

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

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Topline

Monthly Total Return

Fund	Benchmark
▲ 5.58%	▲ 5.43%

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

Markets Global equities performed strongly over the month as investors reacted positively to signs that inflationary pressures are moderating, which may slow the pace of interest-rate hikes from major central banks.

Helped Stock selection in technology, particularly semiconductors & hardware, and financial services.

Hurt Stock selection in health services & systems and pharmaceuticals, biotechnology & life sciences.

Outlook Even though the latest datapoints suggest that inflation is receding, the aggressive monetary policy response from central banks has started impacting economic growth. The resulting combination of elevated prices, higher interest rates, sluggish consumer spending, a meaningful decline in government spending and dwindling business sentiment means that most major developed economies could see one or two quarters of negative real GDP growth in the year 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 13 of the 19 sectors in our internal sector classification scheme this month.
- **An overweight in NXP Semiconductors**, a Dutch semiconductor designer and manufacturer, contributed to results. The share price recovered from the short-term weakness linked to the cautious earnings outlook.
- **An underweight in Broadcom**, a US semiconductor and infrastructure software provider, detracted from relative returns. The share price rose as the company's proposed acquisition of cloud software company VMware was approved by the target's shareholders.

Looking Ahead

- **While we see global profits expanding modestly in 2022**, the first cracks are starting to appear. We now expect a moderate decline in global earnings in 2023.
- **However, if we have a recession, it is likely to be a mild one** as pent-up demand for labour, a lack of over-building in the most cyclical sectors of the economy, healthy bank balance sheets and an absence, so far, of some new macroeconomic shock seem to provide some protection against a worse outcome.
- **As long as inflation is headed in the right direction**, together with more obvious signs of economic weakness, central banks should be able to suspend further rate hikes early next year.
- **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.

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
Fund	5.58	3.61	-0.60	-9.42	6.66	7.82	7.83	8.24
Benchmark	5.43	2.97	-0.46	-10.26	5.61	6.77	7.24	8.08
Outperformance (Total Return)	0.15	0.64	-0.15	0.83	1.05	1.05	0.60	0.16

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. The appropriate 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 relating to 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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