

# JPMorgan Investment Funds - Japan Strategic Value Fund

JPM A (acc) - EUR (hedged)

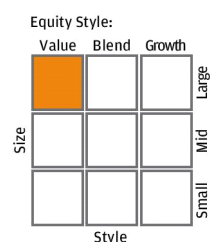
June 2015

## Fund overview

### Investment objective

To provide long-term capital growth by investing primarily in a value style biased portfolio of Japanese companies.

### Morningstar style box <sup>® A</sup>



## Fund statistics

Morningstar Category <sup>TM</sup>	Japan Equity - Currency Hedged
Fund manager(s)	Geoff Hoare, Mark Davids
Client portfolio manager(s)	Pacific Regional Group
Fund launch date	30/11/07
Fund size (as at 30/06/15)	JPY 53290.0m
NAV (as at 30/06/15)	120.86
12M NAV High (as at 01/06/15)	125.23
12M NAV Low (as at 17/10/14)	88.08
Share class launch date <sup>B</sup>	21/03/13

## Fund codes

ISIN	LU0329204977
Bloomberg	JPMJAHE LX
Reuters	LU0329204977.LUF

## Fund highlights

The fund offers core exposure to one of the world's largest economies through a portfolio that benefits from a behavioural finance approach to stock selection. That is, it aims to consistently identify and profit from the pricing anomalies created by the inefficient Japanese stock market, helping us to maximise opportunities for investors over the long term.

J.P. Morgan Asset Management's Japan Portfolio Group (JPG) have been managing money in Japan since 1969 and are responsible for managing a wide range of Japanese mandates.

The process is an active style of portfolio management which focuses primarily on stock selection conducted by experienced specialists located within the region. They target fast growing cheap stocks with good newsflow that on average outperform slow growing expensive stocks with bad newsflow.

## Quarterly comments

(as at 31/03/15)

### Review

The stock market performed strongly from the end of January. Volatility in the government bond market rose from the beginning of the quarter, while the Japanese yen has been trading within a relatively tight range against the US dollar.

The fund underperformed the benchmark. The bulk of the negative alpha was due to the ongoing underweight position in defensive and expensive sectors such as services, food, pharmaceuticals and land transport, while being relatively overweight the more cyclical cheap sectors like construction, iron and steel, and securities companies.

On the negative side, not holding Eisai (a pharmaceutical company with an Alzheimer's product that the market is getting enthusiastic about) was the chief detractor, although not owning Fanuc also hurt performance. Fanuc rallied sharply when it announced that it was going to start up an investor relations department for the first time.

In single-stock terms, the most positive contributors were the holding in Zojirushi, a company whose high-end rice cookers and thermos flasks are proving particularly popular with Chinese tourists, Foster Electric, which reported excellent third-quarter results, and Sumitomo Chemical, where improving petrochemical spreads are finally coming through post the fall in the oil price.

### Outlook

The book value of the Japanese market continues to trade at a discount to global levels, while the earnings growth outlook remains very attractive. Meanwhile, the Bank of Japan is expected to continue with existing levels of quantitative easing at least for the first half of the year.

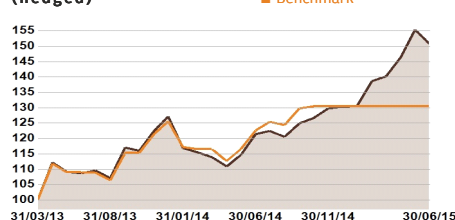
## Benchmark <sup>C C</sup>

TOPIX (Total Return Net) Hedged to EUR

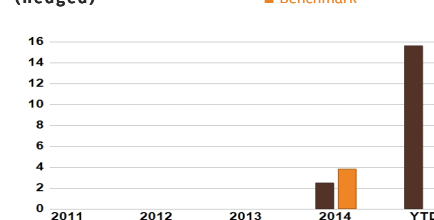
## Performance

(as at 30/06/15)

Cumulative performance  
■ JPM A (acc) - EUR (hedged)



Calendar year performance  
■ JPM A (acc) - EUR (hedged)



## Cumulative performance

%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
JPM A (acc) - EUR (hedged)	-3.00	7.43	24.07	-	-	-
Benchmark <sup>C</sup>	-	-	-	-	-	-

## Calendar year performance

	2011	2012	2013	2014	YTD
JPM A (acc) - EUR (hedged)	-	-	-	2.49	15.61
Benchmark <sup>C</sup>	-	-	-	3.85	-

## Annualised performance

%	1 Y	3 Y	5 Y	Since inception
JPM A (acc) - EUR (hedged)	24.07	-	-	18.98
Benchmark <sup>C</sup>	-	-	-	-

# JPMorgan Investment Funds - Japan Strategic Value Fund

## Fund facts

### Fund charges

Initial charge (max.)	5.00%
Redemption charge (max.)	0.50%
Annual Mgt.	1.50%
Expenses	0.30%
TER (Total Expense Ratio)	1.80%

### Statistical analysis

(as at 30/06/15)

#### review

	3 years	5 years
Correlation	-	-
Alpha	-	-
Beta	-	-
Annualised volatility	-	-
Sharpe ratio	-	-
Tracking error	-	-
Information ratio	-	-

## Holdings

### 10 largest holdings

(as at 31/05/15)

Equity holding	Weight
Toyota Motor (Transportation Equipment)	4.5%
Mitsubishi UFJ Financial (Banks)	4.3%
Sumitomo Mitsui Financial (Banks)	2.4%
Nippon Telegraph & Telephone (Information & Communication)	2.3%
Mizuho Financial (Banks)	2.0%
Mitsubishi (Wholesale Trade)	1.9%
East Japan Railway (Land Transportation)	1.8%
Nomura Holdings (Securities & Commodity Futures)	1.5%
KDDI (Information & Communication)	1.5%
Tokio Marine (Insurance)	1.4%

### Market capitalisation

(as at 30/06/15)

	% of portfolio
> 100 bn	9.11%
10 bn <= 100 bn	37.57%
1 bn <= 10 bn	37.96%
< 1 bn	15.35%

## Investor suitability

### Investor profile

This is a value investment style equity Sub-Fund designed to give exposure to value companies in Japan. Because value stocks tend to outperform at different times to growth stocks, investors should be prepared for periods of underperformance relative to the Japanese stock market. However, research shows that over the long-term both value and growth investment styles have outperformed. Therefore, this Sub-Fund can be used both to provide a value tilt to an existing diversified portfolio or as an investment in its own right. Investors in this Sub-Fund should have at least a five year investment horizon.

### Key risks

The value of your investment may fall as well as rise and you may get back less than you originally invested.

The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.

The single market in which the Sub-Fund invests may be subject to particular political and economic risks, and as a result, the Sub-Fund may be more volatile than more broadly diversified funds.

The Sub-Fund may have greater volatility compared to broader market indices as a result of the Sub-Fund's focus on value securities.

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.

Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimise the effect of currency fluctuations may not always be successful.

### Sector breakdown

(as at 30/06/15)

Sector	Fund	Benchmark <sup>c</sup>	Deviation
Banks	11.7%	9.6%	2.1%
Transportation Equipment	8.9%	11.2%	-2.3%
Electric Appliances	8.6%	12.7%	-4.1%
Chemicals	6.7%	5.9%	0.8%
Machinery	5.9%	5.0%	0.9%
Land Transportation	5.7%	4.0%	1.7%
Construction	5.7%	2.6%	3.1%
Insurance	5.2%	2.8%	2.4%
Wholesale Trade	4.5%	4.2%	0.3%
Information & Communication	4.2%	6.9%	-2.7%
Securities & Commodity Futures	3.7%	1.4%	2.3%
Retail Trade	3.6%	4.7%	-1.1%
Other Financing Business	3.2%	1.3%	1.9%
Non-Ferrous Metals	3.1%	1.0%	2.1%
Real Estate	2.9%	2.8%	0.1%
Glass & Ceramics	2.6%	0.9%	1.7%
Electric Power & Gas	2.1%	2.1%	0.0%
Metal Products	2.0%	0.6%	1.4%
Services	1.2%	3.1%	-1.9%
Iron & Steel	1.1%	1.4%	-0.3%
Precision Instruments	0.9%	1.4%	-0.5%
Oil & Coal Products	0.9%	0.5%	0.4%
Air Transportation	0.8%	0.6%	0.2%
Textiles & Apparels	0.6%	0.8%	-0.2%
Rubber Products	0.3%	0.9%	-0.6%
Warehousing & Harbour Transport Serv.	0.3%	0.2%	0.1%
Marine Transportation	0.1%	0.3%	-0.2%
Pharmaceutical	0.0%	4.7%	-4.7%
Foods	0.0%	4.2%	-4.2%
Other Products	0.0%	1.5%	-1.5%
Mining	0.0%	0.4%	-0.4%
Pulp & Paper	0.0%	0.2%	-0.2%
Fishery, Agriculture & Forestry	0.0%	0.1%	-0.1%
Cash	3.5%	0.0%	3.5%
Total	100.0%	100.0%	0.0%

# JPMorgan Investment Funds - Japan Strategic Value Fund

## Explanatory Notes, Risks and Important Information

### Notes

<sup>A</sup>The Morningstar Style Box <sup>™</sup> indicates the fund's investment strategy. For equity funds the vertical axis shows the capitalization of the shares held by the fund, and the horizontal axis shows investment style (value, mixed, or growth). In bond funds, the vertical axis shows the average risk quality of the bonds the fund owns, and the horizontal axis indicates sensitivity to interest rates, as measured by the duration of the bond (short, medium, or long).

<sup>B</sup>For reactivated share classes the performance is shown from the date of reactivation and not the share class launch date.

<sup>C</sup>On 31/01/14 the benchmark for this Share Class was changed from TOPIX (Total Return Gross) Hedged to EUR to TOPIX (Total Return Net) Hedged to EUR.

All equity indices stated as 'Net' are calculated net of tax as per the standard published approach by the index vendor unless stated otherwise.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

All performance details are NAV - NAV with gross income reinvested.

FX Adjusted returns have been calculated by J.P. Morgan Asset Management. Blended benchmarks have been calculated by J.P. Morgan Asset Management.

Source: J.P. Morgan

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