

JPMorgan Funds - Global Government Short Duration Bond Fund

JPM I (acc) - USD (hedged)

April 2015

Fund overview

Investment objective ^A

To achieve a return in line with the Benchmark by investing primarily in global government short-term debt securities.

Fund statistics

Morningstar Category TM	Global Bond - USD Hedged
Fund manager(s)	David Tan
Client portfolio manager(s)	Nigel Rayment
Fund launch date	20/02/09
Fund size (as at 30/04/15)	EUR 54.7m
NAV (as at 30/04/15)	137.76
12M NAV High (as at 15/04/15)	137.89
12M NAV Low (as at 20/05/14)	136.00
Share class launch date ^B	15/10/13
Average duration	2.3 yrs
Yield to maturity	0.5%
Average maturity	2.4 yrs

Fund codes

ISIN	LU0973525347
Bloomberg	JGGSBIU LX
Reuters	LU0973525347.LUF

Fund highlights

The fund seeks to achieve secure and competitive returns over a one to three year investment horizon by investing in global short term fixed and floating rate investment grade government debt securities. For efficient portfolio management purposes only, it can also invest in interest rate futures.

The fund's policy is to invest in a broad range of government debt securities issued by investment grade countries. This means it will invest in bonds denominated in a variety of currencies. However, currency exposure will be fully hedged because currency risk is not permitted in this fund.

The fund does not take credit risk, and will not invest in government backed agency issues, mortgage backed securities (MBS) or asset backed securities (ABS).

Because returns from highly rated government securities should have relatively low level of volatility, adding this fund to a higher risk portfolio (for example equity, high yield or emerging market debt) could help to smooth and enhance long-term risk adjusted returns.

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 outperformed the benchmark for the quarter. In duration, we remained long five-year Japan. In the latter part of the quarter, we implemented a short 2s US and a short Dec 15 short sterling position. Both short positions were closed towards the end of March at a small loss. In light of the ECB QE programme, we added to our peripherals overweight and moved up the curve. We were long five-year Italy and Spain outright. Our positioning in peripherals was the major positive contributor to performance. In terms of curve positioning, we removed our Euribor flattener position (Dec 15/17) but held onto our short sterling steepener (Dec 16/17). We implemented a euro\$/short£ box position (Buy EDZ5 EDZ6 vs. sell L Z5 L Z6) in March and took profit on this trade subsequently.

Outlook

We continue to believe that developed market recoveries are gaining traction, with the US at the forefront, but we also can't eliminate the threat of a global crisis, potentially caused by a collapse in commodity prices or policy error.

Benchmark

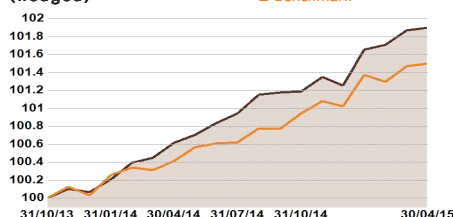
J.P. Morgan Government Bond Index 1-3 Year (Total Return Gross) Hedged to USD

Performance

(as at 30/04/15)

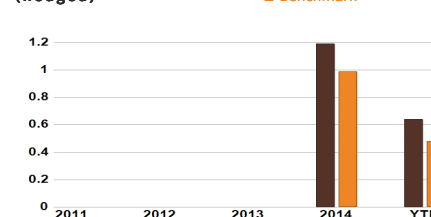
Cumulative performance

■ JPM I (acc) - USD (hedged)



Calendar year performance

■ JPM I (acc) - USD (hedged)



Cumulative performance

%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
JPM I (acc) - USD (hedged)	0.03	0.24	1.28	-	-	-
Benchmark	0.03	0.13	1.08	-	-	-

Calendar year performance

	2011	2012	2013	2014	YTD
JPM I (acc) - USD (hedged)	-	-	-	1.19	0.64
Benchmark	-	-	-	0.99	0.48

Annualised performance

%	1 Y	3 Y	5 Y	Since inception
JPM I (acc) - USD (hedged)	1.28	-	-	1.35
Benchmark	1.08	-	-	1.08

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Fund facts

Fund charges

Initial charge (max.)	0.00%
Redemption charge (max.)	0.00%
Annual Mgt.	0.20%
Distribution Fee	0.00%
Expenses	0.11%
TER (Total Expense Ratio)	0.31%

Statistical analysis review

(as at 30/04/15)

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

Holdings

Bond quality breakdown

(as at 30/04/15)

AAA	10.8%
AA	14.2%
A	20.7%
BBB	53.0%
Cash	1.3%
Non Investment Grade	0.0%

Investor suitability

Investor profile

This is a bond fund that invests primarily in global government debt securities. Therefore, the fund may be suitable for investors looking to make an asset allocation into the sector and benefit from lower volatility associated with a lower interest rate duration when compared to longer-maturity government securities. 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.

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

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.

10 largest holdings

(as at 30/04/15)

Bond holding	Coupon rate	Maturity date ^c	Weight
Government of Mexico (Mexico)	5.625%	15/01/17	8.6%
Government of Italy (Italy)	0.000%	12/02/16	8.0%
Government of Italy (Italy)	0.000%	14/09/15	6.4%
Government Of Korea (Korea)	7.125%	16/04/19	5.0%
Government of Italy (Italy)	0.000%	14/04/16	4.5%
Government of Italy (Italy)	2.150%	12/11/17	4.1%
Government of Finland (Finland)	1.625%	01/10/18	3.4%
Government of Japan (Japan)	0.200%	20/12/18	3.4%
Government of Sweden (Sweden)	0.875%	23/01/18	3.2%
Government of Japan (Japan)	0.200%	20/12/17	3.1%

Sector breakdown

(as at 30/04/15)

Sector	Fund
Government	98.7%
Cash	1.3%
Total	100.0%

Geographical breakdown

(as at 30/04/15)

Country	Fund
Italy	34.0%
Japan	13.2%
Mexico	8.6%
Spain	8.0%
Korea	6.1%
Sweden	4.8%
United States	4.7%
Finland	4.7%
Belgium	4.0%
France	3.4%
Iceland	2.4%
United Kingdom	2.2%
Poland	1.9%
Australia	1.8%
Canada	1.2%
Other	-1.0%
Total	100.0%

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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.

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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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