

JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

Topline

| Monthly Total Return Fund | Benchmark |
|--|-----------|
| ▼ -0.34% | ▼ 0.00% |
| <p>Benchmark : Bloomberg AusBond Bank Bill Index</p> <p>Markets Growth remained strong, though supply bottlenecks persisted. Central banks turned less dovish, leading to a re-pricing of front-end yields.</p> <p>Helped Emerging market debt, with select local currency government bond positions doing well.</p> <p>Hurt Securitised products, which were impacted by higher yields.</p> <p>Outlook Central banks are likely to continue to withdraw loose policy gradually. While inflation could persist for some time, we do not expect this to hurt corporate profits, so we remain constructive on credit.</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

- **Securitized products**, which still comprise around a third of the fund's exposure, detracted from performance as the sector was impacted by rate moves. Our government rates exposure itself was another detractor as curves flattened, with our short positioning at the longer end of the US curve detracting as front-end yields backed up.
- **Investment grade credit** was impacted by marginally higher yields, detracting from the fund, although corporate fundamentals remained strong as Q3 earnings came in. High yield exposure also detracted, as markets experienced some faltering risk sentiment after a sustained rally in previous months.
- **Emerging market debt** offset some of the underperformance, driven by our positions in local currency government bonds: Indonesia outperformed, while our short positions in lower-yielding Poland, Thailand and Hungary also benefitted the fund. Hard currency sovereigns continued to struggle.
- **Over the month**, we reduced exposure to Italian and Australian government bonds, removed our short gilt exposure and increased short Treasury positioning. We rotated some of our emerging market bond exposure, and the fund's duration fell from 1.7 to 1.3 years. We marginally increased our developed market credit exposure.

Looking ahead

- **Momentum is building** for developed market central banks to withdraw their easy policy. However, we believe that tightening will be incremental and is unlikely to disrupt the economic recovery.
- **We think inflation is unlikely to significantly impact corporate bottom lines**, as companies will be able to pass on higher costs to consumers.
- **Nevertheless, some investors may be looking for a risk hedge** in the event that we see volatility pick up.
- **We favour short US duration positioning**, rather than reducing credit risk, since we remain constructive on high yield and subordinated bank capital.

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.

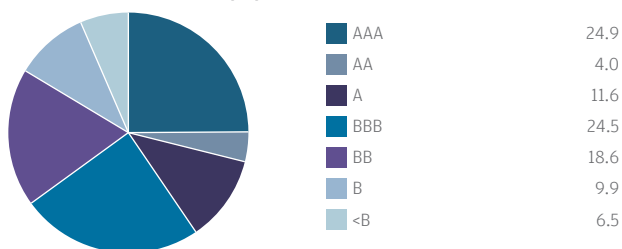
Performance and positioning

| % | 1M | 3M | 6M | 1Y | 2Y | 3Y | 5Y | Since inception |
|---|-------|-------|------|------|------|------|------|-----------------|
| JPMorgan Global Strategic Bond Fund (Total Return) | -0.34 | -0.14 | 0.36 | 3.65 | 2.85 | 3.26 | 2.86 | 3.37 |
| Benchmark | 0.00 | 0.00 | 0.01 | 0.03 | 0.27 | 0.73 | 1.17 | 1.62 |
| Outperformance (Total Return) | -0.34 | -0.14 | 0.35 | 3.62 | 2.58 | 2.53 | 1.69 | 1.76 |

Past performance is not a reliable indicator of current and future results.

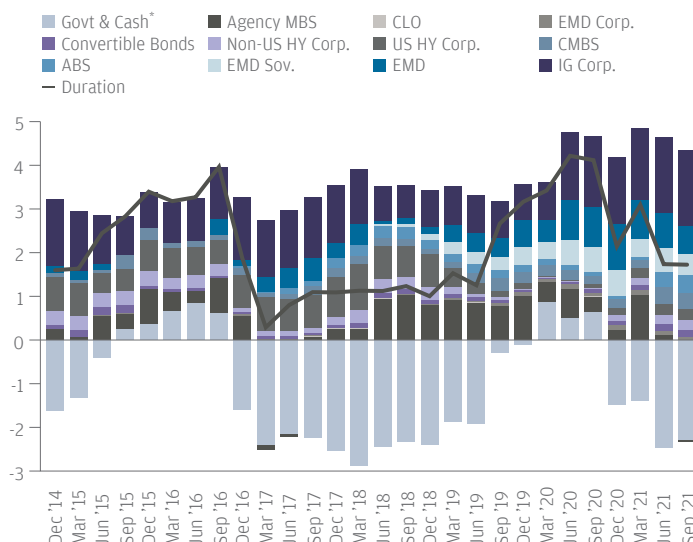
Source: J.P. Morgan Asset Management. Bloomberg. Inception date: 20 December 2013. Total Returns are net of ongoing fees and expenses and are calculated on Bid - Bid with gross income reinvested. Returns for periods greater than one year are annualized.

RATING BREAKDOWN (%)



Source: J.P. Morgan Asset Management, as at 31.10.2021.

PORTFOLIO WEIGHTED SECTOR ALLOCATION (DURATION, YEARS)



Source: J.P. Morgan Asset Management, as at 30.09.2021 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 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 |
|------------------|----------------------|----------|

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. |
|--|---|--|

NOTES

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