

JPMorgan Funds - Global Short Duration Bond Fund

JPM I (dist) - EUR (hedged)

April 2015

Fund overview

Investment objective ^A

To achieve a return in excess of global short duration bond markets by investing primarily in global investment grade short-term debt securities, using financial derivative instruments where appropriate.

Fund statistics

Morningstar Category TM	Global Bond - EUR Hedged
Fund manager(s)	Iain Stealey, Linda Raggi
Client portfolio manager(s)	Nikol C Miller
Fund launch date	21/07/09
Fund size (as at 30/04/15)	USD 1224.4m
NAV (as at 30/04/15)	73.42
12M NAV High (as at 05/09/14)	74.13
12M NAV Low (as at 17/12/14)	73.11
Share class launch date ^B	18/10/13
Average duration	2.2 yrs
Yield to maturity	0.8%
Average maturity	2.5 yrs

Fund codes

ISIN	LU0974149048
Bloomberg	JGGIHE LX
Reuters	LU0974149048.LUF

Fund highlights

The JPM Global Short Duration Bond Fund aims to provide exposure to a broad range of fixed income instruments and maturities by investing in both government and non-government securities with a short duration bias and AAA average credit quality.

The fund provides an investment opportunity for investors looking to reduce interest-rate sensitivity in their portfolios and who are looking to add diversification into global short-dated investment grade bonds.

The fund is managed by our International Fixed Income Group. The group employs a globally integrated investment approach, drawing on the in-house research generated by our locally-based sector specialists.

Quarterly comments

(as at 31/03/15)

Review

Developments at the European Central Bank (ECB) and the US Federal Reserve (the Fed) continued to hold market attention in the quarter, as markets speculated over the timing of the first rate increase from the Fed, and the ECB kicked off its quantitative easing (QE) programme.

The fund underperformed its benchmark over the quarter. The fund benefited from an outright duration position in peripheral Europe. In light of the ECB's QE announcement, we closed out of our relative five-year Italy and Spain vs. Germany position and implemented high conviction trades in five-year Italy and Spain. Our strongest positive contributor over the period has been our five-year Italy outright duration bond. Our long five-year Japan bond has performed broadly flat over the period. In emerging markets, our long Mexico local bond continued to add to performance and was a positive contributor over the period. We remain overweight in the sector, where our allocation to investment grade has added to performance while our allocation to covered bonds detracted slightly.

Outlook

Even with the downward revision to the Fed dot plot between its December and March meetings, there is still a significant difference from what the market is expecting, and this has the potential to stoke volatility towards the middle of the year

Benchmark

Barclays Global Aggregate 1-3 Years Index (Total Return Gross) Hedged to EUR

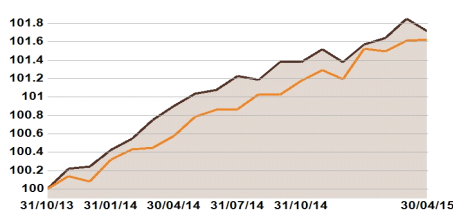
Performance

(as at 30/04/15)

Cumulative performance

■ JPM I (dist) - EUR (hedged)

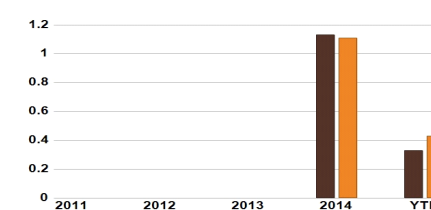
■ Benchmark



Calendar year performance

■ JPM I (dist) - EUR (hedged)

■ Benchmark



Cumulative performance

%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
JPM I (dist) - EUR (hedged)	-0.14	0.14	0.80	-	-	-
Benchmark	0.01	0.10	1.04	-	-	-

Calendar year performance

	2011	2012	2013	2014	YTD
JPM I (dist) - EUR (hedged)	-	-	-	1.13	0.33
Benchmark	-	-	-	1.11	0.43

Annualised performance

%	1 Y	3 Y	5 Y	Since inception
JPM I (dist) - EUR (hedged)	0.80	-	-	1.16
Benchmark	1.04	-	-	1.13

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Fund facts

Fund charges

Initial charge (max.)	0.00%
Redemption charge (max.)	0.00%
Annual Mgt.	0.30%
Distribution Fee	0.00%
Expenses	0.11%
TER (Total Expense Ratio)	0.41%

Statistical analysis review

(as at 30/04/15)

	3 years	5 years
Correlation	-	-
Alpha	-	-
Beta	-	-
Annualised volatility	-	-
Sharpe ratio	-	-
Tracking error	-	-
Information ratio	-	-

Value at Risk (VaR)

(as at 30/04/15)

VaR	0.36%	0.27%
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Value at Risk (VaR) provides a measure of the potential loss that could arise over a given time interval under normal market conditions, and at a given confidence level. The VaR approach is measured at a 99% confidence level and based on a time horizon of one month. The holding period relating to the financial derivative instruments, for the purpose of calculating global exposure, is one month.

Investor suitability

Investor profile

This is a bond Sub-Fund which offers exposure primarily to investment grade short duration debt securities, globally. Therefore, the Sub-Fund may be suitable for investors looking to make an asset allocation into the short duration bond sector and benefit from lower volatility associated with a lower interest rate duration when compared to longer-maturity debt securities. As a substantial part of the assets of the Sub-Fund are hedged into USD, it may be suitable for investors who wish to benefit from these opportunities while limiting foreign exchange risks. Investors should have at least a one to three year investment horizon.

Key risks

The value of your investment may fall as well as rise and you may get back less than you originally invested.

The value of debt securities may change significantly depending on economic and interest rate conditions as well as the credit worthiness of the issuer. Issuers of debt securities may fail to meet payment obligations or the credit rating of debt securities may be downgraded. These risks are typically increased for emerging market and below investment grade debt securities.

In addition, emerging markets may be subject to increased political, regulatory and economic instability, less developed custody and settlement practices, poor transparency and greater financial risks. Emerging market currencies may be subject to volatile price movements. Emerging market and below investment grade debt securities may also be subject to higher volatility and lower liquidity than non emerging market and investment grade debt securities respectively.

Asset-backed and mortgage-backed securities may be highly illiquid, subject to adverse changes to interest rates and to the risk that the payment obligations relating to the underlying asset are not met.

The value of financial derivative instruments can be volatile. This is because a small movement in the value of the underlying asset can cause a large movement in the value of the financial derivative instrument and therefore, investment in such instruments may result in losses in excess of the amount invested by the Sub-Fund.

Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimise the effect of currency fluctuations may not always be successful.

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Holdings

Bond quality breakdown	(as at 30/04/15)
AAA	31.5%
AA	10.7%
A	25.0%
BBB	23.1%
< BBB	0.1%
Cash	9.6%
Percentage of Corporate Bonds	25.8%
Non Investment Grade	0.1%

10 largest holdings

(as at 30/04/15)

Bond holding	Coupon rate	Maturity date ^c	Weight
US Treasury (United States)	0.125%	15/04/18	3.0%
Government of France (France)	0.500%	25/11/19	3.0%
Government of Japan (Japan)	0.200%	20/12/18	2.9%
Government of Japan (Japan)	0.200%	20/06/19	2.4%
Government of Mexico (Mexico)	7.750%	14/12/17	2.4%
Government of Japan (Japan)	0.200%	20/03/19	2.2%
Government of Italy (Italy)	4.250%	01/03/20	1.6%
Government of Japan (Japan)	0.100%	20/09/19	1.5%
Government of Canada (Canada)	1.750%	01/03/19	1.4%
Government of Spain (Spain)	3.750%	31/10/18	1.3%

Sector breakdown

(as at 30/04/15)

Sector	Fund
Government	33.2%
Corporate (Investment Grade)	25.7%
Mortgage (Non-Call)	19.8%
ABS	5.3%
Mortgage (Prepay Sensitive)	3.3%
Agency	3.0%
HY	0.1%
Cash	9.6%
Total	100.0%

Country breakdown

(as at 30/04/15)

Country	Fund
United States	46.9%
Japan	10.8%
United Kingdom	6.9%
France	5.3%
Canada	4.9%
Spain	4.3%
Italy	4.0%
Australia	3.6%
Mexico	2.7%
Others	10.6%
Total	100.0%

Explanatory Notes, Risks and Important Information

Notes

^AAs at 30/04/12 the investment objective was revised. For clarification the revisions made do not constitute any changes in the way the Sub-Fund is managed.

^BFor reactivated share classes the performance is shown from the date of reactivation and not the share class launch date.

^CMaturity Date refers to the maturity/reset date of the security. For those securities whose reference coupon rate is adjusted at least every 397 days, the date of the next coupon rate adjustment is shown.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

This Share Class seeks to minimise the effect of currency fluctuations between the Reference Currency of the Sub-Fund and the Reference Currency of this Share Class.

All performance details are NAV-NAV with gross income reinvested.

FX Adjusted returns have been calculated by JPMAM. Blended benchmarks have been calculated by JPMAM.

Source: J.P. Morgan

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