

JPMorgan Global Research Enhanced Index Equity Fund (Hedged)

APIR: PER0715AU ARSN: 166890937 ISIN: AU60PER07154

Topline

Monthly returns *Fund	Benchmark
▲ 2.37%	▲ 2.33%
<p>Benchmark: MSCI World Index (Total Return Net) Hedged to AUD</p> <p>Markets Global equities continued their positive run in August, with the MSCI World Index up 3.0% in EUR terms on a net basis over the month.</p> <p>Helped Stock selection in media and financial services.</p> <p>Hurt Stock selection in industrial cyclical and technology - semi & hardware.</p> <p>Outlook Although global growth momentum has likely peaked in the second quarter, strong economic data, policy support and a successful vaccine roll-out continue to drive fundamentals. While the renewed Covid-19 surge may slow the pace of reopening, it is unlikely to be reversed and the rest of the year should still see a broader recovery across the major developed economies.</p>	

*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 long-term return in excess of the benchmark by investing primarily in a portfolio of companies, globally. The risk characteristics of the portfolio of securities held by the Underlying Sub-Fund will resemble the risk characteristics of the portfolio of securities held in the Benchmark.

Month in review

- **Stock selection was positive in eight of the 19 sectors** in our internal sector classification scheme this month.
- **Our overweight position in Charter Communications**, the US telecoms company and major broadband provider, contributed positively to performance over the month. The company reported positive quarterly results, which saw key metrics such as residential subscription revenue and broadband adds all come in ahead of expectations - all signs management are executing well and setting the stage for growth beyond broadband.
- **An overweight position in Mastercard**, the US payments company, detracted from returns over the month. Despite delivering solid quarterly results ahead of consensus estimates, the stock performed poorly as the forecast for third-quarter operating expenses was higher than expected and concerns regarding a delayed recovery in international travel and business activity weighed on investor sentiment. The company also faced a class action in the UK following a decision by the Competition Appeals Tribunal to allow a GBP 15 billion consumer claim, which was not well received by investors.

Looking ahead

- **Earnings growth should be strong in 2021**, but could slow as profit margins come under pressure next year from higher wages, rising commodity prices and increasing corporate taxes. However, for now, a combination of booming demand and surging productivity continues to bolster profits.
- **The reaction from central banks** on potential further upside surprises on inflation and economic growth will be a key development to watch out for in the coming months.
- **It is crucial to differentiate cyclical from structural headwinds and tailwinds** as the recovery takes shape in 2021.
- **The cyclical environment should continue** to favour earnings momentum in value-style equities - mostly due to higher exposure to cyclical, as well higher operating leverage given the generally lower-margin business models.
- **The fund remains broadly region, sector and style neutral versus the benchmark.** Our focus is on identifying attractive stocks within each sector, in each region to generate incremental excess returns over time. Our process is currently pointing towards above-average levels of these stock opportunities in the marketplace.

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

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
JPMorgan Global Research Enhanced Index Equity Fund (Hedged) (Net of Fees)	2.37	6.35	17.34	29.49	21.06	13.93	14.54	11.38
Benchmark	2.33	6.37	16.69	29.20	20.01	13.25	14.25	11.44
Outperformance (Net of fees)	0.04	-0.02	0.65	0.30	1.04	0.68	0.29	-0.05

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

Source: J.P. Morgan Asset Management. Inception date: 5 May 2015. 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.

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 (from 5th October 2021) and Reference Guide for more information.**

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

Techniques	Securities
Hedging	Equities

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

Currency	Market
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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 Research Enhanced Index Equity Fund and JPMorgan Global Research Enhanced Index Equity Fund (Hedged) ("The Funds") will be substantially invested in shares that correspond to the JPMorgan Funds - Global Research Enhanced Index Equity 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 1 of the Luxembourg law of 17 December 2010. References in this document to the fund managers, and underlying assets or investments of The Funds 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. Blended benchmarks have been calculated by JPMAM.

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