JPMorgan Funds – Income Fund

For available share classes, please check the prospectus.

Topline

Markets – Over the month, rates and risk assets rallied as the US Federal Reserve (Fed) began its rate-cutting cycle with a 50-basis point (bp) cut.

Helped – Corporate credit, securitised products and emerging market debt contributed to returns.

Hurt – No sectors detracted from returns.

Outlook – Sub-trend growth remains our base case, with significantly looser financial conditions continuing to support growth. Although there are signs that the labour market continues to rebalance and longer-term disinflationary trends are in place, there is still a risk that inflation remains persistent. Both the market and the Fed will continue to be focused on the inflation trajectory this year in addition to labour-market data.

Fund Overview

Investment objective

To provide income by investing primarily in debt securities.

Month in Review

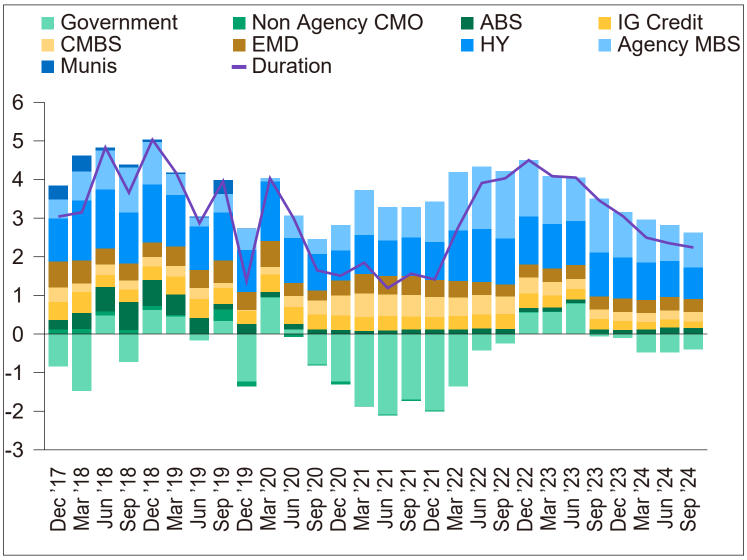
- **High yield was the largest contributor to returns** as spreads tightened and yields decreased. Investment grade credit also contributed.
- **Securitised products contributed to returns,** with agency mortgage-backed securities (MBS) leading the contribution, driven by the move lower in interest rates. Commercial MBS, non-agency MBS and asset-backed securities also contributed.
- **Emerging market debt contributed to returns** amid the strong contribution across rates and spread sectors.
- **The fund's duration positioning contributed over the month**, with the 10-year US Treasury yield moving 12bps lower to 3.78%. The fund continues to dynamically adjust its duration and yield curve positioning, ending September short of US Treasury duration and with overall fund duration at 2.2 years.

Looking Ahead

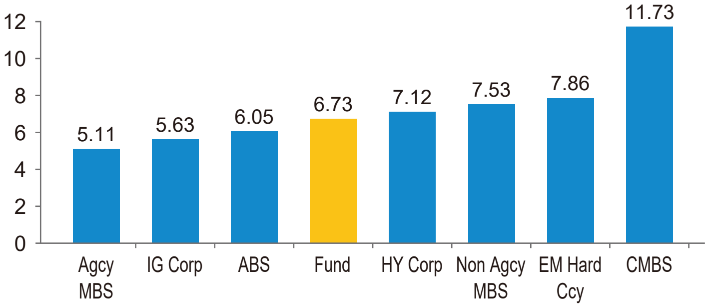
- **Sub-trend growth remains our base case,** with significantly looser financial conditions continuing to support growth. Although there are signs that the labour market continues to rebalance and longer-term disinflationary trends are in place, there is still a risk of inflation remaining persistent. Both the market and the Fed will continue to be focused on the inflation trajectory this year in addition to labour-market data.
- **In 2022, high inflation and low unemployment** caused the Fed to raise policy rates into restrictive territory despite downside risks to growth and rising recession probabilities. As the Fed continued hiking rates into 2023, cracks began to appear in the market, particularly in the US regional banking sector, due to the lagged and variable effects of tightening monetary policy. The Fed cut rates for the first time since 2020, commencing its cutting cycle with a 50bp cut in September. Uncertainty remains around the number of additional Fed rate cuts this year.
- **Against this backdrop**, the fund is focused on maintaining a higher credit quality, increasing its liquidity profile and allocating towards sectors where we continue to have a positive fundamental outlook and that, in our view, offer attractive yield characteristics for the potential risks. We believe the fund's current duration positioning and diversified allocations to higher-quality securitised investments, higher-quality high yield corporates and select emerging market debt look attractive in the current environment.

Provided for portfolio update and reporting purposes only to report on portfolio positioning, not to be construed as offer, research or investment advice. Diversification does not guarantee positive returns or eliminates risks of loss.
Source: Fund related information and market commentary – J.P. Morgan Asset Management, other market data – various public sources. Data is as of date of the commentary unless stated otherwise.
The Fund seeks to achieve its investment objectives stated in the offering document, there is no guarantee the objectives will be met.
The companies/securities, asset classes mentioned above for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. J.P. Morgan Asset Management may or may not hold positions on behalf of its clients in any or all of the aforementioned securities.
Past performance is not indicative of future performance. Forecasts/estimates are based on current market conditions subject to change from time to time and may or may not come to pass. Please refer to the Singapore Offering Documents at www.jpmorgan.com/sg/am/per/.

Portfolio weighted sector allocation (duration, years)



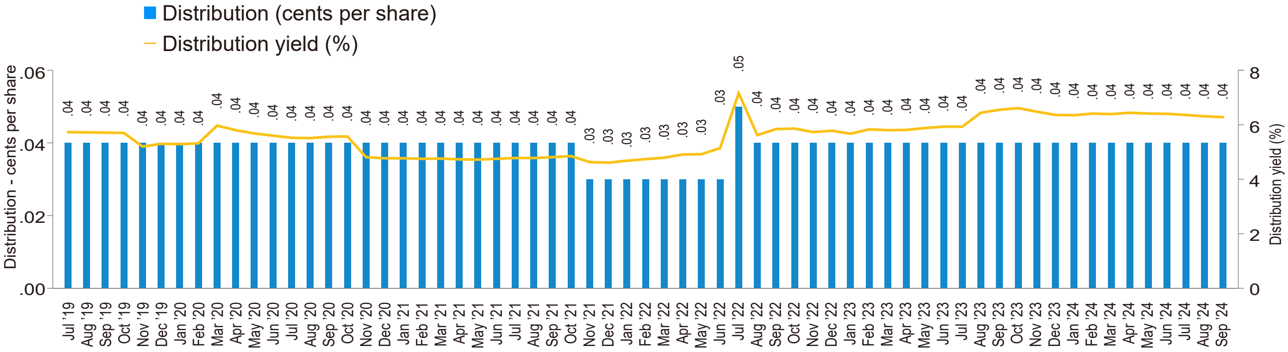
Yield by sector (%)



ABS: Asset-Backed Securities; Munis: Municipal bonds; CMBS: Commercial Mortgage-Backed Securities; Agcy: Agency; CMO: Collateralised Mortgage Obligation; MBS: Mortgage-Backed Securities; IG: Investment Grade; Corp: Corporate; HY: High Yield; EM: Emerging Market; EMD: Emerging Market Debt; Ccy: Currency.

Source: J.P. Morgan Asset Management. Data as of 30.09.2024. 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. Provided for information only, not to be construed as investment recommendation. Investment involves risks. Not all investment ideas are suitable for all investors.

Distribution per share and distribution yield



Distribution shown is for A (mth) – USD share class

* Annualised yield is calculated based on the latest dividend distribution with dividend reinvested, and may be higher or lower than the actual annual dividend yield. Positive yields does not imply positive returns.

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Past payout yields and payments do not represent future payout yields and payments. Positive distribution yield does not imply positive return. Dividend is not guaranteed. Distributions may be paid out of capital an investor originally invested which includes realised losses if any and unrealised capital gains or losses attributable to that original investment; or paid out of distributable income which includes realised gains calculated on a per transaction basis net of fees and expenses, or paid out of both capital and distributable income. Any payments of distributions by the Fund are expected to result in a decrease in the net asset value per share on the ex-dividend date. Please refer to further income disclosures on www.jpmorgan.com/sg/am/per/

NEXT STEPS

For further information, please visit:
www.jpmorgan.com/sg/am/per/

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Refer to Risk Factors in the Prospectus for further information on risks of the product.

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