EMERGING MARKETS AND ASIA PACIFIC EQUITIES GROUP

China Bulletin:

Finding investment opportunities against a slower growth backdrop

Q1 2024

FOR PROFESSIONAL CLIENTS/QUALIFIED INVESTORS ONLY – NOT FOR RETAIL USE OR DISTRIBUTION

THIS IS A MARKETING COMMUNICATION. PLEASE REFER TO THE PROSPECTUS AND THE KID OR KIID BEFORE MAKING ANY FINAL INVESTMENT DECISIONS.

J.P.Morgan ASSET MANAGEMENT

"In a slowing growth environment, some Chinese companies are becoming more mature and sophisticated in terms of capital allocation"

Contents

Market backdrop

As we moved towards the end of a challenging 2023, Chinese equities rallied, amid the wider sense of optimism of an easier path for US interest rates.

Investors also reacted positively to domestic policies designed in response to the weak property market. These included the possibility of low cost funding for urban village and public housing; a reduction in second home downpayments and land auction price controls in selected cities; and, potentially, funding support for key developers. We expect the Chinese government to be more proactive in its policy responses to the economic slowdown. In 2024, lower interest rates in the US should leave more room for China to lower domestic borrowing costs.

Presidents Xi and Biden met in November, which was a positive step given previous frosty relations, but specific progress on areas such as tariffs was lacking. China's November Purchasing Managers' Index also missed expectations, suggesting that current policy easing remains insufficient.

In December, the offshore market was knocked by the release of a Chinese government consultation paper that proposed surprise new regulations on the gaming sector. While these rules were not directly pertinent to stocks listed in the A-share market, some spill over impact on confidence was inevitable for foreign investors in particular.

Investment perspectives

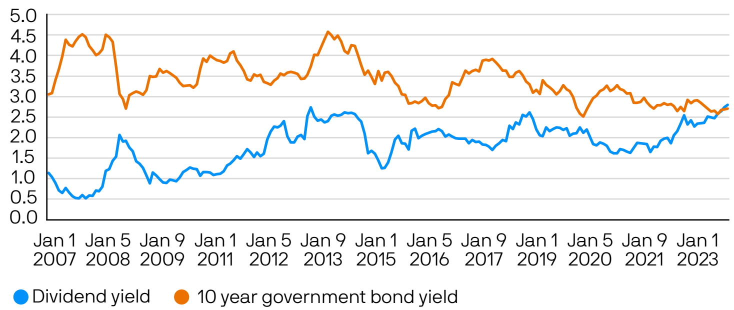
Macro headwinds belie investment opportunities

With economic growth, domestic consumption and demand for exports in China likely to remain sluggish in the short term, Chinese stock markets look set to face continued challenges over the coming year. This position is highlighted by the fact the dividend yield for the CSI 300 (onshore China A share index) is higher than the 10-year government bond yield for the first time.

However, the opportunity for stock investors remains compelling. The Chinese market offers the highest level of stock dispersion in the emerging markets universe with a multitude of liquid names to invest in.

Feeling gloomy.......

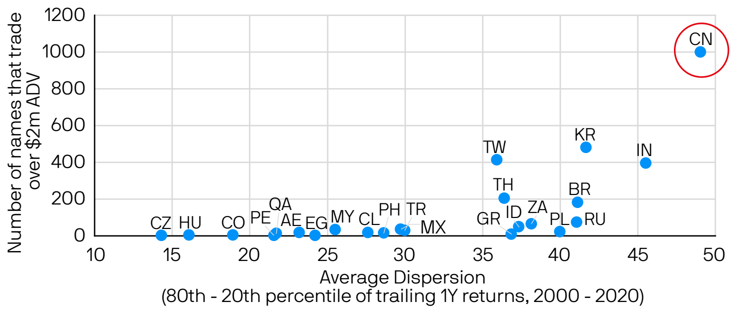
The dividend yield is higher than the 10 year government bond yield for the first time



Source: J.P. Morgan Asset Management. Data as of 28 November 2023.

High dispersion market with lots of liquid stocks

Active stock selection opportunity



Source: J.P. Morgan Asset Management, latest data as of 31st August 2023.

3

JPMorgan Funds - China Fund
JPMorgan Funds - China A-Share Opportunities Fund
JPMorgan ETFs (Ireland) ICAV - China A Research Enhanced Index Equity (ESG) UCITS ETF*

We have been adding to positions to prepare us for an eventual cyclical recovery – a scenario we feel isn't priced in given the high degree of macro pessimism – continuing to add to areas which could see both cyclical growth and a fall in risk premia. We selectively added to cyclical growth names to position for a "first in, first out" recovery of certain cyclical industries such as lithium and shipping. We funded these positions from quality defensives whose risk/reward is less attractive.

We continued to overweight sectors with structural growth potential, such as those related to IT, green energy and the consumer. We increased weightings in tech hardware to position for newly-created demand for AI, as well as for the cyclical recovery of consumer electronics.

*Please note the acc share class of the ETF marked with an asterisk (*) in this page 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.

4

Investment focus

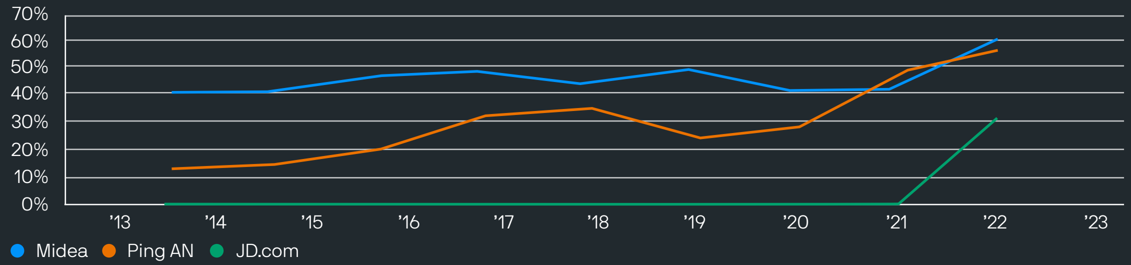
Shareholder returns becoming a focus

In a slowing growth environment, some Chinese companies are becoming more mature and sophisticated in terms of capital allocation, which enhances shareholder return and is a strong proxy for corporate governance. Whereas companies in the home appliance and consumer space have been paying dividends for a number of years, the last couple of years has seen a shift in the capital allocation of areas including ecommerce for the first time, reflecting a recognition from managements of the changing landscape.

Corporate life cycles in China are evolving over time

Some companies are recognising slower growth and are responding in terms of capital allocation

Dividend payout ratios increasing



Home appliances	Insurance	E-commerce
Steady payout ratios for many years in a consolidated industry	Company raised payout while industry growth slowed	- Corporate restructuring - Dividends - Buybacks **JD.com in 2023:** "China growth rate slowed" "Changed mindset on investments" "Introduce annual dividend"

Sources: Bloomberg, J.P. Morgan Asset Management . Data as of September 2023. The companies/securities above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. J.P. Morgan Asset Management may not hold positions on behalf of its clients in any or all of the aforementioned securities.

Investment objective and risk profile

JPMorgan Funds - China A-Share Opportunities Fund

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

Summary Risk Indicator

Risks

Lower risk — Higher risk

1	2	3	4	5	**6**	7

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

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

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

Currency | Liquidity | Market

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.

JPMorgan Funds - China Fund

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

Summary Risk Indicator

Risks

Lower risk — Higher risk

1	2	3	4	5	6	**7**

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

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

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

Currency | Liquidity | Market

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.

Investment objective and risk profile

JPM China A Research Enhanced Index Equity (ESG) UCITS ETF*

Investment objective
The Sub-Fund aims to achieve a long-term return in excess of MSCI China A Index (Total Return Net) (the "Benchmark") by actively investing primarily in a portfolio of Chinese companies.

Summary Risk Indicator

Lower risk — Higher risk

1	2	3	4	5	6	7

The risk indicator assumes you keep the product for 5 year(s).

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.
- The Sub-Fund will invest primarily 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.
- Movements in currency exchange rates can adversely affect the return of your investment. RMB is currently not a freely convertible currency as it is subject to exchange controls and restrictions. The Sub-Fund's investments via China-Hong Kong Stock Connect may be adversely affected by movements of exchange rates between RMB and other currencies. There can be no assurance that the RMB exchange rate will not fluctuate widely against US Dollars or any other currency in the future. Any depreciation of RMB will decrease the value of RMB denominated assets, which may have a detrimental 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.

LV–JPM54718 | 01/24 | 09zm222911115857 | Image Sources: Getty images, Shutterstock