

JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

Topline

Monthly Total Return

Fund	Benchmark
▲ 0.21%	▲ 0.24%

Benchmark : Bloomberg AusBond Bank Bill Index

Markets The fight to control inflation appeared to win out over recession fears in the short term, and central banks maintained hawkish monetary policy. The uncertain global growth outlook drove mixed returns in fixed income markets.

Helped Our government rates positions (net short government bond duration) produced strong returns as core rates rose.

Hurt Our allocation to securitised products, given their sensitivity to core rates.

Outlook Recession is our base case as central banks are likely to continue to increase rates and tighten policy in response to persistently high inflation. Private sector margins are expected to come under pressure, so we think some risk sector spreads still have room to widen.

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 positive returns**, led by our government rates positions. We remain net short government bond duration and saw strong performance as core rates rose.
- **Although we have significantly reduced our high yield exposure**, the sector nevertheless contributed to performance, driven by convertible bonds as risk assets rallied.
- **Some of the fund's positive returns were offset** by our allocation to securitised products, given their sensitivity to core rates. Emerging markets also detracted overall.
- **Over the month**, we maintained very low government duration at 0.3 years, effectively neutralised our high yield exposure by adding credit default swap protection and marginally increased investment grade credit and emerging market debt exposure.

Looking Ahead

- **Inflation remains persistently elevated**, holding real rates down in negative territory. In our view, recession is the most likely outcome as central banks continue to increase rates and tighten policy in response.
- **Despite significant repricing in recent months**, we think short maturity rates can move higher than the market currently anticipates.
- **Consumer and corporate balance sheets remain robust**, but margins are likely to be squeezed as policymakers work to suppress demand, so we think some risk sector spreads still have room to widen.
- **We continue to favour high-quality, short-dated cashflows** (investment grade corporate credit) and selective exposure to local currency emerging market debt while reducing our high yield credit risk.

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.

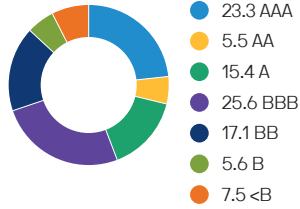
All data is sourced by J.P. Morgan Asset Management and is correct as at the date of this commentary.

Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
Fund	0.21	-0.66	-2.45	-5.48	-1.02	-0.01	0.93	2.33
Benchmark	0.24	0.54	0.75	0.76	0.39	0.43	0.97	1.52
Outperformance (Total Return)	-0.04	-1.21	-3.20	-6.24	-1.41	-0.44	-0.03	0.82

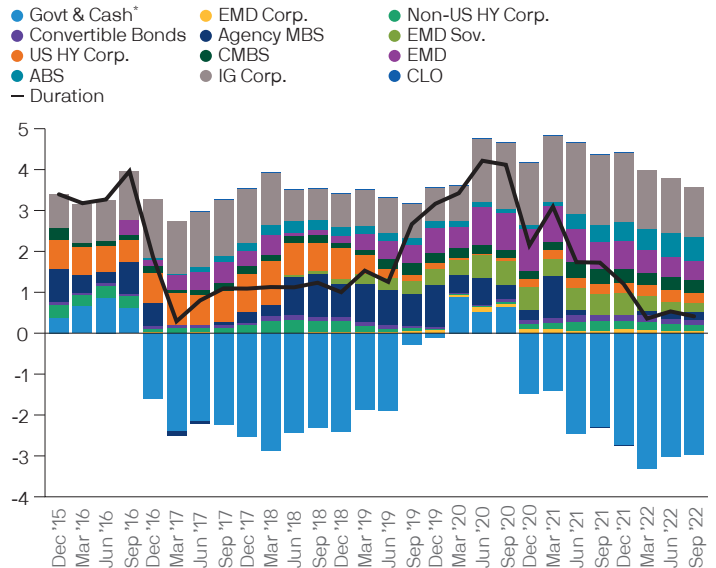
Past performance is not a reliable indicator of current and future results.
 Source: J.P. Morgan Asset Management, Bloomberg. Inception date: 12.20.2013. Total Returns are net of ongoing fees and expenses and are calculated on Bid – Bid with gross income reinvested. Returns for periods greater than one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

Rating breakdown (%)



Cash is included in AAA.

Portfolio weighted sector allocation (duration, years)



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