

J.P. Morgan Intrepid Value Strategy

Separately Managed Account

TOPLINE (2Q 2019)

Strategy ▲ 2.95%	Benchmark ▲ 3.84%
Benchmark: Russell 1000 Value Index	
<p>Markets The S&P 500 Index ended the quarter up 4.30%. Despite a dovish shift from the Federal Reserve (Fed) alleviating some recessionary fears, volatility escalated in May with increased tensions surrounding tariffs between the U.S. and China. However, the numbers for June largely deviated from the increasingly downbeat environment of the previous few months. Driven mostly by increased hopes of a trade deal between the U.S. and China at the G20 Summit, the strong performance in equities provided both relief and hope to investors who piled back into the market and drove the S&P 500® to fresh highs during June.</p>	
<p>Helped Stock selection in financials and information technology contributed to performance.</p>	
<p>Hurt Stock selection in utilities and health care detracted from portfolio results.</p>	
<p>Outlook While continued earnings growth should provide support to the equity market, we are monitoring the incremental risks that could represent headwinds for U.S. stocks. In particular, we continue to watch closely the state of trade relations, movements in global economic growth and the implications of Fed policy, all of which have the potential to heighten volatility.</p>	

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 appreciation primarily through a behavioral finance-based approach in selecting domestic equity securities.

APPROACH

- Invests in large, mid and small cap stocks
- Employs a behavioral finance investment process that seeks to capitalize on market inefficiencies
- Looks for companies with attractive valuations, high quality characteristics and strong momentum that should lead to relative outperformance

QUARTER IN REVIEW

- **The JPMorgan Intrepid Value Strategy underperformed the benchmark**, the Russell 1000 Value Index, for the quarter ended June 30, 2019.
- **Not owning Intel was a tailwind** as shares tumbled after the company posted first-quarter earnings. Despite reporting both top- and bottom-line results above consensus, shares fell after management announced soft second-quarter guidance and cut fiscal year 2019 expectations. Guidance was lowered due to worse-than-expected data center results attributable to a pause in spending from China-based cloud/enterprise customers.
- **Yum! Brands' shares rallied** on the heels of a strong sales report for May. Same-store restaurant sales increased 1.1%, led by strong growth in the U.S. Mountain and Plains geographies. This followed April's report where same-store restaurant sales had fallen by 1.6%. We sold our position given strength in the stock and redeployed capital into more attractively valued names.
- **Herbalife Nutrition Ltd. shares slid** following soft first-quarter results, which missed earnings and fell below last year's first-quarter print. The miss was driven mainly by higher-than-expected expenses. Herbalife Nutrition Ltd. also lowered guidance for 2019 citing issues in China.
- **Tenet Healthcare Corp. shares fell** in tandem with its managed care peers due to broader macroeconomic factors and political headlines in favor of the Medicare-for-All Act of 2019 introduced by House Democrats. This bill proposes a complete shift to a new health-care system run by the federal government. While we think it is highly unlikely that the bill will pass, especially with Trump as president, it has caused valuations to compress across the sector due to increased uncertainty.

LOOKING AHEAD

- **We believe that our valuation factor is the key driver** of long-term performance over a full market cycle. From a positioning perspective, the team continues to believe that the current market environment provides an outsized opportunity for value factors and has been leaning into those signals across portfolios.

PERFORMANCE

RETURN (%)

	3 MOS	YTD	1 YR	3 YRS	5 YRS	10 YRS
Strategy (gross of fees)	2.95	14.90	4.72	11.87	6.94	13.33
Strategy (net of max. allowable fees - 300 bps) ¹	2.19	13.22	1.63	8.58	3.79	10.01
Benchmark	3.84	16.24	8.46	10.19	7.46	13.19

Benchmark: Russell 1000 Value 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	\$79.8bn
P/E ratio (1 yr forecast)	12.3x
P/B ratio	2.1x
Dividend yield	2.2%
Earnings growth (5 Year)	10.3%
Return on assets	7.1%
Return on equity	18.8%
Trailing 12-month turnover	75.5%
Number of holdings	118
Beta ²	1.07
Standard deviation ²	13.20
Information ratio ²	0.72
Tracking error ²	2.87
Sharpe ratio ²	0.83

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	8.1	2.2
Consumer Discretionary	7.2	1.3
Health Care	13.6	0.7
Energy	9.8	0.6
Communication Services	8.3	0.3
Real Estate	5.0	-0.1
Utilities	6.0	-0.5
Financials	22.6	-0.8
Materials	3.6	-0.9
Consumer Staples	7.4	-1.3
Industrials	8.3	-1.4

TOP 10 (%)

Bank of America	3.4
Chevron	3.4
Citigroup	3.2
Comcast	2.9
Exelon	2.3
Verizon Communications	2.3
ConocoPhillips	2.2
Travelers Companies	2.2
AllState	2.1
Pfizer	2.1

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 1000 Value Index is an unmanaged index measuring the performance of those Russell 1000 companies with lower price-to-book ratios and lower 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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