

JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

Topline

Monthly Total Return Fund	Benchmark
▼ -2.69%	▲ 0.05%
<p>Benchmark : Bloomberg AusBond Bank Bill Index</p> <p>Markets Another extremely tough month for markets as inflation hit a 40-year high across several markets, forcing central banks to ramp up the hawkish rhetoric.</p> <p>Helped Government rates were the largest contributor to returns, where we maintained our overall short.</p> <p>Hurt High yield credit was the largest detractor, primarily driven by the underperformance of US high yield as risk sentiment suffered.</p> <p>Outlook The focus during the first half of this year was on high inflation, but we are now starting to see concerns around growth creep into the discussion, which we expect to continue in 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 return in excess of the Bloomberg AusBond Bank Bill Index by exploiting investment opportunities in, amongst others, the debt and currency markets, using financial derivative instruments where appropriate.

Month in review

- **Almost all sectors detracted from performance in June**, with high yield the largest detractor, as we reduced our positioning. US high yield was the primary driver of underperformance, but our positions in European high yield and convertible bonds also detracted as risk sentiment in general suffered.
- **Also detracting from returns** were investment grade credit and emerging market debt (driven by hard currency sovereign exposure), as a combination of higher rates and poor risk sentiment meant a tough month for these markets.
- **Securitised products** also dragged performance over the month.
- **Offsetting some of this negative performance** was our short positioning in US rates as yields moved higher.
- **Over the month**, we reduced our developed market credit exposure from 52% to 46%, primarily via high yield, which we trimmed from 21% to 16%. The fund's duration was reduced from 0.9 years to 0.5 years.

Looking ahead

- **The focus during the first half of this year was on high inflation**, but we are now starting to see concerns around growth appear in the discussion, which we expect to continue in the second half of the year.
- **That could mean that central banks** slow, or pause, their rate-hiking cycles at some point in the coming months, which could be positive for fixed income.
- **For now, however**, while we are conscious that government bond valuations may be reaching the point where yields look attractive, the current environment of high inflation and still-positive growth means that hawkish policy is likely to put upside pressure on rates. We remain net short government bonds.
- **Given recessionary risks**, we are cautious on credit, preferring short-duration, high-quality investment grade credit, and select local currency emerging markets where there is room for policy rates to move lower, given that emerging markets' central banks have been ahead of the curve relative to their developed market counterparts.

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.

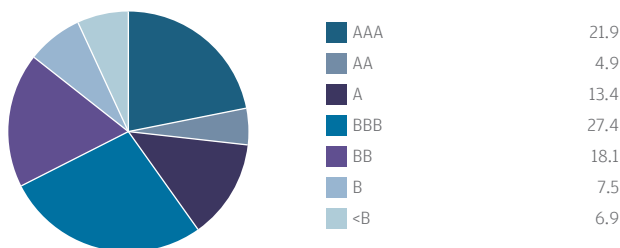
Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
Fund	-2.69	-4.35	-6.05	-6.37	-0.55	0.13	1.05	2.33
Benchmark	0.05	0.07	0.08	0.10	0.08	0.33	0.95	1.50
Outperformance (Total Return)	-2.74	-4.42	-6.13	-6.46	-0.63	-0.20	0.10	0.83

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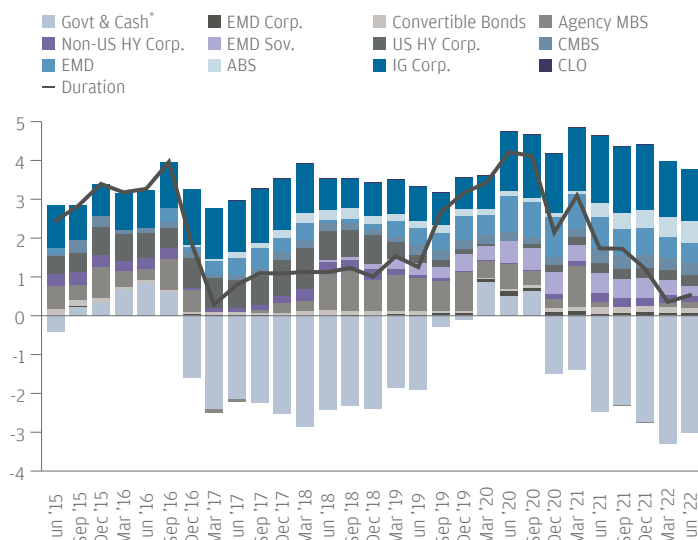
Source: J.P. Morgan Asset Management. Bloomberg. Inception date: 20 December 2013. Total Returns are net of ongoing fees and expenses and are calculated on Bid - Bid with gross income reinvested. Returns for periods greater than one year are annualized.

RATING BREAKDOWN (%)



Source: J.P. Morgan Asset Management, as at 30.06.2022.

PORTFOLIO WEIGHTED SECTOR ALLOCATION (DURATION, YEARS)



Source: J.P. Morgan Asset Management, as at 30.06.2022 Empirical duration calculated on daily rolling 1 year data.

*Includes Municipals. The fund is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice. EMD: Emerging Market Debt, MBS: Mortgage Backed Security, CMBS: Commercial Mortgage Backed Securities, ABS: Asset Backed Securities, CLO: Collateralised Loan Obligation.

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*

Techniques	Securities	
Concentration	China	- Investment grade debt
Derivatives	Contingent convertible bonds	- Unrated debt
Hedging	Convertible securities	Emerging markets
Short position	Debt securities	Equities
	- Below investment grade debt	MBS/ABS
	- Government debt	

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

Credit	Market	Currency
Liquidity	Interest rate	

Outcomes to the Unitholder *Potential impact of the risks above*

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

NOTES

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