

JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

Topline

Monthly Total Return Fund	Benchmark
▼ -1.17%	▼ -0.02%
<p>Benchmark : Bloomberg AusBond Bank Bill Index</p> <p>Markets Sentiment remained weighed down by high inflation, supply chain pressures and tighter monetary policy, leading to higher yields and underperformance by risk assets.</p> <p>Helped Government bonds, as core yields continued to move upwards, helping our short positioning.</p> <p>Hurt Investment grade credit, which continued to be impacted by higher government bond yields.</p> <p>Outlook Inflation is likely to be sticky for months to come and keep central banks on a hawkish path. We remain short government bonds.</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

- **The most significant detractor from returns was investment grade credit**, which continued to be impacted by higher rates. Additionally, bank issuance levels were high, causing bank spreads to widen.
- **High yield was a detractor**, despite low issuance levels (which should have been a technical tailwind) as spreads widened given the context of tight valuations, softer growth data, high inflation and higher core rates.
- **Emerging market debt** was also a key detractor, particularly hard currency sovereigns, which were impacted by the higher core rates.
- **Securitised products** were the final detractor, driven by commercial mortgage-backed securities (CMBS).
- **Offsetting some of this**, as in previous months, was our short exposure to government bonds, as core rates rose.
- **Over the month**, we increased duration from 0.3 to 0.7 years by adding Australia government bonds. We reduced emerging markets currency exposure from 2% to 0.3%.

Looking ahead

- **Inflation**, which is likely to be sticky in the months to come, remains the key focus of central banks, with rate hikes the preferred method to combat it.
- **Hiking too aggressively could hamper growth** and bring forward a recession, and as such significant weakening in growth data (potentially from prolonged supply chain issues or further escalation of the war in Ukraine). This could cause central banks to turn less hawkish.
- **For the moment**, however, these are tail risks and growth remains resilient thanks to strong consumer and corporate balance sheets.
- **We remain short duration**, with scope for yields to move higher, although the time may soon come to question whether government bonds offer some value.
- **We maintain a modest risk allocation**, conscious of tight valuations. However, strong corporate fundamentals give us some comfort while recession does not seem imminent.

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

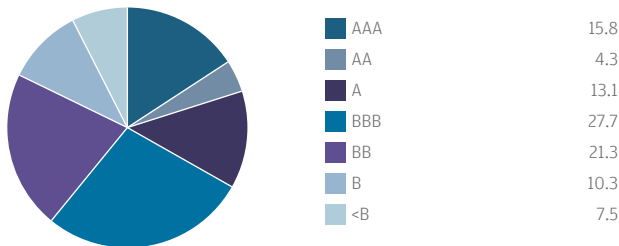
Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
Fund	-1.17	-2.02	-3.11	-2.76	2.35	1.46	1.79	2.78
Benchmark	-0.02	-0.01	0.01	0.02	0.04	0.40	0.99	1.52
Outperformance (Total Return)	-1.15	-2.01	-3.12	-2.77	2.31	1.06	0.80	1.26

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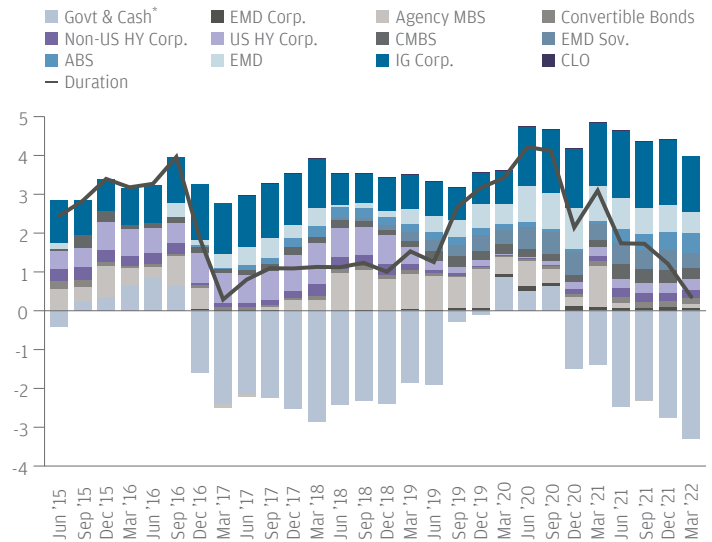
Source: J.P. Morgan Asset Management, Bloomberg. Inception date: 20 December 2013. Total Returns are net of ongoing fees and expenses and are calculated on Bid - Bid with gross income reinvested. Returns for periods greater than one year are annualized.

RATING BREAKDOWN (%)



Source: J.P. Morgan Asset Management, as at 30.04.2022.

PORTFOLIO WEIGHTED SECTOR ALLOCATION (DURATION, YEARS)



Source: J.P. Morgan Asset Management, as at 31.03.2022 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 Liquidity	Market Interest rate	Currency
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Outcomes to the Unitholder *Potential impact of the risks above*

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

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