J.P. Morgan Mid Cap Value Strategy

Separately Managed Account

TOPLINE (2Q 2019)

Strategy	Benchmark
▲ 3.12%	▲ 3.19%

Benchmark: Russell MidCap Value Index

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.

Helped Stock selection in energy and financials contributed to performance.

Hurt Stock selection in consumer discretionary and information technology detracted from portfolio results.

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.

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 capital appreciation primarily through a portfolio of high-quality U.S. mid-cap value equity securities.

APPROACH

- Employs a bottom-up approach to invest in mid-cap stocks with attractive fundamentals
- Looks for companies with a competitive advantage, low cyclicality, significant free cash flow, strong management and attractive valuation
- Seeks to identify high quality companies that appear to be undervalued and have the potential for capital appreciation

QUARTER IN REVIEW

- **The JPMorgan Mid Cap Value Strategy underperformed the benchmark,** the Russell Midcap Value Index, for the quarter ended June 30, 2019.
- **Uncertainty relating to increasingly hostile tariff rhetoric permeated the marketplace,** leaving the consumer discretionary sector especially shaken as global supply chains are integral to operations. Amid this, **Kohl's Corp.** detracted. Additionally, top-line weakness led to an earnings miss, which more than offset any perceived positives from a prior announcement to expand the partnership with Amazon. Despite the difficult period, we appreciate management's creativity in navigating a challenging retail backdrop, and we continue to believe that Kohl's Corp.'s has better real estate than peers.
- **PVH Corp. also had a disappointing quarter,** while simultaneously resetting expectations lower for the period ahead. Despite a tough quarter, we firmly believe PVH Corp.'s management is committed to improving the health of the underlying brands, which should enable the company to continue to gain share through innovative marketing, geographic diversification and tighter inventories. We appreciate that PVH Corp. has embraced the channel shift shaping the new retail landscape, gaining share within both e-commerce and brick-and-mortar retail.
- **Despite missing consensus earnings expectations shares of Ball Corp. held up quite well** given the turbulent market environment. Volume growth was very strong, and management reiterated guidance and plans to return most of the company's free cash flow to investors in 2019 and beyond. We continue to have a favorable view of Ball Corp. given its scale in the industry, lower cyclicality of its earnings pattern relative to basic materials peers and a disciplined management team.
- **Loews Corp. contributed** as a strong investment performance helped the company achieve broadly better first-quarter results. As a diversified company, whose various businesses include its main insurance business – CNA Financial, Diamond Offshore, a hotel chain and a container manufacturer, we think Loews is attractively valued on a sum-of-the-parts basis. Management has historically been good stewards of capital, and is currently embarking on a large buyback program, which we view positively considering recent valuation levels.

LOOKING AHEAD

- **Financials still represent an attractive opportunity set** in light of both valuations and earnings growth potential.
- **We've added to pockets of real estate investment trusts** where valuations are modest and secular trends are in place, because this sector offers desirable defensive qualities and diversification benefits.
- **We continued to add to communication services** as we see opportunities in media. Alternatively, we continued to take profits in technology on sustained strength.
- **The inherent volatility and cyclicality of industrials,** materials and energy make it difficult for us to find companies meeting our investment criteria; we'd note that these sectors represent an increasingly large allocation in the Russell Midcap Value Index (approximately 25%), which explains the relative underweight position.

PERFORMANCE

RETURN (%)

	3 MOS	YTD	1 YR	3 YRS	5 YRS	10 YRS
Strategy (gross of fees)	3.12	18.18	5.40	9.12	8.00	14.92
Strategy (net of max. allowable fees - 300 bps)[1]	2.35	16.47	2.29	5.91	4.82	11.56
Benchmark	3.19	18.02	3.68	8.95	6.72	14.56

Benchmark: Russell MidCap Value Index.

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

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

PORTFOLIO ANALYSIS

P/E ratio (1 yr forecast)	14.2x
P/B ratio	2.1x
Dividend yield	2.2%
Earnings growth (5 Year)	9.7%
Return on assets (last 12 months)	4.9%
Return on equity (historical 5 Year)	14.2%
Trailing 12-month turnover	10.1%
Number of holdings	113
Beta[2]	0.96
Standard deviation[2]	12.78
Information ratio[2]	0.18
Tracking error[2]	2.06
Sharpe ratio[2]	0.64

[2]Based 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
Health Care	23.1	4.3
Telecom Services	13.8	0.1
Consumer Staples	12.7	3.8
Utilities	10.7	-0.3
Information Technology	8.0	-3.6
Industrials	6.9	-0.1
Materials	6.9	-0.5
Financials	6.2	-0.2
Real Estate	4.9	-1.9
Energy	4.1	-0.3
Consumer Discretionary	2.6	-1.4

TOP 10 (%)

CMS Energy	2.3
WEC Energy	2.2
Xcel Energy	2.2
Loews	2.1
M&T Bank	2.0
Williams	2.0
Diamondback Energy	1.7
Autozone	1.6
SunTrust Banks	1.6
T Rowe Price	1.6

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.

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 Midcap Value Index is an unmanaged index measuring the performance of those Russell Midcap 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.

Issued by: J.P. Morgan Asset Management, 277 Park Avenue, Floor 8, New York, NY 10172, dedicated broker support 1-800-556-8103.