

**SHINING A LIGHT ON THE.....
JPM Natural Resources Fund**

AT A GLANCE

Investment Objective
The Fund aims to provide capital growth over the long-term (5-10 years) by investing at least 80% of the Fund's assets in the shares of companies throughout the world engaged in the production and marketing of commodities. At least 80% of assets invested in equities of natural resource companies anywhere in the world, including emerging markets. Natural resource companies are those that are engaged in the exploration, development, refinement, production or marketing of natural resources and their secondary products.

Fund Factsheet Link
https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=f0gbr04s4x

Management	
Manager Name	Start Date
Chris Korpan	1 st February 2017
Veronika Lysogorskaya	31 st March 2020

FUND PERFORMANCE

Performance from 1st January 2016 to 31st July 2022:

	2016	2017	2018	2019	2020	2021	2022
JPM Natural Resources Fund	80.72%	9.63%	-10.32%	11.44%	-0.72%	22.03%	17.08%
EMIX Global Gold Mining & Energy NR GBP	85.46%	9.23%	-4.58%	22.75%	8.98%	16.01%	6.85%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception (2017)
JPM Natural Resources Fund	24.45%	33.35%	55.00%	47.06%
EMIX Global Gold Mining & Energy NR GBP	9.67%	34.85%	70.76%	62.07%

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.

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Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
8.36	63.85	106.36	112.52	41.67	1.15	(1.57)	Value / Large

Volatility Measurements	
3-Yr Std Dev (volatility)	25.41%
3-Yr Mean Return (average)	10.07%

Investment Style Details	
Giant	39.72%
Large	32.24%
Medium	24.60%
Small	1.19%
Micro	0.27%

Top 5 Holdings – 51 Equity Holdings		
Shell PLC	Energy	5.80%
Rio Tinto	Basic Materials	5.72%
Chevron Corp	Energy	5.26%
BHP Group Ltd	Basic Materials	5.16%
Exxon Mobil Corp	Energy	4.78%

Top 5 Sectors	
Energy	54.68%
Basic Materials	45.32%

Top 5 Regions	
United States	39.15%
Canada	18.09%
United Kingdom	14.79%
Australasia	12.06%
Europe ex Euro	7.27%

UPDATE....

The fund has changed since the manager took over in 2017.

It focusses across three “buckets”:

Energy – integrated, exploration and production, storage, and transportation, refining and marketing

Industrial metals – diversified mining, base metals, diamonds and other

Gold and precious – gold, platinum group metals

In the past this strategy had a greater focus on mining, now it leans more towards energy which includes renewables.

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We are in an unusual period where we know the future trajectory. The world is moving to cleaner forms of energy, however, to achieve that it needs old forms of energy and metals. The danger is that more investors exclude old style energy and mining, and these businesses are forced out of the public markets and into private markets which might entail being state owned. Once they fall into private markets then the ability to engage goes.

Not only has the fund moved from mining to energy but it has also reduced the number of holdings from around 200 to 50 to 60. The team want to develop a concentrated portfolio of names where they know each company. They believe this is not just about active management but also active engagement.

The industry is finding capital harder to come by and the pool of investors shrinking. There is a supply crunch across energy and metals as companies have not developed new sites. Being a large global investment manager and an active investor, the team believe this is where they can add an edge for investors.

One example we discussed was a Columbian Oil and Gas producer who wanted to develop an asset in the Amazon in Peru. The team engaged with the company and threatened to disinvest if they went ahead. They decided to go ahead and JPM sold out. Other investors did the same and the company eventually decided not to proceed.

We are at an information gathering stage and the initial discussion was with an analyst on the team. Our next planned meeting is with the manager to understand the process, how active they are, discuss performance and look at examples of holdings.

In summary, the story is there. The performance however is mixed and there is a great deal more we would need to understand if we were to consider investing in this strategy.

The source of information in this note has been provided by JPM and is correct as of August 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.