JPMorgan Global Research Enhanced Index Equity Trust - Class A (Hedged) Units

APIR: PER0715AU ARSN: 166890937 ISIN: AU60PER07154

Topline

Monthly Total Return	
Fund	Benchmark
▼ -4.03%	▼ -3.51%

Benchmark : MSCI World ex Australia Index (Total Return Net) hedged to AUD

Markets The third quarter began with some optimism, with a strong rally in global equity markets in July. However, stocks sold off sharply in August and September, ending the third consecutive quarter of the year in negative territory.

Helped Stock selection in pharmaceuticals, biotechnology & life sciences and industrial cyclical.

Hurt Stock selection in financial services and transportation.

Outlook Elevated inflation remains at the centre of market volatility, with investors still concerned that central banks will need to slam hard on the monetary brakes. The resulting combination of rising consumer prices, higher interest rates and dwindling consumer and business sentiment could translate into sluggish economic activity in the months ahead.

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 long-term return in excess of the benchmark; the risk characteristics of the portfolio of securities held by the Fund will resemble the risk characteristics of the portfolio of securities held in the benchmark.

Month in Review

- **Stock selection was the primary driver of performance** and was positive in 10 of the 19 sectors in our internal sector classification scheme this quarter.
- **An overweight position in Deere & Company**, a US-based agricultural heavy machinery and equipment manufacturer, contributed to returns. The company reported third-quarter earnings results that missed market expectations. This was due to weaker margins, with supply chains being cited as the major issue. That said, the demand picture is still solid as farmers' income remains robust and is expected to remain so throughout 2023.
- **An overweight position in Seagate Technology**, a US-based data storage company, detracted from returns. The company downgraded its earnings estimates based on weaker economic trends in certain Asian regions, which have amplified customer inventory corrections and supply-chain disruptions. It also cited observing more cautious buying behaviour among global enterprises and certain US-based cloud customers amid ongoing macroeconomic uncertainties.

Looking Ahead

- **Concerns around inflation remain at the centre of market volatility.** A meaningful decline in government spending relative to revenues will reduce aggregate demand within the economy. Recession fears and declining corporate margins could also reduce capital spending momentum. Therefore, there is a significant risk that the economy may see one or more additional quarters of negative real GDP growth in late 2022 or in 2023.
- **However, the strong labour market and healthy balance sheets** could potentially soften the impact of a recession, unlike in the financial crisis or the global Covid-19 pandemic.
- **While the short-term economic backdrop looks increasingly challenging,** company earnings have held up well so far, with profit forecasts remaining stable. After a jump of more than 50% last year, we see global profits rising another 7% this year and expanding modestly in 2023.
- **It has already been a very tough year for investors.** A painful sell-off in financial assets has led to much better valuations versus the start of the year. We believe equity markets could now offer an attractive entry point to the long-term investor.
- **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.

Performance

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
Fund	-8.51	-4.03	-19.39	-16.32	4.21	5.34	6.14	6.63
Benchmark	-8.91	-3.51	-19.57	-17.50	3.33	4.28	5.56	6.49
Outperformance (Total Return)	0.40	-0.52	0.19	1.17	0.88	1.06	0.58	0.14

Past performance is not a reliable indicator of current and future results.
Source: J.P. Morgan Asset Management. Inception date: 05.05.2015. 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.
The Excess returns are calculated Arithmetically.

Key Risks

It is important to understand that the value of investments may rise or fall, investment returns are not guaranteed and it is possible that investors may lose their money. Theappropriate level of risk for each person depends on a range of factors, including age, investment timeframe and the investor's risk profile. For more detailed information relatingto the risks of the Fund, please refer to the relevant Product Disclosure Statement and Target Market Determination available on the website.

Notes

The JPMorgan Global Research Enhanced Index Equity Trust invests directly in the underlying securities and offers 2 asset classes of units: JPMorgan Global Research Enhanced Index Equity Trust - Class A and JPMorgan Global Research Enhanced Index Equity Trust Class A (Hedged).

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. Blended benchmarks have been calculated by JPMAM.

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