

JPM EUR Corporate Bond 1-5 yr Research Enhanced Index (ESG) UCITS ETF*

Tickers: J15R, JER5, JR15

Topline

Monthly returns	
Fund	Benchmark
▲ 0.34%	▲ 0.36%
Benchmark : Bloomberg Euro Corporate 1-5 Year Index	
Markets Euro investment grade corporate spreads tightened by 4 basis points (bps) to 108bps according to the Bloomberg Euro Aggregate Corporate Index. The asset class returned 0.36% on a total return basis.	
Helped An energy overweight.	
Hurt An insurance underweight.	
Outlook Volatility was suppressed and spread moves were muted through May, with a gradual tightening throughout the month. This follows the steady tightening trend that we have been observing year to date across the market, with the euro moves being the most pronounced – almost two times tighter year to date compared to the US. Global growth is defying the pressure of higher interest rates, proving stronger and more durable than most expected. The disinflation trend remains intact while consumer spending remains above trend, supporting a gradual cool-down.	

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

Fund Overview

Investment objective

The Sub-Fund aims to achieve a long-term return in excess of Bloomberg Euro Corporate 1-5 Year Index (the "Benchmark") by actively investing primarily in a portfolio of short term investment grade Euro denominated corporate debt securities.

Trading information

Stock exchange	Exchange ticker	Trading currency	Bloomberg ticker	Reuters RIC	Sedol
London Stock Exchange	JR15	EUR	JR15 LN	JR15.L	BGXQNX0
London Stock Exchange	J15R	GBP	J15R LN	J15R.L	BGXQNY1
Borsa Italiana	JR15	EUR	JR15 IM	JR15.MI	BGXQNW9
Deutsche Borse	JER5	EUR	JER5 GY	JER5.DE	BGXQNS5
SIX SWISS	JR15	EUR	JR15 SW	JR15.S	BGXQNV8

Month in Review

- **The fund returned 0.32%** (gross of fees) over the month, underperforming the benchmark by 2bps.
- **In terms of sector allocation**, our largest overweights from a duration times spread perspective are in banking and energy, which contributed to performance relative to the benchmark over the month. Our largest underweights from a duration times spread perspective are in insurance and technology, which detracted from performance relative to the benchmark over the month.
- **At an issuer level**, our overweight to CaixaBank, Volkswagen and Vonovia were the biggest contributors to performance. Our underweight to Aroundtown, Santander and Deutsche Bank were the biggest detractors.

Looking Ahead

- **First-quarter US corporate earnings reports** continued the positive momentum of recent quarters, with both revenues and EBITDA up. Therefore, the first quarter represented the fifteenth straight quarterly increase of EBITDA for US companies. Looking at earnings on a sector level, energy, consumer, retail and technology were the leading contributors to earnings growth. We expect revenues and EBITDA to increase by 3% to 6% for the rest of 2024 as strong US economic growth persists due to resilient industrial strength, particularly in capital goods and technology. However, we note tentative signs that some companies in discretionary consumer spending sectors are seeing sales fall due to changing consumer behaviour.
- **Technicals have presented a balanced picture** so far this year. US year-to-date supply has been around 30% higher than 2023, which we expect is due to a proportion of the annual supply being pulled forward. Looking forward to June, we are expecting USD 95 billion of supply for the month, with issuance historically coming from industrial issuers. We expect net supply and issuance to trend lower going into the second half of the year, which should provide a tailwind for the asset class. In the UK, there is some risk of a pull forward with the July election, so we expect to see GBP 3.5 billion to 4.5 billion in June.
- **Regarding valuations**, the US investment grade index continues to hover around historically tight levels at 86bps option-adjusted spread or only a 3bps movement tighter from the beginning of May. We expect index spreads to stay rangebound in the near term. In Europe, the yield on the index continued to hover around 3.8%, which is in the top decile of attractiveness, and helped keep demand and spreads anchored. The UK sterling investment grade index trades in the tightest decile on all lookbacks.

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.

Performance and positioning

%	1M	3M	YTD	1Y	3Y	5Y	Since inception
Fund	0.34	0.72	0.37	4.81	-0.70	-0.14	0.20
Benchmark	0.36	0.82	0.48	4.89	-0.61	0.07	0.41
Excess return (geometric)	-0.02	-0.10	-0.12	-0.08	-0.09	-0.21	-0.20

%	2023	2022	2021	2020	2019
Fund	6.36	-8.04	-0.33	0.79	2.41
Benchmark	6.39	-8.00	-0.08	1.11	2.77
Excess return (geometric)	-0.02	-0.04	-0.26	-0.32	-0.35

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

Source: J.P. Morgan Asset Management. Share class performance is shown based on the NAV (net asset value) of the share class with income (gross of shareholder tax) 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 realize returns that are different to the NAV based returns. Share class inception date is 06.12.2018.

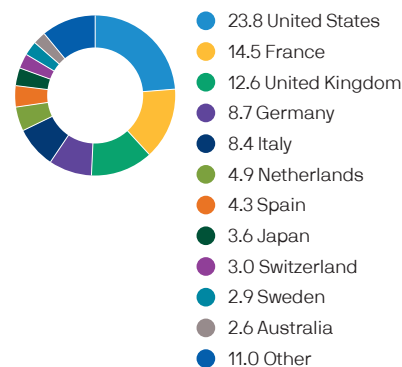
Holdings

TOP 10	Coupon rate	Maturity date	% of assets
Motability Operations (United Kingdom)	0.38	3/1/26	1.3
ING (Netherlands)	4.88	14/11/27	1.3
Abbvie (United States)	0.75	18/11/27	1.2
Svenska Handelsbanken (Sweden)	3.75	5/5/26	1.1
Medtronic (United States)	0.38	15/10/28	1.0
Bank of America (United States)	1.95	27/10/26	1.0
FGP TopCo (United Kingdom)	1.50	12/10/25	1.0
CRH (United States)	4.00	11/7/27	1.0
Boston Scientific (United States)	3.38	8/3/29	1.0
Vier Gas (Germany)	4.00	26/9/27	1.0

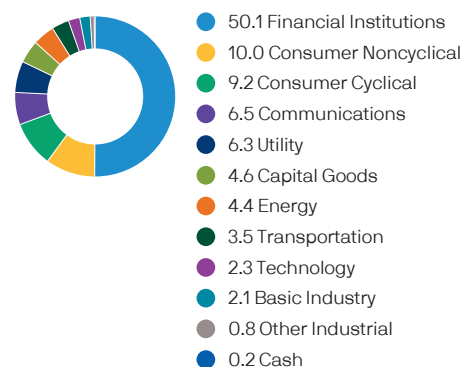
Number of holdings

286

Country breakdown (%)



Sector breakdown (%)



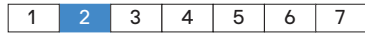
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Exclusion of issuers that do not meet certain ESG criteria from the Sub-Fund's investment universe may cause the Sub-Fund to perform differently compared to similar funds that do not have such a policy. The Sub-Fund seeks to provide a return above the Benchmark; however the Sub-Fund may underperform its Benchmark.

Summary Risk Indicator



Lower risk Higher risk

The risk indicator assumes you keep the product for 5 years. The risk of the product may be significantly higher if held for less than the recommended holding period. In the UK, please refer to the synthetic risk and reward indicator in the latest available key investor information document.

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