JPMorgan Global Macro Opportunities Fund

APIR: PER0758AU ARSN: 611865948 ISIN: AU60PER07584

Topline

Monthly Total Return Fund	Benchmark
▼ -0.38%	▲ 0.00%

Benchmark : Bloomberg AusBond Bank Bill Index

Markets Global equity markets ended December in positive territory supported by diminishing concerns about the economic impact of the Omicron variant, while global government bonds moved lower amid more hawkish central bank decisions.

Helped Select long equity exposures, particularly in healthcare, payment companies and US homebuilders, as well as our relative value strategies with a defensive tilt such as long US healthcare versus short US large cap and long EU utilities versus short Europe.

Hurt Equity exposure in higher growth areas including software and consumer discretionary, as well as short-biased equity strategies held for protection, and our long Japanese yen versus short US dollar strategy.

Outlook With incoming information about the Omicron variant indicating less severe downside risks to the outlook, we have added to overall risk levels. However, we continue to closely monitor monetary policy stances among major central banks and developments in economic data.

*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 capital appreciation in excess of its cash benchmark by investing primarily in securities, globally, using financial derivative instruments where appropriate.

Month in review

- **Global equity markets ended December in positive territory,** supported by diminishing concerns about the economic impact of the Omicron variant, while global government bonds moved lower amid more hawkish central bank decisions. The MSCI World Index rose 3.9% and the JPM GBI Index fell 0.9% (hedged to Australian dollar). The fund return was negative.
- **Key central banks continued to adopt a hawkish stance** supported by increased labour market tightening and perceptions that inflationary pressures are more persistent. The US Federal Reserve (Fed) announced plans to accelerate tapering and brought forward expectations for rate hikes, the European Central Bank announced plans to reduce monthly asset purchases over 2022 and the Bank of England raised rates earlier than anticipated. Our long Japanese yen versus short US dollar strategy, introduced to express our view of policy convergence, detracted given a more hawkish than expected Fed. In contrast, policy in China is shifting towards easing with a renewed focus on growth over reform, prompting us to take profit on our long UK versus short basic resources strategy, which had reflected slowing activity.
- **Covid-19 cases reached record highs** although sentiment improved as the month progressed. The emergence of the highly transmissible Omicron strain led to increased market volatility. Global business surveys reflected this near-term disruption, particularly in the services sector. Our relative value strategies with defensive exposures added value, namely our long European utilities strategy versus short Europe and long US healthcare versus short US large cap via equity futures. Our select exposures in healthcare, payment companies and US homebuilders delivered positive returns, providing some cushion to monthly performance.
- **Tighter financial conditions and fading concerns on Omicron severity caused a rotation in equity markets**. The corresponding increase in the cost of capital hurt performance most acutely in secular growth equity, including our tech and consumer names. As real-world data indicated reduced severity and hospitalisation rates for the Omicron variant, sentiment improved as this information lowers the likelihood of tighter mobility restrictions. Our short-biased equity strategies via futures, held to hedge long equity risk, and via options, held for protection, detracted as markets recovered.

Looking ahead

- **We continue to monitor Omicron developments** as the variant spreads across the globe where there are varying vaccination levels and responses from authorities with respect to restrictions. We gained comfort adding back to portfolio risk given indications of reduced severity and avoiding more stringent mobility restrictions, reflecting less pertinent downside risks to the outlook. Equity also looks supported by positive earnings momentum and reasonable valuations.
- **We continue to monitor the persistence of higher inflation and policy responses**, including the impact of the synchronised hawkish shift in monetary policy from many central banks, along with developments in economic data.

J.P.Morgan Asset Management

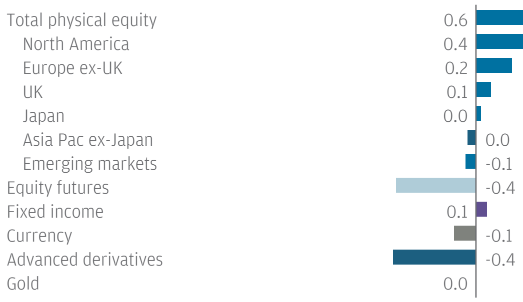
Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
JPMorgan Global Macro Opportunities Fund (Total Return)	-0.38	0.57	0.67	4.86	8.95	6.90	7.63	6.17
Benchmark	0.00	0.01	0.01	0.03	0.20	0.63	1.11	1.20
Outperformance (Total Return)	-0.38	0.56	0.66	4.83	8.76	6.27	6.52	4.97

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

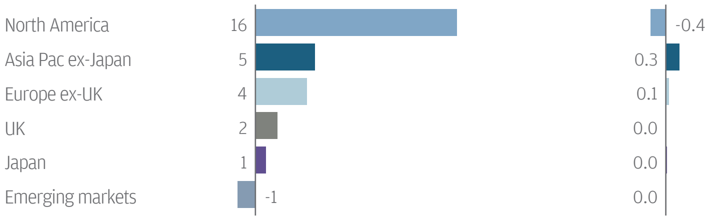
Source: J.P. Morgan Asset Management. Bloomberg. Inception date: 2 May 2016. Total Returns are net of ongoing fees and expenses and are calculated on Bid - Bid with gross income reinvested. Returns for periods greater than one year are annualised.

1 MONTH CONTRIBUTION ANALYSIS (%)



NET EQUITY EXPOSURE (%)

DURATION (YEARS)



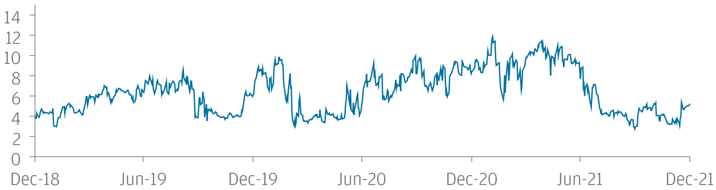
NET EQUITY REGION AND SECTOR POSITIONING (%)

	Asia Pac ex-Japan	Emerging markets	Europe ex-UK	Japan	North America	UK	Sector total
Communication services		0	0		3		**3**
Consumer discretionary		0	1		6	0	**6**
Consumer staples		0	0		0		**0**
Energy		0	0		0		**-1**
Financials	4	0	0		1	0	**6**
Healthcare		0	0		2	2	**4**
Industrials		0	1		0		**0**
Information technology	1	0	-1	1	5		**5**
Materials		0	0		0		**-1**
Real estate		0	0		0		**0**
Utilities		0	4		0		**3**
Region total	**5**	**-1**	**4**	**1**	**16**	**2**	**26**

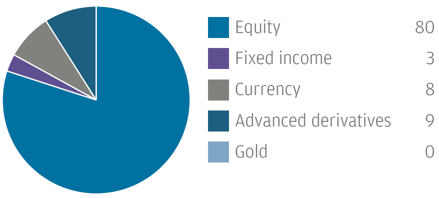
ACTIVE CURRENCY POSITIONS AND GOLD (%)

JPY	EUR	CNH	AUD	ZAR	TWD	USD	Gold
5	5	4	0	-3	-4	-7	0

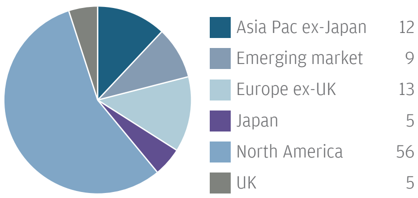
EX-ANTE VOLATILITY (%)



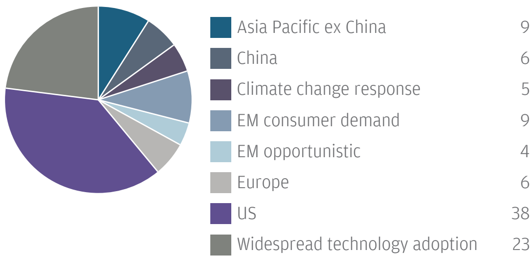
ASSET CLASS RISK (%)



REGIONAL RISK (%)



THEME RISK (%)



Source for all charts: J.P. Morgan Asset Management, as at 31.12.2021. Contribution data based on gross of fees returns. Positioning data rounded to the nearest whole number. Duration excludes inflation and credit default swaps. Values rounded to zero are not included in the equity delta region and sector positioning table. Ex-ante volatility is calculated with a 2-year look back and a 6-month half life (prior to 31 January 2018 a 3-month half life was used). The pie charts represent the standalone volatility of each category as a proportion of the sum of standalone volatilities using two years of 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 Investment Manager without notice.

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	Commodities	- Government debt
Hedging	Convertible securities	- Unrated debt
Short position	Debt securities	Emerging markets
	- Below investment grade debt	Equities

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

Credit	market	Currency
Liquidity	Interest rate	

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