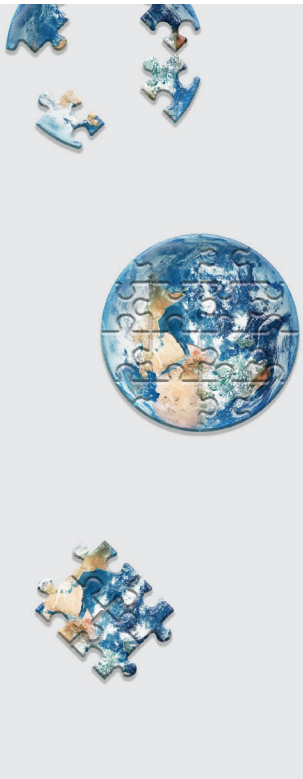
Focus on the bigger picture



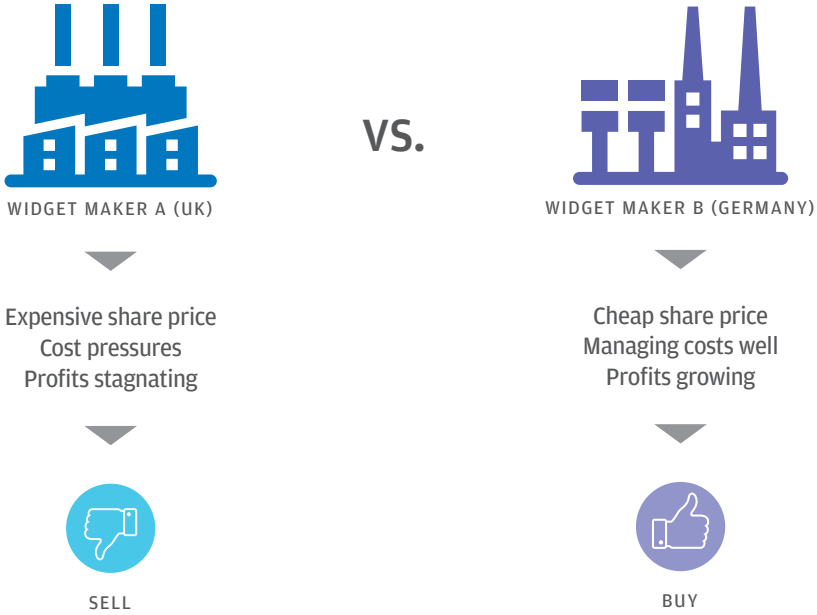
JPM Global Macro Fund
JPM Global Macro Opportunities Fund

J.P.Morgan
Asset Management

The small picture

A traditional fund manager's job is to beat a benchmark by trying to identify the shares (or bonds or other assets) that will outperform their peers. The decision often begins with the specifics.

Let's take two rival widget makers as an example:



This is a time-tested way of identifying the companies whose shares have the potential to outperform their peers. And it still makes sense today.

But what if it was early July 2016? A big fall in the value of sterling following the UK's Brexit vote would be about to change everything, making Widget Maker A's products much more attractive to overseas buyers and therefore boosting the share price. At the same time, this competitive pressure would make Widget Maker B less attractive. Sometimes, external events can impact a company's future much more than internal factors.

The big picture

As macro investors, we still invest in shares, bonds and other assets. But rather than starting with company specifics, we start with the big picture.

We seek to identify the large external forces that can drive the performance of companies, asset classes and markets over time, and then distil these into a focused portfolio of investments. What type of external forces do we mean?

We invest in the companies and other assets, across sectors and regions, that we think have the potential to benefit from these global themes – and we also try to profit from short exposure to companies and other assets that we expect to do badly as a result of those themes. We don't have a benchmark to constrain us, and we aren't reliant on rising markets to generate returns on your investment.

WHY CHOOSE MACRO INVESTING?

- The potential to generate positive returns in various market environments
- A complement to traditional single-asset funds in your portfolio
- A complement to other multi-asset approaches

How we see the world

Our macro funds invest in the long-term, secular themes and cyclical dynamics that the managers believe are driving markets today. As the global backdrop evolves, the managers can flexibly adjust portfolio exposures, and add, remove or change the themes.

We assess the economic conditions and the policy responses in these regions and consider the investment implications.

CYCLICAL THEMES

- US
- EUROPE
- CHINA
- ASIA PACIFIC EX CHINA
- EMERGING MARKET OPPORTUNISTIC

The resources to put it all together

Identifying the themes shaping the global landscape – and the investment opportunities created by themes – takes vast resources and specialist insight. Our macro managers work together with dedicated strategists and asset class experts to build a portfolio that reflects our changing world.

Themes are as at December 2020. 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.

Long-term themes that we expect to play out regardless of market cycles.

SECULAR THEMES

THEME: GLOBAL POLICY EVOLUTION

To ease the impact of Covid-19, central banks and governments have provided unprecedented levels of monetary, fiscal and liquidity stimulus.

THEME: EMERGING MARKET CONSUMER DEMAND

Traditional drivers of emerging market growth are becoming less relevant, with middle class consumer demand playing a growing role.

THEME: CLIMATE CHANGE RESPONSE

Governments, companies and consumers are placing more emphasis on sustainability in response to climate change.

THEME: WIDESPREAD TECHNOLOGY ADOPTION

The breadth of innovation and the pace of technology adoption are disrupting business models.

The theme in the portfolio

✔ **LONG EXPOSURE:** Renewable power Utilities companies transitioning away from fossil fuels towards alternative renewable energy sources, supported by policy changes, led by the EU.

The theme in the portfolio

✔ **LONG EXPOSURE:** Global payment companies. The move from cash to electronic payments continues apace, fuelled in part by the increase in ecommerce.

✗ **SHORT EXPOSURE:** Consumer staples. Traditional retailers are struggling as consumers move to online shopping.

As well as looking for investment ideas in individual themes, we look for where themes intersect. This position also ties into the global policy evolution theme.

We are positioned to benefit from falling share prices.

We hold shares in these companies, where we expect share prices to rise.

JPM Global Macro Opportunities C (acc)	
Key facts about the fund (as of 31/03/21)	
Assets under management	£1814.0m
Expected realised volatility	<10%
ISIN code	C (acc) GB00B4WKYF80

INVESTMENT OBJECTIVE: JPM GLOBAL MACRO OPPORTUNITIES C (ACC)

The Fund aims to provide positive investment returns over a rolling 3 year period in all market conditions by investing in securities globally, using financial derivative instruments where appropriate. A positive return is not guaranteed over this or any time period and a capital loss may occur.

JPM Global Macro C (acc)	
Key facts about the fund (as of 31/03/21)	
Assets under management	£100.9m
Expected realised volatility	<6%
ISIN code	C (acc) GB00B235HC61

INVESTMENT OBJECTIVE: JPM GLOBAL MACRO C (ACC)

The Fund aims to provide positive investment returns over a rolling 3 year period in all market conditions by investing in securities globally, using Financial Derivative Instruments where appropriate, with a volatility level typically lower than two-thirds of the MSCI All Country World Index (Total Return Net). A positive return is not guaranteed over this or any time period and a capital loss may occur.

The risk/return targets are the investment manager's internal guidelines only to achieve the fund's investment objectives and policies as stated in the prospectus. The targets are subject to change. There is no guarantee that these targets will be met.

RISK PROFILE

The Funds can use sophisticated investment techniques that differ from those used in traditional Equity funds.

The Funds should not be used as a substitute for liquidity funds or cash accounts.

The value of Bonds and other Debt Securities may change significantly depending on market, economic and interest rate conditions as well as the creditworthiness of the issuer. Issuers of Bonds and other Debt Securities may fail to meet payment obligations (default) or the credit rating of Bonds and other Debt Securities may be downgraded. These risks are typically increased for Below Investment Grade and certain Unrated securities, which may also be subject to higher volatility and be more difficult to sell than Investment Grade securities.

The value of Equity and Equity-Linked Securities may fluctuate in response to the performance of individual companies and general market conditions.

The Funds may use Financial Derivative Instruments (derivatives) and/or forward transactions for investment purposes. The value of derivatives can be volatile. This is because a small movement in the value of the underlying asset can cause a large movement in the value of the derivative and therefore, investment in derivatives may result in losses in excess of the amount invested by the Funds.

Some Financial Derivative Instruments (derivatives) traded on an exchange may be illiquid, and as a result, may need to be held until the derivative contract position expires. This may have an adverse impact on the return of the Funds.

The Funds invest opportunistically and exposure to the markets may vary substantially over a short period of time depending on market conditions. Therefore the Funds may not be fully invested in rising markets; conversely the Funds could be more than fully invested in a falling market. In both circumstances the performance of the Funds would suffer.

The value of securities in which the Funds invest may be influenced by movements in commodity prices which can be very volatile.

The Funds invest in securities of smaller companies which may be more difficult to sell, more volatile and tend to carry greater financial risk than securities of larger companies.

The possible loss from taking a Short Position on a security (using Financial Derivative Instruments) may be unlimited as there is no restriction on the price to which a security may rise. The Short Selling of investments may be subject to changes in regulations, which could adversely impact returns to investors.

The Funds may be concentrated in a limited number of securities, industry sectors or countries and as a result, may be more volatile than more broadly diversified funds.

Emerging Markets may be subject to increased political, regulatory and economic instability, less developed custody and settlement practices, poor transparency and greater financial risks. Emerging Market currencies may be subject to volatile price movements. Emerging Market securities may also be subject to higher volatility and be more difficult to sell than non-Emerging Market securities.

To the extent that any underlying assets of the Funds are denominated in a currency other than Sterling and are not hedged back to Sterling, movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimise the effect of currency fluctuations may not always be successful.

Under exceptional market conditions the Fund may be unable to meet the volatility level stated in the investment objective and the realised volatility may be greater than intended.*

The Fund may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect program which is subject to regulatory change, quota limitations and also operational constraints which may result in increased counterparty risk.**

* This statement only refers to the Global Macro Fund.
** This statement only refers to the Global Macro Opportunities Fund.

Building stronger portfolios

At J.P. Morgan Asset Management, collaborating with our clients in an effort to build stronger portfolios drives everything that we do.

We are committed to sharing our expertise, insights and solutions across all asset classes to help make better investment decisions. Whatever you are looking to achieve, together we can solve it.

LET'S SOLVE IT®

JPM53201 | UK | 04/21 | 0903c02a82b1bd19

J.P.Morgan
Asset Management