

# JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

## Topline

Monthly Total Return	
Fund	Benchmark
▲ 0.55%	▲ 0.25%
<b>Benchmark :</b> Bloomberg AusBond Bank Bill Index	
<b>Markets</b> As investors weighed cooling inflation data against fresh hawkish rhetoric from central banks in December, yields moved higher and drove negative returns across most fixed income sectors.	
<b>Helped</b> Our short government rates positions.	
<b>Hurt</b> Our allocation to convertible bonds.	
<b>Outlook</b> Recession is our base case – despite evidence of a rollover in inflation, we expect central banks to persist with tighter policy and higher rates until labour-market data softens and economic indicators deteriorate.	

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 – most notably in German Bunds and US Treasuries – where we remain net short government bond duration, as yields rose on combative central-bank messaging.
- **Our allocation to emerging-market debt was a contributor**, with some positive returns from our hard-currency exposure and minor gains from our selective exposure to local-currency bonds. US high yield was also a minor contributor, while European high yield and securitised products remained flat.
- **Some positive returns were offset** by underperformance from our allocation to convertible bonds. Investment grade corporates were also a minor detractor, given their sensitivity to rising core rates.
- **Over the month, we increased headline duration** from 0.9 to 1.4 years and improved portfolio quality by adding investment grade credit exposure, selling some high yield positions and adding CDX protection. We also marginally reduced our emerging-market debt exposure.

## Looking Ahead

- **Led by the US Federal Reserve (Fed)**, aggressive developed-market central-bank rate increases appear to be biting into inflation as energy, goods and shelter prices moderate.
- **In our view, wage growth must decline** and unemployment must rise for the Fed to bring core inflation closer to target levels.
- **Recession is our base case**, given the trailing effect of monetary policy. Further rate increases are expected, but central banks likely have the worst behind them.
- **We think yields can peak** ahead of the final rate rise of this cycle, and investors should target any backup in yields to add high-quality duration. We favour 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.

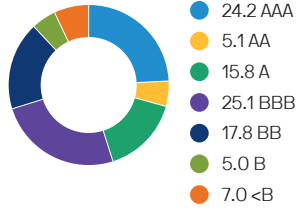
All data is sourced by J.P. Morgan Asset Management and is correct as at the date of this commentary.

### Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
Fund	0.55	1.87	2.46	-3.74	-1.74	0.43	1.19	2.48
Benchmark	0.25	0.74	1.17	1.25	0.64	0.55	1.01	1.55
Outperformance (Total Return)	0.30	1.12	1.29	-4.99	-2.38	-0.11	0.17	0.93

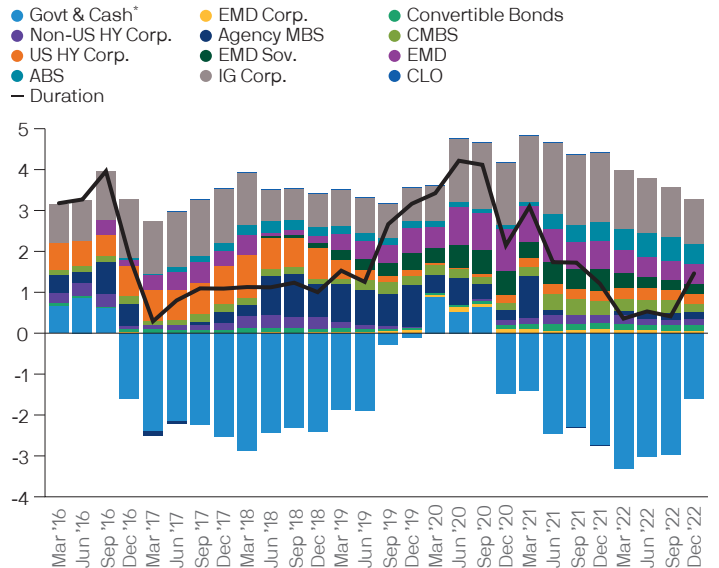
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 Source: J.P. Morgan Asset Management, Bloomberg. Inception date: 12.20.2013. Total Returns are net of ongoing fees and expenses and are calculated on Bid – Bid with gross income reinvested. Returns for periods greater than one year are annualized.

#### 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. Bloomberg Finance L.P. and its affiliates (collectively, “Bloomberg”) are not affiliated with the Manager and do not approve, endorse, review, or recommend the Fund. Bloomberg and the Benchmark are trademarks or service marks of Bloomberg and have been licensed to the Manager. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Benchmark.