

JPMorgan Funds - Emerging Markets Corporate Bond Fund

JPM X (acc) - EUR (hedged)

April 2015

Fund overview

Investment objective ^A

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

Fund statistics

Morningstar Category TM	Global Emerging Markets Corporate Bond - EUR Biased
Fund manager(s)	Pierre-Yves Bareaud, Scott McKee
Client portfolio manager(s)	Zsolt Papp
Fund launch date	14/07/10
Fund size (as at 30/04/15)	USD 2431.8m
NAV (as at 30/04/15)	79.47
12M NAV High (as at 28/04/15)	79.56
12M NAV Low (as at 30/04/14)	75.29
Share class launch date ^B	29/01/14
Average duration	4.6 yrs
Yield to worst	4.4%
Average maturity	8.5 yrs

Fund codes

ISIN	LU1021348856
Bloomberg	JPEMXHD LX
Reuters	LU1021348856.LUF

Fund highlights

The JPM Emerging Markets Corporate Bond Fund offers investors access to a broad spectrum of emerging market companies that often have enhanced yields and stronger fundamentals compared to their developed market peers.

The fund has a flexible investment approach that enables it to take extra risks in search of higher future returns: it may deviate significantly from the benchmark and invest in securities that are not rated by independent rating agencies.

The fund is denominated in USD, but may at times have non-USD exposure including exposure to emerging market currencies.

Quarterly comments

(as at 31/03/15)

Review

Cross-asset class performance in the first quarter was very similar to that of 2014. US dollar spread assets, both corporate and sovereign, continued to outperform, while local currency assets, expressed in US dollar terms and unhedged, continued to bear the brunt of emerging market currency weakness relative to the dollar.

The fund underperformed the benchmark over the quarter. We reduced cash levels by participating in attractive new issues and rotating into high yield. Key overweights over the quarter included India, China, Mexico (where we increased exposure) and Chile. A positive contribution from Asia was more than offset by negative relative contributions from Europe, the Middle East and Africa. China, where we saw notable contributions from our overweights in the industrial, real estate and utilities sectors, was the standout relative performer over the quarter. Key detractors from relative performance were largely drawn from the oil & gas and financial sectors, and specifically from Russia, Kazakhstan, Nigeria and Colombia. Russian assets, as well as the currency, bounced back sharply in February following ceasefire agreements with Ukraine, which have largely held since.

Outlook

While commodities are likely to remain a headwind in the coming quarters, this has largely been reflected in prices. Over two thirds of emerging market countries are net commodity importers, meaning it is important to differentiate. We remain cautious in the emerging market corporates space, where fundamentals have deteriorated on the margin, most notably in cyclical sectors. We remain selective, focusing on names with stronger fundamentals. From a valuations perspective, the BB-rated segment of the market currently offers the most attractive opportunities.

Benchmark

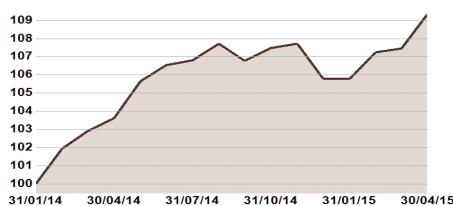
J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (Total Return Gross) Hedged to EUR

Performance

(as at 30/04/15)

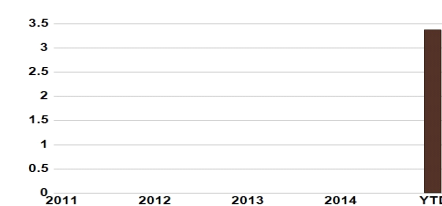
Cumulative performance

■ JPM X (acc) - EUR (hedged)



Calendar year performance

■ JPM X (acc) - EUR (hedged)



Cumulative performance

%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
JPM X (acc) - EUR (hedged)	1.78	3.40	5.55	-	-	-

Calendar year performance

	2011	2012	2013	2014	YTD
JPM X (acc) - EUR (hedged)	-	-	-	-	3.37

Annualised performance

%	1 Y	3 Y	5 Y	Since inception
JPM X (acc) - EUR (hedged)	5.55	-	-	6.81

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Fund facts

Fund charges

Initial charge (max.)	0.00%
Redemption charge (max.)	0.00%
Annual Mgt.	0.00%
Distribution Fee	0.00%
Expenses	0.15%
TER (Total Expense Ratio)	0.15%

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 (VaR)

(as at 30/04/15)

VaR	1.44%	1.63%
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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

(as at 30/04/15)

AAA	0.0%
AA	0.0%
A	7.1%
BBB	49.8%
< BBB	37.7%
Cash	5.4%
Percentage of Corporate Bonds	86.7%
Non Investment Grade	37.7%

Investor suitability

Investor profile

As this bond Sub-Fund invests primarily in emerging market corporate bonds, it is most suited to investors willing to take extra risks in search of higher future returns. Investors in the Sub-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 emerging market corporate bonds. Due to 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 Sub-Fund may be concentrated in a limited number of emerging market corporate issuers and as a result, may be more volatile than more broadly diversified funds.

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 ^c	Weight
YPF (Argentina)	8.750%	04/04/24	1.2%
Government of China (Hong Kong)	3.125%	23/04/20	1.1%
Alfa (Mexico)	6.875%	25/03/44	0.9%
JAFZ Sukuk (United Arab Emirates)	7.000%	19/06/19	0.8%
Gemfair (China)	8.375%	10/02/22	0.8%
ONGC (India)	3.250%	15/07/19	0.8%
Government of India (India)	4.000%	08/05/25	0.8%
BBVA (Mexico)	6.750%	30/09/22	0.8%
Woori Financial (Korea (Republic of))	4.750%	30/04/24	0.8%
ADIB Capital (United Arab Emirates)	6.375%	29/10/49	0.8%

Geographical breakdown

(as at 30/04/15)

Country	Fund	Benchmark	Deviation
China	12.4%	4.8%	7.6%
Mexico	8.5%	5.9%	2.6%
India	8.3%	5.2%	3.1%
United Arab Emirates	7.1%	5.1%	2.0%
Chile	5.9%	4.7%	1.2%
Hong Kong	5.7%	6.7%	-1.0%
Peru	5.2%	3.5%	1.7%
Turkey	4.4%	4.6%	-0.2%
Brazil	3.4%	4.9%	-1.5%
Other	39.1%	54.6%	-15.5%
Total	100.0%	100.0%	0.0%

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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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