JPMorgan Funds – Income Fund

For available share classes, please check the prospectus.

Topline

Markets – Over the month, strong growth data and a shifting outlook on rate cuts caused bond yields to sell off.

Helped – Emerging market debt contributed.

Hurt – The fund's duration positioning, corporate credit and securitised products detracted.

Outlook – Sub-trend growth remains our base case as we acknowledge that the economy has remained stronger than originally anticipated. Growth is expected to further moderate as job growth cools, wage inflation slows, excess savings dwindle and the lack of affordability for homes and automotives continues. However, strong private-sector balance sheets have been an offsetting cushion thus far. Inflation is showing signs of cooling but has not yet retraced to the US Federal Reserve's (Fed's) target levels.

Month in Review

- **Securitised sub-sectors produced bifurcated returns,** with agency mortgage-backed securities leading the detraction as spreads widened in the rate sell-off during the month. Asset-backed securities also detracted. On the other hand, non-agency mortgage-backed securities and commercial mortgage-backed securities contributed to returns.
- **High yield detracted from returns.** While spreads tightened over the month, yields rose as rates sold off, leading to detraction. Investment grade corporates marginally detracted from returns.
- **Emerging market debt contributed to returns** as spreads tightened during the month.
- **The fund's duration positioning was the largest detractor** from returns as the 10-year US Treasury yield moved higher from 3.97% to 4.25%. The fund continues to dynamically adjust its duration and yield curve positioning, ending February with 2.7 years of overall duration.

Fund Overview

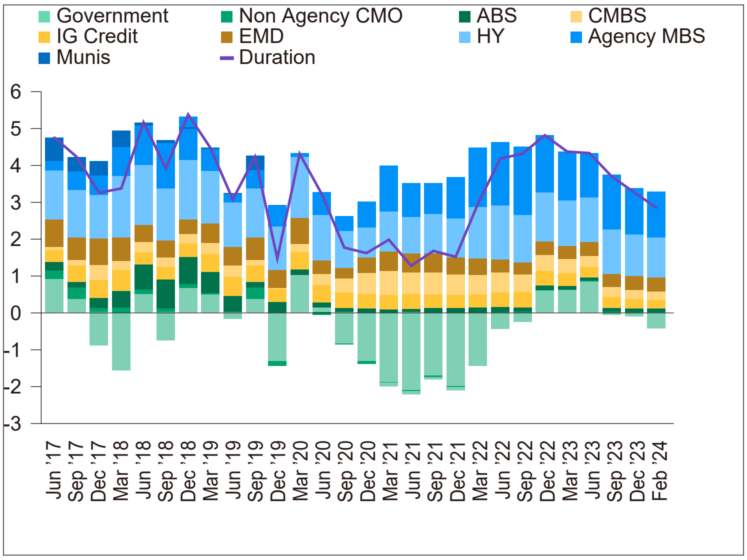
Investment objective

To provide income by investing primarily in debt securities.

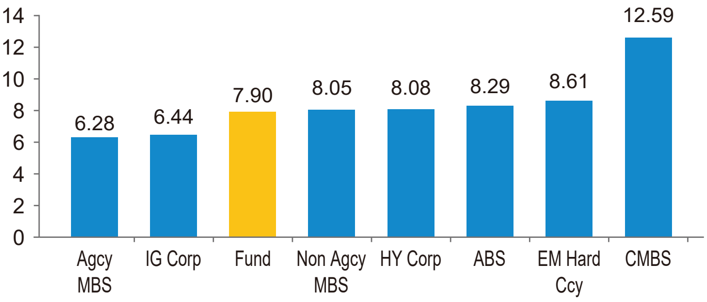
Looking Ahead

- **Sub-trend growth has become our base case** as we acknowledge the economy has remained stronger than originally anticipated. Growth is expected to further moderate as job growth cools, wage inflation slows, excess savings dwindle and the lack of affordability for homes and automotives continues. However, strong private-sector balance sheets have been an offsetting cushion thus far. Inflation is showing signs of cooling but has not yet retraced to the Fed's target levels.
- **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 December for the third time in a row this year, and rate cuts were discussed at the meeting, although the Fed continues to hold onto optionality.
- **Given this backdrop,** the fund is focused on maintaining a higher credit quality, increasing its liquidity profile and allocating towards sectors where we continue to have a positive fundamental outlook and that, in our view, offer attractive yield characteristics for 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 as we approach the end of the year.

Portfolio weighted sector allocation (duration, years)



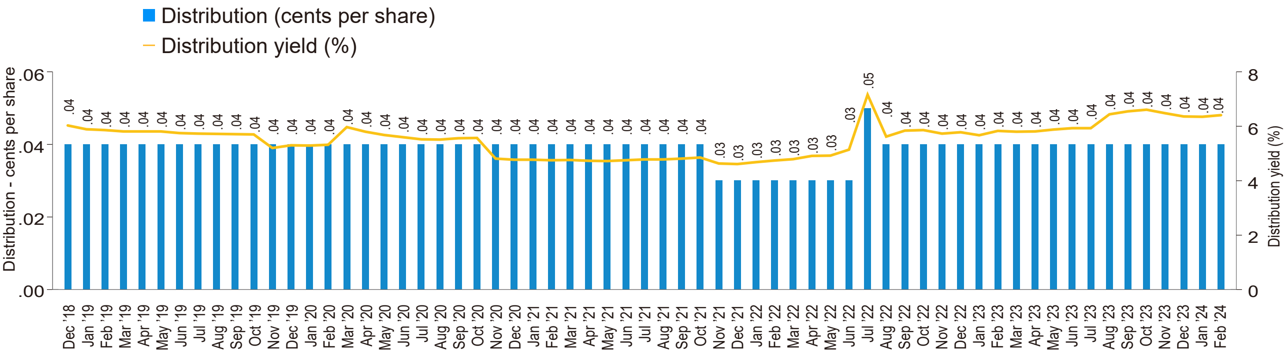
Yield by sector (%)



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 29.02.2024. 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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