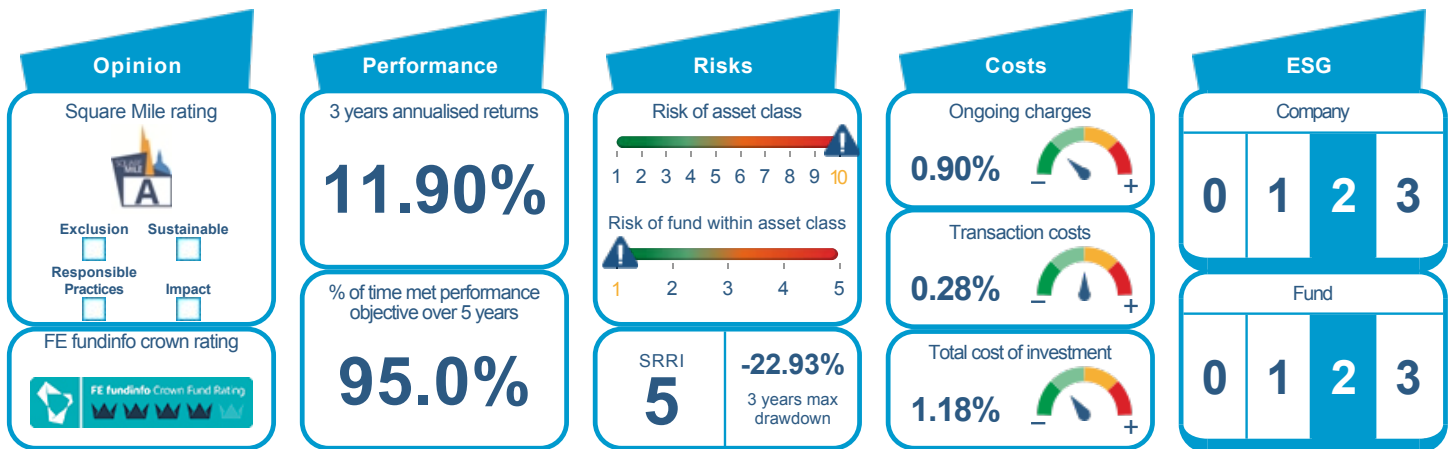


JPM Emerging Markets Income C Acc

November 2021
Investment Research



Overview

The managers believe that the combination of income and growth is a powerful source of total returns in emerging markets. In practice, they are aiming for a yield of 130% of the MSCI Emerging Markets index, however, this is dependent on market conditions, and the level of income may fluctuate over time. More importantly, the managers look to deliver a sustainable income with the potential for some capital return over the cycle.

Note that the fund is invested in local denominated assets and receives local denominated income, as a result, the income distributions will be subject to exchange rates as well as changes in the underlying local currency dividends. Additionally, due to the nature of this market, growth in capital may be highly variable and is not guaranteed.

Capital Accumulation	Capital Preservation	Income	Inflation Protection
●		●	

Square Mile Expected Outcome

We believe the fund should be able to deliver a yield of 130% or greater of the MSCI Emerging Markets index along with a total return ahead of this index over rolling 5 year time periods.

Active/Passive: Active	Domicile: United Kingdom
Asset Class: Equity	IA Sector: IA Global Emerging Markets
Launch Date: 24/07/2012	Fund Size (as at 12 Nov 2021): £652.2m
Yield: 2.99%	Distribution Pay Date: Feb 01 (Final), May 01, Aug 01, Nov 01
Fund Manager: Isaac Thong, Jeffrey Roskell, Omar Negyal	Ongoing Charge Figure: 0.90%
	Transaction Cost ex Ante: 0.28%



Fund Opinion

We believe the managers should be able to meet the fund's objectives over the longer term, but there will be times, given the nature of this market, the fund will underperform. The fund can exhibit highly variable performance relative to the index as investments are made based on a company's merit and not on the index composition. It can lag the benchmark in periods when certain themes, which the fund is likely to have less exposure to, are being rewarded by the wider market. For instance, since the fund's inception in 2012, higher yielding stocks and value stocks more generally have underperformed growth stocks and this has been a headwind for the fund at times. However, the fund's yield has been above the index over the period, and has consistently met its yield objective, but such fluctuations, especially in the capital performance, can occur given the fund's disciplined investment approach. With the asset class broadening over time, JP Morgan believes that yield investing offers income seeking investors an attractive option in emerging market. They also believe it is a good way to invest for the long run as companies with dividend payment discipline often also demonstrate strong levels of corporate governance.

This fund has many of the qualities we like to see in a strategy, including a large team of portfolio managers and analysts. Emerging markets is a complex region with thousands of listed companies, and there can be complicated ownership structures, poor disclosures and inadequate standards of corporate governance, therefore a well-resourced team of professionals is viewed as a positive. That said, we do not think this alone is enough and this fund also follows a well-defined philosophy and process, which the managers consistently adhere to, whatever the weather. This is one of the attributes we like most about the fund.

Fund Description

J.P. Morgan Asset Management is a global asset management business and is part of JPMorgan Chase & Co, a firm which has been around for over 150 years. They have offices spread across major investment hubs around the world providing local investment knowledge. As a business JPM believe in a team based investment approach and disciplined investment processes.

JPM has a well-resourced team of managers and analysts dedicated to this region and the lead manager, Omar Negyal, works closely with co-managers, Isaac Thong and Jeffrey Roskell. The trio are supported by a large team of in-house analysts who are charge to find the best stock ideas to meet the fund's income mandate. Mr Negyal has been involved in this strategy since he joined JPM in October 2012.

The managers believe that a portfolio, which balances income and growth, is a powerful source of total returns over the long term. They also believe that a portfolio of higher quality companies able to compound profits over long periods will enable the fund to outperform the index over time.

The managers have a clear preference for growing companies that can offer a high and sustainable yield or strong dividend growth over time. This requires a good understanding of the objectives and attitudes of company management, particularly with regard to their dividend policy and capital management. The investment process is longer-term oriented and the portfolio's turnover is much lower than the average fund in this space. The analysts, who work with an investment horizon of five years, aim to determine the quality of a company's future profitability and reinvestment opportunities. As such, they consider the underlying economics of a business, the durability of its future growth, as well as its standard of corporate governance. Above all, they must decide whether this is the kind of business they want to own. They will then work out how much they are prepared to pay for it.

Given the importance placed on corporate governance, the analysts must complete a long checklist of questions surrounding the potential risks of investment whilst the relative attraction of each stock will be debated between the portfolio managers. The 50-80 stock final portfolio will comprise a combination of high yielding names alongside lower yielding stocks with strong dividend growth prospects. The portfolio is constructed with consideration to both country and sector weightings, however, allocations to each tend to be driven by the stock selection process, and not based on the composition of the benchmark index. As a result, the fund typically has a high active share, of 75% or more, and can look quite different to the reference index.

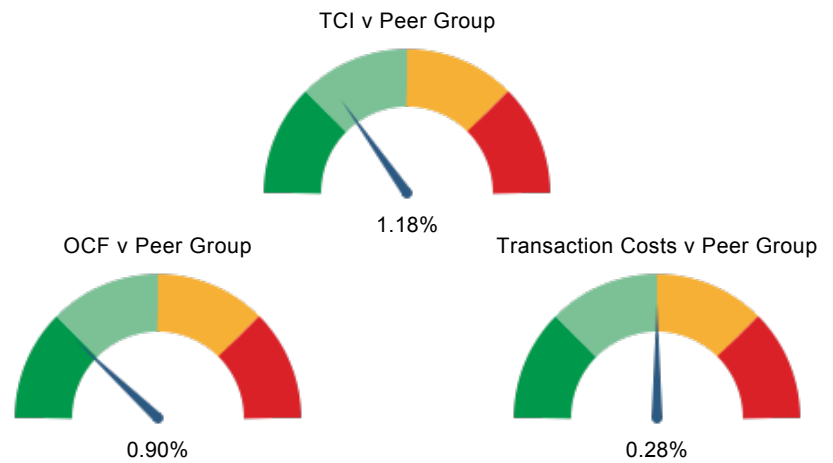
Risk Summary

The absolute level of income distribution is not guaranteed and is dependent on the level that sterling appreciates or depreciates versus local currencies. Emerging markets equities are a volatile asset class and funds investing in this region can face a host of risks, including geopolitical, economic, liquidity and currency. Whilst the managers believe that a combination of income and growth is a powerful source of total returns in emerging markets, fund returns can be highly variable, and will be subject to what are driving markets, particularly over shorter time periods. A long-term investment horizon is important to weather the ups and downs in this asset class.

Value for Money

The ongoing charge figure (OCF) and total cost of investment (TCI) of this fund are currently below the median for the peer group. We see this fund as offering good value for money largely because investors have access to JPM's extensive team of emerging market specialists and a well thought-out and defined investment process. Such characteristics are difficult to find or replicate.

Note that under MiFID II regulations, asset management firms are now required to disclose all costs and charges related to the running and administration of funds. This can include items outside of the OCF, such as research costs. JPMorgan is absorbing the costs associated with their research, which should slightly reduce the overall fee paid by investors.



ESG Integration

Company Assessment	0	1	2	3
ESG factors are considered formally but are not instrumental within all of the company's investment processes.				
UN PRI Strategy & Governance Rating	A+			
Fund Assessment	0	1	2	3
ESG factors are actively considered by the fund's manager as an important part of the investment process, but do not drive the final investment decision.				

Responsible Investing Approach

Exclusion	Responsible Practices	Sustainability	Impact
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Additional Information

Annualised Return	11.90%
Annualised Volatility	14.67%
Max Drawdown	-22.93%
Max Gain	15.67%
Max Loss	-19.20%
Sharpe Ratio	0.74
Sortino Ratio	0.72

(3 years data to last month end unless otherwise stated)

Currency of Share Class

GBP

Fund Price (as at 12 Nov 2021)

106.2 pence

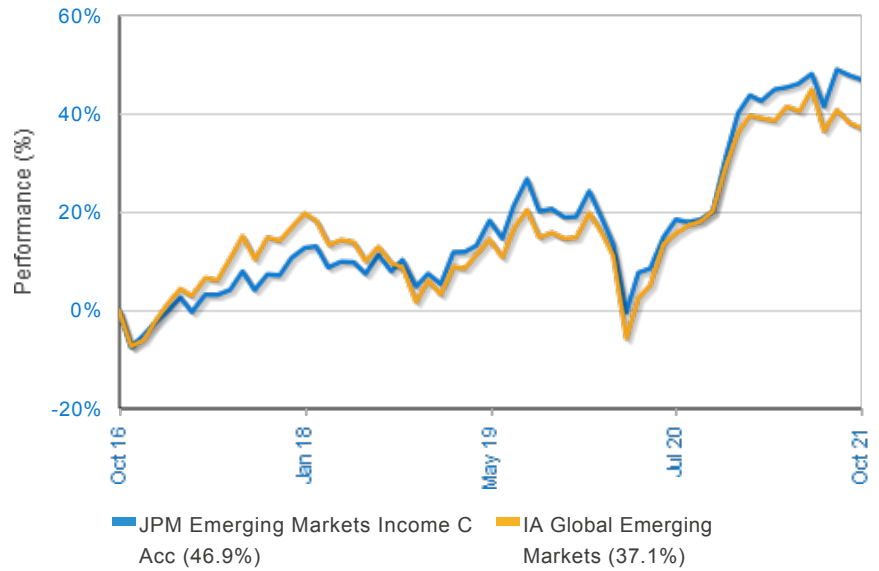
Benchmark

MSCI Emerging Markets

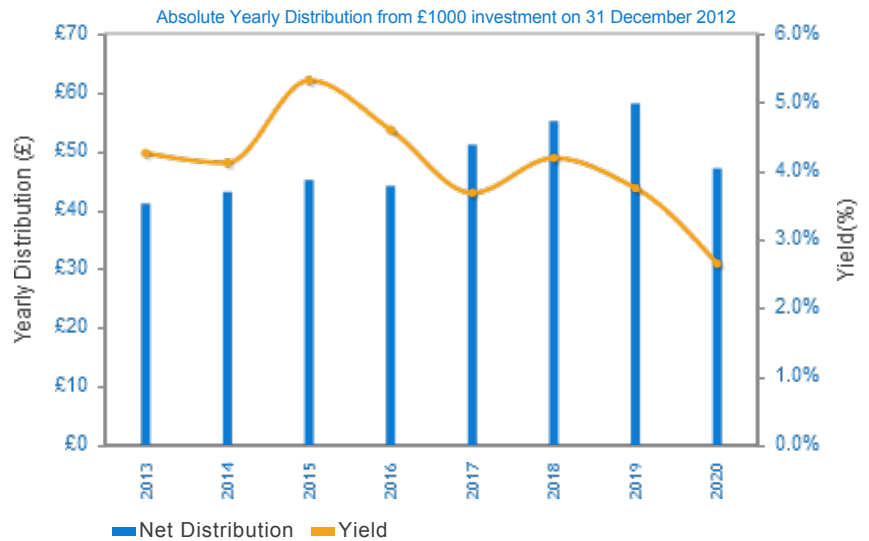
Discrete Annual Performance to Last Quarter End

Period	Fund (%)	Sector (%)	Quartile Ranking
0-12m	24.7	17.0	1
12-24m	-1.8	2.0	3
24-36m	9.4	6.5	2
36-48m	5.9	-1.5	1
48-60m	11.9	17.4	4

Capital Growth

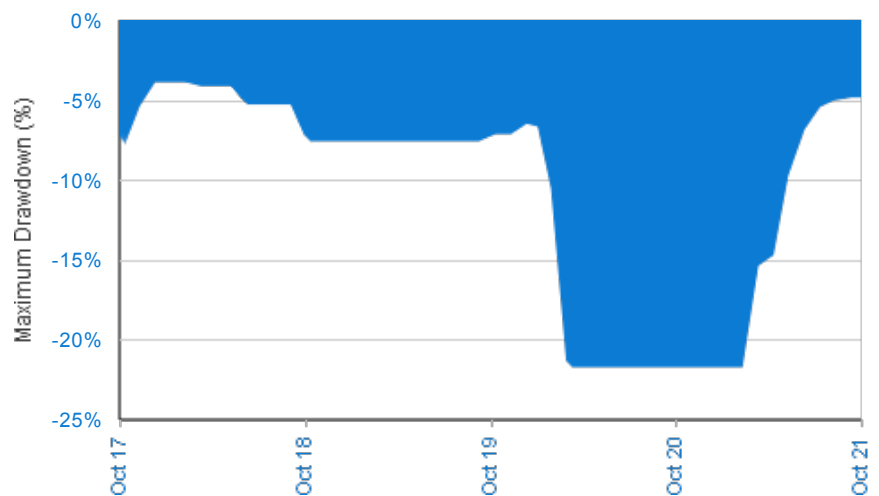


Income



This graph assumes that income is distributed to shareholders and not reinvested. Yield represents share price fluctuations.

Maximum Drawdown (Rolling 12 Months)



Top Ten Holdings

(Data as at 30 Sep 2021)

Company Name	%
TAIWAN SEMICONDUCTOR CO	8.9
SAMSUNG ELECTRONICS CO	6.9
INFOSYS	4.3
TATA CONSULTANCY SERVICES	3.9
WALMART INC	3.8
SBERBANK OF RUSSIA	3.2
CHINA MERCHANTS BANK CO LTD	2.9
HONG KONG EXCHANGES & CLEARING	2.9
GRUPO FINANCIERO BANORTE SAB DE CV	2.7
BANK RAKYAT INDONESIA	2.5

Sector Breakdown

(Data as at 30 Sep 2021)



- Information Technology (35%)
- Financials (27%)
- Consumer Staples (12%)
- Consumer Discretionary (11%)
- Communications (6%)
- Materials (2%)
- Industrials (2%)
- Energy (1%)
- Money Market (1%)
- Other (1.9%)

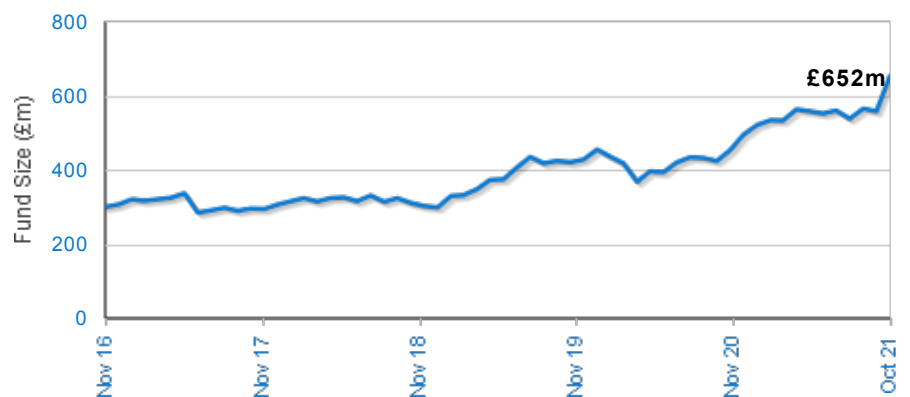
Geographic Breakdown

(Data as at 30 Sep 2021)



- China (34%)
- Taiwan (22%)
- Mexico (8%)
- India (8%)
- Korea (8%)
- Russia (7%)
- Indonesia (4%)
- South Africa (3%)
- Brazil (2%)
- Other (3.1%)

Assets Under Management



Qualitative Risk Assessment

	Significant	Potentially Significant	Not Significant
Equity Risk	●		
Interest Rate Risk		●	
Credit Risk			●
Exchange Rate Risk	●		
Liquidity Risk			●
Emerging Markets Risk	●		
Derivative Risk			●
Manager Risk		●	

Equity Risk

The fund is predominately invested in shares. Shares are volatile investments and this volatility is typically heightened at times of economic stress.

Interest Rate Risk

The fund is an equity fund. Higher interest rates may adversely affect valuations of shares.

Credit Risk

This fund does not have significant exposure to corporate debt.

Exchange Rate Risk

The fund predominately invests abroad and it is exposed to foreign currencies. Currency markets may move sharply.

Liquidity Risk

The fund invests in liquid assets and any sale should be possible at close to the prevailing market price.

Emerging Markets Risk

The fund predominately invests in emerging regions. Economic, political, legal and market events in the region may have a material adverse effect on the fund price. Valuations in emerging market assets can be volatile.

Derivative Risk

The portfolio is predominantly invested in underlying cash securities.

Manager Risk

The lead manager is seen as an important element in Square Mile's rating of the fund. Square Mile is likely to downgrade the fund if the manager were to leave.

FE Risk Rating: 82.00

SRRI: 5

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