

# JPMorgan Funds – ASEAN Equity Fund

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## Topline

### Month covered – July 2024

**Markets** – ASEAN saw a broad-based rally in the month, with all markets except Vietnam posting contribution. Aided by a more benign US rate outlook, all ASEAN currencies appreciated against the dollar. Performance year-to-date in USD terms has been quite bifurcated however. Singapore and Malaysia extended their year-to-date rallies, while other markets still remained in detracted territory for the year, driven largely by year-to-date currency weakness. ASEAN outperformed AxB this month.

**Helped** – Stock selection in Malaysia, industrials and consumer staples.

**Hurt** – Stock selection in Indonesia, materials and energy.

**Outlook** – ASEAN 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. Services growth driven by re-opening and tourism recovery continues to be a cyclical tailwind – albeit from a higher base.

## 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).

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

## Month in Review

- Stock selection in Indonesia, materials and energy detracted. Stock selection in Malaysia, industrials and consumer staples added value.
- On the negative side, in Thailand, the underweight positions in Gulf Energy and Advanced Info Services were the key detractors over the month. The market took the news of a merger between two large cap stocks, Gulf Energy and Intouch Holdings, contributed. The merger will create a new entity to consolidate its energy and telco businesses. This in turn also drove positive expectations for Intouch Holdings' subsidiary, Advanced Info Services. We prefer to be overweight in AIS' parent Intouch. In Indonesia, forced underweight in commodity related stocks, Adaro Energy and United Tractors, hurt as the names rallied.
- On the positive side, in Malaysia, holdings in Gamuda and CIMB were top contributors. Gamuda (constructor of data centres) contributed on orderbook wins, while CIMB rose on strong business momentum. Mr. DIY rallied along with the market on recovery in retail growth. In Thailand, not holding a Thailand renewable energy company contributed after it was heavily sold off on fraud allegations to a few of its top executives including CEO and CFO. Elsewhere, Delta Electronics continued to do well on better order momentum driven by AI-related products. The overweight to Intouch Holdings contributed for reasons discussed above.

## Looking Ahead

- ASEAN 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. Services growth driven by re-opening and tourism recovery continues to be a cyclical tailwind – albeit from a higher base. Meanwhile declining inflationary pressures and expectation of 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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Refer to Risk Factors in the Prospectus for further information on risks of the product.

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