

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

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## Topline

### Quarterly returns

Fund	Benchmark
▼ -2.73%	▼ -2.87%

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

**Markets** Following a robust rally for stocks in the first half of 2023, global equities declined in the third quarter. A rise in bond yields, headwinds to the global growth outlook from a slower-than-expected economic recovery in China and a tighter oil supply weighed on investor sentiment.

**Helped** Stock selection in industrial cyclical and pharmaceuticals/medical technology.

**Hurt** Stock selection in technology, particularly semiconductors & hardware, and transportation.

**Outlook** Despite widespread pessimism about the economic outlook, equities have had a good year so far as moderating inflation and relatively better economic growth have helped fuel optimism for a soft landing. However, as various macroeconomic indicators continue to suggest signs of diminishing economic momentum, we have a somewhat conservative outlook. Nevertheless, current valuations continue to look more attractive compared to the lofty levels at the end of 2021, which suggests 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 positive in 10 of the 19 sectors** in our internal sector classification scheme during the quarter.
- **An overweight position in AbbVie**, a US-based pharmaceutical company, contributed to performance over the quarter. The stock gained as the company reported strong quarterly results ahead of consensus estimates in both revenue and net income. The management also raised its guidance and expressed confidence in raising it further in 2024.
- **Our underweight position in Amgen**, a US multinational biopharmaceutical company, detracted from relative returns over the quarter. The stock gained after the company posted strong quarterly results that saw it beat expectations on generally strong product revenues across the board. Revenues grew, with lower operating expenses and higher non-operating expenses. The management also raised its full-year guidance, which was received well by investors.

## Looking Ahead

- **The risks to the global economy have certainly not disappeared.** Uncertainty over profits, the dynamics of the post-Covid economy and the extraordinary surge in corporate profits are still complicated and make forecasting unusually difficult.
- **Recent data points suggest that inflation has likely peaked** and is gradually falling to more manageable levels. While we believe that recession risk remains, an economic slowdown may still be relatively shallow in depth and short in duration.
- **Against this backdrop, we would caution** against positioning portfolios with too much concentration in any single equity region. Within equities, investors may want to lean into international markets and focus on finding attractively valued companies poised to drive long-run returns, diverting some focus away from the top few stocks that have driven this year's gains.
- **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	-3.78	-2.73	4.56	20.12	0.26	9.27	7.50	8.15
Benchmark	-3.77	-2.87	3.98	19.39	-0.75	8.43	6.70	7.95
Outperformance (Total Return)	-0.01	0.14	0.58	0.72	1.01	0.84	0.79	0.20

### 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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**Further Information:** For further information please email us at [jpmorgan.funds.au@jpmorgan.com](mailto:jpmorgan.funds.au@jpmorgan.com), telephone 1800 576 468 or visit our website <https://am.jpmorgan.com/au>

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