JPMorgan Funds - Global Strategic Bond Fund

JPM I (perf) (acc) - USD

April 2015

Fund overview

Investment objective[A]

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

Fund statistics

Morningstar Category™	Global Flexible Bond - USD Hedged
Fund manager(s)	Nick Gartside, Robert Michele, Iain Stealey, Matthew Pallai
Client portfolio manager(s)	Maria Ryan
Fund launch date	03/06/10
Fund size (as at 30/04/15)	USD 931.6m
NAV (as at 30/04/15)	104.92
12M NAV High (as at 04/03/15)	105.19
12M NAV Low (as at 16/10/14)	101.21
Share class launch date[B]	18/03/13
Average duration	1.4 yrs
Yield to maturity	3.1%
Average maturity	3.9 yrs

Fund codes

ISIN	LU0514680239
Bloomberg	JPGSBIU LX
Reuters	LU0514680239.LUF

Fund highlights

The JPM Global Strategic Bond Fund is a dynamic global bond fund, providing access to J.P. Morgan Asset Management's most compelling fixed income ideas, wherever in the world they are to be found.

With the ability to invest across the fixed income spectrum, from government bonds to corporate credit to high yield and emerging market debt, the fund offers a diversified fixed income solution.

Unlike many traditional fixed income funds, the fund does not have a yield target and does not aim to produce a consistent income. Instead, its goal is to focus on the most attractive return opportunities from across the fixed income spectrum.

The fund's expert management team are able to draw on the insight of our sector specialists to identify and invest in only our highest conviction ideas, combining locally-based regional expertise with a global perspective.

Quarterly comments

(as at 31/03/15)

Review

Global growth dynamics shifted in the first quarter. Economic momentum in the eurozone started to build while US data was weaker than expected in almost every aspect except the labour market. Markets are focused on the timing of the first rate hike from the Federal Reserve (the Fed), despite weakening global inflation as a result of falling oil prices and monetary policy easing by more than two dozen central banks. Government bond yields, both in Europe and the US, fell and nearly USD 2 trillion of debt across the globe is trading at negative yields.

The fund delivered a positive return in the quarter. Corporate bonds, both investment grade and high yield, were the main positive contributors to performance, driven by robust fundamentals and strong investor demand. Securitised products, approximately a third of the fund's exposure, added to performance, led by the allocation to commercial mortgage-backed securities (CMBS) and non-agency residential mortgage-backed securities (RMBS). Emerging markets added to performance, partly thanks to the fund's Hungary exposure, which benefited from the European Central Bank's (ECB's) quantitative easing announcement. The fund's government exposure detracted from performance due to positions implemented to hedge against rising rates. Over the quarter, we increased the fund's headline duration by a quarter of a year by adding exposure to municipals, which offer an attractive spread above US Treasuries.

Outlook

We continue to like high yield, both in the US and Europe, as corporate balance sheets look great, defaults are low and credit spreads are pricing in a multiple of where default rates should be. European financials look attractive as they have regulatory pressure to increase capital, they are cleaning up their balance sheets and the ECB is providing almost unlimited liquidity. Opportunities in emerging markets are more limited given low commodity prices, the stronger dollar and expectations for Fed rate increases.

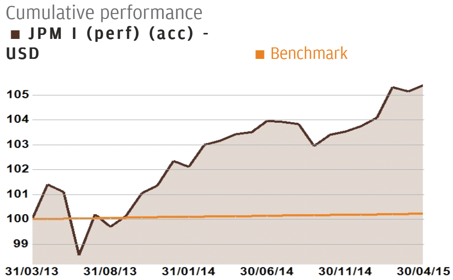
Benchmark

ICE Overnight USD LIBOR

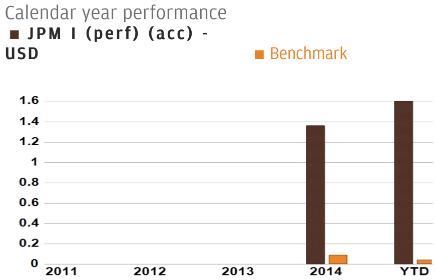
Performance

(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 I (perf) (acc) - USD	0.25	1.25	1.92	-	-	-
Benchmark	0.01	0.03	0.10	-	-	-

Calendar year performance

	2011	2012	2013	2014	YTD
JPM I (perf) (acc) - USD	-	-	-	1.36	1.60
Benchmark	-	-	-	0.09	0.04

Annualised performance

%	1 Y	3 Y	5 Y	Since inception
JPM I (perf) (acc) - USD	1.92	-	-	2.30
Benchmark	0.10	-	-	0.11

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Fund facts

Fund charges

Initial charge (max.)	0.00%
Redemption charge (max.)	0.00%
Annual Mgt.	0.50%
Distribution Fee	0.00%
Expenses	0.11%
TER (Total Expense Ratio)	0.61%
Performance fee	10.00%

Performance fee is 10% when the fund return exceeds the benchmark return. Please refer to the Fund's Prospectus for conditions on the application of the performance fees.

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	1.32%

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 for investors looking for an absolute return that aims to exceed the return of a cash benchmark in diverse market environments over time from a combination of capital appreciation and income while reducing the likelihood of capital losses on a medium term basis through a flexible, diversified multi-sector approach. Since the focus of the Sub-Fund is on bonds rather than cash, investors should have an investment horizon of at least three to five years.

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 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 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.

Convertible bonds are subject to the credit, interest rate and market risks stated above associated with both debt and equity securities, and to risks specific to convertible securities. Convertible bonds may also be subject to lower liquidity than the underlying equity securities.

Contingent Convertible Securities are likely to be adversely impacted should specific trigger events occur (as specified in the contract terms of the issuing company). This may be as a result of the security converting to equities at a discounted share price, the value of the security being written down, temporarily or permanently, and/or coupon payments ceasing or being deferred.

The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.

The Sub-Fund's use of equity derivatives to manage the portfolio's correlation to equity markets may not always achieve its objective and could adversely affect the return of your investment.

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	15.4%
AA	5.7%
A	10.3%
BBB	19.0%
< BBB	38.8%
Non Rated	5.8%
Cash	5.0%
Percentage of Corporate Bonds	49.8%
Non Investment Grade	44.6%

10 largest holdings

(as at 30/04/15)

Bond holding	Coupon rate	Maturity date [C]	Weight
FNMA (United States)	3.500%	01/06/45	7.9%
FNMA (United States)	3.000%	01/06/45	2.0%
Government of Spain (Spain)	2.750%	31/10/24	1.5%
Government of Japan (Japan)	2.400%	20/03/37	1.4%
Virginia State Public School Authority (United States)	5.000%	01/08/27	1.3%
Lloyds Banking (United Kingdom)	6.461%	29/11/49	1.2%
WFMBS (United States)	2.631%	25/06/35	1.1%
UBS (Switzerland)	4.750%	12/02/26	1.1%
Wachovia Bank (United States)	5.517%	15/01/45	1.0%
State of Washington (United States)	5.000%	01/07/29	0.8%

Sector breakdown

(as at 30/04/15)

Sector	Fund
IG Corp.	17.1%
US HY Corp.	16.3%
Agency MBS	13.4%
Non-Agency MBS & ABS	13.3%
Non-US HY Corp.	11.5%
CMBS	8.4%
Government	7.2%
Convertible Bonds	4.4%
Funds	2.5%
EMD Corporate	0.5%
EMD Sovereign	0.4%
Cash	5.0%
Total	100.0%

Currency breakdown

(as at 30/04/15)

Currency	Fund
USD	99.9%
EUR	0.1%
Total	100.0%

Explanatory Notes, Risks and Important Information

Notes

[A]As 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.

[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.

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.

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.

As from 24/11/14 the share class has been renamed adding the suffix 'perf'.

Source: J.P. Morgan

Important Information

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