JPMorgan Global Bond Opportunities Fund

APIR: PER0716AU ARSN: 166890517 ISIN: AU60PER07162

Topline

Monthly returns	
*Fund	Benchmark
▲ 0.45%	▲ 0.23%

Benchmark: Bloomberg Barclays Multiverse Index (Total Return Gross) Hedged to AUD

Markets The vaccine roll-out continues at pace, and global growth data has been robust: this month saw a significant upside inflation surprises.

Helped Emerging market (EM) debt, which is performing well given a supportive global growth backdrop.

Hurt Government rates, as our short Treasury exposure impacted given slightly lower yields over the month.

Outlook We expect above-trend growth to persist for the next few months, and expect central banks to remain accommodative – although inflation must be monitored closely.

*Net of fees performance is calculated on Bid - Bid with gross income reinvested, e.g. net of ongoing fees and expenses.

Past performance is not a reliable indicator of current and future results.

Fund overview

Investment objective

To achieve a return in excess of the Bloomberg Barclays Multiverse Index (Total Return Gross) Hedged to AUD ("Benchmark") by investing opportunistically in an unconstrained portfolio of debt securities and currencies, using derivatives where appropriate.

Month in review

- **Emerging market debt** was the main contributor, with all sub-sectors adding to performance. After a challenging first quarter, volatility in EMs has since been subdued, and the growth backdrop is broadly encouraging. Spreads continued to tighten across the sovereign space, and local currency bonds did well, particularly South Africa, Mexico and China. EM currencies provided an additional source of return over the month.
- **Corporate investment grade credit spreads** tightened at the margin, and the sector added to fund performance. Flows continued into the asset class, reflecting strong demand in the US. Supply has slowed down somewhat, and from a fundamental perspective, corporate earnings reports have been very strong.
- **Positive earnings have also helped corporate high yield**, which posted positive returns over the month and contributed modestly to the fund: despite a slight widening of spreads (by around 5 basis points in the US), the carry component added to total returns.
- **Our short exposure to US government rates** was the sole detractor from the fund, impacted by the slight move lower in Treasury yields. This marginal underperformance was offset by our positions in Germany and Canada.
- **Over the month,** we moved net long German Bunds, and further increased our short US Treasury position. We increased our EM currency exposure, rotating within a basket of currencies and shifting half of our short EUR funding position into short CAD. The fund's duration was flat at 3 years.

Looking ahead

- **We expect above-trend growth to continue** as long as the vaccine roll-out progresses and is effective, thus justifying and expanding the economic reopening.
- **While inflation is on the rise**, it is too early to tell whether or not higher prices will persist, and as such, we believe that central banks will remain accommodative for now – although in the US, the Fed could start tentatively signalling a path towards tapering in the coming months.
- **We expect US yields to be biased to the upside**, with European rates relatively anchored.
- **We remain constructive on spread sectors**, particularly select high yield companies and emerging markets, given the supportive growth environment.

Opinions, estimates, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met. Provided for information only, not to be construed as investment recommendation or advice.
All data is sourced by J.P. Morgan Asset Management and is correct as at the date of this commentary.

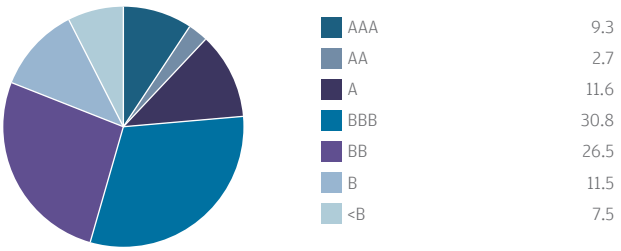
Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
JPMorgan Global Bond Opportunities Fund (Net of Fees)	0.45	0.96	2.17	8.74	5.32	5.04	4.87	5.10
Benchmark	0.23	0.10	-1.60	0.40	3.02	4.01	3.36	4.65
Outperformance (Net of fees)	0.23	0.86	3.77	8.34	2.30	1.04	1.51	0.46

Past performance is not a reliable indicator of current and future results.

Source: J.P. Morgan Asset Management. Bloomberg. Inception date: 20 December 2013. Net of fees performance is calculated on Bid - Bid with gross income reinvested, i.e. net of ongoing fees and expenses. Returns for periods greater than one year are annualised.

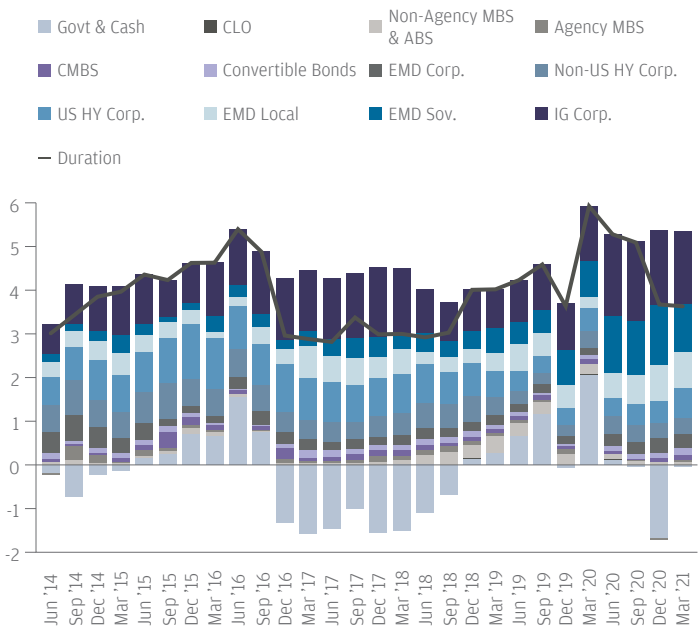
PORTFOLIO RATING DISTRIBUTION (% MARKET VALUE) * (LUX SICAV)



Source: J.P. Morgan Asset Management, as at 31.05.2021.

Cash is included in AAA.

PORTFOLIO WEIGHTED SECTOR ALLOCATION (DURATION, YEARS) * (LUX SICAV)



Source: J.P. Morgan Asset Management, as at 31.03.2021. Empirical duration calculated on daily rolling 3 month data. The fund is an actively managed portfolio; holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the portfolio manager without notice. EMD: Emerging Market Debt, MBS: Mortgage Backed Security, CMBS: Commercial Mortgage-Backed Securities.

*For illustrative purposes only. The JPMorgan Funds - Global Bond Opportunities Fund is a specific portfolio within the JPMorgan Funds, an open-ended investment company organized under Luxembourg law as a societe anonyme qualifying as a SICAV and authorised under Part 1 of the Luxembourg law of 17 December 2010. The Australian registered JPMorgan Global Bond Opportunities Fund is a locally managed fund and the performance of the two funds will differ due to the impact of fees, taxes, currency fluctuations and other factors applicable to the Australian fund which are set out in its Product Disclosure Statement. Past performance is not indicative of future results and performance.

KEY RISKS

The Fund is subject to **Investment risks** and **Other associated risks** from the techniques and securities it uses to seek to achieve its objective. The table on the right explains how these risks relate to each other and the **Outcomes to the Unitholder** that could affect an investment in the Fund. **Please refer to the Product Disclosure Statement and Reference Guide for more information**.

Investment risks *Risks from the Fund's techniques and securities*

Techniques	***Securities***	
Concentration	China	- Investment grade debt
Derivatives	Contingent convertible bonds	- Unrated debt
Hedging	Convertible securities	Emerging markets
Short position	Debt securities	Equities
	- Below investment grade debt	MBS/ABS
	- Government debt	

Other associated risks *Further risks the Fund is exposed to from its use of the techniques and securities above*

Credit	Interest rate	Market
Currency	Liquidity	

Outcomes to the Unitholder *Potential impact of the risks above*

Loss	**Volatility**	**Failure to meet the Fund's objective.**
Unitholder could lose some or all of their money.	Units of the Fund will fluctuate in value.	

NOTES

JPMorgan Global Bond Opportunities Fund ("Fund") will be substantially invested in shares that correspond to the JPMorgan Funds – Global Bond Opportunities Fund ("Underlying Sub-Fund"), a specific portfolio within the JPMorgan Funds, which is an open-ended investment company organised under Luxembourg law as a société anonyme qualifying as a SICAV and authorised under Part I of the Luxembourg law of 17 December 2010. References in this document to the fund managers, and underlying assets or investments of the Fund generally related to the Underlying Sub-Fund's managers and assets.

Net of fees performance is calculated on Bid – Bid with gross income reinvested, e.g. net of ongoing fees and expenses. Adjusted returns have been calculated by JPMAM.

This information has been provided by JPMorgan Asset Management (Australia) Limited (ABN 55143832080) (AFSL 376919), the manager of the fund featured in this document. Perpetual Trust Services Limited (ABN 48 000 142 049) (AFSL 236648) is the fund's Responsible Entity. This document is for information purposes only and should not be taken as containing any financial product advice or recommendation. It does not take into account an individual's financial circumstances. Investors should consider the Product Disclosure Statement of the fund (available from www.jpmorganam.com.au) to understand the various risks associated with investing in the fund and in making any investment decision. Past performance is not a reliable indicator of future performance and investors may not get back the full amount invested. Future performance and return of capital is not guaranteed. Information is considered correct at the time of issue but no liability for errors or omissions will be accepted by JPMorgan Asset Management (Australia) Limited or its affiliates. This document is confidential and intended solely for the person to whom it is provided by the issuer. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our privacy policies at https://am.jpmorgan.com/global/privacy.

All rights reserved.

Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg") are not affiliated with the Manager and do not approve, endorse, review, or recommend the Fund. Bloomberg and the Benchmark are trademarks or service marks of Bloomberg and have been licensed to the Manager. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Benchmark.