JPMorgan Global Bond Opportunities Fund

APIR: PER0716AU ARSN: 166890517 ISIN: AU60PER07162

Topline

Monthly Total Return	
Fund	Benchmark
▼ -0.45%	▼ -0.29%

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

Markets Growth remained strong, though supply bottlenecks persisted. Central banks turned less dovish, leading to a re-pricing of front-end yields.

Helped Emerging market debt, with select local currency government bond positions doing well.

Hurt Government rates, given the repricing of front-end yields and curve flattening due to less dovish central banks.

Outlook Central banks are likely to continue to withdraw loose policy gradually. While inflation could persist for some time, we do not expect this to hurt corporate profits, so we remain constructive on credit.

*Total Returns are net of ongoing fees and expenses and are calculated on Bid - Bid with gross income reinvested.

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

- **Government rates** were the main detractor as curves flattened, with our short positioning at the longer end of the US curve detracting as front-end yields backed up. Our long Italy exposure also detracted, although we sold our position before the bulk of the spread widening there. Our short UK gilts position offset some of the underperformance, having moved short the UK in expectation of higher rates, and removing our position once we felt markets had appropriately priced future hikes.
- **High yield** exposure also detracted, as markets experienced some faltering risk sentiment after a sustained rally in previous months. Fundamentals remained strong, and as such, this appeared to be a technical sell-off, with spreads widening, particularly in Europe, with an 18 basis point widening as the sector did not participate in the energy sector rally.
- **Investment grade credit** was impacted by marginally higher yields, detracting from the fund, although similarly to high yield, corporate fundamentals remained strong as Q3 earnings came in. Securitised products were another marginal detractor.
- **Emerging market debt** offset some of the underperformance, driven by our positions in local currency government bonds: Indonesia outperformed, while our short positions in lower-yielding Poland, Thailand and Hungary also benefitted the fund. Hard currency sovereigns continued to struggle.
- **Over the month,** we reduced our Italy government bond exposure, took profits on a short gilt position and increased short US Treasury positioning. We rotated our emerging market debt exposure. Fund duration fell from 2.7 to 2.5 years. We added a marginal amount of corporate credit exposure.

Looking ahead

- **Momentum is building** for developed market central banks to withdraw their easy policy. However, we believe that tightening will be incremental and is unlikely to disrupt the economic recovery.
- **We think inflation is unlikely to significantly impact corporate bottom lines**, as companies will be able to pass on higher costs to consumers.
- **Nevertheless, some investors may be looking for a risk hedge** in the event that we see volatility pick up.
- **We favour short US duration positioning**, rather than reducing credit risk, since we remain constructive on high yield and subordinated bank capital.

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.

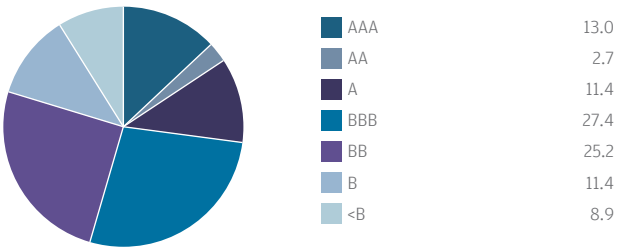
Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
JPMorgan Global Bond Opportunities Fund (Total Return)	-0.45	-0.29	0.45	4.92	3.70	5.07	4.05	4.82
Benchmark	-0.29	-1.43	0.48	-0.67	1.45	4.13	2.98	4.43
Outperformance (Total Return)	-0.16	1.14	-0.03	5.58	2.25	0.94	1.08	0.40

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

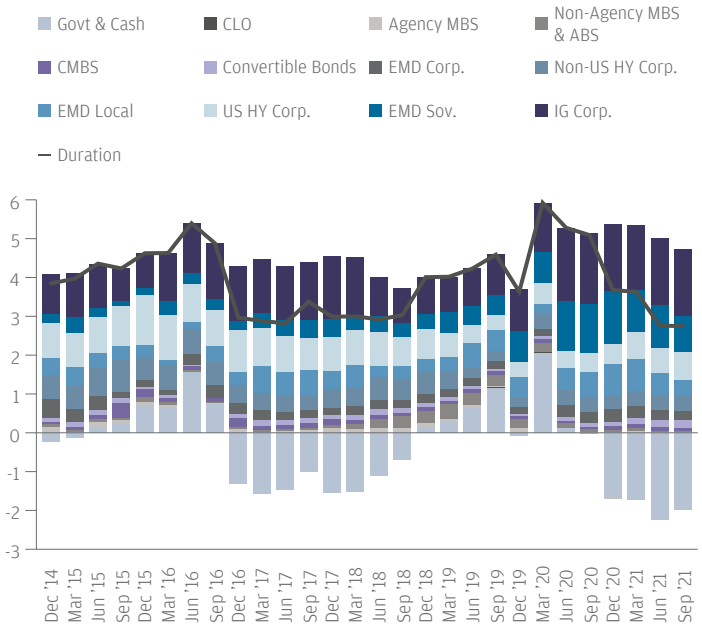
Source: J.P. Morgan Asset Management. Bloomberg. Inception date: 20 December 2013. Total Returns are net of ongoing fees and expenses and are calculated on Bid – Bid with gross income reinvested. Returns for periods greater than one year are annualised.

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



Source: J.P. Morgan Asset Management, as at 31.10.2021.
Cash is included in AAA.

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



Source: J.P. Morgan Asset Management, as at 30.09.2021. 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, Target Market Determination 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.

Total Returns are net of ongoing fees and expenses and are calculated on Bid – Bid with gross income reinvested. Adjusted returns have been calculated by JPMAM.

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