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 May 2024

Fund Update

The Global Convertibles Conservative Fund posted a negative performance in May, returning -0.2% net of C share class fees, underperforming the benchmark which posted 1.4%.

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

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

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

At a security specific level, not holding Global Payments and Li Auto contributed to performance. On the other hand, key detractors stemmed from not holding Insmed and MicroStrategy.

Market Update

Global equity markets rose in May as ongoing investor optimism about the economic outlook supported risk assets. Expectations of falling interest rates - albeit with some divergence in timing between the US and Europe - favored growth stocks which outperformed their value counterparts. After falling in April, US equities rebounded with monthly returns of 5.0% in May, supported by better-than-expected first quarter earnings results across a number of sectors. Even though the US economy remains in solid shape, data released in May pointed to some signs of moderation, with capital spending and home sales both trending sideways. Flash Purchasing Managers' Index (PMI) data was the bright spot for the month, with the manufacturing component rising to 50.9 while services rose to 54.8. However, disinflationary trends in the US are stalling, with price pressures in services sectors looking particularly sticky. The April inflation release showed only a modest slowing in headline and core categories, bringing year-over-year (YoY) rates down to 3.4% and 3.6%, respectively. The minutes of the May Federal Open Market Committee (FOMC) meeting reinforced concerns about the lack of further progress on disinflation, with any hopes of an imminent rate cut now fading. In contrast, the European Central Bank (ECB) is more confident about the economy's disinflationary path, with wage growth continuing to moderate despite activity recovering. Despite recent upside surprises, slowing inflation over the last few months has enabled the ECB's governing council to signal a high degree of confidence that rates will be cut in June, even if the path thereafter remains less clear. At the same time, the PMI data released during the month confirmed that economic activity is improving; services continue to act as the key pillar of strength, although there were also signs of a recovery in manufacturing. This reacceleration in the economy, coupled with relatively low valuations, is starting to attract the attention of international investors. As a result, European equities excluding the UK returned 3.6% while UK equities returned 2.4% in local currency terms. There are also some encouraging signs of improvement across Asian economies, particularly in China, which has also coincided with a rebound in the equity market. Despite this improving optimism, the details of the recovery are less convincing as continued weakness in domestic demand necessitates a reliance on strong export growth. Challenges in the real estate sector remain unresolved, creating some doubts about the sustainability of the Chinese rally. In Japan, currency weakness is usually received positively by the export-heavy equity market. Yet with the extremely low levels of the Japanese yen now starting to weigh on consumer sentiment, Japanese stocks were one of the weakest performers regionally in May, returning 1.2% in local currency terms.

All of this considered, global convertible bonds (CBs) (represented by the Refinitiv Global Focus Convertible Bond Index) posted positive returns over the month following a positive earnings cycle and an improvement in inflation data. From a regional perspective, all regions posted performance in the positive territory except Japan. Europe was the top performer, followed by the US and Asia ex-Japan.

Global issuance primary volumes totaled about USD 18bn for the month, the most since March 2021, driven by the US (USD 10.5bn) and a record total from Asia (USD 7.0bn) driven by just 2 deals – Alibaba's USD 5bn offering, the largest single tranche and JD.com's USD 2bn. Year to date, the issuance volume now stands at around USD 47bn primarily led by the US.

Performance Update

%	3M	YTD	1y	3y	Since Jan 18*	Since inception**
JPM Global Convertibles Conservative C (acc) – USD	0.2	1.5	6.4	-1.7	2.0	5.6
Benchmark	0.8	0.1	7.6	-3.5	3.0	5.8
Excess Return (geometric)	-0.5	1.4	-1.1	1.8	-0.9	-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.

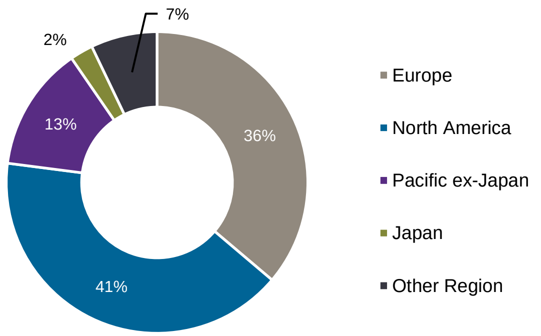
J.P.Morgan Asset Management

JPMorgan Investment Funds – Global Convertibles Conservative Fund

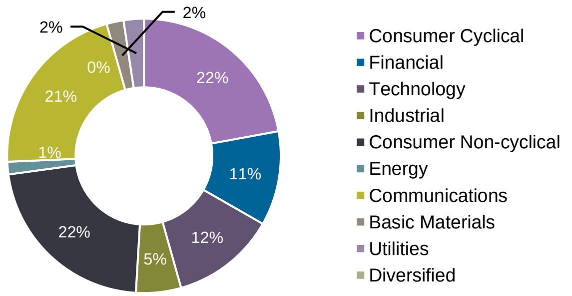
Market Outlook

In aggregate, economic data released in May tempered concerns of overheating in the US economy and showed signs of a rebalancing in economic momentum. Corporate fundamentals remain in good health, and the next move for interest rates in the West is still likely to be lower, even if there is some divergence in timing across regions. While these factors should be supportive of risk asset valuations, the hunt for positive growth momentum and attractive valuations is starting to shift investors' focus away from the US and towards more regionally diversified exposure, where the scope for catch up appears greater. In addition to questions about the precise timing and extent of potential 2024 rate cuts, there are a number of other questions that remain unanswered as we move further through the year. Wars are still ongoing on multiple frontiers that have the potential to deliver further commodity price shocks through the global economy. 2024 is also big year for national elections, with 40 nations scheduled to go to polls, including four of the world's five most populous countries. This implies that the risks to the global economy have certainly not disappeared and on top of the macro uncertainties, there are numerous political and geopolitical uncertainties. However, from a fundamental perspective, 2024 does look like a better year than 2023 and we see global corporate earnings growing after two years of little or no growth in most regions. We expect a broadening of market leadership this year and are closely watching the big AI winners of 2023. Particularly in the US, where mega cap tech will need to continue to beat an ever-higher bar when it comes to high earnings expectations. Our highest conviction view across equity markets continues to be higher quality stocks – those with robust balance sheets, proven management teams and a stronger ability to defend margins through different market cycles. 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 and utilities. Outside of the US, equities are likely to benefit this year from positive structural changes and exciting governance changes. 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.

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	30-Apr-24	31-May-24
Delta (%)	24.5	24.4
Yield to best* (%)	4.0	4.0
Current yield (%)	0.7	0.7
Premium to parity (%)	150	132
Rho (interest rate sensitivity)	X1.7	X1.7
Number of names	71	72
Average credit rating	BBB	BBB
Cash level** (%)	5.0	3.2

*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.**

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