

JPMorgan Liquidity Funds - US Dollar Government Liquidity Fund

JPM C (dist.)

May 2016

Fund overview

Fund ratings

Moody's Credit Quality Rating	Aaa-mf
Fitch Rating	AAAmf

Investment objective

The Sub-Fund seeks to achieve a return in the Reference Currency in line with prevailing money market rates whilst aiming to preserve capital consistent with such rates and to maintain a high degree of liquidity.

Benchmark

iMoneyNet Institutional Government Money Fund Index

Fund highlights

The Fund is suitable for investors looking for capital security, plus daily access to their funds and a competitive risk adjusted yield. The Sub-Fund will invest all of its assets, excluding cash equivalents, in short-term USD-denominated fixed and floating rate debt securities issued or guaranteed by the US government or by US government agencies, and, for efficient management purposes, repurchase agreements with highly rated counterparties. Such repurchase agreements will be fully collateralised by USD-denominated securities issued by the issuers described above with no maturity constraints.

Fund statistics

Morningstar Category™	-
Fund manager(s)	Christopher Mercy
Client portfolio manager(s)	Jason Straker
Fund currency	USD
Asset (as at 31/05/16)	USD 2.4billion
Inception date	05/11/15
Currency hedging	N
Minimal initial investment	USD 10,000,000
Minimal additional investment	USD 100,000
Expenses	0.21%
Valuation date	Daily
Cash settlement date	
Dealing deadline	1700_EST
Fund structure	SICAV/UCITS
Domicile	Luxembourg

Fund codes

ISIN	LU1303372798
Sedol	BZBX1X2
Bloomberg	JPUDGLC LX
Reuters	LU1303372798.LUF

Performance

Performance (%) - 30 Day Average Yield

(Performance since 30/06/15)

Jun'15	Jul'15	Aug'15	Sep'15	Oct'15	Nov'15	Dec'15	Jan'16	Feb'16	Mar'16	Apr'16	May'16
0.0000	0	0	0	0	0	0.0402	0.0941	0.1605	0.1975	0.2081	0.2123

7 day current yield as of 31/05/16 was 0.20%

Annualised yields are quoted with a 366 day count convention.

Weighted Average Maturity in days

(as at 31/05/16)

Jun'15	Jul'15	Aug'15	Sep'15	Oct'15	Nov'15	Dec'15	Jan'16	Feb'16	Mar'16	Apr'16	May'16
46	50	49	39	53	42	32	48	46	48	52	47

Weighted Average Maturity: A Fund's WAM calculates an average time to maturity of all the securities held in the portfolio, weighted by each security's percentage of net assets. The calculation takes into account the final maturity for a fixed income security and the interest rate reset date for floating rate securities held in the portfolio. This is a way to measure a fund's sensitivity to potential interest rate changes.

Weighted Average Life in days

(as at 31/05/16)

Jun'15	Jul'15	Aug'15	Sep'15	Oct'15	Nov'15	Dec'15	Jan'16	Feb'16	Mar'16	Apr'16	May'16
				61	48	39	62	96	98	83	84

Weighted Average Life (also known as Weighted Average Final Maturity): A Fund's WAL calculates an average time to maturity of all the securities held in the portfolio, weighted by each security's percentage of net assets. In contrast to WAM, the WAL calculation takes into account the final maturity date for each security held in the portfolio. This is a way to measure a fund's sensitivity to potential credit spread changes.

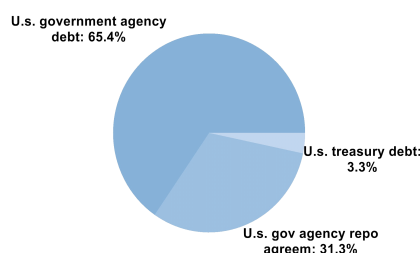
Portfolio Analysis Breakdown - Country

(as at 31/05/16)

Country	% of Fund
United States	97.4%
Australia	2.6%
Total	100.0%

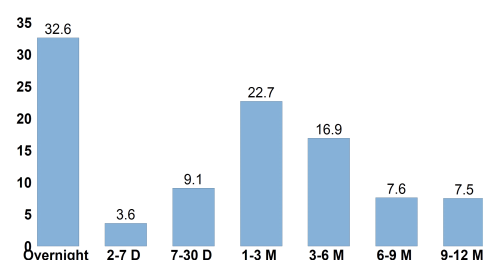
Portfolio Analysis Breakdown - Sector

(as at 31/05/16)



Portfolio Analysis Breakdown - Maturity

(as at 31/05/16)



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Monthly Comments

Review

(as at 31/05/16)

This month dispelled the adage "sell in May and go away" as Treasury yields in the short end sold off in anticipation of potential Federal Reserve (Fed) tightening. In addition, oil prices continued to rise, briefly touching USD 50 a barrel, as demand picked up and supply was negatively impacted by wild fires in Canada, militant attacks in Nigeria, political unrest in Libya and decreased shale production in the US. The US dollar posted strong gains on the back of positive economic numbers. Short corporate spreads stabilised, ending the month roughly flat. The yield on the two-year US Treasury note rose 10 basis points (bps), ending the month at 0.88%.

The fund ended the first quarter with a weighted average maturity of 46 days and a weighted average life of 92 days. Daily liquid assets totalled 47% and overnight repo averaged 32bps. Throughout the quarter we actively rotated out of shorter duration agency discount notes and US Treasury bills into repo and term securities, including increasing our exposure to floating rate notes to 21% from 4%. The floaters were indexed vs. three-month US Treasury bills, one-month LIBOR and three-month LIBOR, and durations extended out to 13 months. Other than floaters, we found the most relative value in the five- to six-month segment of the discount note curve.

Outlook

(as at 31/05/16)

We currently forecast one rate hike in 2016, as event risk and expected volatility will challenge the Fed's desire to tighten. That said, the Fed may be given a window of opportunity in July to raise rates, which would increase the possibility of a second rate hike later in the year.

Investor suitability

Investor profile

This is a USD-denominated liquidity Sub-Fund that invests in short-term securities issued or guaranteed by the US government or by US government agencies. Investors in the Sub-Fund are therefore likely to be looking for an alternative to cash deposits for their medium-term or temporary cash investments, including seasonal operating cash for pension funds or the liquidity components of investment portfolios.

Key risks

The Sub-Fund's objective may not be achieved in adverse market conditions and Shareholders may get back less than they originally invested.

In adverse market conditions, the Sub-Fund may invest in zero or negative yielding securities which will have an impact on the return of the Sub-Fund.

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

The counterparty of repurchase agreements may fail to meet its obligations which could result in losses to the Sub-Fund.

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Explanatory Notes, Risks and Important Information

Notes

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 on these pages are NAV to NAV with gross income reinvested.

Source: J.P. Morgan

Important Information

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