

# JPMorgan Investment Funds - Global High Yield Bond Fund

JPM A (acc) - USD: LU0344579056

For other available share classes, please check the prospectus.

## Topline

Monthly returns Fund	Benchmark	Yield to worst*
▲ 1.01%	▲ 1.16%	4.77%
<p><b>Benchmark:</b> BofA Merrill Lynch US High Yield Master II Constrained Index (Total Return Gross)</p> <p><b>Markets</b> High yield enjoyed a positive month of returns, with market demand fuelled by the energy sector as the oil price recovered from last month.</p> <p><b>Helped</b> Our overweight to the technology sector, particularly global payment company First Data Corporation.</p> <p><b>Hurt</b> Our underweight to the basic industry sector.</p> <p><b>Outlook</b> US growth is improving from trend-like levels due to higher level of optimism, less regulation and fewer global headwinds.</p>		

\*Yield is not guaranteed and may change over time.

## Fund overview

### Investment objective

The Sub-Fund aims to achieve a return in excess of global bond markets by investing primarily in global below investment grade corporate debt securities, using financial derivative instruments where appropriate.

AUM (EUR)	6,391 million
AUM (USD)	7,495 million

## Month in review

- **The fund's yield-to-worst** finished the month at 4.77% vs. the benchmark's 5.42%.
- **Cash levels at the end of the month** increased to 10.91%, as we preserve liquidity over the summer months given a quiet primary market and fewer opportunities to put cash to work.
- **Our overweight to the technology sector** was the top contributor to performance, particularly driven by our overweight to First Data Corporation. The media sector was the second-largest contributor, largely driven by our overweights to Clear Channel Worldwide and Dish DBS Corp.
- **Overweights to selected energy names**, especially Halcon Resources, MEG Energy and EP Energy, also helped considerably.
- **Our underweight to the basic industry sector**, particularly Freeport-McMoran, Teck Resources and ArcelorMittal, hurt the most.
- **Our overweight to the telecommunication sector** was the second-largest detractor, with two of our overweights in the sector, Windstream Corp and Sprint, hurting the most at the issuer level.
- **Other key detractors on an individual issuer basis** included our underweights to Weatherford International and RBS.

## Looking ahead

- **Synchronised global growth continues to improve**, and we expect an acceleration of earnings growth as fundamentals are expected to remain supportive of high yield credit.
- **We believe broader market high yield spreads** are fair to slightly attractive relative to current and expected defaults, and we expect defaults to move lower in 2017, to approximately 1%-2%.
- **We expect episodes of volatility to persist** as central bank policies develop, potential challenges to the euro continue, and post-election policy direction evolves.
- **While retail fund flows have been volatile**, technicals have been supportive as high yield is a relatively attractive asset class and a net beneficiary of broader flows.
- **The quality of issuance** has been more balanced year-to-date, but could deteriorate if demand increases and investor discipline deteriorates due to overly optimistic post-election growth expectations. Issuance has increased from the latter part of 2016, but remains very manageable, with refinancing representing nearly 65% of all new issues—the highest since 2009.
- **High yield spreads** have the potential for modest tightening in either a gradually rising or stable rate environment, but have less cushion for any unexpected volatility events. Sector valuation dispersion has compressed after the significant rally in high yield market. We believe our current portfolio positioning and our fundamental research; bottom-up oriented style should allow us to take advantage of market opportunities.

All data is sourced by J.P. Morgan Asset Management and is correct as at the date of this commentary unless otherwise stated.

## Performance and positioning

%	1M	3M	YTD	1Y	3Y	5Y	Since inception
<b>JPM Global High Yield Bond A (acc) - USD</b>	1.01	2.22	5.42	9.28	4.18	5.62	6.09
<b>Benchmark*</b>	1.16	2.16	6.12	11.24	5.36	6.76	8.47
<b>Excess return (geometric)</b>	-0.14	0.05	-0.66	-1.76	-1.12	-1.07	-2.20

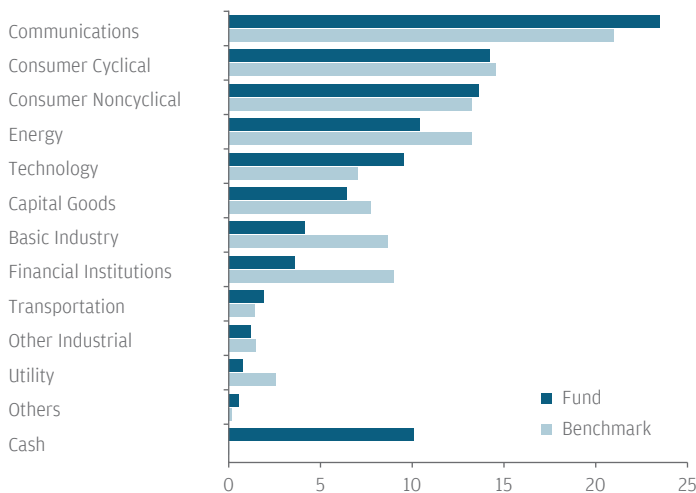
  

%	2016	2015	2014	2013	2012
<b>JPM Global High Yield Bond A (acc) - USD</b>	14.09	-4.49	1.65	6.35	14.41
<b>Benchmark*</b>	17.49	-4.61	2.51	7.41	15.55
<b>Excess return (geometric)</b>	-2.89	0.12	-0.84	-0.99	-0.99

Source: J.P. Morgan Asset Management. Share class performance is shown based on the NAV (net asset value) of the above share class with income (gross) reinvested including actual ongoing charges excluding any entry and exit fees. Past performance is not an indication of current and future performance. Performance over one year is annualised. Share class inception date is 02.09.2008.

\*Prior to 01.01.2010 the benchmark was BofA Merrill Lynch US High Yield BB-B Rated USD.

### 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. The rating breakdown shown is the higher of S&P, Fitch and Moody's. Benchmark statistics are compiled by running vendor data through J.P. Morgan's internal analytic models.

### 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. 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.

Contingent Convertible 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.

The Sub-Fund uses financial derivative instruments for investment purposes. The value of financial derivative instruments can be volatile and may result in gains or losses in excess of the amount required initially to establish a position in the derivative. The Management Company is required to disclose in Appendix III of the Prospectus the sum of the gross notional exposure of the financial derivative instruments used (including those used for hedging or efficient portfolio

management) as the expected level of leverage. However, this figure does not take into account whether the instrument increases or decreases investment risk and so may not be representative of the overall level of investment risk in the Sub-Fund.

Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimise the effect of currency fluctuations may not always be successful.

This is a promotional document and as such the views contained herein are not to be taken as advice or a recommendation to buy or sell any investment or interest thereto. Reliance upon information in this material is at the sole discretion of the reader. Any research in this document has been obtained and may have been acted upon by J.P. Morgan Asset Management for its own purpose. The results of such research are being made available as additional information and do not necessarily reflect the views of J.P. Morgan Asset Management. Any forecasts, figures, opinions, statements of financial market trends or investment techniques and strategies expressed are, unless otherwise stated, J.P. Morgan Asset Management's own at the date of this document. They are considered to be reliable at the time of production, may not necessarily be all-inclusive and are not guaranteed as to accuracy. They may be subject to change without reference or notification to you.

It should be noted that the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Changes in exchange rates may have an adverse effect on the value, price or income of the products or underlying overseas investments. Both past performance and yield are not a reliable indicator of current and future results. There is no guarantee that any forecast made will

come to pass. Furthermore, whilst it is the intention to achieve the investment objective of the investment products, there can be no assurance that those objectives will be met.

J.P. Morgan Asset Management is the brand name for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide. You should note that, if you contact J.P. Morgan Asset Management by telephone, those lines may be recorded and monitored for legal, security and training purposes. You should also take note that information and data from communications with you will be collected, stored and processed by J.P. Morgan Asset Management in accordance with the EMEA Privacy Policy, which can be accessed through the following website: [www.jpmorgan.com/pages/privacy](http://www.jpmorgan.com/pages/privacy).

As the product may not be authorized or its offering may be restricted in your jurisdiction, it is the responsibility of every reader to satisfy himself as to the full observance of the laws and regulations of the relevant jurisdiction. Prior to any application investors are advised to take all necessary legal, regulatory and tax advice on the consequences of an investment in the products. Shares or other interests may not be offered to, or purchased, directly or indirectly by US persons. All transactions should be based on the latest available prospectus, the Key Investor Information Document (KIID) and any applicable local offering

document. These documents together with the annual report, semi-annual report and the articles of incorporation for the Luxembourg domiciled products are available free of charge upon request from JPMorgan Asset Management (Europe) SARL, European Bank & Business Centre, 6 route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg, your financial adviser or your J.P. Morgan Asset Management regional contact. In Switzerland, JPMorgan Asset Management (Switzerland) LLC, Dreikönigstrasse 21, 8002 Zurich, has been authorized by the Swiss Financial Market Supervisory Authority (FINMA) as Swiss representative of the funds and J.P. Morgan (Suisse) SA, 8 Rue de la Confédération, 1204 Geneva, as paying agent of the funds.

Issued in Europe (excluding UK) by JPMorgan Asset Management (Europe) Société à responsabilité limitée, European Bank & Business Centre, 6 route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg, R.C.S. Luxembourg B27900, corporate capital EUR 10.000.000.

Issued in the UK by JPMorgan Asset Management Marketing Limited which is authorized and regulated by the Financial Conduct Authority. Registered in England No. 288553.

### PORTFOLIO ANALYSIS

	Fund	Benchmark
Spread duration (yrs)	3.29	3.77
Average coupon (%)	6.44	6.46
Yield to worst (%)	4.77	5.42
Average spread (bps)	320	373
Credit quality	BB	BB-

### RATING BREAKDOWN (%)

