

# JF SAR Japan

January 2012

## Objective

To provide investors with long term capital growth in US dollar terms through a portfolio consisting primarily of securities of companies based or operating principally in Japan.

## Fund Manager's report

**Portfolio Review:** The Fund underperformed the benchmark in December. The main detractors to performance were the underweights in healthcare and basic materials, combined with the overweights in technology. Within technology, our holdings in names such as Digital Garage and Square Enix, which have benefitted from the acceleration in demand for social networking games underperformed mainly driven by profit taking after a sustained run of good performance in 2011. On the positive side NGK Insulators performed well after the stock had underperformed in previous months following an accident related to the company's NAS batteries. Their business in diesel particulate filters continues to grow strongly. Defensive stocks such as NTT and NTT Docomo also contributed positively to performance.

**Outlook:** Our strategy continues to focus on companies with solid bottom-up earnings trends and strong balance sheets. Although the global economy is slowing, the trends in sectors such as mobile gaming and specialty retailing remain strong. Within cyclical sectors we remain cautious but maintain our positions in firms which have exposure to longer-term structural demand, such as factory automation in emerging markets. We believe the market is undervalued trading on a 12 times price-to-earnings ratio.

## Portfolio information

Fund manager	<b>Robert Lloyd/Aisa Ogoshi, Hong Kong</b>	
Launch date	<b>17.09.98</b>	
Fund size (m)	<b>USD 132.4</b>	
Denominated currency	<b>USD</b>	
NAV per unit:	Class A	<b>USD 15.58</b>
	Class B	<b>USD 16.89</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>HK0000013851</b>
	Class B	<b>HK0000013869</b>
Bloomberg code:	Class A	<b>JFSRJAP HK</b>
	Class B	<b>JFSRJAB HK</b>

For more information, please contact

### JPM Pension Services

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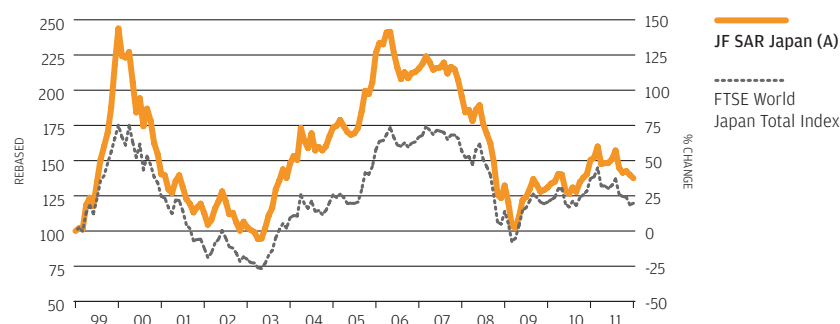
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- The Fund invests in a single market and is therefore subject to greater concentration and liquidity risk than a more diversified investment.
- The Fund has exposure to the relevant currency risk. The Fund's price movement may go down or up sharply 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 31.12.98 to 30.12.11



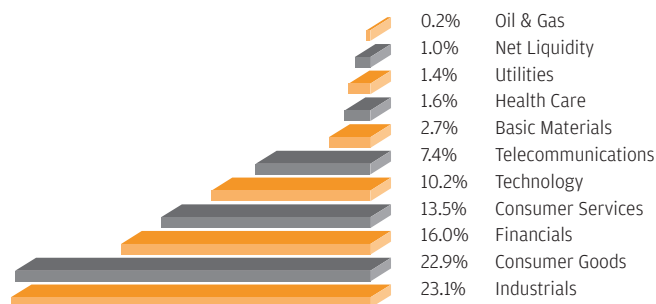
## Cumulative performance %

	1 month	1 year	3 years	5 years	Since launch
<b>Class A</b>	<b>-1.7</b>	<b>-8.7</b>	<b>+3.9</b>	<b>-36.2</b>	<b>+55.8</b>
Benchmark	+0.9	-12.9	+5.0	-28.2	+42.0

## Calendar Year performance %

	2006	2007	2008	2009	2010	2011YTD
<b>Class A</b>	<b>-5.0</b>	<b>-9.2</b>	<b>-32.3</b>	<b>-1.1</b>	<b>+15.0</b>	<b>-8.7</b>
Benchmark	+5.6	-6.0	-27.3	+5.7	+14.0	-12.9

## Portfolio analysis



## Top five holdings as at end November 2011

Holding	Sector	%
<b>Mitsubishi UFJ Financial Group Inc</b>	Financials	3.9
<b>Canon Inc</b>	Technology	3.8
<b>Nippon Telegraph &amp; Telephone Corp</b>	Telecommunications	3.5
<b>Sumitomo Mitsui Financial Group Inc</b>	Financials	3.4
<b>Honda Motor Co</b>	Consumer Goods	3.4

Unless stated otherwise, all information as at the last valuation date of the previous month. Source: JPMAM/Thomson Reuters Datastream (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).

**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.