

JPMorgan Funds - Europe Strategic Value Fund

JPM A (acc) - EUR: LU0210531983

For other available share classes, please check the prospectus.

Topline

Monthly returns	
Fund	Benchmark
▲ 2.88%	▲ 3.42%
<p>Benchmark: MSCI Europe Value Index (Total Return Net)</p> <p>Markets European equities rebounded in August, with the MSCI Europe Index (net) gaining 2.9% (in euro terms), leaving it down 11.5% year to date.</p> <p>Helped An underweight position and stock selection in utilities and stock selection in banks.</p> <p>Hurt An underweight position in capital goods and stock selection in automobiles & components.</p> <p>Outlook With cautious moves towards reopening economies, we have passed the low point in economic demand and confidence should recover – albeit from dramatically low levels.</p>	

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

Fund overview

Investment objective

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

Month in review

- **Not holding Sanofi**, the French multinational pharmaceutical company, contributed to performance. The stock fell as the drugmaker informed that its rheumatoid arthritis drug Kevzara failed a phase three clinical trial for use with severely ill Covid-19 patients. It also notified of its decision to discontinue further studies on the drug. The company came under an investigation for manslaughter charges in France over its anti-epilepsy drug Depakine and also faced another probe by the US Department of Justice concerning its failure to disclose the potential presence of a probable carcinogen in the heartburn drug Zantac.
- **Not holding HSBC** was also positive for relative returns in August. The multinational financial services company released first-half 2020 results, with disappointments on the key net interest income line, and impairments, and significant weakness in the equities division. The company guided to continued net interest income headwinds throughout the rest of the year and into next, leading to a continuation of the earnings downgrade trend.
- **Not holding Daimler**, the German car manufacturer, detracted from relative returns in August. The company reached an agreement worth USD 2.2 billion to settle a US lawsuit brought on by the government and civilians over the diesel-emissions scandal.
- **Not holding BASF**, the German multinational chemical company, also detracted from relative returns over the period. The company benefited as industrial and manufacturing activity began to rise again, with many companies in the broader industrials sector performing well this month.

Looking ahead

- **We are currently most overweight** in insurance and telecommunications services. The largest underweight positions are in utilities and capital goods.
- **The largest increase at the sector level** was in capital goods, primarily driven by Siemens, a German multinational conglomerate company. We bought Siemens as post the spin-off of its energy business, there is a large sum of the parts discount on the remaining higher-quality businesses. The transaction should trigger the unlocking of value in the company's digital and smart infrastructure businesses.
- **The largest decrease at the sector level** was in automobiles & components, driven by Faurecia, a French global automotive supplier. We sold Faurecia for valuation reasons – the fact that the company's earnings and cash flows have been severely impacted this year means the stock no longer looks attractive on either price to earnings or free cash flow yield.
- **A severe contraction in economic growth** is likely to persist in the near term.
- **The crisis has reignited trade tensions**, with talk of reducing reliance on Chinese sources of supply.
- **From a valuation viewpoint, the case for equities remains compelling**, even after the rally we have seen. Returns from bonds and cash are likely to be poor as interest rates slowly normalise.

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.

Performance

%	1M	3M	YTD	1Y	3Y	5Y	10Y
JPM Europe Strategic Value A (acc) - EUR	2.88	3.47	-25.67	-15.53	-8.33	-2.39	3.51
Benchmark	3.42	3.89	-21.79	-12.15	-4.73	-1.39	3.47
Excess return (geometric)	-0.53	-0.40	-4.96	-3.85	-3.78	-1.01	0.04

%	2019	2018	2017	2016	2015
JPM Europe Strategic Value A (acc) - EUR	18.02	-14.81	9.91	7.33	7.42
Benchmark	19.56	-11.64	8.26	7.42	0.66
Excess return (geometric)	-1.28	-3.60	1.53	-0.08	6.71

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 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 31.03.2005.

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.

Investment risks <i>Risks from the Sub-Fund's techniques and securities</i>		
Techniques	Securities	
Hedging	Equities	
Style bias		
Other associated risks <i>Further risks the Sub-Fund is exposed to from its use of the techniques and securities above</i>		
Currency	Market	
Outcomes to the Shareholder <i>Potential impact of the risks above</i>		
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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