

JPMorgan Global Macro Sustainable Fund

APIR: PER7633AU ARSN: 625091198 ISIN: AU60PER76332

Topline

Benchmark: Bloomberg AusBond Bank Bill Index

Markets Global equity markets rose and government bonds fell amid further improvement in economic and growth activity.

Helped Our long cyclical equity exposures through select names and short US duration strategy.

Hurt Short-bias equity strategies held for protection from an adverse scenario.

Outlook We are closely monitoring the pace of re-opening, the impact of higher yields on markets and any potential upside surprises in inflation as well as the risk of resurgence in virus cases and renewed mobility restrictions.

*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 its cash benchmark by investing globally in a portfolio of Sustainable Securities, currencies and using derivatives where appropriate.

Sustainable Securities are securities from issuers that the Investment Manager believes show effective governance and superior management of environmental and social issues.

Quarter in review

- **Global equity markets rose and government bonds fell amid further** improvement in economic and growth activity. The MSCI World Index was up 4.2% and the JPM GBI Index was down 0.3% (hedged to Australian dollar).
- **Global growth continues to improve** as indicated by purchasing managers' indices, with particular strength in manufacturing and export orders. Investor optimism was further helped by the agreement to deliver a sizeable US fiscal package. In this environment, risk assets performed well and our long equity exposure contributed positively to performance, particularly our select consumer discretionary, industrials and semiconductor names. We also benefitted from our exposure to select US homebuilders, which we introduced against a backdrop of strong demand and structural lack of supply in the US.
- **Monetary policy came into focus** amid the move higher in global bond yields, with most developed market central banks maintaining a dovish message. In addition to the ECB increasing the pace of near-term purchases in its Pandemic Emergency Purchase Programme, the Reserve Bank of Australia re-emphasised its commitment to yield curve control. The US Federal Reserve also delivered a dovish message with no median rate hike over its forecast period in spite of significant upgrades to growth and, to a lesser extent, inflation. However, market expectations for a rate rise consolidated around late 2023. This improved US outlook and monetary policy implications supported introducing a short US duration strategy, some of which is held versus long Australian duration, which added value over the month. We also introduced a long US dollar exposure versus select emerging market currencies to reflect the view of higher yields, in addition to holding diversification benefits.
- **Virus case counts rose in Europe leading to extended lockdown** restrictions across France, Italy and Germany, while vaccine rollouts in the region continued to face delays. This is in contrast to continued positive progress in the US, which benefitted our long US dollar versus short euro options strategy. In the event of greater virus resurgence driven by new variants, we held some protection, predominantly through short-bias equity strategies, which detracted from performance.

Looking ahead

- **We anticipate continued momentum in the medium-term economic recovery** as activity improves amid strong vaccination roll-out progress in developed markets. Growth is further supported by fiscal stimulus and continued accommodative monetary policy, and our positive outlook is reflected in an increased level of portfolio risk with some tilt towards cyclical areas of the equity market.
- **We are closely monitoring the impact of higher yields on markets**, as well as any potential upside surprises in inflation, the risk of greater virus resurgence and any further vaccine delays.

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.

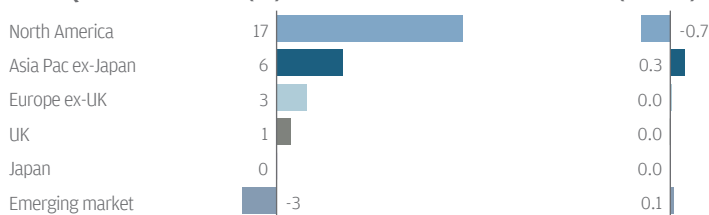
Performance and positioning

As the fund's track record is shorter than one year, performance is currently not available.

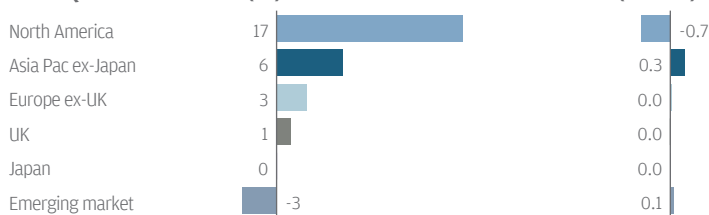
Positive positioning to sustainable securities

	Fund weight (%)	Fund ESG scores	Comparator ESG scores
Equity	47.0	6.5	5.0
Government bonds	53.0	7.2	6.2
Total	100.0	6.9	5.6

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	0	0	1	0	0
Consumer discretionary	1	-1	-1	0	4	0	4
Consumer staples	0	0	0	0	-1	0	-2
Energy	0	0	0	0	0	0	-1
Financials	4	0	2	0	3	0	9
Healthcare	0	0	0	0	0	1	1
Industrials	0	1	1	0	1	0	2
Information technology	1	-1	-1	0	9	0	9
Materials	0	0	-1	0	0	0	-1
Real estate	0	0	0	0	0	0	0
Utilities	0	0	2	0	-1	0	2
Region total	6	-3	3	0	17	1	23

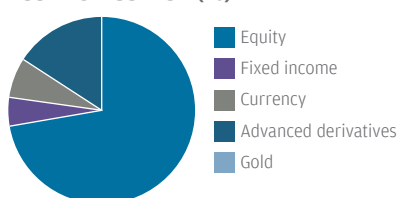
ACTIVE CURRENCY POSITIONS AND GOLD (%)

USD	CNH	NOK	ZAR	AUD	TWD	EUR	Gold
7	3	2	-2	-3	-3	-4	0

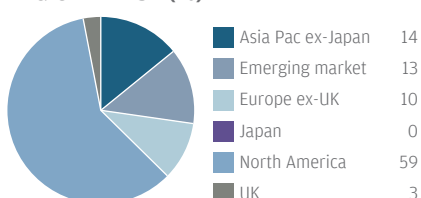
EX-ANTE VOLATILITY (%)



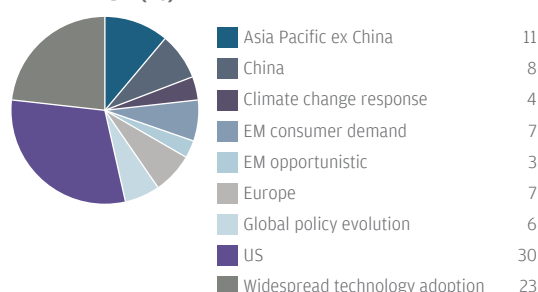
ASSET CLASS RISK (%)



REGIONAL RISK (%)



THEME RISK (%)



Additional source for positive positioning table is MSCI. The comparator ESG scores are the median of the MSCI ACWI for equity and MSCI Country scores for developed and emerging markets (excluding frontier markets) for government debt with the total being the weighted average of the two medians. Equity captures physical equity and single stock options. Government bonds includes physical and long bond futures, including short dated (less than 1-year maturity). Fund weight represents proportion of 100% in equity and government bonds. Source for all charts: J.P. Morgan Asset Management, as at 31.03.2021. 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. 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 and Reference Guide for more information.**

Investment risks *Risks from the Fund's techniques and securities*

Techniques	Securities	
Derivatives	Convertible securities	- Government debt
Concentration	Debt securities	- Unrated debt
Hedging	- Below investment grade debt	Emerging markets
Short position	- Investment grade debt	Equities

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

Credit Liquidity	Interest rate Liquidity	Market
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Outcomes to the Unitholder *Potential impact of the risks above*

Loss Unitholder could lose some or all of their money.	Volatility Units of the Fund will fluctuate in value.	Failure to meet the Fund's objective.
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NOTES

Net of fees performance is calculated on Bid - Bid with gross income reinvested, e.g. net of ongoing fees and expenses.

FX Adjusted returns have been calculated by JPMAM. Blended benchmarks have been calculated by JPMAM.

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