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 January 2024

Fund Update

- The Global Convertibles Conservative Fund posted a positive performance in January, returning +0.6% net of C share class fees, outperforming the benchmark which posted -1.4%.
- At a regional level, overall performance was positive with Europe being the largest contributor, followed by North America and Japan.
- At a sector level, overall contribution was positive with technology being the largest contributor, followed by industrials and communications.
- On a relative basis, security selection in consumer, cyclical, technology and industrials contributed to alpha. We had no relative sectoral detractors over the month.
- At a security specific level, not holding Rivian Automotive and an off-benchmark position in Visa/ Barclays contributed to performance. On the other hand, key detractors stemmed from not holding Cytokinetics and Sarepta Therapeutics.

Market Update

Following the excitement seen at the end of last year, January offered mixed results for investors. While equity markets were initially boosted by strong economic data, performance was pared back by the hawkish tone at the Federal Reserve's (Fed) January meeting. The best performing major equity market was Japan's TOPIX Index, continuing the strong performance seen last year. An unexpectedly weak wage print, combined with uncertainty around the economic impact of the New Year's Day earthquake, led markets to reassess the likelihood of negative interest rate policy (NIRP) removal in the near term which in turn supported stocks. In the US, the S&P 500 Index reached record highs as optimism around a 'soft landing' scenario drove the continued outperformance of the 'Magnificent Seven' stocks. Data releases support the ongoing resilience of the US economy. First, we saw a robust jobs report, with 216,000 jobs added to the economy in December, alongside firmer wage growth and unemployment remaining steady at 3.7%. Later in the month, GDP print of 3.3% annualized for the fourth quarter was significantly above consensus expectations. However, the S&P 500 Index closed the month on a weaker note, as the hawkish tone at the Fed's January meeting was not received positively by investors. The Fed pushed back on dovish market pricing for rate cuts, and explicitly noted that a March cut seems unlikely. The MSCI Europe ex-UK Index delivered positive returns. The European Central Bank (ECB) kept rates on hold at its January meeting and re-iterated its commitment to remain data-dependent. The composite Purchasing Managers' Index (PMI) rose 0.3 points to a preliminary 47.9 in January, its highest level since July. The manufacturing measure beat expectations by 1.8 points, suggesting that activity in the sector bottomed out in the third quarter. UK equities had more muted returns. On the one hand, there have been signs of growth momentum accelerating in the UK, with the flash composite PMI increasing 0.4 points to 52.5, and consumer confidence hitting a two-year high. This optimism was tempered by the latest retail sales print, which fell sharply by 3.2% month-on-month in December, sparking some concerns of an impending slowdown. In China, the domestic economy continued to struggle, with disappointing retail sales and further deterioration in housing activity. Fourth quarter GDP grew 5.2% year-on-year, in line with expectations, but still historically weak. Although the People's Bank of China (PBOC) announced a number of stimulus measures, it was not the policy 'bazooka' markets were hoping for to re-ignite activity. Among equities, growth stocks outperformed their value counterparts. Regionally, developed market equities outperformed emerging markets. Oil prices made gains as tensions in the Middle East worsened and disruption to shipping through the Suez Canal continued. Drone attacks on Russian energy infrastructure added to the uncertainty in the global oil market.

All of this considered, global convertible bonds (CBs) (represented by the Refinitiv Global Focus Convertible Bond Index) posted negative returns over the month, curbing the rates-driven momentum that powered CBs higher in November and December last year. We saw a bit of divergence regionally with all regions except Japan posting performance in the negative territory with Asia being the largest detractor, followed by US and Europe.

Global issuance in January totaled just under USD 5.2bn, which though disappointing versus elevated expectations for 2024, were aligned closely with history amid holiday hangover and earnings blackout. Regionally, we saw about USD2.3bn from US, Europe clocking USD 1.1bn and Asia ex-Japan at USD 0.4bn. A special note on Japan, where the primary market saw almost USD 1.4bn, an impressive feat for a relatively small market, driven entirely by one large two-tranche deal.

Performance Update

%	3M	YTD	1y	3y	Since Jan 18*	Since inception**
JPM Global Convertibles Conservative C (acc) - USD	5.1	0.6	4.5	-1.6	2.0	5.6
Benchmark	7.9	-1.4	3.4	-3.6	2.9	5.9
Excess Return (geometric)	-2.6	2.0	1.1	2.0	-0.9	-0.2

%	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.

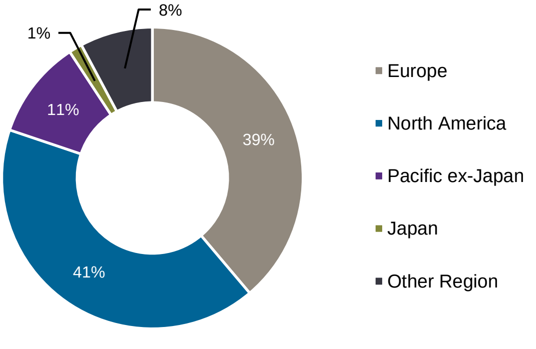
J.P.Morgan Asset Management

JPMorgan Investment Funds – Global Convertibles Conservative Fund

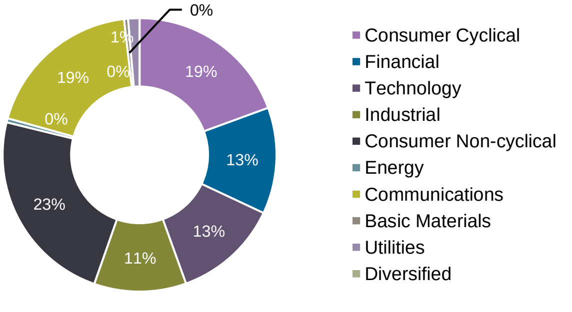
Market Outlook

While strong economic data added credence to market hopes for a 'soft landing', it also made pre-emptive rate cuts in the first quarter look less likely. The risks to the global economy have certainly not disappeared and on top of the macro uncertainties, there are numerous political and geopolitical uncertainties. Wars are still ongoing on multiple frontiers that have the potential to deliver further commodity price shocks through the global economy and 2024 is a big year for national elections, with 40 nations scheduled to go to the polls, which includes four of the world's five most populous countries. However, from a fundamental perspective, 2024 does look like a better year than 2023. Our research team sees global corporate earnings growing around 10% after two years of little or no growth in most regions. While this may feel high in the context of weaker GDP, there are a number of robust bottom-up drivers of this growth and cause for excitement for fundamental stock pickers. In addition, valuations look reasonable on our long-term forecasts and are in line with historic averages. International equities are likely to benefit this year from positive structural changes, a weaker dollar, and exciting governance changes. In the US, mega cap tech will need to continue to beat an ever-higher bar when it comes to high earnings expectations. A softer landing for the economy is likely to benefit more cyclical regions such as Europe and emerging markets, while in the event of a deeper downturn, the more defensive characteristics of the UK market may come to the fore. Additionally, expectations of corporate reform in Japan and a less conservative approach to balance sheet management and shareholder returns have revived enthusiasm for Japanese stocks, further supporting the case for international diversification. Another positive driver for international markets is the narrowing growth differentials between the US and other countries as Japan and emerging markets excluding China are set to deliver positive growth, and the Eurozone and China are likely to bottom out. We expect a broadening of market leadership this year and there is some near-term caution over the big AI winners of 2023. Our highest conviction view across equity markets continue to be higher quality stocks – those with robust balance sheets, proven management teams and a stronger ability to defend margins. Naturally some of these will be found in the technology sector, but there are also good examples in more cyclical sectors such as industrials and financials, as well as more traditionally defensive sectors such as healthcare.

REGIONAL ALLOCATION BREAKDOWN



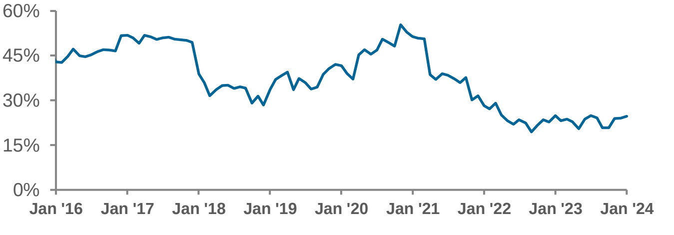
SECTOR ALLOCATION BREAKDOWN



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-Dec-23	31-Jan-24
Delta (%)	24.1	24.7
Yield to best* (%)	4.3	3.9
Current yield (%)	0.7	0.6
Premium to parity (%)	125.0	147.4
Rho (interest rate sensitivity)	X1.9	X1.7
Number of names	63	66
Average credit rating	BBB	BBB
Cash level** (%)	3.0	5.5

*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.
- 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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