

JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

Topline

Monthly returns *Fund	Benchmark
▲ 0.29%	▲ 0.00%
<p>Benchmark: Bloomberg AusBond Bank Bill Index</p> <p>Markets The vaccine roll-out continues at pace, and global growth data has been robust: this month saw significant upside inflation surprises.</p> <p>Helped Emerging market (EM) debt, which is performing well given a supportive global growth backdrop.</p> <p>Hurt Government rates, as our short Treasury exposure hit performance given slightly lower yields over the month.</p> <p>Outlook We expect above-trend growth to persist for the next few months, and expect central banks to remain accommodative - although inflation must be monitored closely.</p>	

*Net of fees performance is calculated on Bid - Bid with gross income reinvested, e.g. net of ongoing fees and expenses.

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

- **EM debt was the main contributor**, with all sub-sectors adding to performance. After a challenging first quarter, volatility in EM has since been subdued, and the growth backdrop is broadly encouraging. Spreads continued to tighten across the sovereign space, and local currency bonds did well, particularly South Africa and Mexico. EM currencies provided an additional source of return over the month.
- **Corporate investment grade credit spreads tightened** at the margin, and the sector added to fund performance. Flows continued into the asset class, reflecting strong demand in the US. Supply has slowed down somewhat, and from a fundamental perspective, corporate earnings reports have been very strong.
- **Securitised products also added to performance**, and positive earnings have also helped corporate high yield, which posted positive returns over the month and contributed modestly to the fund despite a slight widening of spreads.
- **Our short exposure to US government rates** was the sole detractor from the fund, impacted by the slight move lower in Treasury yields.
- **Over the month, we moved to a neutral German Bund position** and further increased our short US Treasury. We reduced our agency mortgage-backed securities (MBS) exposure, rotating into short-dated securitised credit and commercial MBS. The fund's duration fell from 2.5 years to 1.8 years. We also added marginally to high yield and emerging market debt and FX.

Looking ahead

- **We expect above-trend growth to continue** as long as the vaccine roll-out progresses and is effective, thus justifying and expanding the economic reopening.
- **While inflation is on the rise**, it is too early to tell whether or not higher prices will persist, and as such, we believe that central banks will remain accommodative for now - although in the US, the Fed could start tentatively signalling a path towards tapering in the coming months.
- **We expect US yields to be biased to the upside**, with European rates relatively anchored.
- **We remain constructive on spread sectors**, particularly select high yield companies and emerging markets, given the supportive growth environment.

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

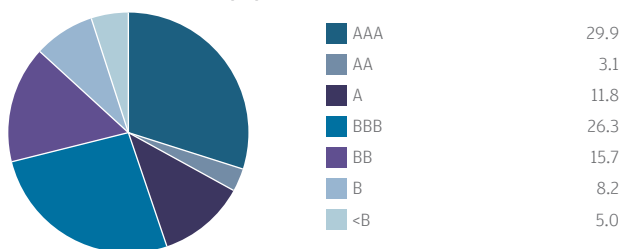
Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
JPMorgan Global Strategic Bond Fund (Net of Fees)	0.29	0.77	1.54	6.72	3.93	3.52	3.46	3.56
Benchmark	0.00	0.01	0.01	0.06	0.52	1.01	1.33	1.71
Outperformance (Net of fees)	0.29	0.76	1.53	6.66	3.41	2.51	2.13	1.85

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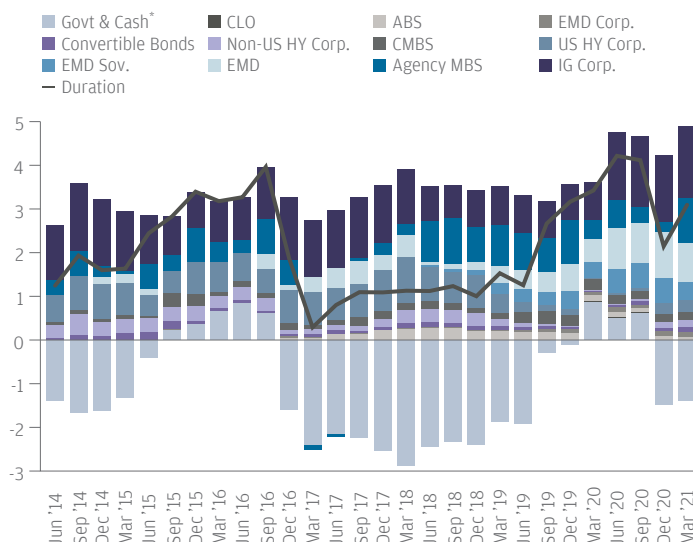
Source: J.P. Morgan Asset Management. Bloomberg. Inception date: 20 December 2013. Net of fees performance is calculated on Bid - Bid with gross income reinvested, i.e. net of ongoing fees and expenses. Returns for periods greater than one year are annualized.

RATING BREAKDOWN (%)



Source: J.P. Morgan Asset Management, as at 31.05.2021.

PORTFOLIO WEIGHTED SECTOR ALLOCATION (DURATION, YEARS)



Source: J.P. Morgan Asset Management, as at 31.03.2021. 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 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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