

J.P. Morgan Focused European Multinationals Onshore Strategy

Separately Managed Account

TOPLINE (3Q 2020)

Strategy ▲ 7.43%	Benchmark ▲ 4.51%
Benchmark: MSCI Europe (\$) Net TR Index	
<p>Markets Global equities continued to rally on resilient corporate performance, especially from technology stocks and an accommodative shift in the Federal Reserve’s long-term stance. However, volatility returned in September, with markets paring some gains as investors turned their attention to a possible second wave of COVID-19 infections, renewed lockdown measures and uncertainty about the prospects of additional fiscal stimulus measures from the US government.</p> <p>Helped Stock selection in transportation services and trading and banks aided returns.</p> <p>Hurt Stock selection in the general industry and financial services sectors detracted from performance.</p> <p>Outlook Concerns on the rise in infection rates have prompted reversals in efforts to reopen economies. However, with lower rates of morbidity and mortality, we continue to believe we have likely passed the low point in economic demand, and confidence should recover.</p>	

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 long-term capital appreciation primarily from a portfolio of European equity securities.

APPROACH

- Invests in a concentrated - but diversified - equity portfolio focusing on 20-30 predominantly high-quality European multinational companies whose shares are listed in the US
- Seeks to deliver total returns greater than the MSCI Daily TR Net Europe USD Index
- Employs a fundamental stock selection process focusing on high-quality companies with visible growth potential, a sound balance sheet, a high level of free cash flow generation and strong management

QUARTER IN REVIEW

The JPMorgan Focused European Multinational Strategy outperformed its benchmark, the MSCI Europe (\$) Net TR Index, for the quarter ended September 30, 2020.

- At the stock level, an overweight position in **Infineon Technologies**, the German semiconductor manufacturer, was positive for returns in the quarter. The company reported good third-quarter results in August with profitability significantly ahead of expectations. Full-year outlook was also raised and the company suggested that it is starting to see signs of recovery in the automotive sector.
- On the negative side, our overweight position in **Vinci**, the French concessions and construction company, detracted from relative returns. With airports and motorway concessions businesses being particularly impacted due to travel restrictions, the firm’s results for the first half of 2020 were strongly hit. A second wave of rising COVID-19 cases in Europe led to further uncertainty around stricter travel restrictions. Trepidations around the future of London’s Gatwick airport, owned by Vinci’s subsidiary, also weighed heavily on the stock, as the airport’s revenue dropped significantly due to travel restrictions.

LOOKING AHEAD

- **Corporate earnings will be appreciably lower this year**, with the financials and energy sectors especially badly affected. Although 2021 will see recovery, it will again take many quarters before profitability returns to pre-crisis levels.
- **Relative to sovereign bonds and cash**, equities still offer attractive medium-term return, and we note that the nature of economic cycles is that short-term hits to profitability tend to presage longer recoveries.
- **More volatility is likely this year** as investors digest the uneven pace of the recovery.

PERFORMANCE

RETURN (%)

	3 MOS	YTD	1 YR	3 YRS	5 YRS	INCEPTION ¹
Strategy (gross of fees)	7.43	0.87	11.35	3.49	N/A	8.11
Strategy (net of max. allowable fees - 300 bps)	6.64	-1.38	8.08	0.43	N/A	4.93
Benchmark	4.51	-8.85	-0.79	-0.61	N/A	4.64

Benchmark: MSCI Europe (\$) Net TR Index.

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

¹Inception date: 1/31/2017

PORTFOLIO ANALYSIS

	Portfolio	Benchmark
Market capitalization	\$87.5bn	\$79.9bn
P/E ratio (1 yr forecast)	20.5x	19.3x
P/B ratio	2.5x	1.7x
Dividend yield	2.1%	2.5%
Earnings growth (5 Year)	10.0%	7.0%
Return on assets	7.6%	6.0%
Return on equity	20.2%	16.3%
Number of holdings	26	436

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.

EQUITY SECTORS (%)

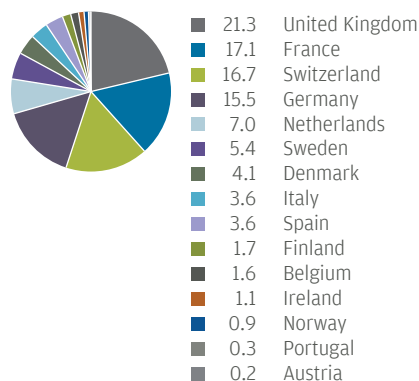
Sector	Weighting	Compared to benchmark
Information Technology	16.7	9.0
Consumer Discretionary	14.5	3.9
Materials	11.9	3.8
Consumer Staples	15.3	0.4
Utilities	4.4	-0.5
Real Estate	0.0	-1.4
Industrials	12.4	-2.0
Communication Services	1.9	-2.1
Health Care	12.9	-3.4
Energy	0.0	-3.8
Financials	10.0	-4.0

HOLDINGS

TOP 10 (%)

Novo Nordisk	4.8
ASML Holding	4.6
Rio Tinto	4.6
Unilever	4.5
Deutsche Post	4.4
Ferguson	4.3
Iberdrola	4.3
Infineon Technologies	4.3
LVMH Moët Hennessy Louis Vuitton	4.1
Roche Holding	4.1

COUNTRY BREAKDOWN



GENERAL DISCLOSURES

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.

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.

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.

INDEXES

The MSCI Europe Index (net of foreign withholding taxes) is a free float-adjusted market capitalization weighted index measuring the equity market performance of the developed markets in Europe. It consists of these 15 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

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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