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# J.P. Morgan Equity Income Managed Account

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2Q 2021

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# Capabilities

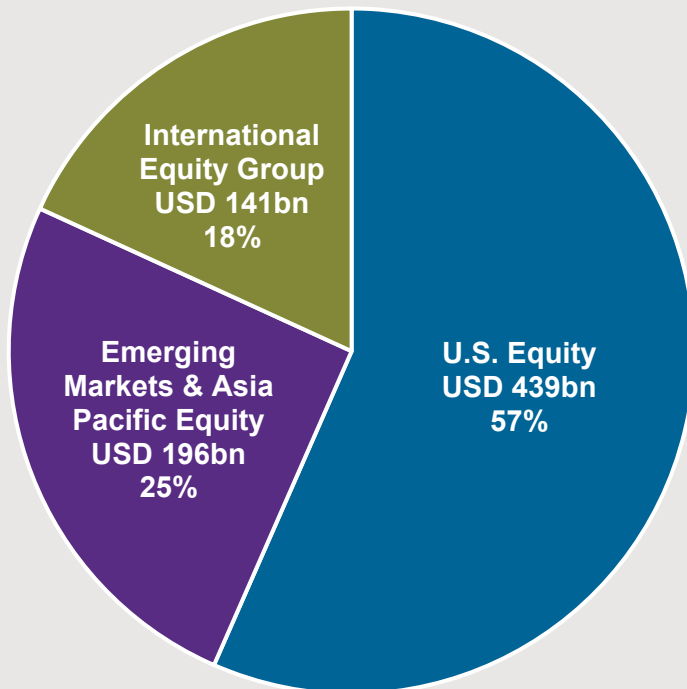
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# Equities Assets Under Management

As of June 30, 2021, J.P. Morgan Asset Management's Equity teams manage USD 776 billion.

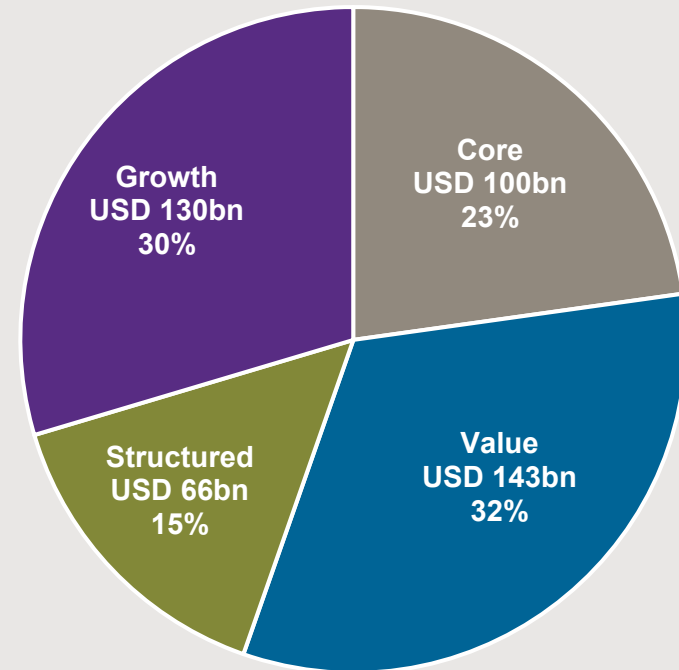
## Equities

USD 776bn total assets under management



## U.S. Equity

USD 439bn total assets under management



Source: J.P. Morgan Asset Management. Data includes internal Fund of Funds and joint ventures. All figures in USD.

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# Expertise

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## An experienced team dedicated to value

Also leverages the insights of the J.P. Morgan Equity organization which includes 24 research analysts in the U.S. and over 200 analysts globally



**Larry Playford**  
Managing Director  
CIO Value Team  
Experience: 28/28

### Portfolio Management Team



**Clare Hart, MD**  
Lead Portfolio Manager  
Experience: 29/22



**Andrew Brandon, MD**  
Co-Portfolio Manager  
Experience: 23/21

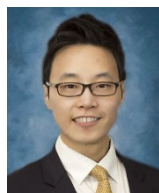


**David Silberman, MD**  
Co-Portfolio Manager  
Experience: 32/32

### Research



**Shilpee Raina, ED**  
Generalist  
Experience: 17/17



**Tony Lee, VP**  
Generalist  
Experience: 9/9

### Investment Specialist Team



**Jaime Steinhardt, ED**  
Experience: 11/11



**John Piccard, ED**  
Experience: 29/14



**Jenna Silver, VP**  
Experience: 8/8

As of June 2021. Note: MD = Managing Director; ED = Executive Director, VP = Vice President. There can be no assurance that the professionals currently employed by J.P. Morgan Asset Management will continue to be employed by J.P. Morgan Asset Management or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

# A team of skilled research analysts with an average of 20 years of experience

## Consumer



**David Small**  
Managing Director  
Director of U.S.  
Research  
Experience: 21/16



**Danielle Hines**  
Executive Director  
Associate Director  
of U.S. Research  
Experience: 12/12



**Lisa S. Sadioglu**  
Managing Director  
Consumer Cyclical  
Experience: 21/21



**Greg Fowlkes**  
Managing Director  
Retail  
Experience: 22/16



**Ryan Vineyard**  
Managing Director  
Telecom & Cable  
Experience: 16/9

## Healthcare



**Laurence McGrath**  
Executive Director  
Health Svcs/Medtech  
Experience: 24/11



**Bartjan van Hulten**  
Executive Director  
Pharma/Biotech  
Experience: 25/3



**Brittany Henderson**  
Vice President  
Medtech  
Experience: 11/3



**Li Boynton**  
Vice President  
Pharma/Biotech  
Experience: 7/4

## Financials



**Steven Wharton**  
Managing Director  
Banks & Capital  
Markets  
Experience: 26/15



**Brent Gdula**  
Executive Director  
Insurance  
Experience: 13/13



**David Chan**  
Executive Director  
Payments  
Experience: 14/3



**Jason Ko**  
Executive Director  
REITs  
Experience: 19/19



**Nick Turchetta**  
Vice President  
REITs  
Experience: 11/1

## REITs

## Telecom, Media & Technology



**Robert Bowman**  
Managing Director  
Semis & Technology  
Hardware  
Experience: 28/28



**Nitin Bhambhani**  
Managing Director  
Software and Svcs  
Experience: 28/25



**Kris Erickson**  
Executive Director  
Media  
Experience: 20/8



**Ryan Vineyard**  
Managing Director  
Telecom & Cable  
Experience: 16/9

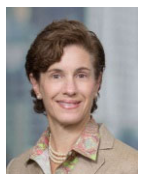
## Industrials



**Lerone Vincent**  
Executive Director  
Basic Materials  
Experience: 23/23



**David Maccarrone**  
Managing Director  
Energy Infrastructure  
Experience: 26/11



**Leslie Rich**  
Managing Director  
Utilities  
Experience: 28/11



**Joanna Shatney**  
Executive Director  
Industrial Cyclical  
Experience: 25/7



**Andrew Brill**  
Vice President  
Industrial Cyclical  
Experience: 18/5



**Chris Ceraso**  
Executive Director  
Autos and Transport  
Experience: 21/8



**Aga Zmigrodzka**  
Vice President  
Energy  
Experience: 11/<1

Note: Research Analysts Include VP's and above. As of June 2021. Years of experience: Industry/Firm

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# Portfolio

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# Investment Philosophy

*“Our bottom-up fundamental philosophy targets high quality U.S. companies with attractive valuations and healthy dividend yields.”*

## 1. Quality

### **We focus on quality first:**

- companies with durable franchises
- consistent earnings
- strong management teams

## 2. Valuation

### **Valuation is critical:**

- quantitative and qualitative judgements
- potential vs. current market value

## 3. Dividend

### **Dividend yields:**

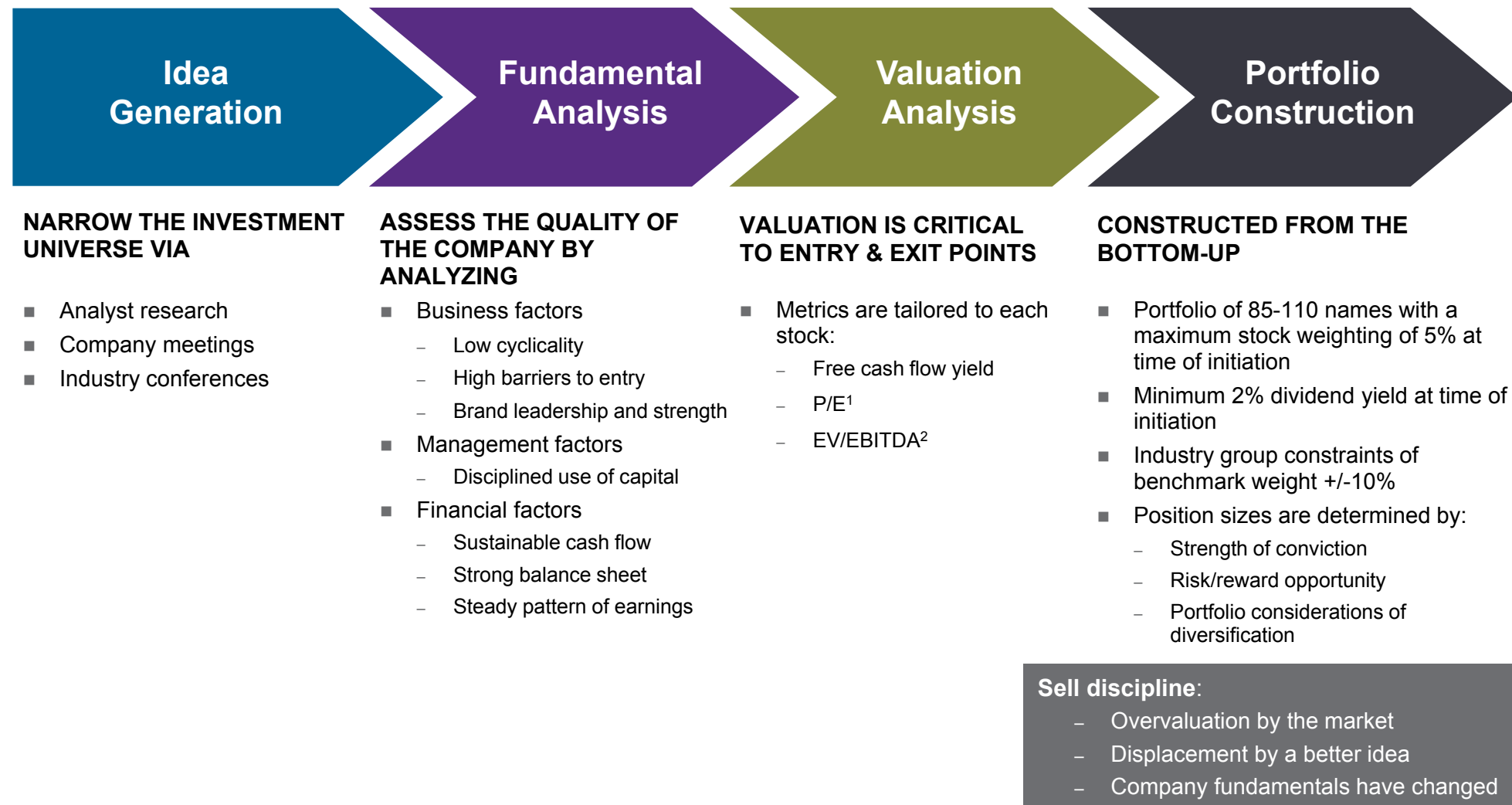
- enhance total return
- generate income
- modest payout ratio indicates a disciplined use of capital

*Our approach leads to a portfolio that has historically shown less volatility than the market with less exposure to the downside*

For illustrative purposes only. The manager seeks to achieve the stated objectives. There can be no guarantee the objectives will be met. See page 27 for glossary of investment terms

# Bottom-up fundamental philosophy

Targeting high quality U.S. companies with attractive valuations and healthy dividend yields



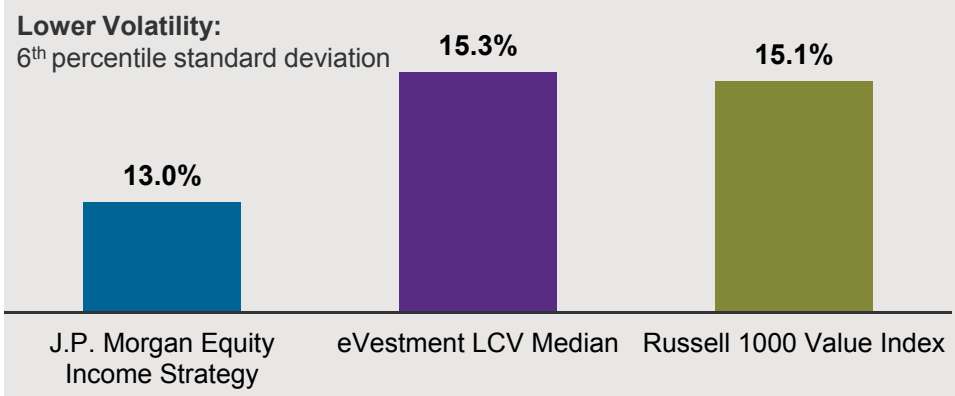
For illustrative purposes only. The manager seeks to achieve the stated objectives. There can be no guarantee the objectives will be met.

<sup>1</sup> Price/Earnings <sup>2</sup> Enterprise value/Earnings before interest, taxes, depreciation, and amortization. See page 27 for glossary of investment terms.

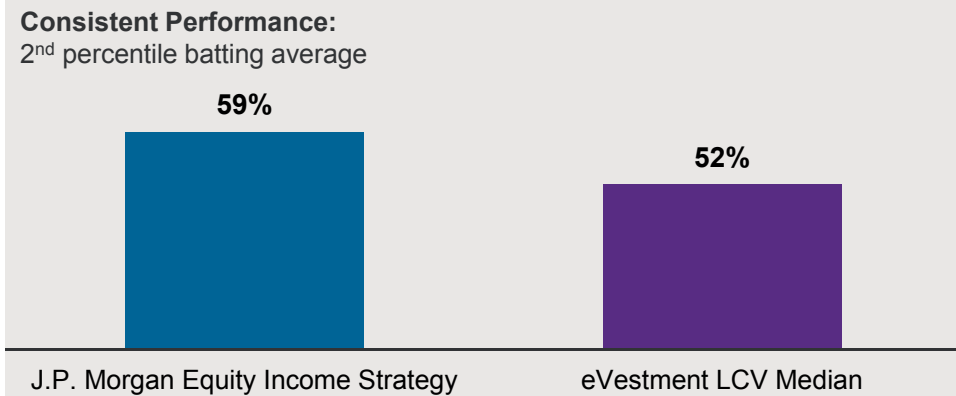
# Equity Income has top quintile performance coupled with bottom decile volatility

J.P. Morgan Equity Income Strategy as of March 31, 2021

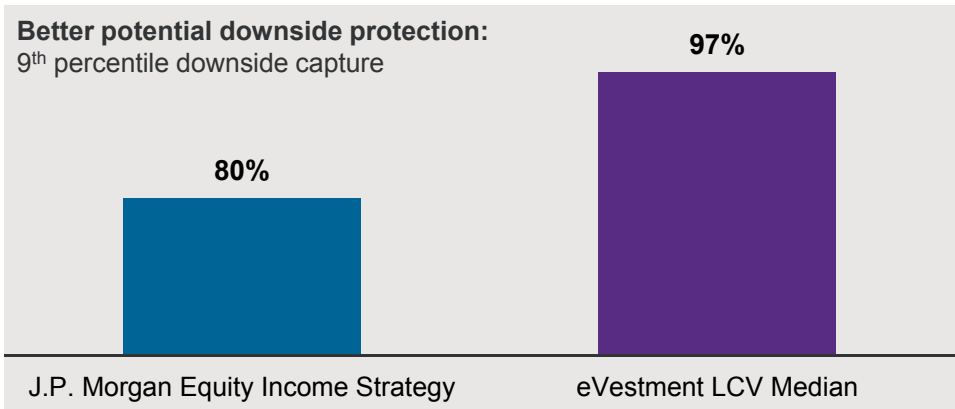
## Standard deviation since inception\*



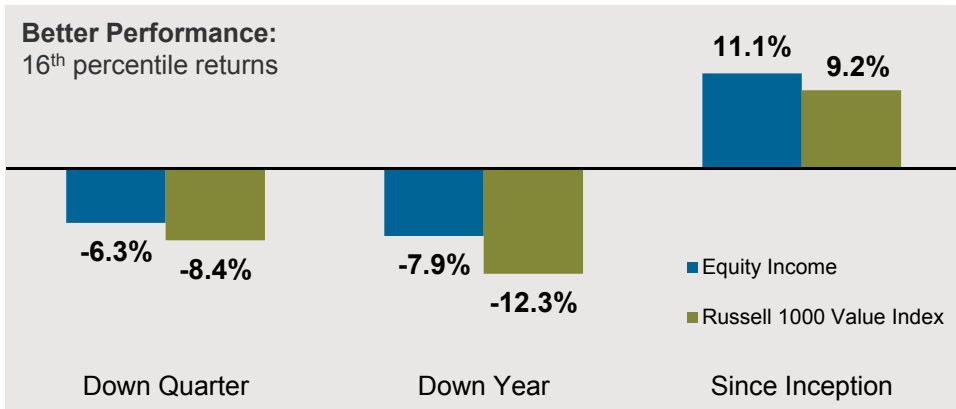
## Batting average since inception\*\*\*



## Down capture since inception\*\*



## Performance



Source: J.P. Morgan Asset Management, eVestment Alliance as of 03/31/21. Inception: 11/30/2002. Supplemental to standardized performance. The eVestment ranking is a percentile ranking based on the products' annualized returns (gross of fees) within its applicable Peer Universe. Ranking is calculated based on total return. Rating, risk, and return values are relative to each eVestment Large Cap Value Category, less bottom right chart which is relative to the Russell 1000 Value Benchmark. See page 28 / Appendix II for full percentile ranking information and disclosure for index information. Past performance is no guarantee of future results.

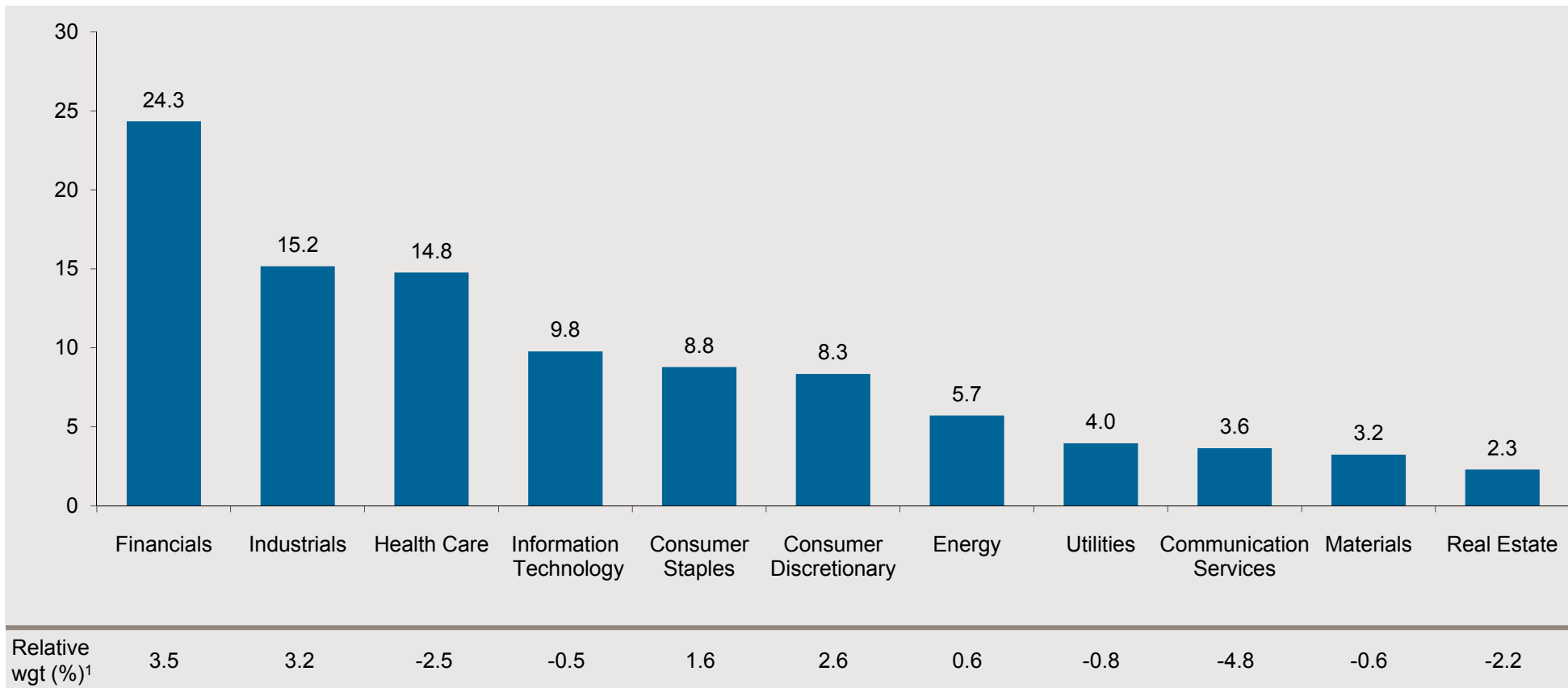
\* Risk is measured by standard deviation – a gauge of the variance of a manager's return over its average or mean. \*\* Down capture measures performance of the manager relative to the index in down markets. \*\*\* Consistency is measured by batting average – calculated by dividing the number of months in which the manager beats or matches the index by the total number of months in the period. LCV: Large Cap Value. See page 27 for glossary of investment terms.

# Sector positions

JPMorgan Equity Income Portfolio as of June 30, 2021

Benchmark Russell 1000 Value Index

## Absolute sector weightings (%)

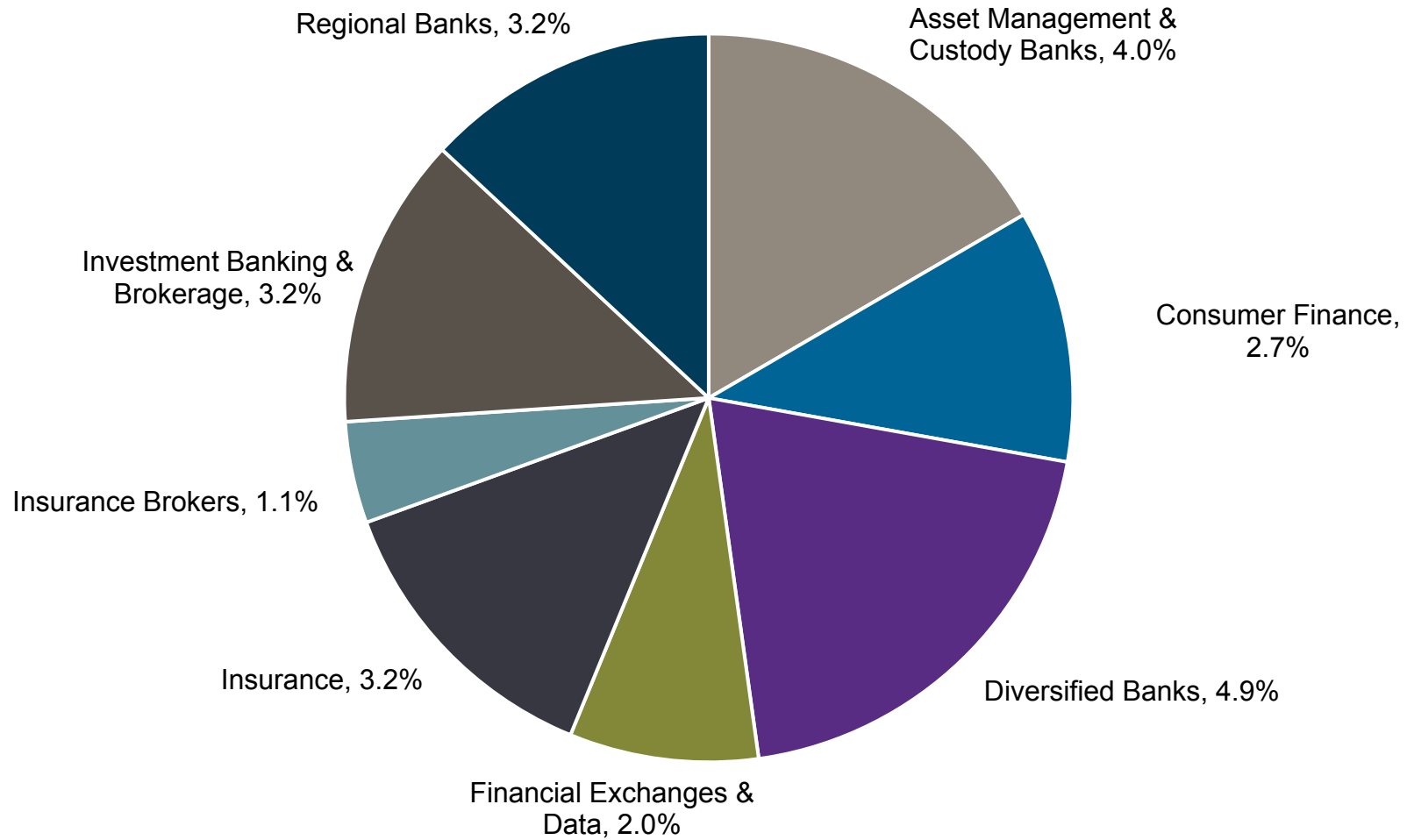


Source: J.P. Morgan Asset Management, Frank Russell Company, Wilshire Atlas (excludes cash). For illustrative purposes only. <sup>1</sup>Reflects relative position to the benchmark Russell 1000 Value Index. The Portfolio is an actively managed. Holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

# Financials: opportunities to add value in different rate environments

JPMorgan Equity Income Portfolio as of June 30, 2021

**Financials Weight: 24.3%**



Source: J.P. Morgan Asset Management, Wilshire Atlas (excludes cash).

# Portfolio positions

JPMorgan Equity Income Portfolio as of June 30, 2021

Benchmark Russell 1000 Value Index

Top 10 Holdings	Portfolio weight (%)	Dividend Yield (%)
Comcast	2.67	1.75
BlackRock	2.51	1.89
Bank America	2.45	1.75
UnitedHealth Group	2.45	1.45
ConocoPhillips	2.26	2.82
Bristol-Myers Squibb	2.23	2.93
Analog Devices	2.22	1.60
PNC Financial	2.08	2.41
Medtronic	2.07	2.03
Philip Morris	2.00	4.84
<b>Total</b>	<b>23.32</b>	

Top 5 overweights <sup>1</sup>	Portfolio weight (%)	Relative position (%)
ConocoPhillips	2.41	2.00
Analog Devices	2.23	1.96
BlackRock	2.51	1.89
PNC Financial	2.22	1.81
Dover	1.92	1.81

Top 5 underweights <sup>1</sup>	Portfolio weight (%)	Relative position (%)
Berkshire Hathaway	0.00	-2.59
JPMorgan Chase & Co <sup>2</sup>	0.00	-2.33
Walt Disney	0.00	-1.51
Exxon Mobil	0.00	-1.33
Cisco Systems	0.00	-1.11

<sup>1</sup>Reflects relative position to the Russell 1000 Value Index. <sup>2</sup>Due to regulatory reasons, the portfolio is unable to hold JPMorgan Chase & Co.

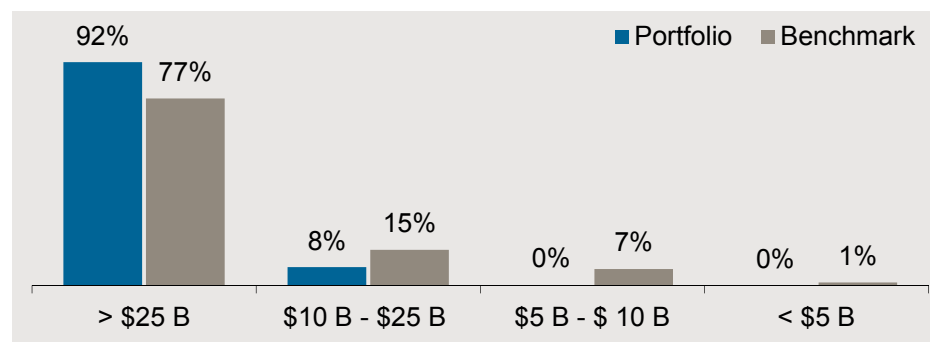
Source: J.P. Morgan Asset Management, Frank Russell Company, Wilshire Atlas (excludes cash). Holdings and allocations are subject to change at the discretion of the Investment Manager without notice. The inclusion of the securities mentioned above is not to be interpreted as recommendations to buy or sell. For illustrative purposes only.

# Portfolio characteristics

JPMorgan Equity Income Fund as of June 30, 2021

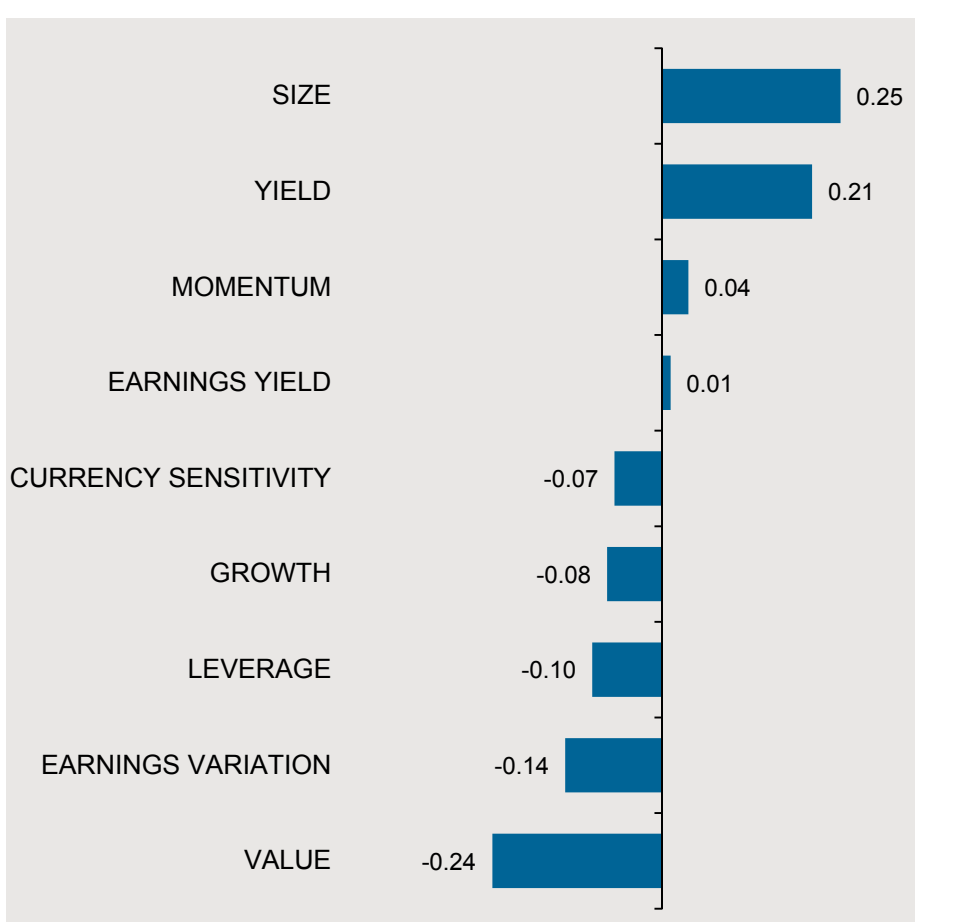
Portfolio	Portfolio	Benchmark
P/E Ratio <sup>1</sup>	18.2x	16.9x
EPS Growth <sup>2</sup>	14.9%	14.6%
Average Market Cap <sup>3</sup>	\$170.0 B	\$136.3 B
Number of Holdings	90	832
Current Dividend Yield	2.2%	1.9%
30-Day SEC Yield	1.3%	N/A
30-Day Unsubsidized SEC Yield	1.3%	N/A
Dividend Growth <sup>4</sup>	7.4%	3.8%
Active Share	68.4%	N/A
ROE <sup>4</sup>	17.8%	13.7%
ROIC <sup>4</sup>	10.4%	8.4%
Standard Deviation <sup>5</sup>	14.8%	16.2%
Turnover <sup>5</sup>	17.1%	N/A
Tracking Error <sup>5</sup>	2.50	N/A
Beta <sup>5</sup>	0.91	1.00

## Market capitalization weightings<sup>3</sup>



Benchmark Russell 1000 Value Index

## Barra tilts relative to benchmark



Source: J.P. Morgan Asset Management, Frank Russell Company, Bloomberg, BARRA, Wilshire Atlas (excludes cash). The above characteristics are shown for illustrative purposes only, and are subject to change without notice. Representative the current portfolio holdings. However, it cannot be assumed that these types of investments will be available to or will be selected by the portfolio in the future.

<sup>1</sup>First Call 12 month forward estimate. <sup>2</sup>First Call Growth 1-5 year forward estimate. <sup>3</sup>USD. <sup>4</sup>Trailing 12 months. <sup>5</sup>Trailing 5 years (Annualized). See page 27 for glossary of investment terms.

## Portfolio activity: 2Q 2021

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JPMorgan Equity Income Portfolio as of June 30, 2021

### Top Buys<sup>1</sup>

- UnitedHealth Group
- Advance Auto Parts\*
- Medtronic
- Bristol-Myers Squibb
- Gap

### Top Sells<sup>1</sup>

- Altria Group\*
- Automatic Data Processing\*
- Stanley Black & Decker
- Merck & Co.
- McDonalds

Source: J.P. Morgan Asset Management

<sup>1</sup> Based on change in position size

\*Was either initiated or eliminated during the quarter.

Holdings and allocations are subject to change at the discretion of the Investment Manager without notice. The companies/securities above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell. The Portfolio is actively managed. Holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.



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# Results

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# Performance

JPMorgan Equity Income SMA Composite as of June 30, 2021

**Market value USD** (06/30/2021)  
Strategy<sup>1</sup> USD 75,971 mm

Annualized Performance (%)	2Q 2021	YTD 2021	1 year	3 years	5 years	10 Years	Since Inception (11/30/2002)
Equity Income SMA Composite (Gross)	6.36	16.77	41.41	14.44	13.89	13.38	11.36
Equity Income SMA Composite (Net of max. allowable fees – 300bps)*	5.55	15.00	37.17	11.01	10.47	10.00	8.06
Russell 1000 Value Index	5.21	17.05	43.68	12.42	11.87	11.61	9.34
<b>Excess return (Gross)</b>	<b>1.15</b>	<b>-0.28</b>	<b>-2.27</b>	<b>2.02</b>	<b>2.02</b>	<b>1.77</b>	<b>2.02</b>

Calendar year performance (%)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Equity Income SMA Composite (Gross)	19.31	9.08	14.22	32.13	14.60	-1.14	15.94	18.29	-4.00	27.24	4.20
Equity Income SMA Composite (Net of max. allowable fees – 300bps)*	15.91	5.90	10.94	28.47	11.31	-4.08	12.62	14.93	-6.88	23.42	1.10
Russell 1000 Value Index	15.51	0.39	17.51	32.53	13.45	-3.83	17.34	13.66	-8.27	26.54	2.80
<b>Excess return (Gross)</b>	<b>3.80</b>	<b>8.69</b>	<b>-3.29</b>	<b>-0.40</b>	<b>1.15</b>	<b>2.69</b>	<b>-1.40</b>	<b>4.63</b>	<b>4.27</b>	<b>0.70</b>	<b>1.40</b>

***The performance quoted is past performance and is not a guarantee of future results.***

Source: J.P. Morgan Asset Management. Please see disclosure page for index definitions. \*Please note, actual fees associated with this strategy may be lower. <sup>1</sup>Preliminary

Total return assumes the reinvestment of income. Performance results are gross of investment management fees. The deduction of an advisory fee reduces an investor's return. Actual account performance will vary depending on individual portfolio security selection and the applicable fee schedule. Fees are described in Part II of the Advisor's ADV which is available upon request. Please see back page for additional disclosure. 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. The returns are total returns and include the reinvestment of dividends. An individual cannot invest directly in an index. The index is unmanaged.

Please see page 27 for glossary of investment terms.

# Performance attribution: 2Q 2021

JPMorgan Equity Income Portfolio as of June 30, 2021

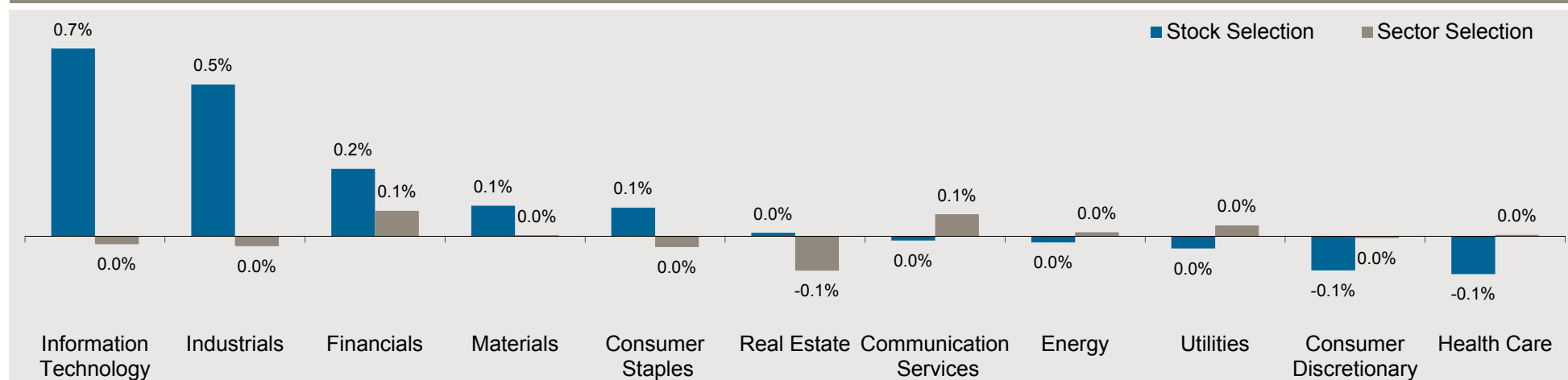
<b>Attribution Summary</b>	Stock:	1.31
	Sector:	0.00
<b>Benchmark</b>	Russell 1000 Value Index	

## Stock attribution

Top contributors	Ending weight (%)	Stock return (%)	Impact (%)
BlackRock	2.51	16.59	0.39
ConocoPhillips	2.41	15.88	0.35
Morgan Stanley	1.94	18.56	0.33
American Express	1.74	16.82	0.27
Philip Morris	2.07	13.04	0.26

Top detractors	Ending weight (%)	Stock return (%)	Impact (%)
Deere & Co	1.16	-5.49	-0.07
Hartford Financial	0.78	-6.72	-0.06
Altria Group	0.00	-9.11	-0.05
Truist Financial	0.96	-4.13	-0.04
NextEra Energy	1.52	-2.56	-0.04

## Stock selection vs sector selection



**Past performance is not a guarantee for future results.** Source: J.P. Morgan Asset Management, Frank Russell Company, Wilshire Atlas (excludes cash). The securities highlighted above have been selected based on their significance and are shown for illustrative purposes only. They are not recommendations. The portfolio is an actively managed. Holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice. Supplemental to Annual Performance Report.

Please see disclosure for index information and page 27 for glossary of investment terms.

# Performance attribution: YTD 2021

JPMorgan Equity Income Portfolio as of June 30, 2021

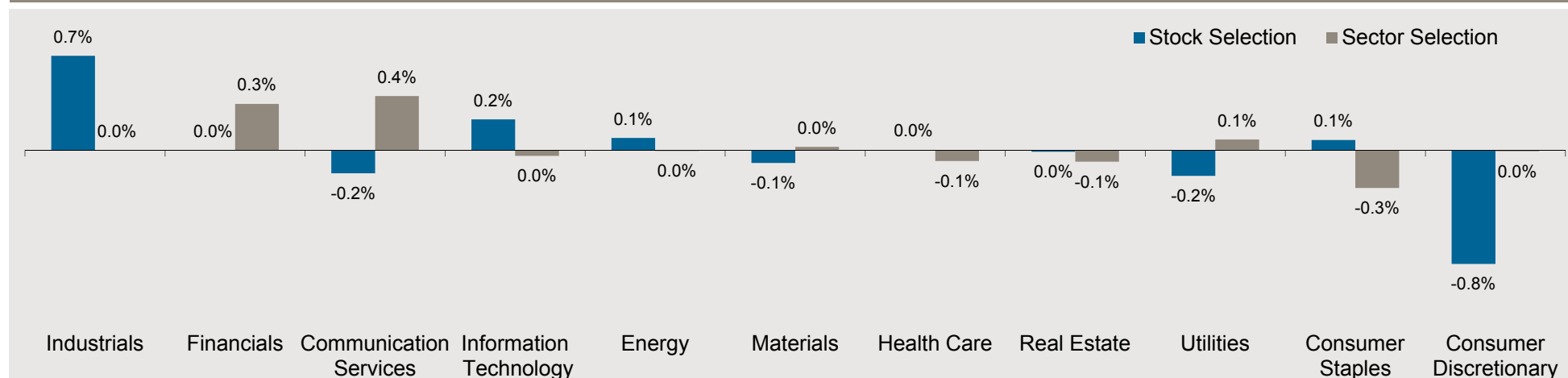
<b>Attribution Summary</b>	Stock:	-0.22
	Sector:	0.32
<b>Benchmark</b>	Russell 1000 Value Index	

## Stock attribution

Top contributors	Average weight (%)	Stock return (%)	Impact (%)
ConocoPhillips	2.17	54.92	0.98
Bank of America	2.41	37.27	0.80
PNC Financial	2.29	29.83	0.64
EOG Resources	1.22	69.28	0.61
Morgan Stanley	1.85	35.03	0.60

Top detractors	Average weight (%)	Stock return (%)	Impact (%)
NextEra Energy	1.73	-4.01	-0.08
Verizon	1.20	-2.56	-0.04
Honeywell	0.16	-2.44	-0.03
Becton Dickinson	1.05	-2.14	-0.03
Procter & Gamble	0.88	-1.81	-0.02

## Stock selection vs sector selection



**Past performance is not a guarantee for future results.** Source: J.P. Morgan Asset Management, Frank Russell Company, Wilshire Atlas (excludes cash). The securities highlighted above have been selected based on their significance and are shown for illustrative purposes only. They are not recommendations. The portfolio is an actively managed. Holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice. Supplemental to Annual Performance Report.

Please see disclosure for index information and page 27 for glossary of investment terms.

# Executive summary

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J.P. Morgan Equity Income Strategy as of March 31, 2021

## Expertise

### Experienced portfolio management team coupled with proprietary insights from our seasoned research team

- Experienced investment team with Clare Hart managing the strategy since inception\*
- Supported by two Co-PMs and two dedicated analysts focusing on income investing
- Leveraging fundamental insights of our team of over 20 US Equity career analysts who average 21 years investment experience

## Portfolio

### Bottom-up stock selection which targets high quality US companies with attractive valuations

- Targets quality companies with consistent earnings, strong management teams and a dividend yield of 2% or more
- Fundamental bottom-up approach to stock selection that is not benchmark driven
- Fully invested with cash < 5% and no derivatives / options used in the portfolio

## Results

### Our investment approach has delivered strong and consistent risk-adjusted returns over time

- Has generated top quintile performance and bottom decile volatility since inception\*
- Attractive combination of performance and less exposure to the downside
- Enhanced total return thanks to the portfolio's dividend yield

**Past performance is not a reliable indicator of current and future results.**

Source: J.P. Morgan Asset Management. eVestment. Inception 11/30/2002.

\*eVestment Alliance as of 03/31/21. Statistics are computed using monthly data. The eVestment ranking is a percentile ranking based on the funds/products annualized return (gross of fees). The J.P. Morgan Equity Income Strategy was ranked in the eVestment Large Cap Value Universe.

See page 28 / Appendix II for full percentile ranking information.

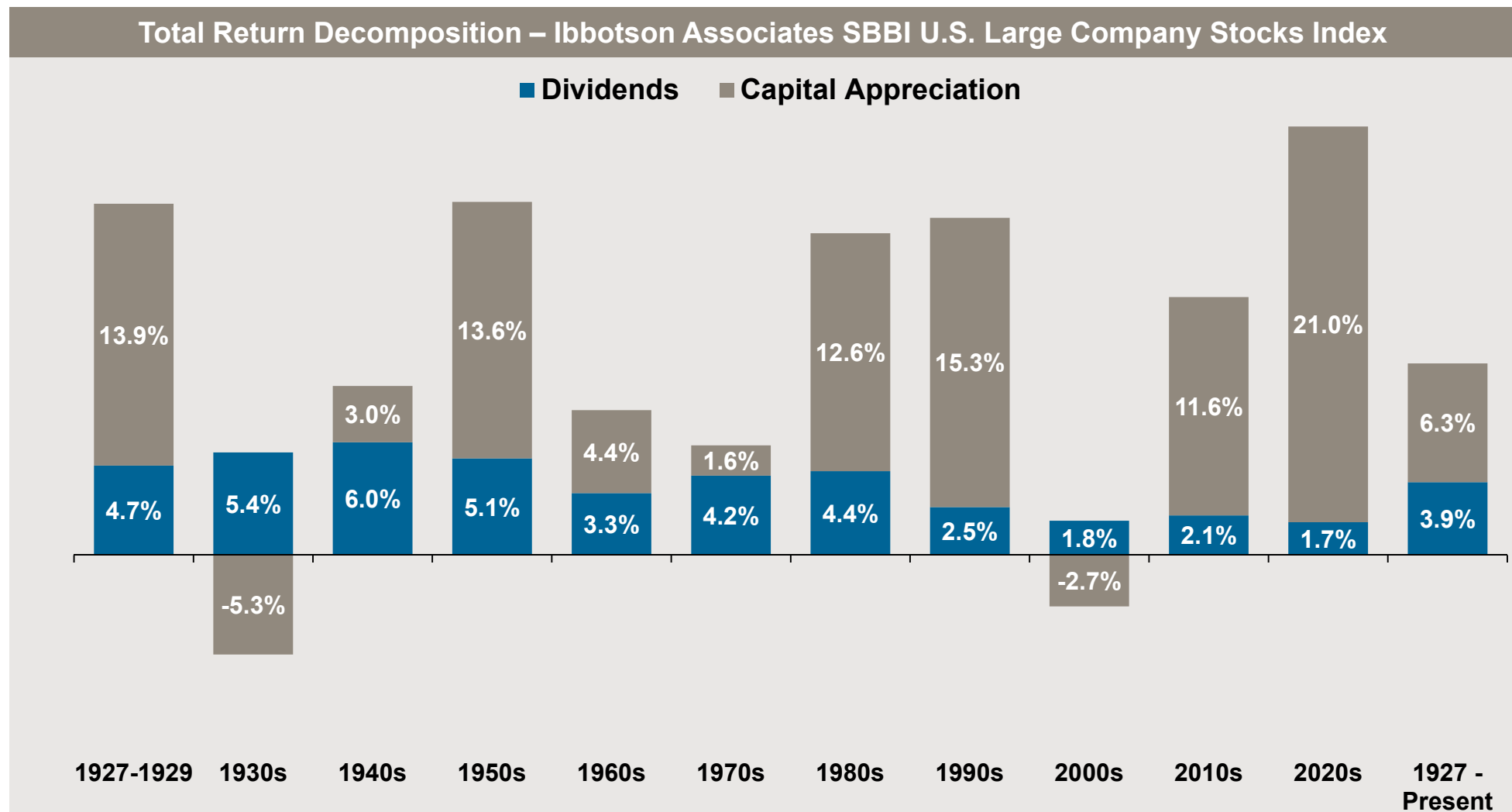
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# Appendix

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# Dividends have been an important contributor to total returns over time

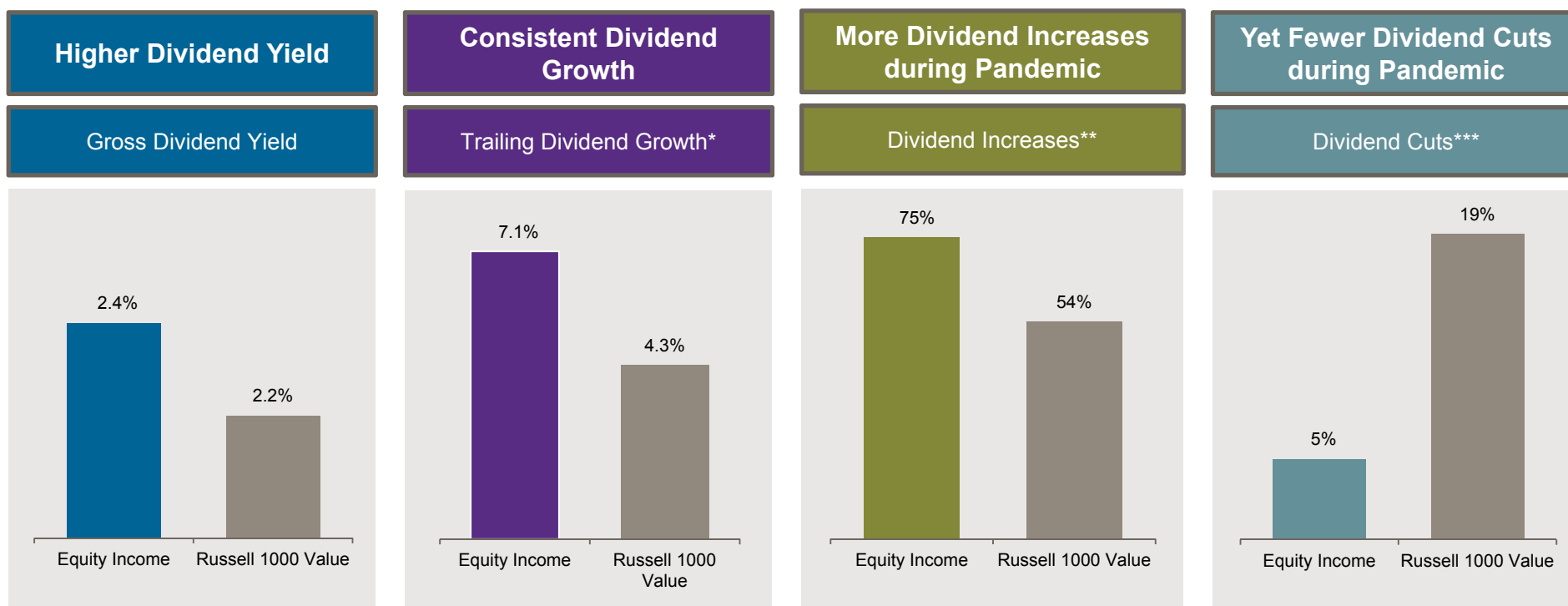
As of June 30, 2021



*Past performance is not a guarantee for future results.* Source: Morningstar. Shown for illustrative purposes only. There is no guarantee that companies will declare, continue to pay or increase dividends. See page 27 for glossary of investment terms.

# Dividend sustainability is critical

Dividend Yield and Dividend Growth Rate of Equity Income vs Russell 1000 Value Index – *Calendar Year 2020*



Source: J.P. Morgan Asset Management, Factset. Yield and growth figures as of December 31, 2020. \*\* & \*\*\* : Increases/cuts: January 1 – December 31, 2020. \*Figures are based on the gross dividend yield and trailing 12 months dividend growth rate of the Equity Income Portfolio. Dividend yield is calculated by taking the sum-total dividend yield of each stock held in the portfolio. The dividend yield for each stock is the most recent dividend payout annualised and divided by the share price. Dividend growth calculates the annualized average rate of increase in the dividends paid by stock held in the portfolio. \*\*Refer to dividend increase during the time period as a percentage of holdings. \*\*\*Refer to dividend cuts and suspensions during the time period as a percentage of holdings. The Equity Income Fund and the Russell 1000 Value Index dividend yield and dividend growth rates are calculated in the same manner. For illustrative purposes only. Yield is not guaranteed and may change over time. See page 27 for glossary of investment terms.



## Investment team biographies

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**Clare Hart**, *managing director*, is a portfolio manager in the U.S. Equity Group. An employee since 1999, Clare is the lead portfolio manager of the JPMorgan Equity Income Fund and the JPMorgan U.S. Value Fund. Prior to joining the team, Clare was with Salomon Smith Barney's equity research division as a research associate covering Real Estate Investment Trusts. She began her career at Arthur Andersen, working as a public accountant while earning both an M.S.A. from DePaul University and a C.P.A. granted by the State of Illinois. Clare also holds a B.A. in political science from the University of Chicago.



**Andrew Brandon**, *managing director*, is a portfolio manager in on the JPMorgan Equity Income and the JPMorgan U.S. Value Funds within the U.S. Equity Group. An employee since 2000, Andrew joined the investment team in 2012 as an investment analyst on the JPMorgan Equity Income and Growth and Income Funds. Prior to joining the team, Andrew was a member of our US equity research team covering the financial industry. Andrew has also worked in the JPMorgan Private Bank supporting portfolio managers of both the U.S. large cap core equity product, and the U.S. large cap value product. Andrew obtained a B.A. in economics from the University of Virginia, and an M.B.A. from the University of Florida. He is a CFA charterholder.



**David Silberman**, *managing director*, is a portfolio manager on the JPMorgan Equity Income and the JPMorgan U.S. Value Funds within the U.S. Equity Group. An employee since 1989, David assumed his current role in 2019. Previously, David was the Head of the Equity Investment Director and Corporate Governance teams globally and the lead U.S. Equity Investment Director since 2008. Before that, he was a portfolio manager in the U.S. Equity Group where he managed equity portfolios for private clients, endowments and foundations. He has also worked in the Emerging Markets Derivatives Group and attended the J.P. Morgan training program. David holds a B.A. in economics and political science from the State University of New York at Binghamton and an M.B.A. from the Stern School of Business at New York University.



**Shilpee Raina**, *executive director*, is a research analyst on the JPMorgan Equity Income and U.S. Value Funds within the U.S. Equity Group. Shilpee is a generalist analyst whose research coverage spans various industries. An employee since 2005, Shilpee has been a dedicated research analyst on the Equity Income Strategy since 2008 and was previously focused on the Mid Cap Value portfolios. Shilpee holds a B.S. in Commerce with concentrations in Finance and Accounting from University of Virginia's McIntire School of Commerce. She is a member of both the New York Society of Security Analysts and the CFA Institute and is a CFA charterholder.



**Tony D. Lee**, *vice president*, is an investment analyst on the JPMorgan Equity Income and U.S. Value Funds within the U.S. Equity Group. An employee since 2012, Tony is a generalist analyst who covers multiple sectors. Prior to joining the team in 2018, Tony was a member of our U.S. Equity Research team covering healthcare and insurance industries. Tony holds B.S. in Hotel Administration with concentrations in Real Estate and Finance from Cornell University. He is a CFA charterholder.



**Jaime H. Steinhardt**, *executive director*, is an investment specialist within the U.S. Equity Group. An employee since 2012, Jaime is the head of the investment specialist team that is responsible for communicating investment performance, outlook, and strategy positioning to institutional and funds clients for the firm's U.S. Equity Value platform. She holds a B.A. in economics from Georgetown University and holds the Series 7 and 63 licenses. She is a member of both the New York Society of Security Analysts and the CFA Institute, and a CFA charterholder.



**John P. Piccard**, *executive director*, is an investment specialist in the U.S. Equity Group. He rejoined the firm after spending 10 years at Lord, Abbett & Co. as a portfolio manager and research analyst. Previously, John served as a portfolio manager at J.P. Morgan Investment Management. He originally joined the firm as an associate in asset-liability and proprietary portfolio management. John holds a B.A. in economics and philosophy from Fordham University and an M.A. in Economics from New York University. He is a CFA charterholder.



**Jenna B. Silver**, *vice president*, is an investment specialist in the U.S. Equity Group. An employee since 2013, Jenna is responsible for communicating investment performance, outlook, and strategy positioning to institutional and funds clients for the firm's U.S. Equity Value platform. Jenna previously worked in Asset Management's Product Strategy team, focusing on the fixed income landscape, industry trends, product development, and competitive positioning. Jenna holds a B.B.A. in Finance and Strategy from the University of Michigan, Stephen M. Ross School of Business. She also holds the Series 7 and 63 licenses and is a CFA charterholder.

# Equity Income Composite

December 31, 2019

Year	Net of Fees Return %	"Pure" Gross of Fees Return %	Benchmark Return %	Number of Accounts	% of Managed Account Portfolios	Internal Dispersion	Composite 3Yr Annualized Std Dev (%)	Benchmark 3Yr Annualized Std Dev (%)	Composite Assets (\$Millions)	Firm Assets (\$ Billions)
2019	23.42	27.24	26.54	825	100	0.25	11.00	12.02	258	1,492
2018	-6.88	-4.00	-8.27	604	100	0.24	10.33	10.98	173	1,230
2017	14.93	18.29	13.66	497	100	0.16	9.54	10.34	171	1,165
2016	12.62	15.94	17.34	408	100	0.28	10.26	10.93	129	1,068
2015	-4.08	-1.14	-3.83	326	100	0.36	10.28	10.83	106	834
2014	11.31	14.60	13.45	56	100	0.10	8.68	9.33	11	845
2013	28.47	32.13	32.53	8	100	n/a	10.76	12.88	2	775
2012	10.94	14.22	17.51	<6	0	n/a	13.34	15.73	5,128	701
2011	5.90	9.08	0.39	<6	0	n/a	16.39	20.98	2,250	657
2010	15.91	19.31	15.51	<6	0	n/a	18.83	23.51	893	621

\*"Pure" Gross-of-fees returns are supplemental to Net Returns

**Firm Definition:** J.P. Morgan Investment Management Inc. (JPMIM or the Firm) consists of the assets of institutional clients invested in U.S. managed products including 1) the Fixed Income and Cash assets formerly part of Chase Asset Management and MDS&Chase Partners, 2) the New York institutional investment division of JPMorgan Chase Bank, N.A., formerly Morgan Guaranty Trust Company of New York, 3) the institutional investment assets of JPMorgan Investment Advisors, Inc. (JPMIA), formerly known as Banc One Investment Advisors Corporation (BOIA), the advisor to institutional assets directly managed by JPMIA or sub-advised by an affiliate institution, and 4) the institutional assets of Bear Stearns Asset Management Inc. The Firm also includes Separately Managed Accounts over which JPMIM has full and sole discretion. JPMIM is marketed under JPMorgan Asset Management.

**Internal Dispersion:** The internal dispersion of annual returns is measured by the asset-weighted standard deviation of gross account returns included in the composite for the full year. For periods with less than 6 accounts included for the entire year, internal dispersion is not presented (n/a) as it is not considered meaningful.

**Standard Deviation:** The 3 Year Annualized Standard Deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation of the Composite and benchmark are not presented (n/a) for periods where the composite does not have a 36-month history.

**Composite Listing:** A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

**Composite Description:** The composite includes all discretionary separately managed accounts invested according to JPMIM's Equity Income strategy. The strategy looks to invest in the equity securities of corporations that regularly pay dividends (including common stocks, debt securities, and preferred stock convertible to common stock), as well as stocks with favorable long-term fundamental characteristics. Because yield is a main consideration in selecting securities, the strategy may purchase stocks of companies that are out of favor in the financial community and therefore, are selling below what the adviser believes to be their long-term investment value. Equity securities in which the strategy primarily invests include common stocks, convertible securities, and real estate investment trusts (REITs).

**Fee Schedule:** Effective October 01, 2013, Gross performance reflects "pure" gross of fee returns. Gross returns reflect the reinvestment of income and deduction of withholding taxes where applicable and do not reflect the deduction of any other expenses, including transaction costs. For periods prior to October 01, 2013, both gross and net returns reflect the reinvestment of income, deduction of transaction costs, and are net of withholding taxes where applicable. Gross returns do not reflect the deduction of investment advisory fees or any other expense that may be incurred in the management of the account. For all periods model net returns reflect the deduction of an assumed maximum annual managed account fee of 3% from the gross returns, on a monthly basis. Fees are based on the market value of all assets in an account and cover investment management and custodial fees, administrative services, commissions, transaction costs, and other expenses. Actual fees may vary from sponsor to sponsor. Actual advisory fees charged and actual account minimum size may vary by account due to various conditions described in Part IIA of Form ADV. All returns are expressed in U.S. dollars. Prior to 2018, the fee was deducted quarterly.

**Compliance Statement:** J.P. Morgan Investment Management Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. J.P. Morgan Investment Management Inc. has been independently verified for the period 2001-2019. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

**Benchmark Description:** The benchmark is the Russell 1000 Value. The index returns are provided to represent the investment environment existing during the time periods shown. For comparison purposes the index is fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs.

**Creation Date:** The composite creation date is October 01, 2013. For periods prior to October 01, 2013, the Equity Income Managed Accounts Composite calculations have been linked to the actual historical performance from the Firm's institutional Equity Income Composite. From October 01, 2013 forward, only eligible separately managed account portfolios are included in the composite results.

**Past and Future Performance:** Past performance is no guarantee of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses.

# Glossary of investment terms

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**Active Share** - a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

**Alpha** - The amount of return expected from an investment from its inherent value.

**Information ratio (IR)** – A ratio of portfolio returns above the returns of a benchmark to the volatility of those returns.

**Bottom-up investing** - an investment approach that focuses on the analysis of individual stocks and de-emphasizes the significance of macroeconomic cycles and market cycles.

**Barra Risk Factor Analysis** – A multi-factor model, created by Barra Inc., used to measure the overall risk associated with a security relative to market performance. The model incorporates >40 data metrics and measures risk factors via three main components: industry risk, company-specific risk and risks from exposure to investment themes.

**Beta** - A measurement of volatility where 1 is neutral; above 1 is more volatile; and less than 1 is less volatile.

**Down-Market Capture** - a statistical measure of an investment manager's overall performance in down-markets.

**Earnings Per Share (EPS)** - The portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability.

**Excess Return (ER)** – portfolio returns achieved above and beyond the return of its benchmark.

**Free cash flow yield** - a financial solvency ratio that compares the free cash flow per share a company is expected to earn against its market value per share. The ratio is calculated by taking the free cash flow per share divided by the current share price.

**Fundamental analysis** - attempts to measure a security's intrinsic value by examining related economic and financial factors including the balance sheet, strategic initiatives, microeconomic indicators, and consumer behavior.

**Growth investing** - Investment strategy that focuses on stocks of companies and stock funds where earnings are growing rapidly and are expected to continue growing.

**Large-cap** - The market capitalization of the stocks of companies with market values greater than \$10 billion.

**Mid-cap** - The market capitalization of the stocks of companies with market values between \$3 to \$10 billion.

**Performance attribution** - a set of techniques that performance analysts use to explain why a portfolio's performance differed from the benchmark.

**Price/Earnings (P/E) 12-month forward** - price of a stock divided by its projected earnings for the coming year.

**Small-cap** - The market capitalization of the stocks of companies with market values less than \$3 billion.

**Tracking Error (TE)** - The active risk of the portfolio. It determines the annualized standard deviation of the excess returns between the portfolio and the benchmark.

**Turnover Ratio** - Percentage of holdings in a mutual fund that are sold in a specified period.

**Up-Market Capture** – a statistical measure of an investment manager's overall performance in up-markets.

**Valuation** - An estimate of the value or worth of a company; the price investors assign to an individual stock.

**Value investing** - A strategy whereby investors purchase equity securities that they believe are selling below estimated true value. The investor can profit by buying these securities then selling them once they appreciate to their real value.

**Weighted Average Market Capitalization** - Most indexes are constructed by weighting the market capitalization of each stock on the index. In such an index, larger companies account for a greater portion of the index. An example is the S&P 500 Index.

## Appendix II: Equity Income eVestment Percentile Ranking Information

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- Sourced from eVestment Alliance as of 03/31/21. Statistics are computed using monthly data. The eVestment ranking is a percentile ranking based on the funds/products annualized return (gross of fees). **J.P. Morgan Equity Income** was ranked against the following number of institutional products in the eVestment Large Cap Value universe: **Standard Deviation:** for the 1 year period, 29 / 378; for the 3 year period, 21 / 372; for the 5 year period, 22 / 354; and for the 10-year period, 17 / 304. **Batting average:** for the 1 year period, 65 / 378; for the 3 year period, 23 / 372; for the 5 year period, 23 / 354; and for the 10-year period, 3 / 304. **Downside capture:** for the 1 year period, 78 / 378; for the 3 year period, 25 / 372; for the 5 year period, 26 / 354; and for the 10-year period, 17 / 304. **Performance>Returns:** for the 1 year period, 76 / 378; for the 3 year period, 37 / 372; for the 5 year period, 37 / 354; and for the 10-year period, 17 / 304. **Sharpe Ratio:** for the 1 year period, 68 / 378; for the 3 year period, 28 / 372; for the 5 year period, 22 / 354; and for the 10-year period, 10 / 304. **Beta:** for the 1 year period, 64 / 378; for the 3 year period, 76 / 372; for the 5 year period, 75 / 354; and for the 10-year period, 78 / 304. **Information Ratio:** for the 1 year period, 84 / 378; for the 3 year period, 26 / 372; for the 5 year period, 21 / 354; and for the 10-year period, 9 / 304. Past performance is no guarantee of future results. Rankings are calculated based on total returns.

# J.P. Morgan Asset Management

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**RISK SUMMARY:** The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the portfolio or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general (or in particular, the prices of the types of securities in which a portfolio invests) may decline over short or extended periods of time. When the value of a portfolio's securities goes down, an investment in a fund decreases in value. There is no guarantee that the use of long and short positions will succeed in limiting the Fund's exposure to domestic stock market movements, capitalization, sector-swings or other risk factors. Investment in a portfolio involved in long and short selling may have higher portfolio turnover rates. This will likely result in additional tax consequences. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

The **Russell1000 Value Index** is an unmanaged index measuring the performance of those Russell1000 companies with lower price-to-book ratios and lower forecasted growth values. Managed Accounts have fees that reduce their performance: indexes do not. You cannot invest directly in an index.

**Top Holdings:** The top 10 holdings listed reflect only the Strategy's longterm 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.

There can be no assurance that the professionals currently employed by JPMAM will continue to be employed by JPMAM or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

Any securities/portfolio holdings mentioned throughout the presentation are shown for illustrative purposes only and should not be interpreted as recommendations to buy or sell. A full list of firm recommendations for the past year are available upon request.

**Past performance does not guarantee future results.** Total returns assumes reinvestment of any income. The deduction of an advisory fee reduces an investor's return. Actual account performance will vary on individual portfolio security selection and the applicable fee schedule. Fees are available upon request.

The following is an example of the effect of compounded advisory fees over a period of time on the value of a client's portfolio: A portfolio with a beginning value of \$100 million, gaining an annual return of 10% per annum would grow to \$259 million after 10 years, assuming no fees have been paid out. Conversely, a portfolio with a beginning value of \$100 million, gaining an annual return of 10% per annum, but paying a fee of 1% per annum, would only grow to \$235 million after 10 years. The annualized returns over the 10 year time period are 10.00% (gross of fees) and 8.91% (net of fees). If the fee in the above example was 0.25% per annum, the portfolio would grow to \$253 million after 10 years and return 9.73% net of fees. The fees were calculated on a monthly basis, which shows the maximum effect of compounding.

Securities may be sold through J.P. Morgan Institutional Investments Inc., member FINRA.

Telephone calls and electronic communications may be monitored and/or recorded. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our privacy policies at <https://www.jpmorgan.com/privacy>

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