

JPM USD Ultra-Short Income UCITS ETF

Tickers: JPPS, JPST, JPTS

Topline

Monthly returns	
Fund	Benchmark
▲ 0.53%	▲ 0.48%

Benchmark : ICE BofA US 3-Month Treasury Bill Index

Markets The US Federal Reserve (Fed) kept rates on hold, with the federal funds rate remaining at 5.25-5.50%. The annual rate of consumer price index inflation fell to 3.4% year on year (yoy). Two-year government bond yields fell, while credit spreads tightened slightly.

Helped The carry from our credit positions and modest tightening in spreads helped performance, along with the decline in Treasury yields.

Hurt There were no drags on performance over the month.

Outlook Preliminary US purchasing managers' indices showed an improvement in both the services and manufacturing sectors. The strong improvement in the services sector survey to 54.8, along with the more moderate improvement in the manufacturing sector survey to 50.9, took the composite survey to a 25-month high. On the other hand, growth in non-farm payrolls slowed by more than expected to 175,000, while average hourly earnings continued to moderate to 3.9% yoy.

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

Fund Overview

Investment objective

The Sub-Fund aims to provide current income while seeking to maintain a low volatility of principal.

Trading information

Stock exchange	Exchange ticker	Trading currency	Bloomberg ticker	Reuters RIC	Sedol
London Stock Exchange	JPST	USD	JPST LN	JPST.L	BF4Z362
London Stock Exchange	JPTS	GBP	JPTS LN	JPTS.L	BF4Z373
Borsa Italiana	JPST	EUR	JPST IM	JPST.MI	BF8Q2Z3
Deutsche Borse	JPPS	EUR	JPPS GY	JPPS.DE	BF8Q2Y2
SIX SWISS	JPST	USD	JPST SW	JPST.S	BF8Q361

Month in Review

- **US Treasury short-term yields** decreased in May. The one-month Treasury yield decreased -1.8 basis points (bps) to 5.36%, the three-month yield decreased -1.0bps to 5.39% and the six-month yield decreased -1.4bps to 5.38%. Further out the curve, one-year yields decreased -6.1bps to 5.18%, two-year yields decreased -16.2bps to 4.87%, three-year yields decreased -19.5bps to 4.68% and five-year yields decreased -20.8bps to 4.51%. Investment grade credit spreads tightened, with the Barclays 1-5Y US Corporate Index option-adjusted spread falling 3bps, ending the month at 65bps.
- **The strategy's duration** increased slightly in May from 0.49 to 0.54 years, and spread duration declined slightly from 0.78 to 0.74.

Looking Ahead

- **We forecast that the Federal Open Market Committee** will cut rates 0-1 times in 2024. April's core personal consumption expenditures inflation came in as expected, slowing relative to March. We expect further cooling of inflation, but the pace has become more gradual recently, prompting the Fed's decision to maintain its near-term policy outlook. It emphasised that more time is needed to restore confidence in the disinflation process. Most officials stated that they require several more months of favourable inflation data to confirm that inflation is on the right track, which suggests that the first rate cut might not occur until later this year. Given the uncertainties surrounding future rate cuts, we aim to maintain a portfolio duration of between 0.5 and 0.6 years.
- **Fundamentals for corporate credit** remain favourable. Both revenue and EBITDA have shown modest deceleration from the previous quarter, with an expected reacceleration for the remainder of the year. Although valuations remain relatively expensive, credit spreads are not at their tightest levels. Our base case calls for a modest tightening from current levels, supported by robust demand for credit and a resilient economy. However, ongoing rate volatility could persist in the latter part of the year due to various risks, including the presidential election, Fed path uncertainty and unexpected softness in the labour market or economy. One-year money market instruments at the secured overnight financing rate +30/35bps offer good relative value and carry in portfolios. Given our stance on policy rates, we are focusing new purchases on six- to 12-month fixed-rate instruments and floating-rate notes with a maturity of two years or less. Additionally, we will selectively add three-year investment grade credit that appears attractive across various rate scenarios to add duration to portfolios.
- **Spreads on AAA-rated asset-backed securities** remain attractive compared to short-term investment grade corporates, offering an opportunity for modest yield pick-up and portfolio diversification. Pool performance continues to normalise within expectations, with some issuer/sector-specific exceptions.

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	0.53	1.37	2.28	5.75	2.75	2.49	2.57
Benchmark	0.48	1.36	2.21	5.47	2.91	2.13	2.13
Excess return (geometric)	0.04	0.00	0.07	0.26	-0.15	0.36	0.43

%	2023	2022	2021	2020	2019
Fund	5.06	1.07	0.09	2.30	3.41
Benchmark	5.05	1.47	0.05	0.67	2.28
Excess return (geometric)	0.01	-0.40	0.05	1.63	1.10

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 15.02.2018.

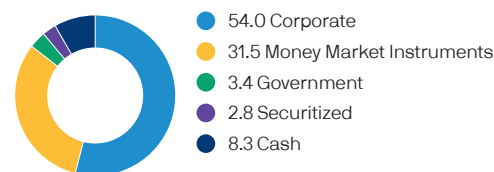
Holdings

TOP 10	Sector	Maturity date	% of assets
US Treasury (United States)	Government	15/7/24	1.8
Northern Trust (United States)	Certificate of Deposit	20/9/24	1.1
Westpac Bank (Australia)	Certificate of Deposit	21/2/25	1.1
Cooperatieve Rabobank (Netherlands)	Corporate	10/1/25	1.0
US Treasury (United States)	Government	15/11/26	1.0
Societe Generale (France)	Corporate	22/1/25	1.0
Abbvie (United States)	Corporate	15/3/25	1.0
Barclays (United Kingdom)	Certificate of Deposit	8/8/24	1.0
National Bank of Canada (Canada)	Commercial Paper	30/4/25	0.9
DNB Bank (United States)	Commercial Paper	29/5/25	0.9

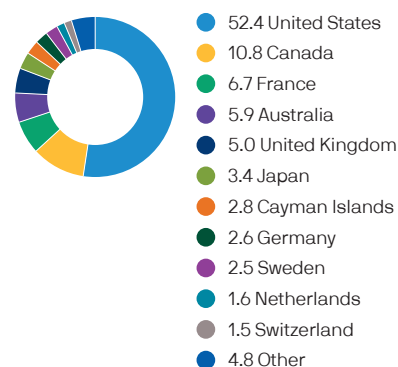
Number of holdings

264

Sector breakdown (%)



Country breakdown (%)



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. Asset-backed, collateralised loan obligations and mortgage-backed securities may be less liquid than other securities in which the Sub-Fund will

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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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