

## SHINING A LIGHT ON THE..... JPM Global Bond Opportunities Fund

### AT A GLANCE

#### Investment Objective

To provide income and capital growth over the long-term (5-10 years) by investing opportunistically in an unconstrained global portfolio of debt securities and currencies, using derivatives as appropriate. At least 80% of assets invested in debt securities of governments and their agencies, corporations, MBS/ABS (including covered bonds) and currencies. Issuers may be located anywhere in the world, including emerging markets, and may be rated investment grade, below-investment grade or unrated. The Fund may invest up to 10% in convertible bonds and 10% in contingent convertible bonds.

<b>Inception Date</b>	30 <sup>th</sup> January 2015
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000VAQ7">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000VAQ7</a>

#### Management

Manager Name	Start Date
Iain Stealey	30 <sup>th</sup> January 2015
Andrew Headley	1 <sup>st</sup> July 2020
Jeff Hutz	1 <sup>st</sup> July 2020
Lisa Coleman	1 <sup>st</sup> July 2020
Robert Michele	30 <sup>th</sup> January 2015

### FUND PERFORMANCE

Performance from 30<sup>th</sup> January 2015 to 31<sup>st</sup> January 2023:

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



30/01/2015 - 31/01/2023 Data from FEfundinfo2023

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Pricing Spread: Bid-Bid • Currency: Pounds Sterling

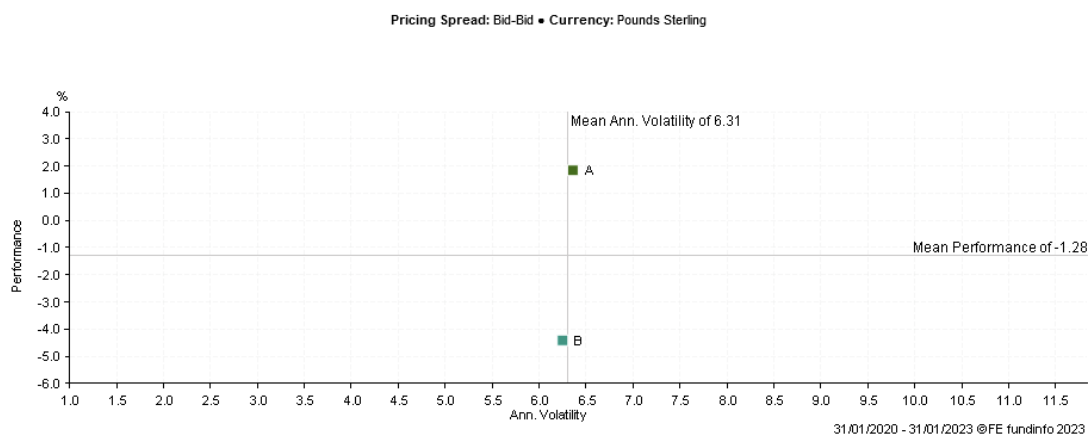
Customise Columns	2023 ↑↓	2022 ↑↓	2021 ↑↓	2020 ↑↓	2019 ↑↓	2018 ↑↓	2017 ↑↓	2016 ↑↓	2015 ↑↓	2014 ↑↓	2013 ↑↓
Index Bloomberg Multiverse TR in GB	1.38	-5.43	-3.63	5.66	3.00	4.77	-1.64	22.67	2.31	6.73	-4.00
JPM Global Bond Opportunities C Gr Acc in GB	1.44	-6.04	0.88	5.76	9.16	-2.17	5.54	7.34			

Please note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

## RATIO DATA (3-years)

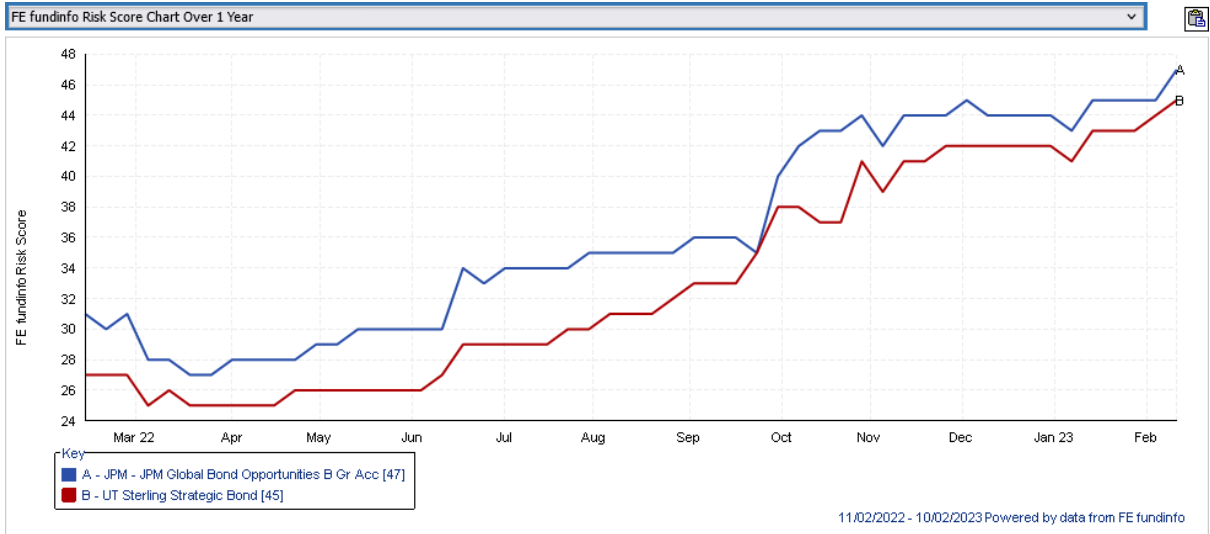
Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
1.65	1.07	-11.42	8.09	-11.42	64	80	3.30

## VOLATILITY / RISK SCORE

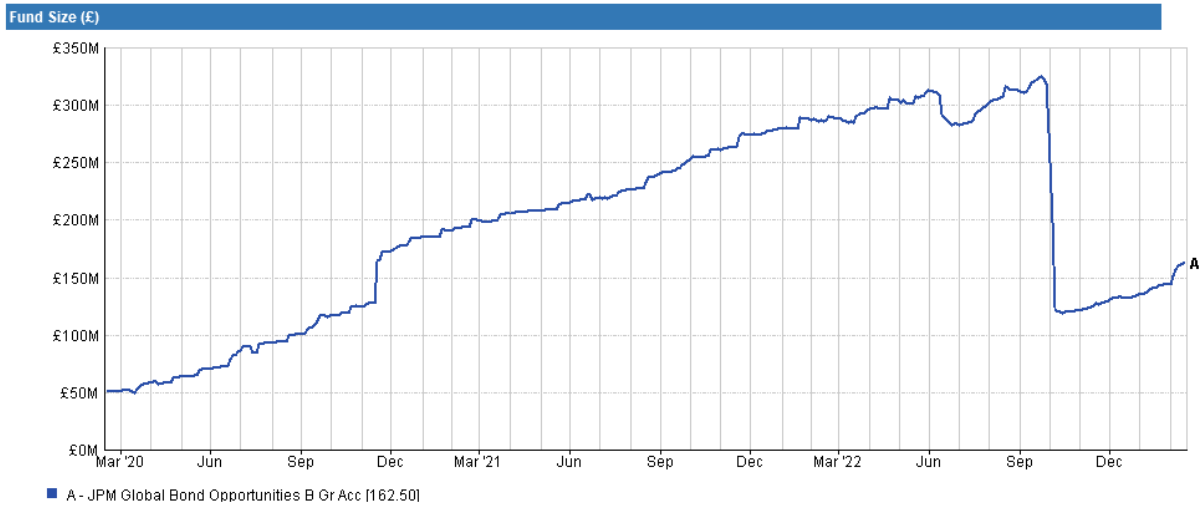


Key	Name	Performance	Annualised Volatility
A	JPM - Global Bond Opportunities C Gr Acc in GB	1.85	6.36
B	Bloomberg Multiverse TR in GB	-4.41	6.25

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## FUND SIZE



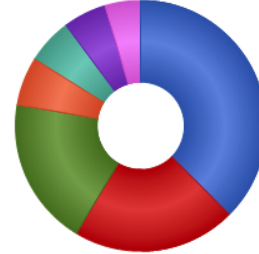
## YIELD – CURRENT YIELD 3.10%

## SECTOR WEIGHTINGS

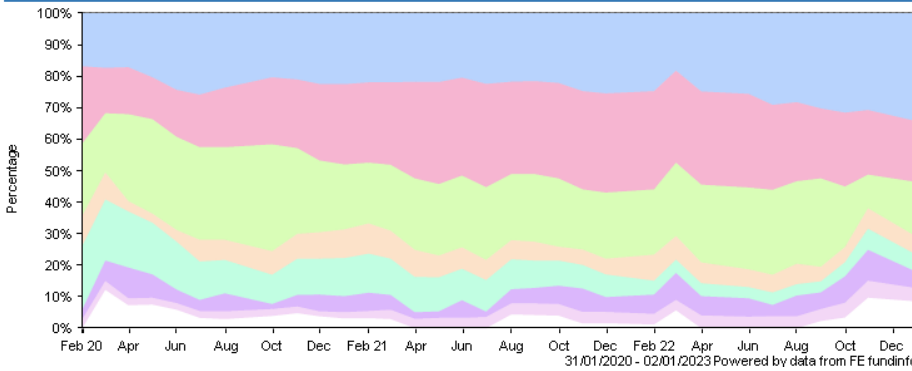
Sector Weightings as at December 31, 2022

Rank	Change	Name	%
1	▶	INVESTMENT GRADE CORPORATE BONDS	34.30
2	▶	CORPORATE BONDS	19.30
3	▶	GOVERNMENT BONDS	17.50
4	▶	DEBT	5.70
5	▶	ASSET/MORTGAGE-BACKED SECURITIES	5.40
6	▶	MONEY MARKET	5.10
7	▶	CONVERTIBLES	4.20

▼ Faller    ▲ Riser    ▶ No Change    ■ New Entry



Sector Weightings



Sector holdings as at 31/12/2022

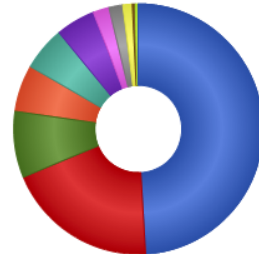
Name	% Weighting
Investment Grade Corporate Bonds	34.30
Corporate Bonds	19.30
Government Bonds	17.50
Debt	5.70
Asset/Mortgage-Backed Securities	5.40
Money Market	5.10
Convertibles	4.20

## REGIONAL WEIGHTINGS

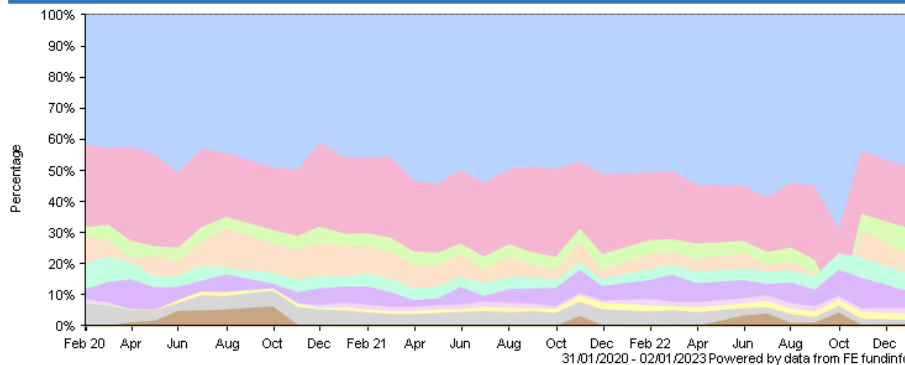
Region Weightings as at December 31, 2022

Rank	Change	Name	%
1	▶	NORTH AMERICA	49.06
2	▶	EUROPE EX UK	19.64
3	▶	UK	8.54
4	▶	INTERNATIONAL	6.07
5	▶	AMERICAS	5.69
6	▶	MONEY MARKET	5.10
7	▶	SOUTH AFRICA	2.09
8	▶	MIDDLE EAST/ AFRICA	1.80
9	▶	PACIFIC BASIN	1.23
10	▶	AUSTRALASIA	0.38
11	▶	JAPAN	0.38

▼ Faller    ▲ Riser    ▶ No Change    ■ New Entry



Region Weightings



Region holdings as at 31/12/2022

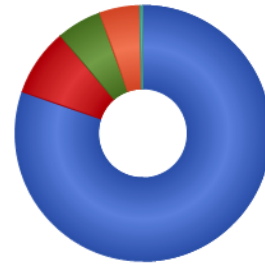
Name	% Weighting
North America	49.06
Europe ex UK	19.64
UK	8.54
International	6.07
Americas	5.69
Money Market	5.10
South Africa	2.09
Middle East/ Africa	1.80
Pacific Basin	1.23
Australasia	0.38
Japan	0.38
Others	0.76

## ASSET / CURRENCY / CREDIT RATING WEIGHTINGS

### Asset Weightings as at December 31, 2022

Rank	Change	Name	%
1	▶	GLOBAL FIXED INTEREST	80.27
2	▲	UK FIXED INTEREST	8.54
3	▶	AMERICAN EMERGING FIXED INTEREST	5.69
4	▼	MONEY MARKET	5.10
5	▶	EUROPEAN EMERGING FIXED INTEREST	0.38

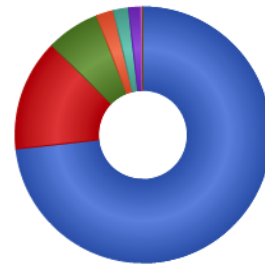
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### Currency Weightings as at December 31, 2022

Rank	Change	Name	%
1	▶	US DOLLAR	73.25
2	▶	EURO	14.12
3	▶	BRITISH POUND	6.75
4	▶	MEXICAN PESO	2.19
5	▲	SA RAND	1.92
6	▼	BRAZILIAN REAL	1.54
7	▲	JAPANESE YEN	0.18
8	▲	POLISH ZLOTY	0.04
9	▼	CHINESE RENMINBI	0.01
10	▼	OTHERS	0.01

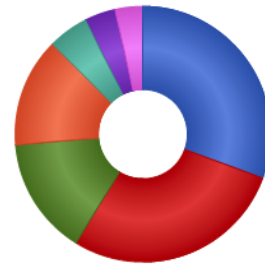
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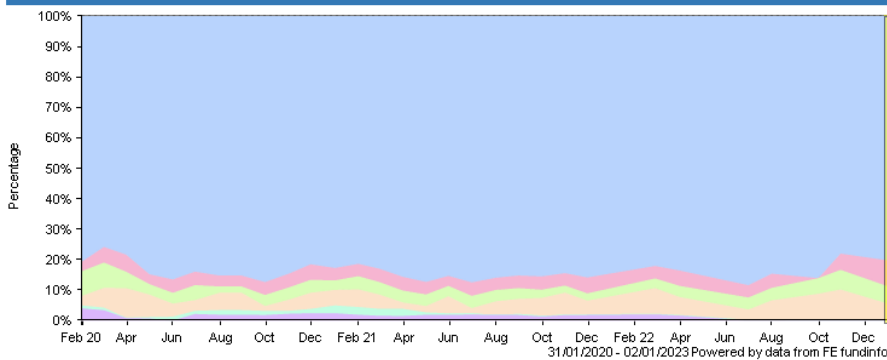
### Credit Rating Weightings as at December 31, 2022

Rank	Change	Name	%
1	▶	BBB-	30.59
2	▶	BBB	28.19
3	▲	AAA	14.89
4	▼	A	13.81
5	▼	MONEY MARKET	5.09
6	▶	NON-RATED	3.94
7	▶	AA	3.49

▼ Faller    ▲ Riser    ▶ No Change    ■ New Entry



### Asset Weightings



### Asset holdings as at 31/12/2022

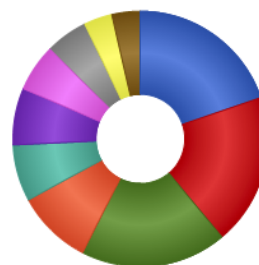
Name	% Weighting
Global Fixed Interest	80.29
UK Fixed Interest	8.54
American Emerging Fixed Interest	5.69
Money Market	5.10
European Emerging Fixed Interest	0.38
Asia Pacific Emerging Fixed Interest	0.00

## HOLDINGS

Top 10 Holdings as at December 31, 2022

Rank	Change	Name	%	Sector Ranking*
1	■	US TREASURY 4.500% 30/11/24	3.30	n/a
2	▼	US TREASURY 2.750% 15/08/32	3.20	n/a
3	■	US TREASURY 3.880% 30/11/29	3.10	n/a
4	▼	GOVERNMENT OF BRAZIL 10.000% 01/01/27	1.60	n/a
5	▼	UNITED MEXICAN STATES 7.75% BDS 29/05/31 MXN100	1.20	n/a
6	■	US TREASURY 0.620% 15/07/32	1.20	n/a
7	▼	MEXICAN BONOS 8.500% 18/11/38	1.00	n/a
8	■	SOUTH AFRICA(REPUBLIC OF) 8.875% NTS 28/02/35 ZAR1	0.90	n/a
9	▼	ITALY(REPUBLIC OF) 0.875% BDS 06/05/24 USD200000	0.60	n/a
10	▼	ITALY(REPUBLIC OF) 1.25% BDS 17/02/26 USD200000	0.60	n/a
<b>Total</b>			<b>16.70</b>	

\* This is the holding ranking within the fund sector composite portfolio (calculated from all available concurrent full portfolios of funds within the sector).

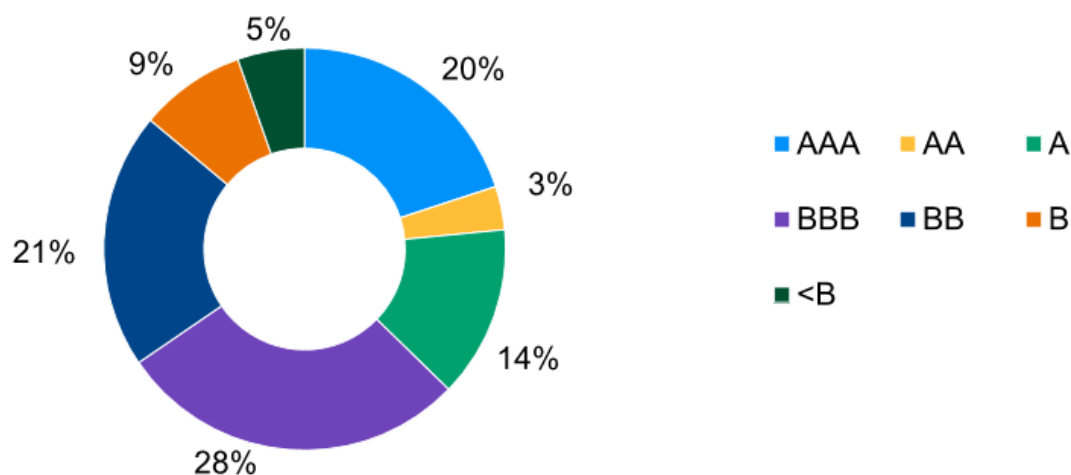


## FIXED INCOME MEASURES

Fixed Income Measures	Investment	Category Average
Effective Duration	—	4.43
Modified Duration	—	4.82
Effective Maturity	—	7.31
Credit Quality	—	BBB
Weighted Coupon	4.23	4.42
Weighted Price	89.71	85.91
Yield to Maturity	—	5.96

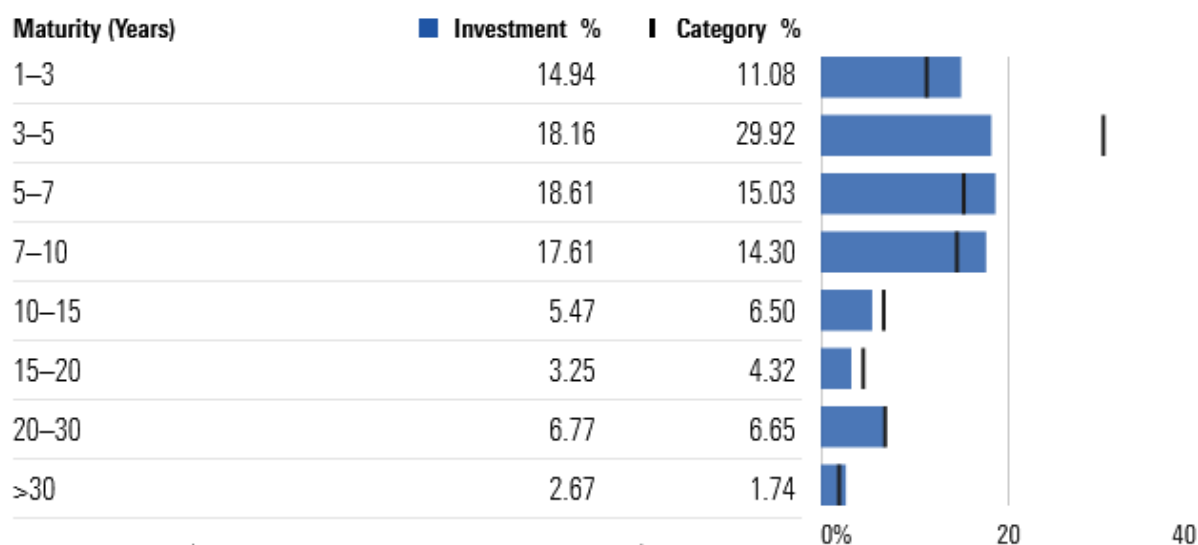
## CREDIT QUALITY

### Quality breakdown (%market value)



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## MATURITY SCHEDULE



## OTHER DATA

<b>Benchmark</b>	Bloomberg Multiverse
<b>Fees</b>	0.80%

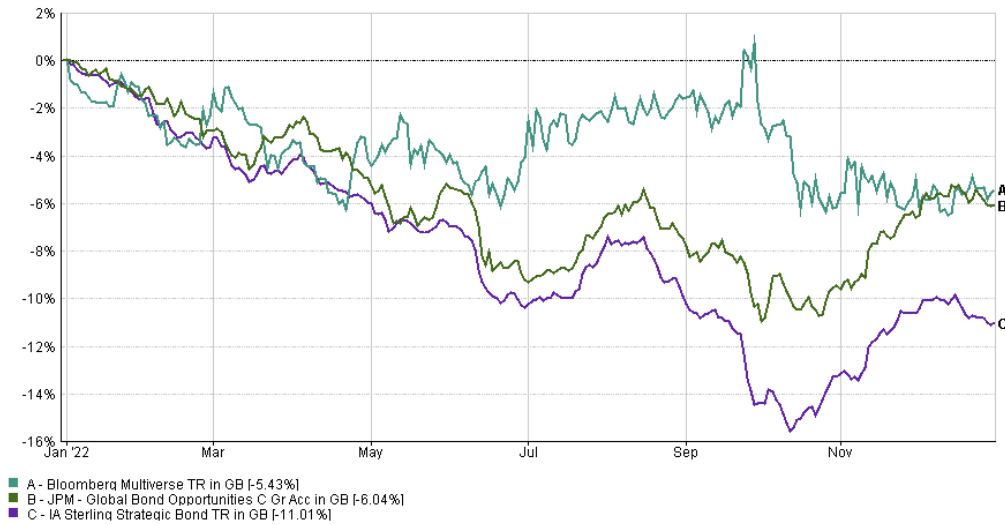
Bull Points (pros)	Bear points (cons)
<ul style="list-style-type: none"> <li>Total return mindset</li> <li>Relatively small strategy enabling a more dynamic approach</li> <li>Unconstrained best ideas global fixed income strategy</li> <li>High focus on quality and downside protection</li> </ul>	<ul style="list-style-type: none"> <li>Lower yield compared to other strategies</li> </ul>

## UPDATE....

We are in an environment where bond strategies have come back into “fashion”. Effectively, as part of a balanced portfolio they can provide an element of downside protection. However, 2022 was a difficult year for these strategies. The strategic bond sector was down -11.01%.

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Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling

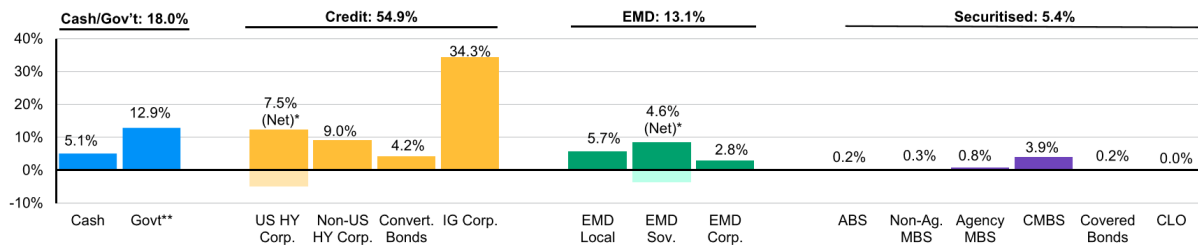


31/12/2021 - 30/12/2022 Data from FEfundinfo2023

This chart is important because it provides the essence of what this strategy is about. This involves protecting the downside risk and delivering a total return through a mix of income and growth of bond assets. The yield to maturity is a good measure of potential future returns, which is currently at 5.09%.

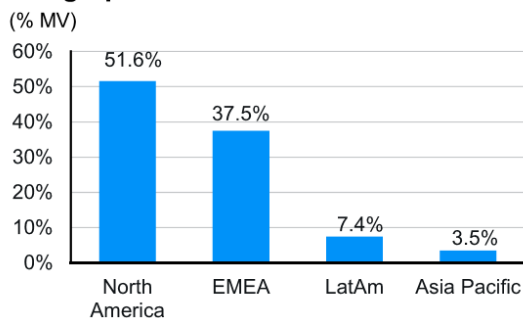
This strategy should be seen as a strategic bond fund where the managers look to maximise the returns across different asset classes.

## Sector distribution (% Market Value)



They focus on higher quality bonds and the average weighting is BBB+. They have reduced exposure to high yield. They are globally diversified which includes exposure to emerging markets. This is relatively low but they focus mainly on countries where inflation is under control (so countries including Brazil, Mexico and South Africa).

## Geographic distribution

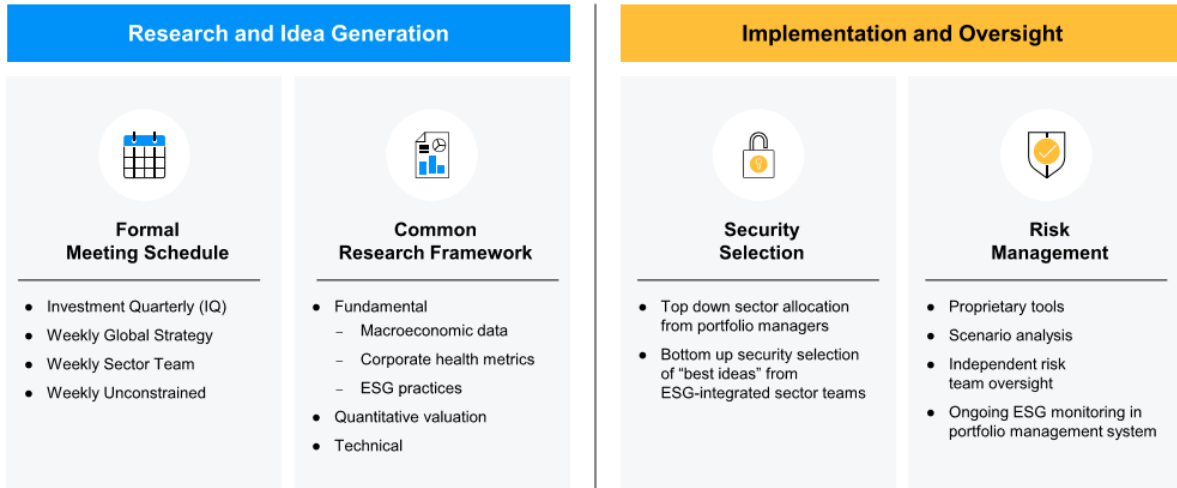




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Duration is another tool they use to control interest rate risk, and they normally sit in the region of between 2 and 6 years. Currently duration is 3.49. Bonds with longer duration are more price sensitive to changes in interest rates than are bonds with shorter duration.

The investment process is best shown below:



Fundamentally, as a best ideas fund they are looking for the highest quality assets to deliver the returns. As part of the work they do they produce a heat map which outlines where they have the highest conviction and this means they size positions to reflect where they see the best opportunities.

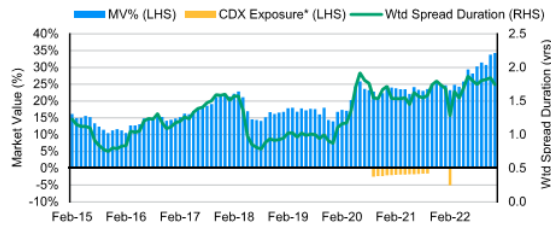


This is a team approach where it is mix of specialists feeding ideas to the portfolio managers who make the final decisions. The style is a mix of top down (macro / markets), sector and bottom-up security analysis. This then delivers a dynamic approach to investing as can be shown in the charts below.

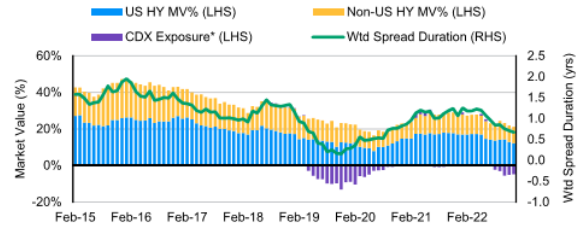
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As at 31 December 2022

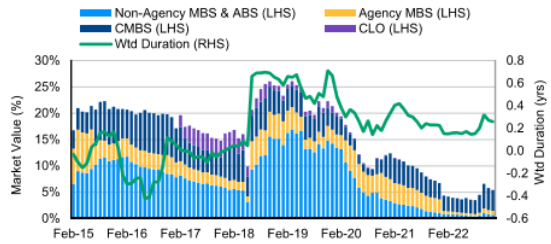
## Corporate investment grade



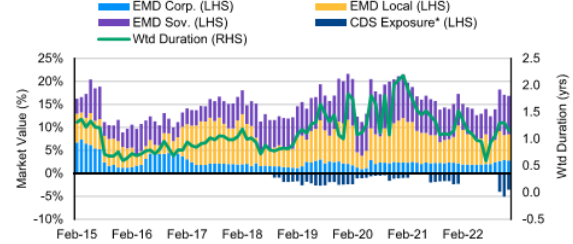
## Corporate high yield



## Securitised products



## Emerging market debt



Source: J.P. Morgan Asset Management. JPM Bond Opportunities Fund inception date is 30 January 2015. Data from 31 February 2015 to 31 December 2022. 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. \*CDS/ CDX exposure is synthetic exposure. HY: High Yield, EMD: Emerging Market Debt, MBS: Mortgage Backed Security, CMBS: Commercial Mortgage Backed Securities, CLO: Collateralized Loan Obligation, CDX: Credit Default Swap Index, CDS: Credit Default Swap.

The yield is relatively low compared to other strategies but that reflects the total return mindset, where yield and growth are used to maximise returns. It has outperformed its benchmark although it is important to note the distortion in performance of the sector in 2016.

Pricing Spread: Bid-Bid • Currency: Pounds Sterling

Customise Columns	2023 ↑↓	2022 ↑↓	2021 ↑↓	2020 ↑↓	2019 ↑↓	2018 ↑↓	2017 ↑↓	2016 ↑↓	2015 ↑↓	2014 ↑↓	2013 ↑↓
Index											
Bloomberg Multiverse TR in GB	1.38	-5.43	-3.63	5.66	3.00	4.77	-1.64	22.67	2.31	6.73	-4.00
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Although JPMorgan are a large fund house, this is a relatively small strategy. It is very much designed to be a “sleep easy strategy”, likely to be aimed at those more cautious investors. The downside capture is reflective of this at 66.24. It does capture on the upside, but this is relatively low at 1117.51.

In summary, we see this really being aimed at the lower risk clients. This isn’t high yielding, but it is about providing a total return across the cycle with the minimum of risk. Investors shouldn’t expect any surprises in terms of big swings in performance. Effectively this is being managed as a bond fund should.

*The source of information in this note has been provided by JP Morgan and is correct as of January 2023. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*