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 August 2024

Fund Update

The Global Convertibles Conservative Fund posted a positive performance in August, returning 1.2% net of C share class fees, outperforming the benchmark which posted 0.9%.

At a regional level, overall performance positive with North America being the largest contributor, followed by Europe and Pacific ex-Japan. On the other hand, there were no regional detractors over the month.

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

On a relative basis, security selection in technology and consumer, cyclical contributed to alpha. Conversely, a broad underweight in utilities and an underweight position and security selection in basic materials detracted from relative performance.

At a security specific level, not holding Super Micro Computer and an off-benchmark position in Visa/Barclays contributed to performance. On the other hand, key detractors stemmed from not holding Ping An and Alibaba Group.

Market Update

August was an eventful month for investors. Any hopes of a late summer lull were quickly dashed at the beginning of the month as the publication of disappointing US economic data, together with an interest rate hike by the Bank of Japan, sparked a sharp sell-off across global equity markets. However, in the second half of the month the prospect of lower US interest rates helped equity markets rebound, with global stocks delivering positive returns. In the US, a July ISM manufacturing print that came in well below expectations (46.8 vs 48.8), and a weak July jobs report which showed the smallest payrolls increase (144k) in over three years, fueled by fears about a US recession. Additionally, the unemployment rate increased slightly to 4.3%, triggering the Sahm Rule indicator, which predicts a recession when the three-month moving average of the unemployment rate exceeds its lowest level from the prior 12 months. These factors contributed to a sharp sell-off in early August. After the initial spike in volatility, investors took comfort in the prospect of lower interest rates with the S&P 500 delivering returns of 2.4% over the month. A broadening of earnings growth outside of the technology sector also supported the market's recovery. Japan's equity markets experienced significant turbulence in August. The Bank of Japan's decision to increase its policy rate by 25 basis points and Governor Ueda's hawkish tone led to an abrupt unwinding of carry trade positions, which had relied on cheap Japanese yen borrowing costs to buy other higher-yielding assets. This resulted in a sharp sell-off, with the TOPIX Index dropping around 12%, in local currency terms, on August 5 - its biggest daily drop since Black Monday in 1987. Despite this, the market managed to recover majority of its losses as the TOPIX ended the month 2.9% lower. Europe ex-UK underperformed the US market in local currency but outperformed in US dollar terms. The boost to the French service sector from the Olympics meant the eurozone composite PMI (Purchasing Managers' Index) came in higher than expected in August. However, the manufacturing sector remained an area of concern as eurozone business surveys provided further evidence of the divergence between solid output in services and much weaker activity in manufacturing. Asia ex-Japan and emerging market equities also delivered positive returns in US dollar terms as expectations for the US rate cuts weighed on the dollar (DXY Index), which dropped 2.3% over the month. Nevertheless, developed market equities outperformed their emerging market counterparts. In terms of style, value stocks outperformed their growth peers.

All of this considered, global convertible bonds (CBs) (represented by the Refinitiv Global Focus Convertible Bond Index) posted positive returns over the month, a period marked by sharp asset price swings, in reaction to economic data and central bank commentary. From a regional perspective, except for Japan, all regions posted performance in the positive territory with Asia ex-Japan being the best performer, followed by the US and Europe.

Global issuance primary volumes for the month totalled just USD 3.6bn, the lowest volume month of the year so far, amid elevated market volatility, the tail end of earnings season and the seasonal lull. Year to date, the issuance volume now stands at around USD 73bn, a +40% pickup year-on-year. We expect the strong pace to endure as borrowing costs are likely to remain elevated, encouraging issuers to find less costly alternatives to refinance maturing pandemic era debt.

Performance Update

%	3M	YTD	1y	3y	Since Jan 18*	Since inception**
JPM Global Convertibles Conservative C (acc) – USD	2.4	3.9	7.2	-1.3	2.3	5.6
Benchmark	3.0	3.0	7.0	-2.8	3.3	5.9
Excess Return (geometric)	-0.6	0.9	0.2	1.6	-1.0	-0.3

%	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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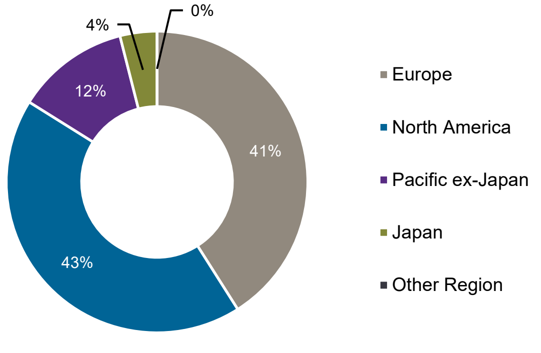
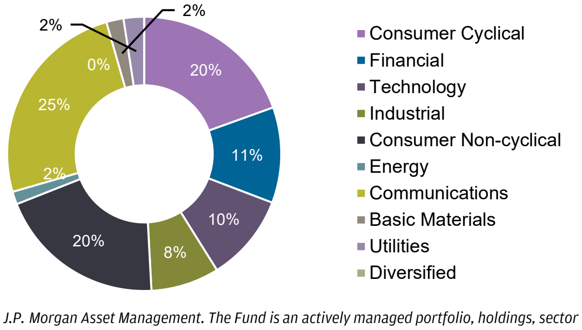
Market Outlook

The global growth environment is becoming more benign. As we look to the next 12 months, we expect global growth to remain robust, although its geographical composition is changing. In the US, recession fears appear exaggerated given the resilience of the labor market and consumption. However, GDP growth is slowing and inflation, which dropped below 3% for the first time since March 2021, is retreating. In this context, we believe the Federal Reserve is on track to deliver several rate cuts this year, starting in September. However, any further weakening of the labor market might warrant a more aggressive policy response. 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. We see 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. An improved nominal growth outlook has historically translated to stronger corporate earnings. 2024 earnings growth expectations have seen steady improvement since late 2023. Stronger earnings coupled with healthy cash balances could lead to increased capital investments that could potentially enhance future returns. An improving growth outlook in Europe and Japan, as well as equity markets that trade at lower multiples closer to long-run averages, opens the door to broader diversification opportunities in global equity markets.

REGIONAL ALLOCATION BREAKDOWN



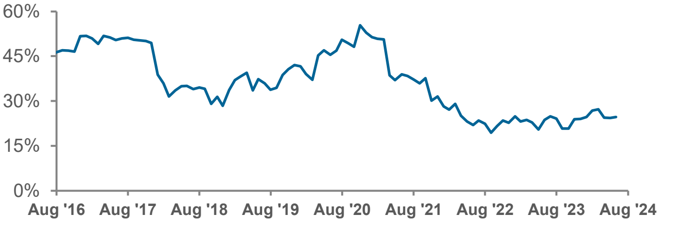
SECTOR ALLOCATION BREAKDOWN



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-Jul-24	31-Aug-24
Delta (%)	24.5	25.3
Yield to best* (%)	3.4	3.1
Current yield (%)	0.8	0.8
Premium to parity (%)	112	121
Rho (interest rate sensitivity)	X1.8	X1.8
Number of names	78	77
Average credit rating	BBB	BBB
Cash level** (%)	1.1	1.5

*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.
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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.**