

# JPMorgan Global Research Enhanced Index Equity Fund (Hedged)

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## Topline

Monthly Total Return Fund	Benchmark
▲ 4.26%	▲ 3.91%
<p><b>Benchmark :</b> MSCI World Index (Total Return Net) Hedged to AUD</p> <p><b>Markets</b> Global equities rallied strongly in October, with the MSCI World Index gaining 5.8% in EUR terms over the month.</p> <p><b>Helped</b> Stock selection in technology - software and health services &amp; systems.</p> <p><b>Hurt</b> Stock selection in automobiles &amp; auto part and technology - semi &amp; hardware.</p> <p><b>Outlook</b> Although global growth momentum has likely peaked in the second quarter, strong economic data, policy support and a successful vaccine roll-outs continue to drive fundamentals. While the renewed Covid-19 surge may slow the pace of reopening, it is unlikely to be reversed and we should still see a broader recovery across the major developed economies.</p>	

\*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 by investing primarily in a portfolio of companies, globally. The risk characteristics of the portfolio of securities held by the Underlying Sub-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 12 of the 19 sectors in our internal sector classification scheme this month.
- **An overweight position in Norfolk Southern**, the US-based transportation company, contributed to returns. The stock rallied after the company reported Q3 2021 earnings above expectations, with all of its business segments beating expectations, despite significant supply chain disruptions.
- **Our overweight position in Volkswagen**, a Germany-based auto manufacturing company, detracted from returns over the month. The company cut its outlook for deliveries, toned down sales expectations and warned of job cuts as a shortage of computer chips caused Europe's largest carmaker to report lower-than-expected operating profit for the third quarter.

## Looking ahead

- **Earnings growth should be strong this year and next**, but could slow as profit margins come under pressure from higher wages, higher commodity prices and increasing corporate taxes. However, for now, a combination of booming demand and surging productivity continues to bolster profits.
- **As central banks view some of the recent drivers of higher inflation as “sticky”** and the progress towards full employment seems encouraging, we can expect policy normalisation cycle to start in the coming months.
- **It is crucial to differentiate cyclical from structural headwinds and tailwinds** as the recovery takes shape.
- **Strong economic growth** accompanied by still relatively accommodative monetary policy will provide support to equity markets.
- **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
<b>JPMorgan Global Research Enhanced Index Equity Fund (Hedged) (Total Return)</b>	4.26	3.75	9.15	41.26	19.54	16.91	14.97	11.31
<b>Benchmark</b>	3.91	3.52	8.84	40.06	18.45	16.04	14.60	11.33
<b>Outperformance (Total Return)</b>	0.35	0.23	0.31	1.19	1.09	0.86	0.37	-0.02

### Past performance is not a reliable indicator of current and future results.

Source: J.P. Morgan Asset Management. Inception date: 5 May 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.

### KEY RISKS

The Fund is subject to **Investment risks** and **Other associated risks** from the techniques and securities it uses to seek to achieve its objective. The table on the right explains how these risks relate to each other and the **Outcomes to the Unitholder** that could affect an investment in the Fund. **Please refer to the Product Disclosure Statement, Target Market Determination and Reference Guide for more information.**

### Investment risks *Risks from the Fund's techniques and securities*

<b>Techniques</b>	<b>Securities</b>
Hedging	Equities

### Other associated risks *Further risks the Fund is exposed to from its use of the techniques and securities above*

Currency	Market
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### Outcomes to the Unitholder *Potential impact of the risks above*

<b>Loss</b>	<b>Volatility</b>	<b>Failure to meet the Fund's objective.</b>
Unitholder could lose some or all of their money.	Units of the Fund will fluctuate in value.	

### NOTES

JPMorgan Global Research Enhanced Index Equity Fund and JPMorgan Global Research Enhanced Index Equity Fund (Hedged) ("The Funds") will be substantially invested in shares that correspond to the JPMorgan Funds - Global Research Enhanced Index Equity Fund ("Underlying Sub-Fund"), a specific portfolio within the JPMorgan Funds, which is an open-ended investment company organised under Luxembourg law as a société anonyme qualifying as a SICAV and authorised under Part 1 of the Luxembourg law of 17 December 2010. References in this document to the fund managers, and underlying assets or investments of The Funds generally related to the Underlying Sub-Fund's managers and assets.

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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