

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 – Investment grade credit and securitised products.

Hurt – High yield and emerging market debt.

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 automobiles 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.

Fund Overview

Investment objective

To provide income by investing primarily in debt securities.

Month in Review

- **Securitized investments were the largest contributor to returns**, led by commercial mortgage-backed securities (CMBS), which can largely be attributed to expectations for interest-rate cuts in 2024. Agency and non-agency MBS also contributed to returns.
- **High yield was the largest detractor from returns**. While spreads tightened over the month, yields increased as rates sold off, leading to negative returns. On the other hand, investment grade corporates contributed to returns.
- **Emerging market debt detracted from returns** as spreads widened and rates sold off during the month.
- **The fund's duration positioning was flat over the month**, while the 10-year US Treasury yield moved marginally higher from 3.86% to 3.91%. The fund continues to dynamically adjust its duration and yield curve positioning, ending January with 2.9 years of overall duration.

Looking Ahead

- **Sub-trend growth has become 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 automobiles 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 has now paused hikes, although it 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 securitized investments, higher-quality high yield corporates and select emerging market debt look attractive.

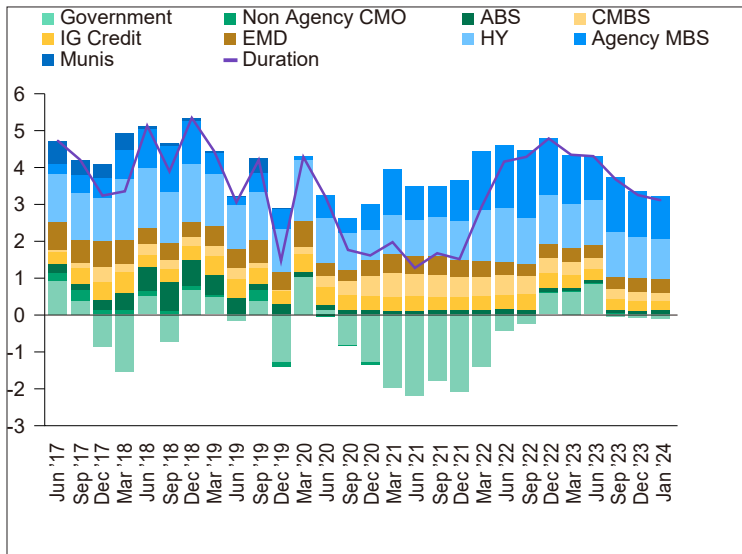
Provided for portfolio update and reporting purposes only to report on portfolio positioning, not to be construed as offer, research or investment advice. Diversification does not guarantee positive returns or eliminates risks of loss.

Source: Fund related information and market commentary – J.P. Morgan Asset Management, other market data – various public sources. Data is as of date of the commentary unless stated otherwise.

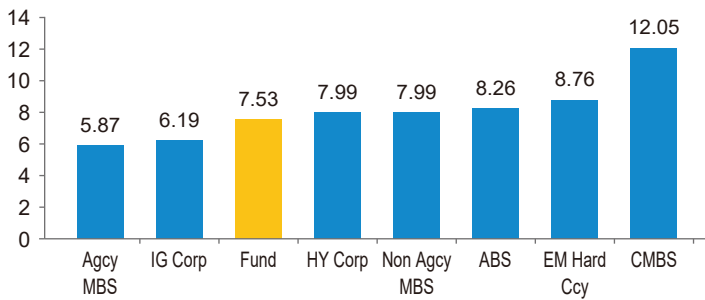
The Fund seeks to achieve its investment objectives stated in the offering document, there is no guarantee the objectives will be met.

The companies/securities, asset classes mentioned above for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. J.P. Morgan Asset Management may or may not hold positions on behalf of its clients in any or all of the aforementioned securities. Past performance is not indicative of future performance. Forecasts/estimates are based on current market conditions subject to change from time to time and may or may not come to pass. Please refer to the Singapore Offering Documents at www.jpmmorgan.com/sg/am/per/.

Portfolio weighted sector allocation (duration, years)



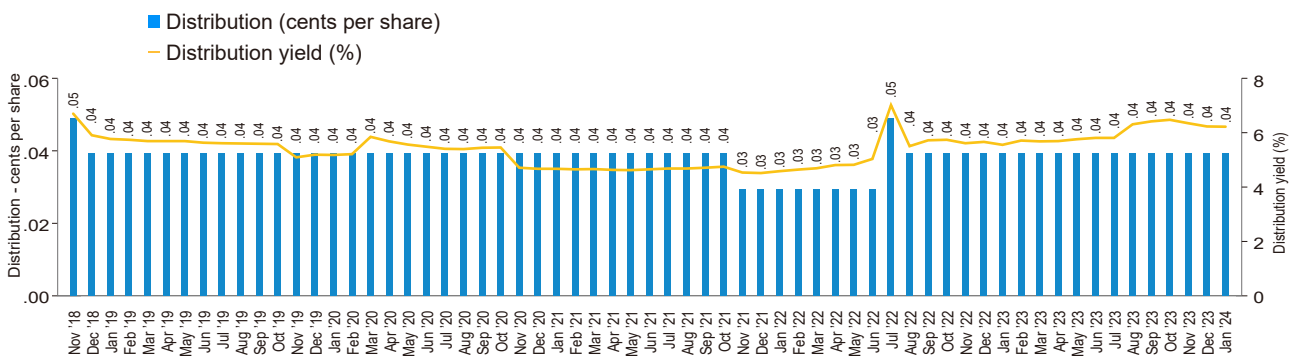
Yield by sector (%)



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 31.01.2024. 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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