

# J.P. Morgan Intrepid Value Strategy

## Separately Managed Account

### TOPLINE (3Q 2020)

Strategy ▲ 4.29%	Benchmark ▲ 5.59%
<b>Benchmark:</b> Russell 1000 Value Index	
<b>Markets:</b> The S&P 500 Index returned 8.93% during the third quarter of 2020. Within the index, top contributors were the consumer discretionary (15.06%) and materials (13.31%) sectors, while the energy sector (-19.72%) was the only detractor.	
<b>Helped:</b> The portfolio was aided by stock selection in the information technology and consumer discretionary sectors.	
<b>Hurt:</b> The portfolio was negatively impacted by stock selection in the financials and consumer staples sectors.	
<b>Outlook:</b> We continue to focus on the fundamentals of the economy and company earnings. Unemployment and other uncertainties, such as trade, fiscal stimulus and the US election, will be integral to investor sentiment moving forward. While we believe the economy will recover, it will first need time to heal, so we remain balanced and continue to monitor incremental risks that could represent headwinds for US stocks. Through the volatility, we continue to focus on high-conviction ideas 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 long-term capital appreciation primarily through a behavioral finance-based approach in selecting domestic equity securities.

### APPROACH

- Invests in large, mid and small cap stocks
- Employs a behavioral finance investment process that seeks to capitalize on market inefficiencies
- Looks for companies with attractive valuations, high quality characteristics and strong momentum that should lead to relative outperformance

### QUARTER IN REVIEW

- **The JPMorgan Intrepid Value Strategy underperformed the benchmark**, the Russell 1000 Value Index, for the quarter ended September 30, 2020.
- **QUALCOMM, Inc. contributed** after shares rallied when it reported solid fiscal third-quarter earnings and guidance. Positive results were attributed to a recovery in low-end chipsets, continued 5G traction and a settlement and long-term licensing agreement with Huawei.
- **An underweight in Intel Corp. benefited** as the stock underperformed following the announcement of its second-quarter results. Despite beating revenue and earnings-per-share consensus, shares fell after management lowered guidance for the third quarter and noted a delay in its next-generation 7nm chips.
- **A confluence of political sensitivities drove AbbVie, Inc. to underperform**, as a potential Democratic win would likely present headwinds for the stock. The company's aesthetics franchise (Botox, Juvederm, etc.) is also negatively positioned for social distancing and economically sensitive during a recession. However, the company is executing well on its immunology launches and participating in accretive deals, such as Genmab, which provide a significant boost to the company's growth profile.
- **In light of posting solid second-quarter results, with particularly strong gross margins, Sprouts Farmers Market, Inc. gave up some gains** as investors feared a tough road ahead for food grocers. Walmart+, peaking price/unit trends and improved restaurant openings may all act as headwinds for the industry and weighed on shares.

### LOOKING AHEAD

- **We believe that our valuation factor is the key driver of** long-term performance over a full market cycle. From a positioning perspective, the team continues to believe that the current market environment provides an outsized opportunity for value factors and has been leaning into those signals across portfolios.

**PERFORMANCE****RETURN (%)**

	3 MOS	YTD	1 YR	3 YRS	5 YRS	10 YRS
<b>Strategy</b> (gross of fees)	4.29	-11.18	-5.51	2.61	6.73	10.19
<b>Strategy</b> (net of max. allowable fees - 300 bps) <sup>1</sup>	3.52	-13.19	-8.33	-0.43	3.59	6.95
<b>Benchmark</b>	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.

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

**PORTFOLIO ANALYSIS**

P/E ratio (1 yr forecast)	12.6x
P/B ratio	2.0x
Dividend yield	2.4%
Earnings growth (5 Year)	7.9%
Return on assets	7.8%
Return on equity	16.4%
Trailing 12-month turnover	93.6%
Number of holdings	135
Beta <sup>2</sup>	0.99
Standard deviation <sup>2</sup>	18.41
Information ratio <sup>2</sup>	0.07
Tracking error <sup>2</sup>	2.68
Sharpe ratio <sup>2</sup>	0.15

<sup>2</sup>Based 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
Information Technology	10.9	1.3
Consumer Staples	9.3	0.9
Communication Services	10.3	0.7
Materials	5.5	0.7
Health Care	14.8	0.5
Real Estate	4.6	0.0
Energy	3.8	-0.2
Utilities	5.5	-0.4
Consumer Discretionary	7.1	-0.5
Industrials	12.4	-0.7
Financials	15.8	-2.3

**TOP 10 (%)**

Verizon Communications	3.2
Bank Amer Corp	2.3
Alphabet Inc Cl-C	2.0
Berkshire Hathaway Inc	1.9
Abbvie Inc	1.8
Anthem Inc	1.8
Altria Group Inc	1.7
Csx Corp	1.7
Newmont Goldcorp Corpor	1.7
Procter & Gamble Co	1.7

**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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