JPMorgan Funds - Global Bond Opportunities Fund

JPM D (acc) - USD

June 2015

Fund overview

Investment objective

To achieve a return in excess of the benchmark by investing opportunistically in an unconstrained portfolio of debt securities and currencies, using financial derivative instruments where appropriate.

Fund statistics

Morningstar Category[TM]	Global Flexible Bond - USD Hedged
Fund manager(s)	Robert Michele, Nick Gartside, Iain Stealey
Client portfolio manager(s)	Maria Ryan
Fund launch date	22/02/13
Fund size (as at 30/06/15)	USD 976.7m
NAV (as at 30/06/15)	108.23
12M NAV High (as at 10/04/15)	110.94
12M NAV Low (as at 17/12/14)	105.18
Share class launch date [A]	22/02/13
Average duration	3.9 yrs
Yield to maturity	3.9%
Average maturity	5.5 yrs

Fund codes

ISIN	LU0867954694
Bloomberg	JPMGBOD LX
Reuters	LU0867954694.LUF

Fund highlights

Investing across the full spectrum of fixed income investment opportunities, including the government and corporate debt markets of developed and emerging economies, the fund offers investors diversified exposure to the most attractive segments of the bond markets at any given time.

Diversification is achieved through the global allocation of assets, and an unconstrained approach allows the fund to invest in only the most compelling return opportunities.

The fund is managed by our International Fixed Income Group. The group has expertise across all areas of fixed income and employs a globally integrated investment approach that draws on the in-house research generated by locally-based sector specialists.

Quarterly comments

(as at 31/03/15)

Review

Global growth dynamics shifted in the quarter. Economic momentum in the eurozone started to build while US data was weaker than expected in almost every aspect except the labour market. Markets are focused on the timing of the first rate hike from the Federal Reserve (the Fed). Government bond yields, both in Europe and the US, fell and nearly USD 2 trillion of debt across the globe is trading at negative yields.

The fund delivered a positive return. High yield was the main contributor to performance as the asset class benefited from strong fundamentals and low default rates, as well as strong demand from investors. Similarly to high yield, demand dynamics were supportive for investment grade credit, which added to performance. In emerging market debt, we reduced exposure to corporates given deteriorating fundamentals and reduced liquidity in the sector. The fund's exposure to the emerging market debt added to performance. The fund's allocation to securitised products, in particular commercial mortgage-backed securities (CMBS) and non-agency residential mortgage-backed securities (RMBS), contributed positively to performance. We increased the fund's duration in January by adding to Spanish and Italian government bonds after the European Central Bank's (ECB's) quantitative easing announcement. Towards the end of the quarter, we reduced the fund's duration by halving our exposure to Australian government bonds and entering a short Gilt trade. Over the quarter, duration and positioning remained broadly unchanged.

Outlook

We continue to like high yield, both in the US and Europe, as corporate balance sheets look great, defaults are low and credit spreads are pricing in a multiple of where default rates should be. European financials look attractive as they have regulatory pressure to increase capital, are cleaning up their balance sheets and the ECB is providing almost unlimited liquidity.

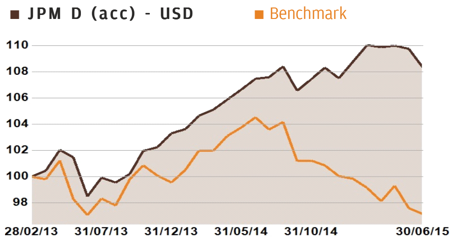
Benchmark

Barclays Multiverse Index (Total Return Gross)

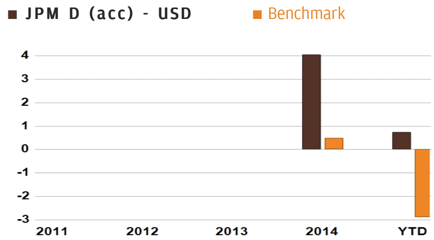
Performance

(as at 30/06/15)

Cumulative performance



Calendar year performance



Cumulative performance

%	1 M	3 M	1 Y	3 Y	5 Y	10 Y
JPM D (acc) - USD	-1.30	-1.40	0.80	-	-	-
Benchmark	-0.47	-1.03	-7.09	-	-	-

Calendar year performance

	2011	2012	2013	2014	YTD
JPM D (acc) - USD	-	-	-	4.06	0.75
Benchmark	-	-	-	0.48	-2.90

Annualised performance

%	1 Y	3 Y	5 Y	Since inception
JPM D (acc) - USD	0.80	-	-	3.42
Benchmark	-7.09	-	-	-1.11

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Fund facts

Fund charges

Initial charge (max.)	3.00%
Redemption charge (max.)	0.50%
Annual Mgt.	1.00%
Distribution Fee	0.50%
Expenses	0.20%
TER (Total Expense Ratio)	1.70%

Statistical analysis review

(as at 30/06/15)

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

Investor suitability

Investor profile

The Sub-Fund may be suitable for investors looking for a return in excess of the benchmark through exposure to debt and currency markets globally. Investors should have an investment horizon of at least three to five years.

Key risks

The value of your investment may fall as well as rise and you may get back less than you originally invested.
Because the Sub-Fund is flexible and opportunistic, it may be subject to periods of high volatility.
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.
Contingent Convertible Securities are likely to be adversely impacted should specific trigger events occur (as specified in the contract terms of the issuing company). This may be as a result of the security converting to equities at a discounted share price, the value of the security being written down, temporarily or permanently, and/or coupon payments ceasing or being deferred.
The credit worthiness of unrated debt securities is not measured by reference to an independent credit rating agency.
Asset-backed and mortgage-backed securities may be highly illiquid, subject to adverse changes to interest rates and to the risk that the payment obligations relating to the underlying asset are not met.
The Sub-Fund may be concentrated in a limited number of countries, sectors, currencies or issuers and as a result, may be more volatile than more broadly diversified funds.
Convertible bonds are subject to the credit, interest rate and market risks stated above associated with both debt and equity securities, and to risks specific to convertible securities. Convertible bonds may also be subject to lower liquidity than the underlying equity securities.
The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.
The Sub-Fund's use of equity derivatives to manage the portfolio's correlation to equity markets may not always achieve its objective and could adversely affect the return of your investment.
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.
The possible loss from taking a short position on an asset may be unlimited as there is no restriction on the price to which a security may 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.

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Holdings

Bond quality breakdown

	(as at 31/05/15)
AAA	3.3%
AA	1.4%
A	8.7%
BBB	23.8%
< BBB	50.3%
Non Rated	4.6%
Cash	7.9%
Percentage of Corporate Bonds	61.6%
Non Investment Grade	54.9%

10 largest holdings

(as at 31/05/15)

Bond holding	Coupon rate	Maturity date [B]	Weight
Government of Italy (Italy)	4.500%	01/03/24	1.8%
Government of Mexico (Mexico)	10.000%	05/12/24	1.6%
Government of Spain (Spain)	3.800%	30/04/24	1.2%
Government of Hungary (Hungary)	5.500%	24/06/25	1.2%
Government of Japan (Japan)	2.400%	20/03/37	1.1%
FNMA (United States)	5.000%	01/06/45	0.9%
Government of Spain (Spain)	5.150%	31/10/44	0.7%
Government of Hungary (Hungary)	3.000%	26/06/24	0.7%
Government of South Africa (South Africa)	8.750%	28/02/48	0.7%
Government of South Africa (South Africa)	10.500%	21/12/26	0.7%

Sector breakdown

(as at 31/05/15)

Sector	Fund
US HY Corp.	21.4%
Non-US HY Corp.	17.3%
IG Corp.	14.5%
EMD Corporate	6.5%
EMD Local	6.3%
Government	5.6%
Non-Agency MBS & ABS	5.6%
CMBS	4.8%
EMD Sovereign	4.2%
Agency MBS	3.0%
Convertible Bonds	1.9%
Funds	1.0%
Cash	7.9%
Total	100.0%

Currency breakdown

(as at 31/05/15)

Currency	Fund
USD	100.4%
MXN	1.5%
JPY	-0.9%
EUR	-1.0%
Total	100.0%

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.

[B]Maturity 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.

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 J.P. Morgan Asset Management. Blended benchmarks have been calculated by J.P. Morgan Asset Management.

Please note that the performance for the D share class is calculated when capital becomes available, which may not necessarily coincide with the launch date.

Source: J.P. Morgan

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