

# JPMorgan Global Research Enhanced Index Equity Fund (Hedged)

APIR: PER0715AU ARSN: 166890937 ISIN: AU60PER07154

## Topline

| Monthly Total Return Fund   | Benchmark |
|---|-----------|
| ▼ -16.00%   | ▼ -16.65% |
| <p><b>Benchmark :</b> MSCI World Index (Total Return Net) Hedged to AUD</p> <p><b>Markets</b> After what had already been a tough start to the year, global equities had another difficult quarter, with the MSCI World Index losing 14.3% and the MSCI ACWI Index losing 13.6% in local currency terms.</p> <p><b>Helped</b> Stock selection in pharmaceuticals, biotechnology &amp; life sciences and health services &amp; systems.</p> <p><b>Hurt</b> Stock selection in media and consumer staples.</p> <p><b>Outlook</b> Elevated inflation, soaring commodity prices and a material shift in the path of monetary policy continue to pose challenges to global growth. The resulting combination of rising consumer prices and higher interest rates will likely cause economic activity to slow during the second half of the year.</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.

## Quarter in review

- **Stock selection** was the primary driver of performance and was positive in 11 of the 19 sectors in our internal sector classification scheme this quarter.
- **Our overweight to Bristol Myers Squibb**, an American pharmaceutical company, contributed to returns over the quarter. The company received approval for a hotly anticipated cardiovascular drug, Camzyos, which was given with a list price ahead of expectations. In addition, the company announced plans to acquire Turning Point Therapeutics. The deal will expand its presence in the field of precision/targeted medicine and create synergies in oncology marketing. It was positively received by the market, which recognised it could represent decent value to the company, despite its premium.
- **An overweight to Lyft**, an American ride-sharing provider, detracted from quarterly returns. Despite posting first-quarter earnings and revenue ahead of consensus estimates, the stock declined as the company provided guidance of an increase in spending on driver incentives to counter a persistent labour shortage and soaring gas prices. Investors were perplexed, given the company's lack of quantification of the magnitude of driver incentives.

## Looking ahead

- **Concerns around inflation** remain at the centre of market volatility. The recent weakness in consumer sentiment could translate into sluggish consumer spending, affecting wholesale and retail sales in the months ahead.
- **While a recession might not be deep**, weakness in the economy could linger and a sluggish economic recovery would erode inflation pressures and wage growth. If the post-pandemic surge in demand fades and higher prices start to deter new spending, central banks may adopt a more gradual policy normalisation, compared with the hawkish rhetoric seen in the first half of 2022.
- **While short-term risks remain**, equity markets have already repriced significantly this year, reflecting some risks of a recession. While we would not be surprised to see a few occasional bouts of volatility, 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 |
|--------------------------------------|-------|--------|--------|--------|-------|------|------|-----------------|
| <b>Fund</b>                          | -8.55 | -16.00 | -19.22 | -11.38 | 10.51 | 7.28 | 7.79 | 7.49            |
| <b>Benchmark</b>                     | -8.74 | -16.65 | -19.97 | -13.13 | 9.07  | 6.10 | 7.10 | 7.26            |
| <b>Outperformance (Total Return)</b> | 0.19  | 0.65   | 0.76   | 1.75   | 1.45  | 1.18 | 0.69 | 0.22            |

### 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 |
|----------|--------|

### 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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