

# JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

## Topline

Monthly Total Return	
Fund	Benchmark
▲ 1.10%	▲ 0.25%
<b>Benchmark :</b> Bloomberg AusBond Bank Bill Index	
<p><b>Market</b> Investors sensed a rollover in inflation in November through some conflicting economic indicators. The more optimistic view on US and Eurozone inflation powered a broad-based recovery across fixed-income markets.</p> <p><b>Helped</b> Our allocation to investment grade corporate credit, as yields fell and spreads tightened.</p> <p><b>Hurt</b> Our government rates positions, as the more positive inflation outlook sent yields lower.</p> <p><b>Outlook</b> Aggressive central-bank rate hikes appear to be biting into inflation. Recession is our base case, as wage growth must decline and unemployment must rise for the US Federal Reserve to bring core inflation down. Further rate increases are expected, but central banks likely have the worst behind them.</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 fund saw positive returns**, led by our allocation to investment grade corporate credit, as the sector rallied amid expectations of a downshift to more modest core rate increases.
- **Our emerging-market debt exposure was a major contributor**, led by hard-currency sovereigns and corporates, with some additional returns from our selective positioning in local-currency bonds.
- **Some positive returns were offset** by underperformance from our government rates positions, where we remain net short government bond duration, as yields fell on a positive inflation outlook.
- **Over the month, we increased headline duration** from 0.3 years to 0.9 years, closed our Chinese local bond position and marginally increased our emerging-market currency exposure.

## Looking Ahead

- **Elevated wage growth continues to fuel consumption** amid healthy corporate margins, relatively deep consumer savings and a strong labour market.
- **Our base case is recession in the coming months** – given the trailing effect of restrictive monetary policy, we expect central banks to sustain higher rates and tighter policy until the underlying economic data begins to deteriorate.
- **Despite universal repricing across fixed-income markets**, we think some risk sector spreads can widen further as the global growth outlook weakens.
- **We favour high-quality duration** through government bonds, investment grade corporates and securitised credit, with selective exposure to local-currency emerging-market debt.

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.

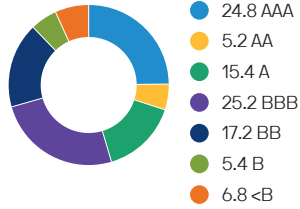
All data is sourced by J.P. Morgan Asset Management and is correct as at the date of this commentary.

### Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
Fund	1.10	0.05	-0.84	-3.60	-1.46	0.37	1.15	2.44
Benchmark	0.25	0.64	0.97	1.01	0.51	0.49	0.99	1.53
Outperformance (Total Return)	0.85	-0.59	-1.81	-4.61	-1.97	-0.12	0.16	0.90

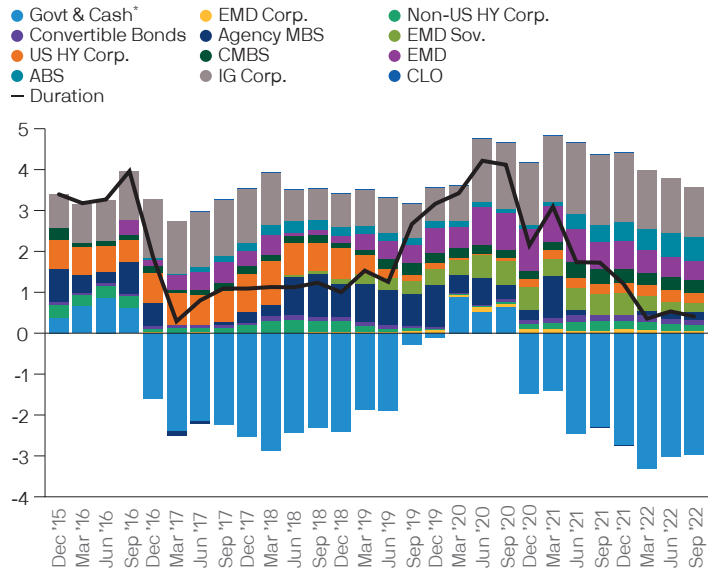
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 Source: J.P. Morgan Asset Management, Bloomberg. Inception date: 12.20.2013. Total Returns are net of ongoing fees and expenses and are calculated on Bid – Bid with gross income reinvested. Returns for periods greater than one year are annualized.

#### 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.

<sup>1</sup>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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