

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

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## Topline

Monthly Total Return	
Fund	Benchmark
▼ -1.59%	▼ -1.63%
<b>Benchmark :</b> MSCI World ex Australia Index (Total Return Net) hedged to AUD	
<b>Markets</b> After a strong start to 2023, global equities pared back some of these gains in February as better-than-expected economic indicators stoked worries that interest rates could stay higher for longer.	
<b>Helped</b> Stock selection in insurance and industrial cyclical.	
<b>Hurt</b> Stock selection in transportation and technology – semi & hardware.	
<b>Outlook</b> An improvement in the near-term global economic outlook caused markets to price in expectations that rates would need to remain higher for longer in order to bring inflation back towards target. Despite having positive near-term economic momentum, we still expect moderate decline in global earnings in 2023 due to elevated interest rates and the ongoing uncertainty about the trajectory of future interest rates.	

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 month.
- **An overweight position in BP**, the oil major, contributed to relative returns. Shares surged after they announced less money would be spent on low returns projects and more would be returned to shareholders.
- **An overweight position in ConocoPhillips**, an American energy company, detracted from returns over the month. While results were broadly in-line with consensus expectations, the share price fell in reaction to the scaling back of the Alaska/Willow project compared to previous guidance.

## Looking Ahead

- **While inflation continues to remain above central banks' targets**, we believe that inflation could start to moderate as the latest resilient economic data should give more room for central banks to fight against inflation. The risk for the economy overall is that continued monetary and fiscal tightening could hamper consumer spending and weaken business fixed investment, impacting the aggregate demand within the economy. Therefore, current economic improvements could be a flattering measure of economic momentum and the picture might likely look a lot more different by the middle of the year.
- **The pent-up demand for labour**, the lack of over-building in the most cyclical sectors of the economy, healthy bank balance sheets and the absence, so far, of some new macroeconomic shock, does seem to provide some protection against a worse outcome.
- **Further near-term tightening of policy rates** will lead to more obvious signs of economic weakness and if that transpires, central banks will have to reverse course and set the stage for a new multi-year period of low long-term interest rates supporting equity markets.
- **Even though a recession may not be imminent in 2023**, risks around the growth outlook continue to remain high. Nevertheless, the current lower level of equity valuations compared to the beginning of 2022 means that markets might be less vulnerable to risks, including a recession, earning downgrades or higher interest rates.
- **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	-1.59	-0.98	2.60	-5.61	3.46	10.63	7.12	7.84
Benchmark	-1.63	-0.93	2.01	-5.74	2.45	9.70	6.49	7.69
Outperformance (Total Return)	0.04	-0.05	0.59	0.13	1.01	0.93	0.63	0.15

**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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