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 30 Sep 2024

Fund Update

The Global Convertibles Conservative Fund posted a positive performance in September, returning 0.9% net of C share class fees, though it underperformed the benchmark, which posted 3.3%.

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

At a sector level, overall contribution was largely positive, with communications being the largest contributor, followed by consumer, cyclical and industrials. On the other hand, exposure in consumer, non-cyclical was the only marginal sectoral detractor on an absolute basis.

On a relative basis, security selection in industrials and energy modestly contributed to alpha. Conversely, security selection in financials and communications detracted from relative performance.
At a security-specific level, not holding Zscaler and Rivian Automotive contributed to performance. On the other hand, key detractors stemmed from not holding Ping An and Alibaba Group.

Market Update

Global equities gained over the month, buoyed by the long-anticipated start of the Federal Reserve's (Fed) rate cutting cycle in September along with a new stimulus in China that helped soothe investor concerns. On a regional basis, emerging market equities outperformed their developed market counterparts. In terms of style, growth stocks outperformed their value peers. Asia ex-Japan was the top performing major region over the month. Asian stocks rallied strongly towards the end of September after Chinese policymakers announced a raft of new stimulus measures. While many of these measures have been seen in isolation over the last year, such as cuts to interest rates or reduced downpayment requirements for home purchases, the coordinated nature of September's announcement was the clearest signal yet that Beijing stands ready to support the Chinese economy and markets. Elsewhere in Asia, Japanese equities delivered a lackluster performance over the month. In its September meeting, the Bank of Japan kept the policy rate unchanged at 0.25%. While Governor Ueda signaled that hikes are on the way, he did however suggest that the central bank could take its time to monitor the effects of global economic uncertainties, and it is in no rush to raise borrowing costs further. In the US, 14 months on from its last interest rate hike, the Fed kickstarted its cutting cycle with a 50 basis points (bps) move in September. With the unemployment rate having drifted up from a low of 3.4% in April 2023 to 4.2% in August 2024, Fed officials have now made it clear that they do not welcome any further weakening in the economy and are keen to quickly move interest rates back to less restrictive levels. Later in the month, the Fed's more circumspect view on the economy was vindicated by the largest monthly decline in consumer confidence in over three years. Europe ex-UK and the UK saw tepid performance in September. The eurozone inflation fell to a three-year low to 2.2% in August. However, the manufacturing sector remained an area of concern as eurozone business surveys provided further evidence of the divergence between expansionary output in services and much weaker activity in manufacturing. With inflation cooling and activity relatively muted, the European Central Bank also deemed it appropriate to lower rates and delivered its second rate cut in September taking interest rates to 3.50%. On the other hand, the Bank of England held rates steady at 5%. While the UK July GDP print came in softer than expected – though not necessarily indicative of a trend yet – other measures of economic activity, such as the Purchasing Managers' Indices, pointed to an economy that is still firmly in expansionary territory.

All of this considered, global convertible bonds (CBs) (represented by the Refinitiv Global Focus Convertible Bond Index) posted positive returns over the month. From a regional perspective, all regions posted in the positive territory with Asia ex-Japan being a standout performer driven by the asset rally on the stimulus unveiled by the Chinese government, followed by the US, Europe and Japan.

Global issuance primary volumes for the month totalled USD 9.4bn, despite the heightened rates and equity volatility in the first half of the month leading up to the Federal Open Market Committee (FOMC) rates decision. Volumes were led by the US, which priced USD 6.9bn, followed by Asia and Europe (USD 1.7bn and USD 834mio respectively. Year to date, the issuance volume now stands at around USD 82bn, however, potential headwinds to primary market issuance include US election-related volatility and a faster pace of rate cuts.

Performance Update

%	3M	YTD	1y	3y	Since Jan 18*	Since inception**
JPM Global Convertibles Conservative C (acc) – USD	3.1	4.9	8.5	-0.9	2.4	5.6
Benchmark	5.8	6.4	12.9	-1.2	3.8	6.1
Excess Return (geometric)	-2.6	-1.5	-3.9	0.4	-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

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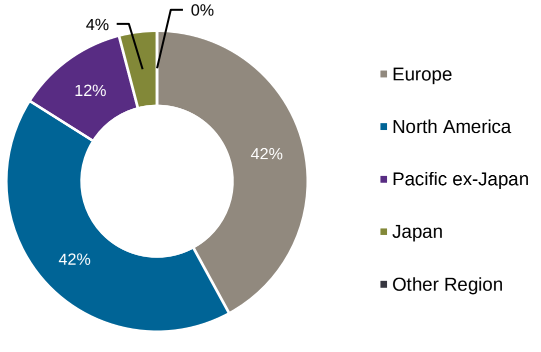
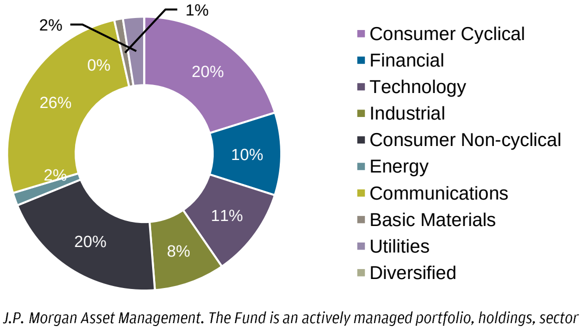
Market Outlook

With inflation cooling down and central banks cutting rates, the options available for investors to build diversified portfolios are stronger than they have been for much of the post-Covid period. Despite financial market volatility, the US economy has remained on its steady path. Although some signs of stress are emerging, consumer spending accelerated in the second quarter and looks set to remain strong in the third. 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 structurally higher interest rates are likely to help extend this rally, presenting investors with many attractive opportunities across international markets. Stock market concentration is increasingly under scrutiny. Since the start of 2023, a select few companies have continued to drive the bulk of gains in the S&P 500. The top 10 stocks in the index now account for more than a third of the market cap. At a regional level, US companies now make up a near-record 65% of the global equity market. While the US concentration within global equities is extreme, other markets have begun to catch up. On the brighter side, the long-anticipated broadening out of US corporate earnings is finally underway, yet valuation dispersion in the stock market is still extremely wide. As earnings growth becomes more evenly distributed across sectors, this could also support a regional rotation and a reduction in the discounts of some less-loved equity markets around the world. Additionally, there are several reasons why stock market returns are likely to broaden out going forward. At a regional level, the supportive economic outlook we anticipate is much less obviously priced into equity markets outside of the US. Valuation discounts for the UK and Europe ex-UK relative to the US now stand close to multi-decade record levels, and cannot be explained by index composition alone, with larger-than-average discounts versus US counterparts present in almost every sector. Any euro weakness stemming from a relatively more dovish European Central Bank (ECB) is another potential catalyst for European exporters. 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. With the US election approaching, geopolitical tensions still elevated and the Fed keen on normalizing policy without sending gloomy signals, risks remain that could keep markets volatile. 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



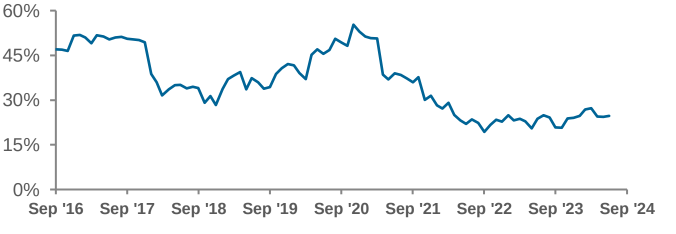
SECTOR ALLOCATION BREAKDOWN



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

MONTHLY FUND DELTA



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

FUND CHARACTERISTICS	31-Aug-24	30-Sep-24
Delta (%)	25.3	25.8
Yield to best* (%)	3.1	2.9
Current yield (%)	0.8	0.8
Premium to parity (%)	121	120
Rho (interest rate sensitivity)	X1.8	X1.7
Number of names	77	76
Average credit rating	BBB	BBB
Cash level** (%)	1.5	1.3

*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.**