

# JPMorgan Value Advantage Strategy

Separately Managed Account

## Topline (4Q 2025)

Strategy (gross)	Strategy (net)	Benchmark
▲ 3.15%	▲ 2.38%	▲ 3.78%
<b>Benchmark:</b> Russell 3000 Value Index		
<b>Markets</b> The S&P 500 Index® returned +2.66% in the fourth quarter of 2025. Within the index, health care and communication services were the best-performing sectors, returning +11.68 and +7.26%, respectively, while real estate and utilities were the worst-performing sectors, returning -2.86% and -1.40%, respectively.		
<b>Hurt</b> Stock selection in information technology detracted from performance.		
<b>Helped</b> Stock selection in financials contributed to portfolio results.		
<b>Outlook</b> The U.S. equity market remains strong but presents a case for active stock selection in the face of high index concentration and a narrow rally led by AI and technology. Additionally, evolving monetary and fiscal policies along with geopolitical tensions in the U.S. and globally could add to market volatility. We continue to focus on high conviction stocks and take advantage of market dislocations for compelling stock selection opportunities.		

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

## Strategy Overview

Designed to provide long-term total return primarily through a portfolio of attractively valued U.S. equity securities across all market capitalizations.

### Approach

- Invests in a portfolio of large, mid and small cap companies with attractive fundamentals and valuations
- Employs bottom-up stock selection based on company fundamentals and proprietary fundamental analysis
- Seeks to identify companies that appear to be undervalued and have the potential to grow their intrinsic values per share and to purchase these companies at a discount

## Quarter in Review

- **The JPMorgan Value Advantage Strategy underperformed the benchmark**, the Russell 3000 Value Index, for the quarter ending December 31, 2025.
- **Narrow market leadership, driven by characteristics at odds with our philosophy**, which is focused on quality and valuation, posed a challenge this quarter. Information technology was the top-performing sector, and our limited exposure to high-growth stocks with lofty expectations like **Micron Technology (MU)** impacted our results.
- **Within financials, Wells Fargo (WFC)** delivered a strong fourth quarter, signaling renewed optimism and as it aims for higher returns and prepares for growth now that regulatory asset caps have been lifted. The bank reported solid loan growth, strong fee income, lower credit losses, and increased share buybacks—all indicating steady progress and building momentum. We remain positive on large, diversified banks, given the more favorable regulatory environment and attractive valuations, with further upside expected from increased M&A activity, higher capital returns, and stronger loan growth.

## Looking Ahead

- **A strong economy in combination with a resilient consumer** give us confidence that corporate earnings can continue to grow. While markets are at all-time highs, there are plenty of opportunities for active stock picking, given historic valuation spreads. We are leaning into traditional value sectors, favoring small/mid-caps tied to healthy consumer spending trends and required health care needs, where valuations remain undemanding.
- **Consumer Spending Sensitive Sectors:**
- **Consumer:** The consumer is resilient and prudent. We favor companies with clear value propositions and that segment with a clear path to resuming earnings growth.
- **Financials:** We have taken profits on strength but remain overweight banks as valuations remain undemanding despite these industry tailwinds: improved M&A, increased capital return and stronger loan origination as a result of a friendlier regulatory backdrop.
- **Health care:** The sector enjoyed a double-digit rebound this year after facing multiyear headwinds. Given still muted relative valuations, we believe there is plenty of upside ahead. We added to managed care as the short-tailed nature of insurance should allow companies to re-price appropriately, and have selectively added to pharmaceutical companies with strong growth profiles and a proven history of successful R&D.
- **Defensives & AI beneficiaries:** We are underweight where valuations are the most frothy, specifically expensive defensives (consumer staples, utilities) and obvious AI beneficiaries.

Performance

Return (%)

	3 mos	YTD	1 yr	3 yrs	5 yrs	10 yrs
Strategy (gross of fees)	3.15	11.57	11.57	13.15	12.68	11.12
Strategy (net of max. allowable fees - 300 bps) <sup>1</sup>	2.38	8.30	8.30	9.84	9.38	7.86
Benchmark	3.78	15.71	15.71	13.77	11.18	10.46

Benchmark: Russell 3000 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

Market capitalization (weighted average)	\$279.7bn
P/E ratio (1 yr forecast)	15.8x
P/B ratio	2.2x
Dividend Yield	1.8%
Earnings growth (5 Year)	12.7%
Return on assets	6.0%
Return on equity	22.6%
Trailing 12-month turnover	41.4%
Number of holdings	119
Beta <sup>2</sup>	1.01
Standard deviation <sup>2</sup>	13.31
Information ratio <sup>2</sup>	-0.32
Tracking error <sup>2</sup>	2.98
Sharpe ratio <sup>2</sup>	0.59

<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 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

Equity Sectors (%)

Sector	Weighting	Compared to Benchmark
Financials	26.8	4.3
Health Care	13.8	1.6
Industrials	12.2	-0.8
Consumer Discretionary	9.5	2.0
Information Technology	7.0	-4.1
Communication Services	6.9	-1.3
Real Estate	6.6	2.4
Energy	5.4	-0.4
Consumer Staples	4.8	-2.2
Materials	3.7	-0.5
Utilities	3.3	-1.1

Top 10 (%)

Berkshire Hathaway	3.3
Wells Fargo	3.1
Capital One	2.2
Bank of America	1.8
M&T Bank	1.8
AbbVie	1.7
Philip Morris International	1.7
Johnson & Johnson	1.6
First Citizens BancShares	1.5
State Street	1.5

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

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.

Composite

The composite includes all discretionary separately managed accounts invested according to JPMIM's Value Advantage strategy. With this strategy, publicly traded companies, regardless of market capitalization, are eligible for purchase. Our investment process seeks to identify companies that possess the ability to generate significant cash flow which are led by management teams that can effectively allocate capital in order to increase intrinsic value per share. We believe that those companies have the greatest potential to outperform the market over the long term. The inception date is March 01, 2005.

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

The Russell 3000 Value Index is an unmanaged index measuring the performance of those Russell 3000 companies (largest 3000 U.S. 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.

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.

**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.

Entities

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