

JF SAR Global Bond

January 2012

Objective

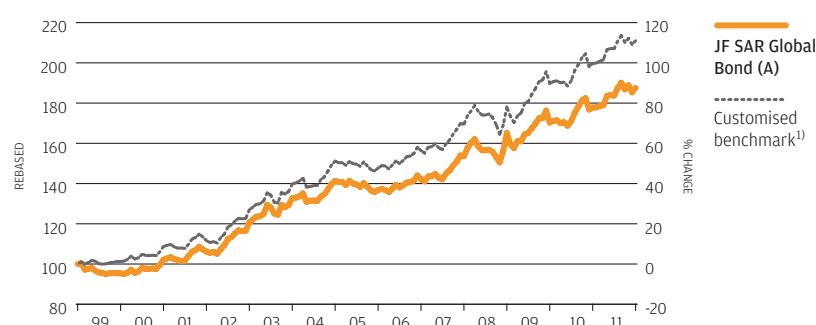
To provide investors with long term capital growth in US dollar terms through a portfolio consisting primarily of international bonds of developed markets.

Fund Manager's report

Portfolio Review & Outlook: Our current base case market outlook is similar to our outlook at the same point last year. We still attach a high probability "muddle-through" anemic recovery scenario. However, at the tails we now assign a much greater likelihood to a faster-than-expected recovery than we did at the start of 2011. This shift is largely due to heightened political risk, which is at times overwhelming the signal sent by macro data releases. We consider that heightened political "noise" will continue to be a central feature of fixed income markets as we enter 2012. Ultimately this scenario is a favourable one for fixed income assets. Central banks are likely to increase policy accommodation and our forward-looking indicators of inflation suggest it will trend downwards. As a consequence of this outlook we favour US agency mortgages. Our portfolios continue to be positioned to benefit from this low growth and low rate environment with long duration bias, underweight to peripheral Europe and moderate allocation to credit risk.

- The Fund invests in fixed income instruments and is exposed to interest rate, currency and credit risk.
- Investors may be subject to substantial losses.
- Investors should not solely rely on this document to make any investment decision.

Performance from 31.12.98 to 30.12.11



Cumulative performance %

	1 month	1 year	3 years	5 years	Since launch
Class A	+1.2	+5.5	+13.6	+31.9	+91.2
Benchmark ¹⁾	+0.9	+5.6	+18.5	+34.9	+113.4

Calendar Year performance %

	2006	2007	2008	2009	2010	2011YTD
Class A	+4.0	+7.9	+7.5	+3.1	+4.4	+5.5
Benchmark ¹⁾	+5.9	+8.4	+5.0	+6.5	+5.3	+5.6

Portfolio information

Fund manager	Iain Stealey/Jon Jonsson, London	
Launch date	17.09.98	
Fund size (m)	USD 523.1	
Denominated currency	USD	
NAV per unit:	Class A	USD 19.12
	Class B	USD 20.39
Trustee / Custodian	Royal Bank of Canada Trust Co (Asia) Ltd	
Dealing	Daily	
Year End	30 June	
ISIN code:	Class A	HK0000013794
	Class B	HK0000013802
Bloomberg code:	Class A	JFSRGLB HK
	Class B	JFSRGGB HK

Portfolio analysis

By currency of denomination

USD Straight Bonds	39.8%
JPY Straight Bonds	21.5%
EUR Straight Bonds	21.4%
GBP Straight Bonds	7.5%
CAD Straight Bonds	3.0%
Net Liquidity	2.3%
Other Straight Bonds	1.6%
KRW Straight Bonds	1.5%
MXN Straight Bonds	1.4%

By country/region of issuer

2.3%	Net Liquidity
4.1%	Italy
4.3%	Supranational
5.3%	France
9.0%	Japan
9.3%	United Kingdom
13.6%	Germany
17.6%	Others
34.5%	United States

Top five holdings as at end November 2011

Holding	%
Japan Fin Org 1.9% 22/06/18-Intl	4.7
European Inv Bk 1.4% 20/06/17	4.3
US Treasury 3.5% 15/02/18	4.0
US Treasury 2.625% 15/11/20	3.4
US Treasury 4.5% 15/02/16	3.2

Unless stated otherwise, all information as at the last valuation date of the previous month. Source: JPMAM/Thomson Reuters Datastream/Barclays Capital (NAV to NAV in base currency with income reinvested). 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. 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). ¹⁾This benchmark is customised by JPMAM. From launch to 31.03.00, Citigroup World Government Bond (100% hedged). From 01.04.00 to 30.06.02, Citigroup World Government Bond (50% hedged). From 01.07.02, Barclays Capital Global Aggregate (25% hedged).

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.

For more information, please contact

JPM Pension Services

21/F Chater House

8 Connaught Road Central Hong Kong

Tel: 2978 7588 Fax: 2868 4409

Email: jpm.pension@jpmorgan.com

www.jpmorganam.com.hk