

JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

Topline

Monthly Total Return	
Fund	Benchmark
▼ -1.24%	▲ 0.15%
Benchmark : Bloomberg AusBond Bank Bill Index	
Markets Central banks remained hawkish to combat persistently above-target inflation. Deepening recession fears drove yields higher and spreads wider across all fixed income markets.	
Helped Our short exposure to government rates helped as yields rose.	
Hurt Corporate investment grade credit hurt, as core rates moved higher.	
Outlook Central banks are expected to continue tightening policy to bring inflation under control, and we remain short duration with a flattening bias. Recession is now our base case – geopolitical tension and cost of living increases remain key risks to global growth, so we remain cautious on risk assets.	

*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 fund saw negative returns over September**, led by our corporate investment grade credit exposure as core rates moved higher.
- **Securitised products underperformed** due to their sensitivity to rising core rates, with mortgage-backed securities the principal detractor. European and US high yield also detracted.
- **Some negative returns were offset** by our net short positions in government bond duration.
- **Over the month we reduced duration from 0.6 to 0.2 years**, further reduced net high yield exposure, and marginally reduced our allocation to emerging market debt in hard currency sovereigns and corporates.

Looking Ahead

- **Recession is now our base case.** Inflation has shown signs of rolling over but remains persistently above target, and central banks are likely to continue with very hawkish monetary policy, as long as real rates stay in negative territory.
- **In our view, there is room for short maturity rates to move higher** and curves to invert further than current market pricing suggests.
- **Private sector balance sheets are surprisingly strong**, but recession risk is likely to build as the consumer endures sustained food, energy and housing cost pressures.
- **We continue to favour high-quality, short-dated cash flows** (investment grade corporate credit) and selective exposure to local currency emerging market debt while reducing our interest rate exposure.

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.

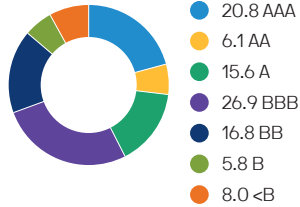
All data is sourced by J.P. Morgan Asset Management and is correct as at the date of this commentary.

Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
Fund	-1.24	0.59	-3.79	-6.00	-1.09	0.00	0.93	2.33
Benchmark	0.15	0.42	0.49	0.52	0.28	0.38	0.95	1.50
Outperformance (Total Return)	-1.38	0.16	-4.28	-6.51	-1.36	-0.38	-0.02	0.83

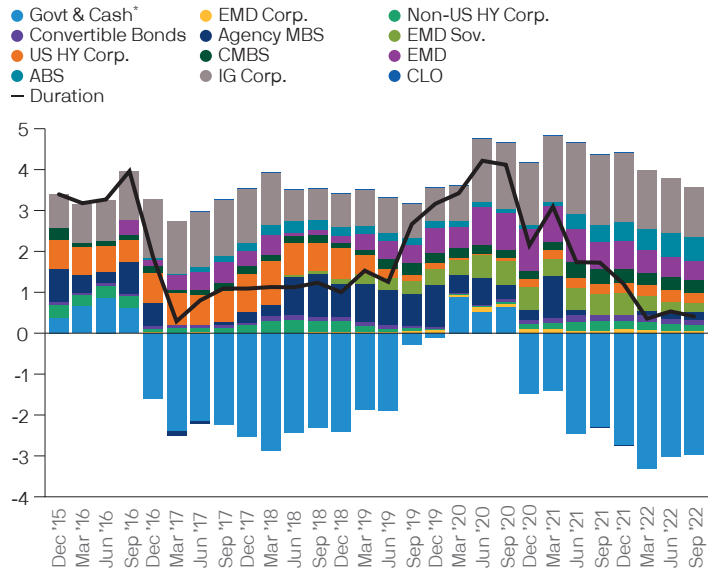
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 Source: J.P. Morgan Asset Management, Bloomberg. Inception date: 12.20.2013. Total Returns are net of ongoing fees and expenses and are calculated on Bid – Bid with gross income reinvested. Returns for periods greater than one year are annualized.

Rating breakdown (%)



Cash is included in AAA.

Portfolio weighted sector allocation (duration, years)



Source: J.P. Morgan Asset Management, as at <<<VARIABLE NEEDED - Variable - EMEAC - Wtd Sector Alloc Duration rule.dataDate>> 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

Total Returns are net of ongoing fees and expenses and are calculated on Bid – Bid with gross income reinvested. This information has been provided by JPMorgan Asset Management (Australia) Limited (ABN 55143832080) (AFSL 376919), the manager of the fund featured in this document. Perpetual Trust Services Limited (ABN 48 000 142 049) (AFSL 236648) is the fund’s Responsible Entity. This document is for information purposes only and should not be taken as containing any financial product advice or recommendation. It does not take into account an individual’s financial circumstances. Investors should consider the Product Disclosure Statement and Target Market Determination of the fund (available from www.jpmmorganam.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 confidential and intended solely for the person to whom it is provided by the issuer. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our privacy policies at <https://am.jpmmorgan.com/global/privacy>. All rights reserved.

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