

JF Japan OTC

February 2009

Fund objective

To provide long-term capital growth through investment primarily in the securities of companies traded on the over-the-counter (OTC) market in Japan. The Fund may also invest in securities listed on the Market of High Growth and Emerging Stocks of the Tokyo Stock Exchange (MOTHERS) and the Hercules market.

Suitable for investors seeking...

- ✓ to invest in the New Markets in Japan.
- ✓ potentially higher rewards over a longer term investment horizon for a relatively higher risk level.

Fund Manager's report

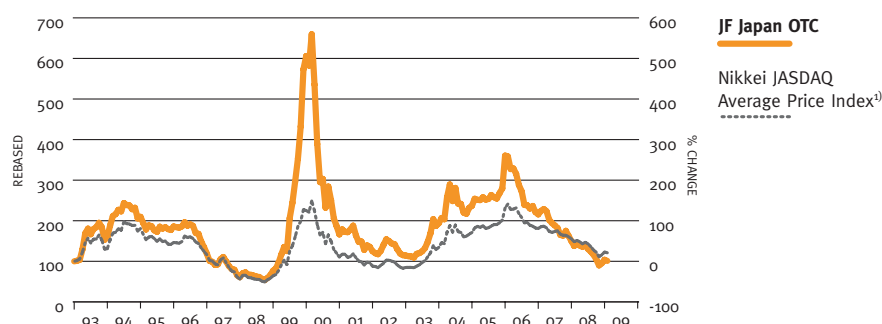
Portfolio Review: The Japanese smaller markets gave up some of their stronger year-end performance as the market bid up exporters and larger cap cyclicals as the new year gave new hope to investors. Some signs of traction in Chinese policy in shipping and commodities were visible in the BDIY (Baltic Dry Index) whilst other firms expressed hope that momentum would improve from the dire levels of October-December. In small cap relatively good sales by strongly positioned retailers was shrugged off although some Internet firms and software companies like Gree and Access managed to buck the trend. TSE2 remained stagnant at around 0.5x book as investors take a wait and see approach.

Outlook: In our Fund we continued to focus on some defensive earnings streams in areas such as healthcare and also sought very robust balance sheets at extremely low valuations. Some of these companies like Disco and Amada moved higher alongside larger stocks. One holding, Hitachi Kokusai, received a tender offer from its parent which we used as an opportunity to exit. Our ongoing shift towards real estate areas like golf courses and JREITs is a reflection of the very strong FCF (Free Cash Flow) that these companies are generating. In REITs especially we expect a series of steps by government to support the sector and help unlock value.

Portfolio information

Fund manager	Hirohisa Koga/Naohiro Ozawa, Tokyo	
Launch date	10.06.91	
Fund size (m)	USD 62.0	
Base currency and NAV per unit	YEN 710	
Current prices:	Bid	YEN 706
	Offer	YEN 746
12 month offer prices:	High	YEN 1,236 (28.02.08)
	Low	YEN 678 (27.10.08)
Charges:	Initial	5.0% of NAV
	Redemption	0.5% of NAV
	Management fee	1.75% p.a.
Last dividend value and xd date	None paid	

Performance from 31.12.92 to 30.01.09



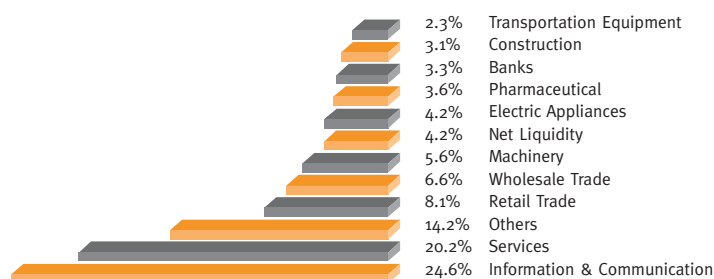
Cumulative performance %

	1 month	1 year	3 years	5 years	Since launch
Fund	-2.7	-26.7	-71.8	-51.1	+8.6
Benchmark ¹⁾	-1.5	-18.4	-49.8	-17.1	-49.1

Calendar Year performance %

	2004	2005	2006	2007	2008	2009YTD
Fund	+22.2	+52.3	-40.2	-30.5	-30.7	-2.7
Benchmark ¹⁾	+27.2	+35.2	-21.8	-14.2	-20.8	-1.5

Portfolio analysis



Top ten holdings (as at end December 2008)

Holding	Sector	%
Axell Corp.	Electric Appliances	3.8
Rakuten Inc.	Services	3.6
Seven Bank Ltd.	Banks	3.5
Yahoo Japan Corp.	Information & Communication	3.4
Proto Corp.	Information & Communication	3.0
Gourmet Navigator Inc.	Services	2.8
Jupiter Telecommunications Co. Ltd.	Information & Communication	2.5
Hudson Soft Co. Ltd.	Information & Communication	2.3
Works Applications Co. Ltd.	Information & Communication	2.3
Musashi Co. Ltd.	Wholesale Trade	2.0

For more information, please contact your bank, financial adviser or visit

www.jpmorganam.com.hk

Unless stated otherwise, all information as at the last valuation date of the previous month. Source: JFAM/Thomson Reuters Datastream (NAV to NAV in USD with income reinvested). Source of Fund Rating and Star Rating: S&P & Morningstar, Inc. The Fund may invest up to 10% in securities issued by any single issuer or 30% in government and other public securities of the same issue. The overweight, if any, was due to market movements and will be rectified shortly. ¹⁾Price change only, dividends not taken into account. ²⁾Lipper Fund Awards Hong Kong 2006.

Investment involves risk. Past performance is not necessarily a guide to future performance and investment in the JF/JPM funds should be regarded as a medium to long-term investment. 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 before investing.

This document has not been reviewed by the SFC. Issued by JPMorgan Funds (Asia) Limited.