JPMorgan Investment Funds – Global Convertibles Conservative Fund

INVESTMENT OBJECTIVE

To provide a return by investing primarily in a diversified portfolio of convertible securities, globally.

Monthly update | As at 31 Oct 2024

Fund Update

The Global Convertibles Conservative Fund posted a flat performance in October, returning 0.0% net of C share class fees, though it underperformed the benchmark, which posted 0.3%.

At a regional level, overall performance was largely negative with Pacific ex-Japan being the largest detractor, followed by North America and Europe. On the other hand, Japan was the only marginal contributor from a regional perspective.

At a sector level, overall contribution was mixed, with industrials being the largest contributor, followed by financials. On the other hand, exposure in consumer, non-cyclical was the largest detractor, followed by consumer, cyclical on an absolute basis.

On a relative basis, security selection in communications and industrials modestly contributed to alpha. Conversely, security selection in technology detracted strongly from relative performance.

At a security-specific level, not holding Alibaba and an overweight to Visa / Barclays contributed to performance. On the other hand, key detractors stemmed from not holding MicroStrategy and SoFi Technologies.

Market Update

October was a volatile month for markets, with global equities moving lower after a strong rally during the first nine months of the year. Growth risks remained the primary concern for investors, despite signs of resilience, particularly in the US economy. Uncertainty was also heightened by the imminent US election and the potential implications of a policy shift on inflation and interest rates. Japanese stocks were the top performers, in local currency terms, despite concerns that the need for tighter policy and a stronger yen could impact export-oriented companies, as well as political uncertainty created by recent election results. In Japan, Tokyo core inflation came in at 1.8% year-over-year in October, supported by positive wage momentum. At its October meeting, the Bank of Japan (BoJ) stayed on hold, as widely expected, but struck a hawkish tone overall. Emerging markets fell over the month, pressured by a strong US dollar (USD). Indian stocks, leaders for much of 2024, declined in October, mainly due to weak corporate results. In China, policymakers introduced new initiatives in October which will allow local governments to use special local government bonds to purchase land from troubled developers alongside a planned debt ceiling hike for local governments. This indicated Beijing's commitment to managing the real estate bubble and boosting consumption. While it is too early to fully assess the impact of these measures, looser monetary and fiscal policy could potentially lead to improved growth in 2025. In the US, the S&P 500 Index fell in October, despite stronger economic data. The September labor market report exceeded expectations, with nonfarm payrolls rising by 254,000 (versus the expected 140,000). The unemployment rate fell to 4.1%, and wage growth picked up to 4% year-over-year. The first estimate of US third quarter GDP growth came in at a healthy 2.8% quarter-on-quarter annualized, confirming that the economy continues to grow at an above trend pace. The third-quarter earnings season began with strong results from the banking sector. Guidance was more mixed for tech companies, particularly on semiconductor demand, which added to market volatility. Generally, positive earnings surprises were among the lowest of recent quarters, highlighting some decline in earnings momentum. In Europe, there was more evidence of a weakening economic backdrop, with Germany at the epicenter. Recent VDA (German Association of the Automotive Industry) data indicated continued declines in industrial and car production, with the manufacturing PMI output index remaining firmly in contractionary territory. This weakness in activity was reflected in the European equity market, which posted a decline in October. The European Central Bank (ECB) acknowledged signs of weakening economic momentum in Europe, particularly in the manufacturing sector, while the service sector continued to see signs of solid demand. Consequently, the ECB announced a third 25 basis points rate cut of the year, taking the deposit facility rate to 3.25%. This was in line with expectations and highlights the relatively more predictable path of European rate cuts relative to the US. In the UK, the labor market remains tight, with the unemployment rate falling to 4.0% and pay growth remaining high at 4.9% year-over-year in August. Despite this, September's headline inflation declined significantly to 1.7% year-over-year, with core inflation at 3.2%.

All of this considered global convertible bonds (CBs) (represented by the Refinitiv Global Focus Convertible Bond Index) posted mildly positive returns over the month. From a regional perspective, we saw divergence with the US and Japan posting positive performances, while Europe and Asia ex-Japan lagged.

Global issuance primary volumes for the month totalled USD 11.1bn, defying typical seasonal weakness and additional risks associated with the US election. This was largely driven by Boeing's large USD 5bn mandatory preferred deal to protect its balance sheet amid its recent struggles. Year to date, the issuance volume now stands at around USD 94bn, driven by the US (nearly USD 62bn) and Asia (about USD 21bn).

Performance Update

%	3M	YTD	1y	3y	Since Jan 18*	Since inception**
JPM Global Convertibles Conservative C (acc) – USD	2.2	4.9	9.6	-0.8	2.4	5.6
Benchmark	4.6	6.8	16.8	-1.7	3.8	6.1
Excess Return (geometric)	-2.4	-1.8	-6.2	0.8	-1.3	-0.5

%	2011	2012	2013	2014	2015	2016	2017	2018*	2019	2020	2021	2022	2023
JPM Global Convertibles Conservative C (acc) – USD	-8.3	12.7	16.1	5.4	1.2	0.9	9.9	-3.1	8.3	15.0	-0.2	-11.3	6.9
Benchmark	-4.6	11.3	13.0	4.7	3.8	1.6	6.0	-3.0	13.1	22.8	-1.1	-16.0	9.8
Excess Return (geometric)	-3.7	1.5	3.1	0.7	-2.5	-0.6	3.7	-0.1	-4.3	-6.4	1.0	5.6	-2.7

Past performance and yield are not a reliable indicator of current and future results. Source: J.P. Morgan Asset Management. Fund performance is shown based on the NAV of the share class C (acc) in USD with income (gross of shareholder tax) reinvested including ongoing actual charges excluding entry and exit fees. Performance for periods greater than 12 months is annualised. Share class inception date is 22/01/2009. Benchmark: UBS Global Convertible Index hedged to USD from inception to 31/08/05, and FTSE Global Focus Convertible Bond Index hedged to USD (Total Return Gross) thereafter. *At the end of January 2018 the investment objective of the fund changed. The fund now seeks a return by investing primarily in a conservatively constructed portfolio of convertible securities, globally. **The fund launched in 2009 under the standard balanced strategy with higher risk return profile.

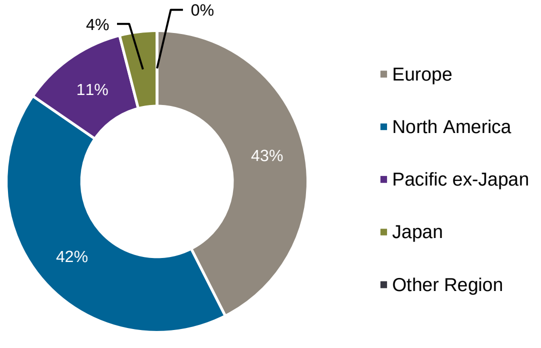
J.P.Morgan Asset Management

JPMorgan Investment Funds – Global Convertibles Conservative Fund

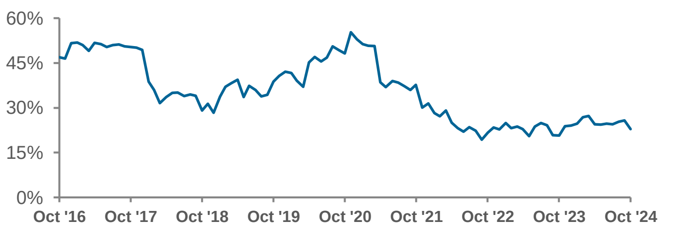
Market Outlook

As we approach the end of 2024, the outlook for international equities is shaped by a complex interplay of economic conditions, market dynamics, and geopolitical factors. The year has been marked by robust performance in global equities, yet the path forward suggests a shift in the landscape, with opportunities emerging beyond the concentrated gains seen in Big Tech. Despite concerns around recession risks, the US economy has remained on its steady path and our base case of a soft landing scenario with falling inflation and rates is still in place. However, the economic activity outside of the US has been mixed. While real wages are rising in Japan, manufacturing sector weakness has been a drag in Europe and domestic demand in China remains sluggish. Nonetheless, international equities have continued to move higher, with many markets up more than 10% so far this year. Looking ahead, improving economic conditions, attractive fundamentals and monetary policy easing are likely to help extend this rally, presenting investors with many attractive opportunities across global markets. The narrative of profitability across the globe remains largely positive, with healthy profits reported in most regions. Even though the momentum that characterized earlier quarters is showing signs of deceleration, 2025 continues to look strong for profits. We expect 12% profit growth globally, once again led by the US and select emerging markets. Below the surface, the gap in earnings growth between the mega-cap technology companies and the rest of the market is narrowing. This shift could herald a broadening of market returns, as the dominance of a few large tech companies begins to wane, allowing other sectors to share in the growth. Within industries, divergent trends are emerging. The semiconductor industry, for instance, is experiencing a surge in AI-related spending, while industrial and automobile demand remains subdued. This underscores the importance of company-level analysis and stock selection in navigating the current market environment. Investment preferences remain favorable towards defensives, value and high-quality names. The ongoing debate around artificial intelligence (AI) reflects a cautious stance, with more skepticism than optimism prevailing in the near term. While AI continues to be a significant theme, investors are wary of inflated valuations and are likely to gravitate towards more established, value-driven opportunities. Emerging markets, particularly China, present a complex and evolving story. China's recent stimulus measures have sparked significant market rallies, yet the economic outlook remains fraught with challenges. Encouragingly, there are signs of improved shareholder returns, with major companies increasing dividends and buybacks. Despite this, the unpredictability of corporate earnings in China suggests a cautious approach, focusing on high-quality stocks with the potential for better shareholder returns. In Japan, the structural shift in the economy away from deflation and toward improving nominal growth, coupled with corporate governance changes aimed at increasing the value of corporate businesses, is likely to continue to support equities throughout the year. To conclude, the evolving dynamics in technology, emerging markets, and sectoral trends will require careful navigation and strategic allocation to capitalize on potential growth while mitigating risks. Against this backdrop, investors may want to lean into active managers to access attractive opportunities in an environment of rich index-level valuations, while diversifying across global equity markets.

REGIONAL ALLOCATION BREAKDOWN



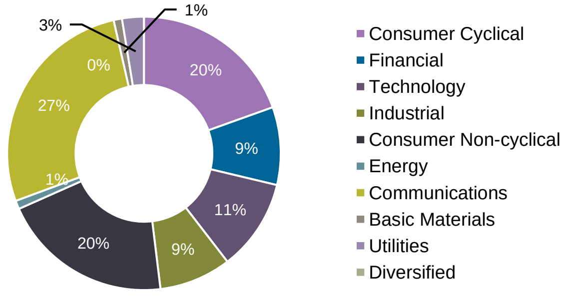
MONTHLY FUND DELTA



Source: J.P. Morgan Asset Management. Fund inception date 15/06/2004

FUND CHARACTERISTICS	30-Sep-24	31-Oct-24
Delta (%)	25.8	22.8
Yield to best* (%)	2.9	3.0
Current yield (%)	0.8	0.8
Premium to parity (%)	120	125
Rho (interest rate sensitivity)	X1.7	X1.7
Number of names	76	74
Average credit rating	BBB	BBB
Cash level** (%)	1.3	3.6

SECTOR ALLOCATION BREAKDOWN



Source: *J.P. Morgan Asset Management. The Fund is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice. Past performance is not a reliable indicator for current and future performance.*

NEXT STEPS: For more information contact your usual J.P. Morgan Asset Management representative

*Source: J.P. Morgan Asset Management. * This is a prediction and is not guaranteed.*
*** Cash can include short-term positions in futures and options. Opinions, estimates, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.*

Key Risks

The Sub-Fund is subject to **Investment risks** and **Other associated risks** from the techniques and securities it uses to seek to achieve its objective.

The table below explains how these risks relate to each other and the **Outcomes to the Shareholder** that could affect an investment in the Sub-Fund.

Investors should also read Risk Descriptions in the Prospectus for a full description of each risk.

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Summary Risk Indicator

1	2	3	4	5	6	7

Lower risk **Higher risk**

The risk indicator assumes you keep the product for 5 year(s). The risk of the product may be significantly higher if held for less than the recommended holding period. In the UK, please refer to the synthetic risk and reward indicator in the latest available key investor information document.

MAIN RISKS

- The Sub-Fund is subject to **Investment risks** and **Other associated risks** from the techniques and securities it uses to seek to achieve its objective.
- The table on the right explains how these risks relate to each other and the **Outcomes to the Shareholder** that could affect an investment in the Sub-Fund.
- Investors should also read Risk Descriptions in the Prospectus for a full description of each risk.

Investment Risks
Risks from the Sub-Fund's techniques and securities

Techniques	Securities	
Hedging	Convertible securities Emerging markets	Equities

Other Associated Risks
Further risks the Sub-Fund is exposed to from its use of the techniques and securities above

Credit Currency	Interest rate Liquidity	Market

Outcomes to the Shareholder
Potential impact of the risks above

Loss Shareholders could lose some or all of their money.	**Volatility** Shares of the Sub-Fund will fluctuate in value.	**Failure to meet the Sub-Fund's objective.**

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