
JPMorgan Indian Investment Trust plc Annual General Meeting

January 2016

Performance and Attribution

JPMorgan Indian Investment Trust

JPMorgan Indian Investment Trust Performance (GBP)

As at 31 December 2015

Market Value

JPMorgan Indian Investment Trust plc

GBP 605.2m[^]

Annualised performance (%)

	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception
JPMorgan Indian Investment Trust plc	+3.6	+22.0	+11.7	+2.3	+9.3	+8.8
MSCI India (NDR)*	-0.7	+14.3	+7.2	-1.2	+8.9	+6.2
Excess Return (Arithmetic) (Diluted)	+4.3	+7.7	+4.4	+3.5	+0.4	+2.6
Excess Return (Geometric) (Diluted)	+4.3	+6.7	+4.1	+3.6	+0.4	+2.4

Rolling 12 Months at Year Ends (%)

	2011	2012	2013	2014	2015
JPMorgan Indian Investment Trust plc (Share Price)	-33.8	+16.4	-10.5	+49.9	+1.2
JPMorgan Indian Investment Trust plc (NAV)	-32.3	+18.9	-6.4	+43.7	+3.6
MSCI India (NDR)*	-36.7	+20.4	-5.6	+31.6	-0.7

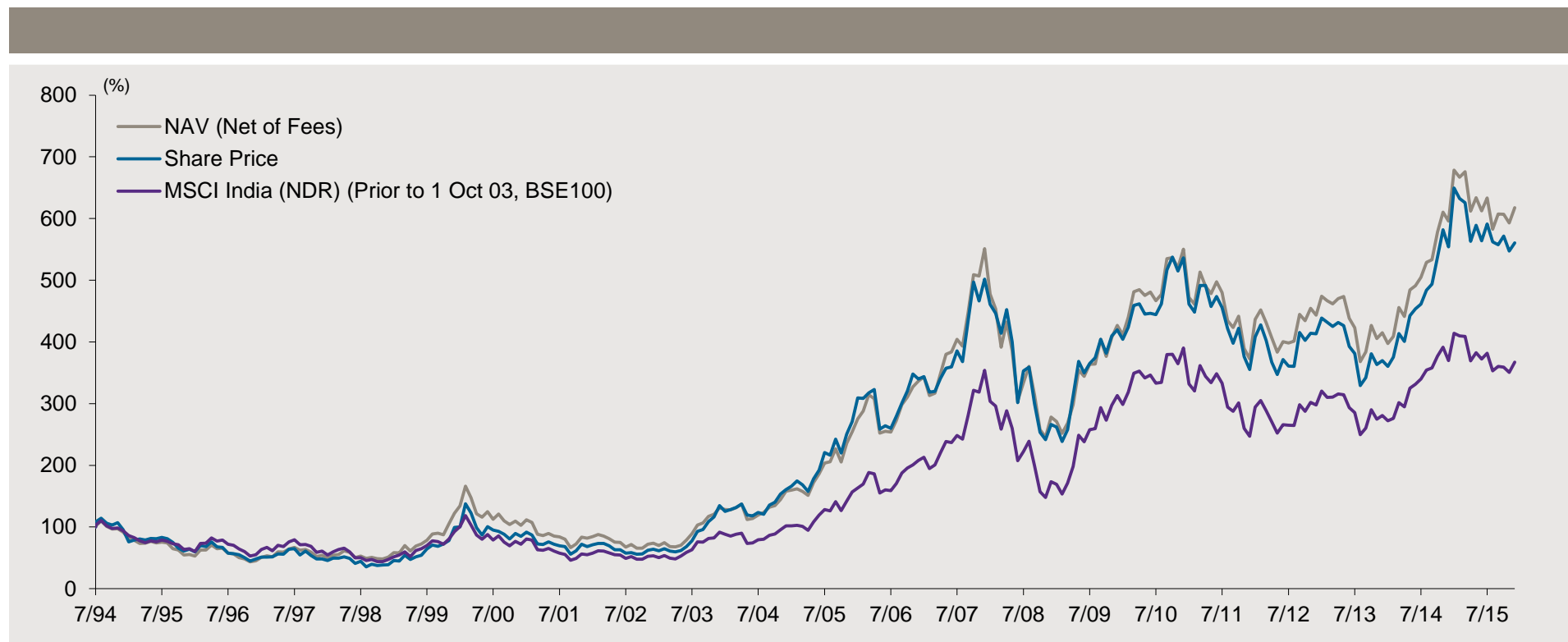
[^] J.P. Morgan Asset Management shadow valuation

Fund launch date: 1 July 1994

* Prior to 1 Oct 2003, BSE100

Past performance is not a guide to the future. Source: J.P. Morgan/Morningstar as of 31 Dec 2015. Performance data has been calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP. Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment.

JPMorgan Indian Investment Trust Performance (GBP)



Source: J.P. Morgan Asset Management, 31 Dec 2015

Past performance is not a guide to the future. Source: J.P. Morgan/Morningstar as of 31 Dec 2015. Performance data has been calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP. Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment.

JPMorgan Indian Investment Trust

Portfolio Holdings

Holdings#	Country	Sector	Fund %	Benchmark^ %
HDFC Bank Limited	India	Financials	8.2	0.0
Infosys Limited	India	Information Technology	7.8	10.6
Housing Development Finance Corporation Limited	India	Financials	7.2	9.6
Tata Consultancy Services Limited	India	Information Technology	5.6	5.9
Sun Pharmaceutical Industries Limited	India	Health Care	4.9	3.7
Kotak Mahindra Bank Limited	India	Financials	4.9	0.0
Maruti Suzuki India Limited	India	Consumer Discretionary	4.4	0.0
IndusInd Bank Ltd.	India	Financials	4.4	0.0
Ashok Leyland Limited	India	Industrials	4.3	0.0
UltraTech Cement Limited	India	Materials	3.8	0.5
			55.5	30.4

Concentration	Fund	Benchmark^
Top 10 Holdings	56.1	50.3
Top 20 Holdings	82.3	67.9
Top 30 Holdings	94.9	78.5

Active Shares: 60.4

As at 30 Nov 2015

^ MSCI India (NDR)

Source: J.P. Morgan Asset Management, as at 31 Dec 2015.

The Trust 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.

JPMorgan Indian Investment Trust

Active Positions

As at 30 November 2015

Top Five Active Portfolio Positions

Stock	Country	Sector	Portfolio Weight (%)	Benchmark^ Weight (%)	Relative Position (%)
HDFC Bank Limited	India	Financials	8.2	0.0	8.2
Kotak Mahindra Bank Limited	India	Financials	4.9	0.0	4.9
Maruti Suzuki India Limited	India	Consumer Discretionary	4.4	0.0	4.4
IndusInd Bank Ltd.	India	Financials	4.4	0.0	4.4
Ashok Leyland Limited	India	Industrials	4.3	0.0	4.3

Bottom Five Active Portfolio Positions

Stock	Country	Sector	Portfolio Weight (%)	Benchmark^ Weight (%)	Relative Position (%)
ITC Limited	India	Consumer Staples	0.0	4.1	-4.1
Reliance Industries Limited	India	Energy	2.7	6.6	-4.0
Hindustan Unilever Limited	India	Consumer Staples	0.0	3.2	-3.2
Infosys Limited	India	Information Technology	7.8	10.6	-2.8
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	0.0	2.7	-2.7

Source: J.P. Morgan Asset Management. ^ MSCI India (NDR)

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JPMorgan Indian Investment Trust Performance Attribution

1 Year to 31 December 2015

Market Cap (MSCI then WS) - AVAIL Parent 31/12/2014 USD	Total Effect
> 10bn	3.5
4 - 10bn	0.4
< 4bn	2.1
Cash	0.0
N/A	-0.3
Total	5.7

3 Years to 31 December 2015

Market Cap (MSCI then WS) - AVAIL Parent 31/12/2012 USD	Total Effect
> 10bn	5.8
4 - 10bn	1.4
< 4bn	11.5
Cash	0.8
N/A	0.0
Total	19.6

* Total effect in GBP
Source: Jaffa, FactSet, MSCI

* Total effect in GBP
Source: Jaffa, FactSet, MSCI

Top 10 contributors/detractors to active returns

1 Year to 30 November 2015

Benchmark MSCI India (NDR)

Top 10 Contributors	Sector	Average Fund Weight %	Average Benchmark Weight %	Stock Return %	Contributions To Active Return %
HDFC Bank Limited	Financials	7.49	0.00	22.15	2.21
Ashok Leyland Limited	Industrials	3.45	0.00	76.14	2.18
Maruti Suzuki India Limited	Consumer Discretionary	3.58	0.00	32.65	1.39
Kotak Mahindra Bank Limited	Financials	4.54	0.00	12.30	0.93
IndusInd Bank Ltd.	Financials	4.09	0.00	12.47	0.93
Vedanta Limited	Materials	0.00	0.96	-60.46	0.62
Oil & Natural Gas Corp. Ltd.	Energy	0.00	1.30	-37.25	0.46
Godrej Industries Limited	Materials	1.28	0.00	29.93	0.42
Motilal Oswal Financial Services Limited	Financials	1.30	0.00	25.55	0.41
Shree Cement Limited	Materials	1.61	0.25	19.99	0.41

Top 10 Detractors	Sector	Average Fund Weight %	Average Benchmark Weight %	Stock Return %	Contributions To Active Return %
Aurobindo Pharma Ltd	Health Care	0.00	0.95	44.36	-0.43
Hindustan Unilever Limited	Consumer Staples	0.00	3.49	1.48	-0.40
Housing Development Finance Corporation Limited	Financials	7.19	9.95	2.20	-0.39
Mahindra & Mahindra Ltd.	Consumer Discretionary	1.88	2.39	-5.62	-0.33
Reliance Industries Limited	Energy	3.41	6.32	-4.99	-0.32
Tata Motors Limited	Consumer Discretionary	3.60	1.96	-23.79	-0.32
HCL Technologies Limited	Information Technology	0.00	2.57	3.52	-0.31
IDFC Bank Ltd.	Financials	0.16	0.00	-29.20	-0.31
Mahindra & Mahindra Financial Services Ltd.	Financials	1.87	0.39	-26.34	-0.30
Bharat Heavy Electricals Limited	Industrials	1.47	0.76	-39.90	-0.29

Source: FactSet, J.P. Morgan Asset Management, as at 30 Nov 2015.

Past performance is not indicative of future performance. The companies/securities above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. However, it cannot be assumed that these types of investments will be available to or will be selected by the fund in the future. Subject to change at the discretion of the Investment Manager without notice.

Market Outlook

Key Issues

- Emerging markets: fundamentally different
- India: much improved macro stability
- Big beneficiary of low commodity prices
- Growth – sluggish, but green shoots of recovery
- Easing monetary policy should help
- Valuations – headline multiples are near long term averages
- But earnings are depressed
- Polarised market = active management

Source: J.P. Morgan Asset Management. As at 4 Sep 2015.

B.J.P = Bharatiya Janata Party

The opinions and views expressed here are those held by the author as at 31 Mar 2015, which are subject to change and are not to be taken as or construed as investment advice.

EM Fundamental Risk: 'Taper Tantrum' vs. Now

Shifting external and overall vulnerability within EM

Fundamental Risk – Overall: 2013Q1 vs. Current			
1Q'13 Country	Rank	2Q'15 Country	Rank
Chile	1	Philippines	1
Philippines	1	Chile	1
Peru	1	Taiwan	1
Poland	1	India	1
China	2	Poland	2
Korea	2	Hungary	2
Colombia	2	Thailand	2
Indonesia	2	Czech	2
Argentina	3	Peru	3
Turkey	3	Korea	3
Taiwan	3	China	3
India	3	South Africa	3
Hungary	4	Argentina	4
Mexico	4	Malaysia	4
Thailand	4	Indonesia	4
Russia	4	Turkey	4
Malaysia	5	Mexico	5
Czech	5	Colombia	5
South Africa	5	Brazil	5
Brazil	5	Russia	5

Low Risk
↑
↓
High Risk

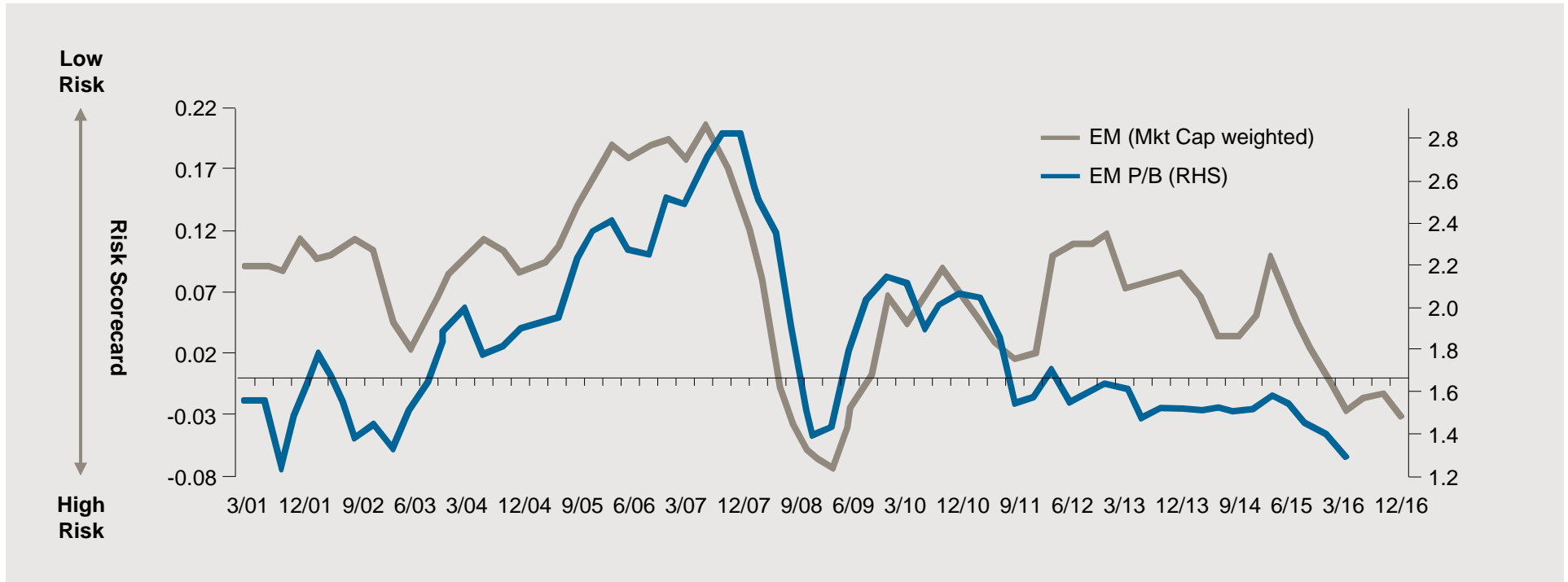
5 key fundamental risks

- External Imbalances
- Sovereign risk
- Economic Stability
- Credit cycle
- Governance

Source: J.P. Morgan Asset Management. Oxford Economics. Data as at end June 2015.

EM Valuations have been Pricing a Fairly Tough Macro Environment

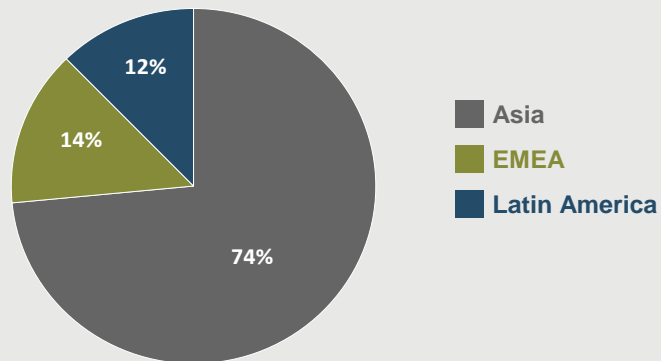
EM Economic Risk vs. P/B



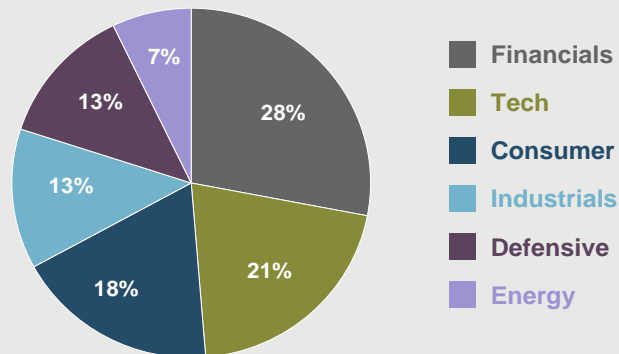
Source: J.P. Morgan Asset Management. Oxford Economics. Data as of 5 Jan 2016.

Emerging Markets Equity Composition

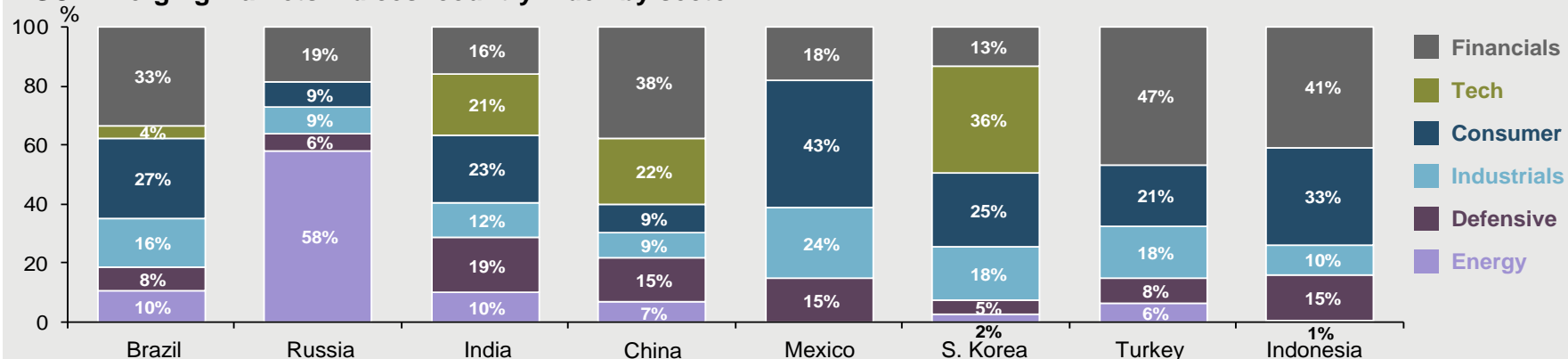
MSCI Emerging Markets Index by region



MSCI Emerging Markets Index by sector



MSCI Emerging Markets indices: country index by sector



Source: (All charts) MSCI, FactSet, J.P. Morgan Asset Management. "Defensive" is comprised of health care, telecommunication services and utility sectors. "Industrials" is comprised of the industrials and materials sectors. Percentages may not sum to 100 due to rounding. Data as of 31 December 2015.

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US and China risks: India stacks up well



US dollar and real rates

- Current account balance
- Reliance on foreign capital
- Trend in total leverage (last 5 years)

China slowdown

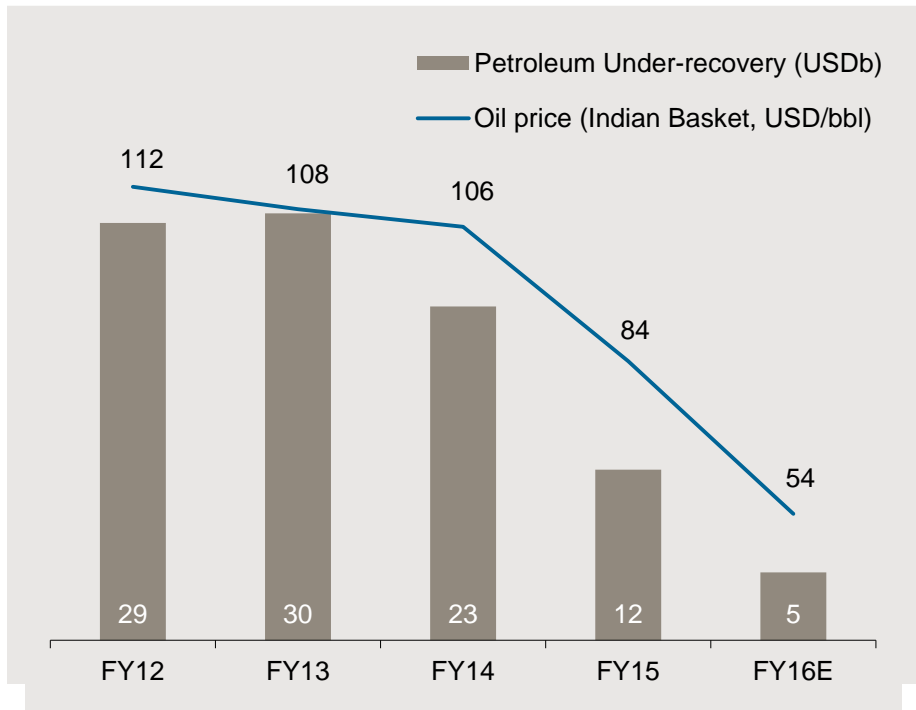
- Exports to China
- Commodity exposure

Source: Morgan Stanley Research, Jan 2016.

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India Benefits from Lower Commodity Prices, Especially Oil

Overall oil subsidy is sharply reduced...

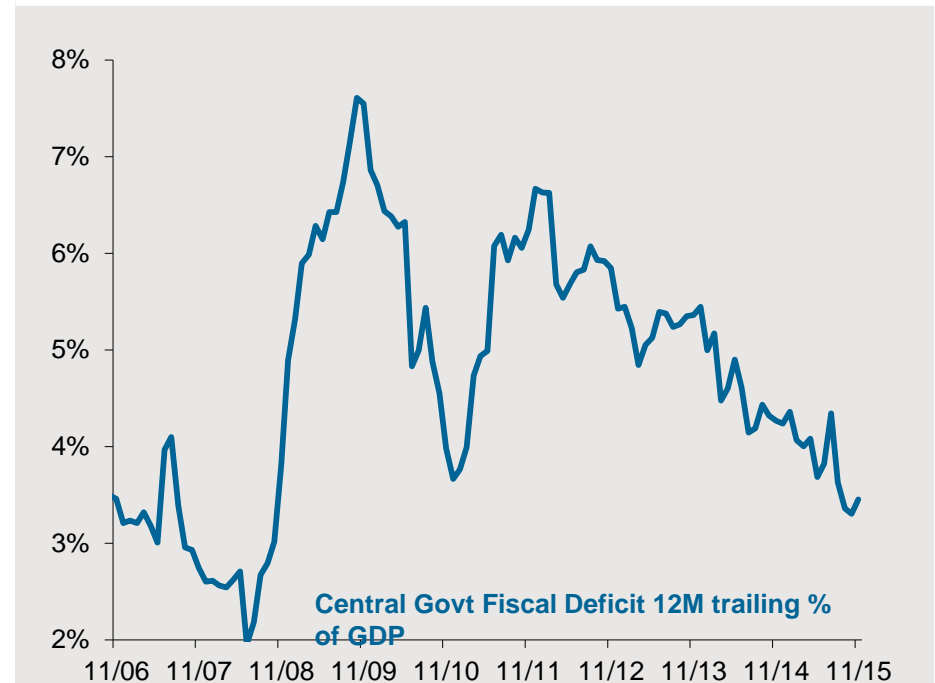


Note: Under-recovery refers to the gap between the cost of imports and the subsidised selling price of diesel, liquefied petroleum gas (LPG) and kerosene in India.

Source: Morgan Stanley Research estimate, as at 6 Jan 2016.

Forecasts, projections and other forward looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur.

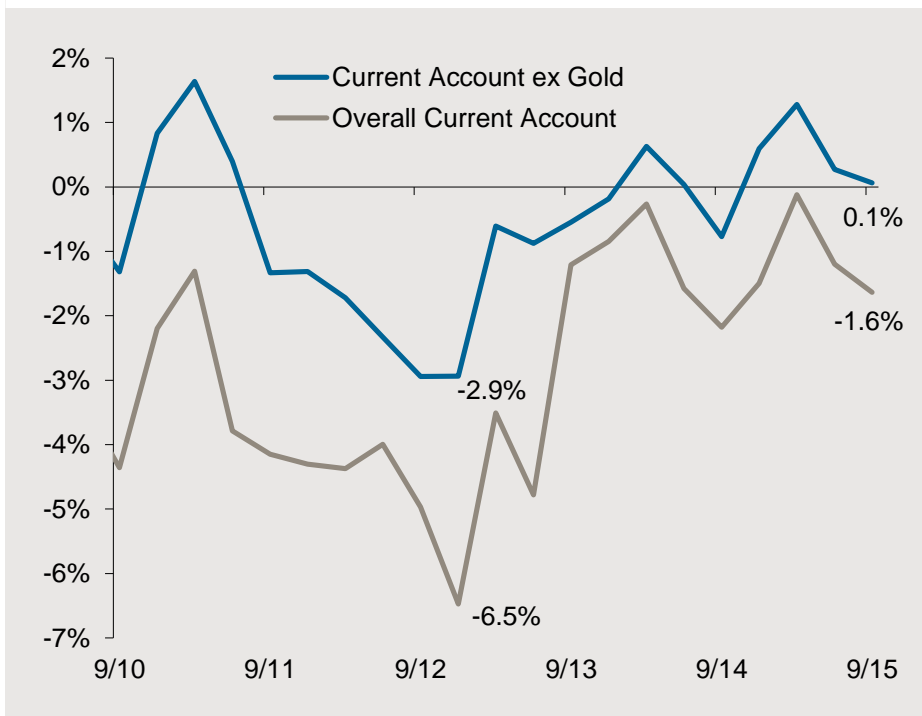
...Leading to a lower fiscal deficit



Source: CEIC, RBI, Morgan Stanley Research, 6 Jan 2016
BE-Budget Estimate

External Sector: Much Improved

Current Account Deficit Quarterly Annualized, % of GDP



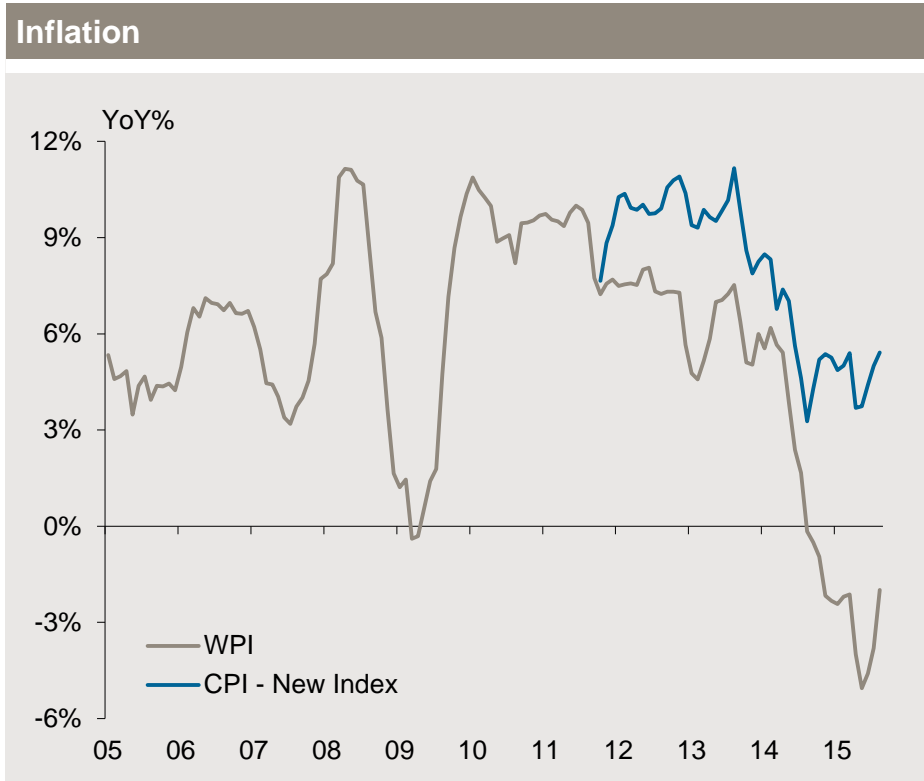
Source: CEIC, Morgan Stanley Research, as at 6 Jan 2016

FX Reserves

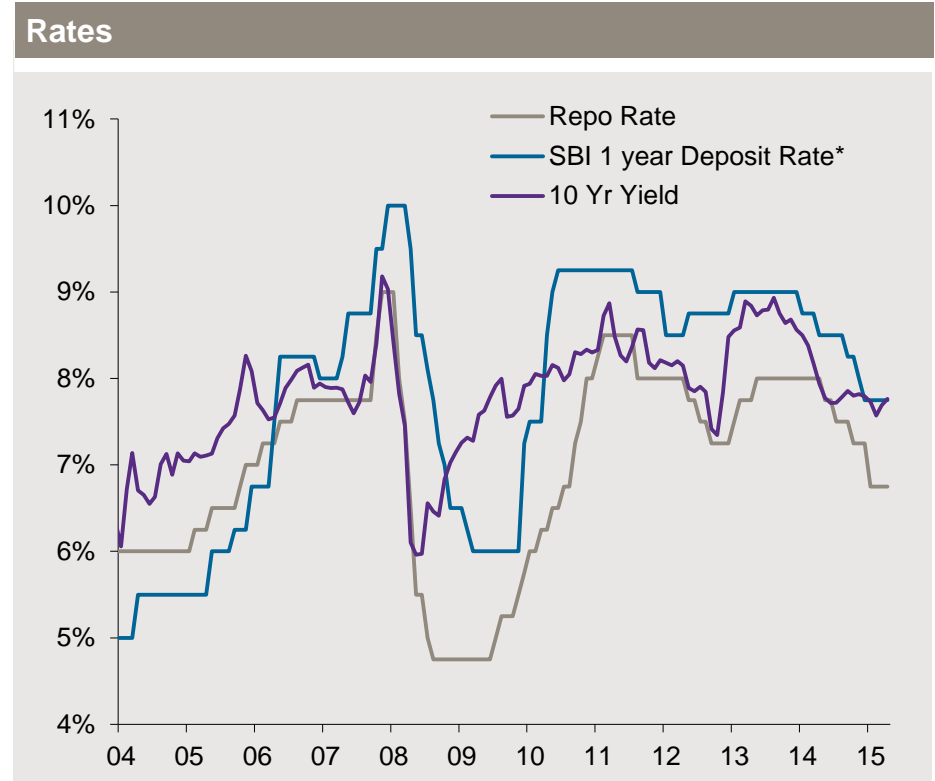


Source: CEIC, Morgan Stanley Research, as at 6 Jan 2016

Lower inflation allows for lower interest rates



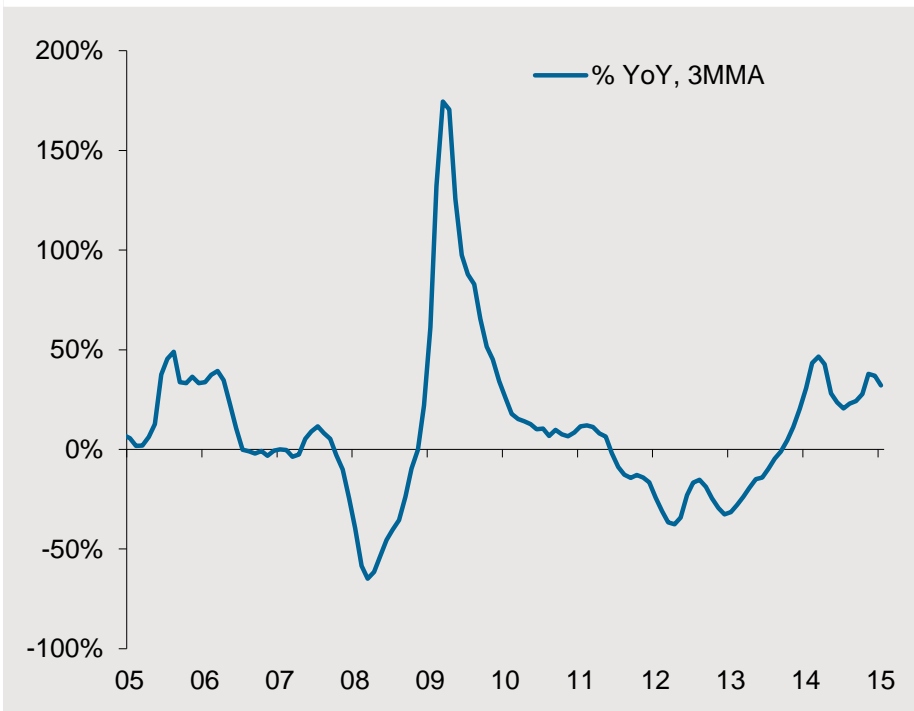
Source: CEIC, Morgan Stanley Research, latest data available as at 6 Jan 2016
 WPI = Wholesale Price Index CPI = Consumer Price Index



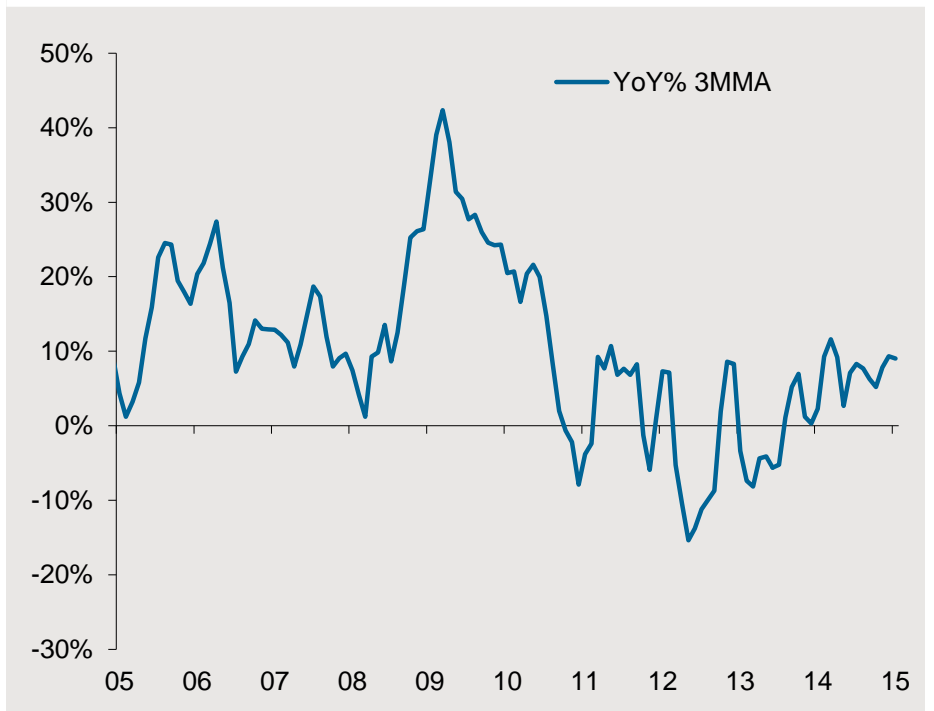
Source: Morgan Stanley Research, SBI and RBI, as at 31 Dec 2015
 SBI = State Bank of India

Green Shoots of a Recovery...

Medium & Heavy Vehicle Sales



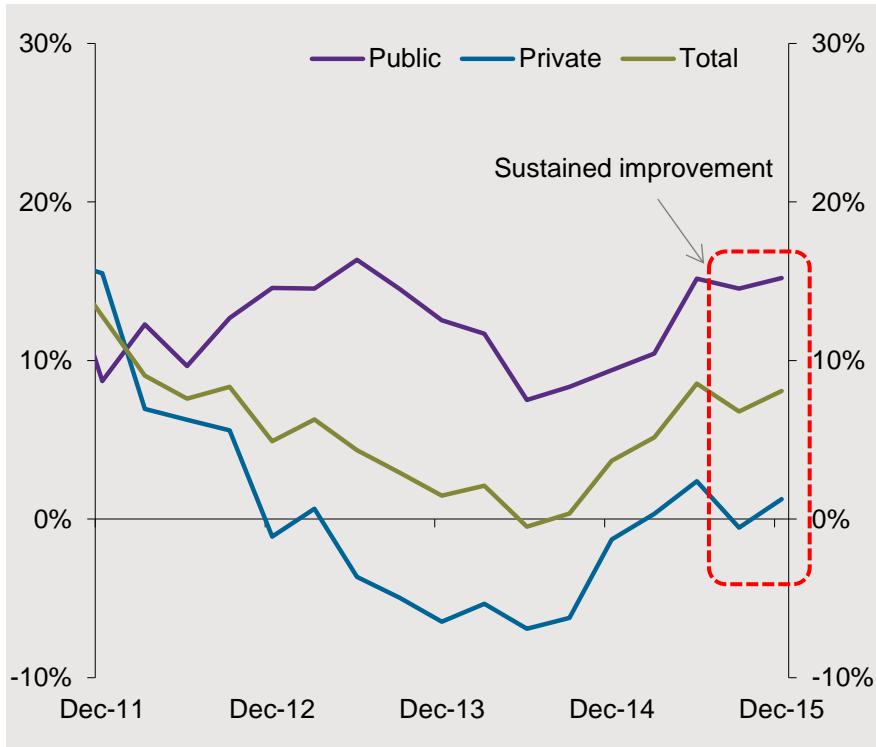
Passenger Car Sales



3MMA = 3 months moving average
Source: CEIC, Morgan Stanley Research, latest data available as of 6 Jan 2016

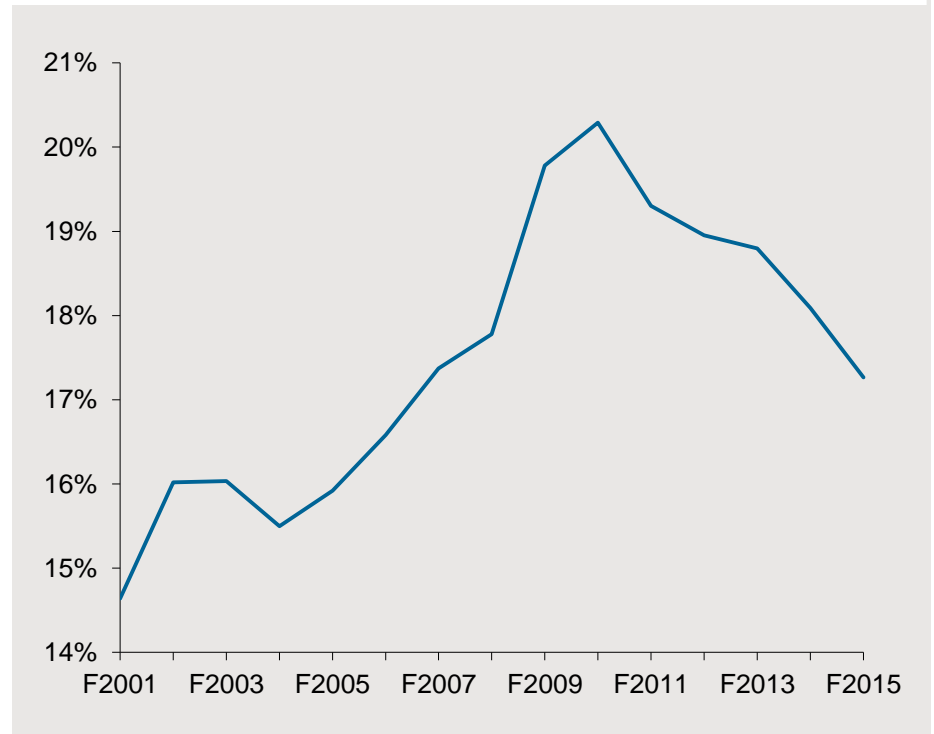
Investment remains mixed

Projects Under Implementation



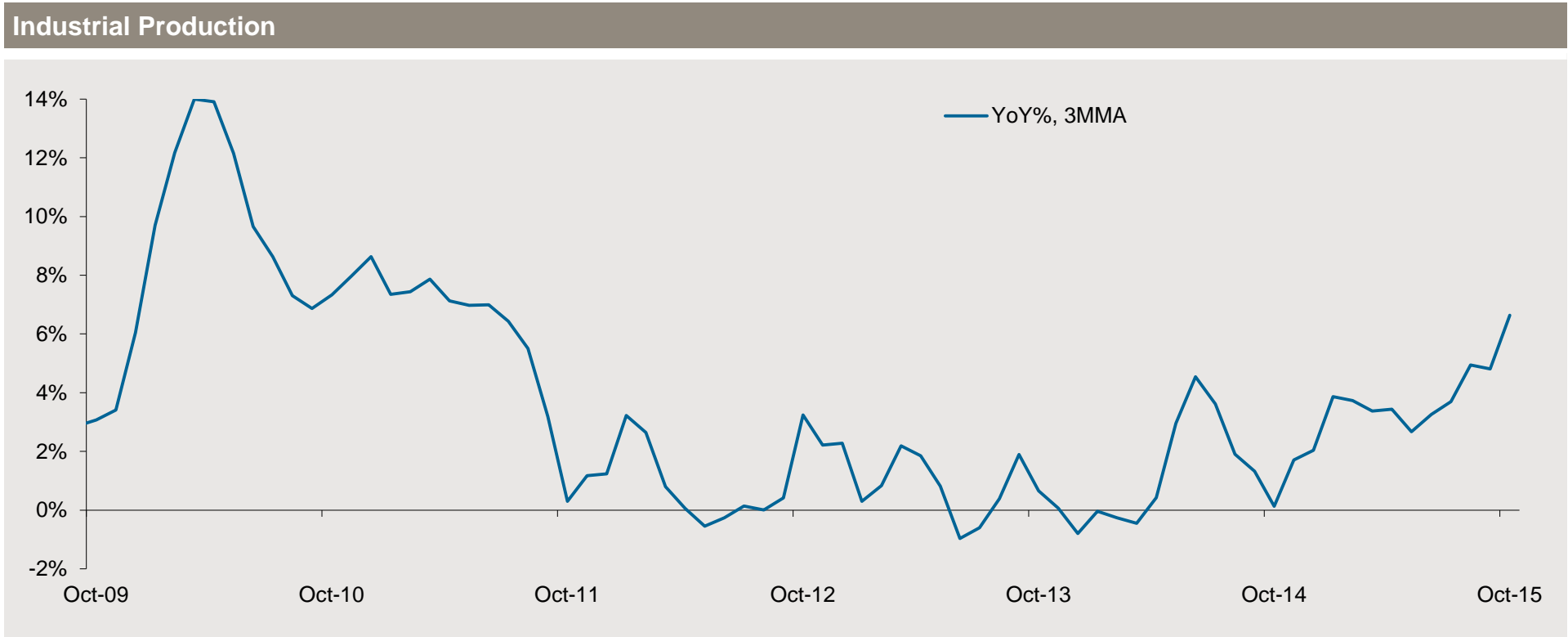
Source: CMIE, Morgan Stanley Research, as at 31 Dec 2015

Total Private Broad Market Gross Bloc % of GDP



Source: CMIE, Morgan Stanley Research, as at 31 Dec 2015

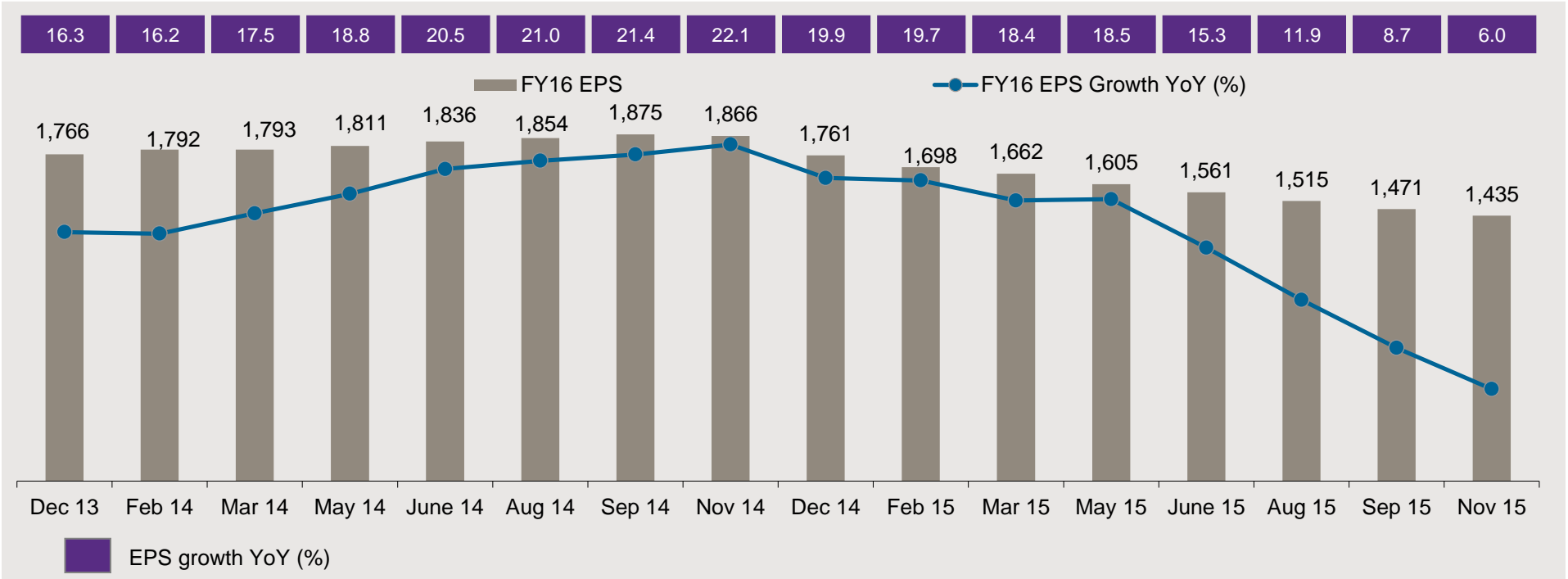
Industrial activity looking up



Source: CSO, Morgan Stanley Research, latest data available as of 6 Jan 2016

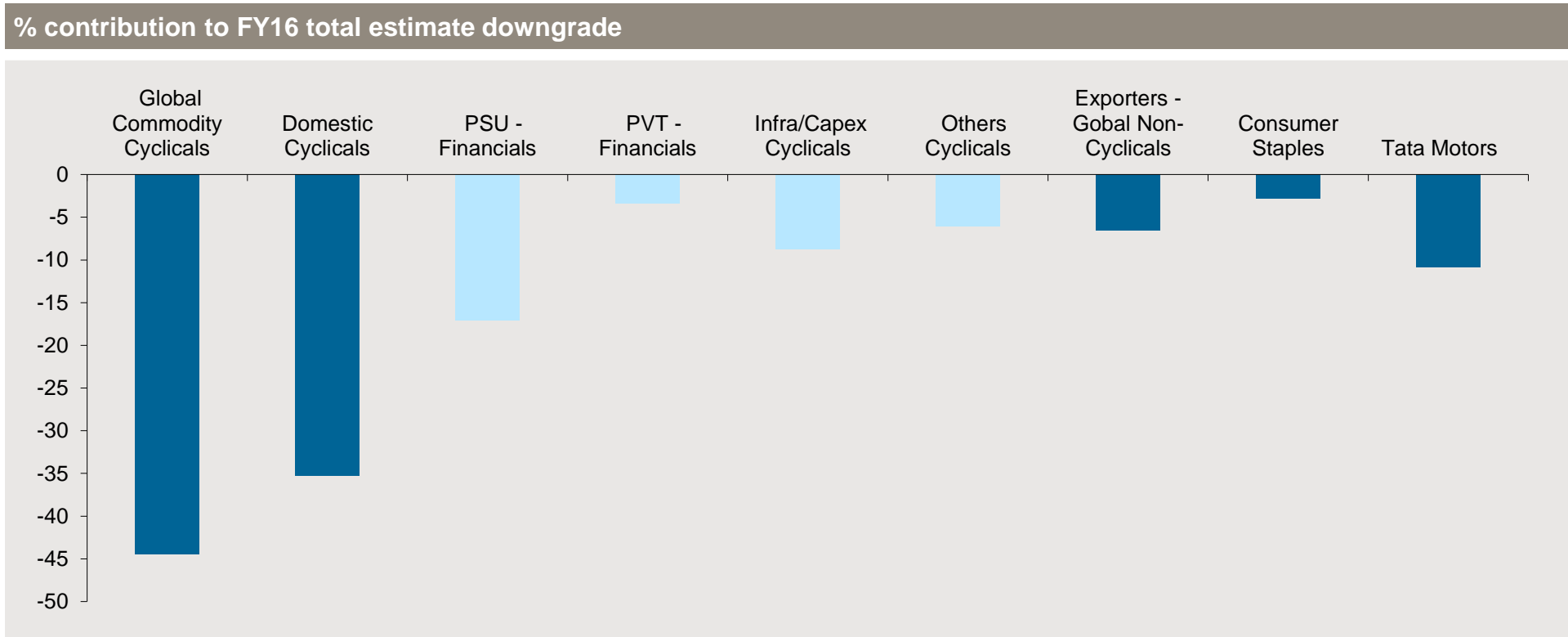
Earnings have Disappointed...

Sensex EPS Revisions (F16)



Source: Motilal Oswal Securities Ltd, as at 31 Dec 2015
 SENSEX = Bombay Stock Exchange Sensitive Index EPS = Earnings Per Share

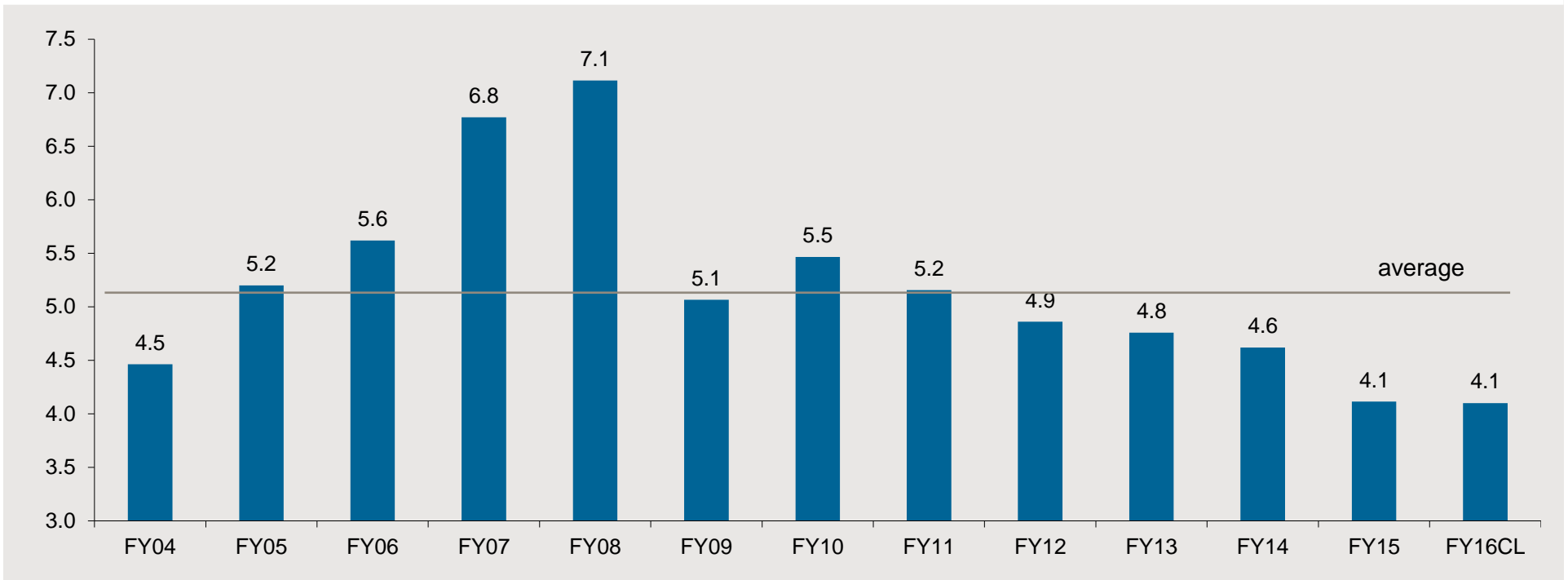
... But have been navigable



Source: J.P. Morgan Asset Management. Data as of 6 Jan 2016.

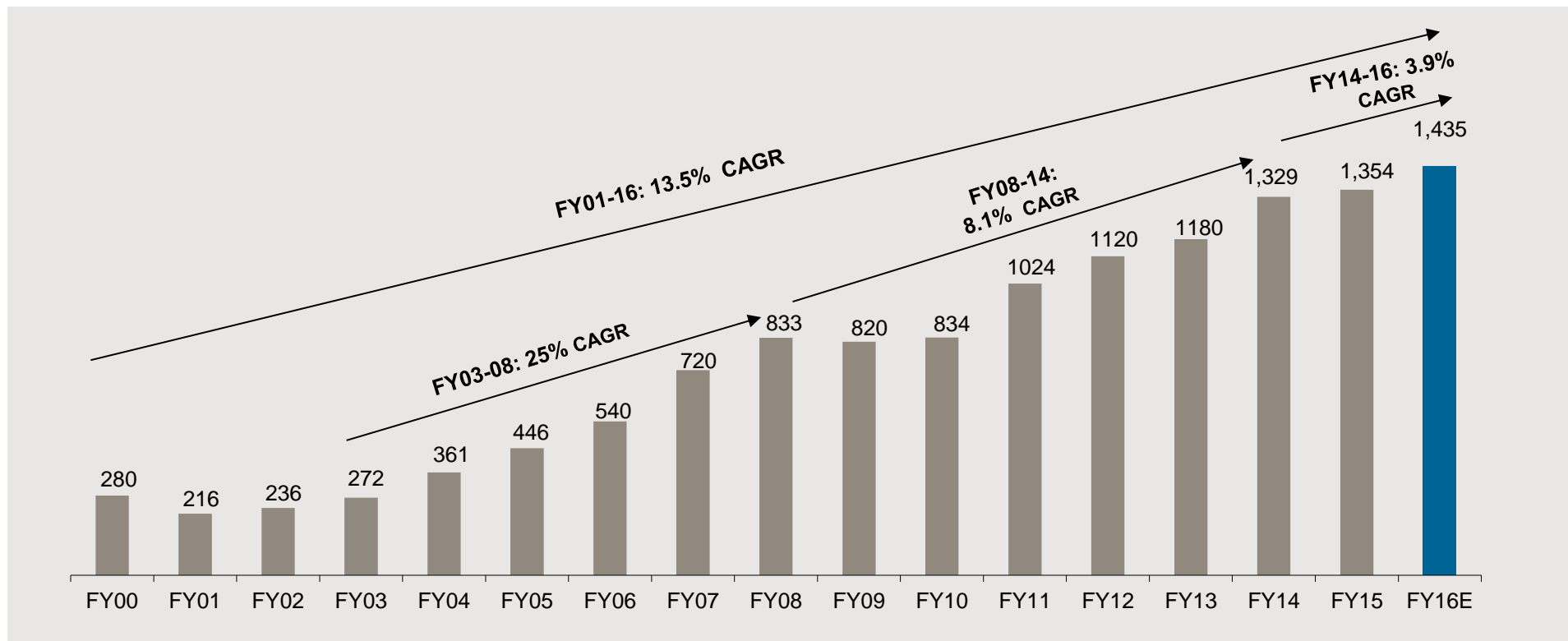
Earnings are Cyclical and Depressed

Profits as % GDP



Source: CLSA, as at 6 Jan 2016

Earnings Recovery will likely be a Key Driver of Returns



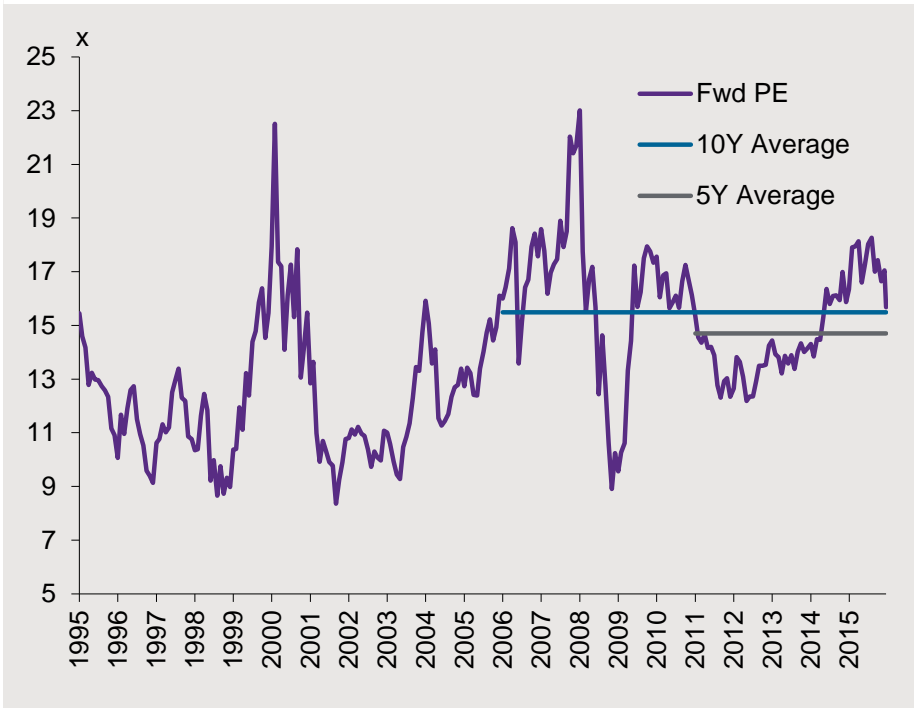
Estimated Earnings Universe = S&P BSE Sensex Index

Source: Motilal Oswal Securities Ltd, as at 31 Dec 2015

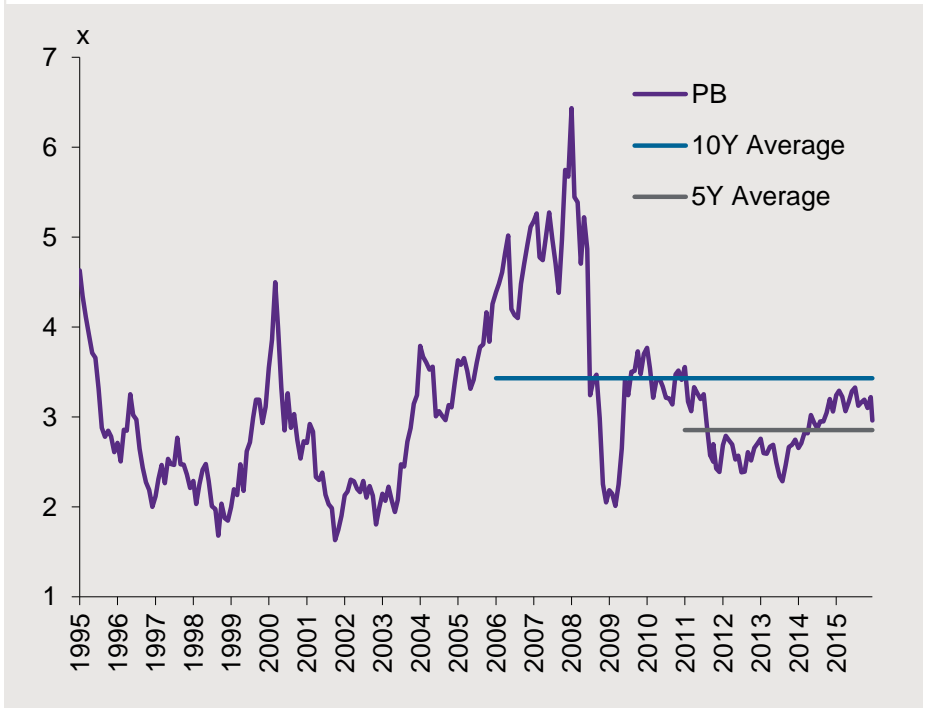
CAGR denotes to Compound Annual Growth Rate. Forecasts, projections and other forward looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections and other forward statements, actual events, results or performance may differ materially from those reflected or contemplated.

Valuations: average

MSCI India – Forward PE



MSCI India – PB



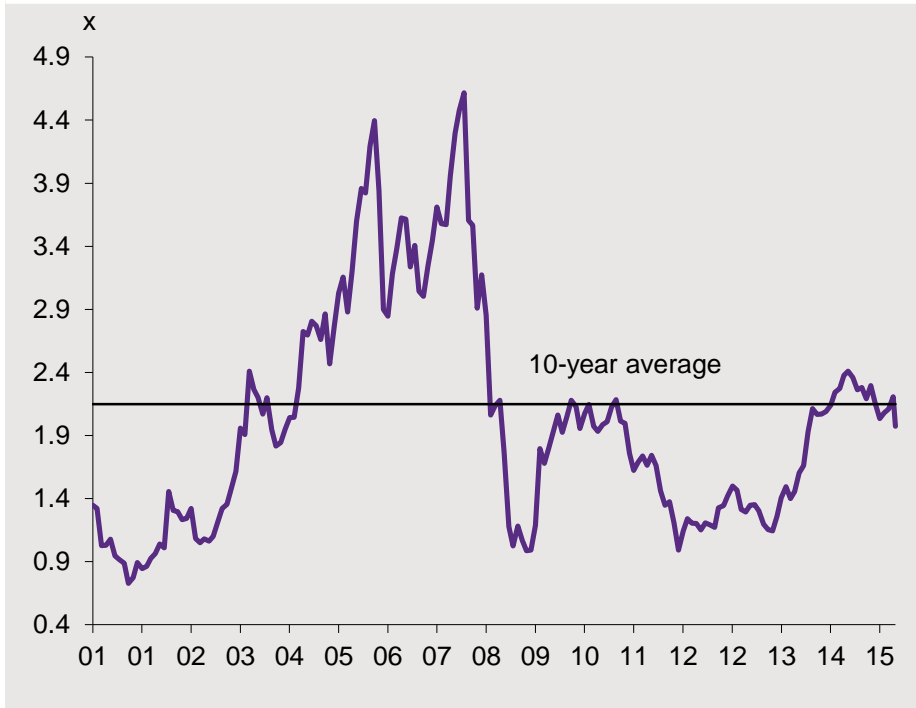
PB = Price to Book ratio

PE = Price to Earnings ratio

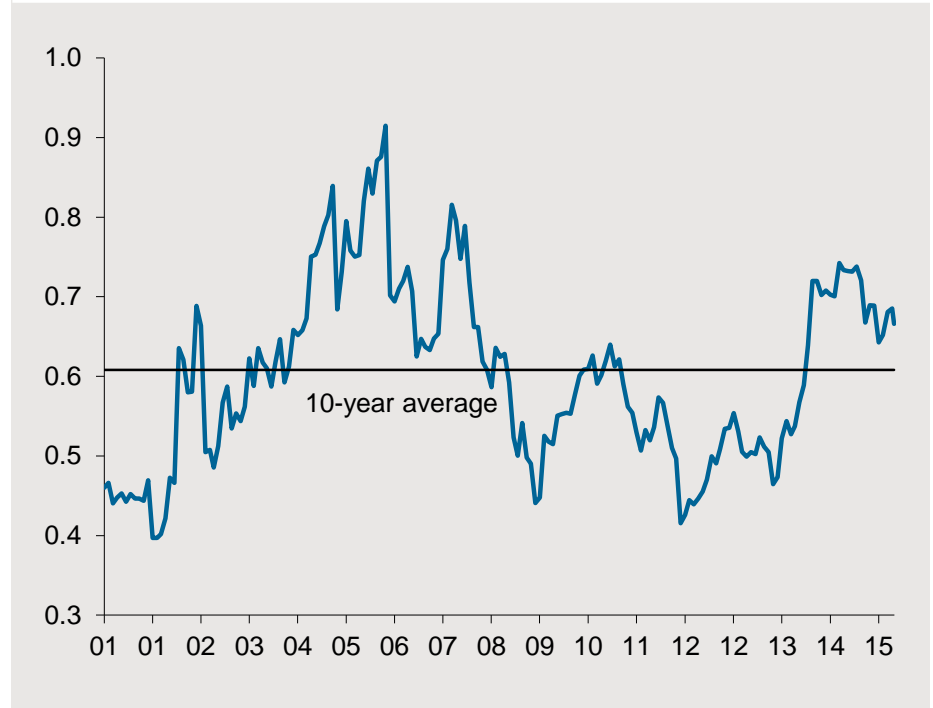
Source: RIMES, MSCI, IBES, Morgan Stanley Research, as of 15 Jan 2016

Small Caps are No Longer Outright Cheap

MSCI India Small Cap Trailing PB



MSCI India Small Cap Relative to MSCI India Trailing PB



PB = Price to Book Ratio

Source: RIMES, MSCI, Morgan Stanley Research, as of 15 Jan 2016

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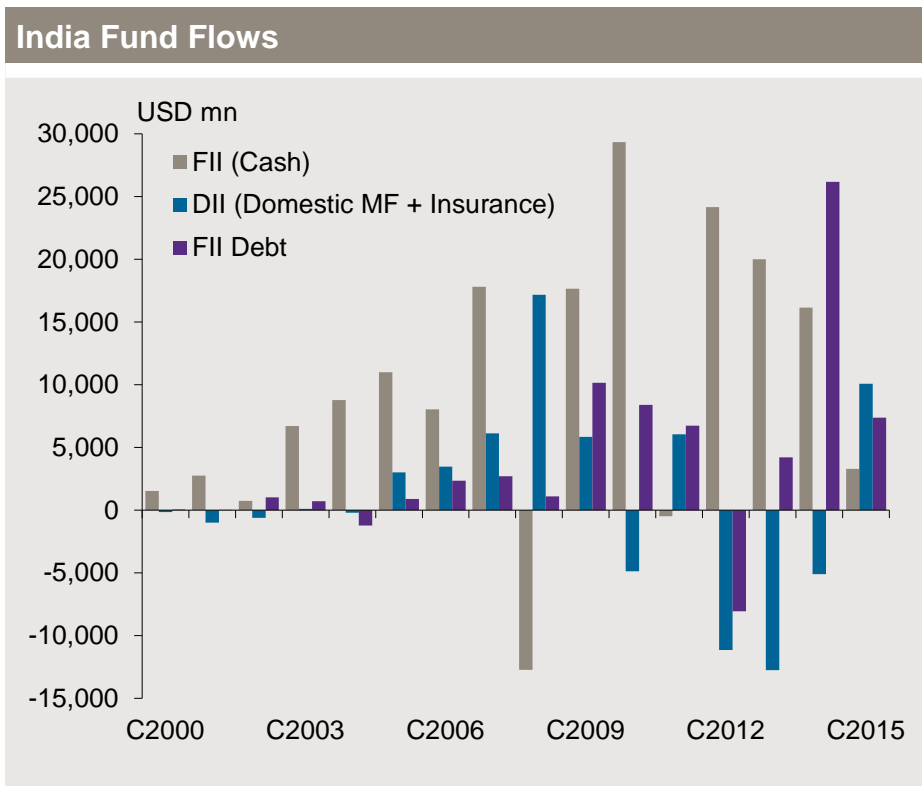
Cyclically adjusted, valuations are compelling

India Shiller PE

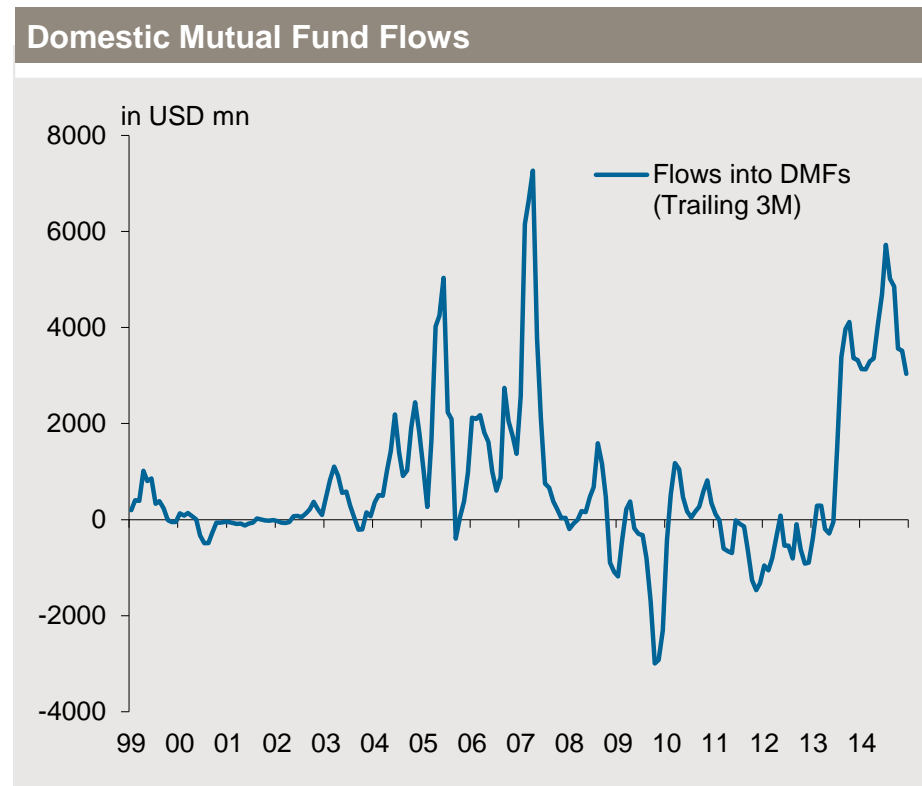


Source: Bloomberg, MSCI, Morgan Stanley Research, as at 6 Jan 2016

Flows have been Strong But...

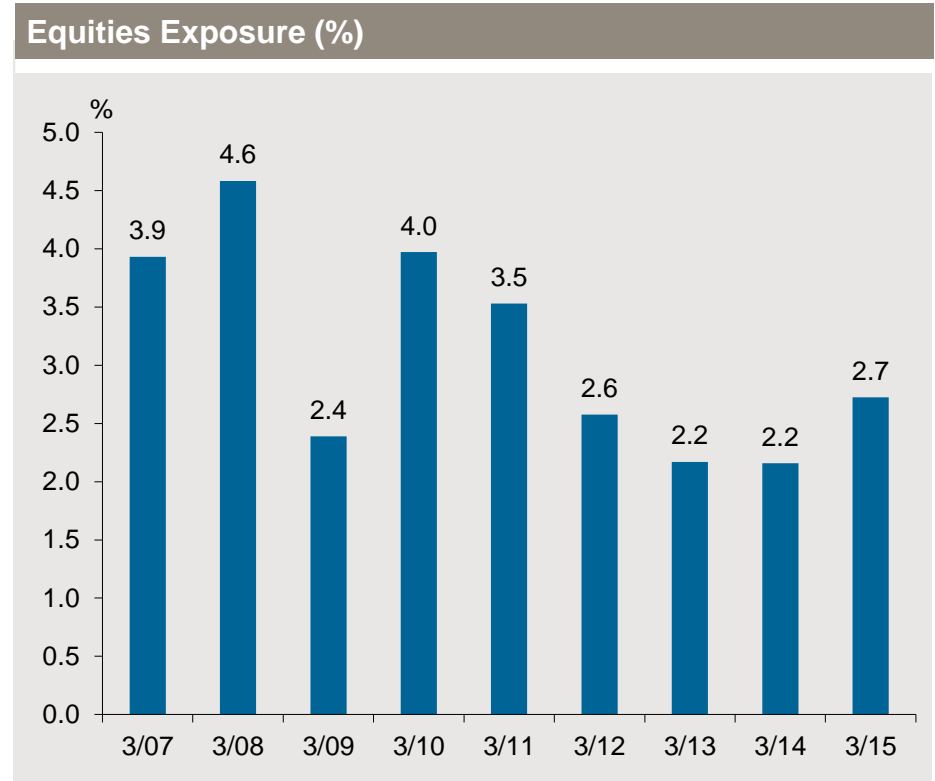
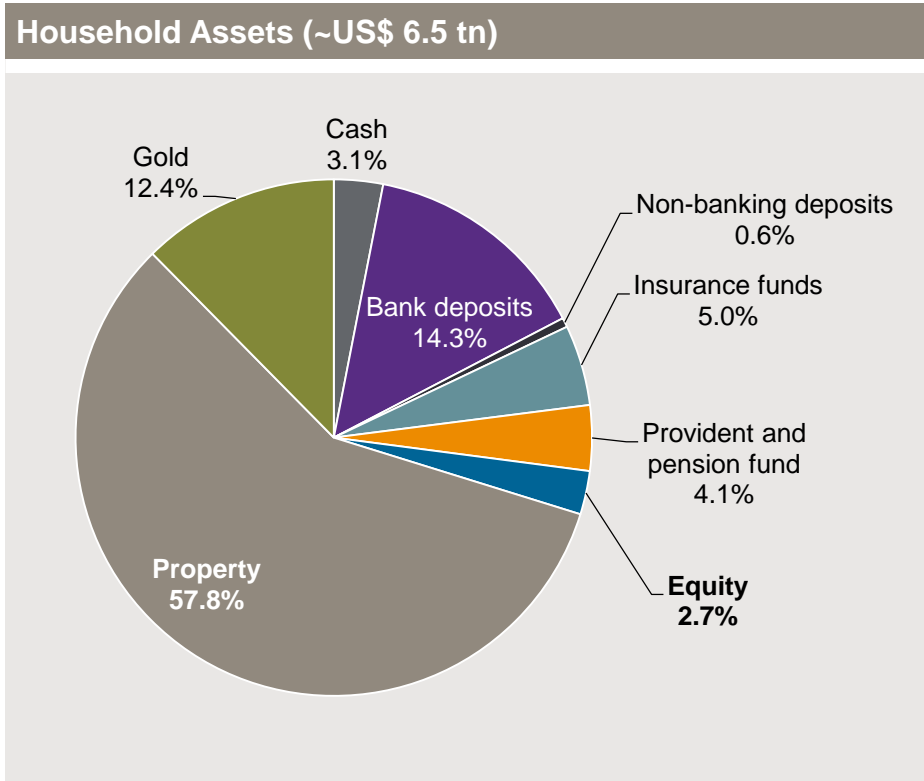


Source: SEBI, BSE, Morgan Stanley Research. C2015 data as at 31 Dec 2015
 FII = Foreign Institutional Investor DII = Domestic Institutional Investor
 MF = Mutual Funds



Source: AMFI, Morgan Stanley Research, latest data available as at 6 Jan 2016
 DMF = Domestic Mutual Funds

...Domestic Retail Exposure to Equities Remains Low, But has Risen



Source: CLSA & RBI, data available as of 6 Jan 2015

Risks

- Emerging market stress = correlation towards 1
- Growth recovery is further delayed
- Health of State-Owned banks
- Reforms: willingness v/s ability

Source: J.P. Morgan Asset Management as at 30 Sep 2015

BJP = Bharatiya Janata Party

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Summary

- Emerging markets: fundamentally different
- India: much improved macro stability
- Big beneficiary of low commodity prices
- Growth – sluggish, but green shoots of recovery
- Easing monetary policy should help
- Valuations – headline multiples are near long term averages
- But earnings are depressed
- Polarised market = active management

Source: J.P. Morgan Asset Management as at 30 Sep 2015.

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Important notes

JPMorgan Indian Investment Trust plc

- Exchange rate changes may cause the value of underlying overseas investments to go down as well as up.
- Investments in emerging markets may involve a higher element of risk due to political and economic instability and underdeveloped markets and systems. Shares may also be traded less frequently than those on established markets. This means that there may be difficulty in both buying and selling shares and individual share prices may be subject to short term price fluctuations
- External factors may cause an entire asset class to decline in value. Prices and values of all shares or all bonds could decline at the same time
- This trust may utilise gearing (borrowing) which will exaggerate market movements both up and down.
- This trust may also invest in smaller companies which may increase its risk profile.

Investment involves risk. Please refer to the offering document(s) for details, including the risk factors before investing.

J.P. Morgan Asset Management

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