JPM Global Emerging Markets Research Enhanced Index Equity (ESG) UCITS ETF*

Tickers: JMRE, JREM

Topline

Monthly returns	
Fund	Benchmark
▲ 0.41%	▲ 0.56%

Benchmark : MSCI Emerging Market Index (Total Return Net)

Markets Emerging markets returned 0.6% in US dollar terms in May, significantly underperforming developed markets. Among regions, Asian emerging markets led performance and outperformed the broader index, while emerging Europe, the Middle East and Africa and Latin America lagged.

Helped Stock selection in Korea.

Hurt Stock selection in India.

Outlook China's economy is in a multi-year adjustment, with weakness in real estate and, to a lesser extent, manufacturing weighing on aggregate activity, though there are signs of greater policy support for the former. However, consumption looks to be stabilising, with signs of a tentative recovery, and overall valuations are supportive. Elsewhere in emerging markets, there are clearer signs of economic resilience/recovery, of inflation having peaked and of a turn in the technology cycle after a prolonged period of weakness.

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

Fund Overview

Investment objective

The Sub-Fund aims to achieve a long-term return in excess of MSCI Emerging Market Index (Total Return Net) (the "Benchmark") by actively investing primarily in a portfolio of emerging market companies.

Trading information

Stock exchange	Exchange ticker	Trading currency	Bloomberg ticker	Reuters RIC	Sedol
London Stock Exchange	JREM	USD	JREM LN	JREM.L	BYXH6W9
London Stock Exchange	JMRE	GBX	JMRE LN	JMRE.L	BF2F621
Borsa Italiana	JREM	EUR	JREM IM	JREM.MI	BYXH782
Deutsche Borse	JREM	EUR	JREM GY	JREM.DE	BDR5M46
SIX SWISS	JREM	USD	JREM SW	JREM.S	BYXH7G0

Month in Review

- **In India**, stocks excluded on environmental, social and governance grounds, such as Mahindra & Mahindra and Hindustan Aeronautics, were the top detractors. Mahindra & Mahindra did well on good results and outlook, both for sports utility vehicles and tractors, while the latter was viewed as a defence budget indigenisation champion.
- **Stock selection in China** weighed on returns. Detractors included not owning the coal mining company China Shenhua Energy and being underweight the real estate holding company KE Holdings. The latter outperformed on news that central government will acquire unsold properties from distressed developers and convert them to social housing.
- **Other key detractors** included being overweight Brazilian names such as Suzano and TIM Participacoes, and the Indonesian bank Bank Rakyat. Suzano, the largest pulp and paper company in Latin America, sold off on talks of a potential USD 15 billion offer for the US paper company International Paper. Bank Rakyat fell following the decision by the central bank to raise interest rates in April. The stock suffered as investors re-evaluated the near-term outlook for loan growth and asset quality.
- **Stock selection in Korea** aided performance, with six of the top ten holdings being Korean names. Most of the outperformance came from names not held, but from those that we held, SKC was a leading contributor. The share price of SKC rallied as its glass substrate affiliate Absolics is expected to receive USD 75 million from the US government under the CHIPS Act.
- **Stock selection** in consumer staples also added to performance. BIM Birlesik, a Turkish consumer goods and food retailer, was among the top contributors. The company reported a strong set of results, led by a reduction in competitive intensity and the ability to pass on inflation to the consumer. It still remains one the lowest price players in the country.
- **At the stock level**, an overweight to China Construction Bank helped. The company rose on better investor sentiment around the housing market solutions proposed by the government.

Looking Ahead

- **Many emerging market central banks** have high policy rates, especially compared with domestic inflation. Consequently, they have capacity to cut rates, assuming inflation remains on its current downward trajectory: Brazil, Mexico, Czechia, Chile and Hungary have cut rates in 2024.
- **China's economic recovery remains two-speed**, with weakness in real estate and, to a lesser extent, manufacturing weighing on growth, though government action on the former is seeking to improve the supply-demand mismatch, while consumption looks to be stabilising. Valuations, even after the recent rebound, appear supportive.
- **After weak earnings growth in 2023** driven by falling margins, higher rates and cyclical pressures, expectations are for double-digit growth in 2024-2025.

Performance and positioning

%	1M	3M	YTD	1Y	3Y	5Y	Since inception
Fund	0.41	3.23	2.86	10.98	-7.31	3.38	3.78
Benchmark	0.56	3.52	3.41	12.39	-6.23	3.55	3.78
Excess return (geometric)	-0.15	-0.27	-0.53	-1.26	-1.15	-0.16	0.00

%	2023	2022	2021	2020	2019
Fund	8.78	-21.56	-2.63	19.84	21.11
Benchmark	9.83	-20.09	-2.54	18.31	18.42
Excess return (geometric)	-0.95	-1.84	-0.09	1.29	2.27

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 NAV (net asset value) of the 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. Performance is shown based on the NAV which may not be the same as the market price of the ETF. Individual shareholders may realize returns that are different to the NAV based returns. Share class inception date is 06.12.2018.

Holdings

TOP 10	Sector	% of assets
Taiwan Semiconductor Manufacturing	Information Technology	8.9
Tencent Holdings	Communication Services	4.5
Samsung Electronics	Information Technology	4.3
Alibaba Group Holding	Consumer Discretionary	2.3
Reliance Industries	Energy	1.7
PDD Holdings	Consumer Discretionary	1.3
SK hynix	Information Technology	1.3
China Construction Bank	Financials	1.3
ICICI Bank	Financials	1.2
Petroleo Brasileiro	Energy	1.1

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.

* **For Belgium only**: Please note the acc share class of the ETF marked with an asterisk (*) in this document are not registered in Belgium and can only be accessible for professional clients. Please contact your J.P. Morgan Asset Management representative for further information. The offering of Shares has not been and will not be notified to the Belgian Financial Services and Markets Authority (Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers) nor has this document been, nor will it be, approved by the Financial Services and Markets Authority. This document may be distributed in Belgium only to such investors for their personal use and exclusively for the purposes of this offering of Shares. Accordingly, this document may not be used for any other purpose nor passed on to any other investor in Belgium.

RISK PROFILE

The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions, sometimes rapidly or unpredictably. If a company goes through bankruptcy or a similar financial restructuring, its shares in issue typically lose most or all of their value.

Since the instruments held by the Sub-Fund may be denominated in currencies other than the Base Currency, the Sub-Fund may be affected unfavourably by exchange control regulations or fluctuations in currency rates. For this reason, changes in currency exchange rates can affect the value of the Sub-Fund's portfolio and may impact the value of the Shares.

Emerging markets may be subject to increased political, regulatory and economic instability, less developed custody and settlement practices, poor transparency and greater financial risks. Emerging market currencies may be subject to volatile price movements. Emerging market securities may also be subject to higher volatility and lower liquidity than developed market securities respectively.

The Sub-Fund may invest in China A-Shares through the China-Hong Kong Stock Connect Programmes which are subject to regulatory change, quota limitations and also operational constraints which may result in increased counterparty risk.

The amount which foreign portfolio investor ("FPI") can invest in Indian companies is subject to quota limitations at the level of individual FPIs and of FPIs in aggregate, which may impact the ability of the Sub-Fund to invest directly in such companies. FPIs' Indian investments may also be subject to local capital gains tax, securities transaction tax and other forms of taxation, which may impact on the performance of the Sub-Fund.

The Sub-Fund may invest in securities of smaller companies which may be less liquid, more volatile and tend to carry greater financial risk than securities of larger companies.

Exclusion of companies that do not meet certain ESG criteria from the Sub-Fund's investment universe may cause the Sub-Fund to perform differently compared to similar funds that do not have such a policy.

The Sub-Fund seeks to provide a return above the Benchmark; however the Sub-Fund may underperform its Benchmark.

Summary Risk Indicator

1	2	3	4	5	6	7

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.