JPMorgan Funds - Emerging Markets Strategic Bond Fund

JPM X (acc) - EUR (hedged)

April 2015

Fund overview

Investment objective [A]

To achieve a return in excess of the benchmark by exploiting investment opportunities in emerging market debt and emerging market currency markets, using financial derivative instruments where appropriate.

Fund statistics

Morningstar Category™	Global Emerging Markets Bond - EUR Biased
Fund manager(s)	Pierre-Yves Bareau, Joanne Baxter
Client portfolio manager(s)	Zsolt Papp, Soumyanshu Bhattacharya
Fund launch date	12/04/11
Fund size (as at 30/04/15)	USD 417.1m
NAV (as at 30/04/15)	81.21
12M NAV High (as at 16/04/15)	81.63
12M NAV Low (as at 30/04/14)	78.47
Share class launch date [B]	08/03/13
Average duration	5.0 yrs
Yield to worst	4.0%
Average maturity	9.4 yrs

Fund codes

ISIN	LU0891473521
Bloomberg	JEMYHEA LX
Reuters	LU0891473521.LUF

Quarterly comments

(as at 31/03/15)

Review

In the first quarter, we saw positive returns in hard currency sovereign and corporate debt and a negative total return in local currency sovereign debt in US dollar terms, driven primarily by emerging market currency weakness.

The fund outperformed the cash benchmark over the quarter. At the start of the year we were cash heavy, at about 14%, with a higher allocation to local debt than to sovereign and corporate debt. We rotated into sovereign and corporate debt once liquidity improved and pared back our local currency allocation. Our rotation into external sovereign debt was largely allocated to higher yielding, idiosyncratic names, including Ivory Coast, Lebanon, Pakistan and Morocco, which typically have a lower beta to the rest of the index. Key positive contributors over the quarter were Indonesia and Ukraine, where assets rallied after the ceasefire. However, the ceasefire also resulted in our key detractor in corporate debt—our under-allocation to Russia, where assets and the ruble rallied strongly over the quarter. Elsewhere in corporate debt, key detractors included oil & gas corporate Pacific Rubiales in Colombia and a number of names in Africa, particularly Nigeria and South Africa.

Outlook

The big focus of markets over the coming quarter is likely to remain global monetary policy divergence. The fundamental outlook for emerging market corporates appears choppy, with persistently poor earnings relative to expectations and weak upgrade-downgrade ratios. Default rate forecasts have been revised upwards and we do not see any immediate catalysts for a turnaround. However, emerging market corporate credit does remain attractive relative to developed market credit. We remain selective, choosing to focus on names with stronger fundamentals.

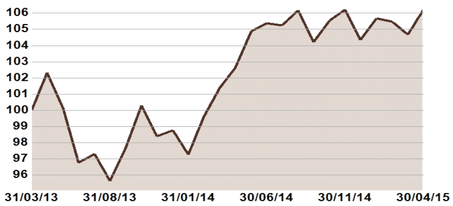
Benchmark

ICE 1 Month EUR LIBOR

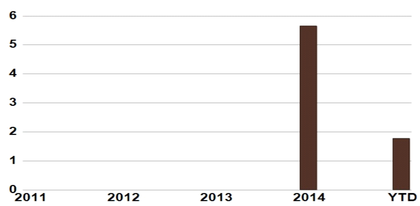
Performance

(as at 30/04/15)

Cumulative performance



Calendar year performance



Cumulative performance

%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
JPM X (acc) - EUR (hedged)	1.46	0.51	3.49	-	-	-

Calendar year performance

	2011	2012	2013	2014	YTD
JPM X (acc) - EUR (hedged)	-	-	-	5.65	1.79

Annualised performance

%	1 Y	3 Y	5 Y	Since inception
JPM X (acc) - EUR (hedged)	3.49	-	-	2.48

J.P.Morgan Asset Management

JPMorgan Funds - Emerging Markets Strategic Bond Fund

Fund facts

Fund charges

Initial charge (max.)	0.00%
Redemption charge (max.)	0.00%
Annual Mgt.	0.00%
Distribution Fee	0.00%
Expenses	0.15%
TER (Total Expense Ratio)	0.15%

Statistical analysis review

(as at 30/04/15)

	3 years	5 years
Correlation	-	-
Alpha	-	-
Beta	-	-
Annualised volatility	-	-
Sharpe ratio	-	-

Value at Risk (VaR)

(as at 30/04/15)

VaR	2.28%

Investor suitability

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.

The credit worthiness of unrated debt securities is not measured by reference to an independent credit rating agency.

Asset-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 Sub-Fund may be concentrated in a limited number of countries, sectors or issuers and as a result, may be more volatile than more broadly diversified funds.

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.

The possible loss from taking a short position on a security may be unlimited as there is no restriction on the price to which a security may rise. The short selling of investments may be subject to changes in regulations, which could adversely impact returns to investors.

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.

Holdings

Bond quality breakdown

(as at 30/04/15)

AAA	0.0%
AA	0.5%
A	8.0%
BBB	37.6%
< BBB	40.9%
Cash	13.0%
Percentage of Corporate Bonds	29.1%
Non Investment Grade	40.9%

10 largest holdings

(as at 30/04/15)

Bond holding	Coupon rate	Maturity date [c]	Weight
Government of Brazil (Brazil)	10.000%	01/01/17	1.6%
Government of Russia (Russian Federation)	7.500%	15/03/18	1.5%
Government of Hungary (Hungary)	5.500%	24/06/25	1.4%
Government of China (Hong Kong)	3.125%	23/04/20	1.3%
Government of Brazil (Brazil)	0.000%	01/01/18	1.3%
Government of Mexico (Mexico)	4.500%	04/12/25	1.2%
Government of Morocco (Morocco)	4.500%	22/10/25	1.1%
Government of Argentina (Argentina)	7.000%	03/10/15	1.1%
Pacific Rubiales Energy (Colombia)	5.125%	28/03/23	1.0%
Perusahaan Penerbit SBSN (Indonesia)	8.250%	11/03/18	0.9%

Geographical breakdown

(as at 30/04/15)

Country	Fund
Mexico	7.2%
Brazil	5.2%
United Arab Emirates	4.7%
Colombia	4.1%
China	4.1%
India	4.0%
Russian Federation	3.8%
Argentina	3.7%
Hungary	3.4%
Other	59.8%
Total	100.0%

Explanatory Notes, Risks and Important Information

Notes

[A]On 30/04/12 the investment objective of the Fund was changed.

[B]For reactivated share classes the performance is shown from the date of reactivation and not the share class launch date.

[C]Maturity 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.

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval.

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.

On 24/11/14 the share class name will be changed from 'Y' to 'X'.

Source: J.P. Morgan

Important Information

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