

JPMorgan Funds – ASEAN Equity Fund

For available share classes, please check the prospectus.

Topline

Month covered – March 2024

Markets – ASEAN markets rose marginally in March as investors digested full-year earnings and various stock-specific events. Singapore and Vietnam were the best performing markets, while Indonesia and Malaysia were able to eke out a small contribution. Thailand and Philippines lagged with detractions.

Helped – Stock selection in Philippines and industrials.

Hurt – A small number of selective stocks.

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).

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

Month in Review

- Stock selection was the primary driver of performance, while sector allocation was more or less flat.
- On the positive side, stock selection in Philippines added most value. In Philippines, the overweight to International Container Terminal Services (port operator) contributed over the month as the stock did well on strong earnings outlook. In Malaysia, CIMB rose after delivering good results and raising dividend pay-out. Elsewhere in the country, a hike in aeronautical charges and signing of new operating agreement with the government helped Malaysia Airports rally. In Singapore, the overweight position in DBS contributed as reduced expectations of a rate cut, higher-for-longer rate narrative and yield support helped.
- On the negative side, the overweight to Telkom Indonesia detracted. Telkom saw a sell-off after posting weaker than expected result and on concerns around increasing competitive intensity within the sector. In Thailand, CP All (CVS operator) saw some weakness in share price after a strong February where outlook and result were better than earlier feared by the market. In Malaysia, the off-benchmark holding in CTOS detracted, after unfavourable legal ruling regarding an inaccurate credit rating issues by the company, of which the company is appealing against.

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 a more dovish Fed and declining inflationary pressures should provide a supportive backdrop in terms of financial conditions. Governments are also on conservative fiscal and monetary settings which will provide them some room to maneuver if required.
- Looking ahead, we are witnessing significant changes in regime across Asia, particularly with regards to the growth contributions from China, which is experiencing a structural slowdown. The implication is that market leadership, both at the sector and country levels, could undergo substantial changes and perform quite differently compared to the previous decade. The positive structural forces that continue to drive ASEAN's growth are still evident, including favourable demographics, a growing middle class, and increasing consumption. At the corporate level, we continue to see supply chain diversifications. While at the consumer level, there is a change in consumption behaviour, aided by increasing financial and digital penetration. 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 (long term growth profile). In Vietnam, we continue to invest in off benchmark quality names selectively. In Indonesia, despite its long term growth profile, we are now neutral given the valuation premium and potential noise going into the election season (although we expect policy continuity even with a new government). Exposure in Thailand is more selective but nonetheless is positioned for its bumpier than expected tourism revival. Malaysia continues to be an underweight, but bottom-up ideas continue to present itself. 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

For further information, please visit:
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Refer to Risk Factors in the Prospectus for further information on risks of the product.

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