

JPMorgan Global Strategic Bond Fund

APIR: PER0727AU ARSN: 166529791 ISIN: AU60PER07279

Topline

| Monthly returns *Fund | Benchmark |
|--|-----------|
| ▲ 0.50% | ▲ 0.00% |
| <p>Benchmark: Bloomberg AusBond Bank Bill Index</p> <p>Markets Core rate markets stabilised following a sharp sell-off in the first quarter; corporate fundamentals looked robust as shown by strong earnings reports.</p> <p>Helped Emerging market debt, which found favour again with investors after a challenging first quarter.</p> <p>Hurt Government rates, which fell, impacting our short positions.</p> <p>Outlook We still expect above-trend growth, with a bias for higher yields and steeper curves.</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

- **Corporate investment grade** was a key contributor, as the sector stabilised following a challenging first quarter. Earnings season has proven a positive tailwind, beating expectations as the re-opening gathers pace.
- **Fundamentals also look strong in high yield**, which contributed to performance as spreads tightened by 7 basis points (bps) in the US and 10 bps in Europe.
- **Emerging market debt** also added, led by hard currency sovereigns as flows returned to the market and spreads compressed by 15 bps. Despite several idiosyncratic risks playing out across emerging markets, demand has remained healthy overall, with the China growth story underpinning the wider recovery.
- **Finally, securitised products outperformed**, led by agency mortgage-backed securities as rates rallied. The only detractor from performance was government rates, where our short positioning in US Treasuries impacted given the drop in yields over the month.
- **Over the month**, we reduced overall fund duration from 3.1 years to 2.5 years, and increased net exposure to European high yield from 3.9% to 4.7.

Looking ahead

- **Over the long term**, given fiscal policy and the reopening narrative, our bias is for higher core yields and steeper curves. In the near term, however, with expected strong data already priced in, any downside surprises could make the US Treasury market more sensitive to weak data than it is to strong data.
- **On the flip side**, Europe is catching up in terms of vaccine distribution, which could lead to a move higher in European core duration.
- **We remain constructive on spread sectors** such as high yield and emerging market debt, which stand to benefit from the global growth environment - although selectivity, relative value and sector rotation remain key given outright valuations in certain markets.

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.

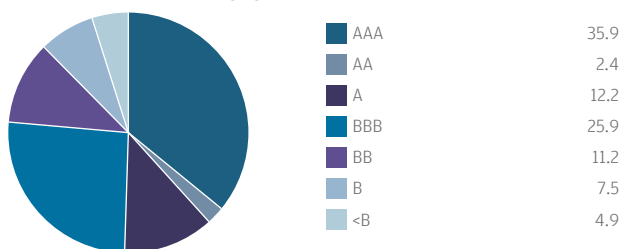
Performance and positioning

| % | 1M | 3M | 6M | 1Y | 2Y | 3Y | 5Y | Since inception |
|--|------|------|------|------|------|------|------|-----------------|
| JPMorgan Global Strategic Bond Fund (Net of Fees) | 0.50 | 0.23 | 3.27 | 7.73 | 3.64 | 3.25 | 3.54 | 3.56 |
| Benchmark | 0.00 | 0.00 | 0.02 | 0.07 | 0.59 | 1.06 | 1.36 | 1.72 |
| Outperformance (Net of fees) | 0.50 | 0.23 | 3.26 | 7.66 | 3.05 | 2.18 | 2.18 | 1.83 |

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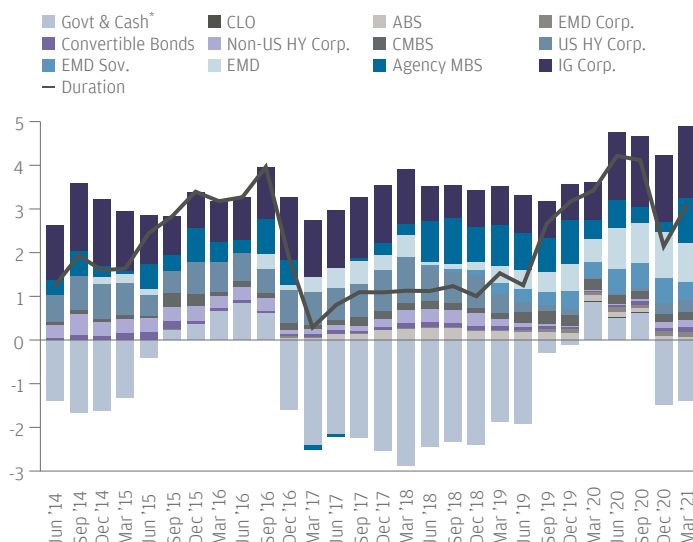
Source: J.P. Morgan Asset Management. Bloomberg. Inception date: 20 December 2013. Net of fees performance is calculated on Bid - Bid with gross income reinvested, i.e. net of ongoing fees and expenses. Returns for periods greater than one year are annualized.

RATING BREAKDOWN (%)



Source: J.P. Morgan Asset Management, as at 30.04.2021.

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 |
|------------------|----------------------|----------|

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

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

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