

JPMorgan Sustainable Infrastructure Active ETF (Managed Fund)

Ticker: JPSI ARSN: 662 445 098 ISIN: AU0000242265

Topline

Monthly Total Return
Fund
▲ 8.69%

Benchmark
▲ 3.92%

Benchmark : MSCI All Country World Index (Total Return Net)

Review July proved to be a volatile month as markets digested a number of notable economic and political developments. Softer inflation and labour market data from the US heightened expectations of rate cuts, spurring a rotation into small-cap stocks and other interest-rate-sensitive asset classes. Meanwhile, relatively poor earnings reports from high-profile tech companies weighed on developed markets.

Helped All three sub-themes added value during the month. In particular, stocks aligned to electricity infrastructure and medical infrastructure contributed positively.

Hurt There were no notable detractors from a sub-theme point of view during the month.

Outlook As the three mega structural trends, namely Climate Change, Demographic Shifts and Urbanization, are having material impact on the world we live in today, the fund will, through a combination of artificial intelligence capabilities and fundamental research, look to invest in companies developing solutions to build a more sustainable and inclusive economy.

Performance

%	1M	3M	YTD	1Y	3Y	5Y	Since Inception
Fund ¹	8.69	10.25	7.78	7.71	-	-	5.64
Benchmark	3.92	7.49	18.18	20.75	-	-	21.80

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

Source: J.P. Morgan Asset Management. Net of fees performance is calculated with income reinvested, i.e. Total return net of ongoing fees, expenses and withholding taxes on income received by the Fund. Performance returns for ETFs are based upon transacting at Net Asset Value and transaction costs from trading of ETFs on exchange are not included. When Investors are buying and selling ETFs on exchange they will be subject to brokerage fees and bid offer spreads. Performance over one year is annualised. Share class inception date is 06.12.2022.

Fund Overview

Investment objective

To achieve a return through investing in at least 80% of the Fund's assets in equity securities of companies with exposure to the theme of sustainable infrastructure.

Investor Profile

This product is likely to be appropriate for a consumer seeking capital growth to be used as a small allocation within a portfolio where the consumer has a high risk/return profile and needs daily access to capital. The minimum suggested holding period is 5 years.

Month in Review

- Based on the preliminary numbers, the underlying strategy meaningfully outperformed its benchmark, the MSCI All Country World Index, on a gross of fee basis for the period. The increased volatility and the sharp sell-off we have seen recently across equity markets on fears of a potential US recession has highlighted the defensive characteristics of listed infrastructure which typically exhibits a low correlation to traditional asset classes such as equities and fixed income.
- On the positive side, **National Grid**, the British electricity and gas utility company, contributed to relative returns. Shares rebounded strongly in July supported in part by the UK energy regulator, Ofgem, publishing a methodology decision that could result in an increase in the allowed return on equity for electricity transmission which accounts for about 30% of National Grid's earnings. **American Tower Corporation**, an American real estate investment trust which owns, develops and operates wireless and broadcast communications infrastructure in several countries, also contributed to performance. The company reported solid second-quarter performance with revenue up 4.6%, beating analyst estimates and highlighting the strong underlying demand for their portfolio of communications assets.
- On the negative side, **Digital Realty Trust**, a real estate investment trust that owns, operates and invests in carrier-neutral data centers across the world, detracted from performance. Shares underperformed after the company announced softer second quarter results where revenues and net income came slightly below expectations. Likewise, **Xylem**, a large American water technology provider, in public utility, residential, commercial, agricultural and industrial settings, detracted from performance. Whilst the company announced a 26% increase in the quarterly revenues to USD 2.2 billion which convinced management to adjust its full-year guidance upwards, shares slightly underperformed as the company's earnings per share fell short of consensus.

Outlook

- We expect the companies held in the portfolio to benefit from the significant investment needed in the built environment to facilitate the transition to a more sustainable world.
- The amount of green capex required to support net zero initiatives and the UN Sustainable Development Goals, is estimated to amount to US\$6 trillion per annum for the next decade². A significant amount of the investment will focus on critical infrastructure, which includes both digital and physical infrastructure required to help build a more sustainable and inclusive economy.
- In addition, the new energy policies introduced in the United States and Europe should also support further investment in names held in the Environmental Resilience sub-theme. For example, the Inflation Reduction Act introduced in the United States aims to boost investment in clean energy solutions by providing tax breaks and other incentives for supply chains involved in clean energy development. This should lead to manufacturing capacity expanding and greater economies of scale which will be positive for the sector. Likewise, the Green Deal Industrial Plan introduced by the European Commission also seeks to increase the manufacturing capacity for green technologies and products to help fast-track net zero initiatives and deliver energy security.

1 There can be no assurance that any fund will achieve its investment objective, the target return or any other objectives. Please refer to the Product Disclosure Statement and Target Market Determination (available from www.jpmorganam.com.au)

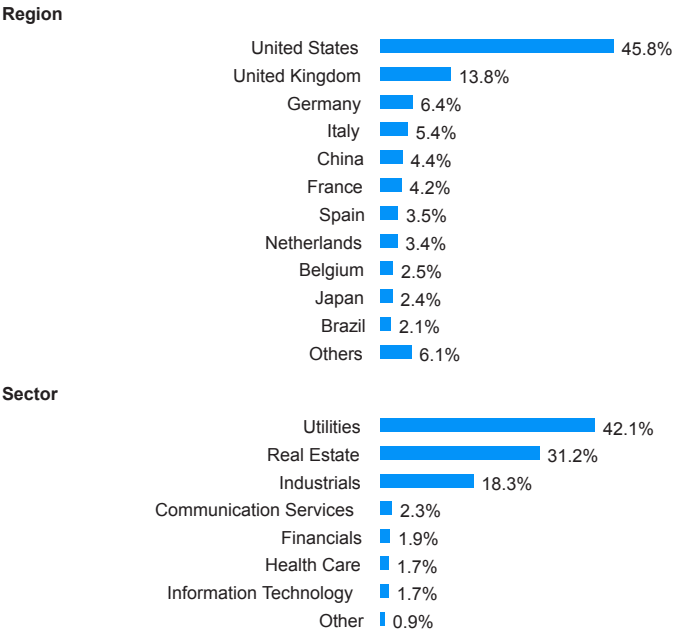
2 IEA, OECD, McKinsey & Company, Goldman Sachs Global Investment Research, Report published 11/21
Opinions, estimates, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

All data is sourced by J.P. Morgan Asset Management and is correct as at the date of this commentary.

Holdings

TOP 10	%
SSE PLC COMMON STOCK GBP	4.28
NATIONAL GRID PLC COMMON	4.17
NEXTERA ENERGY INC COMMON	3.97
E.ON SE COMMON STOCK EUR	3.85
AMERICAN TOWER CORP REIT	3.67
FERROVIAL SE COMMON STOCK	3.44
WELLTOWER INC	3.42
PUBLIC SERVICE ENTERPRISE	3.11
CMS ENERGY CORP COMMON	3.07
PG&E CORP COMMON STOCK	2.96

Portfolio Breakdown



Portfolio Analysis

Number of holdings 55

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Information Sources

Fund information, including performance calculations and other data, is provided by J.P. Morgan Asset Management (the marketing name for the asset management businesses of JPMorgan Chase & Co and its affiliates worldwide). All data is as at the document date unless indicated otherwise. Due to rounding, values may not total 100%. Top holdings, sector and country or region excludes cash. Holdings may be subject to change from time to time. Benchmark Source: MSCI. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent. All equity indices stated as 'Net' are calculated net of tax as per the standard published approach by the index vendor unless stated otherwise.

Further Information

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