

JPMorgan Funds - Emerging Markets Debt Fund

JPM I (acc) - USD

April 2015

Fund overview

Investment objective ^A

To achieve a return in excess of the bond markets of emerging countries by investing primarily in emerging market debt securities, including corporate securities and securities issued in local currencies, using financial derivative instruments where appropriate.

Fund statistics

Morningstar Category TM	Global Emerging Markets Bond
Fund manager(s)	Matias Silvani, Pierre-Yves Bareau
Client portfolio manager(s)	Zsolt Papp
Fund launch date	14/03/97
Fund size (as at 30/04/15)	USD 2094.3m
NAV (as at 30/04/15)	109.11
12M NAV High (as at 29/04/15)	109.72
12M NAV Low (as at 16/12/14)	102.41
Share class launch date ^B	16/10/13
Average duration	6.6 yrs
Yield to worst	5.5%
Average maturity	12.2 yrs

Fund codes

ISIN	LU0973522674
Bloomberg	JPEAHU LX
Reuters	LU0973522674.LUF

Fund highlights

Emerging markets bonds carry higher risks than other fixed income securities, but their growth potential is higher.

The fund management team aim to identify and overweight countries with value, improving fundamentals and those with a positive technical dynamic and underweight the reverse.

Using JPMorgan's fixed income expertise and global analysis capabilities, this Fund allows you to fully exploit the potential of emerging markets debt.

Quarterly comments

(as at 31/03/15)

Review

Emerging market debt spreads widened marginally over the quarter. At the index level, corporate debt delivered similar performance to external sovereign debt, while local currency debt underperformed. Oil prices declined to historical lows, but recovered as the US dollar weakened following the March Federal Open Market Committee statement. Emerging market economic data was divergent. Chinese data continued to disappoint as flash manufacturing purchasing managers' indices (PMIs) fell into contractionary territory, while eurozone services and manufacturing PMIs continued to see improvement.

The fund underperformed the benchmark. At the start of the quarter, the key duration overweights were Morocco, Hungary and Argentina, while the key underweights were China, Chile and Peru. Key positive performance contributors included our underweights in Ukraine and Malaysia. Our overweight position in Dominican Republic and Hungary also contributed positively. Key detractors included our flat positioning in Mexico and our deep underweight in China. Our positioning in Turkey and Belarus also detracted from performance. Towards the end of the quarter, we covered some of our underweight oil positions, both to take advantage of tactical opportunities and as a risk management exercise, but we maintain a cautious stance on these positions. At quarter end, our key duration overweights were Argentina, Morocco and Hungary, while the key underweights were China, Malaysia and Kazakhstan.

Outlook

Our outlook for emerging market debt is positive but more cautious over the near term. We continue to favour countries with solid fundamentals, and idiosyncratic credits. We also prefer a barbell strategy of short duration high yield names, which have an attractive risk-reward profile, along with certain long-end investment grade names that still have relatively attractive valuations.

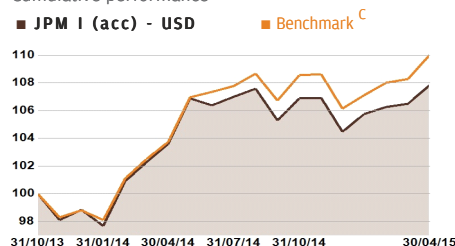
Benchmark ^C

J.P. Morgan Emerging Market Bond Index Global Diversified (Total Return Gross)

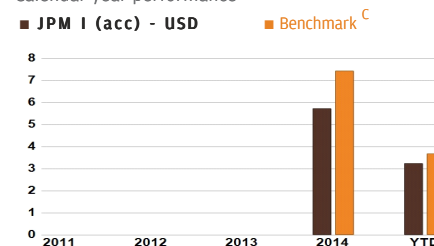
Performance

(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 (acc) - USD	1.30	1.98	4.12	-	-	-
Benchmark ^C	1.63	2.72	6.06	-	-	-

Calendar year performance

	2011	2012	2013	2014	YTD
JPM I (acc) - USD	-	-	-	5.73	3.24
Benchmark ^C	-	-	-	7.43	3.68

Annualised performance

%	1 Y	3 Y	5 Y	Since inception ^D
JPM I (acc) - USD	4.12	-	-	5.84
Benchmark ^C	6.06	-	-	7.20

JPMorgan Funds - Emerging Markets Debt Fund

Fund facts

Fund charges

Initial charge (max.)	0.00%
Redemption charge (max.)	0.00%
Annual Mgt.	0.50%
Distribution Fee	0.00%
Expenses	0.16%
TER (Total Expense Ratio)	0.66%

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

(as at 30/04/15)

VaR	3.24%	3.18%
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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.

Holdings

Bond quality breakdown ^E

(as at 30/04/15)

AAA	0.2%
AA	0.4%
A	4.6%
BBB	36.5%
< BBB	56.0%
Cash	2.3%
Percentage of Corporate Bonds	3.0%
Non Investment Grade	56.0%

Investor suitability

Investor profile

As this bond fund invests in emerging market debt securities, including corporate securities and securities issued in local currencies, it is most suited for investors willing to take extra risks in search of higher future returns. Investors in the fund will therefore likely use it to complement an existing core bond portfolio invested in lower risk government or agency bonds, in order to gain greater diversification through exposure to the higher return potential of non-investment grade securities. Because of the higher volatility of emerging market debt securities, investors should have at least a three to five 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.

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

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.

10 largest holdings

(as at 30/04/15)

Bond holding	Coupon rate	Maturity date ^F	Weight
Government of Lebanon (Lebanon)	8.250%	12/04/21	2.0%
Government of Russia (Russian Federation)	7.500%	31/03/30	2.0%
Government of Philippines (Philippines)	7.750%	14/01/31	1.9%
Government of Brazil (Brazil)	4.250%	07/01/25	1.5%
Government of Brazil (Brazil)	10.000%	01/01/17	1.5%
Government of Uruguay (Uruguay)	5.100%	18/06/50	1.3%
Government of Argentina (Argentina)	7.000%	03/10/15	1.1%
Government of Indonesia (Indonesia)	8.500%	12/10/35	1.1%
Government of Russia (Russian Federation)	3.500%	16/01/19	1.1%
Government of Peru (Peru)	6.550%	14/03/37	1.1%

Geographical breakdown

(as at 30/04/15)

Country	Fund	Benchmark ^C	Deviation
Russian Federation	4.5%	4.2%	0.3%
Philippines	4.3%	4.7%	-0.4%
Indonesia	4.2%	4.4%	-0.2%
Hungary	4.2%	3.5%	0.7%
Lebanon	4.0%	3.3%	0.7%
Mexico	3.9%	4.3%	-0.4%
Colombia	3.8%	3.8%	0.0%
Argentina	3.8%	2.1%	1.7%
Turkey	3.5%	4.5%	-1.0%
Other	63.8%	65.2%	-1.4%
Total	100.0%	100.0%	0.0%

JPMorgan Funds - Emerging Markets Debt Fund

Explanatory Notes, Risks and Important Information

Notes

^AOn 02/08/10 the investment objective was changed to include corporate securities and securities issued in local currencies, using derivatives where appropriate. 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.

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

^COn 04/07/11 the benchmark for the Fund was changed from J.P. Morgan Emerging Markets Bond Index Global Diversified, hedged to EUR (Total Return Gross) to J.P. Morgan Emerging Markets Bond Index Global Diversified, hedged to USD (Total Return Gross). From 01/06/07 to 01/08/10 the benchmark for this Fund was J.P. Morgan Emerging Markets Bond Index Plus, hedged into EUR (Total Return Gross). Prior to 01/06/07 there was no index that accurately reflected the Fund's portfolio.

^DThe Fleming Frontier-Emerging Markets Debt Fund (launched 28/08/95) was merged into Fleming Funds on 13/03/97.

^EPositions are for cash assets only.

^FMaturity 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.

All performance details are NAV-NAV with gross income reinvested. FX adjusted returns and blended benchmarks have been calculated by JPMAM.

On 04/07/11 the base currency of the Sub-Fund was changed from Euro (EUR) to US Dollars (USD).

The FF EMD fund was converted to a Euro-hedged EMD portfolio on 01/07/06. For investors seeking to invest in Emerging Markets Debt, but not wanting an exposure to the US Dollar, the FF EMD fund hedges all USD exposure to the EUR.

Source: J.P. Morgan

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