

# JPMorgan Research Market Neutral Fund

A Shares (JMNX)  
C Shares (JMCX)  
I Shares (JMNSX)

Data as of September 30, 2017

Effective April 3rd, Select share class became I share class.

## Fund overview

### Objective

The Fund seeks to provide long-term capital appreciation from a broadly diversified portfolio of U.S. stocks while neutralizing the general risks associated with stock market investing.

### Strategy/Investment process

- Buys stocks (long) with attractive characteristics and sells stocks (short) with unattractive characteristics
- Derives long and short insights from J.P. Morgan's deeply resourced, research-driven U.S. equity platform
- Aims to have low correlation and low sensitivity to traditional stock markets

### Portfolio managers/industry experience

Raffaele Zingone, 26 years  
Steven Lee, 24 years

### Portfolio characteristics

Fund assets (in millions)	\$215.80	
Sharpe ratio (3 yr.) <sup>1</sup>	-0.23	
	<b>Long</b>	<b>Short</b>
P/E ratio (1 yr. forecast) <sup>2</sup>	-8.39	18.45
P/B ratio <sup>3</sup>	5.09	2.93
Wtd. avg. market cap (billions)	\$1366.33	\$81.48
Number of holdings	138	169

Sector breakdown (%)*	Long	Short
Consumer Discretionary	12.2	15.5
Consumer Staples	5.8	7.9
Energy	5.5	6.2
Financials	13.7	15.4
Health Care	7.1	7.5
Industrials	12.6	14.4
Information Technology	14.9	13.6
Materials	5.4	5.8
Real Estate	1.6	2.5
Short-Term Investments	14.2	0.0
Telecommunication Services	0.1	2.3
U.S. Treasury Obligations	0.1	0.0
Utilities	6.8	8.9

\*Due to rounding, values may not total 100%.

### RISK MEASURES DEFINED:

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

<sup>1</sup>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.

### VALUATION RATIOS DEFINED:

<sup>2</sup>P/E ratio: the number by which earnings per share is multiplied to estimate a stock's value.

<sup>3</sup>P/B ratio: the relationship between a stock's price and the book value of that stock.

## Market Review

Investors cast aside uncertainty relating to heightened geopolitical tension and several natural disasters during the third quarter as the S&P 500 Index continued to march higher. Although higher than last quarter, volatility remained relatively subdued during the quarter and the index returned 4.48%. Notably, amidst continued strength in corporate earnings, returns were particularly robust for the information technology and energy sectors, while consumer staples was the only GICS (Global Industry Classification Standard) sector with negative returns for the quarter.

### Portfolio Review

The JPMorgan Research Market Neutral Fund returned 0.73% (I Class shares) for the quarter ended September 30, 2017, compared with the Fund's benchmark, the Bank of America Merrill Lynch 3-Month T-Bill Index, which returned 0.26%.

The Fund outperformed its benchmark during the period largely due to stock selection in information technology (0.56% portfolio contribution), consumer discretionary (0.44%) and financials (0.42%).

At the individual stock level, short positions in Equifax and Seagate Technology added value. Shares of Equifax fell following news that it was victim to a significant cybersecurity breach. While we have trimmed our exposure, we are retaining our short positioning as we believe there could be significant penalties assessed on the company and its management. Shares in Seagate Technology dropped after its quarterly top-line pressures revealed the secular pressures facing Hard Disk Drives (HDDs). We remain negative on the name amidst industrywide share loss to Solid State Drives (SSDs) and the company's aggressive leverage.

The Fund faced headwinds from stock selection in the industrials (-0.96% portfolio contribution), telecommunication services (-0.15%) and energy (-0.15%) sectors.

At the individual stock level, in industrials, a short position in Boeing detracted as global air traffic growth persisted at above-average rates, leading management and some investors to doubt the long-term cyclicality of the aerospace industry. We continue to think Boeing is over-earning in the short term as its recent free cash flow benefits do not seem to be sustainable and feel that the industry is still cyclical. In media, a short position in Scripps Networks detracted after the company was acquired at a premium by Discovery Communications. We believe the deal is likely to pass and are moving to a neutral stance on the name.

### Outlook

We expect the momentum experienced thus far this year to largely continue throughout the remainder of 2017. The continuation of the earnings environment during the last few quarters should be largely supportive of our positioning. Our core sector tilts have remained constant, as we are retaining our favorable view of big banks and brokers, health services and systems and insurance, and our negative stance on consumer staples, real estate investment trusts and utilities. The Fund continues to be a broadly diversified portfolio of U.S. large cap stocks, seeking to add value through bottom-up stock selection as the primary driver of excess returns.

*The manager seeks to achieve the stated objectives. There is no guarantee the objectives will be met. The securities highlighted above have been selected based on their significance and are shown for illustrative purposes only. They are not recommendations.*

Please refer to the back of the page for important disclosure information including risks associated with investing in the Fund.

**J.P.Morgan**  
Asset Management

# JPMorgan Research Market Neutral Fund

A Shares (JMNX)  
C Shares (JMNX)  
I Shares (JMSX)

Data as of September 30, 2017

Contact JPMorgan Distribution Services, Inc. at 1-800-480-4111 for a fund prospectus. You can also visit us at [www.jpmorganfunds.com](http://www.jpmorganfunds.com). Investors should carefully consider the investment objectives and risks as well as charges and expenses of the mutual fund before investing. The prospectus contains this and other information about the mutual fund. Read the prospectus carefully before investing.

**RETURNS:**

<sup>4</sup>The quoted performance of the Fund includes performance of a predecessor fund/share class prior to the Fund's commencement of operations. Please refer to the current prospectus for further information.

**MORNINGSTAR DISCLOSURE:**

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Rankings do not take sales loads into account.

**INDEXES DEFINED:**

Mutual funds have fees that reduce their performance: indexes do not. You cannot invest directly in an index. The BofA Merrill Lynch US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. The index is rebalanced monthly and the issue selected is the outstanding Treasury Bill that matures closest to, but not beyond 3 months from the rebalancing date. The performance of the Lipper Alternative Equity Market Neutral Funds Index includes expenses associated with a mutual fund, such as investment management fees. These expenses are not included in the expenses charged by the Fund. An individual cannot invest directly in an index.

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. ©2017, American Bankers Association, CUSIP Database provided by the Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. All rights reserved. Total return figures (for the fund and any index quoted) assume payment of fees and reinvestment of dividends (after the highest applicable foreign withholding tax) and distributions. Without fee waivers, fund returns would have been lower. Due to rounding, some values may not total 100%.

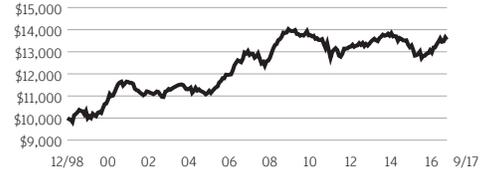
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**Fund performance\*\***

A \$10,000 investment in JPMorgan Research Market Neutral Fund (A Shares)<sup>4</sup> at NAV, with dividends and capital gains reinvested, would have grown to \$13,546 from inception on 12/31/98 through 9/30/17. The chart is plotted monthly. There is no direct correlation between a hypothetical investment and the anticipated performance of the Fund.



Month-end total returns at NAV (%) as of 9/30/2017	Total returns			Average annual total returns			
	1 month	3 month	YTD	1 yr	3 yrs	5 yrs	10 yrs
A Shares	-0.75	0.69	4.47	4.85	-0.48	0.61	0.44
C Shares	-0.80	0.59	4.13	4.37	-0.99	0.10	-0.06
I Shares <sup>4</sup>	-0.72	0.73	4.65	5.16	-0.25	0.86	0.74
BofA Merrill Lynch US 3-Month Treasury Bill Index	0.09	0.26	0.57	0.66	0.32	0.22	0.47
Lipper Alternative Equity Market Neutral Funds Index	0.17	1.04	1.86	4.56	1.00	1.25	1.52
<b>With sales charges (%)</b>							
A Shares with 5.25% max. sales charge	-5.97	-4.61	-1.02	-0.69	-2.27	-0.47	-0.10
C Shares with 1.00% max. CDSC	-1.80	-0.41	3.13	3.37	-0.99	0.10	-0.06
<b>Calendar-year returns (%)</b>							
A Shares at NAV	4.01	1.72	2.84	-4.05	-2.39		
BofA Merrill Lynch US 3-Month Treasury Bill Index	0.11	0.07	0.03	0.05	0.33		
Lipper Alternative Equity Market Neutral Funds Index	3.67	2.15	0.50	-2.93	4.28		

**\*\*The performance quoted is past performance and is not a guarantee of future results. Mutual funds are subject to certain market risks. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end, please call 1-800-480-4111.**

Morningstar ratings as of 9/30/2017	Overall	3-Year	5-Year	10-Year
Rating/number of funds in category	★★★/112	★★★/112	★★★/74	★★★/34

**A share class: Market Neutral Category**

The Overall Morningstar Rating™ for a fund is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics.

Annual expenses	A Shares	C Shares	I Shares
Gross expenses (%)	3.62	4.10	3.34
Net expenses (%)	3.36	3.86	3.10

Net expenses may include short dividend expense. See prospectus for details.

The Fund's adviser and/or its affiliates have contractually agreed to waive fees and/or reimburse expenses to the extent Total Annual Fund Operating Expenses (excluding acquired fund fees and expenses, dividend and interest expenses related to short sales, interest, taxes, expenses related to litigation and potential litigation and extraordinary expenses) exceed 1.25% for A Shares, 1.75% for C Shares and 0.99% for I Shares of the average daily net assets. The Fund may invest in one or more money market funds advised by the adviser or its affiliates (affiliated money market funds). The Fund's adviser has contractually agreed to waive fees and/or reimburse expenses in an amount sufficient to offset the fees and expenses of the affiliated money market funds incurred by the Fund because of the Fund's investment in such money market funds. This waiver is in effect through 2/28/2018 for A Shares, 2/28/2018 for C Shares and 2/28/2018 for I Shares, at which time the adviser and/or its affiliates will determine whether to renew or revise it. The difference between net and gross fees includes all applicable fee waivers and expense reimbursements.

**Top ten holdings (%)**

Company name	Sector	Percentage
Alphabet, Inc., Class C	Information Technology	2.7
Union Pacific Corp.	Industrials	2.5
Citigroup, Inc.	Financials	2.2
Morgan Stanley	Financials	2.1
UnitedHealth Group, Inc.	Health Care	1.9
EOG Resources, Inc.	Energy	1.7
Broadcom Ltd.	Information Technology	1.6
Duke Energy Corp.	Utilities	1.6
Texas Instruments, Inc.	Information Technology	1.5
NextEra Energy, Inc.	Utilities	1.4

**TOP 10 HOLDINGS:**

The top 10 long and short positions listed reflect only the Fund's net assets. Cash and cash equivalents are excluded. Holdings are subject to change and 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 (net assets) of the securities held in the Fund and does not include the use of derivative positions, where applicable.

Portfolio statistics	A Shares	C Shares	I Shares
Inception date	2/28/2002	11/2/2009	11/2/2009
Investment minimum	\$1,000	\$1,000	\$1M
Fund number	1118	2105	2106
CUSIP	4812A1670	4812A1720	4812A1712

**RISKS ASSOCIATED WITH INVESTING IN THE FUND:**

The following risks could cause the fund to lose money or perform more poorly than other investments. For more complete risk information, see the prospectus. There is no guarantee that the use of long and short positions will succeed in limiting an investment's exposure to domestic stock market movements, capitalization, sector-swings or other risk factors. Investments in a portfolio involved in long and short selling may have higher portfolio turnover rates. This will likely result in additional tax consequences. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.