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

Tickers: JRBU, JRUB

Topline

Monthly returns

Fund	Benchmark
▲ 2.39%	▲ 2.38%

Benchmark : Bloomberg US Corporate Bond Index

Markets US investment grade corporate spreads stayed flat at 93 basis points (bps) according to the Bloomberg US Corporate Investment Grade Index. The asset class returned 2.38% on a total return basis.

Helped A banking overweight.

Hurt A communications overweight.

Outlook Volatility was suppressed and spread moves were muted in the US investment grade credit market in July. Weaker consumer price index and labour market data reassured investors of imminent rate cuts by the US Federal Reserve (Fed), with the first expected in September. The Global Aggregate Corporate Index month-to-date total return was 2.43%. US growth is expected to decelerate to trend in 2024. Employment remains strong and unemployment is steady at 3.9%. ISM services and manufacturing purchasing managers' indices waver around 50. Investment grade company fundamentals remain resilient. July was a record month for supply, nearing 120 billion, with year-to-date supply just under 1 trillion.

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 2.41%** (gross of fees) in July, outperforming the benchmark by 2bps.
- **In terms of sector allocation**, our largest overweights from a duration-times-spread perspective are in communications and consumer non-cyclical, which detracted from performance relative to the benchmark. Our largest underweights are in insurance, which contributed to relative performance, and consumer cyclical, which detracted from relative performance.
- **At an issuer level**, our overweights to NatWest, Citigroup and Toronto-Dominion Bank were the biggest contributors to performance. Our overweights to JBS, Discovery Communications and NXP Semiconductors were the biggest detractors.

Looking Ahead

- **Although the economic landscape in the US** is showing signs of deceleration, our base case remains a soft landing. While GDP growth is slowing and unemployment rising, fundamentals remain robust. Revenue and EBITDA growth are accelerating modestly. Margins have expanded, leverage ratios are stable and mergers and acquisitions activity has resumed. Key risks include the Fed's management of a soft landing and potential policy changes from upcoming elections.
- **In Europe, growth risks** are tilting further to the downside, with weaker incoming data raising concerns about demand. Nevertheless, we expect bank lending standards to improve and unemployment to remain resilient. Disinflation trends are clear and corporates are expected to maintain a defensive stance, with strong balance sheets, although EBITDA growth is slowing. In the UK, we anticipate better-than-expected growth. The labour market shows easing average weekly earnings and stable unemployment. A slowdown in EBITDA growth does not concern credit, and pricing, though moderating, is expected to support earnings. UK banks maintain strong balance sheets and improved profitability, with political risk lower following Labour's majority win.
- **We expect technicals to support** the investment grade credit market. US volatility is high and credit-implied volatility should remain elevated. Funding markets have seen a breakdown of the Japanese yen carry trade, but no significant funding problems have been noted. Demand remains strong, with robust money-market flows. In Europe, volatility is expected to remain elevated. July supply was heavy, with August estimates at 27-37 billion, focusing on financials. In the UK, August supply estimates are 2.5-3 billion. Strong demand is expected, supported by the Bank of England's rate cut and potential demand from pension risk transfers. Global investment grade credit spreads were flat in July but widened in early August, erasing most of the year's gains. They have since compressed but remain 9-10bps wider than at the end of July. In Europe, the index is trading close to its 50th percentile on longer look-backs, and we expect stability. Despite yields near one-year lows, all-in yields remain above the longer-run average and should support spreads.

Performance and positioning

%	1M	3M	YTD	1Y	3Y	5Y	Since inception
Fund	2.39	4.92	1.84	6.56	-2.81	0.75	2.67
Benchmark	2.38	4.96	1.89	6.76	-2.71	0.98	2.82
Excess return (geometric)	0.01	-0.04	-0.05	-0.19	-0.10	-0.23	-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.

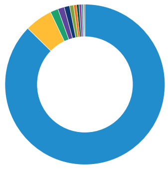
Holdings

TOP 10	Coupon rate	Maturity date	% of assets
American Express (United States)	3.95	1/8/25	1.7
Morgan Stanley (United States)	3.63	20/1/27	1.6
Bank of America (United States)	3.42	20/12/28	1.6
Cheniere Energy (United States)	4.50	1/10/29	1.5
Home Depot (United States)	4.75	25/6/29	1.2
Citigroup (United States)	3.20	21/10/26	1.2
Citigroup (United States)	4.08	23/4/29	1.2
HSBC (United Kingdom)	3.97	22/5/30	1.1
Taiwan Semiconductor Manufacturing (Taiwan)	1.75	25/10/26	1.1
Evergy (United States)	2.90	15/9/29	1.1

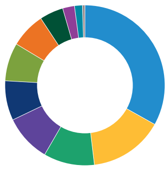
Number of holdings

318

Country breakdown (%)



Sector breakdown (%)



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.

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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.