

**SHINING A LIGHT ON THE.....
JPMorgan Europe Dynamic Fund**

AT A GLANCE

Investment Objective
To maximise long-term capital growth by investing primarily in an aggressively managed portfolio of European companies.

Inception Date	8 th December 2000
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=f0gbr04clm

Management	
Manager Name	Start Date
John Baker	1 st February 2005
Jonathan Ingram	1 st March 2007
Blake Crawford	1 st April 2019

FUND PERFORMANCE

Performance from 22nd June 2017 to 28th February 2022:

	2017	2018	2019	2020	2021	2022
JPMorgan Europe Dynamic Fund	16.11%	-14.09%	17.63%	7.38%	21.64%	-11.31%
MSCI Europe NR Eur	14.64%	-9.57%	18.99%	2.13%	17.37%	-6.39%

Performance over 12 months, 3 years, 5 years, and 10 years:

	1 year	3 years	5 years	10 Years
JPMorgan Europe Dynamic Fund	8.81%	28.65%	31.96%	161.80%
MSCI Europe NR Eur	11.30%	36.57%	34.95%	117.72%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
5.20	68.49	107.33	114.73	50.00	1.16	-1.79	Blend/Large

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Volatility Measurements	
3-Yr Std Dev (volatility)	17.82%
3-Yr Mean Return (average)	8.76%

Investment Style Details	
Giant	48.18%
Large	35.47%
Medium	12.10%
Small	0.04%
Micro	0.00%

Top 5 Holdings – 72 holdings		
Nestle SA	Consumer Defensive	4.74%
Roche Holding AG	Healthcare	3.85%
Novo Nordisk A/S Class B	Healthcare	3.45%
TotalEnergies SE	Energy	3.33%
BP PLC	Energy	3.12%

Top 5 Sectors	
Financial Services	19.68%
Industrials	14.48%
Consumer Cyclical	13.70%
Consumer Defensive	12.32%
Energy	8.00%

Top 5 Regions	
United Kingdom	20.57%
France	18.28%
Switzerland	16.71%
Germany	14.92%
Netherlands	10.91%

UPDATE....

With the increased focus on the opportunities long term for Europe, we met with the managers of the JPM Europe Dynamic Fund. They are very excited about the opportunities for the fund and for Europe. The manager centred the discussion around three numbers: 27, 58 and 2.2.

We started by discussing valuations. The team explained that European countries are international and therefore they are not just domestic focused. They are also profitable and cash rich companies, offering attractive valuations compared to US companies with similar growth drivers and geographic reach.

They believe that too much gloom and doom is priced into European equities. Picking up on the numbers, European companies are trading on a 27% discount to the US, and yet they offer revenue diversification and financial strength which is not reflected in valuations.

Furthermore, investing in Europe is not just about domestic Europe. 58% of the index is not exposed to European markets. These are international companies again trading at significant discounts.

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The process is a mix of quantitative research and fundamental analysis combined. They believe they offer something that is repeatable and rigorous which focuses on facts rather than emotions. Ultimately, they want to identify sustainable trends.

They are a team of three and they seek to find the very best ideas across Europe. Examples of holdings include:

Energy – RWE, Schneider Electric and TotalEnergies

Pricing flexibility – LVMH, Richemont and ASM International

Cyclical recovery – Stellantis, Wienerberger and Erste

They manage volatility by reducing the active weighting at times of market stress, so they follow more of the index during these periods. This approach has meant that they have outperformed the index by around 2.2% p.a. since inception. They see the index as ex UK but we have included the UK within the index as they have a high weighting to it.

They have no exposure to Russia although some companies like Carlsberg have exposure to Russia and Ukraine. Carlsberg have derated significantly, and they have said they are running down supplies and any profits will be given to help Ukrainian refugees.

In summary, this is a European Fund. It is not exciting, but it seems to do what it aims to do by compounding returns over the long term. There is an increasing argument that with rising interest rates Europe could be perfectly placed to benefit from this. And although Europe is in the eye of the storm with Russia and the Ukraine, many of the companies have international exposure which makes it an interesting area to invest in.

The source of information in this note has been provided by JPM is correct as of March 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.