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 July 2024

Fund Update

The Global Convertibles Conservative Fund posted a positive performance in July, returning 1.0% net of C share class fees, underperforming the benchmark which posted 1.5%.

At a regional level, overall performance was largely positive with North America being the largest contributor, followed by Europe and Pacific ex-Japan. On the other hand, we faced a marginal detraction from exposure in Japan

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

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

At a security specific level, an off-benchmark position in Cellnex Thera and not holding DexCom contributed to performance. On the other hand, key detractors stemmed from not holding Alibaba Group and Rivian Automotive.

Market Update

July proved to be a volatile month as markets digested a number of notable economic and political developments. Softer inflation and labor market data from the US heightened expectations of rate cuts, spurring a rotation into small-cap stocks and other interest-rate-sensitive asset classes. Meanwhile, relatively poor earnings reports from high-profile tech companies weighed on developed markets and led the growth style to underperform value. Against this backdrop, interest-rate-sensitive asset classes outperformed, with the MSCI World Small Cap returning 6.9% over the month and global REITs posting a healthy 6.0%. In contrast, developed equities returned a more muted 1.8% over the month. Growth stocks were particularly weak, falling by 1.0%, as investors grew more skeptical about the potential for future returns from investments in artificial intelligence (AI). Despite the pullback observed throughout the month, growth stocks have returned 16% year to date, contributing to the 14% year-to-date gains in broader developed market equities. In the US, earnings season continued with four of the ‘magnificent seven’ reporting results for the previous quarter. Broadly, investors appeared underwhelmed by the releases, resulting in the tech sector coming under pressure for most of July before a rebound at month-end. With over half of S&P companies having reported, more than two-thirds have beaten analysts’ expectations, suggesting a resilient US economy is contributing to a broadening of earnings. Concurrently, this year’s laggards played catch-up in July, with investors shifting towards small-cap equity stocks. Notably, this shift led to the largest one-month outperformance of the Russell 2000 versus the Nasdaq 100 in over 20 years. UK stocks outperformed, with the FTSE All-Share rising by 3.1%, in local currency, over the month. Robust service sector Purchasing Managers’ Index (PMI) in July, coupled with stronger-than-expected economic growth for the second quarter, both pointed to improving economic momentum. Markets did not react significantly to the general election, given that a Labour victory was already assumed. European stocks lagged their US and UK counterparts, with the MSCI Europe ex-UK returning 0.6%, in local currency, over the month. A disappointing PMI print, which indicated a slight tempering of eurozone economic growth over the summer, coupled with uncertainties around the French election, likely contributed to the weakness. The Japanese TOPIX index underperformed falling 0.5%driven by weakness in global tech stocks and a strengthening yen. Expectations of earlier Federal Reserve (Fed) interest rate cuts, coupled with an interest rate hike from the Bank of Japan led to the yen appreciating by 6.5% versus the US dollar, the strongest monthly move since June 2016. Chinese equity markets fell due to continued challenges in the real estate sector and the spillover effects on the broader economy. The MSCI China Index fell by 1.2% in US dollar terms. However, Chinese authorities implemented measures to provide liquidity support to the financial system, including cutting the reverse repo rate, a key short-term policy rate, and lowering the benchmark loan prime rate. These efforts aim to stimulate lending and support economic growth amid ongoing market challenges. Elsewhere, commodities lost ground, with the broad Bloomberg Commodity Index decreasing by 4.0% over the month. Oil prices contributed to the decline as the market weighed the impact of weaker demand from China against supply issues arising from tensions in the Middle East.

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 performance in the positive territory with US being the best performer, followed by Europe, Asia ex-Japan and Japan.

Global issuance primary volumes totalled about USD 8.6bn, a sizable total, especially as July is typically a muted month amid Q2 earnings blackouts. Regionally, Asia priced about USD 5.2bn supported Ping An Insurance Group’s mega USD 3.5bn deal. Year to date, the issuance volume now stands at around USD 69bn, a +60% pickup relative to this time last year. We expect the strong pace to endure as borrowing costs are likely to remain elevated, encouraging issues 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	1.0	2.7	5.6	-1.7	2.2	5.6
Benchmark	3.4	2.1	2.9	-2.9	3.2	5.9
Excess Return (geometric)	-2.3	0.6	2.6	1.2	-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.

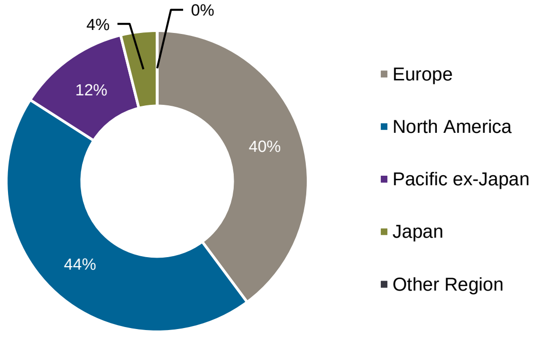
J.P.Morgan Asset Management

JPMorgan Investment Funds – Global Convertibles Conservative Fund

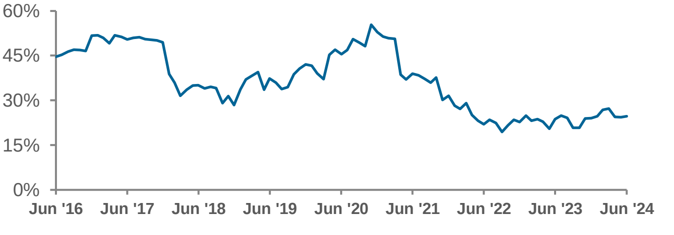
Market Outlook

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, June's soft Consumer Price Index (CPI) print and a weakening labor market have heightened investor expectations for Fed rate cuts in 2024 and 2025. On the other hand, Europe's economic performance is improving, and China's policymakers are focused on supporting growth with more consistent policies. International economic data have begun to inflect upwards, with further room to run given still below-trend consumption and lower inflation. In addition to the macroeconomic growth outlook, the risk scenarios ahead of us suggest the need for greater regional diversification. From elections to trade policies to extreme weather events, investors need to acknowledge the limitations in preparing for uncertainties with a portfolio that is concentrated in a few geographical 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. 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

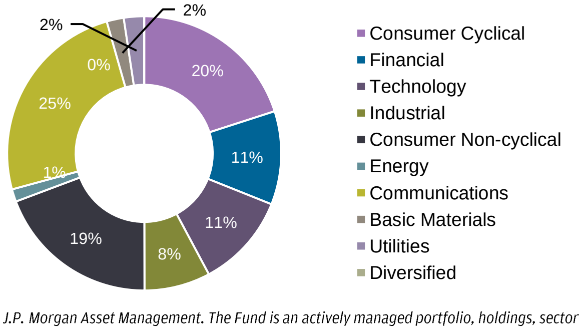


MONTHLY FUND DELTA



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

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.*

FUND CHARACTERISTICS	30-Jun-24	31-Jul-24
Delta (%)	24.7	24.5
Yield to best* (%)	3.5	3.4
Current yield (%)	0.8	0.8
Premium to parity (%)	112	112
Rho (interest rate sensitivity)	X1.9	X1.8
Number of names	78	78
Average credit rating	BBB	BBB
Cash level** (%)	3.5	1.1

*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.*

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

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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