

JPMorgan Investment Funds - Income Opportunity Fund

JPM I (perf) (acc) - EUR (hedged)

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 TM	Other Bond
Fund manager(s)	William Eigen
Client portfolio manager(s)	Jonathan Sachs
Fund launch date	19/07/07
Fund size (as at 30/04/15)	USD 6654.3m
NAV (as at 30/04/15)	74.79
12M NAV High (as at 28/04/15)	74.89
12M NAV Low (as at 17/12/14)	73.44
Share class launch date ^B	04/10/13
Average duration	1.3 yrs
Yield to maturity	2.5%
Average maturity	4.9 yrs

Fund codes

ISIN	LU0289473133
Bloomberg	JPIOPIH LX
Reuters	LU0289473133.LUF

Fund highlights

JPM Income Opportunity Fund is an opportunistic, flexible fixed income fund. Although returns cannot be guaranteed, the fund targets positive returns in excess of cash regardless of market environment.

Because the fund can move flexibly across fixed income markets - investing only in areas which they believe offer attractive future returns relative to cash - it may have the ability to protect capital as well as deliver strong returns. Its low correlation with traditional fixed income funds means it also offers compelling diversification benefits as a complement to a traditional portfolio.

Quarterly comments

(as at 31/03/15)

Review

In the first quarter of 2015, global volatility created pockets of opportunity and the fund used its cash balance to add to risk in less correlated areas of the market. Duration ended the quarter at 1.37, up significantly from the previous period due to an increase in credit exposure and a reduction of risk in macro strategies.

Exposure to high yield in our "Beta" sleeve was the strongest source of return for the first quarter. The fund used liquidity to add exposure to high yield throughout the quarter at attractive spread levels. Our credit relative value book in our "Alpha" sleeve also delivered positive returns, as a long/short strategy in energy took advantage of pricing inefficiencies across both traditional and synthetic markets as oil prices remained volatile. Our macro relative value book was the biggest detractor from returns, as a flattener designed to benefit from speculation around an increase in the Fed Funds rate suffered as the belly of the curve outperformed the long end of the curve.

Outlook

The compensation for assuming global interest rate risk remains close to all-time lows, and the threat of higher rates is elevated with a solid US economy and the potential for Fed action regarding short-term rates before year end. In an environment where valuations continue to be stretched, we remain focused on capital preservation and maintain ample liquidity to capitalise on future opportunities.

Benchmark

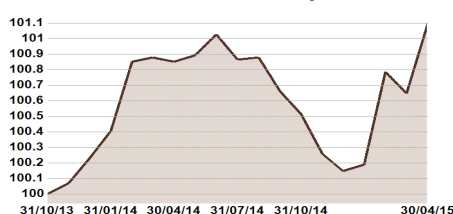
EONIA

Performance

(as at 30/04/15)

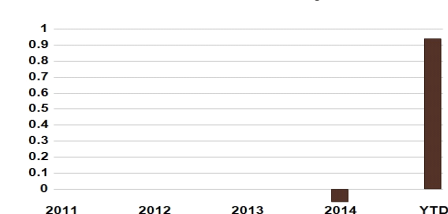
Cumulative performance

■ JPM I (perf) (acc) - EUR (hedged)



Calendar year performance

■ JPM I (perf) (acc) - EUR (hedged)



Cumulative performance

%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
JPM I (perf) (acc) - EUR (hedged)	0.44	0.90	0.24	-	-	-

Calendar year performance

	2011	2012	2013	2014	YTD
JPM I (perf) (acc) - EUR (hedged)	-	-	-	-0.08	0.94

Annualised performance

%	1 Y	3 Y	5 Y	Since inception
JPM I (perf) (acc) - EUR (hedged)	0.24	-	-	1.02

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Fund facts

Fund charges

Initial charge (max.)	0.00%
Redemption charge (max.)	0.00%
Annual Mgt.	0.55%
Distribution Fee	0.00%
Expenses	0.11%
TER (Total Expense Ratio)	0.66%
Performance fee	20.00%

Performance fee is 20% 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

(as at 30/04/15)

review

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

Value at Risk (VaR)

(as at 31/03/15)

VaR 0.91%

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 conditions 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 Sub-Fund is invested in 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 below investment grade debt securities which may also be subject to higher volatility and lower liquidity than investment grade debt securities.

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

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.

Convertible bonds are subject to the risks associated with both debt and equity securities, and to risks specific to convertible securities. Their value may change significantly depending on economic and interest rate conditions, the creditworthiness of the issuer, the performance of the underlying equity and general financial market conditions. In addition, issuers of convertible bonds may fail to meet payment obligations and their credit ratings may be downgraded. Convertible bonds may also be subject to lower liquidity than the underlying equities.

Catastrophe bonds, in addition, may suffer the loss of part or all of the value of the bond in the event that physical or weather-related phenomena, as specified in the terms of the bond, occur.

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 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 ^c	(as at 30/04/15)
AAA	5.1%
AA	1.1%
A	0.3%
BBB	1.5%
< BBB	49.1%
Non Rated	4.1%
Cash	38.8%
Percentage of Corporate Bonds	44.9%
Non Investment Grade	53.2%

10 largest holdings

(as at 30/04/15)

Bond holding	Coupon rate	Maturity date ^d	Weight
Rabobank (Netherlands)	0.311%	29/05/15	1.5%
Westpac Bank (Australia)	0.242%	14/08/15	1.5%
Wells Fargo (United States)	0.266%	09/09/15	1.5%
Old Line Funding (United States)	0.000%	01/05/15	1.5%
National Australia Bank (Australia)	0.271%	27/08/15	1.4%
State Street (United States)	0.308%	12/11/15	1.1%
Toronto-Dominion Bank (United States)	0.243%	24/08/15	1.1%
Wells Fargo (United States)	0.291%	19/06/15	1.1%
HSBC (United Kingdom)	0.319%	20/01/16	1.1%
Guggenheim Capital (United States)	0.000%	15/06/15	1.1%

Strategy Split

(as at 30/04/15)

Sector	Fund
Corporate High Yield	35.6%
Non-Agency MBS	7.5%
Credit Relative Value	6.6%
Agency MBS	2.7%
Corporate Investment Grade	1.4%
Alternative Credit	1.3%
CMBS/ABS	1.3%
EMD/Sovereign	0.5%
Other	4.4%
Cash	38.7%
Total	100.0%

Geographical breakdown

(as at 30/04/15)

Country	Fund
United States	77.7%
Australia	4.9%
Canada	4.6%
Netherlands	3.8%
Luxembourg	2.7%
United Kingdom	2.6%
Cayman Islands	1.7%
Bermuda	1.2%
Japan	0.5%
Others	0.3%
Total	100.0%

Explanatory Notes, Risks and Important Information

Notes

^AOn 16/08/11 the investment objective of the Fund was changed. As at 30/06/12 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.

^CData is shown as a percentage of NAV, which reflects leverage taken by the fund.

^DMaturity 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.

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

Formerly JPM Highbridge Income Opportunity Fund, the Fund name was changed on 16/07/08.

As at 04/01/10 the base currency of the Sub-Fund was changed from Euro (EUR) to US Dollar (USD).

Source: J.P. Morgan

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