

# J.P. Morgan 1-17 Year Municipal Ladder Strategy

Separately Managed Account

**Designed to provide a stable stream of tax-aware income while focusing on capital preservation**

## Approach

- Diversified portfolio with laddered maturities of high-quality municipal bonds
- Invests in a buy and maintain municipal bond portfolio that targets a weighted average duration of up to 6.5 years
- Employs a combination of top-down macro analysis and bottom-up individual security selection utilizing both quantitative analysis and fundamental credit research

## Expertise

### Strategy manager(s) and years of experience

Debbie Fierro, 26 yrs      9 Portfolio Managers, 22 yrs  
Jenn Gonzalez, 20 yrs      11 Credit Analysts, 21 yrs

## Strategy Information

### Launch date

January 31, 2014

## Customized Portfolios

**National portfolios:** Broadest, most highly geographically diversified

**State specific portfolios:** 80% to 100% in a given state, offered in states such as CA, NY, OH, PA, TX, and UT<sup>1</sup>

**State focused portfolios:** Minimum 50% in a given state, offered in states such as AZ, CA, CO, CT, GA, IN, MA, MD, MI, MN, NC, NJ, NY, OH, OR, PA, SC, TX, UT<sup>1</sup>, and VA

**State best efforts portfolios:** Minimum 20% in a given state, offered in states such as HI, KS, LA, MO, NM, and OK

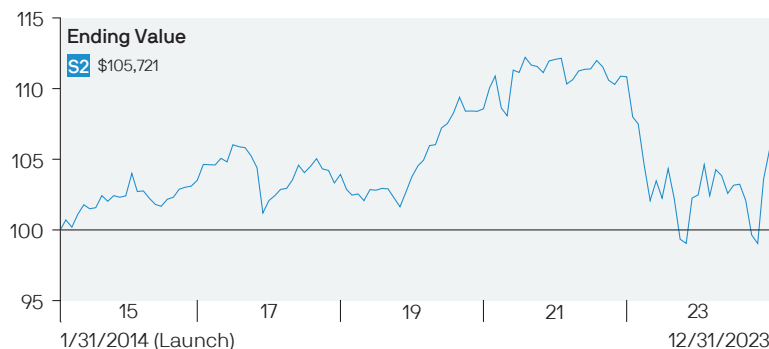
**Customization by additional factors such as credit quality or state exclusions are also available**

## Performance

- S1** Strategy (gross of fees)
- S2** Strategy (net of maximum allowable fees - 150 bps)\*
- B** Benchmark: Bloomberg U.S. 1-15 Year Blend (1-17) Municipal Bond Index

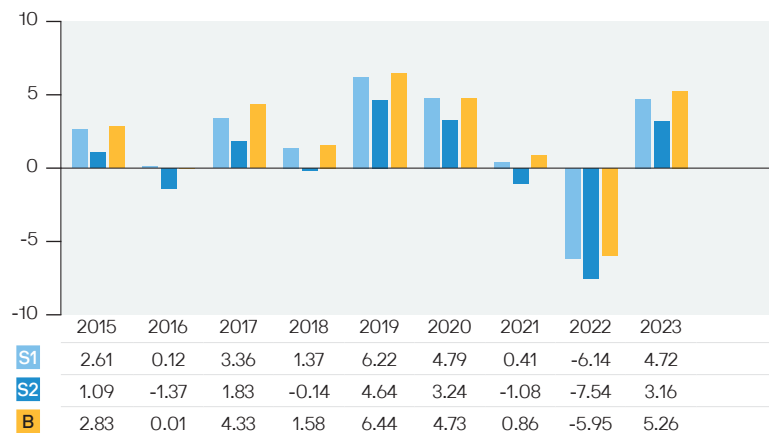
\*Please note, actual fees associated with this strategy may be lower.

### Growth of \$100,000



Historical performance shown since inception with dividends and capital gains reinvested. There is no direct correlation between this illustration and the anticipated performance of the Strategy.

### Calendar Year Performance (%)



### Composite Performance (%)

	3 mos	YTD	1 year	3 years	5 years	Inception
<b>S1</b>	6.47	4.72	4.72	-0.44	1.90	2.09
<b>S2</b>	6.08	3.16	3.16	-1.92	0.38	0.57
<b>B</b>	6.38	5.26	5.26	-0.05	2.17	2.45

### Yield (%)

	Strategy	Benchmark
Yield to maturity	2.87	3.38
Yield to worst	2.58	2.88

**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.

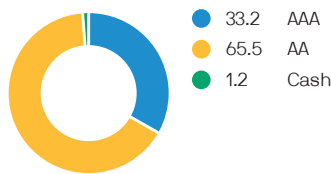
## Performance Disclosures

*Past performance is not indicative of future returns. Returns will fluctuate and sell prices may be more or less than original cost. Net-of-fees returns are calculated by deducting the maximum managed account fee of 1.50%. Total returns include reinvestment of any income.*

<sup>1</sup>UT exempts bonds from AK, DC, FL, NV, ND, SD, TN, TX, WA, WY; the in-state allocation could be reached utilizing the exempt states

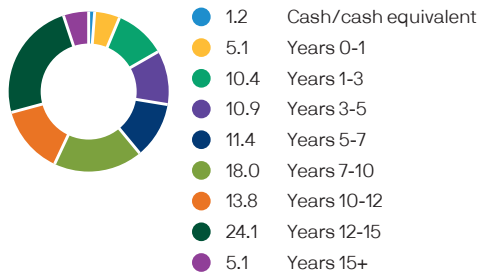
Holdings

Credit Quality (%)



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

Maturity (%)



Portfolio Analysis

	Portfolio	Benchmark
Average price	\$113.06	\$105.61
Average maturity (years)	8.44	8.10
Effective (OA) duration (years)	5.55	4.55
Average coupon (%)	4.91	4.47
Average life (years)	6.19	5.27

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 12/31/2023 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.

The average annual turnover for the Municipal STEP's Strategies has ranged from 5% to 25%, dependent on the maturity structure. Shorter ladders will have higher turnover.

Due to rounding, 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 Municipal Ladder 1-17 year strategy. The strategy seeks to earn a stable stream of interest that is largely or fully exempt from federal income taxes. It is expected to preserve capital in different market environments, limit/manage gains and

losses, and reinvest rolling maturities at current market rates. It invests in a buy and hold managed laddered municipal bonds portfolio that are rated investment grade by Moody's, S&P or Fitch Ratings and targets a duration of 5.0 – 6.0 years. From inception, accounts with a minimum market value of \$250,000 are included in the composite. Beginning July 2017, and going forward, the minimum has changed to \$240,000. Effective March 2019, the Municipal Strategic Tax Exempt Portfolios (STEPS) 1-17 Year strategy has been renamed to Municipal Ladder 1-17 year strategy. The inception date is February 1, 2014.

**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 middle rating of the agencies when all three rate a security, the lower of two ratings if only two 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**

Separately 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.

The Barclays 1-17 Year Municipal Bond Index is a market value-weighted index which covers the short and intermediate components of the Barclays Capital Municipal Bond Index—an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market. The 1-17 Year Municipal Blend index tracks tax-exempt municipal General Obligation, Revenue, Insured, and Prerefunded bonds with a minimum \$5 million par amount outstanding, issued as part of a transaction of at least \$50 million, and with a remaining maturity from 1 up to (but not including) 12 years. The index includes reinvestment of income.

*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.

**Entities**

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