

JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

Topline

Monthly returns *Fund	Benchmark
▲ 0.27%	▲ 0.00%
<p>Benchmark: Bloomberg AusBond Bank Bill Index</p> <p>Markets Rates moved modestly higher as the global economic recovery continued.</p> <p>Helped Emerging market (EM) debt, with positive returns from both hard and local currency bonds.</p> <p>Hurt Investment grade credit, which was impacted by the move higher in rates.</p> <p>Outlook Above-trend growth remains our base case, and we believe rates can grind higher in the fourth quarter.</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 biggest contributor**, with positive returns from both local and hard currency bonds. Among our local bond positions, Indonesia and South Africa were standout performers, with the latter rebounding somewhat from previous volatility earlier in the summer. EM currencies also added.
- **Corporate high yield also added to performance**, with spreads in the US and Europe tightening by 12 basis points (bps) and 10 bps, respectively. The shorter duration of the asset class helped to overcome the backup in rates and high yield has provided attractive carry over recent months. Convertible bonds also did well.
- **Our government rates positioning, where we remain short US Treasuries, was also a contributor** to performance in August. With yields backing up after several months of grinding lower, this helped the fund. UK gilt yields also rose, where we also held a short position.
- **Investment grade credit was a marginal offset to the positive performance**, given its longer duration and thus susceptibility to rising rates. Despite this, corporate fundamentals remain supportive.
- **Over the month, we trimmed our Italian bond exposure**, added a long Canada position and added short positions to Poland and Chile government bonds. We marginally reduced our EM FX exposure. Duration moved from 1.6 to 1.3 years.

Looking ahead

- **We continue to expect above-trend growth** over the coming months, as cases of the Delta variant tail off and economies continue to reopen. While new strains might present a risk, this is not our base case.
- **Higher inflation could persist for the near term**, as we see upward pressure in important components such as shelter. However, there are structural forces acting as a drag on inflation in the long term so a runaway inflationary narrative is not our base case.
- **We believe that rates can move modestly higher** from current levels, as government bond supply increases in the fourth quarter and the Federal Reserve begins to move toward tapering. We do not expect rate hikes until at least 2023.
- **We believe that the lower economic momentum in China should prove temporary**, which should be supportive for the wider EMs.
- **We are constructive on corporate fundamentals** and favour high yield, where defaults are expected to remain low.

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

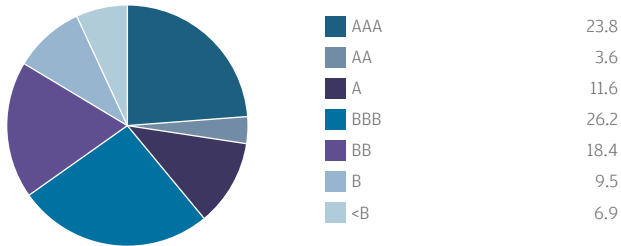
Performance and positioning

%	1M	3M	6M	1Y	2Y	3Y	5Y	Since inception
JPMorgan Global Strategic Bond Fund (Net of Fees)	0.27	0.48	1.26	4.05	3.19	3.27	2.92	3.50
Benchmark	0.00	0.01	0.02	0.04	0.35	0.84	1.22	1.65
Outperformance (Net of fees)	0.27	0.47	1.24	4.00	2.84	2.43	1.69	1.85

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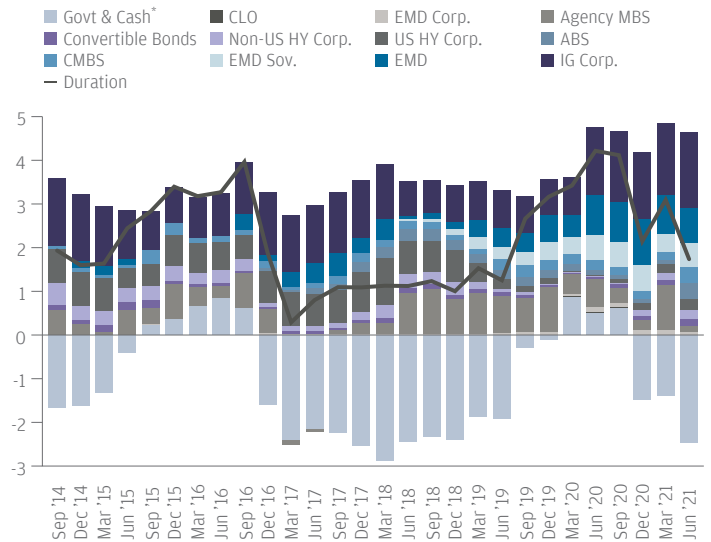
Source: J.P. Morgan Asset Management. Bloomberg. Inception date: 20 December 2013. Net of fees performance is calculated on Bid - Bid with gross income reinvested, i.e. net of ongoing fees and expenses. Returns for periods greater than one year are annualized.

RATING BREAKDOWN (%)



Source: J.P. Morgan Asset Management, as at 31.08.2021.

PORTFOLIO WEIGHTED SECTOR ALLOCATION (DURATION, YEARS)



Source: J.P. Morgan Asset Management, as at 30.06.2021. 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, Target Market Determination (from 5th October 2021) 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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