

JPM Japan Fund

JPM C - Net Acc - GBP: GB00B235RG08

For other available share classes, please check the prospectus.

Topline

Monthly returns	Benchmark [^]
Fund ▲ 5.68%	▲ 4.08%
Benchmark: TOPIX (Net) Markets The Japanese market appreciated over the month. Helped Overweighting M3 and Nihon M&A Center. Hurt Our overweight positions in MonotaRO and Keyence. Outlook The outlook for the market is increasingly mixed, with slowing growth in the global economy including China, and sluggish earnings growth in cyclical sectors in Japan.	

Past performance is not a reliable indicator of current and future results.

[^]The Benchmark is a performance comparator and the Fund may bear little resemblance to its Benchmark. The Benchmark has been chosen as it reflects the main investment universe and strategy for the Fund.

Ratings and awards

Morningstar analyst rating™

BRONZE

Morningstar rating™

★★★★★

Morningstar category™

Japan Large-Cap Equity

Rayner Spencer Mills rated fund

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Fund overview

Investment objective

To provide capital growth over the long term by investing primarily in the shares of Japanese companies.

Month in review

- Both sector allocation and stock selection added value.
- At the sector level, overweighting the information & communication sector added value.
- At the stock level, our overweight positions in M3 (online medical portal) and Nihon M&A Center (mergers and acquisitions advisory) were the top positive contributors. M3's share price rebounded strongly as the company confirmed strong earnings growth and good progress in business projects in which it has invested. The share price of Nihon M&A Center also advanced on the back of the company's steady profit growth.
- Our overweight positions in MonotaRO (online retailer of industrial supply products) and Keyence (automation sensors), on the other hand, detracted value as both stocks suffered from profit-taking after a period of large outperformance. Our long-term positive view on these names remains unchanged.

Looking ahead

- The outlook for the market is increasingly mixed, with slowing growth in the global economy including China, and sluggish earnings growth in cyclical sectors in Japan.
- Valuations of the TOPIX, on the other hand, continue to be lower than its own history as well as other major markets.
- On the policy front, Japan continues to make progress in corporate governance, tourism and free trade, and has improving relationships with many countries.
- Shinzō Abe is likely to become Japan's longest-serving prime minister since the birth of the country's parliamentary system in the 1880s. This stability is in stark contrast to the problems besetting many other countries.
- The consumption tax is scheduled to be raised from 8% to 10% in October 2019.
- The corporate governance story continues to develop and this increasingly looks structural in nature.
- For the fiscal year 2018, concluded at the end of March 2019, the value of share buybacks announced on all listed companies came to a record high. Total dividends for all listed companies also hit a record high for a sixth consecutive year in financial year 2018. Adding the value of share buybacks and dividends together would mark a record high for a fifth consecutive year.
- The market is likely to reward companies with improving governance policies overall, including shareholder returns, internal controls and disclosure.

Opinions, estimates, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

All data is sourced by J.P. Morgan Asset Management and is correct as at the date of this commentary unless otherwise stated.

Performance and positioning

%	1M	3M	YTD	1Y	3Y	5Y	10Y
JPM Japan Fund C - Net Accumulation GBP	5.68	8.10	23.60	4.86	10.93	18.00	12.67
Benchmark	4.08	5.83	11.36	0.60	8.61	11.64	8.94
Excess return (geometric)	1.54	2.15	10.99	4.24	2.13	5.70	3.42

%	2018	2017	2016	2015	2014
JPM Japan Fund C - Net Accumulation GBP	-8.33	24.80	18.13	28.26	1.30
Benchmark	-8.67	15.23	23.00	17.81	2.37
Excess return (geometric)	0.37	8.31	-3.95	8.87	-1.04

Past performance is not a reliable indicator of current and future results.

Source: J.P. Morgan Asset Management. Share class performance is shown based on the quoted price of the above share class, assumes any gross income was reinvested, and includes ongoing charges but not any entry or exit fees. Performance over one year is annualised. Share class inception date is 13.09.2007.

The performance shown prior the launch date of this share class relates to the A share class. The A share class performance has not been amended or simulated to adjust for the lower ongoing fees of the C share class.

TOP/BOTTOM FIVE POSITIVE/NEGATIVE ACTIVE POSITIONS AGAINST THE BENCHMARK (%)

Stock	Position	Stock	Position
M3, Inc.	4.78	Toyota Motor Corp.*	-3.49
Shiseido Company,Limited	4.68	Sony Corporation*	-1.85
Keyence Corporation	4.53	Mitsubishi UFJ Financial Group, Inc.*	-1.59
Kao Corp.	4.45	Nippon Telegraph and Telephone Corporation*	-1.47
FAST RETAILING CO., LTD.	4.32	Takeda Pharmaceutical Co. Ltd.*	-1.42

SECTOR BREAKDOWN (%)

		Compared to benchmark
Services	19.30	14.03
Information & Communication	20.06	11.03
Retail Trade	12.28	7.63
Chemicals	13.83	6.49
Insurance	4.85	2.47
Other Products	3.59	1.39
Other Financing Business	2.42	1.32
Securities & Commodity Futures	1.86	1.14
Machinery	4.93	-0.11
Fishery, Agriculture & Forestry	0.00	-0.11
Marine Transportation	0.00	-0.17
Warehousing & Harbor	0.00	-0.20
Transportation Services		-0.27
Pulp & Paper	0.00	-0.27
Mining	0.00	-0.55
Air Transportation	0.00	-0.58
Metal Products	0.00	-0.59
Oil & Coal Products	0.00	-0.63
Textiles & Apparels	0.00	-0.75
Nonferrous Metals	0.00	-0.76
Rubber Products	0.00	-0.84
Glass & Ceramics Products	0.00	-0.85
Iron & Steel	0.00	-0.87
Precision Instruments	1.27	-1.70
Electric Power & Gas	0.00	-2.43
Real Estate	0.00	-2.59
Pharmaceutical	3.00	-2.78
Construction	0.00	-4.03
Foods	0.00	-4.20
Electric Appliances	9.67	-4.44
Wholesale Trade	0.51	-4.67
Land Transportation	0.00	-5.81
Banks	0.00	-6.40
Transportation Equipment	1.35	

*Denotes a stock either not held or held at an underweight position relative to the index during all or part of the analysis period. The Fund is an actively managed portfolio; holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

RISK PROFILE

The value of equity and equity-linked securities may fluctuate in response to the performance of individual companies and general market conditions.

This Fund is aggressively managed, which may result in higher volatility of the Fund's performance and bigger differences between the performance of the Fund and its benchmark.

The single market in which the Fund primarily invests, in this case Japan, may be subject to particular

political and economic risks and, as a result, the Fund may be more volatile than more broadly diversified funds.

The Fund may be concentrated in a limited number of securities and, as a result, may be more volatile than more broadly diversified funds.

The Fund invests in securities of smaller companies which may be more difficult to sell, more volatile and

tend to carry greater financial risk than securities of larger companies.

For investors in Share Classes which are not hedged to Sterling, movements in currency exchange rates can adversely affect the return of your investment.

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