JPM USD Corporate Bond Research Enhanced Index (ESG) UCITS ETF*

Tickers: JRBU, JRUB

Topline

Monthly returns

Fund	Benchmark
▼ -1.62%	▼ -1.50%

Benchmark : Bloomberg US Corporate Bond Index

Markets US investment grade credit spreads stayed flat at 96 basis points (bps) according to the Bloomberg US Aggregate Corporate Index. The asset class returned -1.50% on a total return basis.

Helped Banking underweight.

Hurt Consumer non-cyclicals overweight.

Outlook While spreads stayed flat in the US investment grade credit market, performance was negative. This was partly due to the weakening narrative about inflation declining, signalling that tight monetary conditions may unwind later than anticipated. Despite recent upside surprises to macroeconomic data, we see inflation continuing to move towards US Federal Reserve targets. Company fundamentals remain resilient: quarterly year-on-year revenue and EBITDA are increasing, and we're seeing continued deleveraging. Technicals remain supportive: consistent flows have helped after heavy issuance in January, where deals were pricing with minimal concession. Spreads are flat, yet despite the tighter spread environment, we are finding pockets of value across the investment grade universe.

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 US Corporate Bond Index (the "Benchmark") by actively investing primarily in a portfolio of investment grade US Dollar denominated corporate debt securities.

Trading information

Stock exchange	Exchange ticker	Trading currency	Bloomberg ticker	Reuters RIC	Sedol
London Stock Exchange	JRUB	USD	JRUB LN	JRUB.L	BGXQNF2
London Stock Exchange	JRBU	GBP	JRBU LN	JRBU.L	BGXQNG3
Borsa Italiana	JRUB	EUR	JRUB IM	JRUB.MI	BGXQNH4
Deutsche Borse	JRUB	EUR	JRUB GY	JRUB.DE	BGXQNJ6
SIX SWISS	JRUB	USD	JRUB SW	JRUB.S	BGXQNK7

Month in Review

- **The fund returned -1.60% (gross of fees)** over the month, underperforming the benchmark by 10bps.
- **At the sector level**, our underweights to banking and capital goods were the largest contributors to performance for the month. Our overweights to consumer non-cyclicals and communications were the largest detractors from performance for the month.
- **At an issuer level**, our avoidance of Paramount and overweights to Bank of America and Goldman Sachs were the largest contributors over the month. Our overweights to Time Warner Cable, MetLife and San Diego Gas & Electric were the largest detractors over the month.

Looking Ahead

- **Global investment grade company fundamentals** remain resilient. In the US, we continue to see above-trend growth and robust employment data, and we remain confident in a soft-landing scenario over a recession. We acknowledge that growth surprised to the upside in the fourth quarter of 2023 but expect it to continue decelerating sequentially in the coming quarters. US corporate fundamentals continue to exhibit resilience at this stage of the economic cycle. Revenues came in ahead of expectations and, although EBITDA was below expectations, it represents a continued acceleration since its trough in the middle of last year.
- **We expect technicals to be supportive** for the coming month. The US continues to experience strong demand as seen through weekly flows. These inflows have supported the investment grade market after a record issuance month in February, where deals were able to price with minimal concession. The large volume in February is attributable to both mergers & acquisitions supply and a likely pull forward of issuers that have historically issued in March. While March is historically a heavy supply month, we are expecting supply to be more manageable compared to January and February.
- **US investment grade spreads were flat over the month** after having traded as tight as 89bps late in the month, with banks outperforming industrials for the second month in a row. While spreads are tight, they have the potential to remain at those levels for elongated periods of time based on historical data. Furthermore, we continue to see investment grade credit as attractive on a yield basis, with all-in yields of 5.3% representing the 93rd percentile of attractiveness since 2008. We expect this attractive entry point to continue to bring yield buyers into the sector.

Performance and positioning

%	1M	3M	YTD	1Y	3Y	5Y	Since inception
Fund	-1.62	2.43	-1.66	5.98	-2.99	1.56	2.20
Benchmark	-1.50	2.59	-1.67	5.97	-2.85	1.76	2.36
Excess return (geometric)	-0.12	-0.16	0.01	0.01	-0.15	-0.20	-0.15

%	2023	2022	2021	2020	2019
Fund	8.64	-16.01	-1.76	9.72	14.77
Benchmark	8.52	-15.76	-1.04	9.89	14.54
Excess return (geometric)	0.11	-0.29	-0.72	-0.16	0.20

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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.

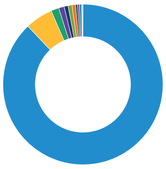
Holdings

TOP 10	Coupon rate	Maturity date	% of assets
American Express (United States)	3.95	1/8/25	1.7
Constellation Energy (United States)	3.25	1/6/25	1.6
Morgan Stanley (United States)	3.63	20/1/27	1.5
Bank of America (United States)	3.42	20/12/28	1.5
Cheniere Energy (United States)	4.50	1/10/29	1.2
Goldman Sachs (United States)	3.50	1/4/25	1.2
Phillips 66 (United States)	2.15	15/12/30	1.1
Citigroup (United States)	3.20	21/10/26	1.1
Bank of America (United States)	2.50	13/2/31	1.1
Takeda Pharmaceutical (United States)	3.20	23/9/26	1.1

Number of holdings

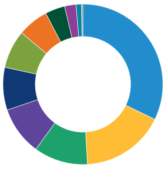
308

Country breakdown (%)



- 88.0 United States
- 5.6 United Kingdom
- 1.6 Canada
- 1.1 Australia
- 0.8 Ireland
- 0.8 China
- 0.7 Taiwan
- 0.4 Belgium
- 0.4 Spain
- 0.4 France
- 0.2 Brazil
- 0.1 European Union

Sector breakdown (%)



- 32.2 Financial Institutions
- 16.9 Consumer Noncyclical
- 10.9 Technology
- 9.8 Utility
- 8.6 Communications
- 7.7 Consumer Cyclical
- 6.2 Energy
- 4.0 Capital Goods
- 2.3 Basic Industry
- 1.1 Transportation
- 0.3 Cash

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.

* **For Belgium only**: Please note the acc share class of the ETF marked with an asterisk (*) in this page are not registered in Belgium and can only be accessible for professional clients. Please contact your J.P. Morgan Asset Management representative for further information. The offering of Shares has not been and will not be notified to the Belgian Financial Services and Markets Authority (Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers) nor has this document been, nor will it be, approved by the Financial Services and Markets Authority. This document may be distributed in Belgium only to such investors for their personal use and exclusively for the purposes of this offering of Shares. Accordingly, this document may not be used for any other purpose nor passed on to any other investor in Belgium.

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. Issuers of debt securities may fail to meet payment obligations or the credit rating of debt securities may be downgraded. 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.

Contingent convertible debt securities are likely to be adversely impacted should specific trigger events occur (as specified in the contract terms of the issuing company). This may be as a result of the security converting to equities at a discounted share price, the value of the security being written down, temporarily or permanently, and/or coupon payments ceasing or being deferred. Please see the additional information under "Contingent Convertible Securities" in the "Risk Information" section of the Prospectus.

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

1	2	3	4	5	6	7

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.