

JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

Topline

Monthly returns	
Fund	Benchmark
▼ -0.97%	▲ 0.34%
Benchmark : Bloomberg AusBond Bank Bill Index	
Markets In September, the dominant market narrative swung from 'soft landing' to 'higher for longer'. As sentiment shifted, a repricing in US Treasuries reverberated through the market and most fixed income sectors lost ground.	
Helped Our government rates positions.	
Hurt Our exposure to investment grade corporate credit.	
Outlook Recession and sub-trend growth are our equal-weighted base cases. We expect central banks to pause interest rate hikes and closely monitor economic data for signs of the cumulative and lagged impacts of monetary policy tightening.	

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.

Investor profile

This product is likely to be appropriate for a consumer seeking capital growth and regular income to be used as a small allocation within a portfolio where the consumer has a medium risk/return profile and needs daily access to capital. The minimum suggested holding period is 5 years.

Month in Review

- **The fund generated negative returns in September**, driven by our exposure to investment grade corporate credit (primarily through high-quality industrial and financial names) as the sector followed the sell-off in longer-dated US Treasuries. Securitised products also detracted, principally our agency mortgage-backed securities positions given their sensitivity to US Treasury market volatility.
- **Emerging markets debt detracted from performance.** Hard currency sovereigns and corporates suffered as US Treasury yields rose and spreads widened slightly over the month. Meanwhile, local currency bonds, where we are selectively positioned in high-conviction countries, suffered from foreign exchange depreciation and a stronger US dollar, and detracted from performance. As risk markets retreated, convertible bonds delivered modest negative returns, which were partially offset by a positive contribution from our US and European high yield positions.
- **Some negative returns were offset** by positive performance from our government rates positions, primarily our short US Treasury position as yields rose sharply on resurgent 'higher for longer' interest rate sentiment.
- **Over the month, we increased headline duration** from 3.5 to 3.7 years, increased our investment grade credit allocation, and maintained our exposure to high yield, securitised products, and emerging markets debt.

Looking Ahead

- **Investors face an uncomfortable wait** to discover the long and variable lagged impacts of monetary policy tightening on the economy and markets. We expect most central banks to hold interest rates at current levels over the short to medium-term, as policymakers and markets absorb the incoming data to evaluate economic health and assess the future path of monetary policy.
- **Historically reliable indicators are signalling a recession;** the three-month/10-year US Treasury curve is inverted, credit conditions have tightened, and temporary service jobs have contracted. Households and businesses have sustained consumption, supported by the accumulation of record policy stimulus on private sector balance sheets, but headwinds continue to gather – the consumer is under pressure from the resumption in student loan repayments, depleted excess savings, higher energy prices and increased borrowing costs.
- **Nevertheless, growth remains resilient** and could be buttressed by the fiscal impulse from recent US legislation, a rebound in corporate capital expenditure and renewed policy stimulus in China. Recession and sub-trend growth have become our equal-weighted base cases, and we anticipate a period of uncertainty as the prevailing sentiment fluctuates between a 'soft landing' and an economic downturn.
- **Investors should target high yielding front-end cash flows**, particularly short-duration securitised credit given the yield and credit enhancement on offer. Valuations are attractive in BBB-rated corporate bonds and agency mortgage-backed securities. Some risk sectors have fully priced in a 'soft landing', and spreads have room to widen further before investors are adequately compensated for the risk of recession.

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.

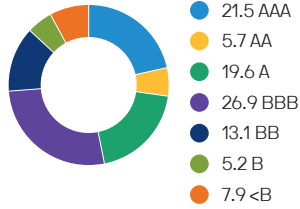
All data is sourced by J.P. Morgan Asset Management and is correct as at the date of this commentary.

Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
Fund	-0.97	-0.76	-0.42	3.05	-1.58	0.27	1.20	2.41
Benchmark	0.34	1.08	1.99	3.56	2.03	1.36	1.28	1.71
Outperformance (Total Return)	-1.31	-1.84	-2.42	-0.51	-3.61	-1.09	-0.08	0.69

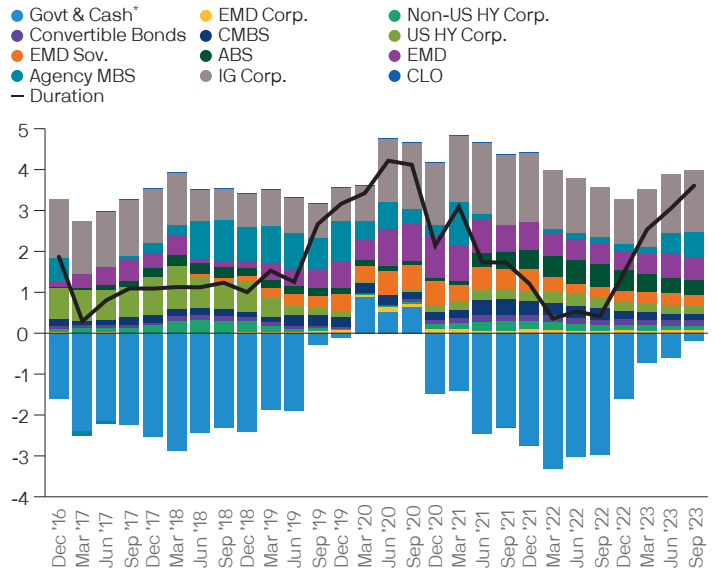
Past performance is not a reliable indicator of current and future results.
 Source: J.P. Morgan Asset Management. Bloomberg. Inception date: 12.20.2013. Total Returns are net of ongoing fees and expenses and are calculated on Bid - Bid with gross income reinvested. Returns for periods greater than one year are annualized.

Rating breakdown (%)



Cash is included in AAA.

Portfolio weighted sector allocation (duration, years)



Source: J.P. Morgan Asset Management, as at 2023/09/30. 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

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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