

JPMorgan Funds - EU Government Bond Fund

JPM I (acc) - EUR

April 2015

Fund overview

Investment objective ^A

To achieve a return in line with the benchmark by investing primarily in a portfolio of EU-domiciled government debt securities.

Fund statistics

	EUR
Morningstar Category TM	Government Bond
Fund manager(s)	David Tan
Client portfolio manager(s)	Nigel Rayment
Fund launch date	17/04/08
Fund size (as at 30/04/15)	EUR 1775.9m
NAV (as at 30/04/15)	117.34
12M NAV High (as at 12/03/15)	119.55
12M NAV Low (as at 30/04/14)	105.54
Share class launch date ^B	18/10/13
Average duration	7.8 yrs
Yield to maturity	0.7%
Average maturity	8.7 yrs

Fund codes

ISIN	LU0355584201
Bloomberg	JPMGBIE LX
Reuters	LU0355584201.LUF

Fund highlights

The JPM EU Government Bond Fund has been designed to provide secure and stable returns at very low risk by investing in fixed and floating government bonds from European Union (EU) countries using a traditional long-only strategy.

The fund does not take credit risk, and will not invest in government backed agency issues, such as mortgage backed securities (MBS) or asset backed securities (ABS). However, the fund may hold non-euro denominated securities issued by countries such as the UK, Sweden and Denmark, although any non-euro exposure will be fully hedged.

The fund benefits from JPMorgan's tried and tested global macro investment process which creates a diversified portfolio of high conviction securities aimed at producing higher risk-adjusted returns within a balanced framework.

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 first 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. With the ECB stating that it would buy bonds with a yield as low as -0.2%, yields fell across the region and, by the end of March, a quarter of eurozone bonds were trading with a negative yield.

We made several adjustments to the portfolio in the quarter. In duration, we implemented a short Dec 15 sterling position in the latter part of the quarter. The short position was closed towards the end of March. In light of the ECB's QE programme, we added to our overweight exposure to peripheral bonds and moved up the curve. We were long Italy (five and 10 year) and Spain (five year) outright. We bought 30-year Italy vs. Germany. Our positioning in peripherals was the major positive contributor to performance. In addition, we added to our long 10-year France vs. Germany position, which contributed positively to performance. In terms of curve positioning, we removed our Euribor flattener position (Dec 15/17) but held onto our France flattener (10s/15s) and short sterling steepener (Dec 16/17).

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.

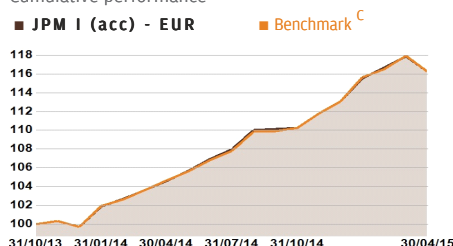
Benchmark ^C

J.P. Morgan EMU Government Investment Grade Bond Index (Total Return Gross)

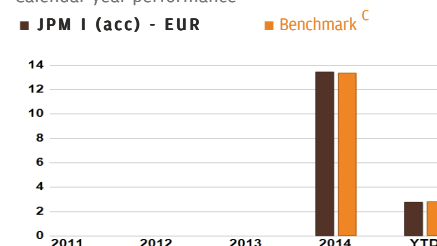
(as at 30/04/15)

Performance

Cumulative performance



Calendar year performance



Cumulative performance

%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
JPM I (acc) - EUR	-1.40	0.61	11.18	-	-	-
Benchmark ^C	-1.45	0.50	11.10	-	-	-

Calendar year performance

	2011	2012	2013	2014	YTD
JPM I (acc) - EUR	-	-	-	13.43	2.79
Benchmark ^C	-	-	-	13.38	2.81

Annualised performance

%	1 Y	3 Y	5 Y	Since inception
JPM I (acc) - EUR	11.18	-	-	11.01
Benchmark ^C	11.10	-	-	11.02

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Fund facts

Fund charges

Initial charge (max.)	0.00%
Redemption charge (max.)	0.00%
Annual Mgt.	0.25%
Distribution Fee	0.00%
Expenses	0.11%
TER (Total Expense Ratio)	0.36%

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	2.70%	2.58%
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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^D

(as at 30/04/15)

AAA	8.2%
AA	28.9%
A	0.5%
BBB	59.8%
Cash	2.6%
Non Investment Grade	0.0%

Investor suitability

Investor profile

This is a bond fund which offers access to a broad range of EU-domiciled government debt securities. Therefore, the fund may be suitable for investors looking for a relatively low risk investment. When added to an equity portfolio, the fund can also potentially enhance risk-adjusted returns, offering diversification for equity investors who have little or no bond exposure. Investors should have at least a two-to-four 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.

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 ^E	Weight
Government of Italy (Italy)	2.150%	12/11/17	4.2%
Government of Spain (Spain)	1.400%	31/01/20	4.1%
Government of Italy (Italy)	0.000%	12/02/16	4.1%
Government of Italy (Italy)	0.000%	14/01/16	3.4%
Government of Italy (Italy)	1.150%	15/05/17	2.6%
Government of Italy (Italy)	1.500%	15/12/16	2.6%
Government of Italy (Italy)	2.150%	15/12/21	2.4%
Government of Italy (Italy)	0.000%	14/04/16	2.2%
Government of France (France)	3.750%	25/10/19	1.9%
Government of Italy (Italy)	1.500%	01/08/19	1.8%

Geographical breakdown

(as at 30/04/15)

Country	Fund
Italy	41.5%
France	19.6%
Spain	16.6%
Belgium	5.8%
Germany	4.1%
Netherlands	4.0%
European Union	2.6%
Austria	2.2%
Ireland	1.8%
Finland	1.3%
Poland	0.5%
Total	100.0%

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.

^COn 01/07/10 the benchmark for the Fund changed from J.P. Morgan EMU Bond Index, in EUR (Total Return Gross) to J.P. Morgan EMU Government Grade Bond Index (Total Return Gross).

^DPositions are for cash assets only.

^EMaturity 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 have been calculated by JPMAM. Blended benchmarks have been calculated by JPMAM.

On 25/10/13 JPMorgan Investment Funds - Euro AAA Rated Government Bond Fund was merged into this Sub-Fund.

Source: J.P. Morgan

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