JPMorgan Global Bond Opportunities Fund

APIR: PER0716AU ARSN: 166890517 ISIN: AU60PER07162

Topline

Monthly returns	
*Fund	Benchmark
▲ 0.05%	▲ 1.19%

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

Markets Growth data remained robust, although sentiment was dented by fears around the Delta variant.

Helped Corporate investment grade credit, helped by the rally in duration.

Hurt Government rates, where our short Treasury positioning detracted.

Outlook Still positioned for above-trend growth, although growth data has likely peaked and the Delta variant presents a risk.

*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

- **The best-performing sector for the fund was corporate investment grade**, which benefitted primarily from the continued rally in rates as corporate fundamentals remained supportive.
- **Emerging market debt** was another key contributor, driven by local currency government bond positions in Indonesia and China. Hard currency bonds also did well, though the return from core rate moves was somewhat offset by some spread widening.
- **Corporate high yield** also added, as the sector remained attractive from a carry perspective, and although spreads widened in light of concerns around the Delta variant and the peak in growth, the move lower in rates was a tailwind. Fundamental strength is still apparent for high yield corporates, as evidenced by corporate earnings. Convertible bonds offset some of the positive performance as the sector sold off in sympathy with equities.
- **Government rates** were a significant detractor from performance, primarily due to our short US rates positioning as yields fell further. Short positioning in the UK and France also dragged on returns. Long exposure in Italy, Canada and Germany slightly offset the negative overall rates contribution.
- **Over the month,** duration was flat at 2.7 years. We reduced effective exposure to emerging market (EM) sovereign and US high yield by adding some CDX protection. We also marginally reduced our EM currency exposure, rotating the funding basket by adding a short NZD position.

Looking ahead

- **The post-peak growth environment still looks robust** by any measure.
- **Although the Delta variant presents a key risk** to economies with less effective vaccines, the move lower in rates, on balance, still appears to be technically driven.
- **The typical summer slowdown is likely to delay any significant catalysts** for a reversal, but as the fourth quarter draws closer, supply picks up in September and the Fed inches closer to announcing some kind of tapering, some of these technical tailwinds to government bonds could start to subside.
- **We remain positioned for a rise in core yields**, and we continue to favour risk assets such as high yield, as corporates stand to benefit from the ongoing economic recovery.

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

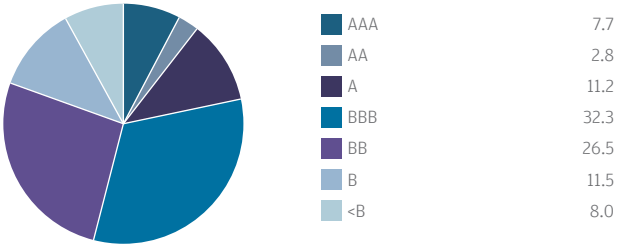
Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
JPMorgan Global Bond Opportunities Fund (Net of Fees)	0.05	0.74	1.11	5.28	4.25	4.86	4.22	5.02
Benchmark	1.19	1.94	0.29	0.43	2.83	4.51	3.15	4.77
Outperformance (Net of fees)	-1.14	-1.20	0.82	4.86	1.42	0.35	1.06	0.25

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

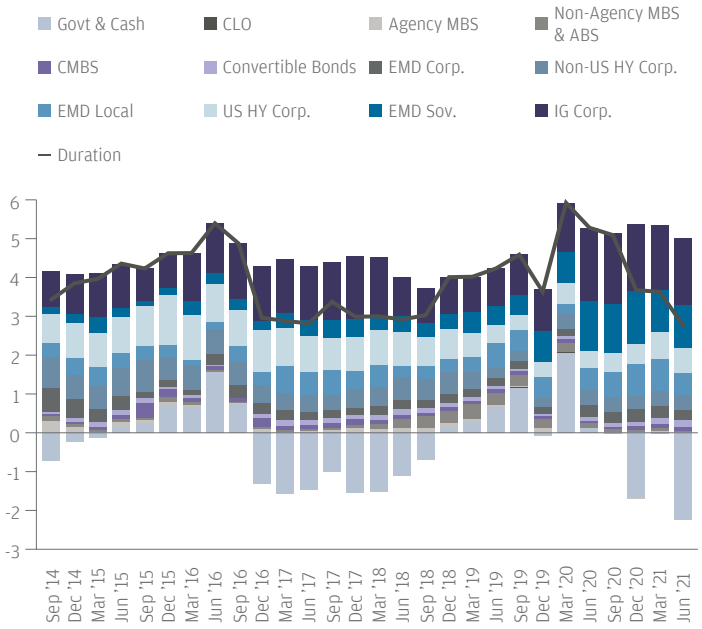
Source: J.P. Morgan Asset Management. Bloomberg. Inception date: 20 December 2013. Net of fees performance is calculated on Bid - Bid with gross income reinvested, i.e. net of ongoing fees and expenses. Returns for periods greater than one year are annualised.

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



Source: J.P. Morgan Asset Management, as at 31.07.2021.
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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