

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

Tickers: JRBU, JRUB

Topline

| Monthly returns | |
|-----------------|-----------|
| Fund | Benchmark |
| ▲ 1.90% | ▲ 1.87% |

Benchmark : Bloomberg US Corporate Bond Index

Markets US investment grade corporate spreads tightened by 3 basis points (bps) to 85bps according to the Bloomberg US Corporate Investment Grade Index. The asset class returned 1.87% on a total return basis.

Helped An overweight in communications.

Hurt An underweight in insurance.

Outlook Volatility was suppressed and spread moves were muted through May, with a gradual tightening throughout the month reflecting the year-to-date trend that we have been observing. The US Federal Reserve continued to leave rates on hold, with the market still expecting cuts this summer. The US economy remains in good shape: data released in May pointed to signs of moderation, with capital spending and home sales both trending sideways. Investment grade company fundamentals remain resilient, with EBITDA and revenue growth still climbing and margins and leverage stabilising.

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 | JRUB LN | JRUB.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 1.92%** (gross of fees) over the month, outperforming the benchmark by 5bps.
- **In terms of sector allocation**, our largest overweights from a duration times spread perspective are in consumer non-cyclical and communications, which contributed to performance relative to the benchmark over the month. Our largest underweights from a duration times spread perspective are in insurance and energy, which detracted from performance relative to the benchmark over the month.
- **At an issuer level**, our overweight to JBS, Time Warner and Cheniere Energy Partners were the biggest contributors to performance. Our overweight to Diamondback Energy, overweight to BP and underweight to DuPont de Nemours 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 | 1.90 | 0.59 | -1.09 | 4.22 | -2.79 | 0.79 | 2.21 |
| Benchmark | 1.87 | 0.56 | -1.12 | 4.40 | -2.71 | 0.98 | 2.35 |
| Excess return (geometric) | 0.03 | 0.02 | 0.03 | -0.17 | -0.08 | -0.19 | -0.14 |

| % | 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 |

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.

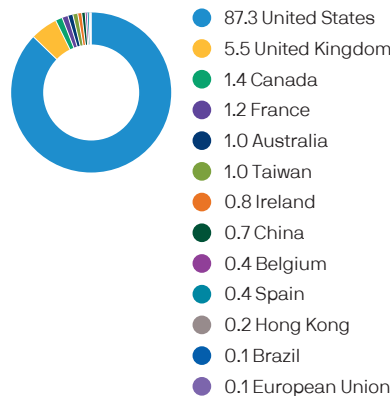
Holdings

| TOP 10 | Coupon rate | Maturity date | % of assets |
|---|-------------|---------------|-------------|
| American Express (United States) | 3.95 | 1/8/25 | 1.7 |
| Constellation Energy (United States) | 3.25 | 1/6/25 | 1.5 |
| Morgan Stanley (United States) | 3.63 | 20/1/27 | 1.5 |
| Bank of America (United States) | 3.42 | 20/12/28 | 1.4 |
| Cheniere Energy (United States) | 4.50 | 1/10/29 | 1.3 |
| 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 |
| Citigroup (United States) | 4.08 | 23/4/29 | 1.0 |
| Taiwan Semiconductor Manufacturing (Taiwan) | 1.75 | 25/10/26 | 1.0 |

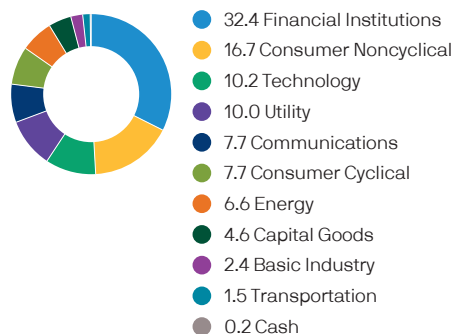
Number of holdings

328

Country breakdown (%)



Sector breakdown (%)



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Summary Risk Indicator



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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