

# JPMorgan SmartRetirement® 2030 R6 JSMYX

This series' latest foray into retirement income took gumption.

## Morningstar's Take JSMYX

**Morningstar Rating** ★★★

**Morningstar Analyst Rating** Silver

### Morningstar Pillars

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

### Role In Portfolio

Core

### Fund Performance

Year	Total Return (%)	+/- Category
YTD	6.10	-1.15
2020	12.74	-0.25
2019	20.77	0.70
2018	-7.45	-1.20
2017	19.00	2.44

Data through 9-30-21

10-04-21 | by Madeline Hume

In September 2021, J.P. Morgan announced plans to weave the methodology of its JPMorgan SmartSpending mutual fund series into post-retirement vintages of four target-date series under Morningstar coverage, including JPMorgan SmartRetirement, by March 18, 2022. The move cements J.P. Morgan's status as a trailblazer in the target-date space, and we reaffirm a Morningstar Analyst Rating of Silver on the cheapest R6 share class and Bronze and Neutral on pricier share classes.

J.P. Morgan devised SmartSpending to help investors fund discretionary spending throughout retirement by dynamically orbiting around the long-term risk profile of a blended 40%/60% MSCI ACWI/Bloomberg Aggregate Index. It is managed by the same team as SmartRetirement, but unlike the current Income strategy, SmartSpending is geared for the investor to sell off shares of the investment annually. This approach requires active

involvement from retirement plan participants to draw down their savings--no given in the set-it-and-forget-it world of target-date funds--but the target-date team cut its teeth researching the behavior of plan participants, and we remain confident that it can execute.

Our conviction stems in part from this team's experience. Lead manager Dan Oldroyd's history with SmartRetirement dates back to 2006, and he served as deputy to former lead skipper Anne Lester from 2010 through May 2020. Despite that, it was still a blow when Lester retired. Her innovative research raised the bar for target-date managers, and the SmartSpending series was her brainchild. The integration of SmartSpending demonstrates that Oldroyd will not shy away from fresh ideas, but it remains to be seen if he can stomach the additional responsibilities he has picked up in recent years. His second-in-command, Silvia Trillo, has held her role only since 2019; she has proved capable, but the pair has not worked together for long.

Simultaneously--but independently--J.P. Morgan also shared that it will lift the stock allocation along the glide path by up to 7.5 percentage points, following the robust, team-based investing process in place here since inception. J.P. Morgan's glide path will still target a steady equity/bond split past the retirement date.

**Process Pillar** High | Madeline Hume 10/04/2021

J.P. Morgan's dive into retirement income is characteristic of a team that is allergic to complacency. Steeped in research that takes real participants into account, this battle-hardened approach continues to set the example for other target-date series to follow, garnering a Process rating of High.

The incorporation of SmartSpending into the glide path marks the most significant adjustment to this series since its inception, but it is rooted in the pioneering participant research the team has conducted all along. The team's crucial partnerships with outside parties like Chase retail bank have spurred insights into participant behavior, like its finding that retirees' spending is most volatile during early years and tapers off later on. After five years of gestation in JPMorgan SmartSpending, the target-date franchise will now begin adapting its post-retirement allocations to account for this insight, aiming to fund investors' withdrawals until age 100. (Today, only tactical tilts or glide-path updates trigger post-retirement shifts.)

J.P. Morgan routinely revisits its glide path. In 2021, lead manager Dan Oldroyd found that suppressed wage growth and increased spending rates have depressed retirement savings, which led him to increase in equity exposure by 3 percentage points to 94% for young investors. The glide path's landing point will rise by 7.5 percentage points to 40% in stocks, modestly flattening the glide path overall.

Prior to the change, all vintages collapsed into an Income strategy upon retirement, which the team managed mainly as a stable anchor for the glide path. That will change by March 18, 2022, when J.P. Morgan will merge SmartSpending 2020 JTQLX into JPMorgan SmartRetirement Blend 2020 JSSRX and start investing all four 2020 vintages across series according to the SmartSpending methodology. Under this framework, the team will calibrate allocations throughout the year, managing to a short-term volatility target that resets annually to fund investors' spending in retirement. In the long run, the team expects volatility to land close to a 40% equity/60% bond custom index.

For investors who retired around 2015, JPMorgan SmartSpending 2015 JTQDX will rebrand as JPMorgan SmartRetirement Blend 2015. (A comparable fund in the flagship series and CIT counterparts will also launch.) Going forward, each vintage will continue to feature a year-of-retirement label even after reaching the retirement date, and J.P. Morgan plans to default all newly retired participants into these vintages. The legacy Income strategies for all four series will remain live, but participants will have to opt in.

The team seeks to add additional value through careful manager selection and an established tactical-allocation process. With about \$159 billion in assets, the target-date franchise isn't as nimble now, but tactical signals have still added value in 15 of the past 21 calendar years.

**Performance Pillar** | Madeline Hume 10/04/2021

This series has hit a rough patch in the past five years that has diminished its total returns over longer time periods, but it still has outperformed in broad strokes. Over the 10-year period and from the series' May 2006 inception through August 2021, every vintage of the R6 share class beats its respective S&P Target Date index and ranks in the top half of its Morningstar Category--except for the 2020 vintage. Sharpe ratios have faltered, though, landing in the middle quintile of the funds' respective categories and falling above or below the benchmark depending on the vintage.

Tactical calls are fiendishly difficult to get right on a consistent basis, and even the sharpest allocators suffer temporary bouts of underperformance. J.P. Morgan is no exception, and its tactical signals struggled throughout 2018, 2019, and the year-to-date through August 2021, owing to premature risk-off positions. During each stretch, SmartRetirement's total returns flounder around the 75th percentile of each fund's respective peer group on average. Over longer periods, attribution from J.P. Morgan shows tactical decisions have added value, contributing 0.09-0.13 percentage points of return annually over the past decade through June 2021.

JPMorgan SmartSpending JTQDX, which will live on as JPMorgan SmartRetirement Blend 2015, launched in 2016 and has underperformed the target-date 2015 category average by nearly 2 percentage points annualized over that stretch.

**People Pillar** ● Above Average | Madeline Hume 10/04/2021

J.P. Morgan's target-date team has shed some depth, but it is just as tenacious. It earns an Above Average People Pillar rating.

This team is still shaking off the specter of a recent retirement. Anne Lester, this series' lead manager since inception, retired from this management roster and the firm in mid-2020. Although she left more than a year ago, her work still looms large; she drove much of the team's research agenda, and SmartSpending was her creation. New lead manager Dan Oldroyd, a 20-year J.P. Morgan veteran and Lester's longtime comanager, deserves credit for driving SmartSpending's integration into the glide path, which was no small feat. But there is still room for concern given the significant increase to his workload in recent years, and his supporting cast of one is smaller than Lester's three-person team had been. Silvia Trillo, named manager on this series since 2019, has the pedigree to add value, but it is still too soon to tell whether she has hit her stride yet. Despite those concerns, the team's experience bolsters confidence in their efforts.

The duo reaps the benefits of J.P. Morgan's standout multi-asset solutions group, numbering more than 100, and J.P. Morgan's wide array of building blocks. (The team can choose from more than 100 mutual funds and exchange-traded funds.) Strong funds fill the resulting lineup: The mutual fund series of SmartRetirement holds more than 44% of its assets in Morningstar Medalists as of June 2021.

**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 10/04/2021

There was insufficient cost data available for this investment at time of publication.

**JPMORGAN SMARTRETIREMENT 2030 FUND**  
**R6 SHARES – JSMYX**

**MORNINGSTAR RATING AS OF 10/04/21**

**Morningstar Analyst Rating: Silver (10/4/2021)**

Morningstar Category: Target Date 2030 Overall Morningstar ratings 3 stars; 203 funds. Three year rating 2 stars; 203 funds. Five year rating 3 stars; 163 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) Morningstar Rating metrics.

**ANNUAL OPERATING EXPENSES (%)**

	Gross expenses	Net expenses
R6 shares	0.45	0.44

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 10/31/2021, 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.

**PERFORMANCE**

(%) as of 9/30/21	1 year	3 years	5 years	10 years	Since inception*
R6 shares at NAV	18.19	9.50	9.79	10.63	7.29
S&P Target Date 2030 Index	19.16	9.64	9.93	10.25	-
JPM SmartRetirement 2030 Composite Benchmark	18.00	9.71	9.77	10.35	-

\*Fund performance inception: 5/15/06

**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.**

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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:** 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.

**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.

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

This Fund incorporates Environmental, Social and Governance (ESG) information as part of the investment decision-making process. Investing on the basis of sustainability/ESG criteria involves qualitative and subjective analysis. There is no guarantee that the determinations made by the adviser will align with the beliefs or values of a particular investor. Companies identified by an ESG policy may not operate as expected, and adhering to an ESG policy may result in missed opportunities. For details, go to [jpmorgan.com/funds/eshg](http://jpmorgan.com/funds/eshg)

**INDEXES:** Mutual funds have fees that reduce their performance: indexes do not. You cannot invest directly in an index. 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 JPM SmartRetirement 2030 Composite Benchmark** is a customized benchmark of the following unmanaged market indexes: S&P 500 Index, Russell Midcap Index, Russell 2000 Index, MSCI US REIT Index, MSCI EAFE Index (net of foreign withholding taxes), MSCI Emerging Markets Index (net of foreign withholding taxes), Bloomberg Barclays U.S. Aggregate Index, Bloomberg Barclays U.S. Treasury Inflation Notes: 1-10 Year Index, Bloomberg Barclays U.S. High Yield - 2% Issuer Cap Index, EMBI Global Diversified Index and FTSE 3-Month Treasury Bill Index. Each index is weighted to reflect the strategic asset class allocation of the JPM SmartRetirement 2030 Fund and are adjusted over time to correspond to changes in the Fund's strategic asset class allocations. For performance commencing February 01, 2020 to August 31, 2021, the IA SBBI US 30 Day TBILL TR USD Index represented the Money Market/Cash and Cash Equivalents component of the benchmark. For periods prior to February 1, 2020, the composite benchmark was a weighted average of the benchmarks associated with the underlying funds in which the Fund invested in.

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.

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As of 10/04/2021 Morningstar Target-Date 2030 category. The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by various Morningstar, Inc. subsidiaries ("Manager Research Group") which, in the U.S., is Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. Funds are evaluated based on weightings across three key pillars - people, process and parent - to determine how they may likely perform relative to a benchmark over the long term on a risk-adjusted basis. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, Negative. A rating of Gold, Silver or Bronze reflects the expectation of a fund's prospects for outperformance. The expectations and methodologies differ between active and passive funds. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more details about Morningstar's Analyst Rating, including its methodology, go to <https://global.morningstar.com/managerdisclosures/>. **The Morningstar Analyst Rating should not be used as the sole basis in evaluating a fund, involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and should not be considered an offer or solicitation to buy or sell the fund.**

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