

J.P. Morgan U.S. Large Cap Equity Strategy

Separately Managed Account

TOPLINE (3Q 2020)

Strategy ▲ 10.28%	Benchmark ▲ 8.93%
Benchmark: S&P 500 Index	
Markets: The S&P 500® Index returned 8.93% during the third quarter of 2020, driven by a rally in technology stocks and encouraging economic data.	
Helped: The information technology and energy sectors added the most value.	
Hurt: Stock selection in the financials and health care sectors weighed the most on performance.	
Outlook: We continue to focus on the fundamentals of the economy and of company earnings. Unemployment and other uncertainties, such as trade, fiscal stimulus, and the U.S. election, will be integral to investor sentiment moving forward.	

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 high total return primarily through U.S. large cap stocks.

APPROACH

- Analyzes company prospects over the upcoming eight years to evaluate long-term sustainable earnings growth potential
- Research-driven approach that focuses on identifying the most undervalued stocks in each sector
- Maintains sector weightings similar to the S&P 500 Index, seeking to outperform with similar volatility

QUARTER IN REVIEW

- The **JPMorgan U.S. Large Cap Equity Strategy** outperformed the benchmark, the S&P 500 Total Return Index, for the quarter ended September 30, 2020.
- Within information technology, our overweight in **salesforce.com, inc. (CRM)** contributed to the portfolio following an excellent quarter, where a change to more conservative expense planning led the historic margin upside. The July quarter was thesis confirming that CRM can upsell its base to continue to grow organically, and underlying business profitability is high and underappreciated. We therefore remain comfortable in our current overweight position.
- Within information technology, our overweight in **Nvidia Corporation (NVDA)** helped performance as the company reported better than expected results and raised guidance. Earnings and guidance upside were driven by strong demand in the gaming segment, due to play-from-home trends and the new product cycle. While we remain overweight and continue to like NVDA's position in datacenter, gaming, and auto, we will be monitoring the position closely as the valuation feels stretched relative to peers.
- Within information technology, our overweight in **WEX, Inc. (WEX)** detracted from performance due to a significant negative COVID-19 impact, which resulted in 2Q revenues and margins coming in lower than expected. However, volume activity across its business segments is recovering from April lows. We continue to believe in WEX's franchise strength, and expect the business to continue its recovery.
- Within financials, our underweight in **Berkshire Hathaway Inc. (BRK.B)** detracted given the positive stock performance this quarter, which made up some of the ground it lost year to date. We remain underweight as we believe we can get similar exposure elsewhere with a better risk/reward probability.

LOOKING AHEAD

- We continue to focus on the fundamentals of the economy and on company earnings. Our Core analysts' estimates for S&P 500® earnings currently project -19% growth for 2020 and +26% for 2021. While subject to revision, this forecast reflects our expectations for a very weak year yet ultimate recovery in the underlying economy, and includes our best analysis of earnings expectations. Unemployment and other uncertainties, such as trade, fiscal stimulus, and the U.S. election, will be integral to investor sentiment moving forward.
- The Strategy continues to be a broadly diversified portfolio of US large-cap stocks, seeking to add value through bottom-up stock selection as the primary driver of excess returns.

PERFORMANCE

RETURN (%)

	3 MOS	YTD	1 YR	3 YRS	5 YRS	10 YRS
Strategy (gross of fees)	10.28	11.89	23.31	14.50	15.58	14.30
Strategy (net of max. allowable fees - 300 bps) ¹	9.48	9.42	19.71	11.14	12.20	10.95
Benchmark	8.93	5.57	15.15	12.28	14.15	13.74

Benchmark: S&P 500 Index.

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

¹Please note, actual fees associated with this strategy may be lower.

HOLDINGS

EQUITY SECTORS (%)

Sector	Weighting	Compared to benchmark
Information Technology	36.5	8.3
Consumer Discretionary	13.7	2.1
Communication Services	12.0	1.2
Industrials	9.2	1.0
Materials	2.3	-0.3
Health Care	13.5	-0.7
Utilities	2.0	-0.9
Energy	1.0	-1.0
Consumer Staples	4.6	-2.4
Real Estate	0.0	-2.6
Financials	5.1	-4.5

TOP 10 (%)

Microsoft	7.0
Amazon	6.8
Apple	6.6
Alphabet	4.7
Paypal Holdings	3.2
UnitedHealth Group	2.9
Salesforce.com	2.6
Charter Communications	2.5
MasterCard	2.5
NVIDIA	2.3

PORTFOLIO ANALYSIS

Market capitalization	\$493.5bn
P/E ratio (1 yr forecast)	20.6x
P/B ratio	4.6x
Dividend yield	1.1%
Earnings growth (5 Year)	18.8%
Return on assets	12.0%
Return on equity	24.9%
Trailing 12-month turnover	16.4%
Number of holdings	58
Beta ²	1.06
Standard deviation ²	18.88
Information ratio ²	1.06
Tracking error ²	2.41
Sharpe ratio ²	0.74

²Based 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.

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 S&P 500 Index is an unmanaged index generally representative of the performance of large companies in the U.S. stock market. Index levels are in total return USD.

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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