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# J.P. Morgan Value Advantage Managed Account

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**2Q 2021**

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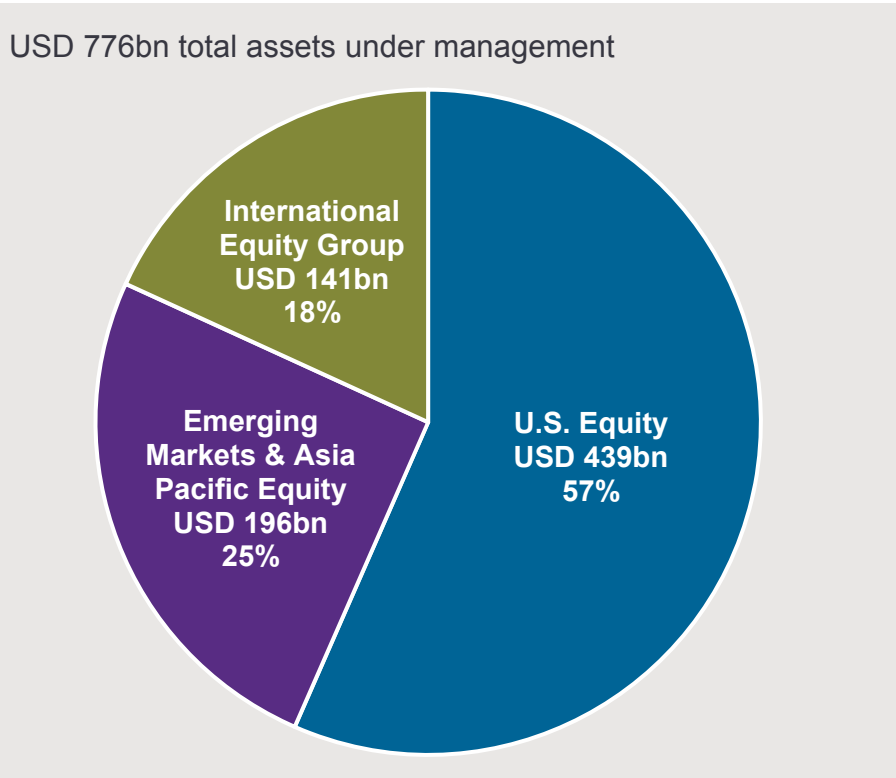
# Capabilities

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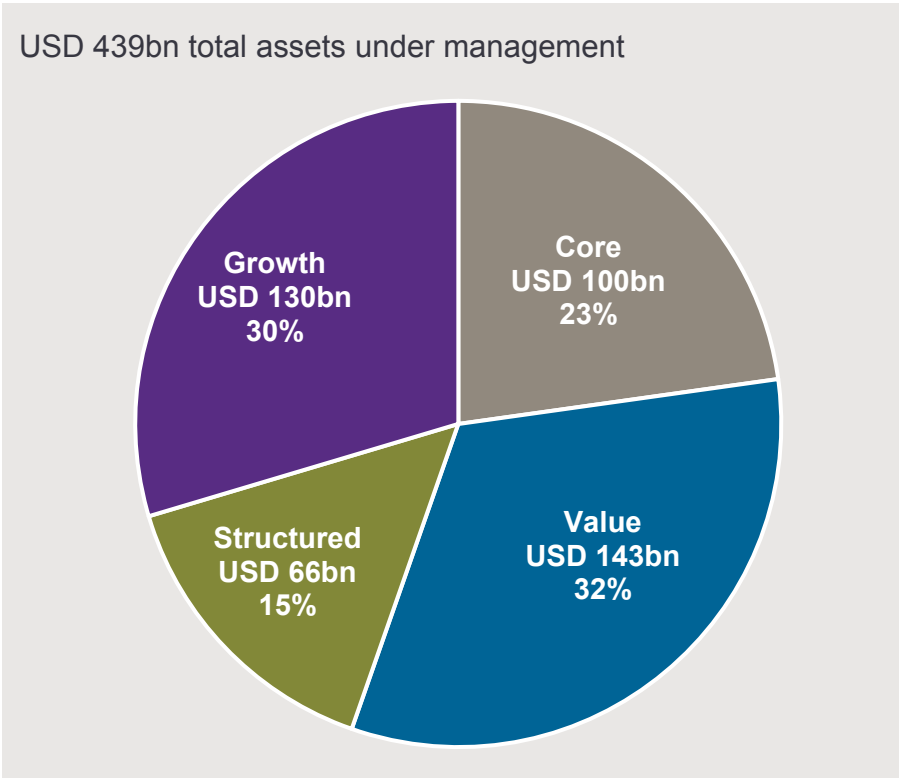
# Equities Assets Under Management

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

## Equities



## U.S. Equity



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 investing

The team also leverages the insights of the J.P. Morgan Equity organization, which includes over 20 research analysts in the U.S. and over 200 analysts globally

Portfolio Management Team	Value Investment Analysts	Investment Specialists
 <p><b>Jonathan Simon</b> Managing Director Lead Portfolio Manager</p> <p>Experience: 41/41</p>  <p><b>Larry Playford</b> Managing Director Co-Portfolio Manager</p> <p>Experience: 28/28</p>  <p><b>Graham Spence</b> Executive Director Co-Portfolio Manager</p> <p>Experience: 19/8</p>	 <p><b>Ryan Jones</b> Executive Director</p> <p>Experience: 15/5</p>  <p><b>Jeremy Miller</b> Executive Director</p> <p>Experience: 21/5</p>  <p><b>AJ Grewal</b> Executive Director</p> <p>Experience: 22/3</p>  <p><b>Dennis Morgan</b> Executive Director</p> <p>Experience: 27/4</p>  <p><b>Larry Unrein</b> Vice President</p> <p>Experience: 11/11</p>	 <p><b>Jaime Steinhardt</b> Executive Director</p> <p>Experience: 11/11</p>  <p><b>John Piccard</b> Executive Director</p> <p>Experience: 29/14</p>  <p><b>Jenna Silver</b> Vice President</p> <p>Experience: 8/8</p>

1 As of June 2021. Note: MD = Managing Director; ED = Executive Director

# 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

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*“We believe that companies which possess the ability to consistently generate free cash flow and effectively allocate capital to generate growth in value per share will, over the long term, outperform stock market averages”*

## Quality Business

### We focus on:

- durable business model
- consistent earnings
- high return on invested capital

## Quality Management

### Management is key:

- good stewards of capital
- long term strategic plan
- track record of success

## Valuation

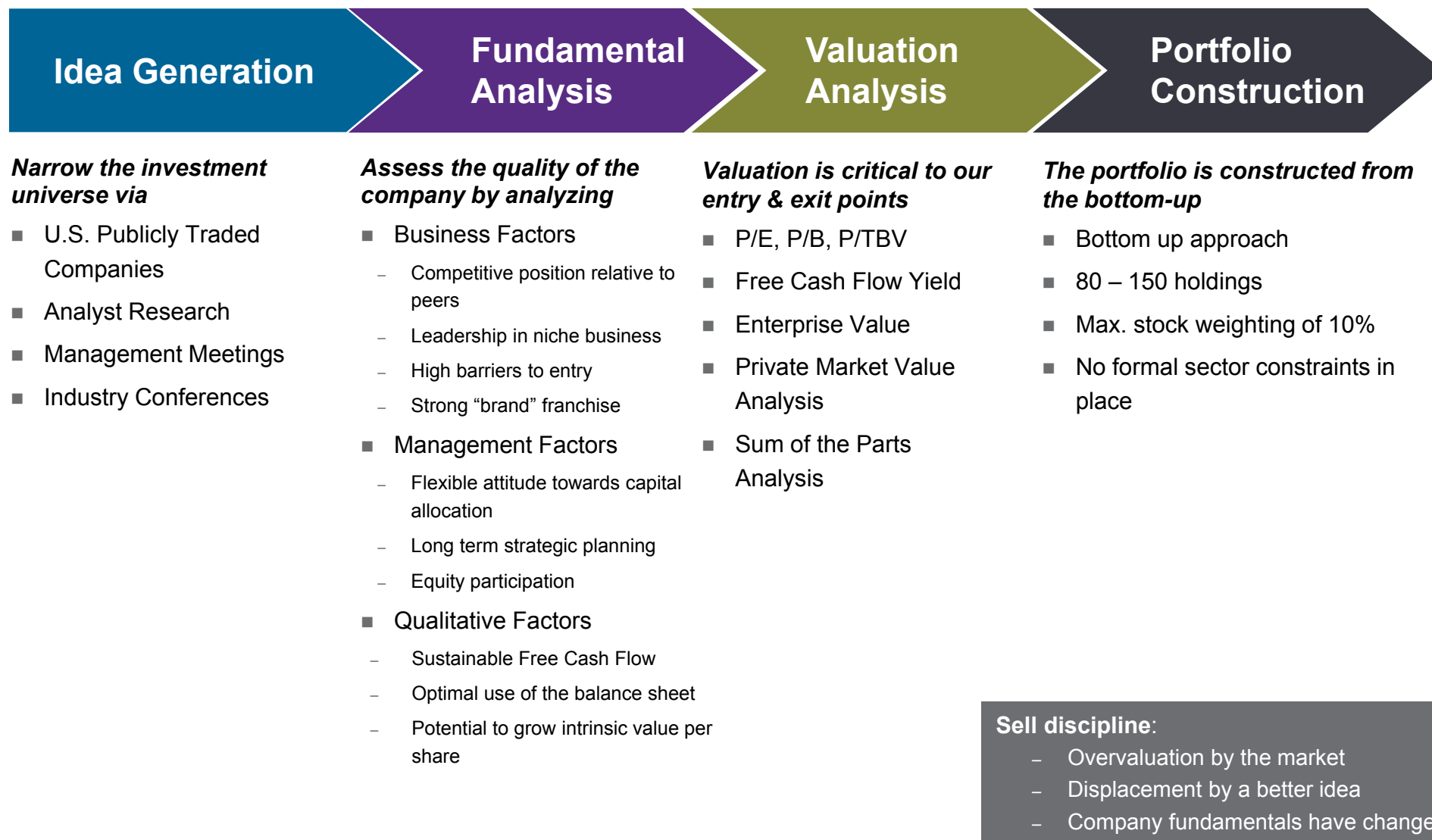
### Valuation is critical:

- Price/earnings
- Price/book value
- Price/cash flow

*The portfolio is built on a foundation of high quality U.S. companies with attractive valuations. We also invest in attractive risk/reward opportunities where low valuation more than compensates for improving fundamental factors.*

For illustrative purposes only. The manager seeks to achieve the stated objectives. There can be no guarantee the objectives will be met. Please see appendix for Glossary of investment terms.

## Investment process overview



For illustrative purposes only. The manager seeks to achieve the stated objectives. There can be no guarantee the objectives will be met. Please see appendix for Glossary of investment terms.

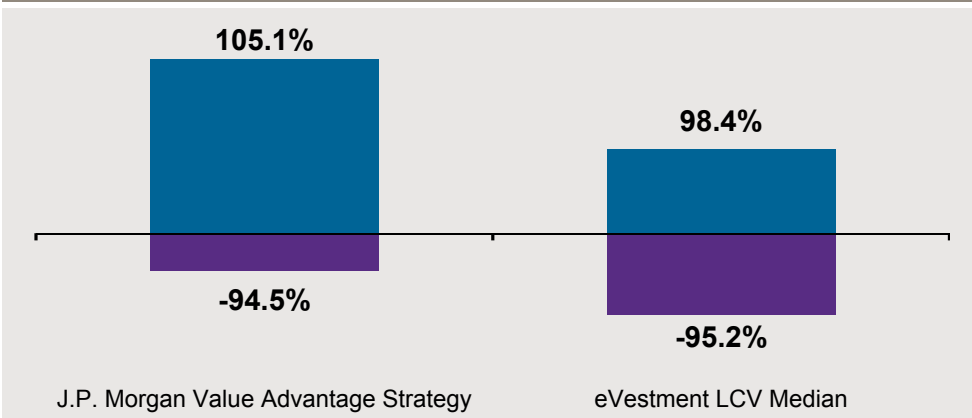
# Value Advantage: Flexible approach, consistent results

J.P. Morgan Value Advantage Strategy as of March 31, 2021

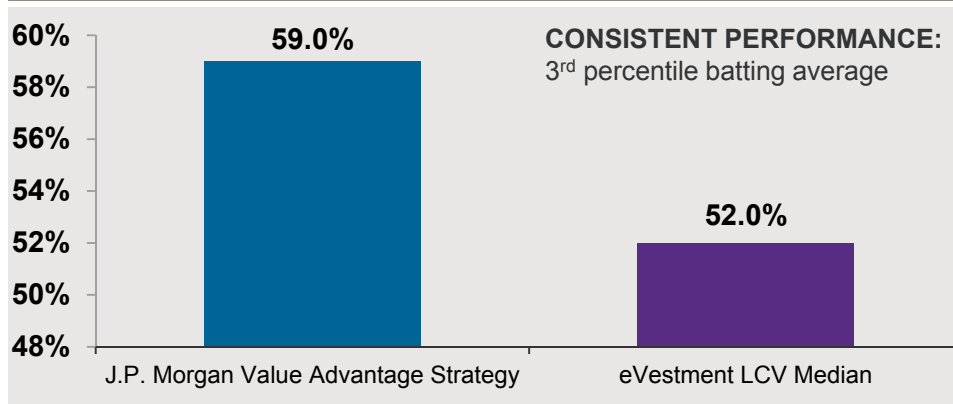
## Annualized Return since inception (Gross of Fees)

Market Cap	Value Advantage	Russell 3000 Value	Excess Return
Large Cap: > 20 \$Bn	9.9%	6.8%	3.0%
Mid Cap: 5 – 20 \$Bn	10.0%	9.1%	0.9%
Small Cap: < 5 \$Bn	9.9%	8.8%	1.1%

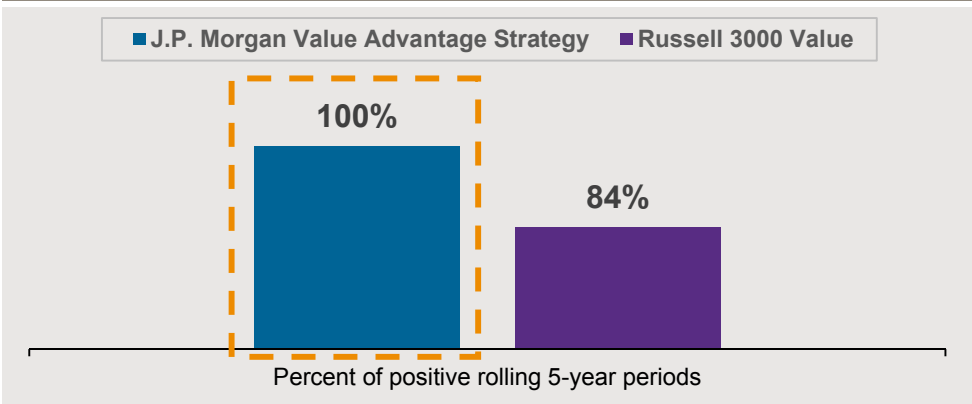
## Up and Down Market Capture since inception\*



## Batting Average since inception\*\*



## Positive Absolute Returns since inception



Source: J.P. Morgan Asset Management, eVestment Alliance as of 03/31/21. Statistics are computed using monthly data. 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 3000 Value Benchmark. Supplemental to standardized performance. See page 28 / Appendix II for full eVestment rankings and disclosure for additional index information. **Past performance is no guarantee of future results.**

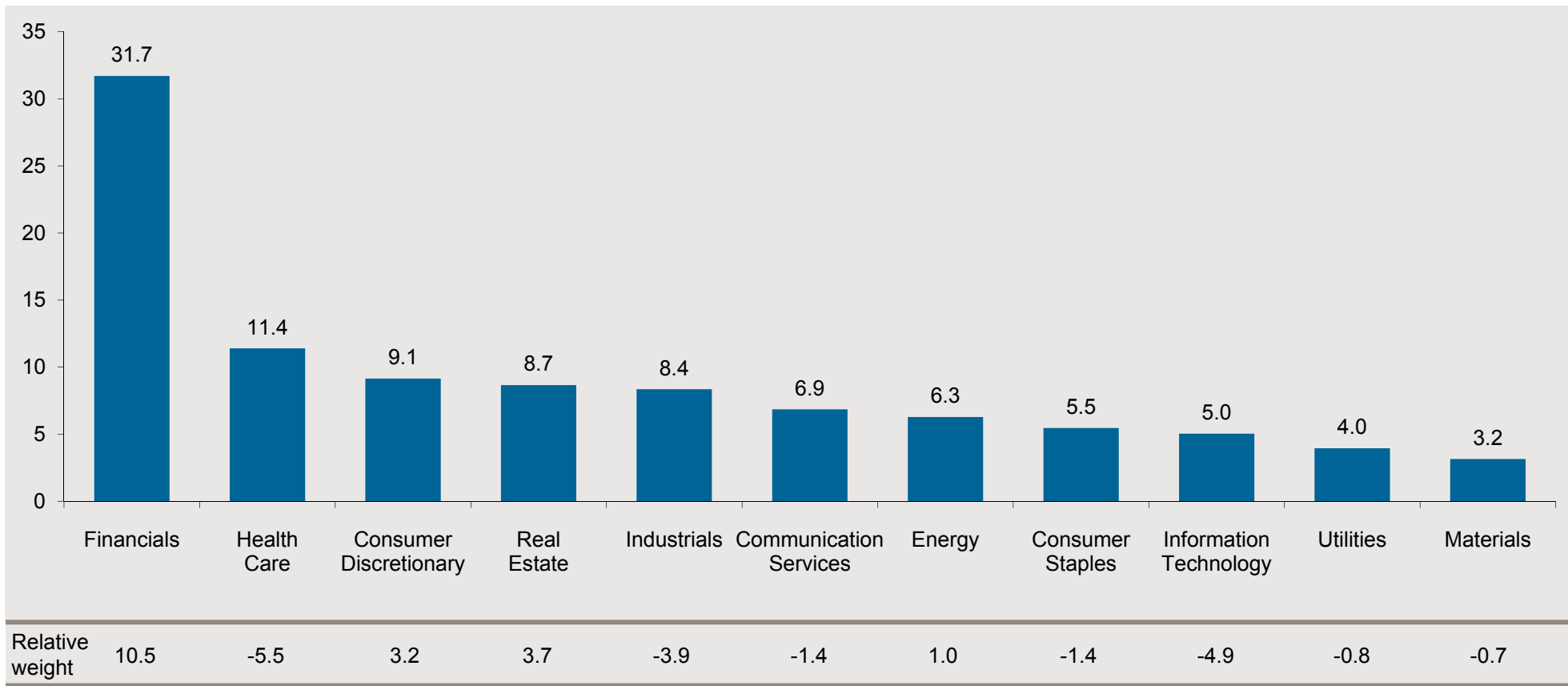
All data as of 03/31/2021. LCV: Large Cap Value. \$: USD. \*Up capture measures performance of the manager relative to the index in up markets. Down capture measures performance of the manager relative to the index in down markets. \*\*Consistency is measured by batting average – calculated by dividing the number of months in which the manager beats or matches the index by the total number of months in the period. See page 18 for net of fee performance. See page 29 for **Glossary** for investment terms.

# Sector positions

JPMorgan Value Advantage Portfolio as of June 30, 2021

Benchmark Russell 3000 Value Index

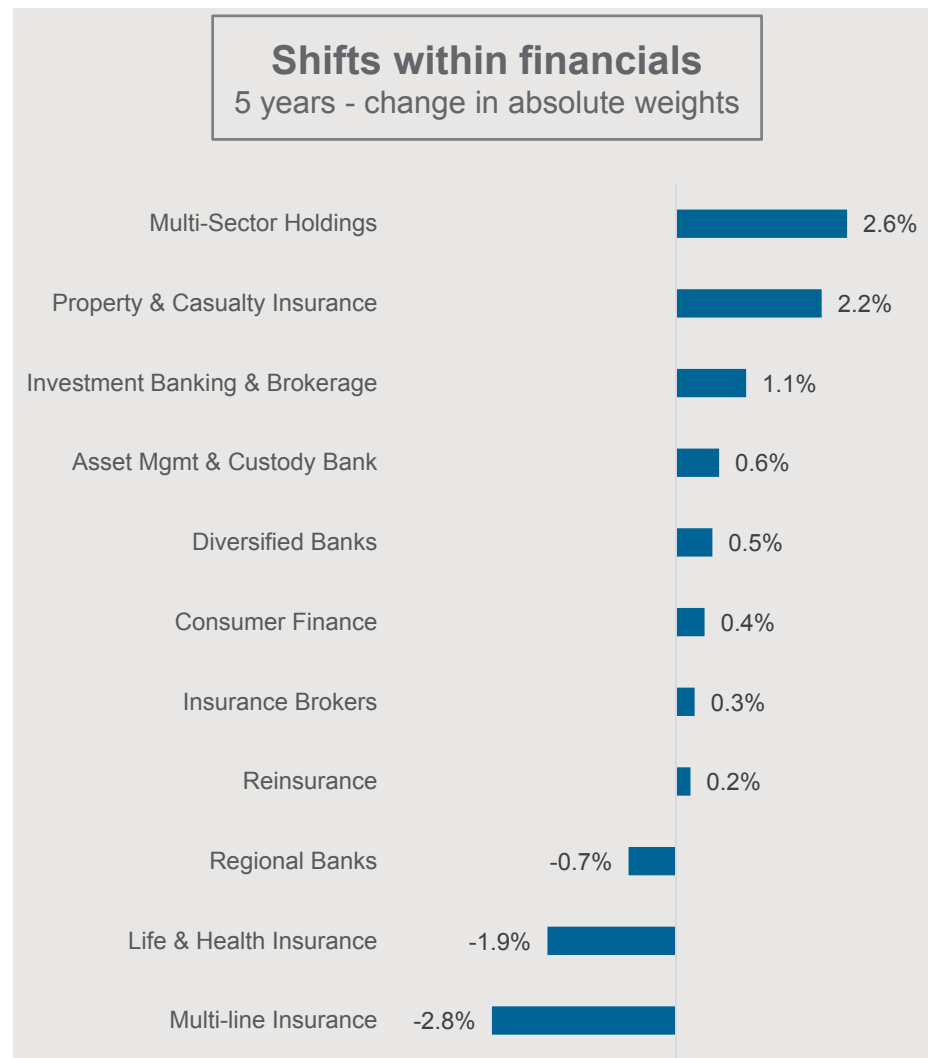
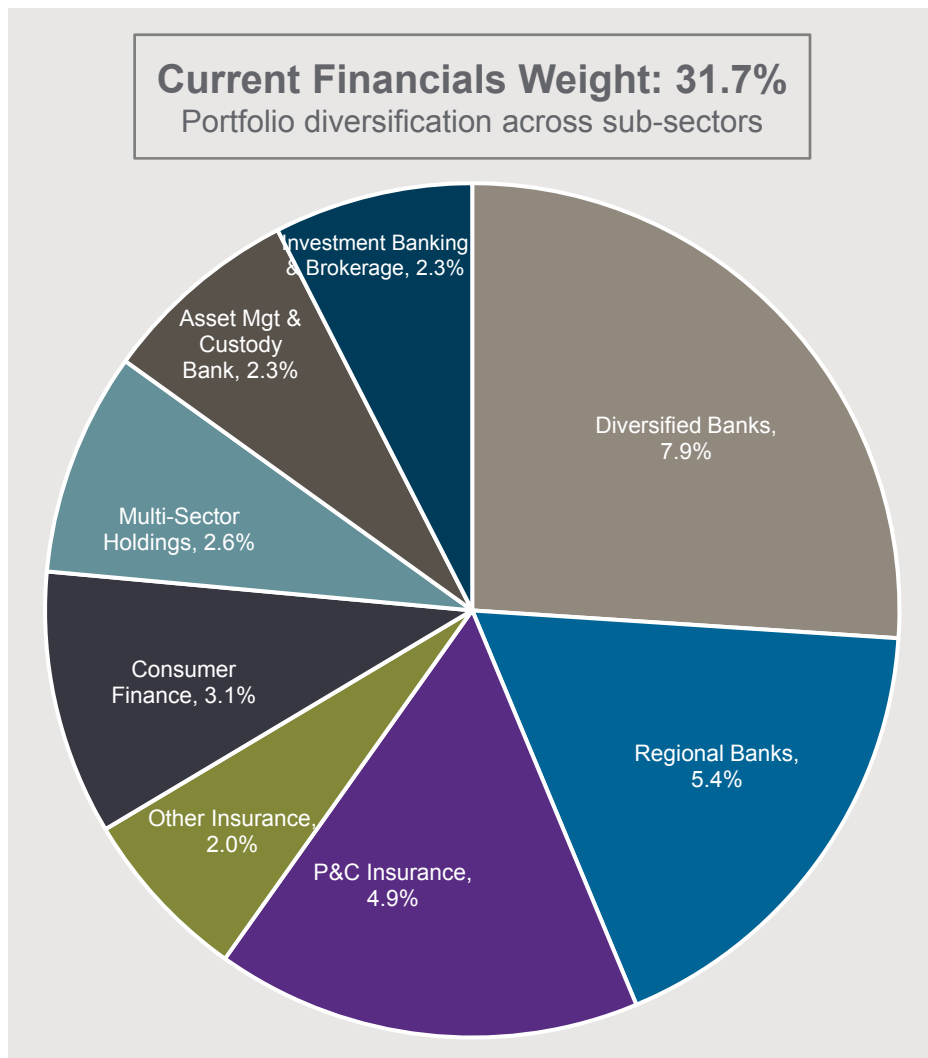
## Absolute & relative sector weightings (%)



Source: Wilshire. Reflects relative position to the benchmark Russell 3000 Value Index. Please see appendix for Glossary of investment terms. Holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

# Financials – still high conviction, but shifting complexion under the surface

JPMorgan Value Advantage Portfolio as of June 30, 2021



Source: J.P. Morgan Asset Management, Wilshire Atlas (excludes cash). Please see appendix for Glossary of investment terms.

# Portfolio positions

JPMorgan Value Advantage Portfolio as of June 30, 2021

Benchmark Russell 3000 Value Index

Top 10 holdings	Portfolio weight (%)
Bank of America	4.08
Berkshire Hathaway	2.58
Capital One	1.94
Wells Fargo	1.91
AbbVie	1.83
Verizon Communications	1.78
Bristol Myers Squibb	1.69
Travelers Companies	1.65
Loews	1.65
AutoZone	1.60
<b>Total</b>	<b>20.70</b>

Top 5 overweights <sup>1</sup>	Portfolio weight (%)	Relative position (%)
Bank of America	4.08	2.63
AbbVie	1.83	1.83
Capital One	1.94	1.62
Loews	1.65	1.59
AutoZone	1.60	1.48

Top 5 underweights <sup>1</sup>	Portfolio weight (%)	Relative position (%)
JPMorgan Chase & Co <sup>2</sup>	0.00	-2.17
Exxon Mobil	0.00	-1.24
Comcast	0.00	-1.21
Intel	0.00	-1.05
Walt Disney	0.42	-0.99

<sup>1</sup>Reflects relative position to the Russell 3000 Value Index.

<sup>2</sup>Due to regulatory reasons, the portfolio is unable to hold JPMorgan Chase & Co.

Source: J.P. Morgan Asset Management. Holdings and allocations are subject to change at the discretion of the Investment Manager without notice. Please see appendix for Glossary of investment terms.

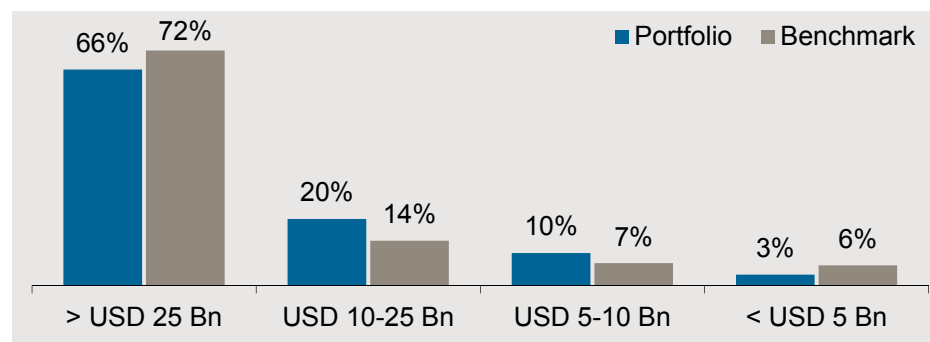
# Portfolio characteristics

JPMorgan Value Advantage Portfolio as of June 30, 2021

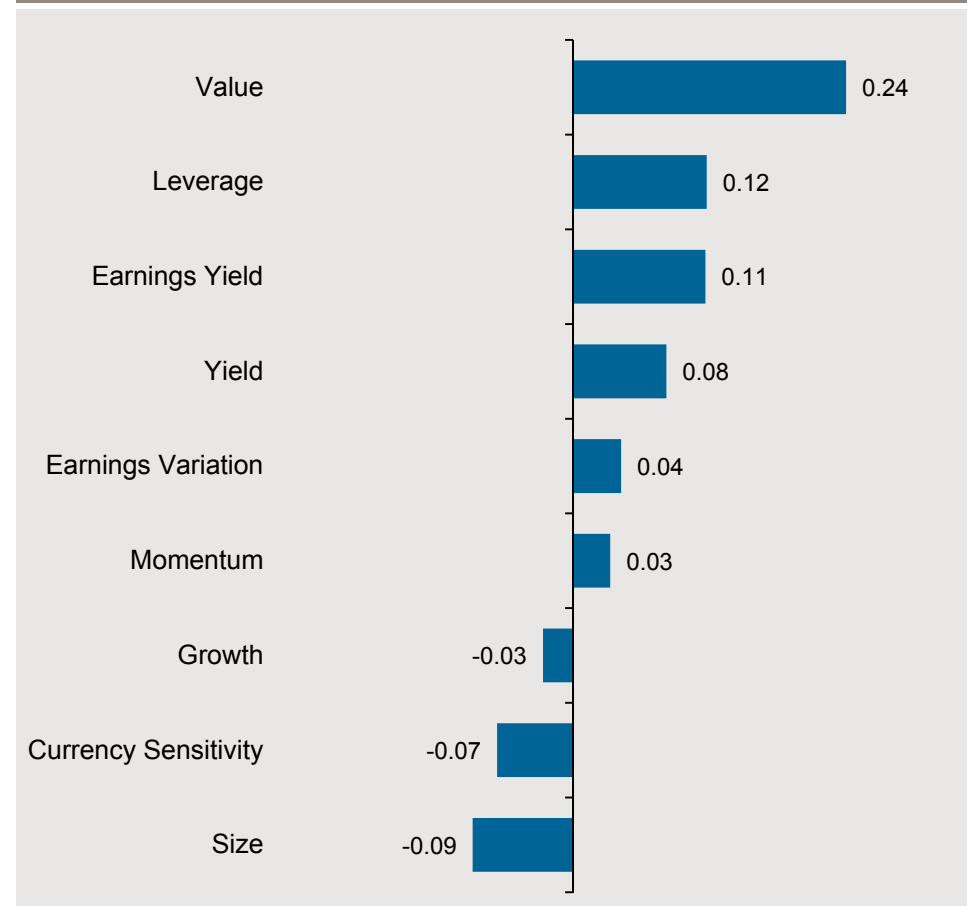
Benchmark Russell 3000 Value Index

Portfolio	Portfolio	Benchmark
P/E Ratio <sup>1</sup>	15.6x	16.7x
EPS Growth <sup>2</sup>	16.2%	14.6%
Average Market Cap <sup>3</sup>	\$107.5 bn	\$127.3 bn
Number of Holdings	126	2210
Active Share	69.9%	N/A
Standard Deviation <sup>5</sup>	17.7%	16.5%
Turnover <sup>5</sup>	18.9%	N/A
Tracking Error <sup>5</sup>	2.37	N/A
Beta <sup>5</sup>	1.07	1.00

## Market capitalization



## BARRA tilts relative to benchmark



Source: BARRA Analytics, J.P. Morgan Asset Management, Factset. The above characteristics are shown for illustrative purposes only, and are subject to change without notice.

Representative of the current Portfolio holdings. However, it cannot be assumed that these types of investments will be available to or will be selected by the Investment Manager 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). Please see appendix for Glossary of investment terms.

## Portfolio activity: 2Q 2021

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JPMorgan Value Advantage Portfolio as of June 30, 2021

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

- Liberty Broadband\*
- Lowe`s
- FedEx
- Weyerhaeuser\*
- Walt Disney\*

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

- Charter Communications\*
- Home Depot\*
- Middleby\*
- Pfizer
- Graphic Packaging

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 Value Advantage SMA Composite as of June 30, 2021

**Market value USD (6/30/2021)**  
Strategy<sup>2</sup> USD 20,484 mm

Annualized performance (%)	2Q 2021	YTD 2021	1 year	3 years	5 years	10 Years	Since Inception <sup>1</sup>
Value Advantage SMA Composite (Gross)	6.35	21.36	49.95	12.70	13.12	12.55	10.42
Value Advantage SMA Composite (Net of max. allowable fees – 300bps)*	5.54	19.52	45.45	9.32	9.73	9.18	7.12
Russell 3000 Value Index	5.16	17.67	45.40	12.23	11.99	11.54	8.12
<b>Excess return (Gross)</b>	<b>1.19</b>	<b>3.69</b>	<b>4.55</b>	<b>0.47</b>	<b>1.13</b>	<b>1.01</b>	<b>2.30</b>

Calendar year performance (%)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Value Advantage SMA Composite (Gross)	21.11	2.01	19.15	33.24	14.48	-3.20	17.44	14.92	-8.31	27.70	-0.02
Value Advantage SMA Composite (Net of max. allowable fees – 300bps)*	17.67	-1.02	15.76	29.56	11.20	-6.09	14.09	11.63	-11.06	23.87	-3.02
Russell 3000 Value Index	16.23	-0.10	17.55	32.69	12.70	-4.13	18.40	13.19	-8.58	26.26	2.87
<b>Excess return (Gross)</b>	<b>4.88</b>	<b>2.11</b>	<b>1.60</b>	<b>0.55</b>	<b>1.78</b>	<b>0.93</b>	<b>-0.96</b>	<b>1.73</b>	<b>0.27</b>	<b>1.44</b>	<b>-2.89</b>

**Past performance is not a guarantee of future results.**

<sup>1</sup>Inception Date: 2/28/2005. <sup>2</sup>Preliminary

Source: J.P. Morgan Asset Management, Frank Russell Company. Note: Rates of return for periods less than one year are not annualized.

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 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. The returns are total returns and include the reinvestment of dividends. An individual cannot invest directly in an index. The index is unmanaged.

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

Please see appendix for Glossary of investment terms.

# Performance attribution: 2Q 2021

JPMorgan Value Advantage Portfolio as of June 30, 2021

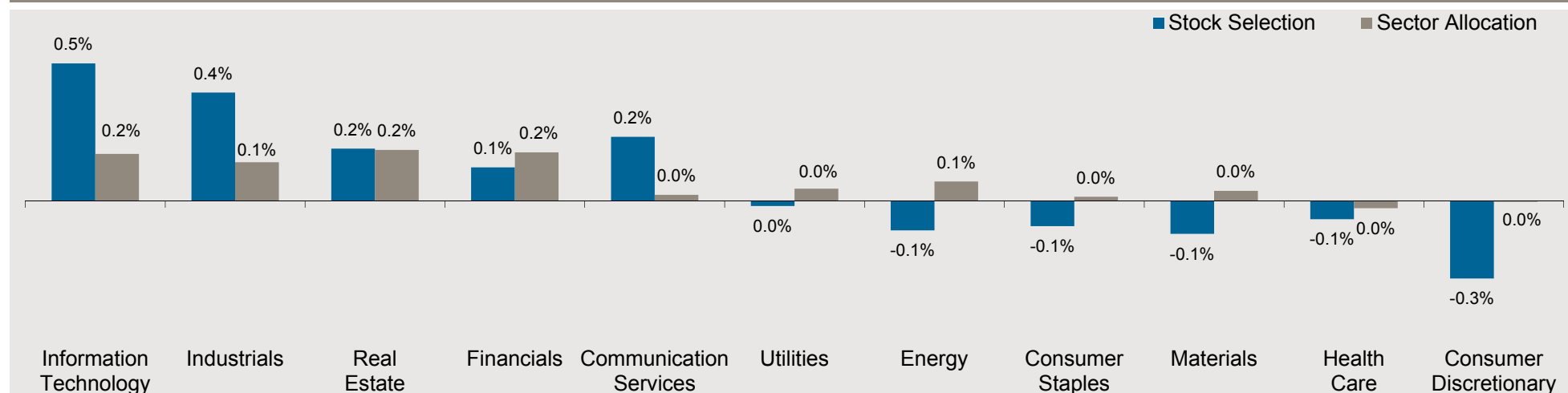
<b>Attribution Summary</b>	Stock:	0.79
	Sector:	0.87
<b>Benchmark</b>	Russell 3000 Value Index	

## Stock attribution

Top contributors	Ending weight (%)	Stock return (%)	Impact (%)
Capital One	1.94	21.89	0.40
Bank of America	4.08	7.01	0.29
Wells Fargo	1.91	16.17	0.28
CommScope	0.92	38.74	0.27
Public Storage	1.11	22.68	0.23

Top detractors	Ending weight (%)	Stock return (%)	Impact (%)
Las Vegas Sands	0.61	-13.28	-0.10
Hartford Financial	1.00	-6.72	-0.08
Murphy USA	0.83	-7.58	-0.07
Energizer Holdings	0.56	-8.85	-0.07
M&T Bank	1.45	-3.50	-0.06

## Stock selection vs sector selection



**Past performance is no guarantee of 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. Please see appendix for Glossary of investment terms.

# Performance attribution: YTD 2021

JPMorgan Value Advantage Portfolio as of June 30, 2021

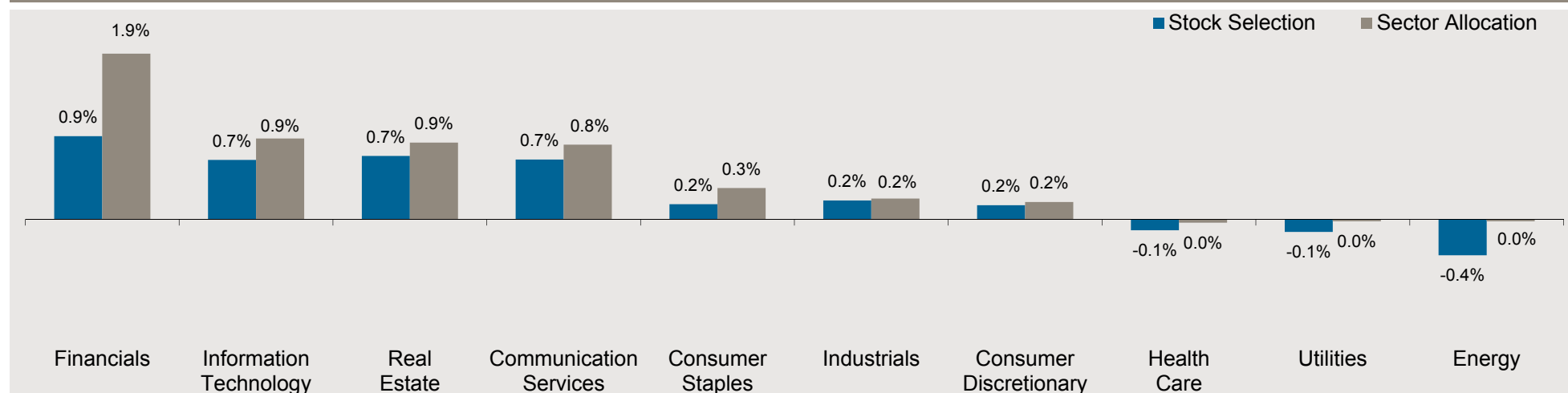
<b>Attribution Summary</b>	Stock:	2.56
	Sector:	2.35
<b>Benchmark</b>	Russell 3000 Value Index	

## Stock attribution

Top contributors	Average weight (%)	Stock return (%)	Impact (%)
Bank of America	4.03	37.27	1.41
Capital One Financial	2.06	57.41	1.07
Wells Fargo	1.79	50.85	0.81
ConocoPhillips	1.36	54.92	0.65
Berkshire Hathaway	2.53	19.86	0.51

Top detractors	Average weight (%)	Stock return (%)	Impact (%)
Las Vegas Sands	0.62	-11.59	-0.08
Viatrix	0.36	-23.20	-0.08
Ball	0.39	-12.74	-0.06
Verizon Communications	1.72	-2.56	-0.05
NextEra Energy	0.99	-4.01	-0.05

## Stock selection vs sector selection



**Past performance is no guarantee of 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. Please see appendix for Glossary of investment terms.

## Executive summary

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J.P. Morgan Value Advantage Strategy as of March 31, 2021

### Expertise

#### **An experienced team dedicated to value**

- Lead portfolio manager Jonathan Simon has been at the helm since the Portfolio's inception in 2005, consistently implementing the same philosophy and process.
- The lead portfolio manager is supported by co-portfolio managers; through their deep understanding of the investment philosophy and process, they are able to provide company specific insights.
- The portfolio manager also leverages the insights of the J.P. Morgan Equity organization, which includes over 20 research analysts in the U.S. and over 200 analysts globally

### Portfolio

#### **Value Advantage employs an opportunistic investment approach**

- The portfolio is built on a foundation of high quality U.S. companies with attractive valuations
- We also invest in attractive risk/reward opportunities where low valuation more than compensates for improving fundamental factors
- Targets quality companies with durable franchises, high free cash flows, consistent earnings, and strong management teams

### Success

#### **Value Advantage has received broad industry recognition for its strong long term absolute and risk adjusted results**

- Our approach has resulted in consistent performance, generating positive absolute returns 100% of the time over rolling five year periods since inception\*.
- Lead portfolio manager Jonathan Simon has been named to Barron's list of top 100 portfolio managers on 5 occasions.
- 2016 Lipper Award for Best All-cap Value Fund over 10 years

\*Composite performance, gross of investment management fees. Inception date 02/28/2005. See page 19 for net of fee performance.

Source: J.P. Morgan Asset Management. Please see appendix for Glossary of investment terms.

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# Appendix

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# Value Advantage Fund: Full Market Cycle Performance Summary

## Peak to Peak

October 11, 2007 – February 19, 2020

Value Advantage Return	8.37%
Russell 3000 Value Return	6.37%
<b>Excess Return</b>	<b>2.00%</b>
<i>Excess Return Rank</i>	4
<b>Sharpe Ratio</b>	<b>0.38</b>
<i>Morningstar Rank (Large Value)*</i>	28
<b>Information Ratio</b>	<b>0.60</b>
<i>Morningstar Rank (Large Value)*</i>	5

*Per Wilshire, 100% of outperformance is attributable to stock selection*

## Trough to Trough

March 9, 2009 – March 23, 2020

Value Advantage Return	12.59%
Russell 3000 Value Return	11.26%
<b>Excess Return</b>	<b>1.33%</b>
<i>Excess Return Rank</i>	5
<b>Sharpe Ratio</b>	<b>0.83</b>
<i>Morningstar Rank (Large Value)*</i>	10
<b>Information Ratio</b>	<b>0.59</b>
<i>Morningstar Rank (Large Value)*</i>	5

*Per Wilshire, 83% of outperformance is attributable to stock selection*

### **Past performance is no guarantee of future results.**

Source: J.P. Morgan Asset Management, Morningstar, Wilshire, Frank Russell Company. \*Value Advantage (JVAIX) is ranked in the Large Value Category. For October 2007 – February 2020, Excess Return ranks 45/1131, Sharpe Ratio ranks 315/1131 & Information Ratio ranks 48/1131. For March 2009 – March 2020, Excess Returns ranks 57/1131, Sharpe Ratio ranks 115/1131, & Information Ratio ranks 52/1131. See **Glossary** for list of terms and definitions. Morningstar. All Rights Reserved. Data shown is as of 3/31/2021. Performance shown is gross of fees.

\*The Overall Morningstar Rating™ is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. Performance and Morningstar ranks as of 3/31/2021 for the trailing 3/5/10 & since inception period versus the Morningstar Large Value category. Morningstar (JVAIX): Three-year rating: 3 stars, 1138 strategies rated. Five-year rating: 3 stars, 1007 strategies rated. Ten year rating: 3 stars, 729 strategies rated. For overall rating, 586 strategies were rated. Ratings reflect risk-adjusted performance.

# The Advantage is the ability to add Value across the market cap spectrum

JPMorgan Value Advantage Portfolio as of June 30, 2021

Annualized Return Since Inception (Gross of Fees)

Market Cap	Value Advantage	Russell 3000 Value	Excess Return
Large Cap: > \$20 bn	10.1%	7.0%	3.1%
Mid Cap: \$5 bn – \$20 bn	10.3%	9.3%	0.9%
Small Cap: < \$5 bn	10.5%	8.9%	1.6%

Positioning

Market Cap	Value Advantage	Russell 3000 Value	Relative Weight
Large Cap: > \$20 bn	73.1%	76.4%	-3.3%
Mid Cap: \$5 bn – \$20 bn	23.6%	16.4%	7.2%
Small Cap: < \$5 bn	3.3%	7.2%	-3.9%

Past performance is not a guarantee of comparable future results. 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.

Source: Wilshire. The attribution summary is based on the annualized gross excess returns, shown relative to the Russell 3000 Value Index. Inception: 2/28/2005. Market Cap Amounts expressed in USD. \$.USD. Please see appendix for Glossary of investment terms.

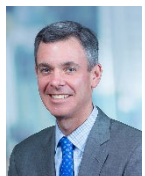


## Investment team biographies

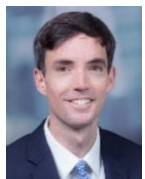
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**Jonathan K.L. Simon**, *managing director*, is a portfolio manager in the U.S. Equity Group. An employee since 1980, Jonathan is the lead portfolio manager of the JPMorgan Mid Cap Value Fund, the JPMorgan Value Advantage Fund, and the JPMorgan Equity Focus Fund. Jonathan joined the firm as an analyst in the London office, transferred to New York in 1983 and became a portfolio manager in 1987. Jonathan has held numerous key positions in the firm, including president of Robert Fleming's U.S. asset management operations and chief investment officer of U.S. Value Equity. Jonathan holds an M.A. in mathematics from Oxford University.



**Lawrence Playford**, *managing director*, is the Chief Investment Officer of the U.S. Equity Value team and co-manager of the JPMorgan Mid Cap Value Fund and the JPMorgan Small Cap Blend Fund. An employee since 1993, Lawrence joined the investment team as an analyst in 2003 and was named a portfolio manager in 2004. Prior to that, Lawrence served as a client portfolio manager working directly with the U.S. Equity Group's investment teams to communicate investment strategy and results to clients. Lawrence also was a client advisor at JPMorgan Private Bank, providing investment and financial planning advice to high net worth clients. He joined the firm as a financial analyst, performing strategic planning and analysis for the firm's finance department. He began his career at Ernst & Young where he was a public accountant and licensed as a C.P.A. Lawrence holds a B.B.A. in accounting from the University of Notre Dame and an M.B.A. in finance from Fordham University. He is a CFA charterholder.



**Graham Spence**, *executive director*, is a co-portfolio manager on the JPMorgan Value Advantage Fund within the U.S. Equity Group. Graham joined the U.S. Equity Value team in 2013 as a portfolio analyst dedicated to the multi-cap value strategy. Previously he worked as an equity analyst on the buy side at Central Securities, a closed-end investment firm in New York. At Central, Graham's responsibilities included due diligence and monitoring of portfolio companies, as well as the valuation of a large private investment. From 2005 to 2011, he was a senior analyst at Cambridge Associates LLC and later, an associate director in research at IHS Cambridge Energy Research Associates. Graham holds an A.B. in history from Princeton University and an M.B.A. from Harvard Business School.



**Ryan N. Jones**, *executive director*, is a technology analyst for the JPMorgan Mid Cap Value Fund and the JPMorgan Small Cap Blend Fund in the U.S. Equity Group. He joined the firm after spending nearly 4 years in technology equity research at Barclays. Previously, Ryan served over 4 years on the technology equity research team for RBC Capital Markets. Ryan has also held investment banking analyst roles at Credit Suisse and KeyBanc. Ryan holds a B.S. in Finance and a B.A. in Political Science from Miami University (Ohio).



**Jeremy C. Miller**, *executive director*, is an industrials analyst for the JPMorgan Mid Cap Value Fund and the JPMorgan Small Cap Blend Fund in the U.S. Equity Group. He joined the firm after spending 2 years at Vertical Research Partners as an Industrial and Materials specialist. Previously, Jeremy served as an institutional equity salesperson at Nomura Securities, Banc of America Securities and Credit Suisse First Boston. Jeremy holds a B.A. in East Asian Studies from Oberlin College.



**Amarjit (AJ) Grewal**, *executive director*, is a financial services analyst for the JPMorgan Mid Cap Value Fund and the JPMorgan Small Cap Blend Fund in the U.S. Equity Group. AJ previously worked at British Columbia Investment Management Corp as a financial services analyst for 8 years. Prior to that, he spent 10 years on the sell-side working on and covering financial services companies for Morgan Stanley, Credit Suisse (HOLT), and Citi. AJ holds a B.S. in Accounting, an M.B.A. from Thunderbird School of Global Management, and is a CFA charterholder.

## Investment team biographies

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**Dennis K. Morgan**, *executive director*, is a consumer analyst for the JPMorgan Mid Cap Value Fund and the JPMorgan Small Cap Blend Fund in the U.S. Equity Group. Dennis previously worked at Lord Abbett, spending nearly 11 years covering consumer discretionary and staples companies across mid, small and micro-capitalization ranges. Prior to joining Lord Abbett in 2008, Dennis was an equity research analyst at Neuberger Berman from 1999-2008 where he was responsible for covering various consumer and media companies across mid and large-capitalization ranges. His prior work experience also included working at Bear Stearns as a research associate covering the broadcasting industry and as a research analyst for Dreman Value Advisors. Dennis holds a B.S. in Business Administration with a concentration in Finance from The College of New Jersey, and is CFA charterholder.



**Larry Unrein**, *vice president*, is a health care analyst for the JPMorgan Mid Cap Value Fund and the JPMorgan Small Cap Blend Fund in the U.S. Equity Group. An employee since 2011, Larry previously covered various sectors including consumer, autos, and transportation. Larry holds a B.S. in both Accounting and Finance from Georgetown University.



**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.

# Value Advantage Managed Account 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	23.87	27.70	26.26	<6	100	n/a	12.39	12.18	3	1,492
2018	-11.06	-8.31	-8.58	<6	100	n/a	11.39	11.21	3	1,230
2017	11.63	14.92	13.19	6	100	0.25	10.03	10.48	3	1,165
2016	14.09	17.44	18.40	11	100	0.04	10.54	11.12	7	1,068
2015	-6.09	-3.20	-4.13	12	100	0.05	10.18	10.90	6	834
2014	11.2	14.48	12.70	10	100	0.12	8.91	9.49	5	845
2013	29.56	33.24	32.69	<6	100	n/a	11.79	13.08	3	775
2012	15.76	19.15	17.55	<6	100	n/a	14.26	16.03	1	701
2011	-1.02	2.01	-0.10	8	100	0.19	20.04	21.34	1	657
2010	17.67	21.11	16.23	8	100	n/a	24.76	23.83	1	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 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 performance presented prior to June 2008 is from the All Cap Value (formerly known as the Value Advantage) institutional composite, which may reflect investments that can not be replicated in the Value Advantage Managed Account. Examples of such investments include but are not limited to securities trading at a per share market value that would result in the purchase of a fractional share and derivatives.

**Fee Schedule:** Effective June 01, 2008, 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 June 01, 2008, 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 expenses 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 return 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 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 3000® Value Index. 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 December 01, 2007. For periods prior to June 01, 2008, the Value Advantage Managed Accounts Composite calculations have been linked to the actual historical performance from the Firm's institutional All Cap Value Composite. Beginning June 01, 2008, only eligible separately managed account portfolios, which include non-fee paying managed accounts, are included in the composite results. Percentage of Non-Fee paying accounts as of 12/31/2008 is 100%, 12/31/2009 is 14%, 12/31/2010 is 8%, 12/31/2011 is 9%, 12/31/2012 is 24%, 12/31/2013 is 6%.

**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.

## Appendix II: Value Advantage 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 Value Advantage** was ranked against the following number of institutional products in the eVestment Large Cap Value universe. **Standard deviation:** for the 1 year period, 69/378; for the 3 year period, 74/372; for the 5 year period, 71/354; and for the 10-year period, 59/304. **Batting average:** for the 1 year period, 31/378; for the 3 year period, 6/372; for the 5 year period, 14/354; and for the 10-year period, 12/304. **Downside capture:** for the 1 year period, 38/378; for the 3 year period, 79/372; for the 5 year period, 81/354; and for the 10-year period, 54/304. **Performance>Returns:** for the 1 year period, 38/378; for the 3 year period, 60/372; for the 5 year period, 58/354; and for the 10-year period, 39/304. **Sharpe Ratio:** for the 1 year period, 45/378; for the 3 year period, 68/372; for the 5 year period, 68/354; and for the 10-year period, 46/304. **Beta:** for the 1 year period, 24/378; for the 3 year period, 23/372; for the 5 year period, 23/354; and for the 10-year period, 34/304. **Information Ratio:** for the 1 year period, 31/378; for the 3 year period, 61/372; for the 5 year period, 50/354; and for the 10-year period, 19/304. Past performance is no guarantee of future results. Rankings are calculated based on total returns.

# 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.



# 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.

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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.

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