

Rationalizing global equity exposures with ETFs

A practical ETF toolkit to reduce global equity concentration risk by region, sector and strategy

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In brief

- With the U.S. now representing more than 60% of global equity market capitalization, passive global equity benchmarks are more concentrated and less structurally diversified than ever before.
- Previous instances of highly concentrated markets have unwound in a costly manner, suggesting that simply waiting for a natural rebalancing may be risky and expensive.
- Modest allocation shifts into active and systematic equity strategies can restore better balance to global equity allocations without requiring a wholesale change of overall equity policy weights.
- The use of ETFs allows allocators to increase the flexibility, liquidity and transparency of their portfolios using only a small set of liquid building blocks for optimal efficiency.

Common wisdom suggests that passive global equity strategies should provide the broadest, most neutral investment exposure to global stock markets.

However, at times, market forces can concentrate these strategies in individual countries, regions or sectors—forcing investors in passive strategies to accept risks that may run counter to their diversification objectives.

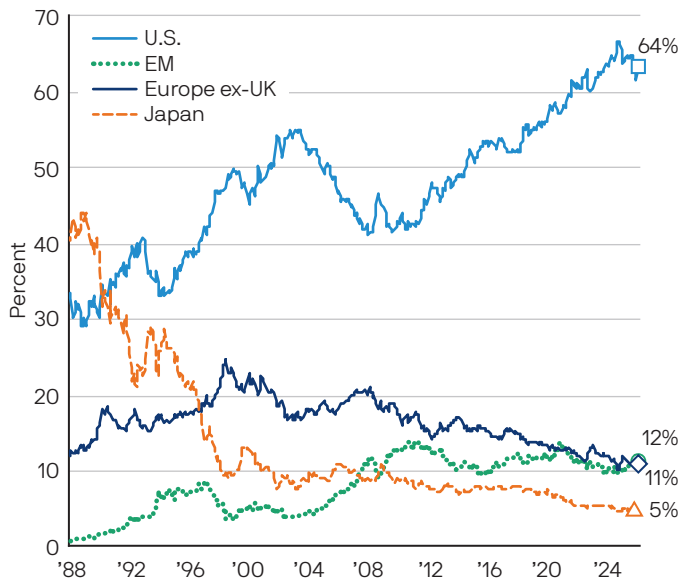
History suggests that profound market imbalances can be fleeting and may unwind in a costly manner. At the peak of the Japanese equity market bubble in the late 1980s, for example, the Nikkei represented more than 40% of global equity capitalization—a market judgement that few investors would care to defend now. But are today's market dynamics really so different? Currently, the U.S. equity market represents more than 60% of all global equity market capitalization (a record high). The U.S. market is also heavily concentrated in large cap technology firms, making it less internally diversified than at any other time in recent memory.

While today's U.S. equity valuations may age better than Japan's in the late 1980s, the fact remains that a passive global portfolio today presents a risk profile that structurally underweights equity opportunities across broader U.S. and global markets (**Exhibits 1A** and **1B**). For investors, it's important to take heed: The expected diversification in a global benchmark is now something of an illusion, and simply waiting for the market to rebalance global exposures could prove costly.

Instead, we see opportunities for investors to proactively address market concentration risks by taking advantage of a wide range of ETF strategies, which can help maintain portfolio flexibility and liquidity.

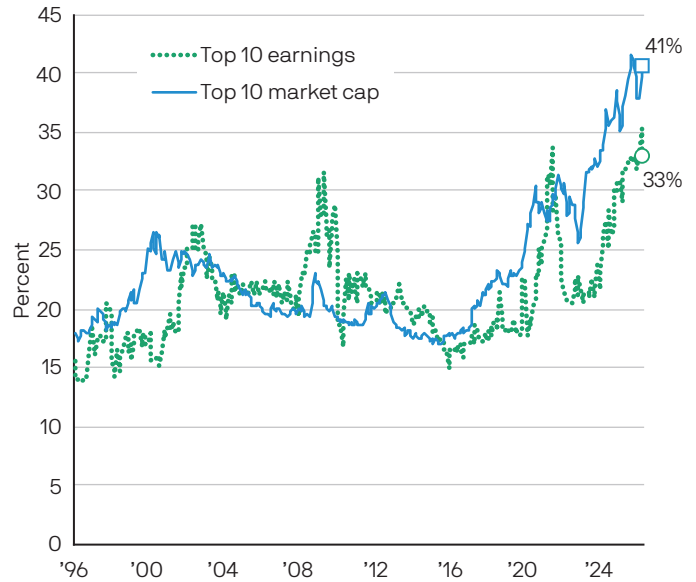
A passive global equity portfolio can leave investors overexposed to the U.S. market and underexposed to opportunities across the rest of the U.S. and global markets

Exhibit 1A: U.S. share of global market capitalization



Source: FactSet, MSCI Inc., S&P Global, J.P. Morgan Asset Management; data as of May 31, 2026.

Exhibit 1B: Weight of the top 10 companies in the S&P 500



Source: FactSet, S&P Global, J.P. Morgan Asset Management; data as of May 31, 2026.

Restoring balance while preserving opportunity

Given today’s starting point, any directional movement back toward historical weights across regions would entail significant U.S. equity underperformance versus non-U.S. equities. Investors with large allocations to U.S. stocks (essentially, just about everyone) might wish to lessen the potential impact by taking a series of modest steps to thoughtfully redistribute their equity exposure.

These steps could include:

- 1) Adding active global equity strategies alongside passive global equity allocations
- 2) Introducing factor-based strategies as an alternative to cap-weighted passive strategies
- 3) Rebalancing exposures using regional or country-specific subcomponents
- 4) Reducing downside risk in expensive markets by using hedged strategies
- 5) Allocating to liquid ETFs wherever possible

Restoring balance to a global equity allocation may be the most immediate motivation for making these changes, but there are a number of longer-term benefits, too. A nimbler equity-investing approach can allow investors to access active returns, structural risk premia and alternative weighting schemes that traditional cap-weighted benchmarks cannot capture. Critically, the use of ETFs can also give investors the tools to respond to dynamic market environments in a timely and efficient way.

While the future may be uncertain, flexibility and liquidity will always be valuable.

Passive is not always the least risky choice

The use of market capitalization as the basis for benchmark weighting and passive portfolio construction broadly assumes that market pricing is efficient. But, as previously discussed, this approach can lead to situations—as in the U.S. today, or Japan in the late 1980s—when passive portfolios become highly concentrated. Introducing other portfolio construction models can add balance and diversification across time.

The biggest hurdle to implementation may be psychological: Many investors perceive any move away from passive as a potential source of increased risk. However, if the shift toward active or systematic factor-based strategies is made explicitly to reduce a historically large risk concentration in a passive benchmark, it could be seen as a practical means of de-concentrating the allocation at the security level.

Adding active global strategies to a passive global equity allocation, for example, can be a complementary tactic. The large number of international securities—and diverse, fragmented regional markets—limits investors' scrutiny of individual firms and the efficiency of the markets overall. Active managers have an opportunity to use more fundamental research to identify attractively priced securities and build more diverse portfolios across geographic regions and market sectors.

Factor-based investment strategies offer a different approach. Quality, value, growth or momentum styles can be used to systematically reweight portfolios at the security level vs. passive benchmarks. Such strategies perform differently depending on economic cycles, regional trends and market conditions. For example, growth stocks may outperform during expansionary periods, while value stocks may offer resilience during downturns. Specific regions and countries are often at different points in these cycles, allowing investors to tailor their exposures accordingly.

Segmenting the portfolio's global benchmark offers additional flexibility. Traditional dividing lines include U.S. vs. international equity, developed vs. emerging markets, and Asia (ex-China) vs. China. Assigning weights to specific regions permits investors to “hard-wire” greater geographic balance into their equity strategies, while also allowing them to select investment styles well suited for each region (passive, active or factor-based).

In markets where valuations have reached historically elevated levels, it may be worth considering investment strategies that hedge portfolio-level risk with options while allowing active management to optimize security-level allocations. Variations could include selling call options to generate income or adding explicit downside protection in exchange for capped upside.

Leveraging the advantages of liquid, low-cost ETFs

It is important to preserve—to the fullest extent possible—other benefits of utilizing passive investments, including transparency and operational ease. ETFs have proven to be a useful tool in this regard because they allow investors to allocate capital efficiently and rebalance risk at any time with a single trade.

The extraordinary growth of the global ETF marketplace over the past decade gives investors an unprecedented range of options. J.P. Morgan Asset Management, one of the industry's pioneers in the development of active ETFs, also offers a wide range of passive and factor-based strategies. **Exhibit 2** describes different subsets of the firm's ETF platform to illustrate the toolkit that investors can now use to manage their equity exposures across global markets.

A broad toolkit of passive, systematic and active ETFs can offer greater allocation flexibility

Exhibit 2: Alternatives to broad passive index exposure in global equity

Equity segment	Description	ETF tickers	
Passive market segments	Market cap-weighted portfolios linked to broad regional or country markets.	BBUS (Large cap) BBMC (Mid cap) BBSC (Small cap) BBIN (International)	BBEU (Europe) BBJP (Japan) BBAX (Asia ex-Japan) BBEM (Emerging markets)
Systematic factor-based strategies	Quantitative strategies that provide exposure to common equity factors, including quality, value or momentum.	JQUA (Quality) JVAL (Value) JMOM (Momentum)	JPUS (Diversified U.S.) JPIN (Diversified international)
Benchmark-aware active strategies	Active strategies that use fundamental research within a benchmark-aware framework to control tracking error.	JUSA (U.S.) JIRE (International) JEMA (Emerging markets)	
Broad active strategies	Investment teams target long-term excess returns by permitting more flexibility around tracking error.	JGLO (Global) JGRO (U.S. growth) JAVA (U.S. value) JIVE (International value)	JIG (International growth) JADE (Emerging markets) JCHI (China)
Risk management strategies	Systematic options-based strategies that reduce exposure to downside risk through explicit downside protection—or seek to increase income from option sales.	JEPI (Income focused) HELO (Collared S&P 500) HEQQ (Collared NASDAQ) HOLA (Collared international)	

Source: J.P. Morgan Asset Management.

Shifting global equity exposure with ETFs: Four pathways

The breadth of this toolkit allows for a wide range of investment strategy choices. Here, we describe four potential pathways that incrementally shift the global equity allocation away from traditional passive toward active and systematic strategies. Importantly, each of the various themes described below can be implemented with a modest number of liquid ETFs, minimizing the operational burden required to establish the allocation and to rebalance across time (Exhibit 3).

Theme 1: Apply active diversification relative to the MSCI All Country World Index (ACWI) benchmark

- Investment pathway: Add an active global strategy that takes more concentrated positions in target firms across the full global opportunity set.
- ETF implementation: Consider splitting the allocation—assigning 50% to a passive ACWI tracker and 50% to an active global ETF (ACWI benchmarked).

Theme 2: Blend passive and systematic ETFs to reduce market-specific concentration

- Investment pathway: Broadly track ACWI weights to the index’s U.S. (60%) and international equity (40%) subcomponents while splitting exposures between passive and systematic factor-based strategies.
- ETF implementation: Allocate 30% to passive U.S. equity, 30% to systematic U.S. equity, 20% to passive international and 20% to systematic international equity ETFs.

Theme 3: Implement modest top-down equity reweighting with active management

- Investment pathway: Reweight global equity allocations to modestly decrease U.S. exposure and increase non-U.S. exposure across developed and emerging markets.
- ETF implementation: Allocate 50% to active U.S. equity, 35% to active international developed market equity and 15% to active emerging markets equity ETFs.

Straightforward allocation frameworks that incrementally diversify and deconcentrate passive global equity exposure

Exhibit 3: ETF diversification strategies*

Investment style	Exposure	Base	Theme 1	Theme 2	Theme 3	Theme 4
			Add active global	Blend passive and systematic	Top-down portfolio reweighting	Add defensive strategies
Broad active strategies	Passive global equity (ACWI tracker)	100%	50%			50%
	Active global equity (ACWI benchmark)		50%			
Benchmark-aware active strategies	Active U.S. equity				50%	
	Active international developed market equity				35%	
	Active emerging markets equity				15%	
Passive market segments	Passive U.S. equity			30%		
	Passive international equity			20%		
Systematic factor-based	Systematic U.S. equity			30%		
	Systematic international equity			20%		
Risk management strategies	U.S. equity income					15%
	U.S. hedged equity					15%
	International hedged equity					20%
Total		100%	100%	100%	100%	100%

Source: J.P. Morgan Asset Management.

*See Appendix for additional analytics on portfolio construction.

Theme 4: Include defensive capital protection

- Investment pathway: Shift from cap-weighted passive strategies to options-based ETF strategies that create stable income or explicitly limit potential downside risk in exchange for reduced upside.
- ETF implementation (example): Allocate 50% to a passive ACWI tracker, 15% to U.S. equity income, 15% to U.S. hedged equity and 20% to international hedged equity.

Conclusion

Passive global equity allocations are less global—and less diversified—than ever. While this dynamic could represent an efficient distribution of value and risk across U.S. and international equity markets, caution is warranted. History suggests that sticking with a passive approach over the long term may prove unwise.

In making structural changes to their equity allocations, investors may want to consider the full spectrum of potential solutions available in the ETF market: These tools offer a unique opportunity to maintain liquidity and cost-efficient flexibility when rebalancing portfolio exposures. This flexibility, once in place, can become a permanent feature of portfolio construction, allowing allocators to tailor their portfolio exposures to dynamic market environments with newfound ease.

Appendix

Here, we illustrate the impact of each thematic shift and how each results in regional and sectoral changes across rebalanced portfolios. **Exhibit A** shows the impact across various regional and national components of the global benchmark; **Exhibit B** shows the impact across corporate sectors.

Exhibit A: Regional exposure—active weights vs. ACWI baseline (percentage points)

Region	Theme 1	Theme 2	Theme 3	Theme 4
North America	+1.80	-6.18	-17.28	-4.97
South & Central America	-0.20	+0.33	+0.28	-0.33
Western Europe	+0.88	-2.13	+9.82	+7.58
Asia Pacific	-1.92	+6.14	+7.19	-0.95
Eastern Europe	-0.11	-0.07	-0.01	-0.17
Central Asia	-0.34	+1.32	+0.06	-0.68
Africa/Middle East	-0.26	+0.68	-0.51	-0.55

Source: Bloomberg, J.P. Morgan Asset Management; data as of May 18, 2026.

Exhibit B: Sector exposure—active weights vs. ACWI baseline (percentage points)

Sector	Theme 1	Theme 2	Theme 3	Theme 4
CYCLICAL				
Materials	-0.67	+1.62	-0.39	-0.23
Consumer discretionary	+1.90	0.00	+0.66	+0.07
Financials	+0.94	-0.81	+2.48	+1.02
Real estate	-0.13	+2.43	-0.28	+0.19
SENSITIVE				
Communication services	-0.13	-1.95	-1.06	-0.83
Energy	0.00	+0.70	-0.59	-0.17
Industrials	-1.02	+0.32	+0.88	+1.70
Information technology	-0.20	-6.49	-2.43	-4.88
DEFENSIVE				
Consumer staples	-0.96	+1.68	-0.14	+1.01
Healthcare	+0.17	+0.10	+0.08	+1.64
Utilities	-0.06	+2.35	+0.31	+0.86

Source: Bloomberg, J.P. Morgan Asset Management; data as of May 18, 2026.

Investors should carefully consider the investment objectives and risks as well as charges and expenses of a mutual fund or ETF before investing. The summary and full prospectuses contain this and other information about the mutual fund or ETF and should be read carefully before investing. To obtain a prospectus for Mutual Funds: Contact JPMorgan Distribution Services, Inc. at 1-800-480-4111. Exchange Traded Funds: Call 1-844-4JPM-ETF.

Risk summaries

JPMorgan BetaBuilders U.S. Equity ETF (BBUS): 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.

JPMorgan BetaBuilders U.S. Mid Cap Equity ETF (BBMC): Investments in mid cap companies may be riskier, less liquid, more volatile and more vulnerable to economic, market and industry changes than investments in larger, more established companies. Share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term.

JPMorgan BetaBuilders U.S. Small Cap Equity ETF (BBSC): Investments in smaller companies may be riskier, less liquid, more volatile and more vulnerable to economic, market and industry changes than investment in larger, more established companies. Changes in the price of debt or equity issued by such companies may be more sudden or erratic than the prices of other securities, especially over the short term.

JPMorgan BetaBuilders International Equity ETF (BBIN): 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. 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.

JPMorgan BetaBuilders Europe ETF (BBEU): European financial markets may experience volatility due to concerns about high government debt levels, credit rating downgrades, rising unemployment, the future of the euro as a common currency, possible restructuring of government debt and other government measures responding to those concerns and fiscal and monetary controls imposed on member countries of the European Union.

JPMorgan BetaBuilders Japan ETF (BBJP): The Japanese economy may be subject to economic, political and social instability, which could have a negative impact on Japanese securities. International trade, government support of the financial services sector and other troubled sectors, government policy, natural disasters and/or geopolitical developments could significantly affect the Japanese economy.

JPMorgan BetaBuilders Developed Asia Pacific ex-Japan ETF (BBAX): The small size of securities markets and the low trading volume in some countries in the Asia Pacific region may lead to a lack of liquidity. Share prices of companies in the region tend to be volatile and there is a significant possibility of loss. Investments in the region may also be subject to currency risks, extreme volatility relative to the U.S. dollar, and devaluation

JPMorgan BetaBuilders Emerging Markets Equity ETF (BBEM): International investing is more risky in emerging markets, which typically have less established economies than developed regions and may face greater social, economic, regulatory and political uncertainties. Emerging markets typically experience greater illiquidity, price volatility, and difficulty in determining market valuations of securities.

JPMorgan U.S. Quality Factor ETF (JQUA): Investments in mid cap companies may be riskier, less liquid, more volatile and more vulnerable to economic, market and industry changes than investments in larger, more established companies. Share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term.

JPMorgan U.S. Value Factor ETF (JVAL): Investments in mid cap companies may be riskier, less liquid, more volatile and more vulnerable to economic, market and industry changes than investments in larger, more established companies. Share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term.

JPMorgan U.S. Momentum Factor ETF (JMOM): Investments in mid cap companies may be riskier, less liquid, more volatile and more vulnerable to economic, market and industry changes than investments in larger, more established companies. Share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term.

JPMorgan Diversified Return U.S. Equity ETF (JPUS): 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.

JPMorgan Diversified Return International Equity ETF (JPIN): 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

JPMorgan U.S. Research Enhanced Large Cap ETF (JUSA): 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.

JPMorgan Active Builders Emerging Markets Equity ETF (JEMA): International investing is more risky in emerging markets, which typically have less established economies than developed regions and may face greater social, economic, regulatory and political uncertainties. Emerging markets typically experience greater illiquidity, price volatility, and difficulty in determining market valuations of securities. 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. Derivatives may create leverage, which could lead to greater volatility and losses that significantly exceed the original investment.

JPMorgan International Research Enhanced Equity ETF (JIRE): 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.

JPMorgan Global Select Equity ETF (JGLO): 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. The Fund's investments in emerging markets could lead to more volatility in the value of the Fund's shares. As mentioned above, the normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

JPMorgan Active Growth ETF (JGRO): 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.

JPMorgan Active Value ETF (JAVA): 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. Investments in REITs are subject to the same risks as direct investments in real estate and mortgages, and their value will depend on the value of the underlying real estate interests. These risks include default, prepayments, changes in value resulting from changes in interest rates and demand for real and rental property, and the management skill and creditworthiness of REIT issuers.

JPMorgan International Value ETF (JIVE): 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. The Fund's investments in emerging markets could lead to more volatility in the value of the Fund's shares. As mentioned above, the normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

JPMorgan International Growth ETF (JIG): 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. 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. Derivatives may create leverage, which could lead to greater volatility and losses that significantly exceed the original investment.

JPMorgan Active Developing Markets Equity ETF (JADE): Investments in foreign currencies and foreign issuers are subject to additional risks, including political and economic risks, greater volatility, civil conflicts and war, currency fluctuations, higher transaction costs, delayed settlement, possible foreign controls on investment, expropriation and nationalization risks, and less stringent investor protection and disclosure standards of foreign markets. These risks are magnified in countries in "emerging markets."

Certain of the equity securities in which the Fund invests are expected to be issued by companies that rely on variable interest entity (VIE) structures. VIE structures are used due to Mainland Chinese government prohibitions on foreign ownership of companies in certain industries and it is not clear that the contracts are enforceable or that the structures will otherwise work as intended. There may also be conflicts of interest between the legal owners of the Mainland Chinese company and non-Chinese investors such as the Fund. Under extreme circumstances, China might prohibit the use of VIE structures, or sever their ability to transmit economic and governance rights to non-Chinese investors. Further, if the Mainland Chinese government determines that the agreements establishing the VIE structure do not comply with Mainland Chinese law and regulations, it could subject the Mainland Chinese company to penalties, revocation of business and operating licenses or forfeiture of ownership interests. If any of the foregoing were to occur, a non-Chinese investor may have little or no legal recourse and the market value of the Fund's associated portfolio holdings would likely fall, causing substantial investment losses.

JPMorgan Active China ETF (JCHI): Investments in Mainland China, Hong Kong, Taiwan and Macau are subject to significant legal, regulatory, monetary and economic risks, as well as the potential for regional and global conflicts, including actions that are contrary to the interests of the U.S. As a result, the Fund may not be suitable for all investors and should be used only by investors who understand the risks of investing in securities and instruments economically tied to China. Investors in the Fund should monitor their investment. An investor in the Fund could potentially lose the full value of their investment.

Certain of the equity securities in which the Fund invests are expected to be issued by companies that rely on variable interest entity (VIE) structures. VIE structures are used due to Mainland Chinese government prohibitions on foreign ownership of companies in certain industries and it is not clear that the contracts are enforceable or that the structures will otherwise work as intended. There may also be conflicts of interest between the legal owners of the Mainland Chinese company and non-Chinese investors such as the Fund. Under extreme circumstances, China might prohibit the use of VIE structures, or sever their ability to transmit economic and governance rights to non-Chinese investors. Further, if the Mainland Chinese government determines that the agreements establishing the VIE structure do not comply with Mainland Chinese law and regulations, it could subject the Mainland Chinese company to penalties, revocation of business and operating licenses or forfeiture of ownership interests. If any of the foregoing were to occur, a non-Chinese investor may have little or no legal recourse and the market value of the Fund's associated portfolio holdings would likely fall, causing substantial investment losses.

JPMorgan Equity Premium Income ETF (JEPI): Investments in Equity-Linked Notes (ELNs) are subject to liquidity risk, which may make ELNs difficult to sell and value. Lack of liquidity may also cause the value of the ELN to decline. Since ELNs are in note form, they are subject to certain debt securities risks, such as credit or counterparty risk. Should the prices of the underlying instruments move in an unexpected manner, the Fund may not achieve the anticipated benefits of an investment in an ELN, and may realize losses, which could be significant and could include the Fund's entire principal investment.

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.

JPMorgan Hedged Equity Laddered Overlay ETF (HELO): Writing options on S&P 500 ETFs can reduce equity market risk, but it limits the opportunity to profit from an increase in the market value of stocks in exchange for upfront cash at the time of selling the call option. The value of positions in options on S&P 500 ETFs will fluctuate in response to changes in the value of the underlying ETF or index. Unusual market conditions or the lack of a ready market for any particular option at a specific time may reduce the effectiveness of the option strategies. As a result, the option strategies may not reduce the investment's volatility to the extent desired and could result in losses.

JPMorgan Nasdaq Hedged Equity Laddered Overlay ETF (HEQQ): Selling call options can reduce equity market risk, but it limits the opportunity to profit from an increase in the market value of stocks in exchange for upfront cash at the time of selling the call option. The value of positions in options will fluctuate in response to changes in the value of the underlying ETF or index. Unusual market conditions or the lack of a ready market for any particular option at a specific time may reduce the effectiveness of the option strategies. As a result, the option strategies may not reduce the investment's volatility to the extent desired and could result in losses.

The laddered component of the strategy is designed to mitigate potential risks associated with only one hedge period, but there is no guarantee that it will be successful. This strategy may not always provide greater market protection than other equity instruments, particularly in rising equity markets or in times when the market is down only slightly.

JPMorgan International Hedged Equity Laddered Overlay ETF (HOLA): 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. The laddered component of the strategy is designed to mitigate potential risks associated with only one hedge period, but there is no guarantee that it will be successful. This strategy may not always provide greater market protection than other equity instruments, particularly in rising equity markets or in times when the market is down only slightly. Selling call options can reduce equity market risk, but it limits the opportunity to profit from an increase in the market value of stocks in exchange for upfront cash at the time of selling the call option. The value of positions in options will fluctuate in response to changes in the value of the underlying ETF or index. Unusual market conditions or the lack of a ready market for any particular option at a specific time may reduce the effectiveness of the option strategies. As a result, the option strategies may not reduce the investment's volatility to the extent desired and could result in losses.

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