

JP Morgan Emerging Markets Investment Trust

Global Emerging Markets

Introduction

The Emerging Markets trust focusses on growth opportunities within emerging markets and takes a fundamental bottom-up approach. The team look for businesses with the potential for earnings growth which will then be appreciated by the wider market in order to drive through a change in valuation. The trust has one of the longest established emerging markets team in the industry.



[Click here to read the JPM approach to ESG investing.](#)

Manager - Austin Forey & John Citron

Austin Forey, managing director, is a portfolio manager for the Global Emerging Markets (GEM) Focused strategy within the Emerging Markets and Asia Pacific (EMAP) Equities team based in London. An employee since 1988, Austin has been in his role as a GEM portfolio manager since 1994. Prior to this he worked in the UK team, where he was deputy head of UK research. Before this, Austin worked as a research analyst covering engineering, and subsequently all financial sectors, including property. His other responsibilities included the co-management of a mid-cap investment trust, and two specialist unit trusts. Austin obtained a BA in Modern Languages from Cambridge University and a PhD in Modern Languages from Cambridge University.

John Citron, executive director, is a portfolio manager within the Emerging Markets and Asia Pacific (EMAP) Equities team based in London. An employee since 2009, he previously worked as a research analyst on the EMAP team, responsible for technology and industrial sectors, and before that as a research analyst within the European Equities Research team, responsible for the capital goods, aerospace and defence. John obtained a BA (Honours) in Philosophy, Politics and Economics from Oxford University and is a CFA Charterholder.

Trust Objective

The trust aims to maximise total returns from emerging markets and provides investors with a diversified portfolio of shares in companies which the manager believes offer the most attractive opportunities for growth.

Investment Process

The team work on a bottom-up fundamental stock picking framework. The trust aims to invest in high quality businesses that compound earnings growth over long periods. Analysts undertake fundamental work on companies, completing a 98 question risk profile about the company covering business economics, duration (sustainability of earnings) and governance questions. Approximately half of the questions are around governance and these questions have been used for over a decade.

All analyst work is inputted into a central repository which is accessed by portfolio managers globally. Companies are classified as Premium, Quality, Trading and Structurally Challenged based on the analysts' fundamental work. Analysts input forward return expectations and the companies are ordered by greatest return expectations over a five-year period. The managers believe that five-year expectations are not covered by the wider market, with only shorter-term expectations utilised by the wider market. The managers believe this offers an advantage against the wider market. Expected returns are evaluated through four sources; earnings growth and dividends which are in management's control, and a change in valuation and currency movements which are influenced by the market. The team shortlist around 200 companies, which are primarily in the Premium classification.

Gearing

The trust can use gearing up to 20% of the trusts assets.

Performance Fees

There are no performance fees.

Discount Mechanism

The board will buy back shares when the discount is out of line with the peer group and markets are orderly.

Our View

Austin has been at the helm of the trust for a considerable period of time and the stability this offers cannot be underestimated. The process is integrated, with analysts feeding their notes into the central repository which portfolio managers globally can access. The team's focus on social and governance issues has been a part of the fundamental process for a long time due to the developing nature of these markets. This analysis has been honed over a multi-decade period resulting in the 98 point research document. The ability to look further ahead than the market means the team can be long-term investors in faster growing companies, with longer term growth rates often underestimated by the wider market which gives the manager an edge.

How to Use This Trust: This trust can be used as a core holding for emerging market investors who are able to weather volatility in emerging markets. It can also be blended as a satellite holding for those investors with a lower appetite for volatility. A long-term view would be expected with this trust.

Key Strengths

Business

JP Morgan is one of the largest asset management firms in the world with strong franchises across the banking and financial services sector.

Team

The team consists of 100+ analysts which cover some 1,300 companies across the emerging market universe. The managers and analysts are encouraged to engage in dialogue with one another using a long established framework.

Process

The process focuses on growth companies, looking at companies which can deliver sales and earnings growth. Looking ahead further than the market allows the team to find opportunities which are overlooked by the market.

Product

The trust has been running for over 30 years and the team is one of the longest most established emerging markets teams in the industry.



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