

JPMorgan Funds - China A-Share Opportunities Fund

JPM A (acc) - USD: LU1255011170

For other available share classes, please check the prospectus.

Topline

Quarterly returns	
Fund	Benchmark
▼ -2.36%	▼ -1.65%
Benchmark : CSI 300 (Net)	
Markets Onshore Chinese equities declined slightly in the second quarter, showing quite a notable divergence from offshore equities which gained in absolute terms.	
Helped Overweights to technology hardware names.	
Hurt Solar-related industrials stocks Flat Glass Group and Tongwei.	
Outlook With the annual growth target of “around 5%” on track, the urgency for major stimulus remains low – although there may be some momentum behind fiscal reform.	

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

Ratings and awards

Morningstar Medalist Rating™	SILVER
Analyst-Driven %	100
Data Coverage %	100
Morningstar Category™	China Equity - A Shares

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Fund Overview

Investment objective

To provide long-term capital growth by investing primarily in companies of the People's Republic of China (PRC).

Quarter in Review

- **The portfolio lagged the benchmark** during the quarter. While stock selection was positive, sector allocation continued to act as a headwind, following a pattern seen in recent months by which areas of the market with strong state involvement have fared better. Reasons include perceived security for government companies in the face of ongoing economic uncertainty, and the prospect of higher dividend payouts from some State Owned Enterprises (SOEs). Broadly speaking old economy names outperformed new economy peers, with utilities and energy leading the market. Underweights in those sectors were negative, as were overweights in consumer staples and healthcare. Stock selection was robust in financials, IT, communication services and consumer.
- **At the stock level** our holding in China Pacific Insurance was the largest contributor during the quarter. We continue to feel more confidence in the insurance sector than in China's largest banks. Technology hardware was another bright area. AI sensitives such as Foxconn Industrial and Zhongji Innolight both enjoyed earnings upgrades, while Luxshare gained on the expectation of an iPhone replacement cycle driven by new AI features. However Beijing Kingsoft fared less well as weaker consumer and SME sentiment affected willingness to pay for extra products and services. Chongqing Zhifei Biological Products, a healthcare name, was the largest detractor. The stock corrected on concerns of slower growth of its existing HPV vaccine products amid weaker consumer sentiment and more domestic competition, as well as #increased investments for the ramp up of its new vaccine products. Solar-related industrials stocks Flat Glass Group and Tongwei lagged too given liquidity concerns relating to Trina Solar and also some fears around industry oversupply.

Looking Ahead

- **China's economic growth remains uneven**, led by exports and new energy related capital expenditure, while consumption and real estate lag. The Politburo's long-awaited Third Plenum is scheduled to take place in mid-July. These types of conclaves tend to be very high level and strategic, and thus market expectations have been subdued. With the annual growth target of “around 5%” on track, the urgency for major stimulus remains low. That said, potential fiscal reforms are reportedly going to be discussed as a way to address challenges facing local governments in the wake of the collapse of land sales revenues.
- **In terms of positioning**, while the shape of the portfolio is largely unchanged, anchored by optimism around various areas of technology, we continue to pursue cheaper names while emphasizing near-term earnings and shareholder returns. For example, we actively seek names that offer both dividend yield and growth. Trade tensions are a key near term risk in this election year, so we have cautiously managed our bets incertain stocks that are highly exposed to exports.

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.

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Performance

%	1M	3M	YTD	1Y	3Y	5Y	Since inception
Fund	-4.19	-2.36	-5.51	-19.29	-22.24	-1.64	2.79
Benchmark	-2.89	-1.65	-0.50	-7.93	-14.41	-1.15	0.81
Excess return (geometric)	-1.34	-0.72	-5.04	-12.33	-9.15	-0.49	1.96

%	2023	2022	2021	2020	2019	2018	2017	2016
Fund	-24.56	-28.56	-4.57	69.61	51.03	-27.74	48.52	-19.13
Benchmark	-11.16	-26.68	-1.17	38.06	36.88	-27.60	32.32	-15.41
Excess return (geometric)	-15.09	-2.57	-3.44	22.85	10.34	-0.18	12.25	-4.40

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Source: J.P. Morgan Asset Management. Share class performance is shown based on the NAV (net asset value) of the above share class with income (gross of shareholder tax) reinvested including actual ongoing charges excluding any entry and exit fees. Performance over one year is annualised. Share class inception date is 11.09.2015.

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KEY RISKS

The Sub-Fund is subject to **Investment risks** and **Other associated risks** from the techniques and securities it uses to seek to achieve its objective.

The table on the right explains how these risks relate to each other and the **Outcomes to the Shareholder** that could affect an investment in the Sub-Fund.

Investors should also read [Risk Descriptions](#) in the Prospectus for a full description of each risk.

Summary Risk Indicator

1	2	3	4	5	6	7
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Lower risk

Higher risk

The risk indicator assumes you keep the product for 5 years. The risk of the product may be significantly higher if held for less than the recommended holding period. In the UK, please refer to the synthetic risk and reward indicator in the latest available key investor information document.

Investment risks *Risks from the Sub-Fund's techniques and securities*

Techniques	Securities	
Concentration	China	Participation notes
Hedging	Emerging markets	Smaller companies
	Equities	SPACs

Other associated risks *Further risks the Sub-Fund is exposed to from its use of the techniques and securities above*

Currency	Market
Liquidity	

Outcomes to the Shareholder *Potential impact of the risks above*

Loss Shareholders could lose some or all of their money.	Volatility Shares of the Sub-Fund will fluctuate in value.	Failure to meet the Sub-Fund's objective.
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