

J.P. Morgan Equity Income Strategy

Separately Managed Account

TOPLINE (3Q 2020)

Strategy ▲ 7.01%	Benchmark ▲ 5.59%
Benchmark: Russell 1000 Value Index	
Markets: The S&P 500 Index [®] returned 8.93% during the third quarter of 2020. Within the index, the market performers were the consumer discretionary (15.06%) and materials (13.31%) sectors, while the energy sector (-19.72%) was the only sector within the benchmark to post a negative return.	
Helped: Stock selection in the information technology and utilities sectors contributed to performance.	
Hurt: Stock selection in the financials and health-care sectors detracted from portfolio results.	
Outlook: While we believe the economy will recover, it will first need time to heal, and hence we remain balanced and continue to monitor incremental risks that could represent headwinds for US stocks. Through the volatility, we continue to increase our exposure to quality, focus on high-conviction stocks, and take advantage of market dislocations for compelling stock selection opportunities.	

Past performance is not indicative of future returns. Performance is shown gross of fees. If fees were included, returns would be lower. Please see following page for additional performance.

STRATEGY OVERVIEW



Designed to provide a blend of long-term growth and current income through the consistent payment of dividends.

APPROACH

- Invests primarily in large cap stocks, but may invest in companies across all market capitalizations
- Employs bottom-up stock selection to invest in common stock of corporations that regularly pay dividends and have favorable long-term fundamental characteristics
- Looks for undervalued companies with durable franchises, strong management and the ability to grow their intrinsic value per share

QUARTER IN REVIEW

- The JPMorgan Equity Income Strategy outperformed the benchmark, the Russell 1000 Value Index, for the quarter ended September 30, 2020.
- At the stock specific level, **Deere & Co.** and **Apple, Inc.** were the top contributors. Shares of Deere & Co. rallied after earnings results more than doubled projected estimates on the heels of very strong price realizations and a bullish increase in full-year guidance. We believe Deere & Co. is in the process of successfully widening its economic moat and broadening its customer base as a best-in-class precision agriculture company, which we like as a less cyclical way to play industrials. As for Apple, Inc., positive sentiment following strong quarterly results, combined with a stock split, bolstered performance. While Apple, Inc. remains in the portfolio, given its proven history of innovation, hefty cash position and brand strength, we're increasingly mindful of the risk/reward relationship in light of the rising valuation.
- Alternatively, the decoupling of energy and the rest of the market continues unabated. It should not come as a surprise that both **Chevron Corp.** and **ConocoPhillips** were the portfolio's biggest laggards. Despite a challenging macroeconomic backdrop, we continue to own these companies given their relatively defensive characteristics, especially appealing in this volatile corner of the marketplace.

LOOKING AHEAD

- Although **financials** remain the largest absolute allocation given the underlying diversity of businesses, we've reduced our exposure to banks and life insurers due to a less supportive Federal Reserve and regulatory environment.
- We still see solid upside potential in **industrials** benefiting from a gradual recovery in end-market demand and it's likely there will be additional near-term strength as inventories are rebuilt.
- Regarding **health care**, we'd note that news around a vaccine will be more important for the overall market than any one individual company. However, we'd opportunistically look to use any potential stock price dislocations stemming from the noise to add to high-conviction ideas
- When it comes to the **consumer**, we firmly believe that the question isn't a matter of if, but when consumption will start to normalize. This mindset directs our investment approach across the market spectrum; we look for category killers that can not only survive this period of turmoil, but more importantly capitalize on competitors' weakness and gain share moving forward.
- Lastly, we've taken profits in big **technology**; yet, we opportunistically added to pockets of semiconductors with reasonable valuations and strong secular growth stories.

PERFORMANCE

RETURN (%)

	3 MOS	YTD	1 YR	3 YRS	5 YRS	10 YRS
Strategy (gross of fees)	7.01	-7.92	-1.58	6.40	10.29	12.31
Strategy (net of max. allowable fees - 300 bps) ²	6.22	-9.99	-4.50	3.27	7.05	9.02
Benchmark	5.59	-11.58	-5.03	2.63	7.66	9.95

Benchmark: Russell 1000 Value Index.

Past performance is not indicative of future returns. Performance includes the reinvestment of any income.

²Please note, actual fees associated with this strategy may be lower.

PORTFOLIO ANALYSIS

Market capitalization (weighted mean)	\$156.5bn
P/E ratio (1 yr forecast)	18.4x
P/B ratio	2.5x
Dividend yield	2.6%
Earnings growth (5 Year)	9.6%
Return on assets	10.4%
Return on equity	19.0%
Trailing 12-month turnover	21.6%
Number of holdings	91
Beta ³	0.91
Standard deviation ³	16.77
Information ratio ³	1.55
Tracking error ³	2.54
Sharpe ratio ³	0.37

³Based on three-year data points.

Source: J.P. Morgan Asset Management, FactSet.

The above characteristics are from a representative portfolio. Actual account characteristics of individual accounts may be different. Portfolio characteristics are as of 9/30/2020 and are based on individual securities in the Portfolio on that date. Securities in the Portfolio are subject to change. Statistics shown are not indicative of future statistics and are not representative of future Portfolio performance.

HOLDINGS

EQUITY SECTORS (%)

Sector	Weighting	Compared to benchmark
Financials	20.8	2.7
Health Care	15.4	1.0
Industrials	14.8	1.7
Information Technology	11.1	1.4
Consumer Staples	10.7	2.4
Consumer Discretionary	7.9	0.3
Utilities	5.8	-0.1
Communication Services	4.7	-4.9
Materials	3.3	-1.5
Energy	3.1	-0.9
Real Estate	2.5	-2.1

TOP 10 (%)

Comcast	2.8
Bristol-Myers Squibb	2.5
Johnson & Johnson	2.5
Texas Instruments	2.5
Bank of America	2.3
Blackrock	2.3
CME	2.2
Home Depot	2.2
Analog Devices	2.1
Medtronic Plc	2.1

GENERAL DISCLOSURES

The Strategy might not achieve its objectives. Asset allocation/diversification does not prevent investment loss. Nothing in this document is an investment recommendation. Total return figures (for the Strategy and any index quoted) assume payment of fees and reinvestment of dividends (after the highest applicable foreign withholding tax) and distributions. Without fee waivers, strategy returns would have been lower. Due to rounding, some values may not total 100%.

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.

RISK SUMMARY

The following risks could cause the Strategy's portfolio to lose money or perform more poorly than other investments.

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.

There is no guarantee that companies will declare, continue to pay or increase dividends.

PORTFOLIO ANALYSIS DEFINITIONS

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

P/B ratio is the relationship between a stock's price and the book value of that stock.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

Dividend yield is a ratio that shows how much a company pays out in dividends each year relative to its share prices. In the absence of any capital gains, the dividend yield is the return on investment for a stock.

Earnings growth is a measure of growth in a company's net income over a specific period.

Return on equity (ROE) is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Return on assets is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings.

Trailing 12-month turnover is a percentage of holdings that are sold in a specific period.

RISK ANALYSIS DEFINITIONS

Risk measures are calculated based upon the broad-based index as stated in the prospectus.

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

Standard deviation is a statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The greater the degree of dispersion, the greater the risk.

Information ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns.

Tracking Error The active risk of the portfolio, which determines the annualized standard deviation of the excess returns between the portfolio and the benchmark.

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.

INDEXES

Managed Accounts have fees that reduce their performance; indexes do not. You cannot invest directly in an index.

The Russell 1000 Value Index is an unmanaged index measuring the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Past performance is no guarantee of future results.

TOP HOLDINGS

The top 10 holdings listed reflect only the Strategy's long-term investments. Short-term investments are excluded. 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 Strategy and does not include the use of derivative positions, where applicable.

ENTITIES

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

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