

# JPMorgan Global Allocation A GAOAX

Trotting the globe in search of opportunities.

## Morningstar's Take GAOAX

**Morningstar Rating** ★★★★★

**Morningstar Analyst Rating** Silver

### Morningstar Pillars

Process	Above Average
Performance	—
People	Above Average
Parent	Above Average
Price	—

### Role In Portfolio

Supporting Player

### Fund Performance

Year	Total Return (%)	+/- Category
YTD	0.06	4.80
2019	15.94	-0.16
2018	-6.07	2.19
2017	16.82	2.03
2016	5.26	-0.77

Data through 7-31-20

8-18-20 | by Madeline Hume

True to its name, JPMorgan Global Allocation has ventured far, but it hasn't led investors astray. Five cheaper share classes are worthy of a renewed Morningstar Analyst Rating of Silver, while the C, R2, and R3 share classes get a downgrade to Bronze.

Jeff Geller, CIO of J.P. Morgan's U.S. multi-asset group, guides this globe-trotting fund's asset allocation. Geller has the flexibility to take stock or bond exposure anywhere from 10% to 90% of the portfolio based on where he finds opportunity, with one constraint: The fund must park at least 40% of assets in foreign securities. Over time, Geller has kept risk broadly in line with a 60% MSCI World Index/40% Bloomberg Barclays Global Bond Index.

Tactical allocation signals drive this fund's positioning, and Geller won't hesitate to put his foot on the gas. Most dramatically, Geller has at

different points dialed up international government bonds to 50% of the portfolio, and sold them short by more than 10%. Geller will often implement J.P. Morgan's tactical views with futures and options, allowing the fund to stay nimble in rapidly changing market environments like the second quarter of 2020, when the fund dialed up equity risk by more than 15 percentage points.

J.P. Morgan's seasoned multi-asset group supports Geller, using an established two-step approach to develop the tactical signals that determine this fund's moves. It begins with quantitative models, which suggest asset-class positions, and then a group of strategists overlay their qualitative outlook to formulate tactical views on four asset classes and 11 sub-asset classes. J.P. Morgan has used this process in its portfolios since 1999 and the signals have added value in 15 of the last 20 calendar years.

Investors have been served well by this fund's performance, which has matched the Morningstar Global Allocation Index on a total return basis from its inception through July 2020. However, that ride has come with about 0.6 percentage points of additional volatility.

**Process Pillar** Above Average | Madeline Hume 08/18/2020

With no objective other than total return and few constraints beyond a minimum 40% international allocation, this fund realizes J.P. Morgan's multi-asset group's highest-conviction ideas. These ideas are lifted from the firm's excellent tactical allocation process, which has demonstrated inimitable success over the long term. Still, the payoffs from successful tactical allocation are razor-thin, so the fund earns a renewed Above Average Process rating.

Unlike other J.P. Morgan strategies that also rely on strategic allocations or manager selection to

boost returns, lead manager Jeff Geller aims to add value primarily through tactical moves. He makes active bets across four different asset classes, 11 sub-asset classes, and four currencies, often using options and futures to express tactical views. To keep risk in check, the team also aims to keep volatility comparable to a blended 60% MSCI World Index/40% Barclays Global Bond Index boggy.

J.P. Morgan runs one of the longest-standing tactical processes of any allocation group, dating back to 1999. Quantitative models, which consider valuations, fundamentals, risk factors, and technicals, inform the positioning. A group of senior strategists then discuss the quantitative output and incorporate qualitative, forward-looking views on growth, interest rates, earnings, and inflation to establish the team's tactical outlook.

Lead manager Jeff Geller's tactical moves orbit around a core of stocks, bonds, and alternatives managed in 14 separate sleeves by J.P. Morgan managers. Geller uses options to nimbly tweak allocations in the short term, adjusting the split between managers more gradually based on the team's 12- to 18-month outlook.

Geller leapt into action in late February 2020 as markets started to draw down, and he's stayed in the fray as asset prices have recovered. By March 15, 2020, Geller had battened down the hatches, ramping up the allocation to high-quality government bonds by an eye-popping 21 percentage points from the market peak on February 18. As the Federal Reserve commenced buying corporate bonds in April, Geller re-initiated exposure to investment-grade corporate bonds, which he pulled from the portfolio in 2018. He accelerated the position to 14% of the portfolio, where it sat as of June 2020. In the market rebound, Geller bought puts for the first time, using S&P options to protect the fund in the case of future coronavirus-related market slides even as he

added equity exposure in the final innings of March.

In 2018 and 2019, the fund was hurt by its lower allocation to equities, which fluctuated as high as 76% but have generally trended under 60%. The allocation to high yield bonds--which have taken up more than 30% of the portfolio at times--has also been modest, generally under 15%.

**Performance Pillar** | Madeline Hume 08/18/2020

Lead manager Jeff Geller has delivered strong results over his tenure, but this fund's performance rises and falls with the success of J.P. Morgan's tactical calls, making for a bumpier ride. Tactical funds like this one can often suffer periods of sustained underperformance when high-conviction bets don't pay off. According to J.P. Morgan attribution data this fund's tactical bets have detracted value over the past two calendar years, mostly due to misfires in U.S. equity, which bears monitoring.

Still, the fund has shown more consistency than other highly tactical strategies. From the fund's May 2011 inception through July 2020, the institutional share class has returned 5.9% annualized, smashing the typical peer's 2.9% gain. Geller has achieved this with remarkable reliability, never posting a rolling three-year return lower than that of the typical peer. Unsurprisingly, the fund's standard deviation was higher over that stretch, exceeding the U.S. world allocation Morningstar Category's average by about 0.2 percentage points annualized. Yet investors have been compensated for that volatility, and the fund comes out 0.3 percentage points ahead on a risk-adjusted basis.

Against the Morningstar Global Allocation category index, the fund's results are less rosy: The fund's returns match the index, but higher volatility results in a Sharpe ratio slightly lower than the bogy's.


**People Pillar**  Above Average | Madeline Hume 08/18/2020

Jeff Geller, CIO of J.P. Morgan's multi-asset solutions team in the U.S., stands alone at this fund's helm. Behind him, J.P. Morgan's multi-asset team of more than 80 people supports the strategy.

Geller's investing acumen and deep resources merit a renewed Above Average People rating.

Geller has managed this fund since its May 2011 inception and oversees all of J.P. Morgan's multi-asset funds, including the Gold-rated JPMorgan SmartRetirement Blend target-date series. He also oversees J.P. Morgan's tactical allocation process, which was dealt a blow when Geller's former comanager, CIO counterpart outside of the U.S., and frequent collaborator James Elliot left the firm in April 2019. Katy Thorneycroft has been tapped as the group's CIO outside of the U.S., but has not filled Elliot's role as Geller's primary sounding board. Geller receives support from comanagers Eric Bernbaum and Grace Koo, who oversee the fund's day-to-day tasks and risk management, respectively.

Fifteen named J.P. Morgan managers run the portfolio's 14 underlying sleeves. Standouts include Jonathan Simon, who manages Silver-rated JPMorgan Value Advantage, and Austin Forey, manager of Silver-rated JPMorgan Emerging Markets Equity. There were no management reshuffles on the underlying sleeves during the last year, providing stability.

**Parent Pillar**  Above Average | Thomas Lancereau, Bridget B. Hughes 06/02/2020  
J.P. Morgan Asset Management's strong investment culture, which shows through its long-tenured, well-aligned portfolio managers and deep analytical resources, supports a renewed Above Average Parent rating.

Across asset classes and regions, the firm's diverse lineup features many Morningstar Medalists, such as its highly regarded U.S. equity income strategy that's available globally. There's been some turnover in the multi-asset team recently, but it remains deeply resourced and experienced. Manager retention and tenure rates, and degree of alignment for U.S. mutual funds compare favorably among the competition. Managers' compensation emphasizes fund ownership over stock ownership, which is distinctive for a public company.

The firm continues to streamline its lineup and integrate its resources further. For instance, in late

2019, the multi-asset solutions division combined with the passive capabilities. The firm hasn't launched trendy offerings as it's mostly expanded its passive business lately, but acquisition-related redundancies and more hazardous launches in the past weigh on its success ratio, which measures the percentage of funds that have both survived and outperformed peers. Fees are regularly reviewed downward globally; they're relatively cheaper in the U.S. than abroad. Also, the firm is building its ESG capabilities and supports distinctive initiatives on diversity.

**Price Pillar** | Madeline Hume 08/18/2020

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 middle quintile. That's not great, but 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 still be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Silver.

**JPMORGAN GROWTH ADVANTAGE FUND**  
**A SHARES – GAOAX**
**MORNINGSTAR RATING AS OF 7/31/20**

Overall Morningstar ratings 4 stars; 399 funds. Three year rating 4 stars; 399 funds. Five year rating 4 stars; 345 funds. Ten year period, not yet rated. Ratings reflect risk adjusted performance. Different share classes may have different ratings. 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).

**ANNUAL OPERATING EXPENSES (%)**

	Gross expenses	Net expenses
A shares	1.23	1.06

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 1.03% 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 2/28/2021, 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 10 HOLDINGS AS OF 7/30/20 (%)**

U.S. Treasury Notes	2.1
Alibaba Group Holdings Ltd.	1.0
Amazon.com, Inc.	1.0
Microsoft Corp.	1.0
Taiwan Semiconductor Manufacturing Co. Ltd.	1.0
Tencent Holdings Ltd.	0.9
Apple, Inc.	0.8
Nestle SA (Registered)	0.8
Samsung Electronics Co. Ltd.	0.7
Alphabet, Inc. Class C	0.6
<b>Total of top 10</b>	<b>9.9</b>

The top 10 holdings listed exclude cash and money markets. 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 Fund and does not include the use of derivative positions, where applicable.

**PERFORMANCE**

(%) as of 6/30/20	1 year	3 years	5 years	Since inception*
A shares at NAV	0.87	3.75	4.41	5.19
With 4.50 max. sales charge	-3.68	2.17	3.46	4.65
MSCI World Index (net of foreign withholding taxes)	2.84	6.70	6.90	7.61
Bloomberg Barclays Global Aggregate Index - Unhedged USD	4.22	3.79	3.56	1.98
Global Allocation Composite Benchmark	3.86	5.84	5.81	5.54
Lipper Flexible Portfolio Funds Index	5.44	6.06	5.95	6.07

\*Fund performance inception: 5/31/2011

**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](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. Must be accompanied or preceded by a prospectus.**

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be recommendation for any specific investment product, strategy, plan feature or other purposes. By receiving this communication you agree with the intended purpose described above. Any examples used in this material are generic, hypothetical and for illustration purposes only. None of J.P. Morgan Asset Management, its affiliates or representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. Communications such as this are not impartial and are provided in connection with the advertising and marketing of products and services. Prior to making any investment or financial decisions, an investor should seek individualized advice from personal financial, legal, tax and other professionals that take into account all of the particular facts and circumstances of an investor's own situation.

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:

**Global Allocation Fund:** International investing has a greater degree of risk and increased volatility due to political and economic instability of some overseas markets. Changes in currency exchange rates and different accounting and taxation policies outside the U.S. can affect returns.

**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.

**Value Advantage Fund:** The price of equity securities may fluctuate rapidly or unpredictably due to factors affecting individual companies, as well as changes in economic or political conditions. These price movements may result in loss of your investment.

**Emerging Markets Equity Fund:** International investing bears greater risk due to social, economic, regulatory and political instability in countries in "emerging markets." This makes emerging market securities more volatile and less liquid developed market securities. Changes in exchange rates and differences in accounting and taxation policies outside the U.S. can also affect returns.

#### INDEXES:

**MSCI World Index** (net of foreign withholding taxes) is a broad measure of the performance of developed countries' equity markets.

The **Bloomberg Barclays Global Aggregate Index** provides a broad-based measure of the global investment-grade fixed income markets. Comprised of U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices as well as Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities. Constituents must be rated Baa3/BBB- or higher by at least two of the following: Moody's, S&P, Fitch.

The **Global Allocation Composite Index** is a composite benchmark of unmanaged indexes that includes 60% MSCI World Index (net of foreign withholdings taxes) and 40% Bloomberg Barclays Global Aggregate (Unhedged USD).

The performance of the **Lipper Flexible Portfolio Funds Index** 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.

As of 11/21/19 Morningstar Large Value Category, as of 3/24/20 Morningstar Target Date Retirement Category and as of 4/28/20 Morningstar Diversified Emerging Markets Category. 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.**

If you are a person with a disability and need additional support in viewing the material, please call us at 1-800-343-1113 for assistance.

J.P. Morgan Funds are distributed by JPMorgan Distribution Services, Inc., which is an affiliate of JPMorgan Chase & Co. Affiliates of JPMorgan Chase & Co. receive fees for providing various services to the funds. JPMorgan Distribution Services, Inc. is a member of FINRA

J.P. Morgan Asset Management is the brand name for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide.

© JPMorgan Chase & Co., August 2020

REP-MS- GAOAX