

JPMorgan Global Research Enhanced Index Equity Fund (Hedged)

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Topline

Quarterly returns *Fund	Benchmark
▲ 10.93%	▲ 11.15%
<p>Benchmark: MSCI World Index (Total Return Net) Hedged to AUD</p> <p>Markets Global equities rallied strongly in the fourth quarter, with the MSCI World Index gaining 9.2% in euro terms over the quarter and 6.3% over the year 2020.</p> <p>Helped Stock selection in technology - semi & hardware and industrial cyclical.</p> <p>Hurt Stock selection in media and technology - software.</p> <p>Outlook With a possible end to the Covid-19 pandemic now in sight, governments must ensure they do not grow complacent, particularly during the difficult winter months. Promising data from clinical trials of the vaccine has improved the outlook for corporate profitability.</p>	

*Net of fees performance is calculated on Bid - Bid with gross income reinvested, e.g. net of ongoing fees and expenses.

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 positive in eight of the 19 sectors** in our internal sector classification scheme this quarter.
- **Our overweight position in AbbVie**, the US based biopharmaceutical company, contributed positively to performance. The stock rose as the company reported better-than-expected third-quarter earnings and a 10% dividend hike as they delivered strong revenue growth in immunology, aesthetics and neuroscience. There was also a bullish tone at their immunology day in December where management lifted their revenue forecasts for 2025.
- **Our overweight position in Salesforce**, the US cloud computing and software company, was negative for relative returns. The company posted solid results supported by strong revenue and profit growth, but shares fell after Salesforce announced its decision to purchase Slack Technologies in a USD 27.7 billion cash and stock deal. Investors were sceptical about the deal, noting the hefty price target.

Looking ahead

- **In the short term, economic growth will likely remain uneven**, coming in fits and starts depending on the path of the pandemic and the roll-out of the Covid-19 vaccine.
- **It is likely that the incoming US administration will look to normalise trade relations**, and may focus on raising public spending.
- **It is crucial to differentiate cyclical from structural headwinds and tailwinds** as the recovery takes shape in 2021.
- **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
JPMorgan Global Research Enhanced Index Equity Fund (Hedged) (Net of Fees)	2.60	10.93	19.72	10.80	18.74	8.96	11.10	9.17
Benchmark	2.71	11.15	19.48	10.06	18.12	8.72	11.22	9.35
Outperformance (Net of fees)	-0.11	-0.21	0.24	0.74	0.63	0.24	-0.12	-0.18

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

Source: J.P. Morgan Asset Management. Inception date: 5 May 2015. Net of fees performance is calculated on Bid - Bid with gross income reinvested, i.e. net of ongoing fees and expenses. Returns for periods greater than one year are annualised.

RISK PROFILE

High risk. As the fund substantially invests in equity securities, the fund is considered high risk since it invests in a high risk asset class.

Please refer to the Product Disclosure Statement and Reference Guide (dated 2 December, 2019).

The fund seeks to provide a return above the benchmark; however the fund may underperform its benchmark.

The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.

Movements in currency exchange rates can adversely affect the return of your investment.

INVESTOR PROFILE

The fund is designed to give broad market exposure to international stock markets. This fund may be suitable for investors who seek to benefit from potential excess returns with similar risks to investing in securities representing the benchmark.

As the fund is diversified across a number of markets and is managed conservatively relative to the benchmark, it may be suitable for investors who are

looking for a core international equity investment, or as a standalone investment aimed at producing long-term capital growth.

Investors should take a long-term investment horizon.

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.

Net of fees performance is calculated on Bid - Bid with gross income reinvested, e.g. net of ongoing fees and expenses. Adjusted returns have been calculated by JPMAM. Blended benchmarks have been calculated by JPMAM.

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