

# JPMorgan Intermediate Municipal Strategy

Separately Managed Account

## Topline (4Q 2025)

Strategy (gross)	Strategy (net)	Benchmark
▲1.62%	▲1.24%	▲ 1.41%
<b>Benchmark:</b> Bloomberg U.S. 1-15 Year Blend (1-17) Municipal Bond Index		
<b>Markets</b> Valuations experienced significant fluctuations this year. Weaker inflows and heavy supply dragged on municipal performance in the first half of 2025. The broad municipal index returned -0.35% and underperformed the Bloomberg US Aggregate Index by 437 bps. Since August, however, the municipal market performed well, as strong demand in conjunction with weaker August payrolls and Fed rate cuts pushed municipal rates down significantly across the curve. Municipal performance was positive in Q4 with longer duration outperforming.		
<b>Helped</b> Longer duration and positioning in the outperforming portion of the curve.		
<b>Hurt</b> Underweight in outperforming coupons.		
<b>Outlook</b> We expect elevated supply next year of \$590-\$600bn, driven by strong infrastructure needs and higher project costs. Net supply in 2025 was \$112bn and is likely to remain similarly positive in 2026. The Fed is expected to cut rates 1-2 more times, which should be supportive of the municipal market.		

Past performance is not indicative of future returns. Please see following page for additional performance.

## Strategy Overview

Designed to deliver monthly income (excluded from federal gross income) and capital preservation by investing in municipal bonds.

### Approach

- Invests primarily in a diversified portfolio of intermediate-term municipal bonds in an effort to protect after-tax investment value
- Aims to help minimize tax liability while producing income
- Conducts extensive risk/reward analysis to select securities

## Quarter in Review

- **Over the quarter, the Intermediate Municipal Strategy outperformed(gross of fees)** versus the Bloomberg US 1-15 Year Blend Municipal Bond Index.
- **The portfolio's longer duration versus the index helped.** In particular, the overweight positioning in the 7-year+ (40% vs. 28%) duration portion of the curve helped; this part of the curve outperformed and returned 2.92%.
- **Underweight in state GOs (10% vs. 14%) and overweight in Water & Sewer (11% vs. 8%) securities** contributed, with these sectors returning 1.34% and 1.54% in the index.
- **Hospital (9% vs. 7%) bonds were among the top-performing sectors** in the index, returning 1.57%. Our modest overweight was additive.
- **In the index, 2-3% coupons (2% vs. 7%) outperformed**, returning 2.38%. Our underweight detracted from performance.
- **BBB-rated bonds (0.3% vs. 4.2%) was the top-performing rating bucket** in the index, returning 1.77%. The strategy's modest allocation to these bonds hurt.
- **Transportation (10% vs. 13%) and Education (5.7% vs. 6.9%) bonds outperformed**, returning 1.59% and 1.49% in the index. Our underweight dragged on performance.

## Looking Ahead

- **Municipal credit quality remains resilient** despite the expiration of stimulus funds and challenges from the One Big Beautiful Bill Act (OBBBA). Many states continue to see positive revenue performance and near-record reserves, supporting favorable credit conditions.
- **The OBBBA's impact is most pronounced in health care**, with a \$1 trillion reduction in federal Medicaid spending over ten years. New work requirements, eligibility checks and co-pays could lead to coverage loss for millions and strain hospital margins.
- **Despite these headwinds, the overall credit landscape remains robust**, supported by strong economic fundamentals, budget flexibility and state and local government insulation from significant credit pressures.
- **Bankruptcies and defaults should remain low**, concentrated in higher-risk credits like stand-alone hospitals, senior living facilities and industrial development bonds.

Performance

Return (%)

	3 mos	YTD	1 yr	3 yrs	5 yrs	10 yrs
Strategy (gross of fees)	1.62	4.73	4.73	3.38	0.82	1.98
Strategy (net of max. allowable fees - 150 bps) <sup>1</sup>	1.24	3.18	3.18	1.84	-0.68	0.46
Benchmark	1.41	5.18	5.18	3.75	1.16	2.27

Benchmark: Bloomberg U.S. 1-15 Year Blend (1-17) Municipal Bond Index  
Past performance is not indicative of future returns. Performance includes the reinvestment of any income.

<sup>1</sup>Please note, actual fees associated with this strategy may be lower.

Portfolio Analysis

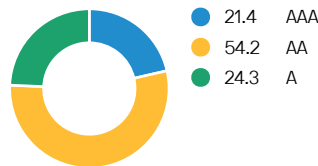
Yield to maturity (%)	3.44
Yield to worst (%)	3.21
Tax equivalent yield to worst (%)	5.43
Effective (OA) Duration (years)	5.69
Average Price	\$108.21
Average maturity (years)	8.49
Average Coupon (%)	4.94
Average Life (years)	5.79
Turnover range	10-30%
Average number of holdings <sup>2</sup>	15-25

<sup>2</sup>Number of positions may vary by account size and parameters.

The above characteristics are from a representative portfolio. Actual account characteristics of individual accounts may be different. Portfolio characteristics are as of 12/31/2025, gross of fees, 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.

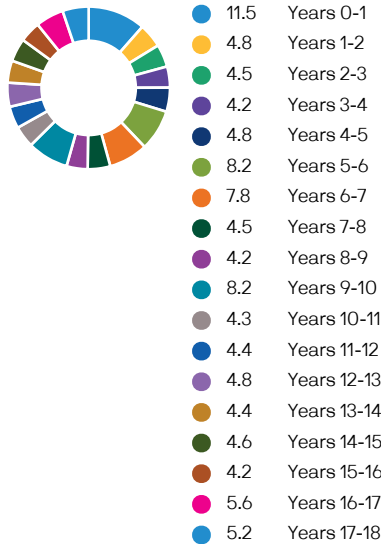
Holdings

Credit Quality (%)



Certain holdings may not be included due to de minimis values and rounding. Values may not total 100%.

Maturity (%)



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%.

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Risk Summary

Because this Strategy invests primarily in bonds, it is subject to interest rate risks. Bond prices generally fall when interest rates rise. For some investors, income may be subject to the Alternative Minimum Tax. Capital gains, if any, are federally taxable. Income may be subject to state and local taxes. Managed accounts are subject to market risks. Investment return and principal value will fluctuate so that when an account is liquidated, it may be worth more or less than the original value.

The securities highlighted have been selected based on their significance. They are not recommendation to buy or sell. Contact your financial professional for a complete list of firm recommendations in the Portfolio for the last year or to assist you in evaluating your investment objective, and to make specific recommendations regarding your account. Representative portfolios and/or individual accounts may, or may not, hold the stocks mentioned above. Actual accounts will differ based on individual client account restrictions, investment guidelines, and account inception dates.

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Composite

The composite includes all discretionary separately managed accounts invested according to JPMIM's Intermediate Municipal strategy. Effective January 01, 2024, accounts from one sponsor have been included in the composite at an aggregate level and are counted as a single account. The strategy invests in an intermediate municipal

bond portfolio that seeks to maximize after-tax total return while emphasizing capital preservation. Effective 01/01/2024, the composite includes accounts with national mandates. Prior to 01/01/2024, the composite included national accounts as well as with up to 50% exposure in a specific state. From March 01, 2003 to June 30, 2015, the composite includes New Jersey state specific accounts. From inception, only accounts with a minimum market value of \$250,000 are included in the composite. Beginning July 01, 2017, accounts with a minimum market value of \$240,000 are included in the composite. Effective January 01, 2024, accounts with a minimum market value of \$225,000 are included in the composite. The inception date is June 01, 1982.

Credit Quality

J.P. Morgan Investment Management (JPMIM) receives credit quality ratings on underlying securities of the Portfolio from the three major ratings agencies – S&P, Moody's and Fitch. When calculating credit quality breakdown, JPMIM selects the highest rating of the agencies when two or more rate a security, and one rating if that is all that is provided. Securities that are not rated by all three agencies are reflected as such.

Indexes

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

The Bloomberg U.S. 1-15 Year Blend (1-17) Municipal Bond Index represents the performance of municipal bonds with maturities from 1 to 17 years.

Past performance is no guarantee of future results.

Portfolio Analysis Definitions

**Average Life:** The length of time the principal of a debt issue is expected to be outstanding.

**Duration:** Measures price sensitivity of fixed income securities to interest rate changes. Depending on the interest rate cycle, historical annual turnover has typically ranged between 10-30% per annum but may be higher or lower depending on market conditions. In periods where interest rates were at their lowest, turnover was low. In periods where interest rates were at their highest, turnover was high. There is typically a higher level of trading during periods of high interest rates due to tax loss harvesting and the increased opportunities to rebook securities at higher book yields.

**Yield to maturity (YTM):** is the estimated total return anticipated on a bond or other obligation if the obligation is held until maturity and if all payments are made as scheduled.

**Yield to worst (YTW)** is the lower of a bond or other obligation's yield to maturity (YTM) and yield to call (YTC). **Gross YTW** is calculated by averaging the YTW of each obligation held in the portfolio on a market weighted basis without the deduction of fees and expenses. YTM is calculated as described next to the YTM figures. YTC is calculated the same way as YTM, but assumes that a bond or other obligation will be called or repurchased by the issuer before its maturity date (generally the next call date), and that the portfolio will be paid a call price (generally a percentage of the then-current face value of the obligation) on the call date. Gross YTW, YTM and YTC are not a guarantee nor necessarily indicative of future performance or income generation.

**Tax Equivalent Yield:** The tax rate used to calculate the tax-equivalent yield is the 37% federal tax and the 3.8% ACA tax. Tax equivalent yield is calculated as tax-exempt yield divided by one minus the tax rate. Source: Perform /JPMAM.

Entities

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