JPMorgan Funds - Systematic Alpha Fund

JPM I (acc) - USD (hedged) April 2015

Fund overview

Investment objective

To provide a total return in excess of its cash benchmark by exploiting behavioural patterns in the financial markets, primarily through the use of financial derivative instruments.

Fund statistics

Morningstar Category™	Alt - Multistrategy
Fund manager(s)	Yazann Romahi, Katherine Santiago, Wei Victor Li
Client portfolio manager(s)	Olivia Mayell, Hannah Sparrow
Fund launch date	01/07/09
Fund size (as at 30/04/15)	EUR 1971.3m
NAV (as at 30/04/15)	140.60
12M NAV High (as at 09/12/14)	143.34
12M NAV Low (as at 17/10/14)	138.81
Share class launch date [A]	17/10/13

Fund codes

ISIN	LU0974148586
Bloomberg	JPXHIHU LX
Reuters	LU0974148586.LUF

Quarterly comments (as at 31/03/15)

Review

Over the first quarter, the fund delivered a negative return and underperformed its cash benchmark. The HFRX Global Hedge Index was down, while the performance of the HFRI Fund of Funds Composite Index, which tends to carry equity beta, was positive.

The merger arbitrage strategy enjoyed a strong first quarter, as deal flow was robust and there were very few deal failures, which meant that the strategy earned a steady positive return. Convertible bond arbitrage was similarly positive over the quarter, recovering after a more challenging end to 2015. The macro-based strategies were also positive over the period. The fixed income sub-strategy continued to generate positive returns, although performance in this sub-strategy was more volatile. Both the FX and commodity sub-strategies were also small positive contributors. However, this was offset by the equity market neutral strategy, which had a more challenging period. Value and size factors were down for the quarter, while the momentum factor, which has been favouring defensive, higher-quality names, was volatile and struggled in February.

Outlook

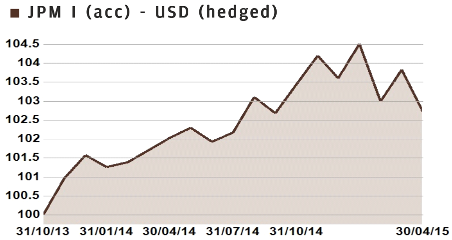
We expect the strategy to benefit from the underlying diversification. Factor dispersion in equity long/short is around the long-term average and equity market dispersion is favourable. In merger arbitrage, the environment is supportive, with strong corporate fundamentals, reasonable levels of deal activity and healthy deal spreads. Risk in fixed income has normalised, which benefits portfolio diversification. The convertible bond arbitrage strategy continues to be supported by US convertible bonds trading at a discount to theoretical value and strong new issuance.

Benchmark

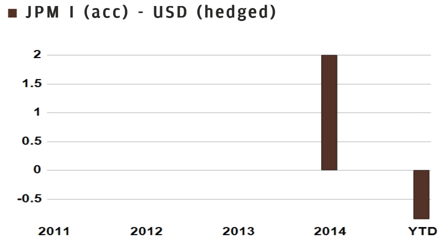
ICE 1 Month EUR LIBOR Hedged to USD

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 (hedged)	-1.06	-1.71	0.69	-	-	-

Calendar year performance

	2011	2012	2013	2014	YTD
JPM I (acc) - USD (hedged)	-	-	-	2.00	-0.85

Annualised performance

%	1 Y	3 Y	5 Y	Since inception
JPM I (acc) - USD (hedged)	0.69	-	-	1.82

J.P.Morgan Asset Management

JPMorgan Funds - Systematic Alpha Fund

Fund facts

Fund charges

Initial charge (max.)	0.00%
Redemption charge (max.)	0.00%
Annual Mgt.	0.75%
Distribution Fee	0.00%
Expenses	0.16%
TER (Total Expense Ratio)	0.91%

Statistical analysis review

(as at 30/04/15)

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

Investor suitability

Investor profile

Due to the nature of the investment strategy of this fund, it is designed for experienced investors. Investors would mainly benefit from a diverse range of investment strategies that are generally uncorrelated to each other. This fund could also be suitable as an addition to a globally diversified portfolio in order to provide diversification away from traditional market returns. Investors in this Sub-Fund should have at least a 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.

Generally uncorrelated behavioural patterns are likely to change over time. Under certain market conditions, these patterns could become correlated, exposing the Sub-Fund to additional risks.

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

The value of debt securities may change significantly depending on economic and interest rate conditions as well as the creditworthiness of the issuer. Issuers of debt securities may fail to meet payment obligations or the credit rating of debt securities may bedowngraded. These risks are typically increased for emerging market debt securities.

In addition, emerging markets may be subject to increased political, regulatory and economic instability, less developed custody andsettlement practices, poor transparency and greater financial risks. Emerging market currencies may be subject to volatile pricemovements. Emerging market securities may also be subject to higher volatility and lower liquidity than non emerging market securities.

The value of securities in which the Sub-Fund invests may be influenced by movements in commodity prices which can be very volatile.

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 inlosses 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 securitymay 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 tominimise the effect of currency fluctuations may not always be successful.

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Equity long/short

Number of open positions

(as at 30/04/15)

Long	376
Short	320
Total	696

Sector breakdown

(as at 30/04/15)

Consumer Discretionary	9.7%	-7.8%
Information Technology	9.5%	-7.3%
Financials	8.5%	-6.2%
Industrials	7.8%	-9.1%
Energy	5.8%	-3.2%
Materials	4.0%	-4.6%
Health Care	3.9%	-2.1%
Consumer Staples	3.7%	-3.3%
Utilities	2.6%	-2.6%
Telecommunication Services	1.4%	-0.8%
Total	56.9%	-47.0%

Market capitalisation breakdown

(as at 30/04/15)

	Long	Short	Net
Mid-Cap	28.7%	-27.6%	1.1%
Large-Cap	18.0%	-10.1%	7.9%
Small-Cap	10.2%	-9.3%	0.9%
Total	56.9%	-47.0%	9.9%

Merger arbitrage

Regional breakdown

(as at 30/04/15)

Country	Fund
United States	67.0%
United Kingdom	13.0%
Europe ex UK	12.0%
Australia	4.0%
Canada	2.0%
Japan	1.0%
Other	1.0%
Total	100.0%

Portfolio breakdown by deal type

(as at 30/04/15)

Deal Type	Fund
Number of Deals	72.0
Average Current Premium	5.20%
Non-Negative Average Premium	10.90%
Notional Long	46.30%
Current Average Duration	4.90 months
Public Acquirers	83%
Hostile/Unsolicited bids	4.80%
Cash Deals	40
Stock Deals	11
Cash and Stock	20
Cash or Stock	1

Global macro

Global macro top positions

(as at 30/04/15)

Commodities SPGSCIROLLWEIGHTSELECT	18.2%
FX G10 NZD	2.2%
FX G10 USD	1.7%
FX EM INR	0.5%
FX EM ZAR	0.5%
Bond Bond AUST 10YR BOND FUT 15JUN15 XMM5	-2.6%
Bond Bond CAN 10YR BOND (MSE) 19JUN15 CNM5	-9.0%
Commodities S&P GSCI EQUALWGTSELCT	-18.2%

Convertible bond arbitrage

Credit breakdown

(as at 30/04/15)

AAA	0.0%
AA	0.0%
A	5.6%
BBB	27.0%
< BBB	56.4%
Non Rated	11.0%
Yield to maturity	2.0%

CB Long position as at 30/04/15 is 16.74% and Future Short position is -11.15%.

Explanatory Notes, Risks and Important Information

Notes

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

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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