JPMorgan Global Bond Opportunities Fund

APIR: PER0716AU ARSN: 166890517 ISIN: AU60PER07162

Topline

Monthly returns	
*Fund	Benchmark
▲ 1.43%	▲ 0.34%

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

Markets The broad risk rally continued, as vaccine developments progressed and the markets anticipated a clear path to recovery.

Helped All sectors added to performance in December.

Hurt No sectors detracted from performance in the month.

Outlook We expect above-trend growth in 2021. A near-term bounce in inflation is a risk, but we expect low inflation long term.

*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 top contributor, primarily driven by hard-currency sovereigns (as in previous months). China's recovery remained a tailwind for emerging markets, and the announcement of an effective AstraZeneca/Oxford vaccine boosted risk sentiment further. Local bonds also added, with positive contributions from China, Indonesia, Mexico and South Africa. Emerging market currencies were an additional key contributor.
- **Corporate high yield,** to which we have recently increased exposure, benefitted from positive vaccine news, with US high yield accounting for most of the positive return (US high yield spreads tightened by 47 bps).
- **Convertible bonds** also did well as global equities closed the year at new all-time highs.
- **Continued strong technicals** meant that investment grade credit finished 2020 strong, and we also saw a marginal contribution from our Italy (long) and US (short) government rates positions.
- **We marginally added to emerging market bonds** and currencies over the month, reducing our developed market government bond exposure. Duration fell from 3.9 years to 3.7 years. We added some US high yield, funding purchases by trimming some of our asset-backed securities.

Looking ahead

- **We expect above-trend growth in 2021** as more countries gain control of the coronavirus and vaccine distribution begins. This improving backdrop should drive core government bond yields moderately higher, but we believe central banks will not let rates rise too much.
- **The persistent low-rate environment** should continue to drive demand for higher yielding bond markets, such as emerging markets debt and high yield.
- **The biggest risk to our outlook for 2021** centres around the vaccines: any issues with their efficacy or distribution could result in a delay of the economic re-opening and a double-dip recession.
- **We are also mindful of the potential for a temporary bounce in inflation** in the spring (for instance, if the global re-opening creates a demand surge and pushes prices up) and a possible reduction in fiscal support from governments.

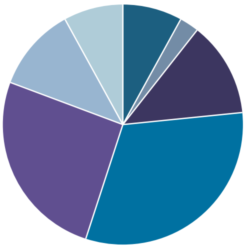
Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
JPMorgan Global Bond Opportunities Fund (Net of Fees)	1.43	4.73	6.61	6.19	7.92	4.32	5.56	5.29
Benchmark	0.34	1.04	1.82	5.07	6.24	4.62	4.74	5.21
Outperformance (Net of fees)	1.09	3.69	4.78	1.12	1.67	-0.31	0.82	0.08

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)

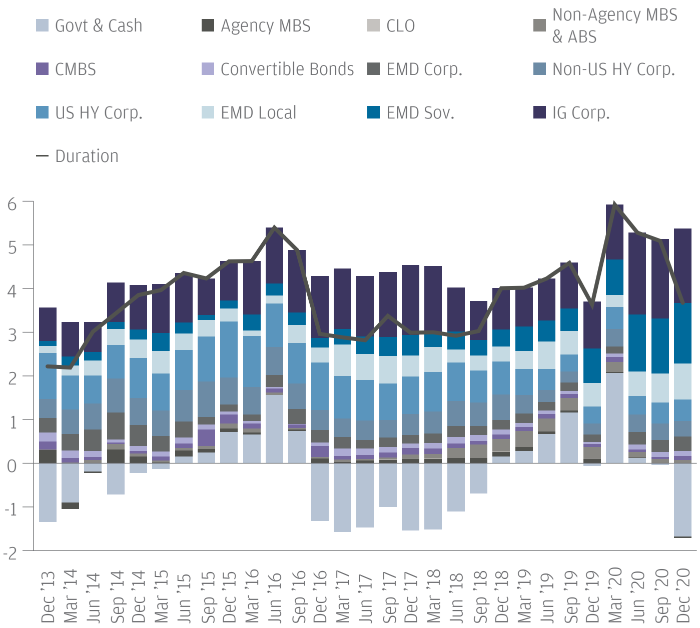


AAA	8.0
AA	2.6
A	12.8
BBB	31.6
BB	25.7
B	11.3
<B	8.0

Source: J.P. Morgan Asset Management, as at 31.12.2020.

Cash is included in AAA.

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



Source: J.P. Morgan Asset Management, as at 31.12.2020. 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.

RISK PROFILE

Medium risk. As the fund substantially invests in debt securities and currencies in a medium risk asset class. This means that the Fund's NAV has shown medium fluctuations historically which impacts the level of returns on an investor's investment.

Please refer to the Product Disclosure Statement and Reference Guide dated 2 December 2019 for more information. Because the fund is flexible and opportunistic, it may be subject to periods of high volatility.

The value of debt securities may change significantly depending on economic and interest rate conditions as well as the credit worthiness of the issuer. Issuers of debt securities may fail to meet payment obligations or the credit rating of debt securities may be downgraded. These risks are typically increased for emerging market and below investment grade debt securities.

In addition, emerging markets may be subject to increased political, regulatory and economic instability, less developed custody and settlement practices, poor transparency and greater financial risks. Emerging market currencies may be subject to volatile price movements. Emerging market and below investment grade debt securities may also be subject to higher volatility and lower liquidity than non emerging market and investment grade debt securities respectively.

Contingent Convertible Securities are likely to be adversely impacted should specific trigger events occur (as specified in the contract terms of the issuing company). This may be as a result of the security converting to equities at a discounted share price, the value of the security being written down, temporarily or permanently, and/or coupon payments ceasing or being deferred.

The credit worthiness of unrated debt securities is not measured by reference to an independent credit rating agency.

Asset-backed and mortgage-backed securities may be highly illiquid, subject to adverse changes to interest rates and to the risk that the payment obligations relating to the underlying asset are not met.

The fund may be concentrated in a limited number of countries, sectors, currencies or issuers and as a result, may be more volatile than more broadly diversified funds.

Convertible bonds are subject to the credit, interest rate and market risks stated above associated with both debt and equity securities, and to risks specific to convertible securities. Convertible bonds may also be subject to lower liquidity than the underlying equity securities.

The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.

The funds use of equity derivatives to manage the portfolio's correlation to equity markets may not always achieve its objective and could adversely affect the return of your investment.

The value of financial derivative instruments can be volatile. This is because a small movement in the value of the underlying asset can cause a large movement in the value of the financial derivative instrument and therefore, investment in such instruments may result in losses in excess of the amount invested by the fund.

The possible loss from taking a short position on an asset may be unlimited as there is no restriction on the price to which a security may rise. The short selling of investments may be subject to changes in regulations, which could adversely impact returns to investors.

Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimise the effect of currency fluctuations may not always be successful.

INVESTOR PROFILE

The fund may be suitable for investors looking for a return in excess of the benchmark through exposure to debt and currency markets globally.

Investors should take a long-term investment horizon.

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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