

JPMorgan Funds – ASEAN Equity Fund

For available share classes, please check the prospectus.

Topline

Month covered – October 2024

Markets – October saw a reversal in the performance of ASEAN markets and their currencies as expectations for rate cuts were dialled back. Foreign flows turned detracted during the month, with Malaysia, a previous contributor, detracting, partly due to the Ringgit's weakness, which declined by nearly 6%. Singapore fared relatively better, supported by its banks, which benefited from rate narratives and yield support. ASEAN performed in line with AxD.

Helped – Stock selection in Malaysia, Thailand and industrials.

Hurt – Stock selection in Indonesia, utilities and consumer staples.

Outlook – ASEAN is seeing renewed investor interest again as global investors look to rotate. The region is poised to see more balanced growth this year. Greenshoots are appearing in manufacturing and exports which should benefit trade sensitive ASEAN economies that have also been seeing strong FDI flows amidst ongoing supply chain reconfiguration. Declining inflationary pressures and an eventual Fed easing provide a supportive backdrop in terms of financial conditions.

Fund Overview

Investment objective

The Fund aims to provide long-term capital growth by investing primarily in companies of countries which are members of the Association of South East Asian Nations (ASEAN).

Fund launch	4 September 2009
Benchmark	MSCI AC ASEAN 10/40
Market capitalization	All Cap

Month in Review

- Stock selection contributed while country allocation was flat. Stock selection in Malaysia, Thailand and industrials added value. On the flipside, stock selection in Indonesia, utilities and consumer staples detracted.
- On the positive side, at the stock level, in Thailand, the off-benchmark exposure in Amata, an industrial real estate company, was the top contributor on strong numbers from land sales. Elsewhere in Thailand, the overweight position in Intouch, and the underweights in Siam Cement and Thai Oil added value. Intouch did well on synergies from the proposed amalgamation with Gulf. Siam Cement and Thai Oil detracted along with cyclicals like energy names as the demand-supply situation remained negative. In Malaysia, being underweight in YTL helped as the stock detracted on concerns around earnings growth.
- On the negative side, in Indonesia, the overweight position in Indosat was among detractors as the stock fell on weaker than expected operating trends with industry revenues under pressure from lower government spend during the election period. The company continues to prove encouraging guidance. In Singapore, Capitaland detracted along with the real estate sector on expectations that rates would not decline as sharply as previously expected. In Thailand, stock selection was offset by the detraction from underweight positions in Gulf Energy, Delta Electronics (AI-related outlook) and Advance Info Services (trend in telco names).

Looking Ahead

- ASEAN is seeing renewed investor interest again as global investors look to rotate, although it was temporarily paused by the market's hope of a long-awaited recovery in China. The region is poised to see more balanced growth this year. Green shoots are appearing in manufacturing and exports which should benefit trade sensitive ASEAN economies that have also been seeing strong FDI flows amidst ongoing supply chain reconfiguration. Declining inflationary pressures and an eventual Fed easing should provide a supportive backdrop in terms of financial conditions. Governments are also on conservative fiscal and monetary settings which give them room to maneuver if required.
- The positive structural forces that continue to drive ASEAN's growth are still evident, including favourable demographics, a growing middle class, and increasing consumption. There is an accelerating change in consumption behaviour, aided by increasing financial and digital penetration. Both traditional sectors and emerging industries will present investment opportunities for stock pickers.
- Active bottom-up picking remains crucial given the wide dispersion in stock fundamentals across ASEAN. We are overweight Vietnam, where we continue to invest in off benchmark quality names selectively. In Indonesia, despite its long term growth profile, active weight is hovering around neutral given the tight Rupiah liquidity, narrowing trade surplus and uncertainty from upcoming political transition. Exposure in Thailand is more selective but nonetheless is positioned for its bumper than expected tourism revival. Malaysia continues to be an underweight, but we are seeing more encouraging signs from the government's push for the country to be a regional artificial intelligence infrastructure and technology hub. At a sector level, Financials offers exciting opportunities both cyclically and structurally. Across ASEAN, we believe a bar-bell approach to economic sensitive and longer-term growth plays will help add alpha. Fundamentally, we aim to look for long-term compounders and domestic champions with attractive growth prospects.

Provided for portfolio update and reporting purposes only to report on portfolio positioning, not to be construed as offer, research or investment advice. Diversification does not guarantee positive returns or eliminates risks of loss.

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Source: Fund related information and market commentary – J.P. Morgan Asset Management, other market data – various public sources. Data is as of date of the commentary unless stated otherwise.

The Fund seeks to achieve its investment objectives stated in the offering document, there is no guarantee the objectives will be met.

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NEXT STEPS

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Refer to Risk Factors in the Prospectus for further information on risks of the product.

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