

# JF SAR Global Emerging Markets

January 2012

## Objective

To provide investors with long term capital growth in HK dollar terms through a portfolio consisting primarily of securities of companies based or operating principally in or derive the predominant part of their income from global emerging markets.

## Fund Manager's report

**Portfolio Review:** Emerging markets equities declined 1.2% (in USD terms), closing off one of the weakest years of returns for the asset class in a decade. Risk aversion remained elevated, and EM equities lagged developed markets again, which declined 0.1%. From a regional perspective, Emerging Asia was the clear regional winner in December, gaining 0.8%. EMEA produced the weakest regional returns this month, declining 6.5%. Latin America underperformed the broader asset class, declining 1.6%. The JF SAR GEM Fund fell 1.5% (Class A) and 1.4% (Class B) in HKD terms in December, underperforming the benchmark which dropped only 0.5%.

**Outlook:** Emerging markets performed poorly in 2011 as the valuation multiple of the broad MSCI index contracted even as company earnings per share grew. We are beginning to see evidence that growth is slowing in a market friendly way, which is allowing central banks to begin easing, led by Brazil and China. Markets will likely remain sceptical with persistent inflation in India and Turkey, as well as the uncertain outlook in China and the EU debt crisis. As these issues are gradually resolved, we think investors will refocus on attractive valuations and robust earnings growth.

## Portfolio information

Fund manager	<b>Anuj Arora, New York</b>	
Launch date	<b>01.09.09</b>	
Fund size (m)	<b>HKD 804.4</b>	
Denominated currency	<b>HKD</b>	
NAV per unit:	Class A	<b>HKD 12.54</b>
	Class B	<b>HKD 12.84</b>
Trustee / Custodian	<b>Royal Bank of Canada Trust Co (Asia) Ltd</b>	
Dealing	<b>Daily</b>	
Year End	<b>30 June</b>	
ISIN code:	Class A	<b>HK0000054749</b>
	Class B	<b>HK0000054780</b>
Bloomberg code:	Class A	<b>JFSGEMF HK</b>
	Class B	<b>JFSGEMB HK</b>

For more information, please contact

### JPM Pension Services

21/F Chater House

8 Connaught Road Central Hong Kong

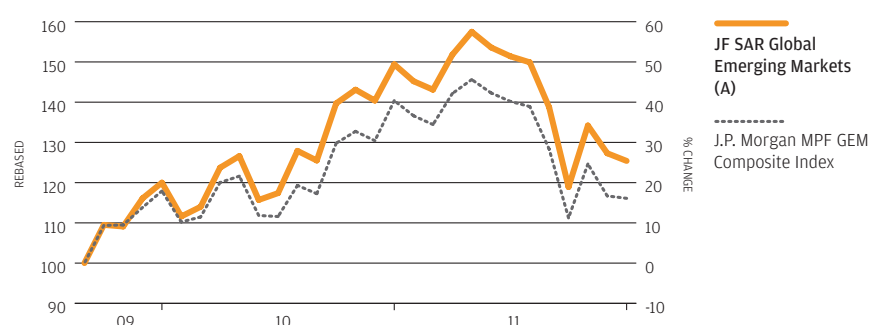
Tel: 2978 7588 Fax: 2868 4409

Email: [jpm.pension@jpmorgan.com](mailto:jpm.pension@jpmorgan.com)

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

- The Fund may invest in emerging markets and thus may have exposure to the relevant social, political, regulatory and currency risk. The Fund's price movement may go down or up sharply over a short time span.
- Investors may be subject to substantial losses.
- Investors should not solely rely on this document to make any investment decision.

## Performance from 01.09.09 to 30.12.11



## Cumulative performance %

	1 month	1 year	3 years	5 years	Since launch
<b>Class A</b>	<b>-1.5</b>	<b>-16.1</b>	-	-	<b>+25.4</b>
Benchmark	-0.5	-17.3	-	-	+16.1

## Calendar Year performance %

	2006	2007	2008	2009 <sup>1)</sup>	2010	2011YTD
<b>Class A</b>	-	-	-	<b>+20.0</b>	<b>+24.5</b>	<b>-16.1</b>
Benchmark	-	-	-	+17.9	+19.0	-17.3

## Portfolio analysis

### By country/region

Brazil	21.8%
Korea	19.1%
China	15.1%
Others	9.8%
Taiwan	9.4%
South Africa	7.8%
Hong Kong	5.8%
India	5.7%
Net Liquidity	5.5%

### By sector

3.5%	Others
5.5%	Net Liquidity
6.4%	Telecommunications
7.0%	Industrials
11.6%	Basic Materials
12.6%	Oil & Gas
13.2%	Technology
19.8%	Consumer Goods
20.6%	Financials

## Top five holdings as at end November 2011

Holding	Sector	Country/region	%
<b>Samsung Electronics</b>	Technology	Korea	4.6
<b>Vale SA</b>	Basic Materials	Brazil	3.2
<b>Taiwan Semiconductor Manufacturing</b>	Technology	Taiwan	3.2
<b>Petroleo Brasileiro SA</b>	Oil & Gas	Brazil	2.4
<b>Companhia de Bebidas das Americas</b>	Consumer Goods	Brazil	2.3

Unless stated otherwise, all information as at the last valuation date of the previous month. Source: JPMAM/FTSE (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). <sup>1)</sup>Since launch to end of year.

**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.