

JPMorgan Funds – Asia Pacific Income Fund

For available share classes, please check the prospectus.

Topline

Monthly commentary – February 2024

Markets – Asian equities ended the month in the green. AI-related names led the charge along with the recovery in China and the Value Up program in Korea.

Helped – Stock selection in consumer discretionary and Australia.

Hurt – Stock selection in Taiwan and the overweight allocation to Hong Kong.

Outlook – While markets have been more volatile, there are reasons to be more optimistic about Asia Pacific equities: falling global inflation provides central banks room to cut aggressively, the US dollar is down substantially and China's economy is growing, even if the recovery has been delayed and will take longer to unfold than had originally been envisaged.

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

- Asian equities ended the month in the green. AI-related names led the charge along with the recovery in China and the Value Up program in Korea. Taiwan and Korea appreciated the most, while the bottom-performing markets were Hong Kong and the Philippines. Taiwan's gains were led by investor buying large caps stocks along with AI-related names. Korea was among the top-performing markets as industrial production prints strongly rebounded, above expectations. AI related names in Korea also benefited from the general AI trend. Hong Kong was affected by earnings downgrades and a fall in export numbers. The Philippines fell due to outflows in the consumer staples sector and continued to face higher-than-expected inflation.
- The strategy usually tends to perform well when yield/value/low beta are being favoured. Conversely, it will be more challenging for the strategy when pure growth stocks drive the market or in a rapidly rising market environment.
- On the negative side, stock selection in Taiwan was the largest detractor. In particular, owning Accton Technology pulled back gains on the back of weaker-than-expected results. Not owning a Taiwanese multinational electronics manufacturer company also curbed performance, as the AI growth outlook and recent positive earnings helped boost the company precision's share price. In Hong Kong, our holdings in AIA dragged performance. AIA's unclear growth outlook relating to China EV growth and the potential for margin dilution affected the share price although we remain comfortable with their capital position and potential for further buyback. The largest detractor during the month was Infosys which fell due to downward guidance revisions. The underweight allocation in the quasi-sovereign sector in the fixed income portfolio pulled performance back.
- On the positive side, stock selection in consumer discretionary added to performance. Not owning a Chinese multinational technology company, a Chinese EV manufacturing company and a Chinese e-Commerce company (due to their lack of yield), contributed to performance. The Chinese multinational technology company and the Chinese e-Commerce company fell as investors remained cautious over geopolitical uncertainties. The Chinese EV manufacturing company's share price pulled back after its previous rally. In Australia, owning Santos, Vicinity Centres, QBE Insurance, and Brambles offset some of the losses. Clearance of regulatory hurdles and improved capital returns was a headwind for Santos' share price. Fixed income overweight allocation to metals & mining added to performance.
- During the month, we initiated a new position in a Chinese company that has entered the yield universe and demonstrated the ability to improve shareholder return. We funded it by trimming other internet names. We added to reasonably-valued holdings in India by initiating two stocks with yield opportunity and high conviction level. We rotated within technology following earning signals and outlook. We also trimmed some of the rate-sensitive financials taking profit

Looking Ahead

- Headline inflation has fallen across the world as supply chain constraints, high shipping and energy costs, and commodity scarcity seem mostly resolved, though base effects will slow further progress.
- China's economy is in a multi-year adjustment with weakness in real estate and manufacturing weighing on aggregate activity. A 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 seems to be acknowledging this with targeted policy support looking to stimulate domestic demand.
- In contrast to China, prospects in other regions look to be more encouraging. In India and Indonesia, while valuations look stretched in the near term, the two countries supported by policy actions over the last several years look to be enjoying an investment-led expansion. Finally, 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.
- While markets have been more volatile, there are reasons to be more optimistic about Asia Pacific equities: falling global inflation provides central banks room to cut further, the US dollar is down substantially and China's economy is growing, even if the recovery has been delayed and will take longer to unfold than had originally been envisaged. Valuations remain around long-term average.

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.