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

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Topline

Quarterly returns

Fund	Benchmark
▲ 7.49%	▲ 7.05%

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

Review Global equities rallied during the second quarter, helped by the fact that the much-anticipated rise in developed world unemployment is yet to materialise, along with optimism that US inflation might be able to moderate significantly without the need for a rise in unemployment. Positive sentiment around artificial intelligence (AI) boosted performance for some of the world's largest stocks.

Helped Stock selection in media and retail.

Hurt Stock selection in technology - semiconductors & hardware and insurance.

Outlook After a challenging 2022, global equities gained in the first half of 2023, despite a few wobbles at the beginning. Even though various macroeconomic indicators suggest signs of diminishing economic momentum, investors see recession being pushed ahead, considering the resilient labour market. While we believe that recession risk remains, current valuations continue to look attractive compared to lofty levels at the end of 2021, which suggest reasonable returns ahead for patient investors.

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.

Investor profile

This product is likely to be appropriate for a consumer seeking capital growth, to be used as a core component within a portfolio where the consumer has a high risk/return profile and needs daily access to capital. The minimum suggested time frame for holding investments in the Fund is 5 years.

Quarter in Review

- **Stock selection was the primary driver of performance and was positive** in 12 of the 19 sectors in our internal sector classification scheme this quarter.
- **An underweight position in Walt Disney**, a US-based mass media and entertainment conglomerate, contributed to relative returns over the quarter. The company reported mixed results and guidance in their latest quarterly earnings results. Although the CEO is implementing necessary changes to improve productivity and efficiencies, Walt Disney is facing challenges, along with its traditional media peers. The company saw losses in subscribers for Disney+ in its key market, the US, and Disney's linear networks continue to witness an acceleration in subscriber declines.
- **An overweight position in AbbVie**, a US-based pharmaceutical company, detracted from performance over the quarter. The stock declined on account of weak quarterly results, as revenues declined significantly for its two products, Rinvoq and Skyrizi. The overall combined miss for both products was about USD 100 million, or about 5% of combined sales, but was largely driven by one-off factors.

Looking Ahead

- **Consumers continue to feel the lagged effects** of less fiscal stimulus and higher inflation. Increased caution among lenders and slowing corporate profits could constrain capital expenditure. Corporate profits have held up well in 2022, after an extraordinary surge in 2021, but margins are now starting to decline for many companies, and we expect weaker profits in 2023.
- **Recent data points suggest that inflation has likely peaked** and is gradually falling to more manageable levels. As inflation pressures subside and fading business and consumer spending pose risks to the global outlook, central banks may have to reverse course and set the stage for a new multi-year period of lower long-term interest rates.
- **Against this backdrop, we would caution** against positioning portfolios with too much concentration in any single equity region. Our highest conviction view is that markets will reward companies with stronger quality credentials, such as robust balance sheets and management teams with deep experience through multiple cycles.
- **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	5.57	7.49	15.37	18.50	2.48	13.12	9.13	8.78
Benchmark	5.59	7.05	14.69	18.60	1.50	12.16	8.38	8.59
Outperformance (Total Return)	-0.02	0.44	0.68	-0.10	0.98	0.96	0.76	0.19

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

General Disclosures
Before investing, obtain and review the Product Disclosure Statement of the Fund and Target Market Determination which have been issued by Perpetual Trust Services Limited, ABN 48 000 142 049, AFSL 236648, as the responsible entity of the fund available on https://am.jpmorgan.com/au to understand the various risks associated with investing in the Fund and in making any investment decision. Past performance is not a reliable indicator of future performance and investors may not get back the full amount invested. Future performance and return of capital is not guaranteed. Information is considered correct at the time of issue but no liability for errors or omissions will be accepted by JPMorgan Asset Management (Australia) Limited or its affiliates. This document is intended solely for the person to whom it is provided by the issuer. Positive yield does not imply positive returns. Yields are not guaranteed. Fund holdings and performance are likely to have changed since the report date. No provider of information presented here, including index and ratings information, is liable for damages or losses of any type arising from use of their information.

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