund Schemes (General) Regulation, the Code on MPF Investment Funds and other relevant guidelines issued by the MPFA have been complied with in all material respects during the year.

There are no material changes (including changes of the Custodian, the Manager and delegates of the Manager) which have not been reported to the MPFA during the year.

We declare that we have, during the year, supervised, and exercised proper control over, all persons appointed or engaged for the purposes of the Fund.

For and on behalf of
Royal Bank of Canada Trust Company (Asia) Limited, Trustee

Director

Director

Independent Auditor's Report

To the Trustee of JF SAR European Fund (the "Fund")

Report on the financial statements

We have audited the financial statements of the Fund set out on pages 5 to 18, which comprise the Statement of Financial Position as at 30 June 2011, and the Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Trustee and the Manager (the "Management") of the Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 16 September 1998, as amended (the "Trust Deed"), and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"), the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "Ordinance"), the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation"), the Code on MPF Investment Funds (the "MPF Code"), and Guideline II.5 issued by the Mandatory Provident Fund Schemes Authority (the "MPF Guideline"), and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 30 June 2011, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

Report on other legal and regulatory disclosure requirements

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant financial statements disclosure provisions specified in the SFC Code, the Ordinance, the General Regulation, the MPF Code and the MPF Guideline.

PricewaterhouseCoopers
Hong Kong,

13 October 2011

Statement of Financial Position
As at 30 June 2011

	2011 US\$	2010 US\$
Assets		
Cash at banks	7,725,477	7,833,582
Amounts due from brokers	534,151	109,620
Amounts receivable on allotment	115,691	87,867
Investments [Notes 3, 4(l)(a)]	338,634,022	261,761,863
Dividend receivable	576,934	531,693
	<hr/>	<hr/>
Total assets	347,586,275	270,324,625
	<hr/>	<hr/>
Liabilities		
Amounts due to brokers	20,250	-
Amounts payable on redemption	353,203	125,176
Other accounts payable	401,959	141,728
	<hr/>	<hr/>
Liabilities (excluding net assets attributable to holders of redeemable units)	775,412	266,904
	<hr/>	<hr/>
Net assets attributable to holders of redeemable units (before fair value adjustment) [Note 3]	346,810,863	270,057,721
Fair value adjustment of units of the Fund [Note 3]	285,127	270,017
	<hr/>	<hr/>
Net assets attributable to holders of redeemable units (after fair value adjustment) [Note 3]	347,095,990	270,327,738
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Approved by the Trustee and the Manager on 13 October 2011

Signed By:

For and on behalf of Royal Bank of Canada Trust Company (Asia) Limited, Trustee

Director

Director

For and on behalf of JF Asset Management Limited, Manager

Director

Director

Statement of Comprehensive Income
For the year ended 30 June 2011

	2011 US\$	2010 US\$
Income		
Net gains on investments [Note 5]	94,581,287	6,136,764
Dividend income	11,649,941	10,481,657
Net foreign currency exchange gains/(losses)	1,174,515	(878,866)
Interest on deposits	17,260	4,196
Other income	2,572	392
	<u>107,425,575</u>	<u>15,744,143</u>
	-----	-----
Expenses		
Transaction costs	1,082,476	1,118,453
Trustee's fee [Note 7(g)]	266,032	282,232
Safe custody and bank charges	84,850	103,027
Registrar's fee [Note 7(h)]	50,282	47,457
Legal and professional expenses	27,677	9,549
Valuation fee [Note 7(e)]	17,430	17,430
Auditor's fee	15,200	14,500
Management fee [Note 7(e)]	1,510	10,574
Printing and publication expenses	682	560
Other operating expenses	7,600	918
	<u>1,553,739</u>	<u>1,604,700</u>
	-----	-----
Profit before taxation	105,871,836	14,139,443
Taxation [Note 6]	(2,626,246)	(2,285,342)
	<u>103,245,590</u>	<u>11,854,101</u>
	-----	-----
Change in cumulative difference arising from the fair value adjustment of units of the Fund	15,110	37,971
	<u>103,260,700</u>	<u>11,892,072</u>
	=====	=====
Increase in net assets attributable to holders of redeemable units and total comprehensive income		

The notes on pages 9 to 18 form part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
For the year ended 30 June 2011

	2011 US\$	2010 US\$
Net assets attributable to holders of redeemable units at the beginning of the year	270,327,738 -----	234,701,342 -----
Allotment of redeemable units [Note 3]	17,968,100	54,650,060
Redemption of redeemable units [Note 3]	(44,460,548)	(30,915,736)
Net (redemption)/allotment	<u>(26,492,448)</u> -----	<u>23,734,324</u> -----
	243,835,290	258,435,666
Increase in net assets attributable to holders of redeemable units and total comprehensive income	<u>103,260,700</u>	<u>11,892,072</u>
Net assets attributable to holders of redeemable units at the end of the year	<u><u>347,095,990</u></u>	<u><u>270,327,738</u></u>

The notes on pages 9 to 18 form part of these financial statements.

Statement of Cash Flows
For the year ended 30 June 2011

	2011 US\$	2010 US\$
Operating activities		
Purchase of investments	(272,231,610)	(283,275,191)
Proceeds from disposal of investments	289,536,360	258,188,655
Dividend received	11,604,700	10,374,436
Interest received	17,260	4,196
Management fee paid	(1,479)	(13,732)
Registrar's fee paid	(48,008)	(46,426)
Trustee's fee paid	(263,172)	(283,584)
Transaction costs paid	(1,075,128)	(1,112,348)
Tax paid	(2,396,134)	(2,369,437)
Others	36,739	(3,117)
Net cash inflow/(outflow) from operating activities	<u>25,179,528</u>	<u>(18,536,548)</u>
Financing activities		
Receipts on allotment of redeemable units	17,940,276	54,822,683
Payments on redemption of redeemable units	(44,232,521)	(31,280,235)
Net cash (outflow)/inflow from financing activities	<u>(26,292,245)</u>	<u>23,542,448</u>
(Decrease)/increase in cash and cash equivalents	<u>(1,112,717)</u>	<u>5,005,900</u>
Cash and cash equivalents at the beginning of the year	7,833,582	3,857,671
Exchange gains/(losses) on cash and cash equivalents	1,004,612	(1,029,989)
Cash and cash equivalents at the end of the year	<u><u>7,725,477</u></u>	<u><u>7,833,582</u></u>
Analysis of balances of cash and cash equivalents:		
Cash at banks	<u><u>7,725,477</u></u>	<u><u>7,833,582</u></u>

The notes on pages 9 to 18 form part of these financial statements.

Notes to the Financial Statements

1 The Fund

JF SAR European Fund (the "Fund") was established under a Trust Deed dated 16 September 1998, as amended, and is governed by the laws of Hong Kong. The Fund is authorized by the Securities and Futures Commission of Hong Kong ("SFC").

The investment policy of the Fund is to provide investors with long-term capital growth in United States dollar terms through a portfolio consisting primarily of securities of companies based or operating principally in countries in Western Europe. A portion of the Fund may be invested in companies which are based or operate in other countries in Eastern Europe.

The Fund has been approved under section 6 of the Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation") as an Approved Pooled Investment Fund since 31 October 2000. The Fund is also required to comply with the Schedule of Conditions for Approval of Pooled Investment Funds issued by the Mandatory Provident Fund Schemes Authority (the "MPFA") to the Fund dated 31 October 2000.

The Fund is established with different classes of units to cater for different categories of investors. Currently, the Fund offers two classes of units. The two classes of units are:

Class A - Available to collective investment schemes, pension plans, segregated portfolios or other types of investment vehicles to which units of Class B are not made available.

Class B - Available to any schemes registered under the General Regulation for investment purpose only and collective investment schemes which are authorized by the SFC, pension plans, segregated portfolios or other types of investment vehicles where the Manager or its associated party acts as the manager or the investment manager of such scheme, plan, portfolio or vehicle and a management fee or investment management fee is being charged by them.

All unitholders' rights with regard to the convening, voting or otherwise acting at any meeting of unitholders are the same.

2 Summary of principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation of financial statements

The financial statements of the Fund have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) held at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee (the "Management") to exercise their judgment in the process of applying the Fund's accounting policies.

New standards and amendments to standards that are not yet effective and have not been early adopted by the Fund

HKFRS 9, "Financial Instruments" issued in November 2009. This standard is the first step in the process to replace Hong Kong Accounting Standard ("HKAS") 39, "Financial Instruments: Recognition and Measurement". HKFRS 9 introduces new requirements for classifying and measuring financial assets. In the fourth quarter of 2010, the Hong Kong Institute of Certified Public Accountants ("HKICPA") has released additions to HKFRS 9 dealing with financial liabilities. The additions, which are part of the HKICPA's plan to replace HKAS 39, retain most of the HKAS 39's requirements for financial liabilities. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income. The standard is not applicable until 1 January 2013 but is available for early adoption. The Management is currently assessing the impact on the Fund's financial statements.

HKFRS 13, "Fair Value Measurement" issued in June 2011. This standard introduces guidance for defining and measuring fair value. It also requires for additional disclosures about fair value measurements so as to enhance the comparability of information reported in the financial statements. The standard is not applicable until 1 January 2013 but is available for early adoption. The Management is currently assessing the impact on the Fund's financial statements.

(b) Investments

Classification

The Fund classifies its investments as financial assets or financial liabilities at fair value through profit or loss. These financial assets or financial liabilities are held-for-trading as they are acquired or incurred principally for the purpose of selling or repurchasing in the near term or short-term profit taking.

Recognition, derecognition and measurement

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognized at fair value and are subsequently re-measured at fair value. Realized and unrealized gains and losses on investments are recognized in the Statement of Comprehensive Income. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Fair value estimation

Investments that are listed or traded on an exchange and investments with prices quoted in over-the-counter markets or by market makers, are fair valued based on quoted "bid" prices on long investments and quoted "ask" prices on investments sold short.

Debt securities are fair valued based on quoted prices inclusive of accrued interest.

Investments in collective investment schemes are stated at fair value based on the net asset value per unit of the respective funds as determined by the administrators of the relevant funds or stated at "bid" prices if the collective investment schemes are listed or traded on an exchange.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(d) Income and expense

Dividend income is recognized on the ex-dividend date with the corresponding foreign withholding tax recorded as an expense and is accounted for in the Statement of Comprehensive Income.

Interest income on investments is accounted for as part of net gains/losses on investments in the Statement of Comprehensive Income.

Interest income on cash at banks and short term deposits is accounted for in the Statement of Comprehensive Income on an effective interest basis.

Expenses are accounted for in the Statement of Comprehensive Income on an accrual basis.

(e) Foreign currency translation*Functional and presentation currency*

The Fund has adopted United States dollar as its functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within "Net foreign currency exchange gains/losses". Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net gains/losses on investments".

(f) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash at banks and bank deposits with maturity of three months or less from the date of placing the deposits, net of certain short term bank loans which the Fund usually undertakes as overnight bank borrowings.

(g) Amounts due from/to brokers

Amounts due from/to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled by the end of the year.

(h) Proceeds and payments on allotment and redemption of units

The net asset value per unit is computed for each dealing day. The price at which units are allotted or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day in accordance with the provisions of the Fund's Trust Deed dated 16 September 1998, as amended, which may be different from the accounting policies stated in the financial statements.

Units of the Fund are redeemable at the option of the holders of redeemable units and are classified as a financial liability in the Statement of Financial Position which represents the net assets attributable to holders of redeemable units (or "net asset value", "net assets" or "NAV") and is carried at the redemption amount that would be payable at the Statement of Financial Position date if the holders of redeemable units exercised the right to redeem units of the Fund.

3 Net assets attributable to holders of redeemable units and number of units in issueFair value adjustment of units of the Fund

As stated in Note 2(h), units of the Fund are redeemable at the option of the holders of redeemable units and are classified as a financial liability in the Statement of Financial Position which represents the net assets attributable to the holders of redeemable units and is carried at the redemption amount that would be payable at the Statement of Financial Position date, if the holders of redeemable units exercised the right to redeem units of the Fund. The redemption amount is determined based on the net assets attributable to holders of redeemable units calculated in accordance with the provisions of the Fund's Trust Deed dated 16 September 1998, as amended ("Trust Deed NAV").

	2011 US\$	2010 US\$
Net assets attributable to holders of redeemable units (before fair value adjustment)	346,810,863	270,057,721
Fair value adjustment of units of the Fund:		
Difference between bid/ask prices and last traded prices basis in valuing investments as at 30 June [Note 3(a)]	285,127	270,017
Net assets attributable to holders of redeemable units (after fair value adjustment)	347,095,990	270,327,738

Note:

- (a) Listed investments and investments with prices quoted in over-the-counter markets or by market makers are stated at the last traded prices for the purpose of the Trust Deed NAV. As stated in Note 2(b), the accounting policy of the Fund for the purpose of compliance with HKAS 39, "Financial Instruments: Recognition and Measurement" and for reporting purposes is to value its investments at fair value based on the relevant bid/ask market prices on the Statement of Financial Position date.

Number of units in issue

	2011		2010	
	Class A Units	Class B Units	Class A Units	Class B Units
Number of units in issue:				
At the beginning of the year	8,716.767	18,411,289.959	284,173.096	16,728,308.805
Total allotments	-	974,557.342	25,392.197	3,289,037.306
Total redemptions	-	(2,341,275.326)	(300,848.526)	(1,606,056.152)
At the end of the year	<u>8,716.767</u>	<u>17,044,571.975</u>	<u>8,716.767</u>	<u>18,411,289.959</u>
	US\$	US\$	US\$	US\$
Net assets attributable to holders of redeemable units (after fair value adjustment)	<u>164,419</u>	<u>346,931,571</u>	<u>119,743</u>	<u>270,207,995</u>
Net assets attributable to holders of redeemable units (per unit)	<u>18.86</u>	<u>20.35</u>	<u>13.74</u>	<u>14.68</u>

4 Financial risk management

(I) Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk.

(a) Market risk

(i) Market price risk

The Fund's investments are subject to the market price risk inherent in all investments i.e. the value of holdings may fall as well as rise. The Fund's market risk is managed through (i) deliberate stocks selection, and (ii) diversification of the investment portfolio in accordance with specific investment restrictions and guidelines.

The Manager monitors the Fund's market price sensitivity primarily through the Beta of the Fund on a regular basis. Beta measures the statistical relationship between the return of the Fund and the relevant benchmark index chosen by the Manager.

As at 30 June, the fair value of investments and its estimated market sensitivity were as follows:

	2011		2010		
	Fair value of investments US\$	% of net assets	Fair value of investments US\$	% of net assets	
Listed/Quoted Investments					
<u>Assets</u>					
<u>Equities</u>					
- United Kingdom	108,361,475	31.2	83,487,516	30.9	
- France	57,932,621	16.7	33,372,247	12.3	
- Germany	39,472,015	11.4	41,051,711	15.2	
- Switzerland	32,358,090	9.3	30,516,527	11.3	
- Italy	22,528,003	6.5	15,498,528	5.7	
- Spain	20,696,818	6.0	11,701,464	4.3	
- Netherlands	19,350,936	5.6	16,171,433	6.0	
- Others	37,934,064	10.9	29,962,437	11.1	
Total Listed/Quoted Investments	338,634,022	97.6	261,761,863	96.8	
	Net asset value US\$	Relevant benchmark index for the Fund (Note*)	Beta (Note**)	% of reasonable possible change of the relevant benchmark index (Note***)	Estimated impact on net asset value (Note****) US\$
As at 30 June 2011	347,095,990	MSCI Europe (NDR)	1.01	+36.0	126,204,102
As at 30 June 2010	270,327,738	MSCI Europe (NDR) [Before 1 December 2009, FTSE World Europe - Total]	1.00	+6.2	16,760,320

If the relevant benchmark index return was to move in the opposite direction, this would result in an opposite movement in the net asset value of the Fund by the same amount.

Note:

* Relevant benchmark index for the Fund represents the relevant market index used by the Manager in monitoring the market price risk of the Fund.

** Beta measures the statistical relationship between the return of the Fund and the respective benchmark index over the maximum of past 36 months, or the number of months since portfolio inception. For funds launched within a period of less than 12 months, weekly returns of the Fund are used for calculating the Beta.

*** % of reasonable possible change is based on the actual historical change in the benchmark index in the past 12 months and does not include remote or "worst case" scenarios or "stress tests" nor represent the Manager's forecast of the Fund's future returns. In order to better reflect on the period over which reasonable possible change may take effect, the Manager assessed and revised the calculation of % of reasonable possible change from using the actual historical change in the benchmark index from in the past 3 months to 12 months. For funds launched within a period of less than 12 months, actual historical change in the benchmark index since the commencement of operations will be used to calculate the % of reasonable possible change.

**** Estimated impact on net asset value of the Fund is calculated by applying the relevant Beta against the net asset value of the Fund multiplied by the % of reasonable possible change of the relevant benchmark index, assuming that all other variables are held constant.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flow will fluctuate due to changes in market interest rates.

The table below summarizes the Fund's financial assets and liabilities as at 30 June which expose it to the risk associated with the effects of fluctuations in the prevailing levels of market interest rates, categorized by remaining maturity dates.

	2011 Less than 1 month US\$	2010 Less than 1 month US\$
Cash at banks	7,725,477	7,833,582
Total interest sensitivity gap	<u>7,725,477</u>	<u>7,833,582</u>

Any cash and cash equivalents are placed/borrowed at short term market interest rates and the Manager considers that the Fund is not subject to significant amount of risk due to the stable and low fluctuation in the prevailing levels of market interest rates.

(iii) Currency risk

The Fund holds assets and liabilities denominated in a number of currencies. HKFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not currency risk. The Manager monitors the exposure on all foreign currency denominated assets and liabilities including both monetary and non-monetary assets and liabilities.

The table below summarizes the Fund's exposure to currency risk as at 30 June together with the percentage of reasonable possible change in foreign currencies and the estimated impact on net asset value.

	US\$ equivalent	% of reasonable possible change against US\$ (Note**)	Estimated impact on net asset value US\$
<u>2011</u>			
Danish Kroner	4,452,625	+18.2	810,378
Euro	185,869,121	+18.4	34,199,918
Hong Kong Dollar	9,698	+0.1	10
Norwegian Kroner	2,803,710	+21.2	594,387
Sterling	109,328,408	+7.3	7,980,974
Swedish Kroner	11,129,050	+23.3	2,593,069
Swiss Franc	32,557,229	+28.1	9,148,581
	<u>346,149,841</u>		<u>55,327,317</u>
<u>2010</u>			
Danish Kroner	908,839	-12.7	(115,423)
Euro	146,025,514	-12.7	(18,545,240)
Hong Kong Dollar	6,498	-0.5	(32)
Norwegian Kroner	3,048,534	-1.0	(30,485)
Sterling	84,324,281	-9.2	(7,757,834)
Swedish Kroner	4,600,519	-0.4	(18,402)
Swiss Franc	30,635,011	+0.9	275,715
	<u>269,549,196</u>		<u>(26,191,701)</u>

If the foreign currency fluctuations were to move in the opposite direction, this would result in an opposite movement in the net asset value of the Fund by the same amount, assuming that all other variables are held constant.

Note:

* Net currency exposures on assets and liabilities include both monetary and non-monetary assets and liabilities.

** % of reasonable possible change is based on the actual historical change in the respective currencies against the functional currency of the Fund in the past 12 months and does not include remote or "worst case" scenarios or "stress tests" nor represent the Manager's forecast of the Fund's future returns. In order to better reflect on the period over which reasonable possible change may take effect, the Manager assessed and revised the calculation of % of reasonable possible change from using the actual historical change in the respective currencies against the functional currency of the Fund from in the past 3 months to 12 months.

(b) Credit risk

Credit risk is the risk that a counterparty will not be able to pay amounts in full when due.

As at 30 June, the Fund's maximum exposure to credit risk before any credit enhancements was as follows:

	2011 US\$	2010 US\$
Cash at banks	7,725,477	7,833,582
Amounts due from brokers	534,151	109,620
Amounts receivable on allotment	115,691	87,867
Dividend receivable	576,934	531,693
	<u>8,952,253</u>	<u>8,562,762</u>

All transactions in listed investments are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of investments sold is only made when the Fund's custodian bank has received payment. For a purchase, payment is made once the investments have been received by the Fund's custodian bank. The trade will fail if either party fails to meet the obligation.

The table below summarizes the credit rating of the ultimate holding company of the custodian.

	2011 Exposure to counterparties US\$	2010 Exposure to counterparties US\$
Bank balances under the safekeeping of the custodian S&P(AA)/Moody's(Aa)/FITCH(AA)	<u>7,725,477</u>	<u>7,833,582</u>

(c) Liquidity risk

The Fund is exposed to daily redemption of units, the majority of its assets in investments are traded in an active market which can be readily disposed of. The Manager may also limit the total number of units redeemed on any dealing day to 10% or more of the current units in issue of any one class on any dealing day.

The table below summarizes the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at 30 June to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2011 Less than 1 month US\$	2010 Less than 1 month US\$
Amounts due to brokers	20,250	-
Amounts payable on redemption	353,203	125,176
Other accounts payable	401,959	141,728
Net assets attributable to holders of redeemable units	<u>347,095,990</u>	<u>270,327,738</u>
Total financial liabilities	<u>347,871,402</u>	<u>270,594,642</u>

The Manager manages the Fund's liquidity risk by investing predominantly in investments that the Manager expects to be able to liquidate within 1 month to meet the total financial liabilities and making short term bank borrowing.

(II) Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units which is subject to subscriptions and redemptions of redeemable units. The Fund's objective for capital management is to provide returns and long-term capital growth for unitholders.

In order to maintain the capital structure, the Management perform the following:

- Monitor subscriptions and redemptions activities relative to the liquid assets.
- To protect the interest of unitholders and in exceptional circumstances, the Manager may also limit the total number of units redeemed on any dealing day to 10% or more of the current units in issue of any one class on any dealing day.
- Monitor fund investment guidelines and restrictions, in accordance with the constitutional documents, to maintain sufficient liquidity through diversification.

(III) Fair value estimation

As at 30 June 2011 and 2010, the Management consider that the carrying values of assets and liabilities were reasonable approximations of their fair value.

HKFRS 7 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The table below summarizes the Fund's investments within the fair value hierarchy measured at fair value as at 30 June:

Listed/Quoted Investments	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<u>2011</u>				
<u>Assets</u>				
Equities	338,634,022	-	-	338,634,022
Total financial assets at fair value through profit and loss	<u>338,634,022</u>	<u>-</u>	<u>-</u>	<u>338,634,022</u>
<u>2010</u>				
<u>Assets</u>				
Equities	261,761,863	-	-	261,761,863
Total financial assets at fair value through profit and loss	<u>261,761,863</u>	<u>-</u>	<u>-</u>	<u>261,761,863</u>

5 Net gains on investments

	2011 US\$	2010 US\$
Change in unrealized gains/losses in value of investments	64,010,668	5,238,861
Realized gains on sale of investments	30,570,619	897,903
	<u>94,581,287</u>	<u>6,136,764</u>

6 Taxation

No provision for Hong Kong profits tax has been made as the Fund was authorized as a collective investment scheme under Section 104 of the Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Inland Revenue Ordinance.

Overseas withholding tax was charged on certain dividend income received and capital gains derived during the year.

7 Transactions with the Trustee, the Manager and their Associates/ Connected Persons

The following is a summary of transactions entered into during the year between the Fund and the Trustee, the Manager and their Associates/Connected Persons. Associates and Connected Persons of the Trustee and the Manager are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds established by the SFC respectively. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Investment transactions with Associates/Connected Persons of the Trustee and the Manager are set out below:

Name of company	Aggregate value of purchases and sales of investments US\$	% of the Fund's total aggregate value of transactions	Commission paid US\$	% of the Fund's total commission paid in the year (Note)	Average commission rate %
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2011

There were no investment transactions with Associates/Connected Persons of the Trustee and the Manager during the year.

2010

There were no investment transactions with Associates/Connected Persons of the Trustee and the Manager during the year.

Note: Total commission paid by the Fund during the year amounted to US\$620,896 (2010: US\$595,418).

(b) Balances with the Trustee, the Manager and their Associates/Connected Persons as at year end:

	2011 US\$	2010 US\$
Cash at banks	7,725,477	7,833,582
Amounts payable	(76,320)	(52,966)

(c) The Fund may utilize the brokerage, custodian, agency and banking services of the Trustee, the Manager and their Associates/Connected Persons.

(d) For the year ended 30 June 2011, there was no income accruing to the Manager relating to allotments and redemptions in the Fund (2010: nil).

(e) Management fee for Class A of 1% per annum and Class B of 0% per annum of the net asset value of the Fund is paid to JF Asset Management Limited. Management fee is accrued based on the net asset value attributable to each class of units on each dealing day and is payable monthly in arrears.

The Manager also receives a valuation fee of US\$40 per valuation if the Fund's net asset value is larger than US\$10 million but smaller than US\$20 million, or US\$70 per valuation if the Fund's net asset value is larger than US\$20 million.

(f) The Fund allows the Manager and its Connected Persons to subscribe for, and redeem, units of the Fund. All such transactions are entered into in the ordinary course of business and are on normal commercial terms.

(g) Trustee's fee for Class A of 0.08% (before 1 July 2010: 0.085%) per annum and Class B of 0.08% (before 1 July 2010: 0.085%) per annum of the net asset value of the Fund is paid to the Trustee. Trustee's fee is accrued based on the net asset value attributable to each class of units on each dealing day and is payable monthly in arrears.

(h) JPMorgan Funds (Asia) Limited, the registrar agent and also a subsidiary of the Manager, receives a fee which will vary depending on the number of unitholders in the Fund and the number of transactions which occur. The range agreed with the Trustee is between 0.015% and 0.5% per annum of the Fund's net asset value. The fee is payable quarterly in arrears.

(i) The retirement schemes of the employees of the Manager and its Connected Persons may subscribe to the Class B units of the Fund.

8 Soft commission arrangements

The Manager has entered into soft commission arrangements with brokers under which certain goods and services used to support investment decision making are received by the Manager. The Manager does not make direct payment for these services but transacts an agreed amount of business with the brokers on behalf of the Fund. Commission is paid from the Fund on these transactions.

The goods and services must be of demonstrable benefit to the Fund and may include research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services, computer hardware and software incidental to the above goods and services; clearing and custodian services and investment-related publications.

9 Distribution

No distribution was made during the year (2010: nil).

Investment Portfolio
As at 30 June 2011 *(Unaudited)*

	Holding	Fair value US\$	% of net assets
Listed/Quoted Investments (97.6%)			
Equities (97.6%)			
Austria (0.6%)			
Austriamicrosystems AG	3,415	168,317	0.1
Oesterreichische Post	13,212	423,909	0.1
OMV AG-Austria Listing	27,303	1,187,558	0.3
Voestalpine AG	2,837	155,603	0.1
Belgium (1.4%)			
Barco NV	2,056	152,175	0.1
Bekaert NV	12,022	915,080	0.3
Belgacom SA	11,113	396,199	0.1
Compagnie d'Entreprises CFE	3,052	220,495	0.1
Nyrstar NV	79,351	1,148,170	0.3
Recticel SA	12,558	138,375	0.0
SA D'leteren-Belgium Listing	12,350	842,282	0.2
Umicore SA	21,748	1,185,894	0.3
Denmark (1.3%)			
H Lundbeck	34,199	897,420	0.3
Novo Nordisk 'B'	14,655	1,837,359	0.5
Royal Unibrew	3,556	233,629	0.1
Topdanmark A/S	7,958	1,484,217	0.4
Finland (3.6%)			
Fortum OYJ	7,058	203,945	0.1
Huhtamaki Oyj	37,913	484,270	0.1
Kone Oyj 'B'	24,196	1,518,287	0.4
Metso Oyj	17,499	993,525	0.3
Nokian Renkaat	22,040	1,103,396	0.3
Orion Oyj 'B'	67,155	1,730,170	0.5
Stora Enso 'R'	198,148	2,078,506	0.6
UPM-Kymmene Oyj	24,931	455,442	0.1
Wartsila Oyj	120,554	4,069,000	1.2
France (16.7%)			
Alcatel-Lucent	102,613	593,309	0.2
Alstom SA	36,391	2,243,419	0.6
Alten Ltd	6,627	263,600	0.1
Altran Technologies	18,835	152,105	0.0
Arkema SA	50,114	5,156,523	1.5
Atos Origin	8,388	473,015	0.1
BNP Paribas	107,431	8,291,043	2.4
Bureau Veritas	22,888	1,931,319	0.6
Casino Guichard Perrachon	3,998	376,425	0.1
Christian Dior	5,793	911,289	0.3
Credit Agricole	162,936	2,447,371	0.7
Derichebourg SA	39,696	307,334	0.1
Eiffage SA	13,399	884,393	0.3
Entrepose Contracting	1,234	175,065	0.0
Faurecia SA	43,356	1,856,561	0.5
Michelin 'B'-Regd	1,165	113,759	0.0
Peugeot SA	29,238	1,308,601	0.4
Plastic Omnium	16,053	522,278	0.2
Rallye SA	7,824	324,825	0.1
Renault SA	16,915	1,002,672	0.3
Rexel SA	44,629	1,106,462	0.3
Sanofi	64,243	5,158,243	1.5

Investment Portfolio (Continued)
As at 30 June 2011 *(Unaudited)*

	Holding	Fair value US\$	% of net assets
France (Continued)			
SEB SA	2,343	245,433	0.1
Sequana	11,530	172,851	0.0
Societe BIC	8,315	802,294	0.2
Societe Generale	47,936	2,843,940	0.8
Television Francaise 1	85,789	1,559,740	0.4
Total SA	131,429	7,590,652	2.2
Valeo SA	39,406	2,689,812	0.8
Vivendi	203,270	5,651,084	1.6
Wendel	4,323	530,498	0.2
Zodiac Aerospace	2,836	246,706	0.1
Germany (11.4%)			
Aareal Bank	30,648	1,049,777	0.3
Allianz SE-Regd	26,701	3,728,783	1.1
Axel Springer	16,065	793,320	0.2
BASF SE	94,330	9,234,328	2.7
Bayerische Motoren Werke	26,980	2,686,552	0.8
Bechtle AG	11,056	494,511	0.1
Bertrandt AG	6,776	508,598	0.2
Bilfinger Berger	11,386	1,125,680	0.3
Brenntag AG	3,007	349,473	0.1
Daimler AG-Regd	41,725	3,133,036	0.9
Delticom AG	3,123	332,890	0.1
Deutsche Bank-Regd	48,232	2,847,865	0.8
Deutsche Lufthansa-Regd	31,663	688,140	0.2
Drillisch AG	42,425	492,141	0.1
Fuchs Petrolub Pref	18,267	1,016,737	0.3
Grammer AG	5,030	124,852	0.0
Hannover Rueckversicherungs-Regd	38,017	1,982,353	0.6
Hugo Boss Pref-Non Vtg	4,083	414,382	0.1
Jungheinrich AG Pref-Non Vtg	7,392	311,337	0.1
Kloekner & Co-Regd	13,533	407,034	0.1
Lanxess AG	33,547	2,738,326	0.8
Leoni AG-Regd	7,532	446,093	0.1
Merck KGaA	3,419	371,480	0.1
Metro AG	2,766	167,470	0.1
Pfeiffer Vacuum Technology	4,454	555,356	0.2
Siemens AG-Regd	17,088	2,345,948	0.7
Sixt AG	7,253	404,857	0.1
Suess Microtec	30,398	441,607	0.1
Wacker Chemie	836	180,720	0.1
XING AG	1,267	98,369	0.0
Italy (6.5%)			
Astaldi SpA	33,514	245,624	0.1
Banca Generali	35,331	487,403	0.1
Danieli & C.Officine Meccaniche	7,610	210,296	0.0
Davide Campari-Milano	158,025	1,293,340	0.4
De Longhi	43,476	503,639	0.1
DiaSorin SpA	26,653	1,279,078	0.4
Enel SpA	1,058,512	6,881,521	2.0
Ente Nazionale Inrocarburi-ENI	323,507	7,635,916	2.2
Fiat Industrial	65,187	837,371	0.2
Finmeccanica SpA	30,006	360,650	0.1
Indesit Co	34,159	339,002	0.1
Marr SpA	18,594	239,257	0.1
Prysmian SpA	22,472	451,899	0.1
Recordati SpA	54,340	594,826	0.2
Snam Rete Gas	40,256	238,247	0.1

Investment Portfolio (Continued)
As at 30 June 2011 *(Unaudited)*

	Holding	Fair value US\$	% of net assets
Italy (Continued)			
Soc Iniziative Autost Servizi-SIAS	20,468	234,288	0.1
Telecom Italia	168,472	234,122	0.1
Yoox SpA	25,065	461,524	0.1
Netherlands (5.6%)			
Ahold	159,577	2,142,650	0.6
ASM Intl	19,368	763,935	0.2
ASML Hldg	129,083	4,753,635	1.4
BE Semiconductor Industries	36,311	315,452	0.1
Delta Lloyd	21,929	519,828	0.2
Heijmans NV CVA	17,917	451,090	0.1
ING Groep CVA	296,003	3,643,139	1.0
Koninklijke DSM	1,845	119,705	0.0
Koninklijke Ten Cate	4,796	194,106	0.1
Koninklijke Wessanen	52,474	215,229	0.1
Nutreco NV	13,736	1,009,897	0.3
Royal Dutch Shell 'A'-NL Listing	147,138	5,222,270	1.5
Norway (0.8%)			
Cermaq ASA	50,574	812,981	0.2
DNB NOR	33,412	467,355	0.1
Leroy Seafood Group	6,767	160,175	0.1
Marine Harvest	1,054,669	850,348	0.2
Norske Skogindustrier	157,978	263,520	0.1
Subsea 7	9,333	239,872	0.1
Spain (6.0%)			
Antena 3 Television	15,744	129,882	0.0
Banco Bilbao Vizcaya Argentaria	78,374	918,589	0.3
Banco Santander	287,597	3,319,101	1.0
Corporacion Financiera Alba	11,480	648,295	0.2
Ebro Foods	106,264	2,454,285	0.7
Endesa SA	28,052	933,811	0.3
Industria de Diseno Textil-Inditex	7,281	663,362	0.2
Pescanova SA	4,416	189,067	0.1
Red Electrica Corp	7,005	421,635	0.1
Repsol YPF	152,317	5,282,416	1.5
Telefonica SA	188,126	4,598,641	1.3
Viscofan Envolturas Celulosicas	28,671	1,137,734	0.3
Sweden (3.2%)			
AarhusKarlshamn AB	4,889	141,788	0.1
Axfood AB	11,122	391,294	0.1
Betsson AB 'B'	16,046	381,439	0.1
Bilia AB 'A'	16,522	298,493	0.1
Boliden AB	42,268	782,387	0.2
Hexpol AB	10,802	308,993	0.1
Hoganas AB 'B'	2,742	109,505	0.0
Industrivarden AB 'A'	42,277	742,354	0.2
JM AB	14,538	343,288	0.1
NCC AB 'B'	49,125	1,119,512	0.3
Scania AB 'B'	35,695	828,728	0.2
Skandinaviska Enskilda Banken 'A'	198,391	1,625,473	0.5
Swedbank AB 'A'	188,629	3,177,671	0.9
Swedish Match	5,346	179,695	0.1
Volvo AB 'B'	39,172	685,970	0.2
Switzerland (9.3%)			
ABB Ltd-Regd	28,585	740,087	0.2

Investment Portfolio (Continued)
As at 30 June 2011 (Unaudited)

	Holding	Fair value US\$	% of net assets
Switzerland (Continued)			
Adecco SA-Regd	16,455	1,053,355	0.3
Barry Callebaut-Regd	791	782,075	0.2
Bossard Hldg	1,535	285,853	0.1
Bucher Industries-Regd	1,817	400,085	0.1
Burckhardt Compression Hldg	1,000	304,038	0.1
Charles Voegelé Hldg	5,465	289,476	0.1
Credit Suisse Group-Regd	32,729	1,270,678	0.4
Fischer (Georg)-Regd	2,322	1,274,067	0.4
Forbo Hldg-Regd	1,151	871,452	0.2
GAM Hldg-Regd	109,149	1,782,421	0.5
Gategroup Hldg	11,172	490,931	0.1
Helvetia Hldg-Regd	1,625	694,292	0.2
Meyer Burger Technology	11,641	511,540	0.1
Micronas Semiconductor Hldg-Regd	33,154	283,896	0.1
Nestlé SA-Regd	76,146	4,720,690	1.4
Novartis AG-Regd	105,583	6,451,598	1.8
Petroplus Hldgs	42,097	599,957	0.2
Roche Hldg (Genusschein)	9,697	1,618,086	0.5
Schmolz & Bickenbach-Regd	45,370	560,390	0.2
Sulzer AG-Regd	8,261	1,335,299	0.4
Swiss Life Hldg-Regd	1,835	300,094	0.1
Swisscom AG-Regd	1,252	572,768	0.2
UBS AG-Regd	162,567	2,959,801	0.8
Valora Hldg	637	195,185	0.0
Zehnder Group-Bearer	69	213,064	0.1
Zurich Financial Serv CHF List-Regd	7,120	1,796,912	0.5
United Kingdom (31.2%)			
Anglo American-UK Listing	12,200	604,537	0.2
Associated British Foods	74,898	1,301,051	0.4
AstraZeneca plc	163,222	8,140,420	2.3
Atkins (WS)	52,799	634,051	0.2
Aviva plc	309,642	2,182,334	0.6
Barclays plc	446,060	1,836,508	0.5
Beazley plc	63,843	127,813	0.0
Bellway plc	26,125	299,888	0.1
Berkeley Group Hldgs	35,446	731,821	0.2
BHP Billiton plc	177,521	6,985,377	2.0
Bodycote plc	78,763	469,762	0.1
Bovis Homes Group	47,793	339,143	0.1
BP plc	856,527	6,301,447	1.8
British American Tobacco-UK List	109,551	4,803,246	1.4
BT Group	395,468	1,279,332	0.4
Burberry Group	15,496	360,732	0.1
Carillion plc	217,782	1,314,639	0.4
Centrica plc	117,915	612,028	0.2
Charter Intl	53,169	676,053	0.2
Computacenter plc	31,253	239,586	0.1
Croda Intl	15,853	480,010	0.1
Dairy Crest Group	33,498	198,984	0.1
Debenhams plc	326,148	361,294	0.1
Devro plc	84,279	364,378	0.1
Drax Group	165,269	1,335,942	0.4
Electrocomponents plc	182,062	796,202	0.2
Elementis plc	76,277	210,629	0.1
GlaxoSmithKline plc	58,715	1,257,482	0.4
Greggs plc	24,035	203,739	0.1
Hargreaves Lansdown	45,503	443,796	0.1
Hays plc	351,656	581,503	0.2

Investment Portfolio (Continued)
As at 30 June 2011 *(Unaudited)*

	Holding	Fair value US\$	% of net assets
United Kingdom (Continued)			
HSBC Hldgs-UK Listing	683,122	6,775,525	2.0
IMI plc	79,809	1,347,921	0.4
Imperial Tobacco Group	51,463	1,710,260	0.5
Inchcape plc	152,352	1,022,156	0.3
Interserve plc	49,687	257,059	0.1
ITE Group	95,728	335,498	0.1
ITV plc	1,061,231	1,218,184	0.3
Jupiter Fund Management	32,424	131,335	0.0
Kier Group	14,760	322,035	0.1
Kingfisher plc	112,088	480,831	0.1
Lancashire Hldgs	71,617	750,228	0.2
Legal & General Group	2,185,606	4,147,498	1.2
Melrose plc	80,610	468,483	0.1
Misys plc	29,940	201,882	0.1
Morrison (WM) Supermarkets	560,603	2,679,360	0.8
Next plc	37,239	1,389,412	0.4
Pace plc	86,299	147,554	0.0
Persimmon plc	209,962	1,625,754	0.5
Prudential plc	376,007	4,343,337	1.3
Renishaw plc	10,438	293,762	0.1
Restaurant Group	21,091	99,516	0.0
Rio Tinto-UK Listing	60,428	4,348,173	1.3
Royal Dutch Shell 'B'-UK Listing	235,760	8,408,396	2.4
RPC Group	120,253	700,808	0.2
Scottish & Southern Energy	79,250	1,772,341	0.5
Shire plc	30,108	939,669	0.3
Smith (David S) Hldgs	155,859	627,812	0.2
Spectris plc	11,493	293,747	0.1
Sthree plc	15,166	96,663	0.0
Supergroup plc	20,626	283,622	0.1
TalkTalk Telecom	61,404	140,971	0.0
Tate & Lyle	77,937	770,138	0.2
Travis Perkins	14,513	230,552	0.1
Tullett Prebon	84,208	478,444	0.1
Unilever plc	77,359	2,488,888	0.7
United Business Media	10,889	97,286	0.0
Vodafone Group	3,332,571	8,844,005	2.5
Weir Group	39,449	1,346,468	0.4
WH Smith	12,329	96,969	0.0
XP Power	6,195	156,546	0.0
Xstrata plc	32,374	712,055	0.2
Yule Catto & Co	83,983	306,605	0.1
Total Listed/Quoted Investments		338,634,022	97.6
Other net assets		8,461,968	2.4
Net assets attributable to holders of redeemable units at 30 June 2011		347,095,990	100.0
Total investments, at cost		292,303,690	

Statement of Movements in Portfolio Holdings
For the year ended 30 June 2011 (*Unaudited*)

	% holdings of net assets	
	2011	2010
Listed/Quoted Investments		
Equities		
United Kingdom	31.2	30.9
France	16.7	12.3
Germany	11.4	15.2
Switzerland	9.3	11.3
Italy	6.5	5.7
Spain	6.0	4.3
Netherlands	5.6	6.0
Finland	3.6	3.3
Sweden	3.2	1.7
Belgium	1.4	3.7
Denmark	1.3	0.3
Norway	0.8	1.1
Austria	0.6	0.5
Ireland	-	0.5
Greece	-	0.0
Total Listed/Quoted Investments	<u>97.6</u>	<u>96.8</u>
Other net assets	<u>2.4</u>	<u>3.2</u>
Net assets attributable to holders of redeemable units at 30 June	<u><u>100.0</u></u>	<u><u>100.0</u></u>

Performance Record - Unaudited

Net Asset Values

At financial period ended	Net asset value of the Fund US\$	Net asset value per Class A unit US\$	Net asset value per Class B unit US\$
30/6/11	347,095,990	18.86	20.35
30/6/10	270,327,738	13.74	14.68
30/6/09	234,701,342	13.05	13.81

Fund Expense Ratio

	Class A	Class B
30/6/11	1.14% *	0.14% *
	US\$	US\$
Transaction cost for the period from 1 July 2010 to 30 June 2011	491	1,081,985

*** Basis of calculation and assumptions used by the Manager**

1. The **Fund Expense Ratio** (FER) for the Fund has been calculated to two decimal places.

$$\text{FER} = \text{Total Expenses} / \text{Average Net Asset Value}$$

2. **Total Expenses** represent the total expenses as set out in the Statement of Comprehensive Income of the Fund for the year ended 30 June 2011 but excluding transaction costs in arriving at total expenses.
3. **Average Net Asset Value** is the sum of the net asset value (NAV) of the Fund at each of the pricing points divided by the number of pricing points. The NAV at each pricing point is directly extracted from the accounting and valuation system used by JF Asset Management Limited and is unaudited.
4. Pricing points represent relevant valuation dates for the Fund which are currently performed on a daily basis by the Manager.

Performance Record - Unaudited (Continued)

Net annualized investment returns, highest offer and lowest bid prices

<u>Financial period ended</u>	<u>Net annualized investment return (Note)</u>	<u>Highest offer US\$</u>	<u>Lowest bid US\$</u>
Class A unit			
30/6/11	+37.3%	19.95	13.65
30/6/10	+5.3%	17.01	12.50
30/6/09	-39.5%	21.10	9.01
30/6/08	-14.9%	26.44	19.92
30/6/07	+30.4%	25.72	18.19
30/6/06	+30.1%	21.01	14.70
30/6/05	+15.1%	15.90	12.36
30/6/04	+27.6% ¹	13.48	10.03
30/6/03	-2.3%	10.74	7.86
30/6/02	-4.1%	11.06	8.74
Class B unit			
30/6/11	+38.6%	22.63	14.59
30/6/10	+6.3%	19.05	13.22
30/6/09	-38.9%	23.28	9.50
30/6/08	-14.1%	28.87	20.77
30/6/07	+31.6%	28.06	18.68
30/6/06	+31.4%	22.67	14.95
30/6/05	+16.3%	16.96	12.45
30/6/04	+28.8% ¹	14.23	10.00
30/6/03	-2.5%	11.28	7.84
30/6/02	-4.1%	11.64	8.73

¹ Certain changes were made to the categorization of Class A and Class B effective 1 August 2003. To accommodate the above change, there were switches between Class A and Class B units on 31 July 2003. The data as at 30 June 2004 shown above had already reflected such switch.

Note: Net annualized investment return is calculated by the percentage change in unit prices.

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Sub-Manager

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as at 13 October 2011
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Eddie Chung Shun Fong
Edwin Tsun Kay Chan
Roger Anthony Hepper
Ken Wai Ming Tam
Lily Suet Lai Lau
Piers Aidan Litherland
Terry San Kong Pan

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