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 Jun 2024

Fund Update

The Global Convertibles Conservative Fund posted a negative performance in June, returning -0.2% net of C share class fees, underperforming the benchmark which posted 0.5%.

At a regional level, overall performance was mixed with North America being the largest contributor, while on the other hand, we faced detraction from Pacific ex-Japan and Japan.

At a sector level, overall contribution was mixed with communications being the largest contributor, followed by consumer, cyclical. On the other hand, key absolute sectoral detractors stemmed from exposure in financial and energy.

On a relative basis, an underweight position in utilities and an overweight position in communications contributed to alpha. Conversely, security selection in consumer, non-cyclical and consumer, cyclical detracted from relative performance.

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

Market Update

Global equities rose in June on revival of hopes of an economic soft landing. The initial worries around the US overheating waned as economic data released in June hinted towards some signs of moderation in consumer sentiment. Additionally, expectations of falling interest rates - albeit with some divergence in timing between the US and Europe - favored growth stocks which outperformed their value counterparts. June was also a busy month for politics around the world. Ruling parties in India and South Africa lost their parliamentary majorities and formed coalitions. European parliamentary elections saw far-right parties gaining ground, especially in Germany, France and Austria. While these parties no longer advocate leaving the euro area, their populist policies could increase fiscal deficits, raising concerns for the bond market. In the US, consumer prices remained unchanged in May as cheaper gasoline and other goods offset the elevated shelter costs. According to preliminary estimates, consumer sentiment dipped earlier in June as households worried about persistent inflation. While the final numbers saw an upward revision, many consumers still expressed concerns about the effect of high prices and weakening incomes on their personal finances. At its June meeting, the Federal Reserve (Fed) voted to hold rates steady, as expected, but projected only one rate cut this year. Moving forward, the outlook for interest rates remains largely dependent on incoming growth and inflation data. The eurozone economy continues to show signs of improvement following a challenging 2023. Consumer confidence is on the rise, reaching its highest level since February 2022 in June despite uncertainties around the European Union elections. The European Central Bank (ECB) became the latest developed market central bank to cut interest rates. This move was heavily signaled prior to its June meeting, but stickier-than expected services inflation meant that the ECB was keen to stress that the path to any further policy normalization is heavily data dependent. However, political turmoil in France overshadowed the optimism around economic growth and interest rate outlook to rattle European equities in June. Similarly, sticky services inflation dashed hopes of a June rate cut in the UK, despite the Bank of England (BoE) signaling it could have been an option. Supportive base effects meant UK headline inflation returned temporarily to target in June, but this drop in inflation was widely expected and a series of strong wage prints plus a forecast reacceleration in inflation meant the BoE felt unable to cut rates. However, the BoE did leave open the possibility of a move in August. On a regional basis, whilst China's performance was disappointing due to a lack of fresh stimulus and cautious consumer sentiment, tech exporters Taiwan and Korea outperformed the broader Asia ex-Japan region, helping emerging market equities to outperform their developed market counterparts.

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, we saw a divergence with the US, Asia ex-Japan and Japan gaining while Europe was sharply lower amid political instability from the French elections.

Global issuance primary volumes totalled about USD 12.8bn for the month, a second consecutive strong month, driven by the US (USD 7.4bn) and a meaningful new supply from Asia (USD 4.4bn). Year to date, the issuance volume now stands at around USD 60bn, driven by refinancing activity in the US and stock-buyback-driven new deals in Asia. 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	-0.8	1.7	5.8	-2.0	2.1	5.5
Benchmark	-0.5	0.6	4.2	-3.8	3.0	5.8
Excess Return (geometric)	-0.3	1.1	1.5	1.8	-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.

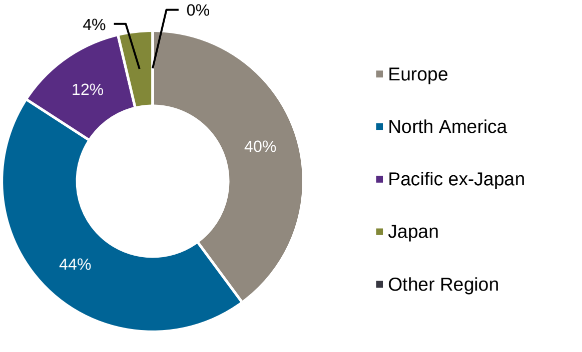
J.P.Morgan Asset Management

JPMorgan Investment Funds – Global Convertibles Conservative Fund

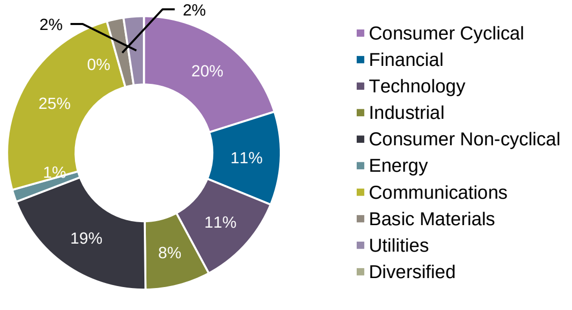
Market Outlook

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. The US economy is still exhibiting solid momentum, which could delay its rate cut cycle. 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, more than half of S&P 500 returns can be attributed to just three companies, and the magnificent seven stocks (Microsoft, Nvidia, Apple, Alphabet, Amazon, Meta and Tesla) now account for a mammoth 32% of the index. At a regional level, US companies now make up a near-record 64% of the global equity market. While 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, are 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



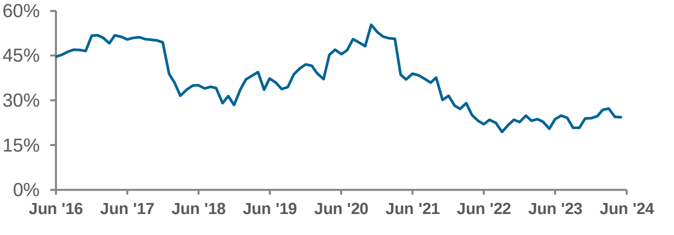
SECTOR ALLOCATION BREAKDOWN



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-May-24	30-Jun-24
Delta (%)	24.4	24.7
Yield to best* (%)	4.0	3.5
Current yield (%)	0.7	0.8
Premium to parity (%)	132	112
Rho (interest rate sensitivity)	X1.7	X1.9
Number of names	72	78
Average credit rating	BBB	BBB
Cash level** (%)	3.2	3.5

*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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