**Income potential with quality high yield.**

Driven by macro insights and bottom-up fundamental credit research, the J.P. Morgan Upper Tier High Yield Strategy aims to generate a high level of income and stable returns over a market cycle with lower volatility than the broad high yield market.

**EXPERTISE**
- Experienced team with a proven process managing high yield bonds successfully for over 30 years and through three recessions.

**PORTFOLIO**
- Invests in a highly diversified portfolio of high yield corporates generally rated B- or better.
- Combines bottom-up analysis with top-down insight to actively manage credit profile against market risk.

**SUCCESS**
- Provides diversification within a multi-asset portfolio due to low correlation to other asset classes.

**A TIME-TESTED INVESTMENT PHILOSOPHY**

With a focus on higher quality names, this strategy invests in a diversified portfolio of high yield corporates generally rated B- or better.

We see a superior risk/return profile in high quality high yield. Market default rates are low relative to the CCC & Below segment, while offering significant spread pickup vs. BBB bonds.

We strive to maximize this opportunity by combining fundamental credit research and security selection with top-down insight to actively manage the portfolio through economic cycles — minimizing the risk of credit deterioration and, in fact, this strategy has not experienced a single default since its inception.

**SPREAD VS. DEFAULT RATE BY CREDIT QUALITY**


**EXPLORING EXTENDED SECTORS**

Diversifying across fixed income sectors can provide investors with higher income and lower volatility.

Gaining exposure to strategies in the Extended Sectors category — such as the J.P. Morgan Upper Tier High Yield Strategy — can add higher income and total return to a well-diversified portfolio.

Diversification does not guarantee investment returns and does not eliminate the risk of loss. Diversification among investment options and asset classes may help to reduce overall volatility.
• The portfolio team – averaging almost three decades of industry experience – is supported by a team of 12 credit research analysts with an average of 18 years’ experience.

• $32.5 billion AUM dedicated to high yield assets (3/31/19).

• Leverage the insights of over 200 global fixed income investment professionals managing more than $500 billion.

William Morgan
Portfolio manager
• 37 years of industry experience, 35 at J.P. Morgan

James Shanahan, Jr.
Portfolio manager
• 33 years of industry experience, all at J.P. Morgan

Christopher Musbach
Portfolio manager
• 14 years of industry experience, all at J.P. Morgan

YIELD (%)

<table>
<thead>
<tr>
<th></th>
<th>Strategy</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield to maturity</td>
<td>5.19</td>
<td>5.07</td>
</tr>
<tr>
<td>Yield to worst</td>
<td>4.90</td>
<td>4.80</td>
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</table>

COMPOSITE PERFORMANCE (%)

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<tr>
<th></th>
<th>3 mos</th>
<th>YTD</th>
<th>1 yr</th>
<th>3 yrs</th>
<th>5 yrs</th>
<th>10 yrs</th>
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</thead>
<tbody>
<tr>
<td>Strategy (gross of fees)</td>
<td>7.13</td>
<td>7.13</td>
<td>6.15</td>
<td>6.73</td>
<td>5.02</td>
<td>9.37</td>
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<tr>
<td>Strategy (net of max. allowable fees 150 bps)</td>
<td>6.74</td>
<td>6.74</td>
<td>4.58</td>
<td>5.14</td>
<td>3.46</td>
<td>7.76</td>
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<tr>
<td>Benchmark¹</td>
<td>7.14</td>
<td>7.14</td>
<td>5.93</td>
<td>6.87</td>
<td>5.09</td>
<td>9.93</td>
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CALENDAR YEAR PERFORMANCE (%)

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</thead>
<tbody>
<tr>
<td>Strategy (gross of fees)</td>
<td>39.71</td>
<td>13.39</td>
<td>6.10</td>
<td>13.77</td>
<td>4.74</td>
<td>5.42</td>
<td>-0.57</td>
<td>12.56</td>
<td>7.20</td>
<td>2.79</td>
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<tr>
<td>Strategy (net of max. allowable fees 150 bps)</td>
<td>37.69</td>
<td>11.72</td>
<td>4.52</td>
<td>12.09</td>
<td>3.19</td>
<td>3.85</td>
<td>-2.05</td>
<td>10.90</td>
<td>5.61</td>
<td>-4.24</td>
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<tr>
<td>Benchmark¹</td>
<td>45.93</td>
<td>13.94</td>
<td>6.90</td>
<td>14.31</td>
<td>4.95</td>
<td>5.40</td>
<td>-1.13</td>
<td>12.95</td>
<td>7.56</td>
<td>-2.53</td>
</tr>
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GENERAL DISCLOSURES
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RISK SUMMARY
• Securities rated below investment grade are considered “high-yield,” “non-investment grade,” “below investment-grade,” or “junk bonds.” They generally are rated in the fifth or lower rating categories of Standard & Poor’s and Moody’s Investors Service. Although these securities tend to provide higher yields than higher-rated securities, they tend to carry greater risk.

• Investments in derivatives may be riskier than other types of investments. They may be more sensitive to changes in economic or market conditions than other types of investments. Many derivatives create leverage, which could lead to greater volatility and losses that significantly exceed the original investment.

• Investments in bonds and other debt securities will change in value based on changes in interest rates. If rates rise, the value of these investments generally drops.

INDEXES
The High Yield Upper Tier Blended Benchmark includes Bloomberg Barclays US High Yield Ba 2 Issuer Cap B/M from 05/31/02 - 08/31/17 and Bloomberg Barclays US HY Ba 2% Sec from 09/01/17 to present.

Past performance is no guarantee of future results.
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