JPMorgan Funds – Asia Pacific Income Fund

For available share classes, please check the prospectus.

Topline

Monthly commentary – July 2024

Markets – MSCI AC Asia Pacific ex Japan was more or less flat up during the month. The market observed a strengthening conviction in a September Fed rate cut and rotation from IT and AI beneficiaries.

Helped – Stock selection in Korea and Singapore.

Hurt – Stock selection in Taiwan and China.

Outlook – After a year of weak earnings growth in 2023 driven by falling margins, higher rates and cyclical pressures, expectations are for double digit growth in 2024/5.

Fund Overview

Investment objective

The Fund aims to provide income and long term capital growth by investing primarily in income generating securities of countries in the Asia Pacific region (excluding Japan).

Fund launch	15 June 2001
Benchmark	50% MSCI All country Asia Pacific ex Japan Index (Total Return Net)/ 50% J.P. Morgan Asia Credit Index (Total Return Gross)
Market capitalization	All Cap

Month in Review

- MSCI AC Asia Pacific ex Japan was more or less flat up during the month. The market observed a strengthening conviction in a September Fed rate cut and rotation from IT and AI beneficiaries. India and Australia appreciated the most, while the bottom performing markets were Taiwan and China. Indian equities reached its all-time high again in July. Despite initial volatility due to the Capital Gains tax increase, equities recovered and welcomed the Union Budget 2024 with enthusiasm. Australian equities gained as inflation continued to slow down with the second quarter levels falling to 3.8% increasing the odds of the RBA cutting rated towards the end of the year. In Taiwan, renewed concerns about the return on investments from AI spending and geopolitical tensions affected the market. It was a volatile month in China as investors were cautious pre and post the 3rd plenum, to being positively surprised by the end-July politburo meeting.
- On the positive side, stock selection in Korea added to performance. The holdings in Shinhan Financial group and Samsung Electronics along with not holding the Korean semiconductor company contributed to performance. Shinhan outperformed as Q2 results were viewed contributed along with a surprise announcement on their value up program, being the first Korean bank to set a specific year (2027) to reach 50% shareholder return. Samsung Electronics gained due to large foreign inflows as they were the preferred stock over the Korean semiconductor company over weakened AI sentiment. In Singapore, Singapore Telecommunications and Singapore Exchange aided performance. Investors viewed their quarterly results contributed as the exchange reported higher trading volumes than expected. On the fixed income side, our holdings in China and Australia aided performance.
- On the negative side, stock selection in Taiwan detracted. Wiwynn Corp and Quanta Computer fell due to the global pullback in AI beneficiaries. A potential delay in Nvidia's new architecture could result in short term downgrades. In China, consumer discretionary names detracted the most. Fuyao Glass fell due to the U.S. government's investigation for potential illegal workers. H World and Jason furniture pulled back over macro concerns. Our fixed income holdings in Macau and security selection in Sri Lanka detracted.
- During the month we initiated in a Chinese e-commerce company that has entered the yield universe with increasing total shareholder return. We moderated our India underweight through initiating in a materials name with reasonable valuations. We exited positions in a China dairy and Baijiu name, while initiating on a real estate platform company.

Looking Ahead

- Economic data continues to show relatively stable global growth, even if there are signs of slowing momentum. More encouragingly, inflation is now showing more sustained moderation, which is increasing the likelihood that interest rates will soon start to fall across many developed markets, even if it may be a gradual process.
- China's economic recovery remains two-speed with weakness in real estate and to a lesser extent manufacturing weighing on growth. While consumption looks to be stabilizing policy action remains cautious and incremental, whether it be the small reductions in prime lending rates or the targeted consumer goods stimulus. This more gradual recovery in consumer confidence and consumption, still hampered by high levels of unemployment among the young, means the pick-up in the demand for goods and services will be more extended. The government is acknowledging this with targeted policy support looking to stimulate domestic demand.
- In contrast to China, prospects in other markets look to be more encouraging. In India and Indonesia, while valuations look stretched near term, the outcome of recent elections looks set to continue the policy support of recent years, which is likely to see them maintain their respective investment led expansions. Tech heavy North Asia looks increasingly well positioned as the sector positions for the next decade's big trends: structural demand for AI, cloud adoption and EVs all set to drive growth. With economic data looking like it is broadening out beyond the U.S., Asian corporates look increasingly well positioned to benefit from recovery in domestic activity as well as from investment in the materials and manufactured goods needed to support carbon transition.
- After a year of weak earnings growth in 2023 driven by falling margins, higher rates and cyclical pressures, expectations are for double digit growth in 2024/5.

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.
High dividend index: MSCI AC Asia Pacific ex Japan High Dividend Yield Index; broad market index: MSCI AC Asia Pacific ex Japan Index.
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.
The companies/securities, asset classes mentioned above for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. J.P. Morgan Asset Management may or may not hold positions on behalf of its clients in any or all of the aforementioned securities. Past performance is not indicative of future performance. Forecasts/estimates are based on current market conditions subject to change from time to time and may or may not come to pass. Please refer to the Singapore Offering Documents at www.jpmorgan.com/sg/am/per/.

NEXT STEPS

For further information, please visit:
www.jpmorgan.com/sg/am/per/

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.

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

This document is meant for informational purposes only and is intended solely for the person to whom it is delivered. It is confidential and may not be reproduced or distributed, in whole or in part, to any third parties and in any jurisdiction without the express prior written consent of JPMorgan Asset Management (Singapore) Limited. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore. It does not constitute investment advice and it should not be treated as an offer to sell or a solicitation of an offer to buy any fund, security, investment product or service. The information contained herein does not constitute J.P. Morgan research and should not be treated as such. Investment involves risks. Investments in funds are not deposits and are not considered as being comparable to deposits. Past performance is not a guarantee or necessarily indicative of future results and investors may not get back the full or any part of the amount invested. Dividend distributions if any are not guaranteed and are made at the manager's discretion. Fund's net asset value may likely have high volatility due to its investment policies or portfolio management techniques. Funds which are invested in emerging markets, smaller companies and financial derivative instruments may also involve higher risks and are usually more sensitive to price movements. Any applicable currency hedging process may not give a precise hedge and there is no guarantee that any hedging will be successful. Investors in a currency hedged fund or share class may have exposure to currencies other than the currency of their fund or share class. Not all investment ideas referenced are suitable for all investors. Investors should make their own investigation or evaluation or seek independent advice prior to making any investment. Opinions, estimates, forecasts, and statements of financial market trends are based on current market conditions and are subject to change without notice. The information provided herein should not be assumed to be accurate or complete and you should conduct your own verification. References to specific securities, asset classes and financial markets and any forecast contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. J.P. Morgan accepts no legal responsibility or liability for any matter or opinion expressed in this material. The fund(s) mentioned in this document has/have been approved as recognised scheme(s) under the Securities and Futures Act, Chapter 289 of Singapore. Any offer or sale, or invitation for subscription or purchase of the Fund(s) must be accompanied with the relevant valid Singapore Offering Documents (which incorporates and is not valid without the relevant Luxembourg prospectus). Please refer to the Singapore Offering Documents (including the risk factors set out therein) and the relevant Product Highlights Sheet for details before any investment. Both the Singapore Offering Documents and the Product Highlights Sheet can be found at www.jpmorgan.com/sg/am/per/. To the extent permitted by applicable law, we may record telephone calls and monitor electronic communications to comply with our legal and regulatory obligations and internal policies. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with https://am.jpmorgan.com/sg/en/asset-management/per/privacy-statement/. Issued by JPMorgan Asset Management (Singapore) Limited (Co. Reg. No. 197601586K). All rights reserved.