JPMorgan Global Bond Opportunities Fund

APIR: PER0716AU ARSN: 166890517 ISIN: AU60PER07162

Topline

Monthly returns	
*Fund	Benchmark
▲ 0.24%	▲ 0.51%

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

Markets Treasury yields fell over the month despite higher inflation, and spread sectors did well as the recovery continued.

Helped Corporate investment grade credit, which continues to bounce back amid strong corporate fundamentals.

Hurt Our short positioning in US government rates, as Treasury yields fell.

Outlook We expect modestly higher yields in economies capable of generating inflation; the strong growth backdrop should be supportive of carry and risk assets.

*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

- **Corporate investment grade** was the largest contributor, as the sector saw strong inflows in the US and spreads tightened by 3 basis points (bps) over the month. The duration component of investment grade credit also helped as rates fell. Fundamentals continue to look supportive amid a strong earnings season.
- **Corporate high yield** also added, across both the US and Europe, as spreads tightened by 29 bps and 7 bps, respectively. Similar to investment grade credit, corporate balance sheets look in good shape and earnings season indicated a strong recovery post-Covid-19.
- **Emerging market debt,** with an attractive carry profile and longer duration, also added as core rates fell. Hard currency led the contribution to returns despite spreads widening modestly.
- **We continue to be short US government rates,**which impacted the fund negatively given the fall in 10-year yields. This was slightly offset by positive performance from our long exposure in Germany, Italy and Canada, where yields also moved lower.
- **EM currencies** also detracted, in particular our ZAR, CNY and IDR positions. Over the month, we increased our short gilt exposure, added exposure to Italy. Duration was reduced from 3 to 2.8 years.

Looking ahead

- **The Fed's recent hawkish shift** has reduced the prospect of runaway inflation, meaning that further moves higher in Treasury yields will likely be driven by the real-yield component of rates.
- **Real yields could rise if growth accelerates** faster than expected and the Fed is forced to act sooner than signalled. This narrative is also likely to spill over to economies capable of generating sustained inflation.
- **In the meantime, vaccinations have broken the link** between case counts and mortality rates (though investors need to consider the tail risks associated with the spread of the Covid-19 Delta variant), and the economic recovery should continue at pace over the next few months.
- **With the Fed seemingly on top of the inflation data** for now, this should remain a stable environment for carry.

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All data is sourced by J.P. Morgan Asset Management and is correct as at the date of this commentary.

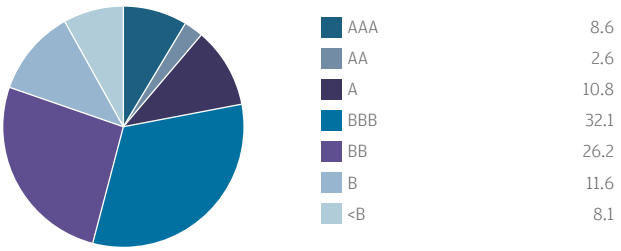
Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
JPMorgan Global Bond Opportunities Fund (Net of Fees)	0.24	1.44	0.97	7.64	4.53	5.28	4.69	5.07
Benchmark	0.51	1.04	-1.43	0.36	2.58	4.13	3.07	4.66
Outperformance (Net of fees)	-0.27	0.40	2.41	7.28	1.95	1.15	1.62	0.41

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

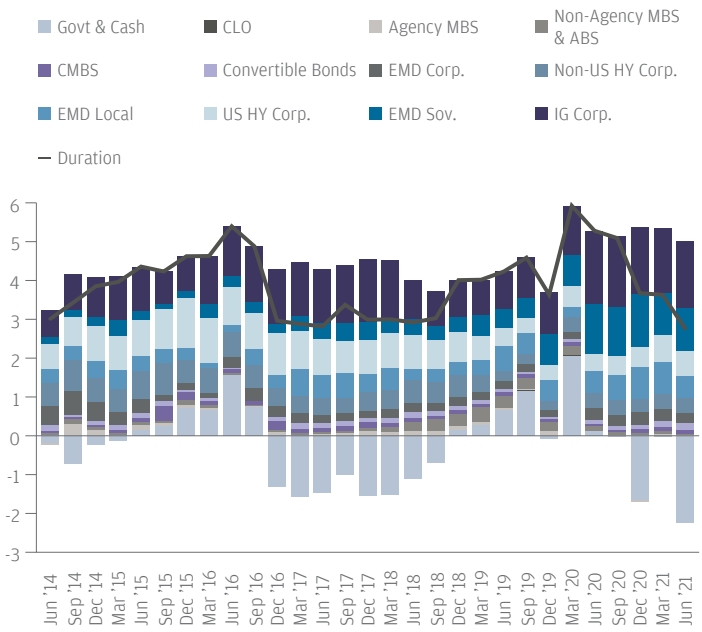
Source: J.P. Morgan Asset Management. Bloomberg. Inception date: 20 December 2013. Net of fees performance is calculated on Bid - Bid with gross income reinvested, i.e. net of ongoing fees and expenses. Returns for periods greater than one year are annualised.

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



Source: J.P. Morgan Asset Management, as at 30.06.2021.
Cash is included in AAA.

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



Source: J.P. Morgan Asset Management, as at 30.06.2021. 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.

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