
JPMorgan Asian Investment Trust plc Investment Manager Presentation

13th February 2020 | Annual General Meeting

Ayaz Ebrahim, Managing Director
Portfolio Manager, Emerging Markets and Asia Pacific Equities

Investment objective and risk profile

JPMorgan Asian Investment Trust plc

Investment objective

Aims to provide capital growth from a diversified portfolio of around 50 to 80 companies quoted on the Asian stock markets, excluding Japan. The Company pays quarterly dividends equivalent to 1% of its net asset value, set on the last business day of each financial quarter. The Company also has the ability to use gearing up to a maximum level of 20% of net assets to increase potential returns to shareholders.

- The value of investments and the income from them can go down and up, and you may not get back as much as you paid in. Past performance is not a guide to the future.
- 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.
- This fund may use derivatives for investment purposes or for efficient portfolio management.
- 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.

Please refer to the Investor Disclosure Document, latest annual report, and Key Information Document (KID) for more information relating to the Company.

Performance (GBP)

JPMorgan Asian Investment Trust as of 30th September 2019

Market value

JPMorgan Asian Investment Trust

GBP 377.3m

Annualised performance (%)

	Three months	Six months	YTD	One year	Three years	Five years	Since launch
JPMorgan Asian Investment Trust (NAV)	0.45	2.69	13.16	7.94	12.04	14.04	7.84
MSCI AC Asia ex Japan (NDR)*	-1.37	0.32	9.26	2.18	8.21	10.11	6.60
NAV Excess Return**	1.82	2.37	3.91	5.76	3.83	3.94	1.24

Calendar year performance (%)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
JPMorgan Asian Investment Trust (NAV)	28.88	-23.50	13.55	2.89	11.27	-2.03	26.37	35.97	-5.27
MSCI AC Asia ex Japan (NDR)*	23.38	-16.69	16.99	1.16	11.32	-3.91	25.77	29.45	-9.05
NAV Excess Return**	5.50	-6.81	-3.43	1.74	-0.05	1.87	0.60	6.52	3.79

Inception date: 12th September 1997

* Prior to 1st January 2001, MSCI AC Asia ex Japan (GDR).

**Arithmetic excess return presented. Figures may not add up due to rounding.

Source: J.P. Morgan Asset Management. Net asset value performance data has been calculated on a NAV to NAV (using the cum income NAV with debt at fair) basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP. Please refer to the offering document(s) for details, including the risk factors before investing. Indices do not include fees or operating expenses and are not available for actual investment.

Past performance is not an indication of current and future performance.

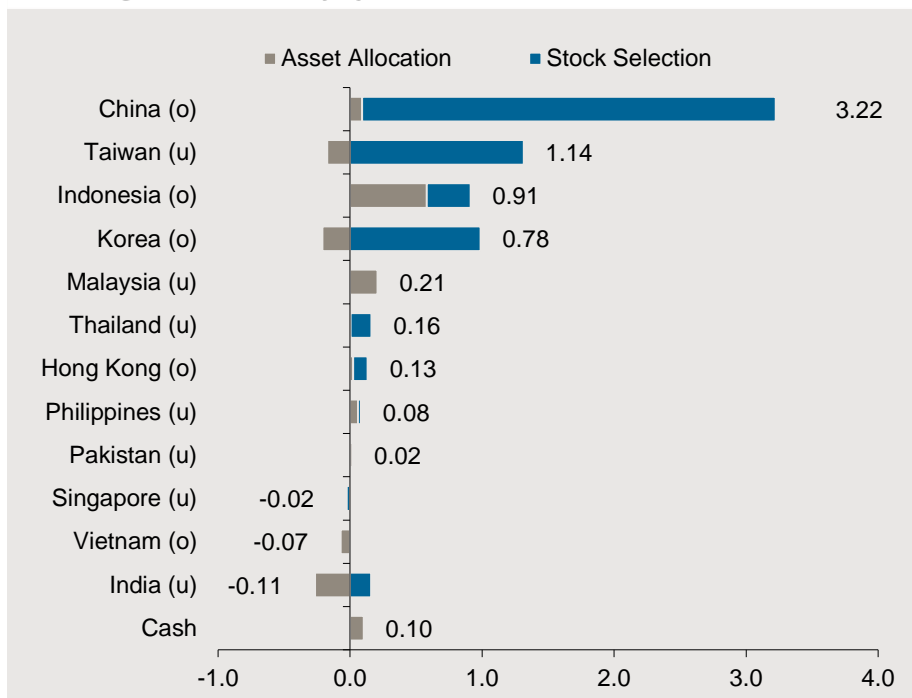
Performance attribution

JPMorgan Asian Investment Trust 12 Months ending 30th September 2019

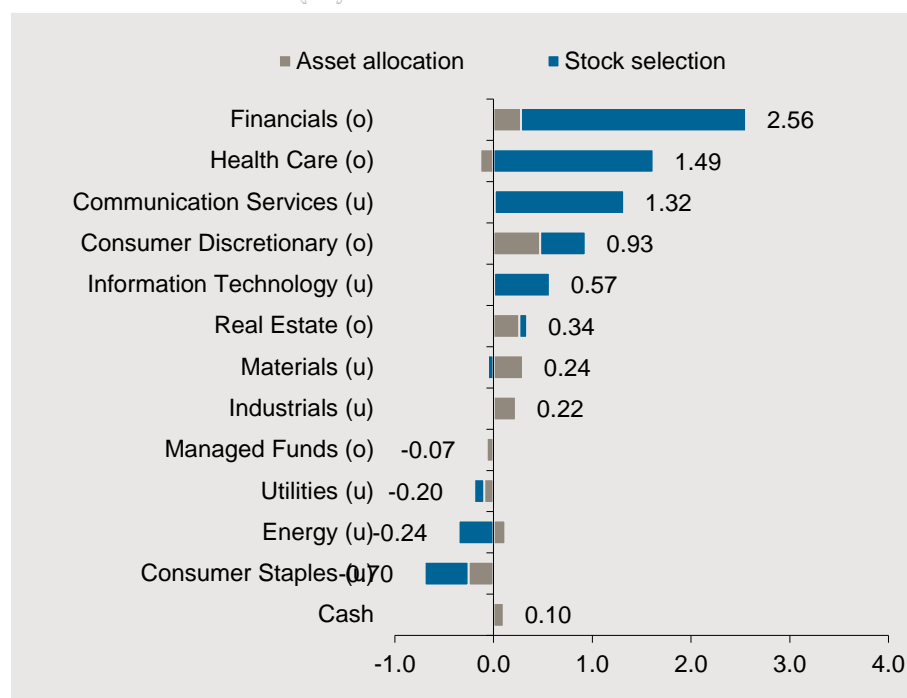
Attribution summary	Stock: 6.19
	Country: 0.38
Benchmark	MSCI AC Asia ex Japan

Attribution summary	Stock: 5.35
	Sector: 1.22
Benchmark	MSCI AC Asia ex Japan

Country attribution (%)



Sector attribution (%)



Source: J.P. Morgan Asset Management, MSCI, FactSet, gross of fees in GBP. Data for Total Attribution shown (stock selection plus country/sector allocation). Attribution may not match official returns due to differences in systems, rounding. The portfolio is actively managed. Holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice. Past performance is not an indication of current and future performance.

Top 10 contributors/detractors to active returns

JPMorgan Asian Investment Trust 12 Months ending 30th September 2019

Benchmark MSCI AC Asia ex Japan

Top 10 contributors	Country	Sector	Weight difference %	Stock return %	Impact %
HDFC Bank Limited	India	Financials	3.86	33.55	1.05
Baidu, Inc. Sponsored ADR	China	Communication Services	-0.94	-52.45	0.77
Jiangsu Hengrui Medicine Co., Ltd.	China	Health Care	1.14	55.32	0.55
Ping An Insurance (Group) Company of China, Ltd.	China	Financials	2.28	21.91	0.44
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	2.40	11.56	0.38
PT Bank Central Asia Tbk	Indonesia	Financials	1.14	40.93	0.38
PT Telekomunikasi Indonesia (Persero) Tbk.	Indonesia	Communication Services	1.31	35.82	0.36
AIA Group Limited	Hong Kong	Financials	2.69	13.33	0.36
HDFC Life Insurance Co. Ltd.	India	Financials	0.61	67.25	0.32
PT Astra International Tbk	Indonesia	Consumer Discretionary	1.18	2.06	0.30

Top 10 detractors	Country	Sector	Weight difference %	Stock return %	Impact %
E-Mart, Inc.	Korea	Consumer Staples	1.30	-48.75	-0.91
IndusInd Bank Ltd.	India	Financials	1.83	-11.03	-0.29
Lotte Chemical Corp.	Korea	Materials	0.55	-11.50	-0.29
Housing Development Finance Corporation Limited	India	Financials	-0.88	-10.57	-0.26
Maruti Suzuki India Limited	India	Consumer Discretionary	1.47	0.59	-0.25
Link Real Estate Investment Trust	Hong Kong	Real Estate	-0.36	-6.85	-0.20
Swire Pacific Limited	Hong Kong	Real Estate	1.39	-6.93	-0.18
Infosys Limited	India	Information Technology	-0.81	23.12	-0.16
PetroChina Company Limited	China	Energy	0.56	-30.66	-0.16
Samsung Fire & Marine Insurance Co., Ltd	Korea	Financials	0.98	-20.79	-0.16

Source: J.P. Morgan Asset Management, MSCI, FactSet, gross of fees in GBP.

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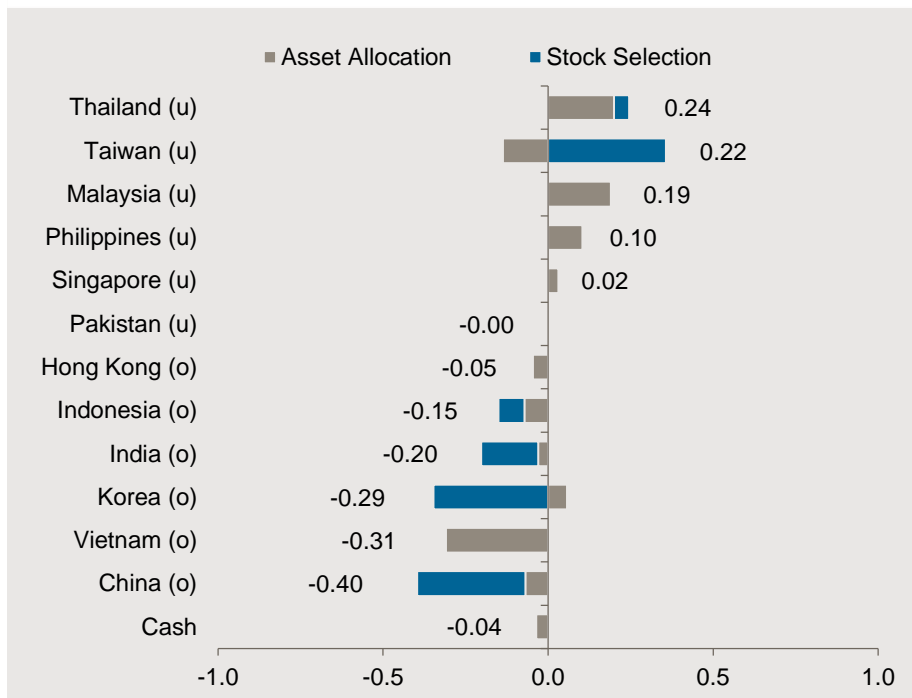
Performance attribution

JPMorgan Asian Investment Trust Quarter ending 31st December 2019

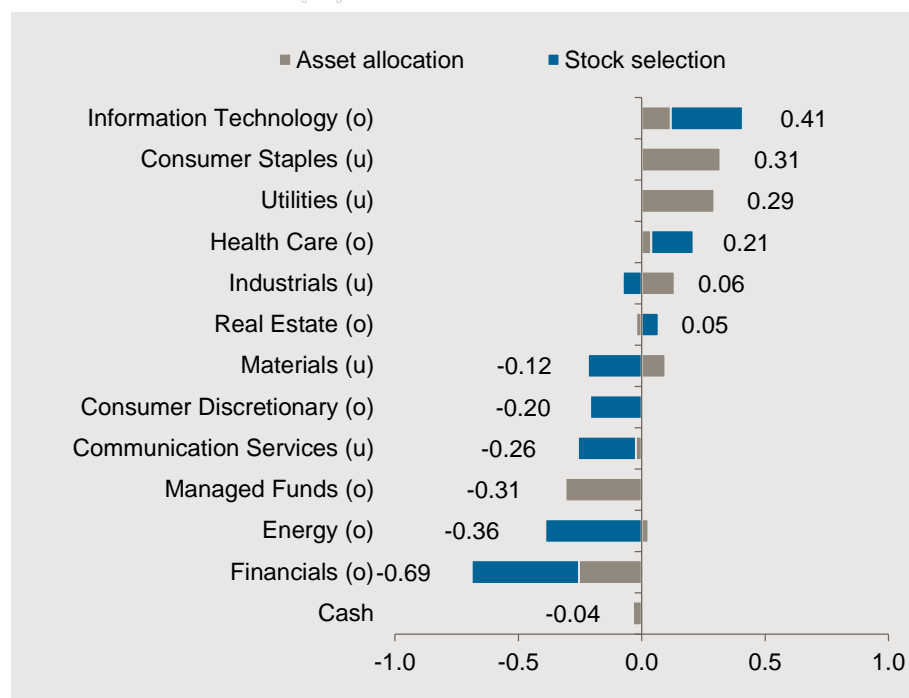
Attribution summary	Stock: -0.53
	Country: -0.12
Benchmark	MSCI AC Asia ex Japan

Attribution summary	Stock: -1.04
	Sector: 0.38
Benchmark	MSCI AC Asia ex Japan

Country attribution (%)



Sector attribution (%)



Source: J.P. Morgan Asset Management, MSCI, FactSet, gross of fees in GBP. Data for Total Attribution shown (stock selection plus country/sector allocation). Attribution may not match official returns due to differences in systems, rounding. The portfolio is actively managed. Holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice. Past performance is not an indication of current and future performance.

Investment Process

Investment philosophy

- Our strategy combines bottom-up stock selection and top-down asset allocation to deliver a portfolio that aims to consistently add value over multiple market cycles.
- We believe investing in **core franchises** that can deliver compounded growth over the long term, **quality growth** and **restructuring or cyclical** earnings recovery should produce superior returns over time.
- Expert local knowledge supplemented by regional and global sector research produces a broad research platform, from which the portfolio managers can identify high conviction stock ideas that meet the above criteria.
- We believe that buying attractively valued countries and currencies differentiates us from the average manager and our proprietary multi-factor based model provides discipline to the asset allocation process.

...fundamental, pragmatic, disciplined.

Sustainable Investing – Emerging Market & Asia Pacific Equities

We seek companies that run their businesses in a sustainable way, treating minority shareholders fairly and engaging in practices likely to enhance the company’s reputation, not compromise it

Research Approach	<ul style="list-style-type: none"> Strategic Classification is our assessment of a business’s potential for long-term value creation 98-question Risk Profile assesses multiple factors, including ESG, with a heavy tilt to Governance
Engagement	<ul style="list-style-type: none"> A commitment to proxy voting, with elections proposed by our analysts and approved by PMs >5,000 company meetings annually to enhance our understanding of issues and encourage best practices
Portfolio Construction	<ul style="list-style-type: none"> Position sizing informed by Strategic Classification and Risk Profile Target companies rated Premium or Quality

Excess return* by Risk Profile quintile (Jan-12 to Mar -19)

Risk Profile

Alpha by Quintile**

Quintile	Alpha
Q1	2.1%
Q2	0.7%
Q3	-0.8%
Q4	-1.9%
Q5	-0.2%

- Businesses with strong governance and few red flags tend to outperform over time
- Businesses with numerous red flags tend to underperform significantly over time

Representative Example – ESG in action

We aim to reinforce positive behaviour through engagement

- Samsung Electronics – Addressed capital allocation and dividend policies, which have depressed ROEs
- Lukoil – Raised concerns about management of oil spills and the need to replace aged pipelines.

Source: J.P. Morgan Asset Management. March 2019. ESG = Environmental, Social, Governance

*per annum, relative to team’s coverage **Quintiles are based on total number of stocks, not market capitalization. The companies above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. ROE = Return on Equity

Current Portfolio

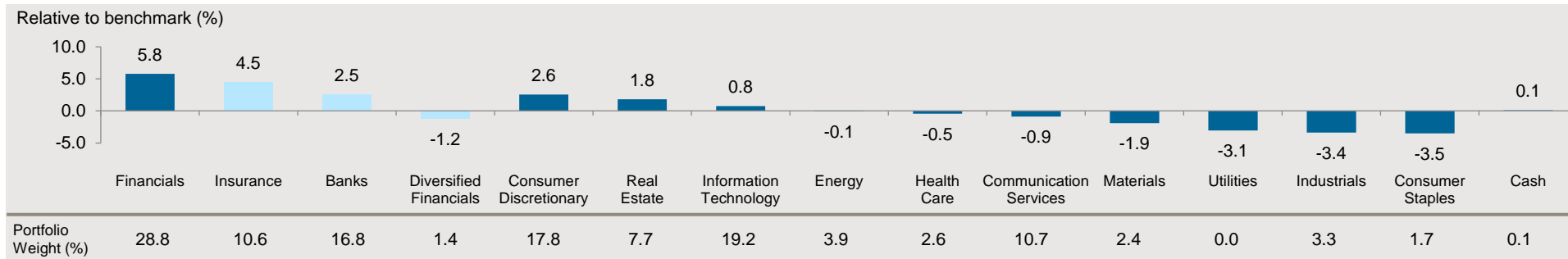
Sector and country positions

JPMorgan Asian Investment Trust plc as of 31st December 2019

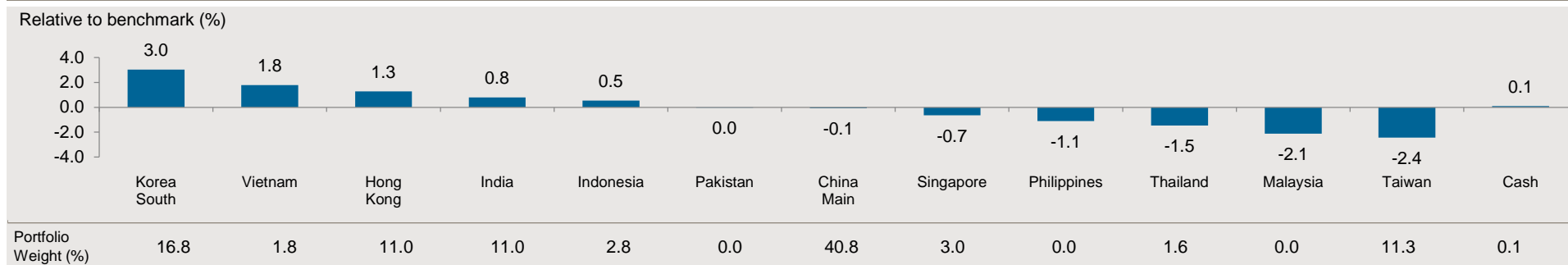
Benchmark

MSCI AC Asia ex Japan

Active and absolute sector positions



Active and absolute country positions



Source: J.P. Morgan Asset Management. The portfolio is actively managed. Holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

Portfolio positions

JPMorgan Asian Investment Trust plc as of 31st December 2019

Benchmark

MSCI AC Asia ex Japan

Top 10 holdings	Portfolio weight (%)
Alibaba Group Holding Ltd	7.8
Tencent	7.5
TSMC	7.2
Samsung Electronics	7.0
AIA	4.7
HDFC Bank	3.3
Ping An Insurance	3.3
China Construction Bank	3.1
China Resources Land	2.6
China Overseas Land	2.3

Top 5 overweights	Fund weight (%)	Relative position (%)
HDFC Bank	3.3	3.3
AIA	4.7	2.3
China Resources Land	2.6	2.3
Tencent	7.5	2.2
TSMC	7.2	2.0

Top 5 underweights	Fund weight (%)	Relative position (%)
Reliance Industries	0.0	-1.1
ICBC	0.0	-1.0
Hon Hai Precision	0.0	-0.7
ICICI Bank	0.0	-0.7
Bank of China	0.0	-0.7

Source: J.P. Morgan Asset Management. The investment trust is actively managed. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the Investment Manager without notice.

Market outlook

Key Issues for 2020

Macro risk, growth and valuation

Issues	2017	2018	2019	2020
Late Cycle	Mid Cycle	Late Cycle	Late Cycle	Extended cycle
USD Cycle (USD REER Index)	Falling	Rising	Rising in 1H Falling in 2H	Moderating
Emerging Markets Growth Alpha	Improving	Stable	Stable	Improving
Earnings	Strong	Flat	Weak	Improving
Valuation: Price to Book	Attractive	Average	Below average	Average
Research signal: Expected Return	High	Low	High	Average

Source: J.P. Morgan Asset Management, MSCI, Standard & Poor's. EM growth alpha: Consensus Economics .

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.

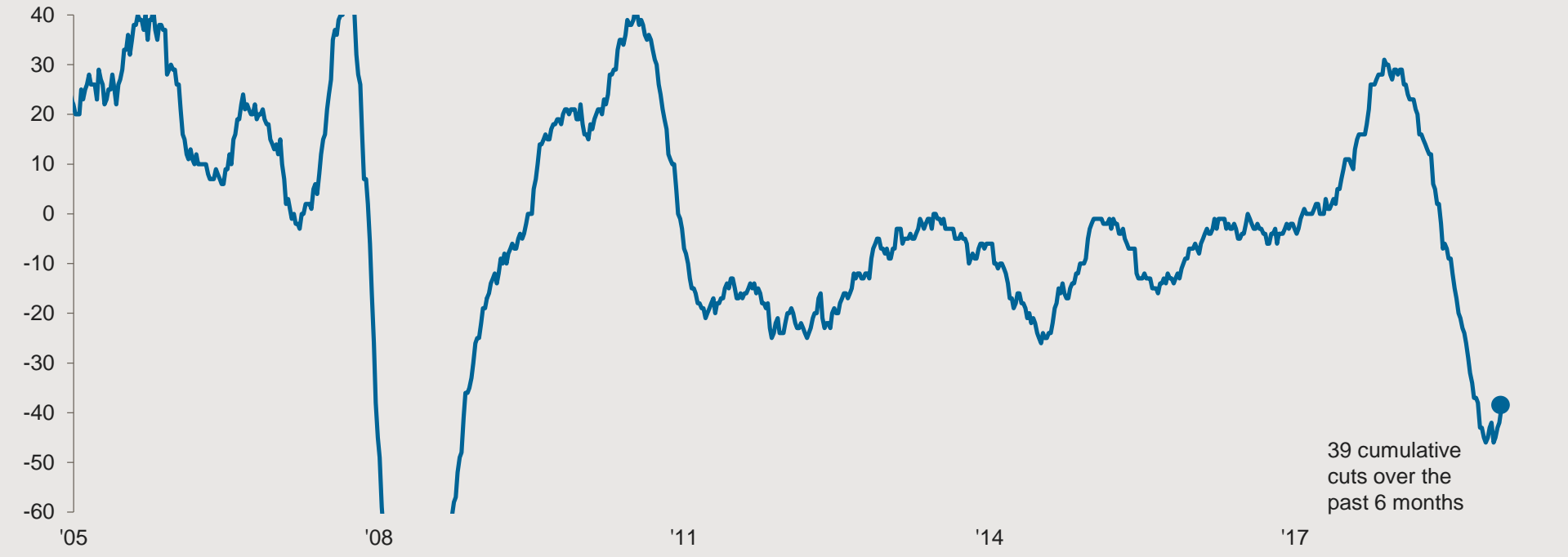
REER = Real effective exchange rate.

Ranges: last 20 years, as of end December 2019

Central bank actions turned supportive since beginning of 2019

Number of rate hikes / cuts

Rolling count of last 6 months (34 DM & EM countries)

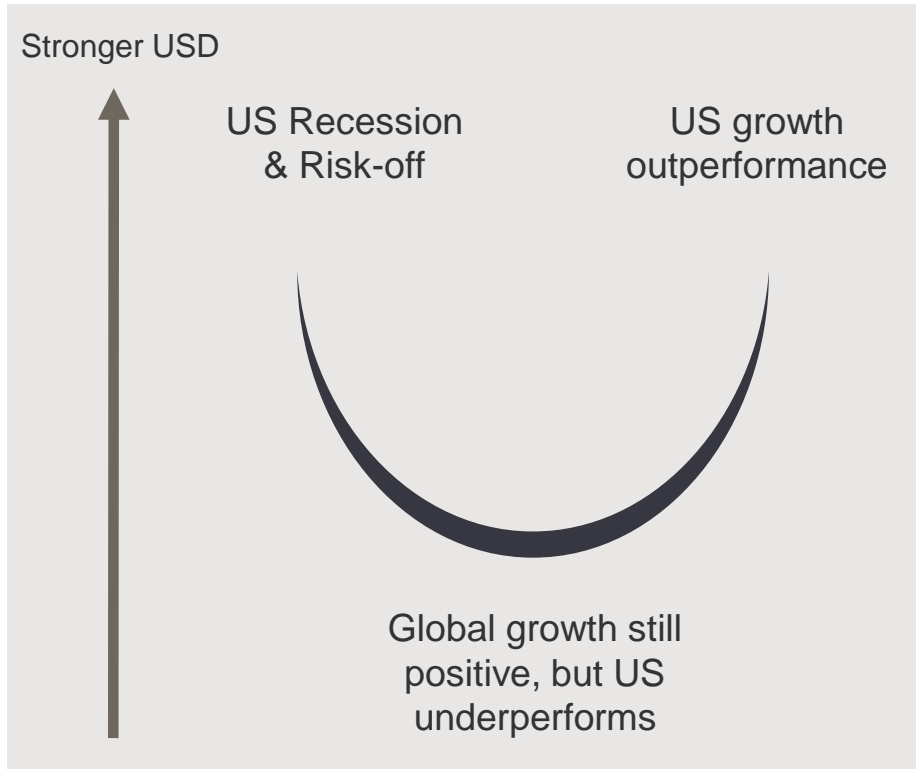


Source: Bloomberg, National Central Banks, Markit, J.P. Morgan Asset Management. DM = Developed Markets, EM = Emerging Markets.

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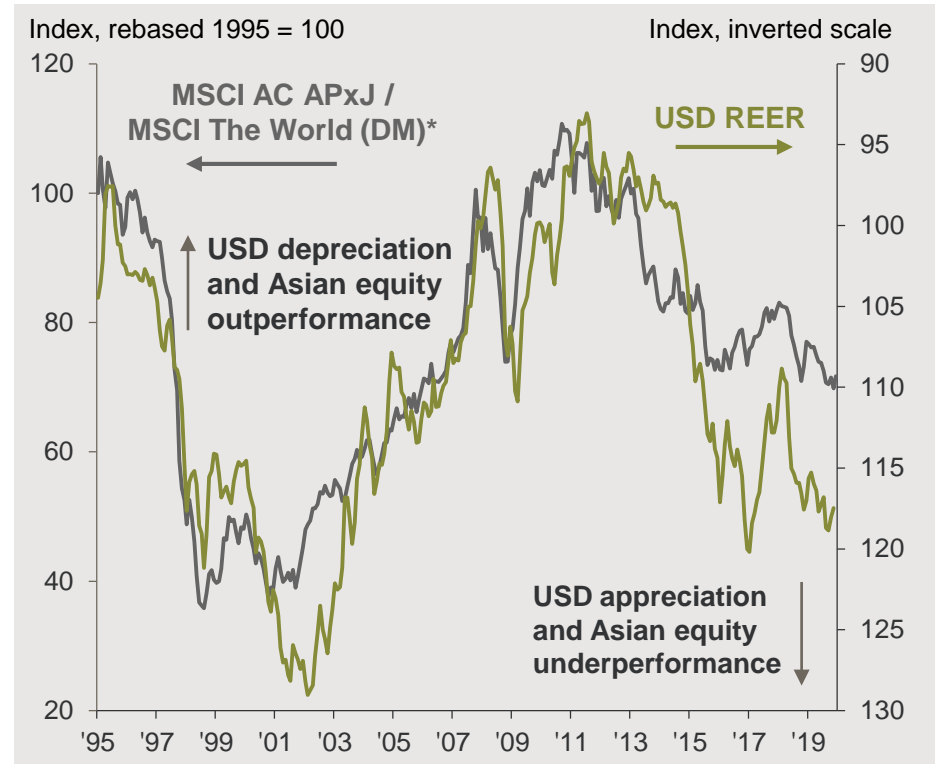
US Dollar strength remains a key driver for equity performance

The “US Dollar Smile”



Source: J.P. Morgan Asset Management.
For illustrative purposes only.

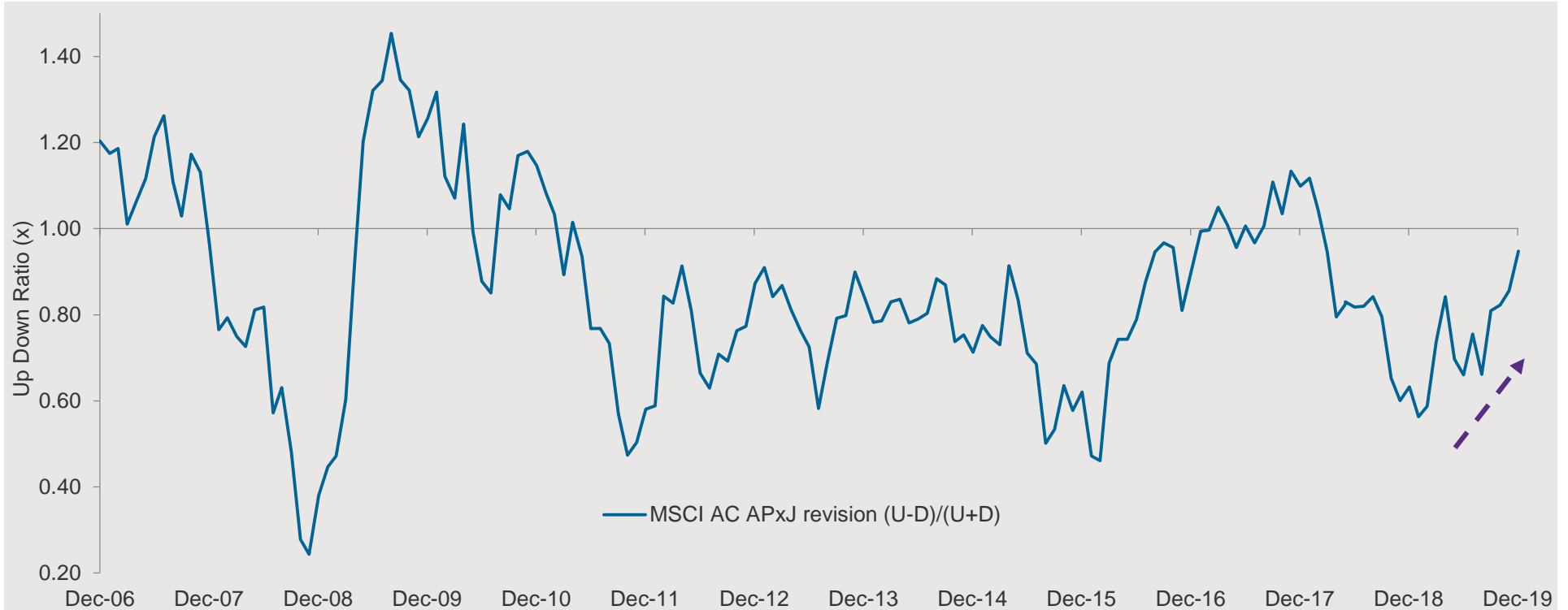
Relative APxJ / DM equity performance and USD REER



Source: FactSet, MSCI, J.P. Morgan Asset Management. REER = Real Effective Exchange Rate
* Based on MSCI total return index in U.S. dollar terms.
Data reflect most recently available as of 31/12/19

Are earnings revisions turning the corner?

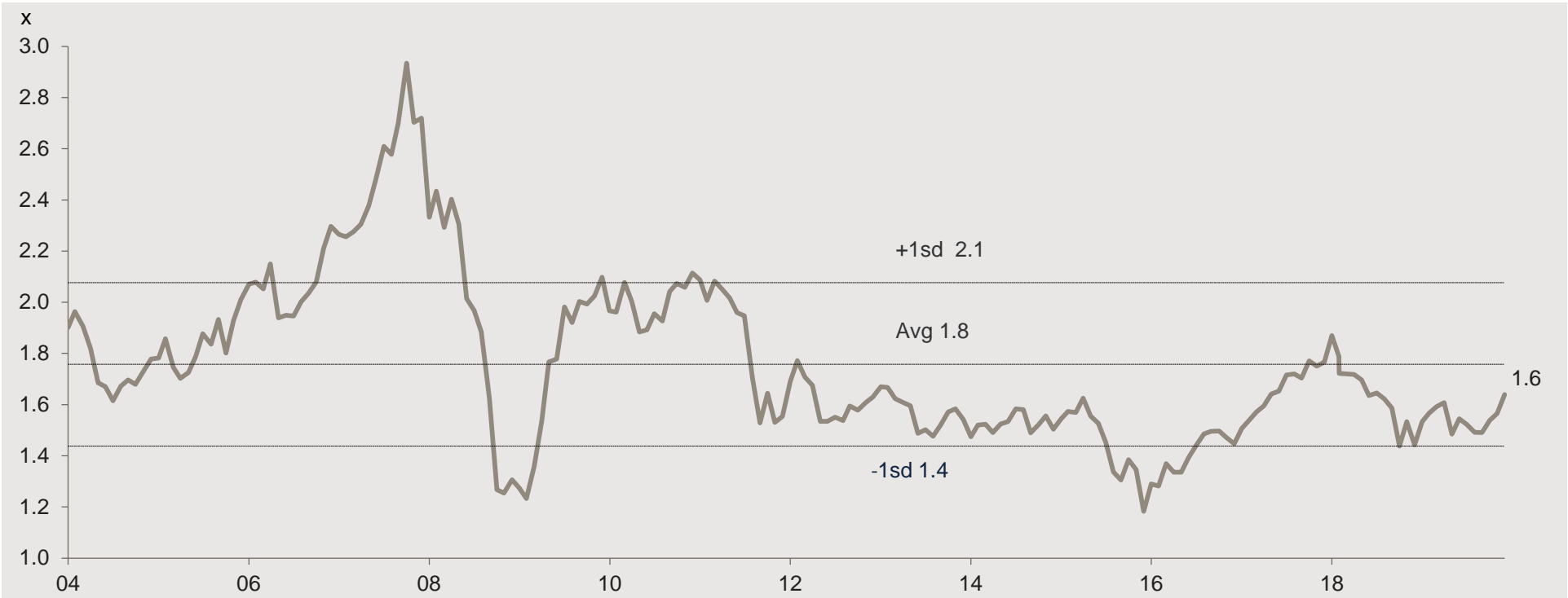
Earnings Revisions: MSCI Asia Pacific ex Japan (USD)



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Valuations in-line with long term average

MSCI Asia ex Japan Trailing PB



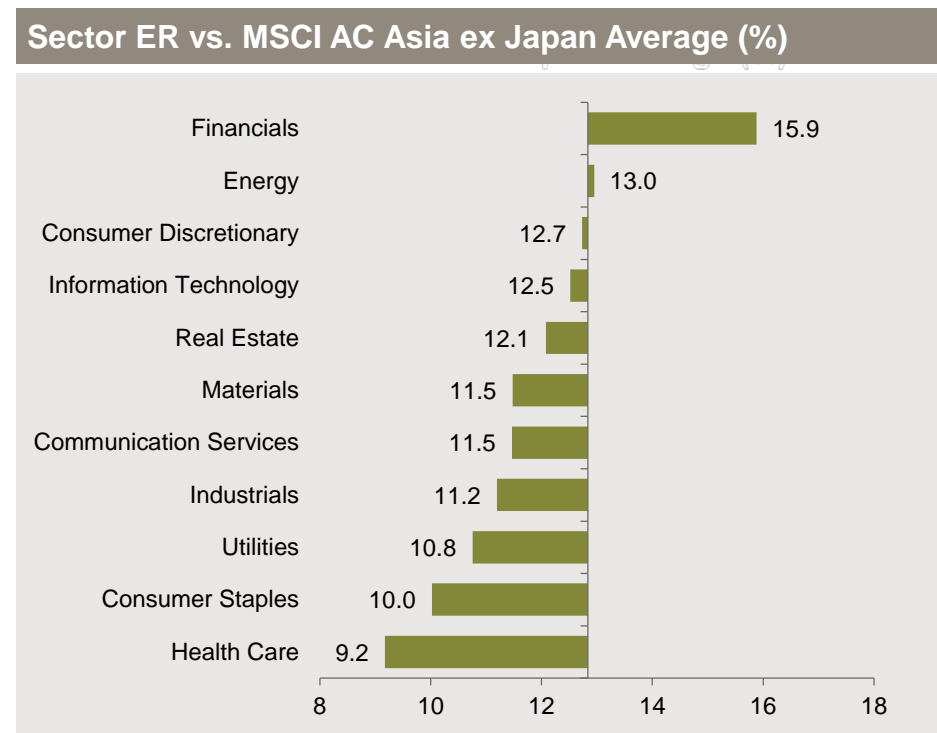
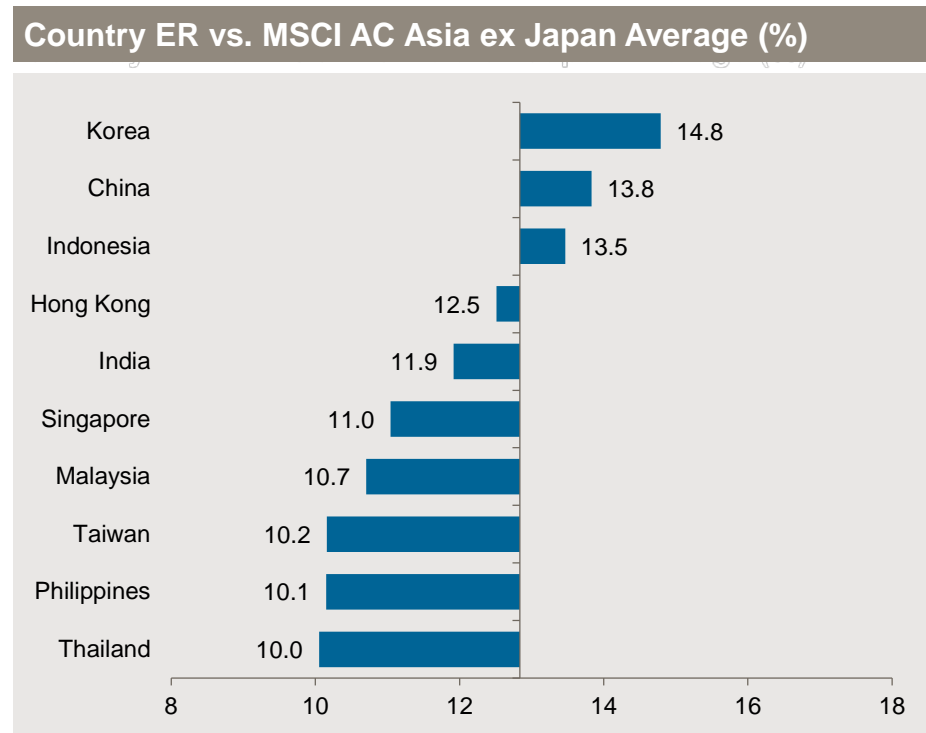
Source: MSCI, J.P. Morgan Asset Management.

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Where do we see the most attractive expected returns?

Five year expected return (ER): Forecast earnings, dividends, change in valuation and currency



Source: MSCI, J.P. Morgan Asset Management.

Index coverage for Five Year Expected Return may not be 100%

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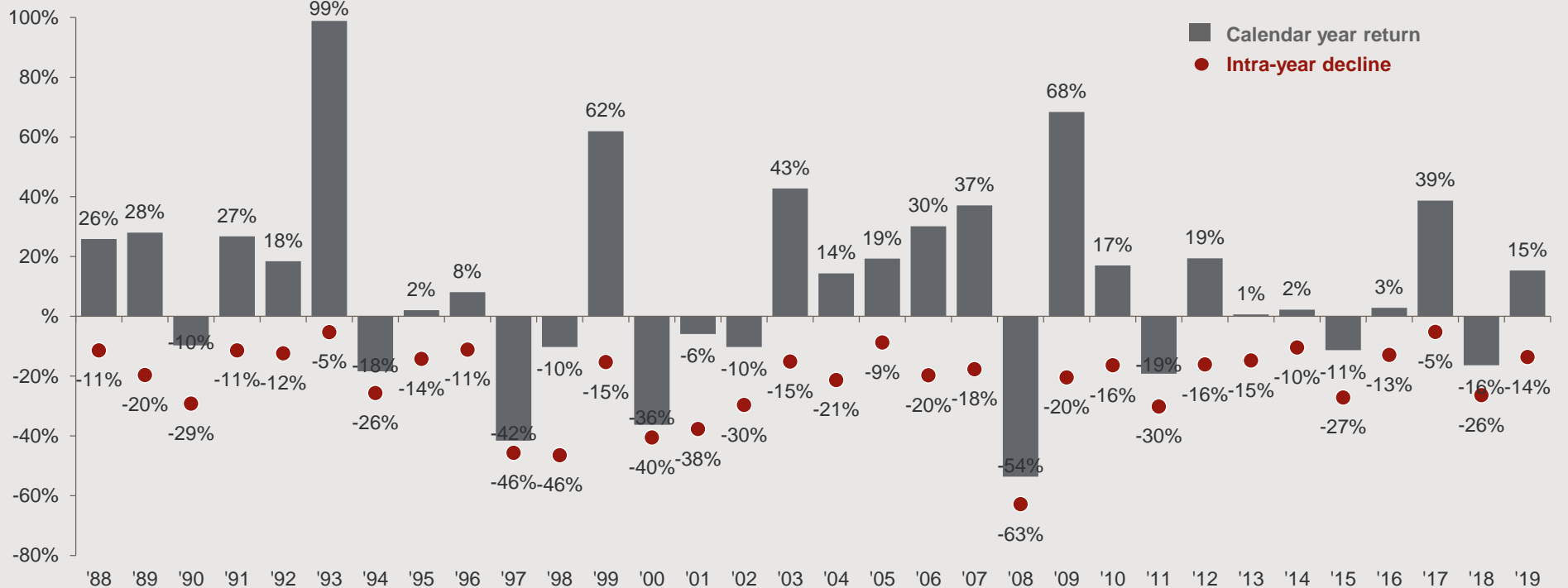
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Forecasts are not a reliable indicator of future performance.

Volatility is inherent in Asian Equities

MSCI AC Asia ex Japan intra-year declines vs. calendar year returns

Despite average intra-year drops of -22% (median: -17%), annual returns are positive in 21 of 32 years



Source: FactSet, MSCI, J.P. Morgan Asset Management.

Returns are price returns based on MSCI AC Asia ex Japan Index in U.S. dollar terms. Intra-year decline is the largest peak to trough decline during the respective year.

Data reflect most recently available as of 31/12/19.

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