J.P. Morgan Value Advantage Strategy

Separately Managed Account

TOPLINE (2Q 2019)

Strategy	Benchmark
▲ 4.09%	▲ 3.68%

Benchmark: Russell 3000 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 materials and real estate contributed to performance.

Hurt Stock selection in consumer discretionary and consumer staples 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 long-term total return primarily through a portfolio of attractively valued U.S. equity securities across all market capitalizations.

APPROACH

- Invests in a portfolio of large, mid and small cap companies with attractive fundamentals and valuations
- Employs bottom-up stock selection based on company fundamentals and proprietary fundamental analysis
- Seeks to identify companies that appear to be undervalued and have the potential to grow their intrinsic values per share and to purchase these companies at a discount

QUARTER IN REVIEW

- **The JPMorgan Value Advantage Strategy outperformed the benchmark,** the Russell 3000 Value Index, for the quarter ended June 30, 2019.
- **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, the 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 Corp. 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.
- **Uncertainty relating to increasingly hostile tariff rhetoric permeated through 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 stemming 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 continue to believe that Kohl's Corp.'s has better real estate than peers.
- **Nordstrom, Inc. also had a disappointing quarter,** while simultaneously resetting expectations lower for the period ahead. Despite a tough quarter, we appreciate that Nordstrom, Inc. has focused on diversifying its distribution channels by investing in digital, Nordstrom Rack and online distribution; these modern methods of reaching the consumer are now contributing meaningfully to results. As such, we continue to think the company provides superior service through investments in technology, a rewards program and a willingness to try different concepts.

LOOKING AHEAD

- **Financials remain our highest-conviction idea** given the combination of compelling valuations and underappreciated capital return potential.
- **Despite a challenging environment for brick-and-mortar retail,** we still believe that companies with premium real estate positions, omni-channel strategies and savvy management teams can navigate well.
- **At this point in the cycle, we continue to favor mid caps over small caps,** especially pockets of real estate investment trusts and materials where we see good value.

PERFORMANCE

RETURN (%)

	3 MOS	YTD	1 YR	3 YRS	5 YRS	10 YRS
Strategy (gross of fees)	4.09	17.14	8.22	11.88	8.23	15.05
Strategy (net of max. allowable fees - 300 bps)[1]	3.32	15.44	5.04	8.60	5.05	11.68
Benchmark	3.68	16.05	7.34	10.19	7.31	13.14

Benchmark: Russell 3000 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

Market capitalization	$93.1bn
P/E ratio (1 yr forecast)	13.4x
P/B ratio	1.9x
Dividend yield	2.5%
Earnings growth (5 Year)	7.1%
Return on assets	7.3%
Return on equity	15.8%
Trailing 12-month turnover	12.7%
Number of holdings	114
Beta[2]	1.01
Standard deviation[2]	12.63
Information ratio[2]	1.11
Tracking error[2]	1.70
Sharpe ratio[2]	0.84

[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
Financials	30.8	6.9
Energy	9.6	0.5
Health Care	9.5	-2.9
Consumer Discretionary	8.0	1.8
Real Estate	7.8	2.3
Industrials	6.7	-3.2
Information Technology	6.3	0.2
Utilities	5.8	-0.7
Communication Services	5.4	-2.2
Consumer Staples	5.1	-3.2
Materials	4.9	0.5

TOP 10 (%)

Bank of America	3.4
Pfizer	2.9
Capital One	2.2
Wells Fargo	2.2
Loews	2.0
PNC Financial Services	2.0
Chevron	1.9
Merck & Co	1.7
Delta Air Lines	1.6
M&T Bank	1.6

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.

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 Value Index is an unmanaged index measuring the performance of those Russell 3000 companies (largest 3000 U.S. 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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