JPMorgan Funds – Income Fund

For available share classes, please check the prospectus.

Topline

Markets – Over the month, markets were challenged by a combination of hot US inflation data, stronger than expected first quarter US GDP and a change in rate expectations, leading to rising yields.

Helped – Agency and non-agency mortgage-backed securities (MBS) and duration positioning contributed to returns.

Hurt – Corporate credit, emerging market debt, commercial MBS and agency-backed securities (ABS) detracted.

Outlook – Sub-trend growth remains our base case, with evidence of a soft landing around us and a widening economic expansion. Significantly looser financial conditions continue to support growth. Although there are signs that the labour market continues to rebalance and longer-term disinflationary trends are in place, there is still a risk that inflation remains persistent. Both the market and the US Federal Reserve (Fed) will continue to be focused on the inflation trajectory this year.

Fund Overview

Investment objective

To provide income by investing primarily in debt securities.

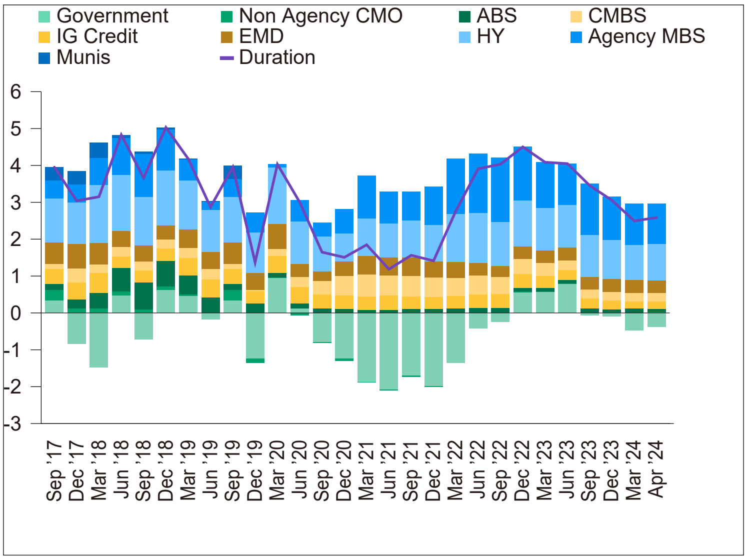
Month in Review

- **High yield was the largest detractor from returns.** Spreads widened and yields rose over the month. Investment grade corporates also detracted from returns.
- **Emerging market debt detracted from returns,** as spreads widened during the month in response to the macroeconomic backdrop.
- **Securitised products experienced bifurcated returns,** with agency MBS leading the contribution. Although spreads widened in April and interest rate volatility spiked mid-month, the higher coupon securities – where the Fund is mainly positioned – outperformed the rest of the coupon stack. Non-agency MBS also contributed. Commercial MBS detracted from returns, as interest rate cut expectations were priced further out. ABS also detracted.
- **The Fund's duration positioning contributed,** with the 10-year US Treasury yield moving higher by 48 basis points to 4.68%. The Fund continued to dynamically adjust its duration and yield curve positioning, ending April short of US Treasury duration and 2.6 years of overall duration.

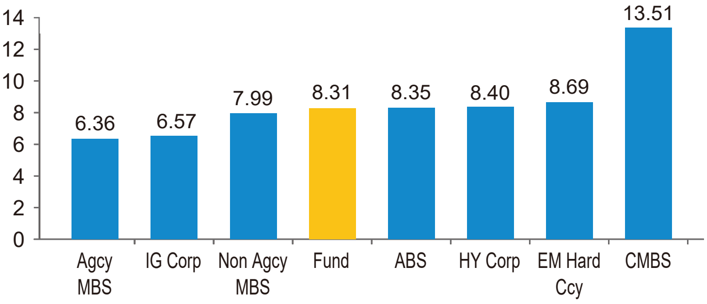
Looking Ahead

- **Sub-trend growth remains our base case,** with evidence of a soft landing around us and a widening economic expansion. Significantly looser financial conditions continue to support growth. Although there are signs that the labour market continues to rebalance and longer-term disinflationary trends are in place, there is still a risk that inflation remains persistent. Both the market and the Fed will continue to focus on the inflation trajectory this year.
- **In 2022, high inflation and low unemployment** caused the Fed to raise policy rates into restrictive territory despite downside risks to growth and rising recession probabilities. As the Fed continued hiking rates into 2023, cracks began to appear in the market (particularly in the US regional banking sector) due to the lagged and variable effects of tightening monetary policy. The Fed paused hikes in May for the fifth time in a row, and uncertainty remains around the number of Fed rate cuts this year.
- **Given this backdrop, the fund is focused** on maintaining higher credit quality, increasing its liquidity profile, and allocating towards sectors that, in our view, offer attractive yield characteristics given the potential risks. We believe the fund's current duration positioning and diversified allocations to higher-quality securitised investments, higher-quality high-yield corporates, and select emerging-market debt look attractive in the current environment

Portfolio weighted sector allocation (duration, years)



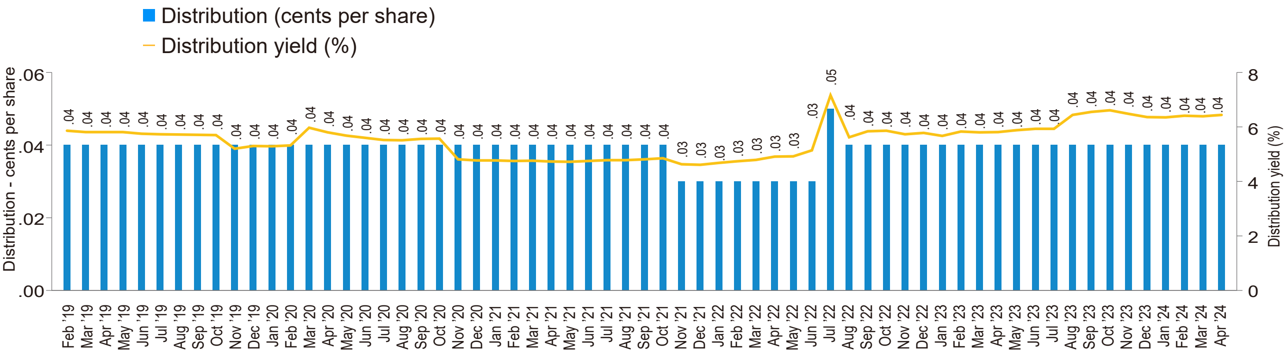
Yield by sector (%)



ABS: Asset-Backed Securities; Munis: Municipal bonds; CMBS: Commercial Mortgage-Backed Securities; Agcy: Agency; CMO: Collateralised Mortgage Obligation; MBS: Mortgage-Backed Securities; IG: Investment Grade; Corp: Corporate; HY: High Yield; EM: Emerging Market; EMD: Emerging Market Debt; Ccy: Currency.

Source: J.P. Morgan Asset Management. Data as of 30.04.2024. 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. Provided for information only, not to be construed as investment recommendation. Investment involves risks. Not all investment ideas are suitable for all investors.

Distribution per share and distribution yield



Distribution shown is for A (mth) – USD share class

* Annualised yield is calculated based on the latest dividend distribution with dividend reinvested, and may be higher or lower than the actual annual dividend yield. Positive yields does not imply positive returns.

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Past payout yields and payments do not represent future payout yields and payments. Positive distribution yield does not imply positive return. Dividend is not guaranteed. Distributions may be paid out of capital an investor originally invested which includes realised losses if any and unrealised capital gains or losses attributable to that original investment; or paid out of distributable income which includes realised gains calculated on a per transaction basis net of fees and expenses, or paid out of both capital and distributable income. Any payments of distributions by the Fund are expected to result in a decrease in the net asset value per share on the ex-dividend date. Please refer to further income disclosures on www.jpmorgan.com/sg/am/per/

NEXT STEPS

For further information, please visit:
www.jpmorgan.com/sg/am/per/

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Refer to Risk Factors in the Prospectus for further information on risks of the product.

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