# JPMorgan SmartRetirement® Blend 2025 R6 JBYSX

The series adjusts to a big departure.

## Morningstar's Take JBYSX

| | |
|---|---|
| **Morningstar Rating** | ★★★ |
| **Morningstar Analyst Rating** | Gold |

**Morningstar Pillars**

| | |
|---|---|
| Process | High |
| Performance | — |
| People | Above Average |
| Parent | Above Average |
| Price | — |

**Role In Portfolio**

Core

**Fund Performance**

| Year | Total Return (%) | +/- Category |
|---|---|---|
| YTD | -13.08 | -0.89 |
| 2019 | 18.34 | 0.09 |
| 2018 | -5.74 | -0.40 |
| 2017 | 15.56 | 0.89 |
| 2016 | 7.22 | 0.49 |

Data through 3-31-20

3-24-20 | by Madeline Hume

An impending manager retirement results in a downgrade to some share classes of the JPMorgan SmartRetirement Blend target-date series. This series is less costly than its active sibling, so the cheapest R6 share class keeps its Morningstar Analyst Rating of Gold, but the ratings of pricier share classes range from Silver to Neutral depending on their fee disadvantage.

On March 3, 2020, JPMorgan announced that Anne Lester would step down as a portfolio manager from the series on May 1 in anticipation of a July 31 retirement to focus on national retirement policy. Lester's unexpected departure represents a loss: she had overseen this series as lead manager since its inception in 2006 and pioneered innovative retirement plan participant research that meaningfully enhanced the series and raised the bar for target-date managers in general. Her departure results in a downgrade of the series' People Pillar to Above Average from High.

Still, JPMorgan has a deep multi-asset research team and responsibly planned for succession. Lester handed off her day-to-day duties in 2019 to her comanager of 10 years, Dan Oldroyd. Oldroyd is a great investor in his own right and has been a manager on this target-date series since inception. But his responsibilities have changed significantly in recent years, taking over the series' tactical tilts and manager selection in 2019. Now Oldroyd will take on Lester's participant research duties, too, and must coordinate the vast multi-asset resources that support the series without her.

A robust, team-based investing process remains intact. Oldroyd and team use a thoughtful asset-allocation approach, revisiting strategic weightings annually in light of potential changes to inputs such as participant-behavior research. The team also seeks to add value through an established tactical-allocation process and carefully populates the series with complementary underlying managers. With about $125 billion across the firm's target-date strategies, the series isn't as nimble as it once was, but we remain confident in the team's tactical acumen.

**Process Pillar** High | Madeline Hume 03/24/2020

A consistently thoughtful approach to asset allocation and manager selection sets the series apart among target-date managers, justifying a renewed Process rating of High. Lead manager Dan Oldroyd must prove that he can build on Anne Lester's legacy of innovative retirement research, but there's good reason to believe he can follow in her footsteps.

JPMorgan designed the SmartRetirement Blend funds' glide path based on behavioral research, finding that retirement plan participants' salaries are less stable than many models assume, and they engage in counterproductive practices. The team aims to maximize the number of participants who can achieve a sufficient level of their pre-retirement income throughout retirement.

JPMorgan regularly tweaks its series in light of potential changes to factors like investor behavior or capital market assumptions. The team made more changes than normal in 2019 to reflect its forward-thinking view on the markets. That February, the team made its most significant glide path change since 2007 by steepening it overall, increasing the allocation to stocks by up to 5 percentage points for young investors and decreasing it by 3.5 percentage points near and in retirement. Later in the year, the team had its biggest lineup reshuffle, firing four underlying strategies and hiring five.

JPMorgan believes in diversification, and the target-date team usually moves ahead of consensus. In 2018, it upped foreign equity to 40% of assets before most peers. In 2019, the team lowered the strategic allocation to stocks for retirees while an equity rally was underway. The series now underweights stocks versus peers starting at age 55, diversifying into areas like emerging-markets debt and high yield. Allocations also reflect shorter-term tactical bets, though these moves are limited to about 3 percentage points across the glide path while the active series has about twice as much leeway in longer-dated vintages. Now, the team implements tactical shifts more gradually owing to significant asset growth, but we believe the move will still add value.

This series mixes active and passive exposure to keep costs in check, using third-party and JPMorgan passive strategies in areas where it believes less opportunity for outperformance exists, including U.S. and foreign developed stocks. Overall, passive exposure constitutes more than 60% of this series' assets. The team won't hesitate to fire an in-house manager; it fired three in 2019 alone. To choose underlying strategies, Dan Oldroyd and team screen this universe for factors such as expected alpha, correlation, and fees. Morningstar Medalists account for nearly 75% of assets across vintages.

**Performance Pillar** | Madeline Hume 03/24/2020
Long-term results have delivered despite recently mixed performance caused by mistimed opportunistic bets. Over the five-year period and since the series' July 2012 inception, more than half of the vintages beat their respective S&P target-date indexes, and all but one rank in the top half of their peer group through February 2020. Performance on a risk-adjusted basis over those same periods ranks in the top third and matches or beats the same benchmarks across all vintages except the Income fund. The series has proved it can outperform in both up and down markets. Since 2013, on average the funds only lagged the category average in two calendar years.

The series has struggled recently as its tactical bets have failed to add value for two consecutive calendar years. In 2019, the series took risk off the table even as the stock market rallied, socking away assets in short-duration bonds and underweighting stocks. But that same position has boosted performance for the year to date through February 2020, helping the series withstand the early innings of a global sell-off on coronavirus fears. On the whole, attribution from JPMorgan shows tactical decisions have contributed to strong results over the past decade. The firm's tactical process predates the target date series by about 12 years and has added value in 15 of the past 20 calendar years.

**People Pillar** ● Above Average | Madeline Hume 03/24/2020
In March of 2020, JPMorgan announced that Anne Lester will step down from the SmartRetirement Blend portfolio management roster in anticipation of a July 31, 2020, retirement. She relinquished day-to-day responsibilities on the series in early 2019, but Lester influenced the strategic direction of JPMorgan's target-date series, so her sudden departure is a big loss.

Lester's longtime comanager and 20-year JPMorgan veteran Dan Oldroyd will take over as the series' leader. Oldroyd's long history with Lester and the series inspires confidence. However, his research and portfolio implementation responsibilities have increased meaningfully in the wake of Lester's departure and a portfolio manager shakeup in 2019. Plus, at its current size, the series requires a closer eye than it once did. Encouragingly, Oldroyd cut his client-facing responsibilities to make way for his added duties. We're confident in Oldroyd, but as he builds a track record under the new setup, the People rating has fallen to Above Average.

The series' portfolio management roster had been in flux prior to Lester's departure. In February 2019, Mike Schoenhaut and Eric Bernbaum stepped down, handing off manager selection and tactical position sizing to Oldroyd. To aid Oldroyd, Silvia Trillo, former head of the multi-asset team's manager research group, joined the team.

**Parent Pillar** ● Above Average | Thomas Lancereau, Bridget B. Hughes 09/20/2018
J.P. Morgan Asset Management boasts long-tenured and strongly aligned portfolio managers who are supported by deep analytical resources. Competitive fees across the board also contribute to the firm's Positive Parent rating.

The firm's diverse lineup features many Morningstar Medalists across asset classes and regions. In February 2018, its U.S.-domiciled SmartRetirement target-date series was upgraded to a Morningstar Analyst Rating of Gold, befitting strong underlying resources and processes on both equity and fixed income. On U.S. equities, for instance, experienced managers draw on a core team of more than 20 career analysts, while on their cored fixed-income mandates, long-tenured managers are supported by more than 25 credit and securitized analysts based across Columbus, London, and New York. Managers' compensation factors in 10-year performance where applicable, which exceeds industry standards. Retention rates and managers' coinvestments alongside fund shareholders are above average, and succession planning is generally well handled.

Fees are regularly reviewed downward; funds tend to be cheaper relative to peers in the U.S. than abroad. The firm has refrained from trendy offerings and expanded its passive business recently. It has continued to rationalize its broad lineup otherwise, leading to some mergers and liquidations in Europe in particular.

**Price Pillar** | Madeline Hume 03/24/2020
It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's cheapest quintile. Based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Gold.

# JPMORGAN SMARTRETIREMENT® BLEND 2025 FUND
## R6 SHARES — JBYSX

### MORNINGSTAR RATING AS OF 3/31/20

Morningstar overall rating 3 stars, Class R6; Target Date 2025 Category; 199 funds. Three-year rating 3 stars; 199 funds. Five-year rating 3 stars; 160 funds. Ten-year rating 4 stars; 330 funds. Ratings reflect risk-adjusted performance. 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 OPERATING EXPENSES (%)

| | Gross expenses | Net expenses |
|---|---|---|
| R6 shares | 0.62 | 0.29 |

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 0.00% 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 10/31/2020, 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.

### PORTFOLIO HOLDINGS AS OF 3/31/20 (%)

| | |
|---|---|
| Core Bond Fund, Class R6 | 23.8 |
| Short Duration Core Plus Fund, Class R6 | 14.0 |
| Equity Income Fund, Class R6 | 11.1 |
| U.S. Equity Fund, Class R6 | 9.3 |
| International Equity Fund, Class R6 | 7.2 |
| International Research Enhanced Equity Fund, Class R6 | 5.0 |
| High Yield Fund, Class R6 | 4.9 |
| Emerging Markets Equity Fund, Class R6 | 4.8 |
| U.S. Government Money Market Fund, Class IM | 3.9 |
| Inflation Managed Bond Fund, Class R6 | 2.6 |
| International Advantage Fund, Class R6 | 2.1 |
| Realty Income Fund, Class R6 | 2.0 |
| U.S. Treasury Notes | 1.8 |
| Emerging Markets Debt Fund, Class R6 | 1.5 |
| Emerging Markets Strategic Debt Fund, Class R6 | 1.5 |
| Income Fund, Class R6 | 1.0 |
| Small Cap Equity Fund, Class R6 | 1.0 |
| Floating Rate Income Fund, Class R6 | 0.8 |
| BetaBuilders MSCI US REIT ETF | 0.6 |
| Small Cap Growth Fund, Class R6 | 0.5 |
| Small Cap Value Fund, Class R6 | 0.4 |
| Managed Income Fund, Class L | 0.1 |

Due to rounding, values may not total 100%. The Fund's actual allocation may differ from the strategic allocation due to periodic tactical changes in the Fund.

### PERFORMANCE

| (%) as of 3/31/20 | 1 year | 3 years | 5 years | Since inception* |
|---|---|---|---|---|
| R6 shares at NAV | -5.06% | 2.42% | 3.14% | 5.96% |
| S&P Target Date 2025 Index | -4.89% | 2.52% | 3.32% | 6.12% |
| Lipper Mixed-Asset Target 2025 Funds Index | -4.06% | 2.73% | 3.20% | 5.91% |

* Inception date: 7/2/2012

***Performance quoted is past performance and is no guarantee of future results. Investment returns and principal value will fluctuate, so shares, when sold, may be worth more or less than original cost. Current performance may be higher or lower than returns shown. Call 1-800-480-4111 for most recent month-end performance.***

***Contact JPMorgan Distribution Services at 1-800-480-4111 for a fund prospectus. You can also visit us at 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. Must be accompanied or preceded by a prospectus.***

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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.

**RISK SUMMARY:** 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.

**TARGET DATE FUNDS:**
The JPMorgan SmartRetirement Funds are target date funds with the target date being the approximate date when investors plan to retire. Generally, the asset allocation of each Fund will change on an annual basis with the asset allocation becoming more conservative as the Fund nears the target retirement date. The principal value of the Fund(s) is not guaranteed at any time, including at the target date. This investment is not a complete retirement program and may not provide sufficient retirement income. There may be additional fees or expenses associated with investing in a Fund of Funds strategy. Asset allocation does not guarantee investment returns and does not eliminate the risk of loss.

**CONFLICTS OF INTEREST:** Refer to the Conflicts of Interest section of the Fund's Prospectus.

**INDEXES:** The **S&P Target Date Index Series** reflects exposure to various asset classes included in target date funds driven by a survey of such funds for each particular target date. These asset class exposures are represented by indices of securities in the index calculation. Prior to May 31, 2017 the asset class exposures were represented by ETFs net of fees. The Index returns are calculated on a daily basis. The performance of the **Lipper Mixed-Asset Target 2025 Funds Average** includes expenses associated with a mutual fund, such as investment management fees. These expenses are not identical to the expenses charged by the Fund. An individual cannot invest directly in an index.

Total return assumes reinvestment of dividends and capital gains distributions and reflects the deduction of any sales charges, where applicable. Performance may reflect the waiver of a portion of the Fund's advisory or administrative fees and/or reimbursement of certain expenses for certain periods since the inception date. If fees had not been waived and/or certain expenses were not reimbursed, performance would have been less favorable.

There can be no assurance that the professionals currently employed by J.P. Morgan Asset Management will continue to be employed by J.P. Morgan Asset Management or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

**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.

The Morningstar Analyst Rating is not a credit or risk rating. It is a subjective evaluation performed by the manager research analysts of Morningstar. Morningstar evaluates funds based on five key pillars, which are process, performance, people, parent, and price. Analysts use this five pillar evaluation to determine how they believe funds are likely to perform over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weighting of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflect an Analyst's conviction in a fund's prospects for outperformance. Analyst Ratings are continuously monitored and reevaluated at least every 14 months.

For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to http://corporate1.morningstar.com/AnalystRating/

**The Morningstar Analyst Rating should not be used as the sole basis in evaluating a mutual fund. Morningstar Analyst Ratings involve unknown risks and uncertainties which may cause Morningstar's expectations not to occur or to differ significantly from what we expected.**

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**REP-MS-JBYSX**