



JPMorgan India
Economic
Resurgence
Fund


When looking for potential, Make it India

JPMorgan India Economic Resurgence Fund (An Open-ended Equity Scheme)

NFO Period: 13th January 2015 to 27th January 2015

JPMorgan India Economic Resurgence Fund (An Open-ended Equity Scheme)

This product is suitable for investors who are seeking*:

- Long-term capital growth.
- Investment in equity and equity-related securities of companies with a focus on riding economic cycles through dynamic allocation between various sectors and stocks at different stages of economic activity.
- High risk  (BROWN).

* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Note: Risk may be represented as:



India – An economy in transition

CYCLICAL RECOVERY

- Economic recovery from its cyclical lows
- Growth - Inflation mix turning positive

STRUCTURAL REFORMS

- Strong and stable government
- Reform-led growth



Corporate sector is likely to gain from accelerating growth and structural reforms

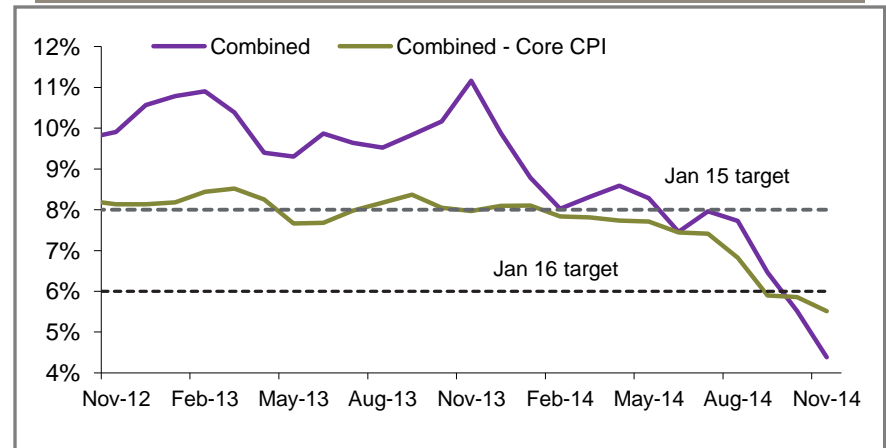
JP Morgan India Economic Resurgence Fund will focus its investment on businesses that are leveraged to growth acceleration and reform initiatives

Macro indicators starting to look up

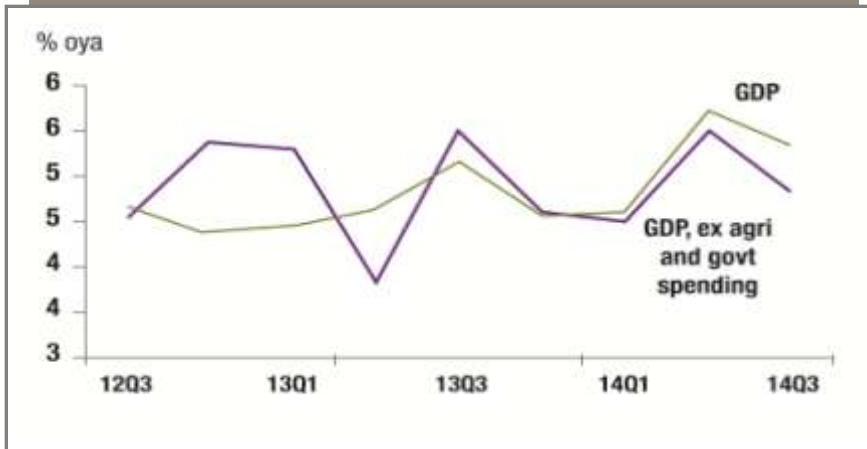
Industrial Production Growth



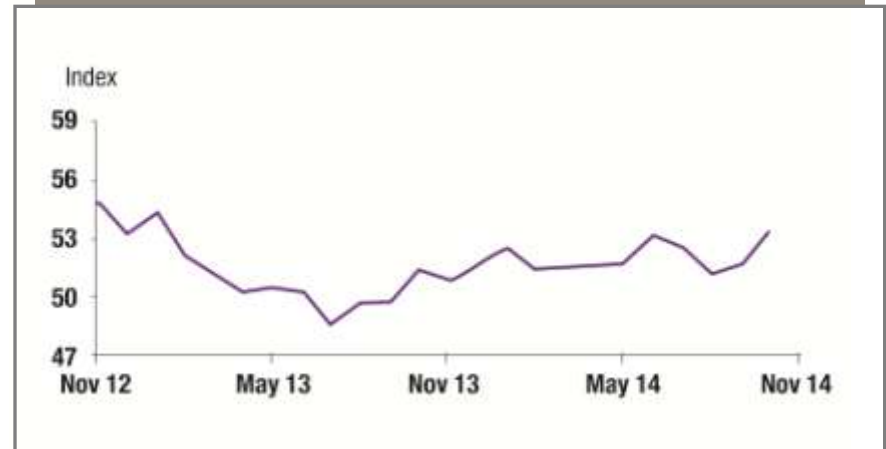
Headline CPI and Core Inflation



GDP : with and without agriculture and government spending



Manufacturing PMI



Source: CEIC, PPAC, CSO, Morgan Stanley Research

GDP Growth cannot happen without Investments

Components of GDP		Consumption	Investments	Government Spending
% of GDP		60%	32%	14%
2003-07	8.6%	7.1%	18.8%	4.9%
2008-10	7.4%	8.0%	10.1%	11.3%
2011-14	6.7%	6.9%	7.8%	5.7%

Source: Citi Research

Impact of Oil and Commodity Prices on Macros

Every \$10 / barrel decline in Oil prices	
Reduces CAD by	0.5% of GDP
Reduces Fiscal Deficit by	0.5% of GDP
Lowers WPI by	70 bps
Lowers core CPI by	10 bps
Boosts growth by	20 bps

Source: JPMorgan Research

Almost half the slowdown due to bottlenecks and investor confidence

Decomposition of Slowdown from 2010 to 2013

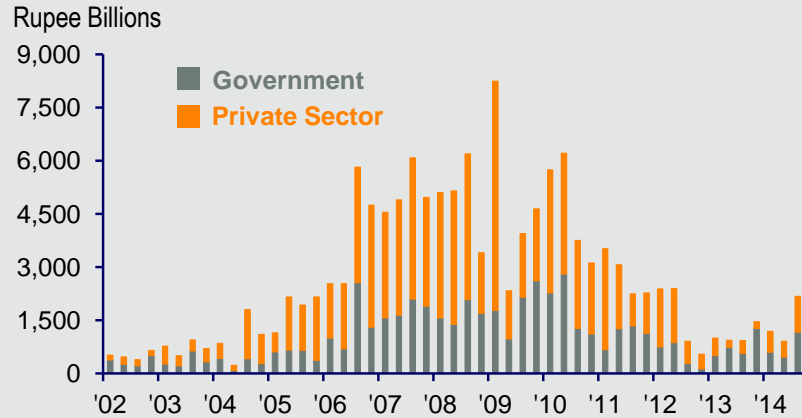
Actual Growth Slowdown (ex agricultural, community service)	695.0
Slowdown that can be explained	666.0
Slowing Trading Partner Growth	10.0%
Higher Oil Prices	11.0%
Real Interest Rates	35.0%
Implementation Bottlenecks (proxied by stalled projects)	28.0%
Investor Confidence (proxied by project starts)	16.0%
Supply Bottlenecks and Investor Confidence	44.0%

CYCLICAL RECOVERY

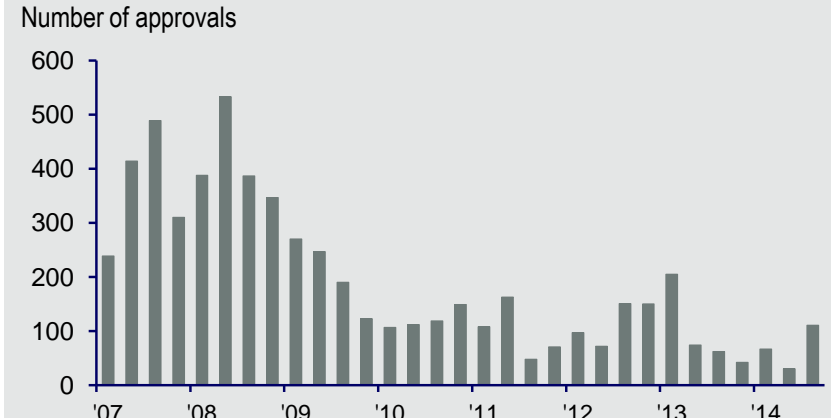
STRUCTURAL REFORMS

Modinomics

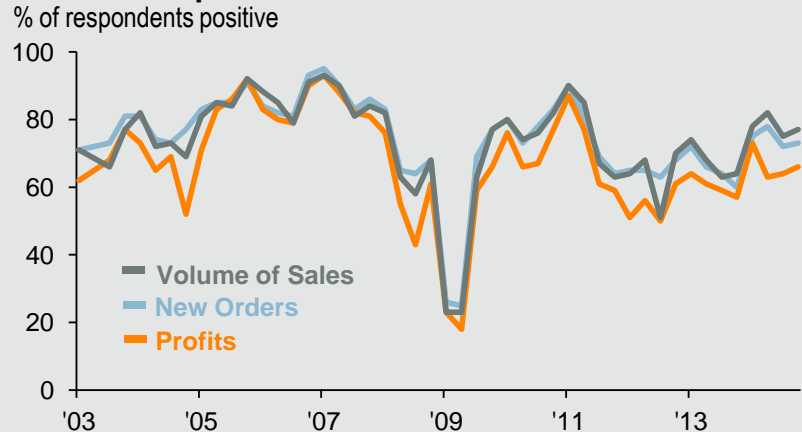
New Project Announcements



Environmental Clearances Granted



Business Expectations



Private Fixed Investment



Source: CLSA, Jefferies, Centre for Monitoring Indian Economy, Ministry of Statistics and Programme Implementation, Reserve Bank of India, FactSet, J.P. Morgan Asset Management "Guide to the Markets – Asia 1Q 2015". (Bottom Left) Dun and Bradstreet expectations survey for India. Data reflects most recently available as of 31/12/14.

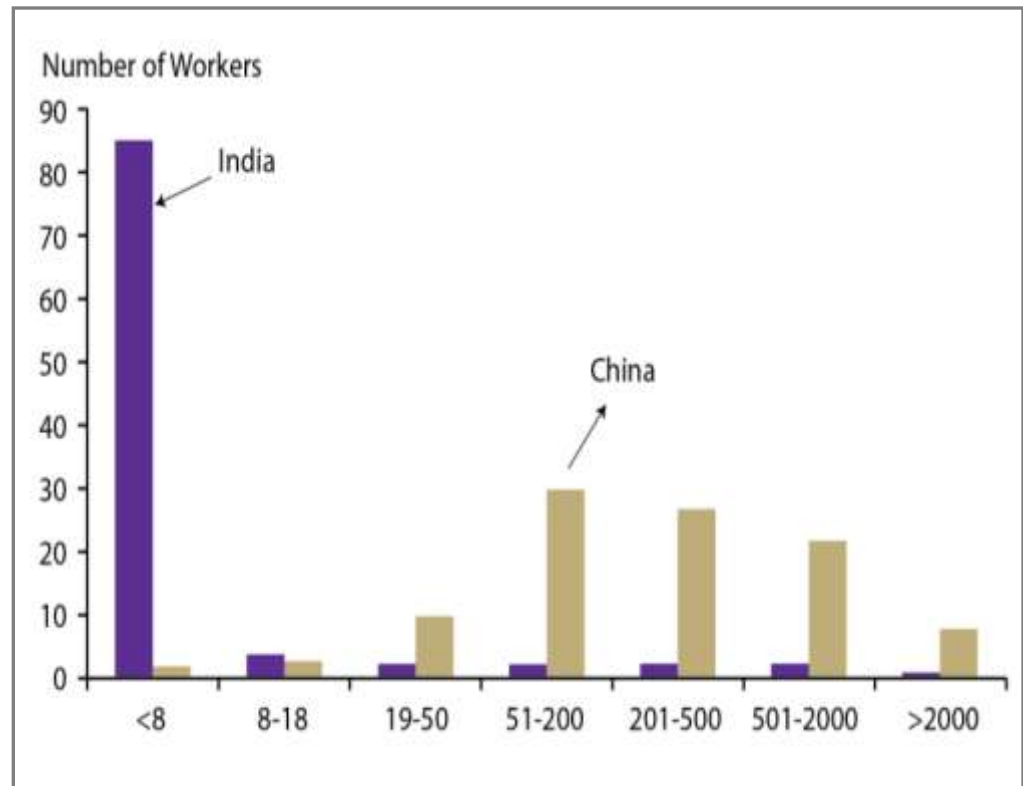
Make in India



Phase 1: A closer look at Labor Reforms

- 500 new trades included in the Apprenticeship Act
- Firms employing less than 40 workers will not have to comply with some stringent labour laws and can furnish a combined compliance report for 16 labour laws rather than submitting separately
- Lifting relaxations on night shifts by women in factories (important for some sectors like textiles/IT)
- Overtime limit for workers increased from 50 hours/quarter to 100 hours/ quarter
- No arrest/ imprisonment of employers who did not implement the Apprenticeship Act

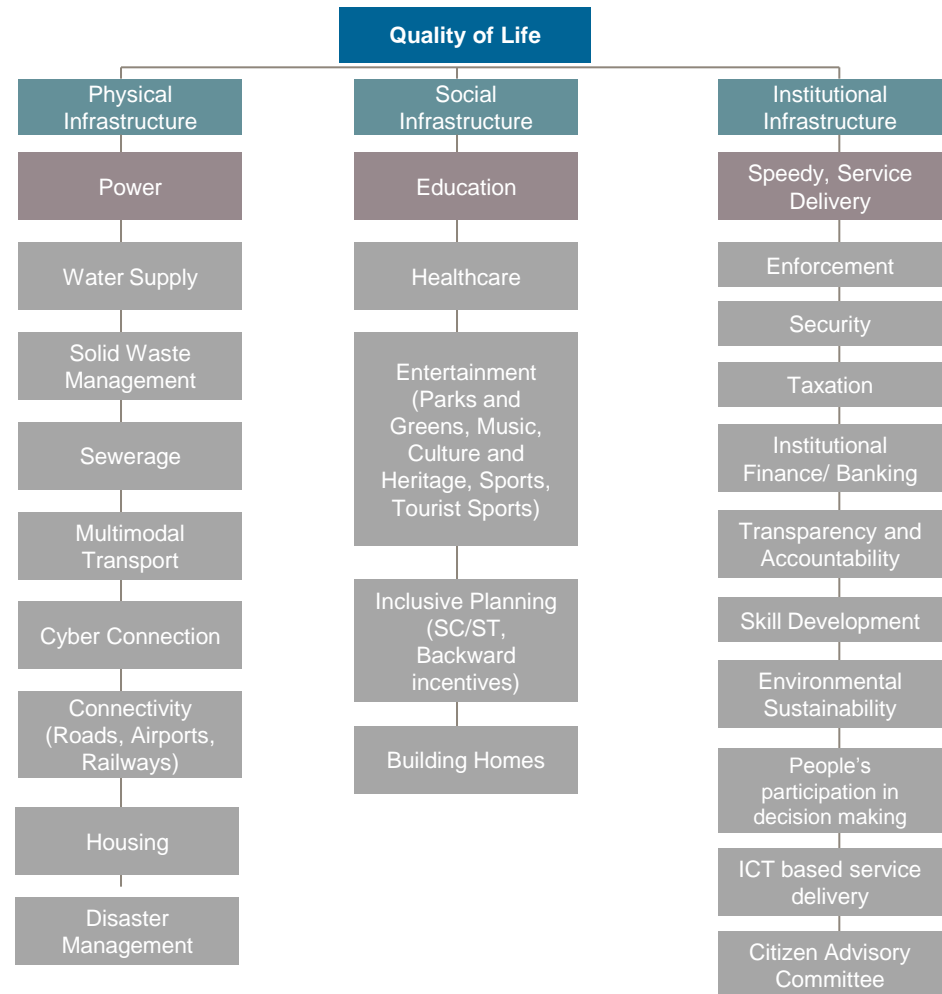
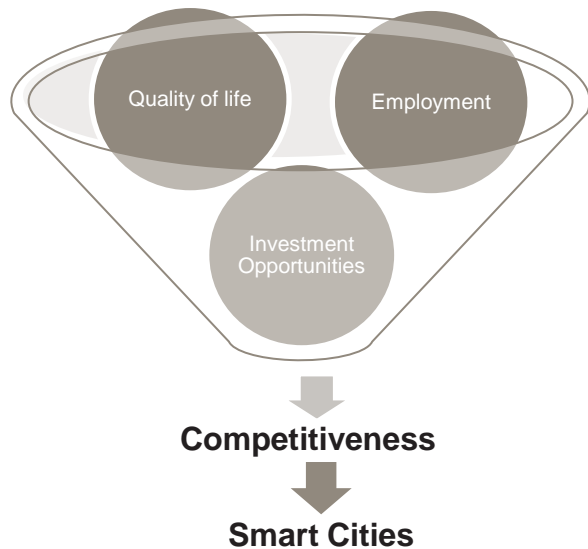
Employment share by firm size in China and India, 2005



Source: Hasan and Jandoo, Arvind panagartya & Jagdish Bhagwati – The emerging giant

Phase 2: What Smart Cities mean for the Indian economy

- Prime Minister Modi stated intent to build 100 smart cities
- A “Smart City” will need to attract investments, provide employment opportunities, and drive a sustainable quality of life
- A good quality of life will require physical, social, and institutional infrastructures

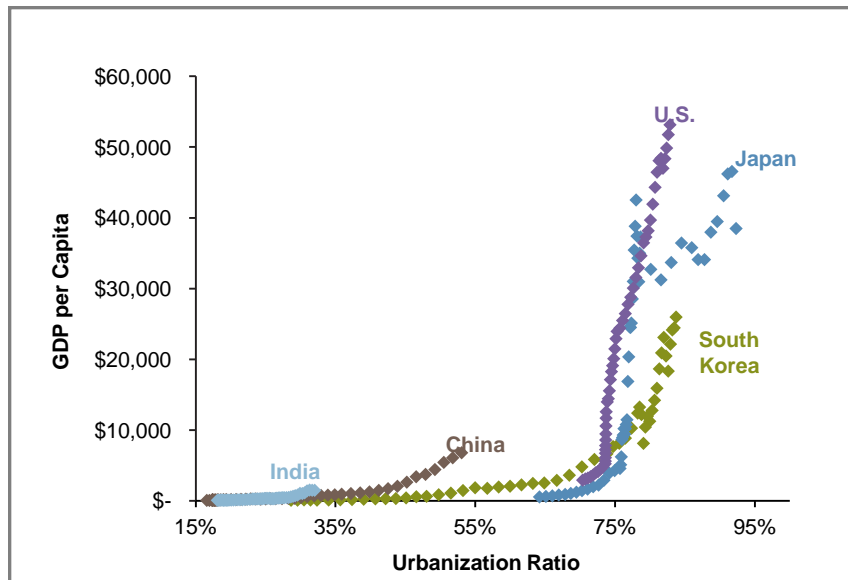


Source: Ministry of Urban Development, September 2014

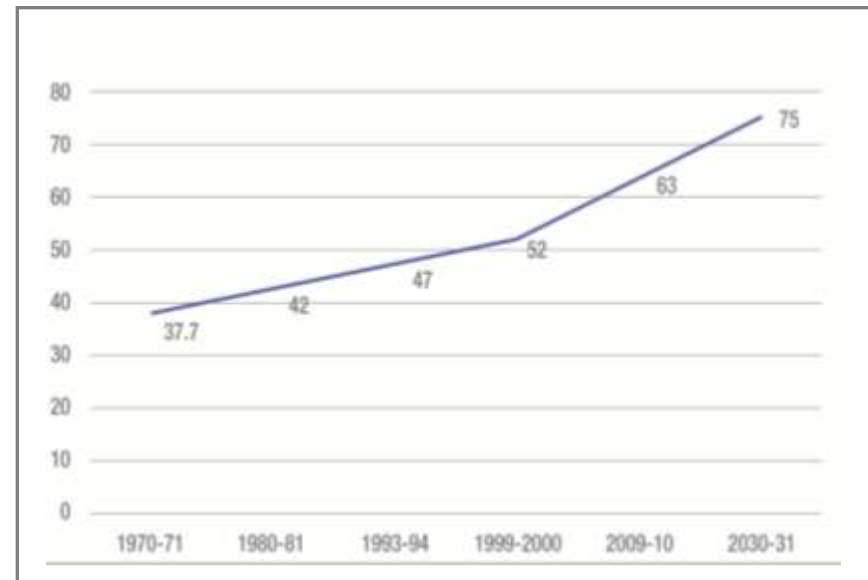
Phase 2: Growing urbanization will contribute to Indian GDP at a faster rate

- Urban infrastructure over the next 20 years requires an **annual investment of Rs. 35,000 crores**
- This estimate covers water supply, sewerage, sanitation, and transportation for 1 million people per smart city
- Additional investments required in housing, electricity, ICT, education, health, recreation, sports facilities, etc.
- Funded in part by the Government of India and States; a large part of financing will come from the private sector

Relationship between Urban Population and Countries' GDP per Capita



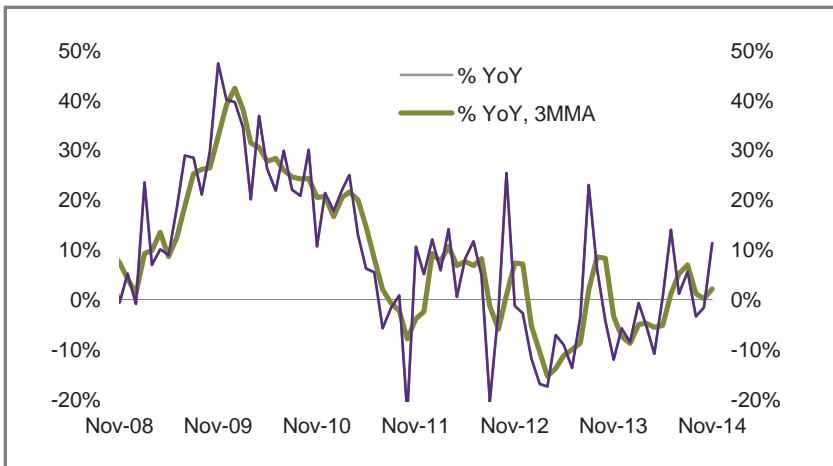
Urban share of GDP in India



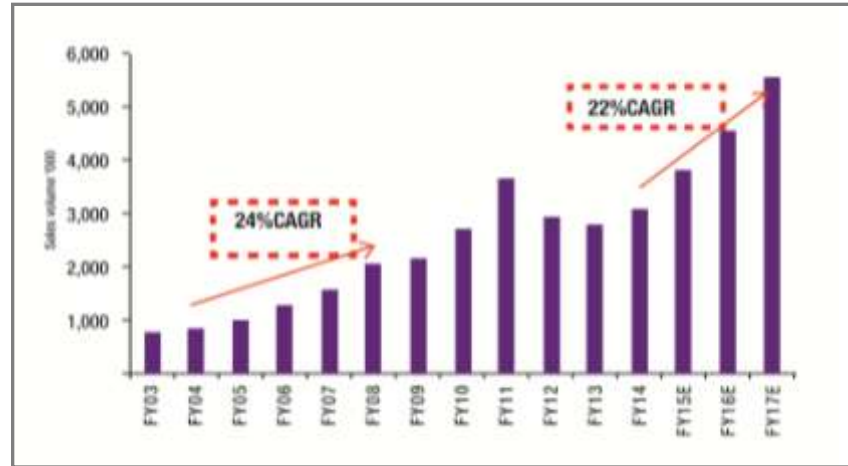
Source: J.P. Morgan Asset Management, Ministry of Urban Development as at September 2014.

Phase 3: Implementation means greater consumption domestically and abroad

Passenger Car Sales

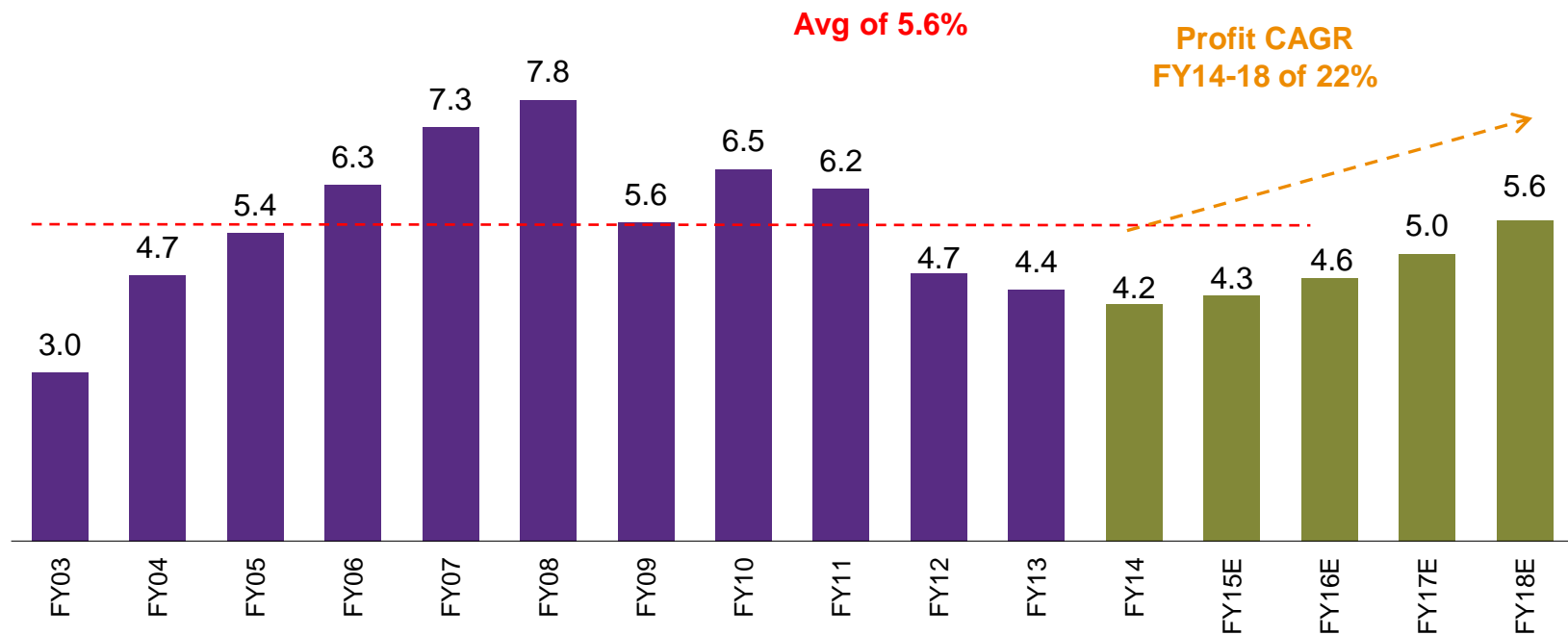


Expect robust growth for Room Air Conditioning industry



Source: CEIC, Morgan Stanley Research, BofA Merrill Lynch Global Research

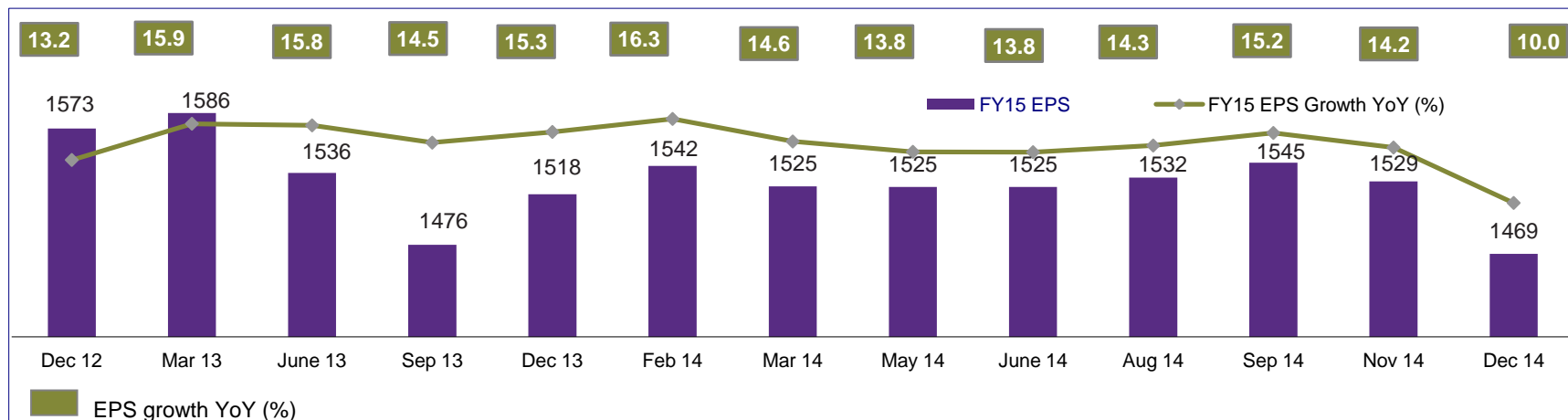
Growth and Structural Reforms will benefit the Corporate Sector - Corporate profits as a % of GDP likely to bounce



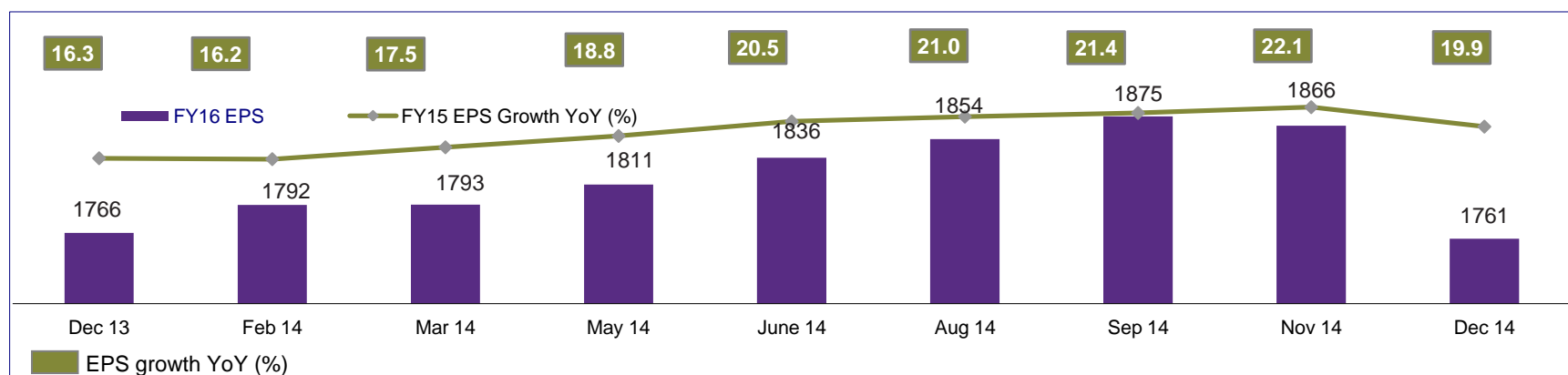
Source: MOSL

Earnings forecasts bottomed out

FY15 Sensex EPS Revision MOSL Estimates



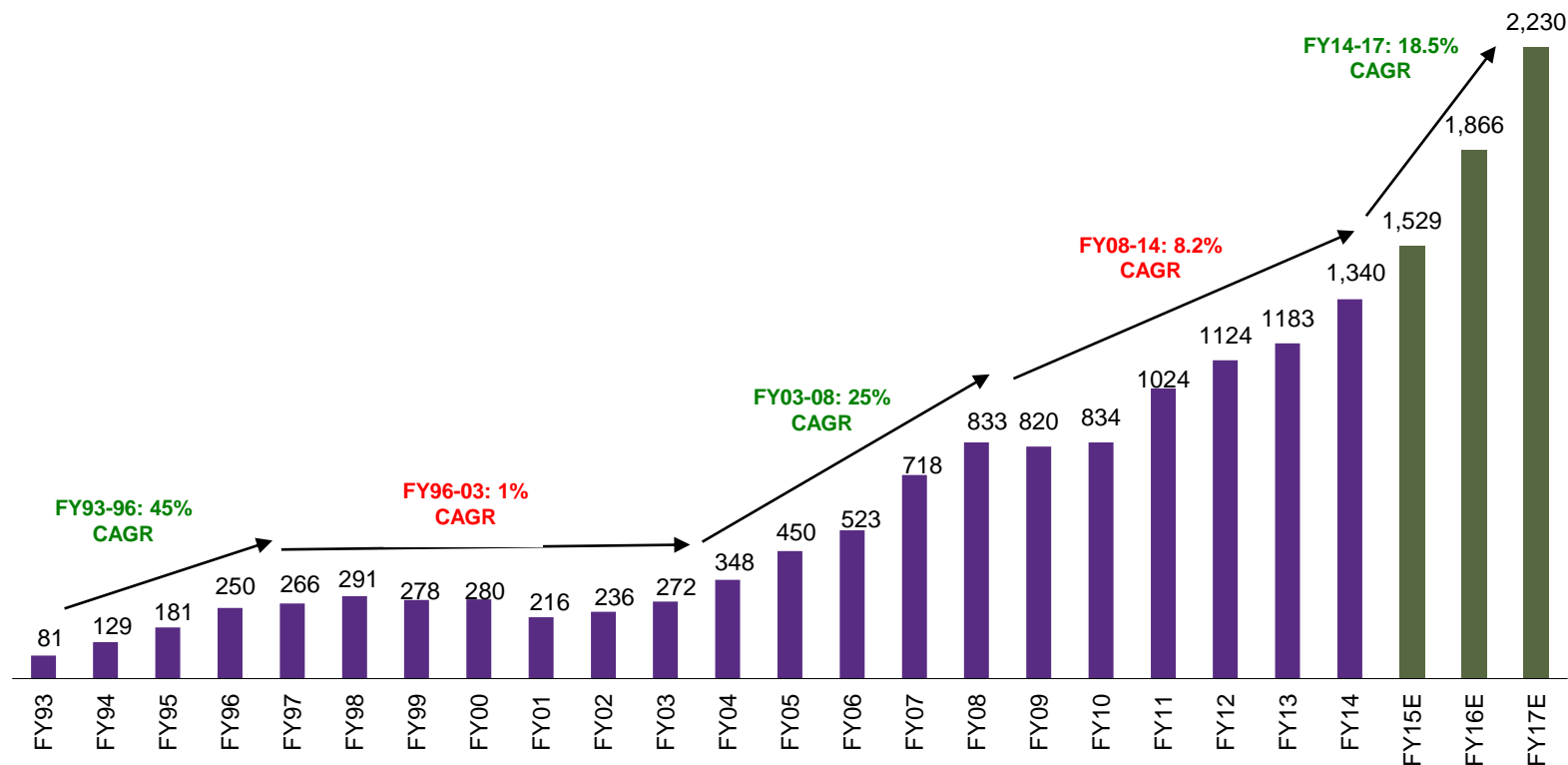
FY16 Sensex EPS Revision MOSL Estimates



Source: Motilal Oswal Securities Ltd, 31 December 2014

EPS growth trajectory- modest but accelerating

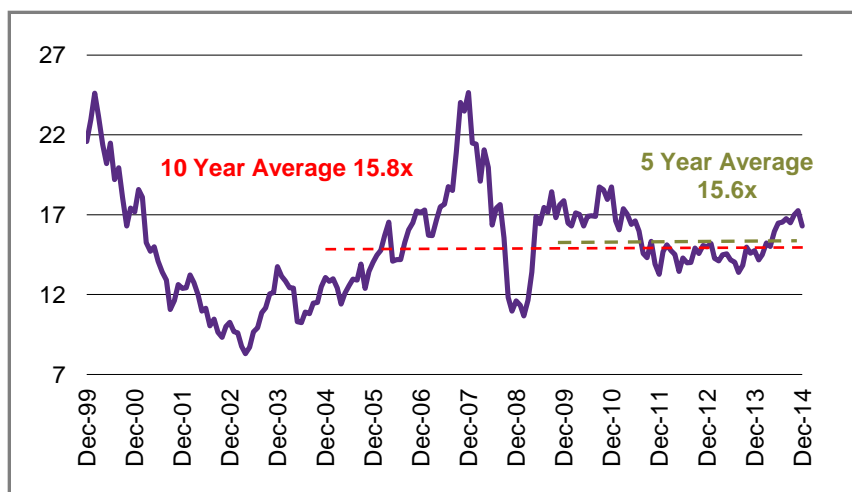
Sensex EPS trend



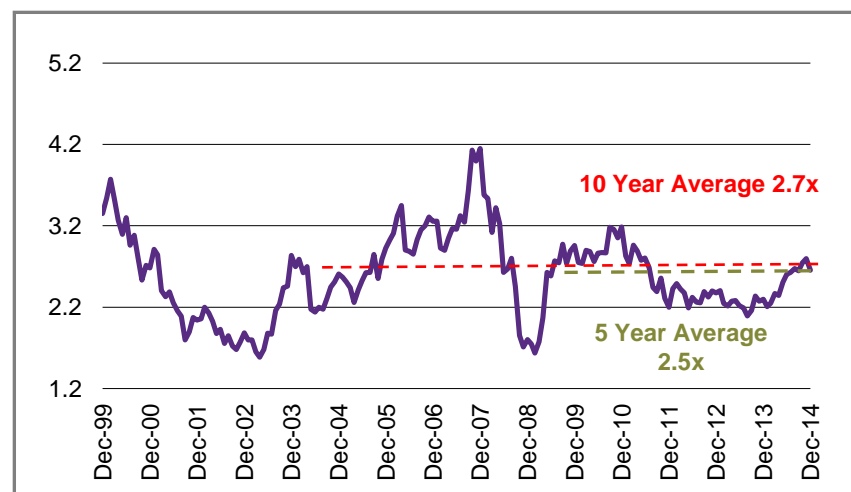
Source: Motilal Oswal Securities Ltd, 31 December 2014

Valuations – Still more room

SENSEX P/E 1 Year Forward (x)

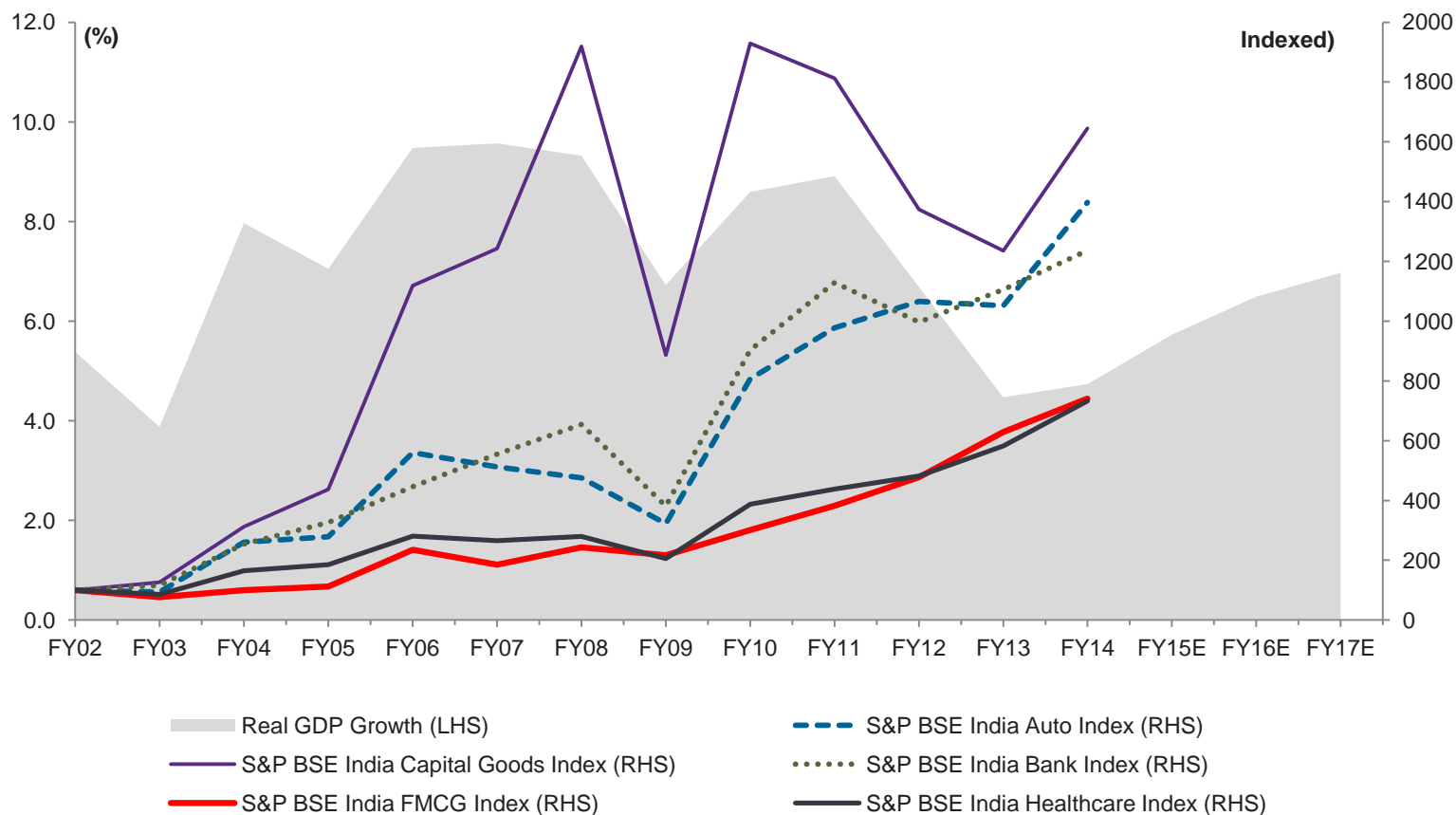


SENSEX P/B 1 Year Forward (x)



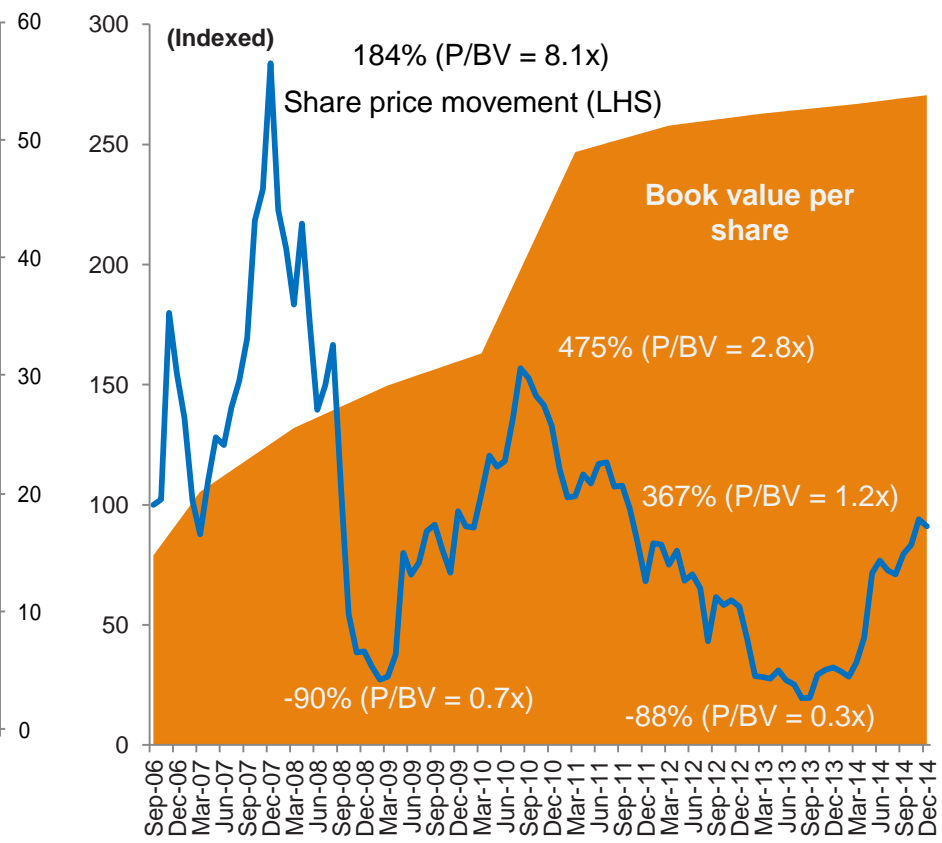
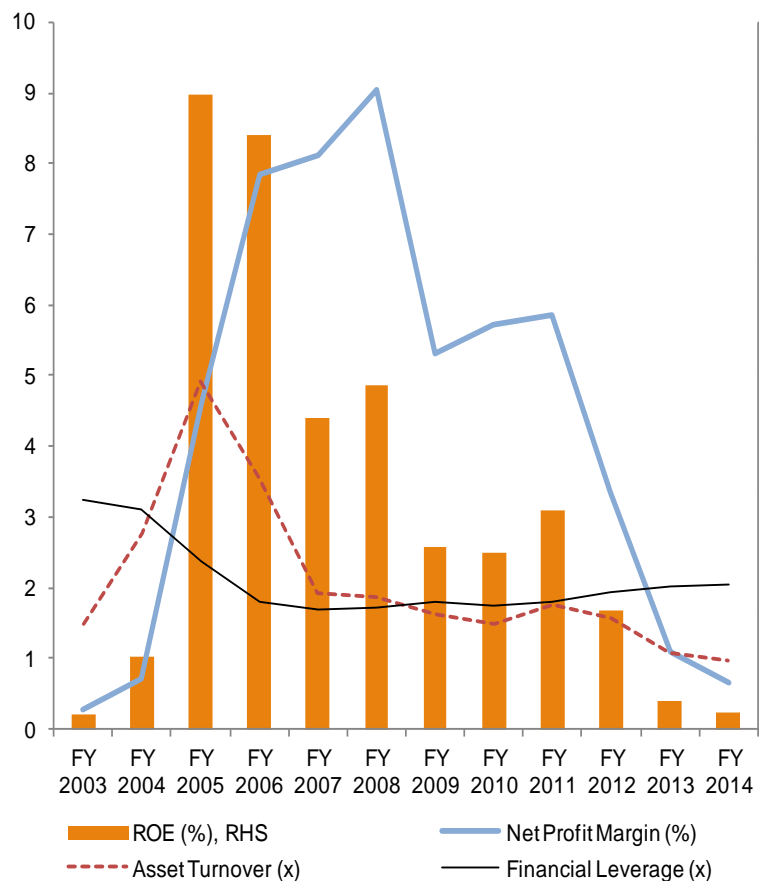
Source: Motilal Oswal Securities Ltd, 31 December 2014

Investment - led sectors tend to outperform during upturn



Source: RBI, Bloomberg, Morgan Stanley Research Estimates

How Industrials behave through the cycle (an illustrative example)



The above example is meant for illustration purposes only and should not be construed as recommendation or investment advice. They may or may not necessarily form part of the portfolios of any funds of JPMorgan Mutual Fund. BV per share is on trailing 12 m basis

Discretionary consumption and Banks cannot be ignored in Economic Resurgence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Ann. Ret	Ann. Vol.
GDP 7.1%	GDP 7.3%	GDP 9.0%	GDP 9.6%	GDP 9.7%	GDP 8.2%	GDP 6.6%	GDP 9.3%	GDP 7.7%	GDP 4.8%	GDP 4.7%	GDP 5.2%	GDP 7.6%	GDP 12.5%
Metal 211.9%	BANKEX 33.0%	Consumer Durables 114.5%	Capital Goods 56.4%	Metal 121.5%	FMCG -14.3%	Metal 233.7%	Consumer Durables 67.9%	FMCG 9.5%	BANKEX 56.7%	IT 59.8%	Consumer Durables 66.2%	Capital Goods 28.7%	Capital Goods 48.4%
Capital Goods 167.8%	Capital Goods 28.5%	Capital Goods 93.7%	IT 40.9%	Capital Goods 117.3%	Healthcare -32.9%	Auto 204.2%	Auto 37.6%	Healthcare -12.8%	FMCG 46.6%	Healthcare 22.6%	BANKEX 65.0%	FMCG 22.0%	Metal 47.9%
Auto 149.5%	IT 26.5%	FMCG 55.6%	Oil & Gas 40.1%	Oil & Gas 115.3%	IT -50.8%	IT 132.8%	Healthcare 34.2%	IT -15.7%	Consumer Durables 46.1%	FMCG 11.0%	Auto 52.0%	Auto 20.7%	Consumer Durables 44.4%
Oil & Gas 127.3%	Healthcare 22.6%	Auto 50.1%	CNX Nifty 39.8%	Consumer Durables 94.6%	CNX Nifty -51.8%	Capital Goods 104.3%	BANKEX 33.4%	Consumer Durables -16.9%	Auto 40.3%	Auto 7.3%	Capital Goods 50.4%	Consumer Durables 20.3%	BANKEX 41.6%
BANKEX 108.5%	Metal 14.4%	IT 42.7%	BANKEX 39.4%	BANKEX 61.1%	BANKEX -52.2%	Consumer Durables 97.8%	FMCG 32.0%	Auto -20.4%	Healthcare 38.5%	CNX Nifty 6.8%	Healthcare 47.4%	BANKEX 19.1%	Auto 32.5%
Healthcare 95.8%	Auto 11.9%	Oil & Gas 40.1%	Metal 39.4%	CNX Nifty 54.8%	Oil & Gas -54.5%	BANKEX 83.9%	IT 31.6%	CNX Nifty -24.6%	Capital Goods 34.7%	Oil & Gas 3.7%	CNX Nifty 36.2%	Healthcare 17.0%	IT 29.7%
Consumer 92.9%	CNX Nifty 10.7%	BANKEX 36.5%	Auto 29.7%	FMCG 19.9%	Auto -56.9%	CNX Nifty 75.8%	CNX Nifty 17.9%	Oil & Gas -29.0%	CNX Nifty 27.7%	Capital Goods -5.6%	FMCG 18.3%	IT 15.0%	Oil & Gas 27.0%
CNX Nifty 71.9%	Consumer 8.0%	CNX Nifty 36.3%	Healthcare 21.7%	Healthcare 16.5%	Capital Goods -65.0%	Oil & Gas 73.1%	Capital Goods 9.2%	BANKEX -31.6%	Metal 19.1%	BANKEX -9.4%	IT 16.5%	CNX Nifty 12.9%	CNX Nifty 25.0%
FMCG 35.4%	Oil & Gas -0.4%	Metal 4.4%	FMCG 17.4%	Auto 2.7%	Consumer Durables -72.5%	Healthcare 69.2%	Oil & Gas 1.2%	Metal -47.2%	Oil & Gas 13.1%	Metal -10.0%	Oil & Gas 12.0%	Oil & Gas 12.1%	Healthcare 23.1%
IT 23.5%	FMCG -4.6%	Healthcare 1.8%	Consumer Durables 9.3%	IT -14.1%	Metal -74.0%	FMCG 40.5%	Metal 1.1%	Capital Goods -47.7%	IT -1.2%	Consumer Durables -24.6%	Metal 7.9%	Metal 5.6%	FMCG 19.2%

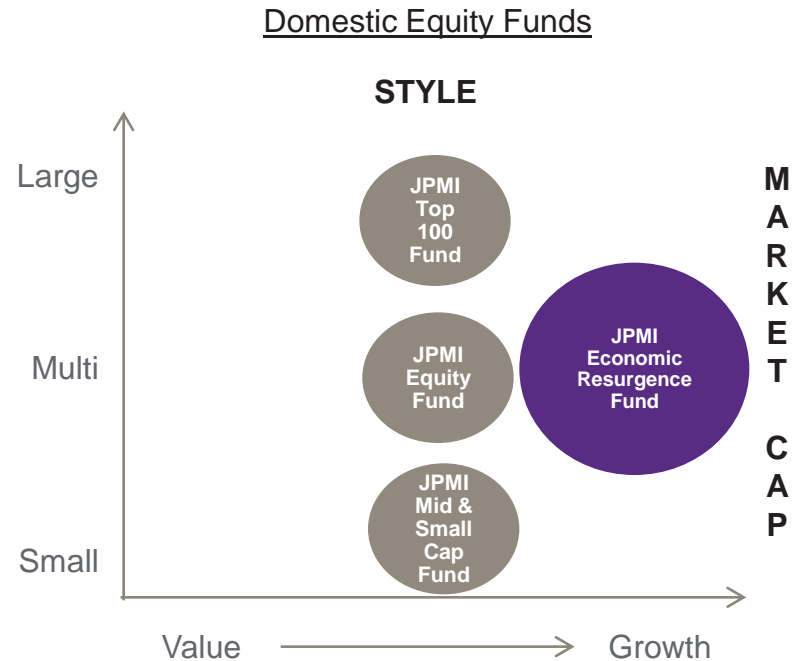
Source: Bombay Stock Exchange, National Stock Exchange of India Ltd, FactSet, J.P. Morgan Asset Management..
2014 GDP is an average of 2014 for the three quarters.

JPMorgan India Economic Resurgence Fund

(An Open-Ended Equity Scheme)

JPMorgan India Economic Resurgence Fund

- Multi cap diversified equity fund
- Best ideas across key sectors benefitting from economic resurgence
- Invests in businesses geared toward cyclical growth acceleration and structural reforms
- High active bets in key sectors
- Suitable for investors with a longer time horizon to even out higher volatility that generally accompanies higher returns



Industrials

Cement

Auto

Financials

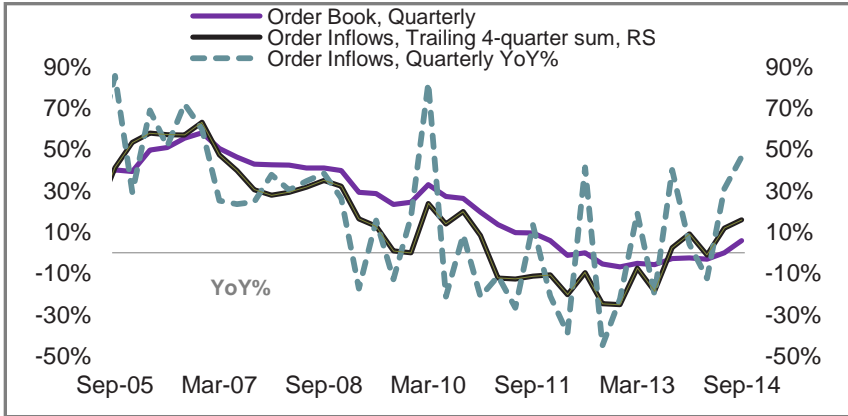
What are we trying to achieve here & how?

- Create a vehicle for investors who wish to benefit from the resurgence in India story driven both by growth upturn and structural reforms
- Focus our bottom up stock picking effort on finding investment ideas primarily in sectors such as industrials, cement, financials and autos
- This fund will likely have high sectoral active bets

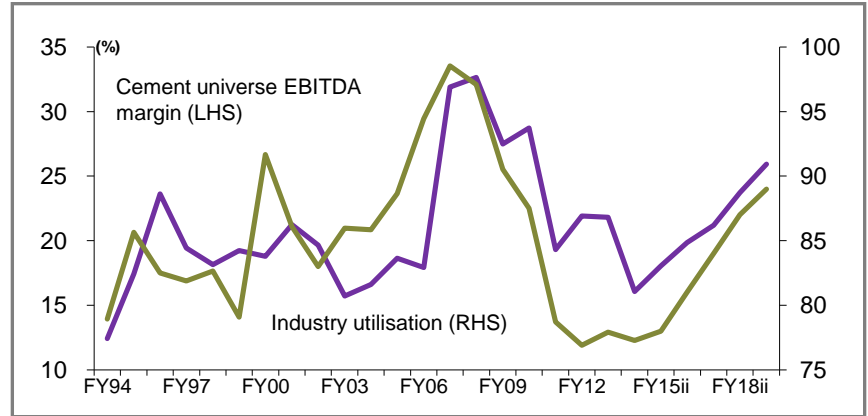
This fund is suitable for investors who aim to gain from impending growth acceleration and reforms to achieve higher risk-adjusted returns

Growth Indicators

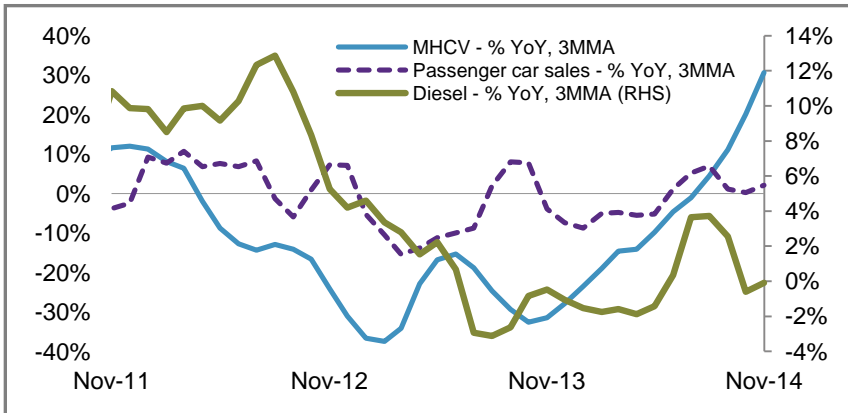
Engineering & Construction Companies Order Book (Quarterly)



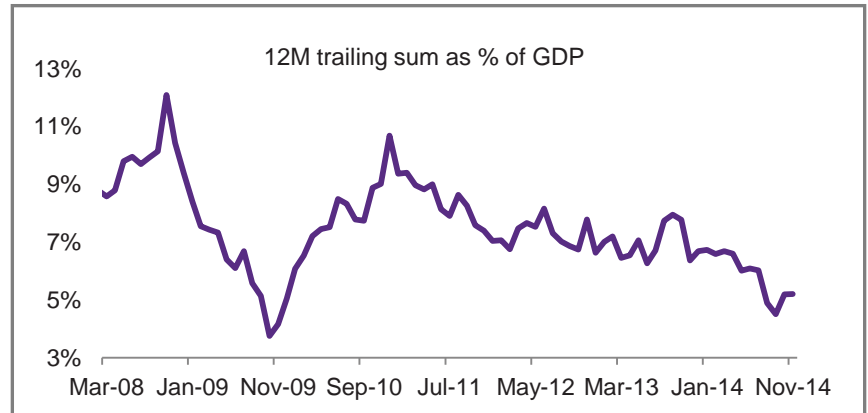
Cement Production



MHCV, Passenger Car Sales & Diesel consumption



Incremental Bank Credit as a % of GDP




Source: CSO, Company Data, CEIC, Capitaline, CMIE, Morgan Stanley Research

Product Features

Scheme Objective	The primary investment objective of the Scheme is to generate long term capital appreciation, from a diversified portfolio that is substantially constituted of equity and equity related securities of companies with focus on riding economic cycles through dynamic allocation between various sectors and stocks at different stages of economic activity. However, there can be no assurance that the investment objective of the Scheme will be realised.
Nature of the Scheme	Open-ended equity scheme
Benchmark	S&P BSE 200 #
Entry Load	NIL
Exit Load	1% if redeemed/switched out within 18 months from the date of allotment
Initial Application Amount	Rs.5,000/- per application and in multiples of Re.1/- thereafter.
Additional Application Amount	Rs.1,000/- per application and in multiples of Re.1/- thereafter.
Amount/No. of Units for Redemption	Rs.1,000/- or 100 Units or the account balance, whichever is lower
SIP Dates (Systematic Investment Plan)	1st, 10th, 15th, 25th of every month
STP Dates (Systematic Transfer Plan)	1st (default), 10th, 15th, 25th of every month
	Frequency - Daily, Weekly, Fortnightly, Monthly (default)
SWP Dates (Systematic Withdrawal Plan)	1st (default), 10th, 15th, 25th of every month
	Frequency - Monthly (default), Quarterly

Product label

Name of the Scheme	This product is suitable for investors who are seeking*:
JPMorgan India Equity Fund Open ended Equity Growth Scheme	<ul style="list-style-type: none"> • Long term capital growth. • Investments predominantly in equity and equity related securities. • High risk  (BROWN)
JPMorgan India Mid and Small Cap Fund Open ended Equity Growth Scheme *Earlier known as JPMorgan India Smaller Companies Fund	<ul style="list-style-type: none"> • Long term capital growth • Investments predominantly in equity and equity related securities focused on smaller companies (generally, the universe will be the companies constituting the bottom fourth by way of market capitalization of stocks listed on the National Stock Exchange or Bombay Stock Exchange.)^ • High Risk  (BROWN)
JPMorgan India Top 100 Fund Open ended Equity Growth Scheme	<ul style="list-style-type: none"> • Long term capital growth. • Investment in equity and equity-related securities of the top 100 largest companies, by market capitalization, listed in India. • High risk  (BROWN)

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

^The Fund Manager may from time to time include other equity and equity related securities outside the universe to achieve optimal portfolio construction

Note: Risk may be represented as:



(BLUE) : investors understand that their principal will be at low risk



(YELLOW) : investors understand that their principal will be at medium risk



(BROWN) : investors understand that their principal will be at high risk

Disclaimers

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The investment strategy stated above may change from time to time without any notice and shall be in accordance with the strategy as mentioned in the Scheme Information Document of the scheme. The views contained herein are not to be taken as an advice or recommendation to buy or sell any investment or interest thereto. Reliance upon information in this material is at the sole discretion of the reader. Any forecasts, figures, opinions, statements of financial market trends or investment techniques and strategies expressed are unless otherwise stated, J.P. Morgan Asset Management’s own at the date of this document. They are considered to be reliable at the time of writing, may not necessarily be all-inclusive and are not guaranteed as to accuracy. They may be subject to change without reference or notification to you. Diversification does not guarantee investment returns and does not eliminate the risk of loss. It should be noted that the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors. Both past performance and yield may not be a reliable guide to future performance.

All case studies are shown for illustrative purposes only and should not be relied upon as advice or interpreted as a recommendation. Results shown are not meant to be representative of actual investment results.

Furthermore, whilst it is the intention to achieve the investment objective of the investment product(s), there can be no assurance that those objectives will be met. Investors are advised to consult their Investment and Tax Advisor before taking any investment decision.

JPMorgan Asset Management India Pvt. Ltd. offers only the units of the schemes under JPMorgan Mutual Fund, a mutual fund registered with SEBI.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

