

JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

Topline

Monthly Total Return Fund	Benchmark
▼ -0.54%	▲ 0.03%
<p>Benchmark : Bloomberg AusBond Bank Bill Index</p> <p>Markets Some respite, in large part thanks to a cooling off in hawkish rhetoric from the US Federal Reserve.</p> <p>Helped Our allocation to investment grade credit and emerging market debt, which have both been helped by the duration component.</p> <p>Hurt Government rates since our short US Treasury position dragged due to the move lower in yields over the month.</p> <p>Outlook Our base case has shifted from above-trend growth in the coming three to six months to sub-trend growth, with recessionary risk higher versus last quarter.</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

- **Performance was negative** over the month, but to a lesser magnitude than experienced earlier this year.
- **Government rates** exposure was the key detractor since our short US Treasury position dragged due to the move lower in yields over the month.
- **This was offset by positive returns** in investment grade credit and, to a lesser extent, emerging market debt, which have both been helped by the duration component.
- **Our high yield positioning** also added to performance over the month. While US high yield enjoyed a late-month risk rally, leading to a positive contribution, European high yield and convertible bonds underperformed.

Looking ahead

- **Our base case has shifted** from above-trend growth in the coming three to six months to sub-trend growth, with recessionary risk higher versus last quarter.
- **Inflation has not yet peaked**, which is causing central banks to act, thereby tightening financial conditions.
- **The outlook for growth in China** is highly uncertain given low visibility regarding the path of Covid-19.
- **An imminent global recession** seems unlikely based on current data, with labour markets still healthy and a rotation underway from goods to services.
- **Central banks are likely to** continue to hike interest rates, and the question is now when they will pause. While growth is not materially affected and inflation remains at elevated levels, we do not expect this to happen in the very near term.
- **In this environment, credit fundamentals** are under some pressure as margins compress amid a shift in patterns, and with a rally in recent weeks, we remain relatively cautious on risk assets such as high yield.

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.

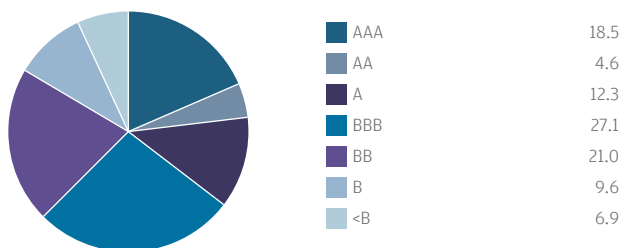
Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
Fund	-0.54	-1.39	-2.78	-3.56	1.45	1.37	1.64	2.69
Benchmark	0.03	0.02	0.04	0.05	0.06	0.36	0.97	1.51
Outperformance (Total Return)	-0.58	-1.41	-2.82	-3.61	1.39	1.01	0.67	1.18

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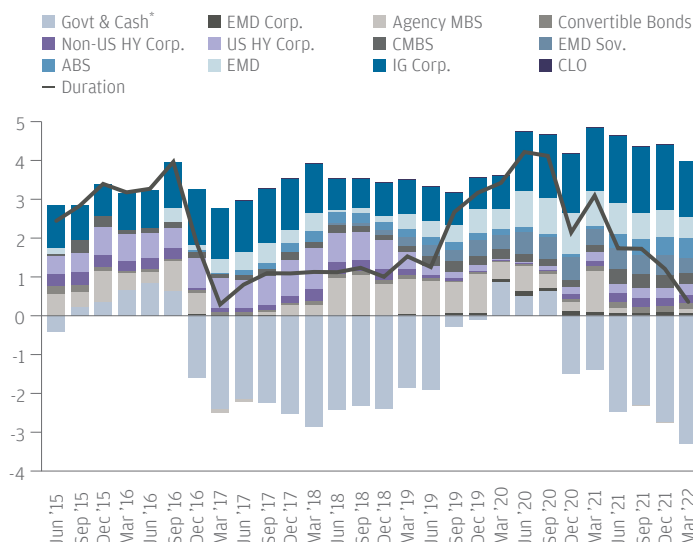
Source: J.P. Morgan Asset Management, Bloomberg. Inception date: 20 December 2013. Total Returns are net of ongoing fees and expenses and are calculated on Bid - Bid with gross income reinvested. Returns for periods greater than one year are annualized.

RATING BREAKDOWN (%)



Source: J.P. Morgan Asset Management, as at 31.05.2022.

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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