JPMorgan Investment Funds – Global Macro Opportunities Fund

For available share classes, please check the prospectus.

Topline

Markets – Global equity and bond markets sold off following a third consecutive upside surprise in US inflation data, with a subsequent repricing of rate cut expectations and an escalation in geopolitics. The MSCI World Index and the JPM Global GBI fell 3.3% and 2.0% respectively (hedged to euros).

Helped – Short US large-cap equity derivatives and long US dollar exposure.

Hurt – Long equity strategies and long Japanese yen exposure.

Outlook – We continue to expect disinflation to be bumpy and believe that a less accommodative monetary policy path could weigh on risk assets. However, global growth divergence is lessening and geopolitical risks have de-escalated from the recent peak, which supports implementing our short equity strategies, partly through options to provide convexity.

Fund Overview

Investment objective

The Fund aims to achieve capital appreciation in excess of its cash benchmark[1] by investing primarily in securities, globally, using derivatives where appropriate.

Month in Review

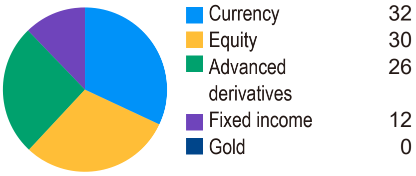
- **Global equity and bond markets sold off** following a third consecutive upside surprise in US inflation data, with a subsequent repricing of rate cut expectations and an escalation in geopolitics. The MSCI World Index and the JPM Global GBI fell 3.3% and 2.0% respectively (hedged to euros).
- **The disinflation trend was called into** question by a third month of higher than-anticipated US inflation print. Expectations for when the US Federal Reserve (Fed) would deliver rate cuts were pushed out, causing bond yields to move higher and equity markets reacted negatively. In this environment, our net short equity exposure was beneficial. Our short US large-cap equity strategies via derivatives delivered strong returns, outweighing losses in long equity strategies. The short Mexican peso and short Japanese yen exposure, held to reflect tighter financial conditions, also added value. We took the opportunity to introduce tactical long US and UK duration strategies, with valuation supportive.
- **Global growth divergence lessened,** with US growth still solid while European growth improved somewhat. We upgraded our view on eurozone growth, from contraction to recovery, where slightly better growth and slowing inflation kept the door open for the European Central Bank (ECB) to cut rates in June. As this puts the ECB ahead of the Fed in a rate-cutting cycle, we retained long US dollar versus short European currency strategies, which contributed. By contrast, the growth outlook in China remains lacklustre amid structural issues in the property market. We added to our short Chinese renminbi exposure and introduced a short Chinese equity strategy.
- **The Bank of Japan (BoJ) wasmore dovish than expected,** keeping interest rates and bond purchases unchanged. The Japanese yen deteriorated further and we introduced a tactical long Japanese yen versus short US dollar strategy expecting the BoJ to support the currency. Some interventions appeared to be delivered but not enough for the strategy to add value, and we retained it with the expectation of further support. Our long Japanese financials equity strategy added value as global yields rose.

Looking Ahead

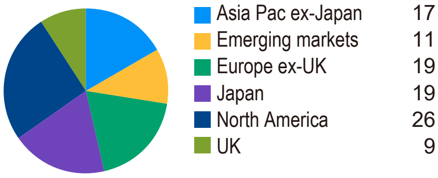
- **We continue to consider that the path of disinflation will be** bumpy and that a path for monetary policy with less accommodation could weigh on risk assets. Despite some pullback in equity markets, we expect this gap to close further and we maintain net negative equity exposure and added a long US volatility strategy towards month end.
- **The global growth divergence is lessening**, and geopolitical risks have de-escalated from the recent peak, which supports implementing our short equity strategies, partly through options to provide convexity. The outlier to this growth story is China, supporting the case for long US dollar versus short China-exposed currencies.

[1] ICE 1 Month EUR LIBOR

Asset class risk (%)



Regional risk (%)



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Source for all charts: J.P. Morgan Asset Management, as at 30.04.2024. The pie charts represent the standalone volatility of each category as a proportion of the sum of standalone volatilities using two years of data. 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. 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:
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Refer to Risk Factors in the Prospectus for further information on risks of the product.

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