JPM USD Emerging Markets Sovereign Bond UCITS ETF
Tickers: JPMB, JPBM

BUILDING STRONGER PORTFOLIOS

A smarter way to access emerging market debt
JPMB provides exposure to the return and yield potential of the rapidly expanding emerging market debt sector, while enhancing liquidity and improving country and credit risk allocations relative to traditional market cap-weighted benchmarks.

EXPERTISE  
- Leverages J.P. Morgan’s experience in quantitative research and portfolio management, employing a team approach led by Dr Yazann Romahi, CIO of Quantitative Beta Strategies.

PORTFOLIO  
- Closely tracks the J.P. Morgan Emerging Market Risk-Aware Bond Index—a newly created benchmark that uses a rules-based methodology to enhance liquidity and improve country risk and credit rating distributions compared to traditional market cap-weighted indices.

SUCCESS  
- Offers low cost, liquid, risk-managed exposure to the enhanced return and yield potential of emerging market debt—to help boost income and total return or diversify a core bond portfolio.


MANAGING THE CHALLENGES AND CAPTURING THE RETURNS
Investors are increasingly adding emerging market debt allocations to portfolios, attracted by the higher yields on offer compared to developed market sovereign bonds and the improving credit quality of many emerging market issuers.

However, investing in the asset class through a traditional index fund is challenging, as market-cap-weighted benchmarks suffer from unrewarded credit risk concentrations, poor liquidity and fluctuations in duration. In contrast, JPMB uses a disciplined, optimisation-based investment approach to minimise tracking error vs. the JPM Emerging Market Risk-Aware Bond Index—an innovative benchmark that employs a powerful three-step screening process to provide risk-managed exposure to the yield and return potential of emerging market debt.

Step 1: Liquidity filter ensures the fund’s starting universe is liquid and investable. Instruments are filtered based on face amount outstanding and maturity.

Step 2: Risk screen removes exposure to countries with the highest level of relative risk. Countries are ranked according to their relative risk level, with the lowest 10% of market cap by risk removed.

Step 3: Credit stabilisation provides more consistent access to emerging market credit risk. Index is reweighted to maintain a consistent risk contribution of 75% high yield/25% investment grade.

Source: J.P. Morgan Asset Management. For illustrative purposes only.  

BUILDING A RISK-AWARE BOND INDEX

EMBIG DIVERSIFIED INDEX HISTORICAL CREDIT RATING BREAKDOWN

Source: J.P. Morgan Asset Management, Morningstar as at 30 September 2019. All Rights Reserved.

ETFs by J.P. Morgan Asset Management
INVESTMENT OBJECTIVE
The Sub-Fund aims to provide an exposure to the performance of bonds issued by the governments or quasi-government entities of emerging markets countries globally which are denominated in US Dollars.

PERFORMANCE (%)

<table>
<thead>
<tr>
<th>JPM USD Emerging Markets Sovereign Bond UCITS ETF - USD (dist)</th>
<th>3M</th>
<th>6M</th>
<th>YTD</th>
<th>1Y</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>J.P. Morgan Emerging Markets Risk-Aware Bond Index</td>
<td>2.91</td>
<td>7.94</td>
<td>15.37</td>
<td>14.03</td>
<td>7.63</td>
</tr>
<tr>
<td>J.P. Morgan Emerging Market Bond Index Global Diversified (Total Return Gross):</td>
<td>1.50</td>
<td>5.64</td>
<td>12.99</td>
<td>11.57</td>
<td>6.69</td>
</tr>
<tr>
<td>Excess return (geometric)</td>
<td>-0.07</td>
<td>-0.14</td>
<td>-0.30</td>
<td>-0.39</td>
<td>-0.39</td>
</tr>
</tbody>
</table>

Source: J.P. Morgan Asset Management. Data as at 30.09.2019. Share class performance is shown based on the NAV (net asset value) of the share class with income (gross) reinvested including actual ongoing charges excluding any entry and exit fees. Performance over one year is annualised. Performance is shown based on the NAV which may not be the same as the market price of the ETF. Individual shareholders may realise returns that are different to the NAV based returns.

Past performance is not a reliable indicator of current and future results.

RISK PROFILE
The value of debt securities may change significantly depending on economic and interest rate conditions as well as the credit worthiness of the issuer. These risks are typically increased for below investment grade debt securities which may also be subject to higher volatility and lower liquidity than investment grade debt securities. The credit worthiness of unrated debt securities is not measured by reference to an independent credit rating agency. To the extent that the Sub-Fund uses financial derivative instruments, the risk profile and the volatility of the Sub-Fund may increase. That notwithstanding, the risk profile of the Sub-Fund is not expected to significantly deviate from that of the Index as a result of its use of financial derivative instruments. The Sub-Fund is not expected to track the performance of the Index at all times with perfect accuracy. The Sub-Fund is, however, expected to provide investment results that, before expenses, generally correspond to the price and yield performance of the Index. Emerging markets may be subject to increased risks, including less developed custody and settlement practices, higher volatility and lower liquidity than non-emerging market securities.

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Information relating to the performance of the Sub-Fund may not be available upon request. J.P. Morgan Asset Management for its own purpose. The results of such research are being made available as additional information and do not necessarily reflect the views of J.P. Morgan Asset Management. Any credit rating agency. To the extent that the Sub-Fund uses financial derivative instruments, the risk profile and the volatility of the Sub-Fund may increase. That notwithstanding, the risk profile of the Sub-Fund is not expected to significantly deviate from that of the Index as a result of its use of financial derivative instruments. The Sub-Fund is not expected to track the performance of the Index at all times with perfect accuracy. The Sub-Fund is, however, expected to provide investment results that, before expenses, generally correspond to the price and yield performance of the Index. Emerging markets may be subject to increased risks, including less developed custody and settlement practices, higher volatility and lower liquidity than non-emerging market securities.

Eric Isenberg
Portfolio manager
• 18 years of industry experience, 3 at J.P. Morgan

Niels Schuehle
Portfolio manager
• 9 years of industry experience, 3 at J.P. Morgan

As of 30.09.2019.

Naveen Kumar
Portfolio manager
• 6 years of industry experience, all at J.P. Morgan

J.P. Morgan is the index provider of choice in the emerging markets debt space.

Unique integrated approach combining J.P. Morgan’s robust quantitative research capabilities with our fixed income investment expertise.

30+ investment and technology professionals.