

# JPMorgan China Income Fund

April | 2018

Morningstar Overall Ratings™



Mixed Asset -  
Platinum<sup>◇</sup>#

## Important information

1. The Fund invests at least 70% in (a) equity securities of companies which are based in, listed on any stock exchange of, or operate principally in the People's Republic of China ("PRC") and that the Investment Manager expects to pay dividends and (b) Chinese debt securities issued and/or distributed in or outside the PRC.
2. The Fund is therefore exposed to risks related to debt securities, emerging markets, liquidity, PRC tax, equity, valuation, credit, dynamic asset allocation strategy, investment grade bond, below investment grade/unrated investment, "Dim Sum" bond, class currency and currency hedged classes. The Fund has exposure to PRC securities (including PRC exchange traded stock index futures) via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (collectively, the "China Connect"), Qualified Foreign Institutional Investor ("QFII") quota, China interbank bond market ("CIBM") Initiative and/or Bond Connect. Investors will be subject to the associated QFII, China market, PRC exchange traded stock index futures, PRC brokerage, RMB currency, China Connect, investments in stocks listed on the Small and Medium Enterprise Board and/or the ChiNext Board of the Shenzhen Stock Exchange, CIBM and diversification risks. RMB is currently not freely convertible and RMB convertibility from offshore RMB (CNH) to onshore RMB (CNY) is a managed currency process subject to foreign exchange control policies of and restrictions imposed by the Chinese government. There can be no assurance that RMB will not be subject to devaluation at some point.
3. Where the income generated by the Fund is insufficient to pay a distribution as the Fund declares, the Manager may at its discretion determine such distributions may be paid from capital including realised and unrealised capital gains. Investors should note that the payment of distributions out of capital represents a return or withdrawal of part of the amount they originally invested or from any capital gains attributable to that original investment. Any payments of distributions by the Fund may result in an immediate decrease in the net asset value per unit.
4. Investors may be subject to substantial losses.
5. Investors should not solely rely on this document to make any investment decision.

## CHINA'S POTENTIAL IS ABUNDANT ONSHORE AND OFFSHORE

- Various Income Sources for Competitive Yield
- Flexible Asset Allocation
- Fully Capture Income Potential across Sectors

+ Source of Star Rating: © 2018 Morningstar. All Rights Reserved. Data as of end-March 2018; awarded to (acc) - USD Class.

◇ Issued by Fund Selector Asia, 2018 award, reflecting performance from 30 June 2014 to 30 June 2017.

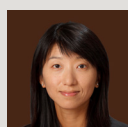
# Effective 5 September 2016, JPMorgan China Income Fund was restructured. Key changes include fund name, investment objectives, investment universe, benchmark and distribution yield. Performance prior to 5 September 2016 was achieved under circumstances that no longer apply. Please refer to the offering document for details.

## A China Income Solution from J.P. Morgan's Emerging Markets & Asia Pacific (EMAP) Equities Team and Global Fixed Income, Currency and Commodities (GFICC)

JPMorgan China Income Fund is jointly managed by the EMAP Equities Team and the GFICC team with a focus on the income potential of Chinese equities and bonds. The EMAP Equities Team manages US\$108.6 billion<sup>■</sup> assets based on the group's strong investment and research experience, while GFICC manages US\$500.4 billion<sup>♦</sup> in fixed income strategies in 11 investment locations globally (as of end-December 2017).

- Includes equities managed in multi-asset products but excludes joint ventures.
- ♦ Includes assets managed on behalf of other J.P. Morgan Asset Management investment teams.

### FUND MANAGERS



**LILIAN LEUNG**  
Emerging Markets and Asia Pacific Equities team



**EMERSON YIP**  
Emerging Markets and Asia Pacific Equities team



**SHAW YANN HO**  
Global Fixed Income, Currency and Commodities

## WHY JPMORGAN CHINA INCOME FUND?

### 1. Various income sources for competitive yield

The Fund is designed to capture the wide income opportunity set in the China space by investing in onshore equities (CNY), offshore equities (HKD), onshore bonds (CNY), offshore CNH bonds and offshore USD bonds.

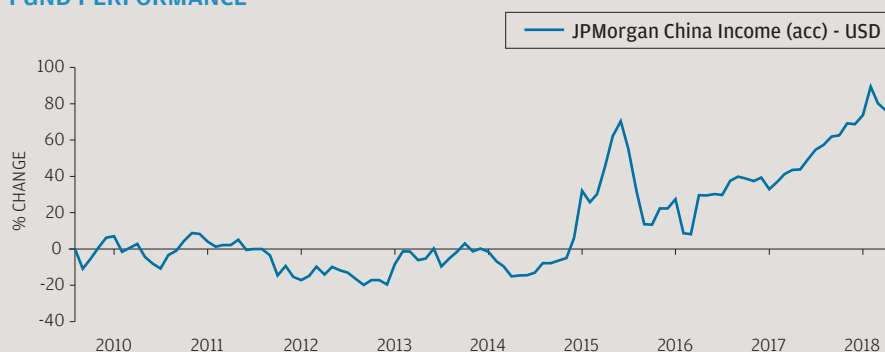
### 2. Flexible asset allocation

Given the flexibility of the Fund in its equity and bond exposure, asset allocation of the Fund is mutually determined by our equity and fixed income teams.

### 3. Fully capture income potential across sectors

Being able to invest in the China onshore and offshore stock markets means a wider catchment in the dividend universe, where the yield dynamics varies from one sector to another. In the fixed income space, the onshore and offshore markets present a diverse range of opportunities for income investing.

## FUND PERFORMANCE<sup>#</sup>



### CUMULATIVE RETURN (%)

	YTD	1 year	3 years	5 years	Since launch
JPMorgan China Income (acc) - USD	+1.5	+22.8	+21.1	+87.8	+76.3

### CALENDAR YEAR RETURN (%)

	2013	2014	2015	2016	2017
JPMorgan China Income (acc) - USD	+7.3	+34.2	-3.6	+4.3	+30.7

Source: J.P. Morgan Asset Management (USD (acc) class return from the first investment day on 31.07.2009 to 29.03.2018, NAV to NAV in USD with income reinvested.)



## HISTORICAL DISTRIBUTIONS

Ex-dividend date (d/m/y)	Distribution per unit / Annualised yield <sup>*□</sup>		
	USD (mth) Class	HKD (mth) Class	AUD Hedged (mth) Class
28.02.2018	USD 0.0380 3.83%	HKD 0.0383 3.83%	AUD 0.0345 3.98%
29.03.2018	USD 0.0380 3.93%	HKD 0.0384 3.93%	AUD 0.0328 3.89%

\* Aim at monthly distribution. Dividend rate is not guaranteed. Distributions may be paid from capital. Refer to important information 3  
 □ Positive distribution yield does not imply positive return. Annualised yield =  $[(1 + \text{distribution per unit/ex-dividend NAV})^{12}] - 1$ . The annualised dividend yield is calculated based on the monthly dividend distribution with dividend reinvested, and may be higher or lower than the actual annual dividend yield.

## DISTRIBUTION SCHEDULE<sup>△</sup>

Record date	Ex-dividend date	Reinvestment / Payment date
27.04.2018	30.04.2018	09.05.2018
30.05.2018	31.05.2018	08.06.2018

△ Dividend rate is not guaranteed. Positive distribution yield does not imply positive return.

## Strategic Positioning

Managers of the Fund apply dynamic asset allocation with a view to capturing the best income opportunities across onshore and offshore China equity and bond markets. Currently the Fund is strategically positioned in terms of asset allocation:

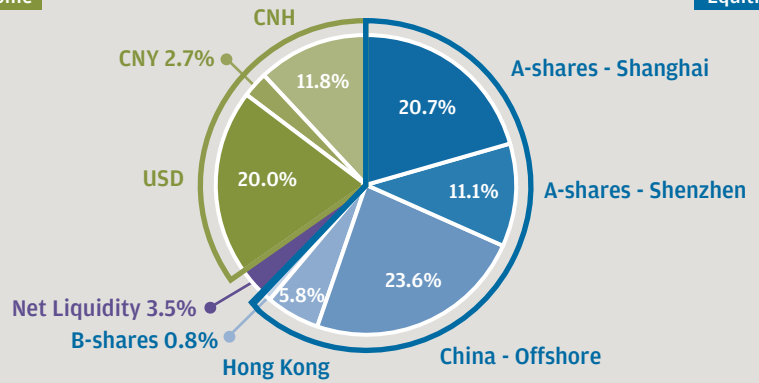
**61.9%**  
in equities

**34.5%**  
in fixed income

## ASSET CLASS BREAKDOWN

Fixed Income

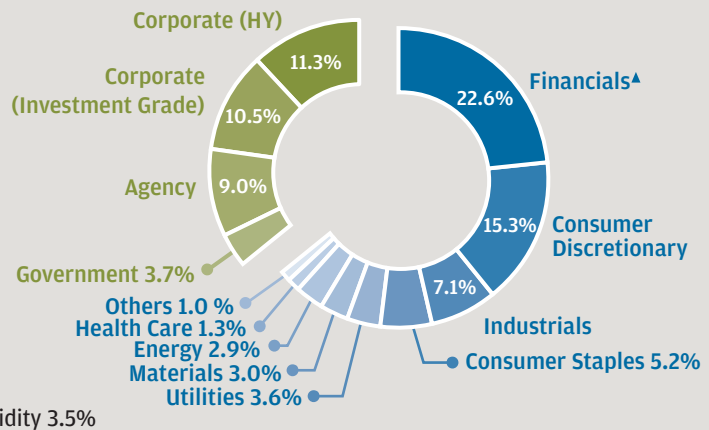
Equities



## SECTOR BREAKDOWN

Fixed Income

Equities



Net Liquidity 3.5%

<sup>▲</sup> Financials categorically include Banks, Insurance, Diversified Financials and Real Estate.

## TOP TEN HOLDINGS

Holding	%
China Construction Bank Corporation	3.8
Industrial and Commercial Bank of China Limited	3.1
China Merchants Bank Co., Ltd.	2.8
China Vanke Co., Ltd.	2.7
China Yangtze Power Co., Ltd.	2.6
China Pacific Insurance (Group) Co., Ltd.	2.6
Gree Electric Appliances, Inc. of Zhuhai	2.1
Bank of China Limited	2.1
Focus Media Information Technology Co Ltd	2.0
Inner Mongolia Yili Industrial Group Co., Ltd.	1.9

Source: J.P. Morgan Asset Management (As of end-February 2018).

**For more information, please contact your bank, insurance company or financial adviser.**

## JPMORGAN CHINA INCOME FUND QUICK FUND FACTS

Fund Managers:	Lilian Leung / Emerson Yip / Shaw Yann Ho
Fund Size:	USD 529.0m
Launch Date:	USD (acc) Class: 22.06.2009 USD (mth) Class: 05.09.2016 HKD (mth) Class: 05.09.2016 AUD Hedged (mth) Class: 01.12.2017
Initial Charge:	5.0% of NAV
Redemption Charge:	Currently 0%
Management Fee:	1.75% p.a.
Distribution Frequency: (mth) Class:	Expected monthly
Dealing & Valuation:	Daily

The USD (mth), HKD (mth) and AUD Hedged (mth) Classes may not be available from specific insurance companies.

Unless stated otherwise, all fund information is sourced from J.P. Morgan Asset Management, as of end-March 2018.

The information contained in this document does not constitute investment advice, or an offer to sell, or a solicitation of an offer to buy any security, investment product or service. Informational sources are considered reliable but you should conduct your own verification of information contained herein. The AUD Hedged Class is not recommended for investors whose base currency of investment is not in AUD.

The "(mth)" classes aim at monthly distribution. Dividend rate is not guaranteed. Distributions may be paid from capital. Refer to important information 3

Investment involves risk. Past performance is not indicative of future performance. Please refer to the offering document(s) for details, including the risk factors before investing. This document has not been reviewed by the SFC. Issued by JPMorgan Funds (Asia) Limited.