SENIOR OFFICER SUMMARY

I. OVERVIEW OF EVALUATION PROCESS

A. Background

The following is a summary of the 2020 independent written evaluation prepared by the Senior Officer retained by the J.P. Morgan Funds Board of Trustees as part of the 2004 settlement between Banc One Investment Advisors Corporation (and its successor, J.P. Morgan Investment Management Inc. – the “Adviser”) and the New York Attorney General. The Senior Officer is required to prepare an annual written evaluation to assist the Board in determining the reasonableness of the management fees charged by the Adviser to certain J.P. Morgan Funds (the “Funds”). In reviewing the information provided by the Adviser and independent consultants, the Senior Officer considered each of the following factors:

- The nature and quality of the Adviser’s services, including Fund performance;
- Management fees charged by other mutual fund companies for like services;
- Management fees charged to institutional and other clients of the Adviser for like services;
- Possible economies of scale as the Fund grows larger;
- Costs to the Adviser and its affiliates of supplying services pursuant to the management fee agreements, excluding any intra-corporate profit; and
- Profit margins of the Adviser and its affiliates from supplying such services.

B. Board Review of Investment Advisory Agreements

The Board considered the renewal of the Funds’ investment advisory agreements at the August 2020 Board meeting. The Board previously met in June 2020 to review and consider information provided by the Adviser and independent consultants. At such time, the Board’s investment committees (equity, fixed income, and money market and alternative products) met to review performance and expense information for each Fund. Particular attention was paid to Funds deemed to require additional scrutiny based on criteria established by independent counsel to the Board.

As part of its review of the investment advisory agreements, the Board also reviewed Fund performance information received from the Adviser on a regular basis during the year. This includes peer group and benchmark comparisons, as well as analyses prepared by the Adviser of Fund performance. The Board has engaged an independent consultant, Casey Quirk by Deloitte, to review the performance of each Fund (other than the money market Funds) at each quarterly Board meeting. In addition, the Adviser periodically provides comparative information regarding Fund expense ratios and those of the peer groups.

II. SUMMARY OF FINDINGS AND RECOMMENDATIONS

The Senior Officer noted that the information provided by the Adviser and independent consultants was extensive, comprehensive, and well organized. He also noted that the Board's annual review process was thorough and effectively structured. In particular, he observed that the investment sub-committees provide a strong framework for reviewing Fund performance, both annually and on a regular basis during the year. Summarized below are the Senior Officer's findings with respect to each specific factor considered.

A. Nature and Quality of Services

The Senior Officer concluded that the advisory and administrative services provided to the Funds are appropriate in nature and the quality level is high. In reaching his conclusion, the Senior Officer reviewed and considered the background and qualifications of the Adviser's investment personnel and the services provided to each of the Funds under the advisory agreement. He also reviewed and considered the nature and high quality of the administrative services provided by the Adviser to each of the Funds under the administration agreement. This includes business management, vendor management, and the provision of legal and compliance services.

The Senior Officer noted that the Adviser maintains an extensive team of qualified and knowledgeable investment professionals which enables it to maintain stability and continuity in its operations when experienced personnel leave the firm. He also noted the broad scope of the Adviser's investment capabilities which enables it to provide a diverse range of products to Fund shareholders.

The Senior Officer noted that the Adviser continues to devote significant resources to the mutual funds business, including investments in technology to enhance its quality of service and create efficiencies. He also noted that the Adviser continues to operate effectively despite the challenges posed by the COVID-19 pandemic.

B. Fund Performance Compared to Other Mutual Funds

The Senior Officer reviewed and considered total return performance information compiled by Broadridge, an independent provider of investment company data. This included each Fund's ranking within a performance universe made up of funds with the same Broadridge investment classification and objective ("Lipper Universe"). He also reviewed and considered the performance of each Fund compared to the performance of a smaller group of comparable funds selected by Broadridge ("Lipper Peer Group") and the performance of each Fund as measured against its designated benchmark. This information included performance results for the one and three year periods ended December 31, 2019.

The Senior Officer noted that, except as discussed below, the performance of each Fund ranked in the top three quintiles for both the one and three year period ended December 31, 2019 compared to the Lipper Universe. Therefore, they have consistently demonstrated satisfactory or better performance over a sustained period of time. The Senior Officer observed that the Adviser continues to perform a rigorous analysis of Fund performance on an ongoing basis and makes changes to investment personnel as appropriate.

The Senior Officer noted that the performance of JPMorgan High Yield Fund (Class A) and JPMorgan Limited Duration Bond Fund (Class A) ranked in the 4th or 5th quintile for both the one and three year period compared to the Lipper Universe. He also noted that each Fund's performance continued to rank in the 4th or 5th quintile for the six month period ended June 30, 2020 compared to the Lipper Universe. Therefore, these Funds have underperformed over a sustained period of time without demonstrating consistent improvement. The Senior Officer recommended that the Board closely monitor, and review with the Adviser, the performance of these Funds and steps taken to address performance until improvement is demonstrated.

The Senior Officer noted that the performance of the following Funds also ranked in the 4th or 5th quintile for both the one and three year period compared to the Lipper Universe. However, in each case he observed that performance ranked in the 1st or 2nd quintile for the six month period ended June 30, 2020 compared to the Lipper Universe, except for the last Fund which ranked in the 3rd quintile. Therefore, these Funds have demonstrated significant improvement in the current year.

- JPMorgan Small Cap Value Fund
- JPMorgan Municipal Income Fund
- JPMorgan Short Duration Bond Fund (Class A)
- JPMorgan Intermediate Tax Free Bond Fund (Class A)
- JPMorgan Core Plus Bond Fund (Class A)

The Senior Officer also noted that the performance of JPMorgan Equity Index Fund's Class A shares ranked in the 4th quintile for both the one and three year period compared to the Lipper Universe. However, he observed that the performance of the Fund's Class I and Class R6 shares ranked in the 1st or 2nd quintile for both the one and three year period compared to the Lipper Universe. He also observed that the Lipper Universe was comprised of funds having different fee structures. Therefore, he concluded that the performance of the Fund's Class A shares compared unfavorably to the Lipper Universe due to the impact of class level expenses.

The Senior Officer also noted that the performance of JPMorgan Mid Cap Value Fund's Class A and Class I shares ranked in the 4th quintile for both the one and three year period compared to the Lipper Universe. However, he observed that performance ranked in the

3rd quintile for both the one and three year period compared to a Lipper Universe comprised of funds in the same Morningstar category. He concluded that the Morningstar category (mid cap value) appears more appropriate than the Lipper category (mid cap core) in providing a comparable peer group.

The Senior Officer also noted that the performance of the following Funds ranked in the 4th quintile for the one year period but ranked in the 3rd quintile or better for the three year period compared to the Lipper Universe. Therefore, the recent underperformance of these Funds is not indicative of their more favorable performance over the longer term.

- JPMorgan Intrepid Mid Cap Fund
- JPMorgan Core Bond Fund (Class A, Class I)
- JPMorgan Core Plus Bond Fund (Class I)
- JPMorgan Investor Balanced Fund (Class A)

The Senior Officer also noted that the performance of the following Funds ranked in the 4th quintile for the three year period but ranked in the 3rd quintile or better for the one year period compared to the Lipper Universe. Therefore, these Funds have demonstrated improvement in the most recent year under review.

- JPMorgan International Equity Fund
- JPMorgan Short-Intermediate Municipal Bond Fund (Class A)
- JPMorgan Tax Free Bond Fund (Class A)
- JPMorgan Intermediate Tax Free Bond Fund (Class I)
- JPMorgan Short Duration Bond Fund (Class I)

Finally, the Senior Officer noted the impact of class specific expenses on the performance ranking of the Morgan Shares and Service Shares of JPMorgan Municipal Money Market Fund, JPMorgan Prime Money Market Fund, JPMorgan U.S. Government Money Market Fund, and JPMorgan 100% U.S. Treasury Securities Money Market Fund.

C. Management Fees Charged By Other Mutual Fund Advisers

The Senior Officer reviewed and considered information compiled by Broadridge, an independent consultant, comparing the management fee rate and total expense ratio of each Fund to its peers. This included each Fund's ranking within an expense universe made up of funds managed by other advisers with comparable investment strategies ("Lipper Universe"). He also reviewed and considered the management fee rate and total expense ratio of each Fund compared to the fees and expenses of a smaller group of comparable funds selected by Broadridge ("Lipper Peer Group").

The Senior Officer noted that in most cases each Fund's management fee and total expense ratio ranked in the top three quintiles compared to the Lipper Peer Group. The Senior Officer noted that the management fee and/or total expense ratio of certain Funds ranked in the 4th or 5th quintile compared to the Lipper Peer Group. However, in such cases he observed that the Fund's total expense ratio was within a reasonable range of the

Lipper Peer Group median, or performance still ranked in the 3rd quintile or better compared to the Lipper Peer Group. The Senior Officer also noted that the total expense ratio of certain money market Fund share classes compared unfavorably to the Lipper Peer Group due to the impact of class level expenses.

The Senior Officer noted that the Adviser reviews the competitiveness of each Fund's fee and expense structure on a regular basis. He observed that the Adviser has set fee waivers and/or expense caps on most Funds, and continues to reduce fees and/or expense caps as appropriate. Based on his review, the Senior Officer concluded that the management fee and total expense ratio of each Fund is reasonable in light of the services provided.

D. <u>Management Fees Charged to Other Clients of the Adviser</u>

The Senior Officer reviewed and considered information regarding management fees charged by the Adviser to other clients with comparable investment strategies. He noted that the Adviser advises institutional separate accounts and managed accounts with investment strategies similar to those of many of the Funds. The Senior Officer also noted that the fees paid by the Adviser's other clients are often lower than the rates paid by the applicable Funds. The Senior Officer determined that this fee differential relates to the increased scope of services the Adviser provides to the Funds as registered investment companies. This includes regulatory compliance and tax support. In addition, the Senior Officer noted that the Funds must continuously issue and redeem their shares, making the Funds more difficult to manage than institutional and managed accounts which have more stable asset levels.

The Senior Officer also noted that the Adviser advises an exchange traded fund with an investment strategy similar to JPMorgan Core Plus Bond Fund. He observed that the exchange traded fund pays a unitary fee that covers substantially all of the fund's expenses. Therefore, the Senior Officer determined that it is not possible to isolate the fund's management fee for comparison with the management fee of JPMorgan Core Plus Bond Fund. However, the Senior Officer observed that the total expense ratio of the exchange traded fund is the same as JPMorgan Core Plus Bond Fund's Class R6 shares, the share class most comparable with respect to the scope of services provided by the Adviser.

The Senior Officer concluded that, given the nature and scope of the services provided to the Funds, the management fees charged to the Funds are reasonable compared to those charged to other clients of the Adviser.

E. <u>Possible Economies of Scale</u>

In reviewing and considering possible economies of scale with respect to the Funds, the Senior Officer noted that the advisory fee schedule under the advisory agreement does not include breakpoints on Fund assets above a specified level. However, he noted that the administrative fee schedule under the administration agreement does include breakpoints which apply to each Fund as follows:

- Money market Funds are charged 7 bps on the first $150 billion of aggregate assets under management; 5 bps on the next $150 billion of aggregate asset under management; 3 bps on the next $100 billion of aggregate assets under management; and 1 bp thereafter (6.1 bps effective fee rate);

- Non-money market Funds (other than the JPMorgan Investor Funds) are charged 7.5 bps on the first $10 billion of Fund assets under management; 5 bps on the next $10 billion of Fund assets under management; 2.5 bps on the next $5 billion of Fund assets under management; and 1bp thereafter (4.9 – 7.5 bps effective fee rate); and

- The JPMorgan Investor Funds do not pay an administrative fee.

The Senior Officer noted that because money market Fund aggregate assets exceed the breakpoint levels, the administrative fee for each money market Fund reflects economies of scale. In cases where non-money market Fund assets exceed the breakpoint levels, he also noted that the Fund's administrative fee reflects economies of scale. The Senior Officer noted that the Adviser has fee waivers and/or expense caps in place for most Funds that limit the total expense ratio (and the fees actually paid by the Funds) at competitive levels.

F. <u>Costs and Profitability of Adviser and Affiliates</u>

The Senior Officer reviewed information that the Adviser provided to the Board concerning the costs and profit margins of the Adviser and its affiliates related to the services they provide under the management agreements with the Funds. This included profitability information for each Fund and for the fund complex as a whole. The Senior Officer also reviewed the assumptions and cost allocation methodology used in preparing this profitability information. He noted that the methodology was consistent with that of the prior year.

In reviewing the information, the Senior Officer noted the difficulty of comparing Fund profitability because comparative information is often not available and is subject to a number of factors and assumptions regarding methodology. However, the Senior Officer concluded that the management fees paid to the Adviser are reasonable in light of the services provided to each Fund.

III. <u>CONCLUSION</u>

Based on his review and evaluation of the information provided, the Senior Officer determined that the Board has sufficient information to conclude that the proposed management fees are reasonable and have been negotiated at arms' length.