JPMorgan Investment Funds – Global Income Fund

For available share classes, please check the prospectus.

Topline

Markets – August was marked by significant market volatility, primarily driven by US economic data and an interest-rate hike by the Bank of Japan, which led to a sharp sell-off in global equity markets. However, by the end of the month, markets rebounded as investors began to anticipate more aggressive policy easing by the US Federal Reserve (Fed). Both developed market equities and bond markets provided positive returns, with the MSCI World Index (local currency) returning 1.9% and the JPM GBI (USD hedged) returning 1.1%.

Helped – Emerging market equities, global equities, US high yield bonds and US government bonds.

Hurt – European equities.

Outlook – We maintain our base-case view that US growth should gradually slow to a trend-like pace of around 2%, providing scope for economic cycle extension. As a result, we maintain our pro-risk stance and are comfortable leaning into equity and credit.

Fund Overview

Investment objective

To provide regular income by investing primarily in a portfolio of income generating securities, globally, and through the use of derivatives.

Month in Review

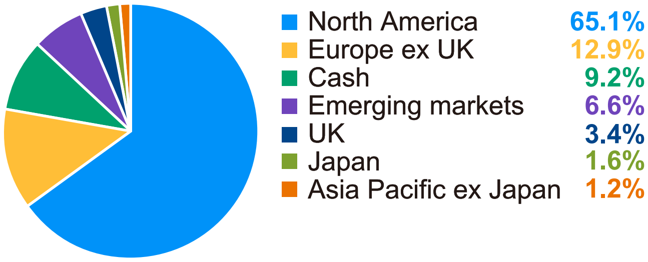
- **Within equities, we broadly maintained our overall allocation** over the month but made some tactical changes. At the beginning of the month, we reduced some of our allocation to European equities in favour of global equities to reduce the structural home bias. We believe a robust US macroeconomic backdrop and positive earnings outlook should continue to support demand and corporations' top-line growth. As the month progressed, we trimmed our exposure to Nasdaq futures to rebalance the overall allocation.
- Our allocation to global equities contributed the most to overall performance. The latest second-quarter 2024 US earnings season, in which earnings grew 11%, surpassing the 8% expected rate, offered further evidence that corporate health remains decent overall. Our allocation to emerging market equity contributed, whereas European equities detracted from overall performance as the overall economic backdrop in the region remained weak and earnings from cyclical companies disappointed.
- **Our dividend focus was a tailwind** for the second consecutive month. While the Magnificent 6 and their sectors contributed significantly to second-quarter 2024 earnings growth, we saw other sectors slowly emerge from their earnings recession to deliver earnings growth. This supported our expectations that earnings growth would broaden out beyond the familiar technology names.
- **Our fixed income portion of the portfolio** also contributed to overall performance. Our allocation to high yield and investment grade credit contributed. We maintain a moderately positive outlook on high yield due to attractive carry, strong fundamentals, an attractive yield and a short maturity profile. Our duration position also contributed, but we are mindful of a faster slowdown in consumer spending and a rapidly weakening labour market, which push up the probability of earlier and more aggressive rate cuts.
- **Our allocation to emerging market debt** contributed as a weaker US dollar provided a tailwind for the region. Elsewhere, our allocation to non-agency securitised also contributed to overall performance.
- **Within hybrids, our allocation to preferred equities** contributed to overall performance.

Looking Ahead

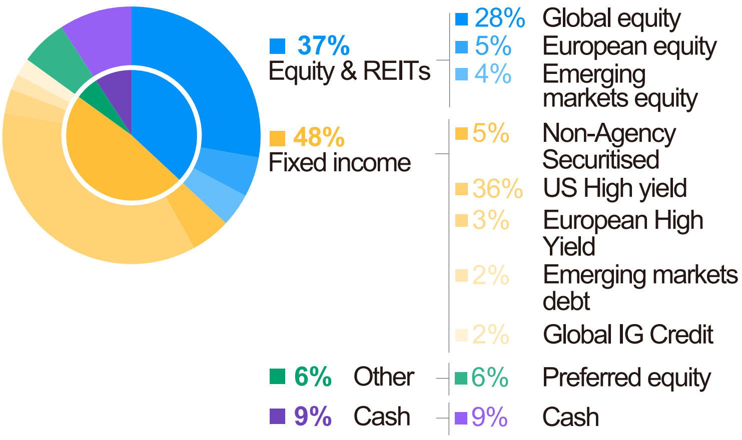
- **We maintain our base-case view that US growth should gradually slow** to a trend-like pace of around 2%, providing scope for economic cycle extension.
- **We maintain our pro-risk stance** and are comfortable leaning into equity and credit.
- **We maintain our preference for US equities** given the robust US macroeconomic backdrop, our base-case view and a solid second-quarter 2024 earnings season.
- **Broadly, we are cautious on duration** as we now expect more Fed rate cuts. However, we prefer to wait for the Fed to initiate rate cuts before reassessing our stance on duration.

J.P.Morgan
ASSET MANAGEMENT

Regional breakdown (%)



Asset class breakdown (%)



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: J.P. Morgan Asset Management. Data as at to 31.08.2024. 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. REITS refer to Real Estate Investment Trusts. The companies/securities, asset classes mentioned above for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. Investments involve risks, not all investments are suitable for all investors. Provided for information only, not to be construed as investment recommendation.

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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