JPM USD Emerging Markets Sovereign Bond UCITS ETF

Tickers: JPBM, JPMB

Topline

Monthly returns

Fund	Benchmark
▲ 1.98%	▲ 2.05%

Benchmark : J.P. Morgan Emerging Markets Risk-Aware Bond Index

Markets Economic data released in May, tempered concerns of overheating in the US economy and showed signs of a rebalancing in economic momentum. While these factors should be supportive of risk asset valuations, the hunt for positive growth momentum and attractive valuations is starting to shift investors' focus away from the US and towards more regionally diversified exposure, where the scope for catch-up appears greater.

Helped Credit rebalancing of Mexico and Turkey, risk filter of Argentina, and Ecuador.

Hurt Risk filter of Ghana, Egypt, Ukraine, Sri Lanka.

Outlook The emerging market sovereigns sector remains our preferred emerging market debt sector, given the resilient growth backdrop, although country differentiation is still the key theme. We have recently seen attractive reform and turnaround stories in the single B-rated space and expect it to continue, with the IMF providing support. The technical picture remains strong, with a lot of crossover demand.

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

Fund Overview

Investment objective

The Sub-Fund aims to provide an exposure to the performance of bonds issued by the governments or quasi-government entities of emerging markets countries globally which are denominated in US Dollars.

Fund launch date	15 February 2018
Currency	USD

Trading information

Stock exchange	Exchange ticker	Trading currency	Bloomberg ticker	Reuters RIC	Sedol
London Stock Exchange	JPMB	USD	JPMB LN	JPMB.L	BF8Q770
London Stock Exchange	JPBM	GBP	JPBM LN	JPBM.L	BF8Q394
Borsa Italiana	JPMB	EUR	JPMB IM	JPMB.MI	BF8Q7B4
Deutsche Borse	JPBM	EUR	JPBM GY	JPBM.DE	BF8Q781
SIX SWISS	JPMB	USD	JPMB SW	JPMB.S	BF8Q792

Month in Review

- **The fund generated a negative absolute return in May.** The Emerging Market Risk Aware Index outperformed the traditional emerging market debt index over the month.
- **Our overall contribution from risk filters was positive in May.** The primary drivers of the positive contribution were the risk filters of Argentina and Ecuador.
- **The liquidity filter also made a positive contribution.** Our overweights in the Dominican Republic and Bahrain, and our underweight in Mexico were the key contributors. In contrast, our overweights in Turkey, Kenya and Romania were the key detractors

Looking Ahead

- **Our base case remains for resilient emerging market growth** and for a developed market soft landing, which should be supportive of emerging market debt assets. Emerging market/developed market growth alpha remains high, despite stronger US growth. Emerging market inflation is better anchored than developed market inflation, while emerging market central banks still have room to cut rates, although the pace of easing may be challenged by the timing of rate cuts by the Federal Reserve. Our soft-landing scenario implies lower US Treasury yields, a weaker US dollar and strong emerging market debt returns of 8% to 10% in 2024.
- **Emerging market fundamentals remain supported** by significant bottom-up improvements, especially in frontier markets. China is still the largest emerging market, but its influence may have peaked, which merits turning greater attention to emerging markets outside China. We expect emerging market growth to be around 4% in 2024, supported by stability in Asia and an expected recovery in Latin America in the second half of the year. We have revised our US growth forecasts upwards and expect sub-trend growth in Europe, with a gradual stabilisation. Despite the upward revision to US growth, we expect a healthy emerging market-developed market growth alpha of around 2.6%, which is above historical levels.

Performance and positioning

%	1M	3M	YTD	1Y	3Y	5Y	Since inception
Fund	1.98	0.80	-0.81	7.32	-2.93	0.61	1.30
Benchmark	2.05	0.99	-0.59	7.58	-2.49	1.10	1.78
Excess return (geometric)	-0.07	-0.20	-0.23	-0.25	-0.45	-0.49	-0.48

%	2023	2022	2021	2020	2019
Fund	9.63	-15.66	-2.70	5.42	18.03
Benchmark	10.00	-15.19	-2.17	6.02	18.58
Excess return (geometric)	-0.34	-0.55	-0.54	-0.57	-0.46

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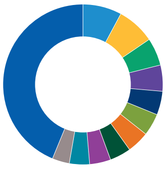
Source: J.P. Morgan Asset Management. Share class performance is shown based on the NAV (net asset value) of the share class with income (gross of shareholder tax) reinvested including actual ongoing charges excluding any entry and exit fees. Performance over one year is annualised. Performance is shown 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 15.02.2018.

Holdings

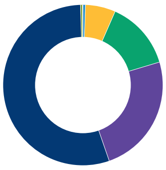
TOP 10	Coupon rate	Maturity date	% of assets
Ministry of Finance Oman (Oman)	5.63	17/1/28	0.9
Government of Brazil (Brazil)	4.75	14/1/50	0.9
Government of South Africa (South Africa)	5.88	16/9/25	0.9
Ministry Of Finance Oman (Oman)	4.75	15/6/26	0.8
Government of Dominican Republic (Dominican Republic)	5.88	30/1/60	0.7
Government of Dominican Republic (Dominican Republic)	6.00	19/7/28	0.7
Government of Turkey (Turkey)	6.00	14/1/41	0.7
Government of Dominican Republic (Dominican Republic)	4.88	23/9/32	0.7
Government of Turkey (Turkey)	4.88	9/10/26	0.7
Government of Hungary (Hungary)	2.13	22/9/31	0.7

Country breakdown (%)



- 7.9 Turkey
- 7.7 Mexico
- 5.6 Brazil
- 5.3 Oman
- 4.8 Saudi Arabia
- 4.5 Dominican Republic
- 4.5 Bahrain
- 4.3 Colombia
- 4.3 South Africa
- 4.1 Indonesia
- 3.5 United Arab Emirates
- 44.0 Other

Bond quality breakdown (%)



- 0.5 AAA
- 6.1 AA
- 13.8 A
- 24.3 BBB
- 54.9 <BBB
- 0.4 NR
- 0.1 Cash

Average duration: 7.0 yrs
Yield to maturity: 6.6%
Average maturity: 12.2 yrs
Average coupon : 5.2%
Average quality: BB+

Number of holdings

421

RISK PROFILE

To the extent that the Sub-Fund uses financial derivative instruments, the risk profile and the volatility of the Sub-Fund may increase. That notwithstanding, the risk profile of the Sub-Fund is not expected to significantly deviate from that of the Index as a result of its use of financial derivative instruments.

The value of debt securities may change significantly depending on economic and interest rate conditions as well as the credit worthiness of the issuer. 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.

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 and below investment grade debt securities may also be subject to higher volatility and lower liquidity than non-emerging market and investment grade debt securities respectively.

The Sub-Fund is not expected to track the performance of the Index at all times with perfect accuracy. The Sub-Fund is, however, expected to provide investment results that, before expenses, generally correspond to the price and yield performance of the Index.

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.

This material is confidential and intended for the addressee only and do not constitute a public offering. The investment funds and their shares as mentioned in this material are not registered with LatAm authorities for local public offering.

For Panama: These securities have not been listed with the Superintendence of the Securities Market and neither has any offering, sale or transaction with them. The listing exemption has been made based on Article 83 (3) of Decree Law No. 1 of July 8, 1999 (Institutional Investors). Consequently the tax treatment established under Articles 269 to 271 of Law Decree 1, dated 8 July 1999, does not apply. These Securities do not fall under the supervision of the Superintendence of the Securities Market.

For Uruguay: This fund is not an investment fund governed by local law 16,774, is being marketed on the basis of a private placement exemption and is not registered. For further information about the fund, the investors shall contact JPMorgan directly.

For Chile: ESTA OFERTA PRIVADA SE INICIA EL DÍA DE RIGISTRO EN CCR (WWW.CCR.CL) Y SE ACOGE A LAS DISPOSICIONES DE LA NORMA DE CARÁCTER GENERAL N° 336 DE LA SUPERINTENDENCIA DE VALORES Y SEGUROS, HOY COMISIÓN PARA EL MERCADO FINANCIERO. ESTA OFERTA VERSA SOBRE VALORES NO INSCRITOS EN EL REGISTRO DE VALORES O EN EL REGISTRO DE VALORES EXTRANJEROS QUE LLEVA LA COMISIÓN PARA EL MERCADO FINANCIERO, POR LO QUE TALES VALORES NO ESTÁN SUJETOS A LA FISCALIZACIÓN DE ÉSTA. POR TRATAR DE VALORES NO INSCRITOS NO EXISTE LA OBLIGACIÓN POR PARTE DEL EMISOR DE ENTREGAR EN CHILE INFORMACIÓN PÚBLICA RESPECTO DE LOS VALORES SOBRE LOS QUE VERSA ESTA OFERTA. ESTOS VALORES NO PODRÁN SER OBJETO DE OFERTA PÚBLICA MIENTRAS NO SEAN INSCRITOS EN EL REGISTRO DE VALORES CORRESPONDIENTE.

For Chile (funds that are registered with CMF): The Fund is domiciled in Luxembourg, therefore, the investors' rights and obligations will be governed by the laws of Luxembourg, and the investors must inform themselves about the way and means to enforce their rights. The CMF supervision will be exclusively focused on the compliance with the information obligations contained in NCG 352. Therefore, the control and supervision of the Fund will correspond to their home state regulator. The public information about the Fund will be exclusively that which the Luxembourg regulator requires. The Fund observes the Accounting and Auditing rules enacted by Luxembourg regulators, which may be different than the ones enacted by Chilean regulators. Pursuant to article 196 of the Chilean Securities Market Law (the "Law"), in case of violation of any regulations issued by CMF, the Fund, intermediaries, foreign securities depositories and any other person involved in the registration, placement, custody, trading or otherwise of foreign securities will be subject to the sanctions contained both in DL N° 3538 and in the Law. Investors may obtain more information about the Fund in the CMF website (http://www.cmfchile.cl).

For Mexico (funds that are listed on the Mexican Stock Exchange): the ETF presented is listed in the international quotation system of the Mexican Stock Exchange (Sistema Internacional de Cotizaciones de la Bolsa Mexicana de Valores - SIC), which not imply a certification of the performance of the ETF.