

J.P. Morgan Growth Advantage Strategy

Separately Managed Account

TOPLINE (2Q 2019)

Strategy ▲ 4.82%	Benchmark ▲ 4.50%
Benchmark: Russell 3000 Growth Index	
Markets U.S. equity markets traded higher during the second quarter of 2019, with the S&P 500 Index returning 4.3%. It was a positive quarter for growth as a style with the Russell 3000 Growth Index returning 4.5%. Every sector posted a positive return within the index, except energy (-4.3%), with the financials (8.4%) and materials (7.0%) sectors leading the way.	
Helped Stock selection in health care and industrials contributed to performance.	
Hurt Stock selection in information technology and communication services detracted from performance.	
Outlook We continue to find high-conviction ideas in secular growth drivers as well as businesses with steadier growth characteristics. We are finding attractive opportunities in financials and information technology, which remain our largest overweights. We have notable underweights in consumer staples and real estate.	

Past performance is not indicative of future returns. Performance is shown gross of fees. If fees were included, returns would be lower. Please see following page for additional performance.

STRATEGY OVERVIEW



Designed to provide long-term capital growth primarily through a portfolio of high-growth U.S. stocks across all market capitalizations.

APPROACH

- Invests in a portfolio of large, mid and small cap companies with above average growth prospects
- Looks for companies with leading competitive positions, durable business models and management that can achieve sustained growth
- Seeks to identify stocks with a history of achieving, or the potential to achieve, above-average growth

QUARTER IN REVIEW

- **The JPMorgan Growth Advantage Strategy performed in line with the benchmark**, the Russell 3000 Growth Index, for the quarter ended June 30, 2019.
- **Exact Sciences Corp. an advanced cancer diagnostics company, was the top contributor** during quarter after posting quarterly earnings and revenues above expectations and raising 2019 guidance. The report was highlighted by 79% year-over-year revenue growth driven by increased test volume and average cost per test of the company's non-invasive colorectal cancer screening device, Cologuard. The company continues to benefit from increased adoption from health-care providers and remains a top holding.
- **Catalent, Inc. is a leading global provider of advanced drug delivery solutions** to the biotechnology and pharmaceutical industries. The company outperformed after announcing its acquisition of gene therapy company Paragon, which gives the company exposure to a faster-growing, higher-margin drug development business. We like the acquisition as it should help the company drive long-term organic growth ahead of previous estimates.
- **An underweight position in Facebook, Inc. was the top detractor.** Shares of Facebook, Inc. outperformed after the company announced a modest top-line beat and moderated its outlook for expense growth. We continue to have an underweight position given regulatory concerns and long-term risks to its growth profile.
- **SailPoint Technologies is a provider of digital identity verification and governance software** for cloud information technology environments. The stock underperformed after reporting a soft first quarter. Management disappointed with an unexpected reduction in full-year revenue guidance due to a slowdown in its customer pipeline. We eliminated our position as we have lost conviction in the company's execution and management team, which recently lost their top sales executive.

LOOKING AHEAD

- **Financials remains the largest overweight in the portfolio**, followed by information technology. Our technology overweight is driven by our exposure to payments and software companies.
- **We have notable underweights** in consumer staples and real estate.

PERFORMANCE

RETURN (%)

	3 MOS	YTD	1 YR	3 YRS	5 YRS	10 YRS
Strategy (gross of fees)	4.82	23.81	11.32	21.82	15.27	18.73
Strategy (net of max. allowable fees - 300 bps) ¹	4.05	22.03	8.05	18.27	11.90	15.27
Benchmark	4.50	21.41	10.60	17.81	13.02	16.13

Benchmark: Russell 3000 Growth Index.

Past performance is not indicative of future returns. Performance includes the reinvestment of any income.

¹Please note, actual fees associated with this strategy may be lower.

PORTFOLIO ANALYSIS

Market capitalization	\$266.9bn
P/E ratio (1 yr forecast)	22.3x
P/B ratio	6.4x
Dividend yield	0.7%
Earnings growth (5 Year)	15.3%
Return on assets	12.5%
Return on equity	22.0%
Trailing 12-month turnover	33.6%
Number of holdings	87
Beta ²	1.07
Standard deviation ²	14.66
Information ratio ²	1.31
Tracking error ²	2.64
Sharpe ratio ²	1.29

²Based on three-year data points.

Source: J.P. Morgan Asset Management, FactSet.

The above characteristics are from a representative portfolio. Actual account characteristics of individual accounts may be different. Portfolio characteristics are as of 6/30/2019 and are based on individual securities in the Portfolio on that date. Securities in the Portfolio are subject to change. Statistics shown are not indicative of future statistics and are not representative of future Portfolio performance.

HOLDINGS

EQUITY SECTORS (%)

Sector	Weighting	Compared to benchmark
Information Technology	38.9	2.9
Health Care	14.3	-1.4
Consumer Discretionary	13.6	-0.9
Industrials	11.3	0.9
Communication Services	10.0	-0.8
Financials	6.8	3.4
Materials	2.9	1.4
Energy	1.3	0.9
Real Estate	0.9	-1.7
Consumer Staples	0.0	-4.6
Utilities	0.0	-0.1

TOP 10 (%)

Microsoft	7.3
Amazon.Com	6.0
Alphabet Inc Cl-C	4.7
Apple	4.6
Mastercard	2.8
UnitedHealth	2.7
Visa	2.4
Waste Connections	2.3
PayPal	2.0
Netflix	1.8

GENERAL DISCLOSURES

The Strategy might not achieve its objectives. Asset allocation/diversification does not prevent investment loss. Nothing in this document is an investment recommendation. Total return figures (for the Strategy and any index quoted) assume payment of fees and reinvestment of dividends (after the highest applicable foreign withholding tax) and distributions. Without fee waivers, strategy returns would have been lower. Due to rounding, some values may not total 100%.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be a recommendation for any specific investment product, strategy, plan feature or other purpose. Any examples used are generic, hypothetical and for illustration purposes only. Prior to making any investment or financial decisions, an investor should seek individualized advice from a personal financial, legal, tax and other professional advisors that take into account all of the particular facts and circumstances of an investor's own situation.

RISK SUMMARY

The following risks could cause the Strategy's portfolio to lose money or perform more poorly than other investments.

The prices of equity securities are sensitive to a wide range of factors, from economic to company-specific news, and can fluctuate rapidly and unpredictably, causing an investment to decrease in value.

There is no guarantee that companies will declare, continue to pay or increase dividends.

PORTFOLIO ANALYSIS DEFINITIONS

P/E ratio is the number by which earnings per share is multiplied to estimate a stock's value.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

P/B ratio is the relationship between a stock's price and the book value of that stock.

Dividend yield is a ratio that shows how much a company pays out in dividends each year relative to its share prices. In the absence of any capital gains, the dividend yield is the return on investment for a stock.

Earnings growth is a measure of growth in a company's net income over a specific period.

Return on equity (ROE) is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Return on assets is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings.

Trailing 12-month turnover is a percentage of holdings that are sold in a specific period.

RISK ANALYSIS DEFINITIONS

Risk measures are calculated based upon the broad-based index as stated in the prospectus.

Beta measures a Strategy's volatility in comparison to the market as a whole. A beta of 1.00 indicates a Strategy has been exactly as volatile as the market.

Standard deviation is a statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The greater the degree of dispersion, the greater the risk.

Information ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns.

Tracking Error The active risk of the portfolio, which determines the annualized standard deviation of the excess returns between the portfolio and the benchmark.

Sharpe ratio measures the fund's excess return compared to a risk-free investment. The higher the Sharpe ratio, the better the returns relative to the risk taken.

INDEXES

Managed Accounts have fees that reduce their performance; indexes do not. You cannot invest directly in an index.

The Russell 3000 Growth Index is an unmanaged index measuring the performance of those Russell 3000 companies (largest 3000 U.S. companies) with higher price-to-book ratios and higher forecasted growth values.

Past performance is no guarantee of future results.

TOP HOLDINGS

The top 10 holdings listed reflect only the Strategy's long-term investments. Short-term investments are excluded. Holdings are subject to change. The holdings listed should not be considered recommendations to purchase or sell a particular security. Each individual security is calculated as a percentage of the aggregate market value of the securities held in the Strategy and does not include the use of derivative positions, where applicable.

ENTITIES

J.P. Morgan Asset Management is the brand name for the asset management business of JPMorgan Chase & Co and its affiliates worldwide.

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