

# JPMorgan Hedged Equity Fund

A Shares: JHQAX

C Shares: JHQCX

I Shares: JHEQX

## Topline | Shares

Fund	Benchmark
▲ 2.50%	▲ 2.66%
<b>Benchmark</b> S&P 500 Total Return Index	
<b>Markets</b> The S&P 500 Index® returned +2.66% in the fourth quarter of 2025. Within the index, health care and communication services were the best performing sectors, returning +11.68 and +7.26%, respectively, while real estate and utilities were the worst performing sectors, returning -2.86% and -1.40%, respectively.	
<b>Helped</b> The consumer discretionary and financials sectors added the most value.	
<b>Hurt</b> The communication services and information technology sectors weighed the most on performance.	
<b>Outlook</b> We continue to focus on fundamentals of the economy and company earnings. Our analysts' estimates for S&P 500 Index® earnings project +14% for 2026 and +10% for 2027. While subject to revision, this forecast includes our best analysis of earnings expectations.	

*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.*

## Ratings | Shares

Morningstar Medalist Rating™	BRONZE - 10/13/2025
Analyst-Driven %	100
Data Coverage %	100
Morningstar Star Rating	12/31/25
Overall Morningstar Rating™	★★★★★
Morningstar Category™	Equity Hedged

Overall Morningstar ratings 4 stars; 139 funds. Three-year rating: 3 stars; 139 funds. Five-year rating: 4 stars; 103 funds. Ten-year rating: 5 stars; 60 funds. 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) Morningstar Rating metrics.

## Fund Overview

Designed to provide capital appreciation through a diversified equity portfolio, while hedging overall market exposure.

## Approach

- Invests in a portfolio of U.S. large cap stocks while employing a disciplined options strategy that seeks to reduce downside risk in falling markets
- Constructs the underlying equity portfolio through a proprietary process seeking to identify over- and undervalued stocks while maintaining characteristics similar to the S&P 500
- Seeks to provide a majority of S&P 500 Index's returns with less volatility and less downside

## Quarter in Review

- The JPMorgan Hedged Equity Fund (I Class Shares) underperformed the benchmark, the S&P 500 Total Return Index for the quarter ended December 31, 2025.
- Our **underweight** in **Advanced Micro Devices (AMD)** detracted from **performance** during the quarter. The company experienced strong stock performance driven by a bullish Investor Day along with solid earnings, including record revenue and profitability. The company reported substantial year-over-year and sequential revenue increases across its Data Center AI, Server CPU, and Client PC businesses. Despite higher operating expenses due to AI-related R&D investments, near-term earnings per share is tracking roughly in line with expectations. The announcement of a major AI GPU supply deal with OpenAI further bolstered the medium-term outlook, contributing to positive stock momentum.
- Our **overweight** in **Oracle (ORCL)** detracted from **performance** during the quarter. Into the fall, shares were up over 80% for the year as the company put out annual revenue and EPS targets that exceeded expectations, showing the level of momentum the company is seeing from GenAI demand. Shares are down since then, with some investors increasingly concerned about the company's ability to fund the level of AI data center investment needed to support its revenue targets. Performance was also affected by December quarterly results that showed only in-line cloud infrastructure revenues.
- Our **overweight** in **Micron Technology (MU)** contributed to **performance** during the quarter. Stock performance was driven by strong financial results, including record revenue, gross margin, and earnings per share. The company reported substantial year-over-year and sequential growth across all business units, with notable achievements in data center and high-bandwidth memory. The robust demand for AI and data center applications also contributed to the positive outlook.
- Our **underweight** in **Home Depot (HD)** contributed to **performance** during the quarter. The stock was impacted by weaker-than-expected financial results, including a decline in adjusted earnings per share and operating margin. The company faced challenges such as a lack of storm activity and ongoing consumer uncertainty, which affected sales growth.

## Looking Ahead

- The U.S. equity market rally remains strong but presents a case for active stock selection in the face of high index concentration and a narrow rally led by AI and technology. Additionally, evolving monetary and fiscal policies along with geopolitical tensions in the U.S. and globally could add to market volatility. We continue to focus on high conviction stocks and take advantage of market dislocations for compelling stock selection opportunities.

## Performance

### Return (%)

	Total Return			Average Annual Return			
	1mo.	3mos	YTD	1yr	3yrs	5yrs	10yrs
A Shares at NAV	0.64	2.45	7.22	7.22	13.55	8.72	9.05
With 5.25% max sales charge	-4.64	-2.94	1.59	1.59	11.52	7.56	8.46
I Shares at NAV	0.67	2.50	7.49	7.49	13.83	9.00	9.32
Benchmark 1	0.06	2.66	17.88	17.88	23.01	14.42	14.82
Benchmark 2	0.97	0.35	4.18	4.18	4.82	3.18	2.18

Benchmarks: 1. S&P 500 Index; 2. ICE BofA 3-Month US Treasury Bill Index.

### Annual Expenses (%)

Shares	Gross expenses	Net expenses
A	0.820	0.820
I	0.570	0.570

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## Portfolio Analysis

Approximate number of holdings	151
Beta (3-year)	0.63
P/E ratio (1 yr. forecast)	23.55
Sharpe ratio (3-year)	1.13
Wtd. avg. market cap (in billions)	\$1354.00
Fund assets	\$21.33 bn

**Beta** measures a fund's volatility in comparison to the market as a whole. A beta of 1.00 indicates a fund has been exactly as volatile as the market.

**P/E ratio** is the number by which earnings per share is multiplied to estimate a stock's value.

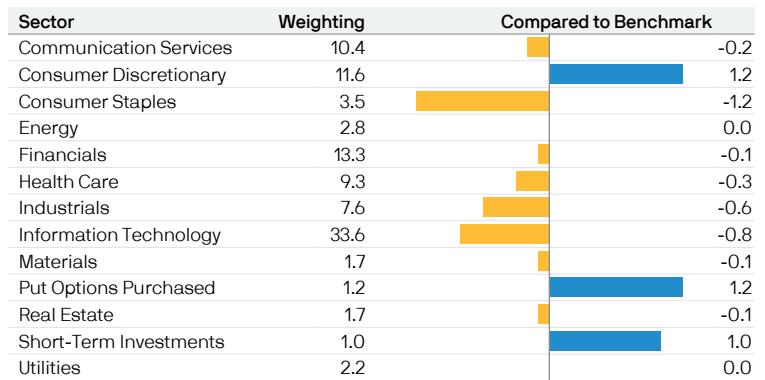
**Sharpe ratio** measures the fund's excess return compared to a risk-free investment. The higher the Sharpe ratio, the better the returns relative to the risk taken.

## Holdings

### Top 10 (%)

NVIDIA Corp.	8.2
Apple, Inc.	7.0
Microsoft Corp.	6.7
Amazon.com, Inc.	4.2
Alphabet, Inc., Class A	3.2
Meta Platforms, Inc., Class A	2.8
Broadcom, Inc.	2.7
Alphabet, Inc., Class C	2.1
Tesla, Inc.	2.1
Mastercard, Inc., Class A	1.6

### Equity Sectors (%)



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**Contact JPMorgan Distribution Services, Inc. at 1-800-480-4111 for a prospectus. Carefully consider the fund's objectives, risks, charges and expenses before investing. The prospectus contains this and other fund information. Read it carefully before investing.**

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%.

#### Risk Summary

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 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.

Positions in equity options can reduce equity market risk, but can limit 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. Unusual market conditions or the lack of a ready market for any particular option at a specific time may reduce the effectiveness of option strategies and could result in losses.

Utilizing a strategy with a diversified equity portfolio and derivatives, with a Put/Spread Collar options overlay, may not provide greater market protection than other equity investments nor reduce volatility to the desired extent, as unusual market conditions or the lack of a ready option market could result in losses. Derivatives expose the Fund to risks of mispricing or improper valuation and the Fund may not realize intended benefits due to underperformance. When used for hedging, the change in value of a derivative may not correlate as expected with the risk being hedged.

#### Annual Operating Expenses

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 0.85% for A Shares and 0.60% 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 10/31/2026 for A Shares and 10/31/2026 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 Holdings

The top 10 holdings listed exclude cash and money markets. Holdings are subject to change. The holdings listed should not be considered a recommendation 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.

The inclusion of index option position bought is a hedging strategy because the value of the put tends to increase as the level of the underlying index declines, and this gain in option value will increasingly reflect a decline in the level of the underlying index when its level moves below the option's strike price.

#### Indexes

Mutual funds have fees that reduce their performance: indexes do not. You cannot invest

directly in an index.

The S&P 500 Index is an unmanaged index generally representative of the performance of large companies in the U.S. stock market. Index levels are in total return USD.

The ICE BofA 3-Month US 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.

#### Entities

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 personal financial, legal, tax and other professionals that take into account all of the particular facts and circumstances of an investor's own situation.

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 Medalist Rating™ is a summary expression of Morningstar's forward-looking analysis of investment strategies using a rating scale of Gold, Silver, Bronze, Neutral and Negative. Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with fees, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating assigned. Products are sorted by expected performance into rating groups defined by their Morningstar Category and their active or passive status. Analyst-covered products are assigned the three pillar ratings based on the analyst's qualitative assessment, subject to the Analyst Rating Committee's oversight, monitored and reevaluated at least every 14 months. Ratings are assigned monthly for vehicles covered either indirectly by analysts or by algorithm. For more detailed information including methodology, please go to [global.morningstar.com/](http://global.morningstar.com/) managerdisclosures.

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