

# JPM US Equity Income Fund

JPM C - Net Acc - GBP: GB00B3FJQ482

For other available share classes, please check the prospectus.

## Topline

Monthly returns	Fund	Benchmark <sup>^</sup>
	▲ 1.13%	▲ 1.71%
<p><b>Benchmark:</b> S&amp;P 500 Index (Net of 15% withholding tax)</p> <p><b>Markets</b> The S&amp;P 500 Index<sup>®</sup> rose 2.38% in July, as positive sentiment driven by continued global economic expansion and increasing prospects of additional government spending overcame the negative news flow regarding the rapid spread of the Covid-19 Delta variant.</p> <p><b>Helped</b> Stock selection in the industrials and consumer discretionary sectors.</p> <p><b>Hurt</b> Stock selection and sector allocation in information technology and financials.</p> <p><b>Outlook</b> Our Core analysts' estimates for S&amp;P 500<sup>®</sup> earnings currently project 34% growth for 2021 and 13% for 2022.</p>		

<sup>^</sup>The Benchmark is a performance comparator and the Fund may bear little resemblance to its Benchmark. The Benchmark has been chosen as it reflects the main investment universe and strategy for the Fund.

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

## Ratings and awards

Morningstar analyst rating™	<b>GOLD</b>
Morningstar rating™	★★★★
Morningstar category™	US Large-Cap Value Equity
FE Invest Approved	
Rayner Spencer Mills rated fund	
Square Mile Research rating	<b>A</b>
The Adviser Centre	<b>Recommended Fund</b>

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## Fund overview

### Investment objective

To provide a portfolio designed to achieve income by investing at least 80% of the Fund's assets in US equities in any economic sector whilst participating in capital growth over the long-term (5-10 years).

## Month in review

- **The fund's high-quality bias proved to be a headwind**, as our conservative value approach could not keep up with the benchmark's lofty gains.
  - **Our stock selection as well as sector allocation in information technology and financials detracted** from performance. In the information technology sector, our underweight position in Apple was among the top detractors. We remain comfortable with our position, though we are increasingly mindful of the risk/reward relationship in light of the increasing valuation. Within financials, our overweight position in Bank of America hurt performance. Given the backdrop of a flattening yield curve environment as increased market uncertainty drove the 10-year treasury yield down to 1.24%, investors showed concern for the bank's higher asset sensitivity compared with its peers. While we expect net interest margins to remain compressed until the economy fully re-opens, we believe healthy loan growth, a diversified business portfolio, and a strong balance sheet will help the company navigate near-term headwinds. Additionally, loosened capital requirements should allow Bank of America's savvy management team the opportunity to return capital to shareholders at attractive valuations, increasing their return potential and providing a floor for the stock.
  - **On the other hand**, our stock selection in the industrials and consumer discretionary sectors contributed to performance. Within industrials, our overweight position in Dover proved beneficial. Dover posted impressive quarterly results, which sported top line growth, with bookings up almost 70%. While pressures remain due to labour shortages and logistics concerns, management has done an impressive job navigating the environment and margins have outperformed expectations across nearly every product line. We continue to appreciate Dover's diversified business, impressive organic growth and shareholder-focused capital allocation strategy.
  - **Among individual names**, our lack of exposure to Amazon was the largest contributor. Shares fell as the company was fined USD 887 million by European regulators for breaking regional privacy laws.
- ## Looking ahead
- **We continue to focus on the fundamentals** of the economy and company earnings. Our Core analysts' estimates for S&P 500<sup>®</sup> earnings currently project 34% growth for 2021 and 13% for 2022. While subject to revision, this forecast reflects our expectations for a recovery in the underlying economy and includes our best analysis of earnings expectations. Unemployment and other uncertainties, such as fiscal stimulus, the pace of economic growth, new variants of Covid-19 and the vaccine distribution, will be integral to investor sentiment moving forward.
  - **While the economic recovery is under way**, we remain balanced and continue to monitor incremental risks that could represent headwinds for US stocks. Through the volatility, we maintain exposure to quality, focus on high-conviction stocks, and take advantage of market dislocations for compelling stock-selection opportunities.

Opinions, estimates, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

All data is sourced by J.P. Morgan Asset Management and is correct as at the date of this commentary.

## Performance and positioning

%	1M	3M	YTD	1Y	3Y	5Y	Since inception
<b>JPM US Equity Income Fund C - Net Accumulation GBP</b>	1.13	1.96	15.96	28.44	10.25	11.36	14.10
<b>Benchmark</b>	1.71	5.00	15.86	28.50	15.56	15.94	16.63
<b>Excess return (arithmetic)</b>	-0.58	-3.04	0.10	-0.06	-5.32	-4.57	-2.53

%	2020	2019	2018	2017	2016
<b>JPM US Equity Income Fund C - Net Accumulation GBP</b>	-0.64	22.87	-0.35	6.98	36.80
<b>Benchmark</b>	14.43	26.03	1.26	10.95	33.11
<b>Excess return (arithmetic)</b>	-15.07	-3.16	-1.61	-3.97	3.69

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

Source: J.P. Morgan Asset Management. Share class performance is shown based on the quoted price of the above share class, assumes any gross income was reinvested, and includes ongoing charges but not any entry or exit fees. Performance over one year is annualised. Share class inception date is 11.07.2011.

### TOP/BOTTOM FIVE POSITIVE/NEGATIVE ACTIVE POSITIONS AGAINST THE BENCHMARK (%)

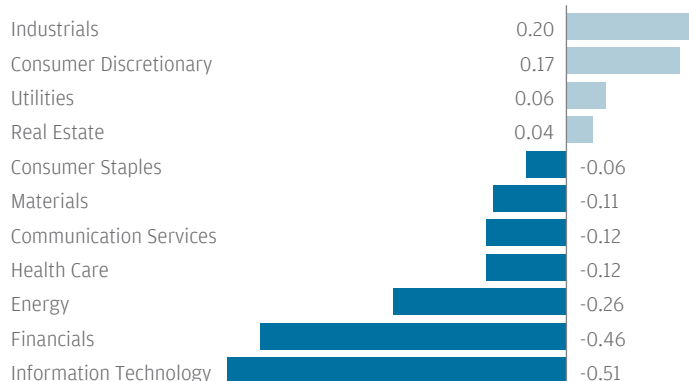
Stock	Position	Stock	Position
BlackRock	2.10	Apple	-5.73
Comcast	2.08	Microsoft	-4.27
ConocoPhillips	2.01	Alphabet*	-4.25
Analog Devices	1.98	Amazon.com*	-3.83
Dover	1.96	Facebook*	-2.29

### TOP/BOTTOM FIVE POSITIVE/NEGATIVE CONTRIBUTORS (%)

Stock	Total Effect	Stock	Total Effect
Amazon.com*	0.22	Alphabet*	-0.27
Dover	0.17	Apple	-0.23
Exxon Mobil*	0.08	ConocoPhillips	-0.21
Paypal Hldgs Inc*	0.07	EOG Resources	-0.18
Eaton	0.07	Bank of America	-0.16

\*Denotes a stock either not held or underweight at the end of the period. Due to regulatory provisions, the portfolio is unable to hold J.P.Morgan Chase.

### ATTRIBUTION ANALYSIS AGAINST THE BENCHMARK (%)



Source: Wilshire. Attribution figures are from 01.07.2021 to 31.07.2021. All figures are gross of fees and as such are used as an indicator of performance but actual fund performance may be different. The Fund is an actively managed portfolio. Holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the investment manager without notice.

### KEY RISKS

The Fund is subject to **Investment risks** and **Other associated risks** from the techniques and securities it uses to seek to achieve its objective.

The table on the right explains how these risks relate to each other and the **Outcomes to the Shareholder** that could affect an investment in the Fund.

Investors should also read [Risk Descriptions](#) in the Prospectus for a full description of each risk.

### Investment risks *Risks from the Fund's techniques and securities*

Techniques	Securities
Hedging	Equities

### Other associated risks *Further risks the Fund is exposed to from its use of the techniques and securities above*

Currency	Market
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### Outcomes to the Shareholder *Potential impact of the risks above*

<b>Loss</b> Shareholders could lose some or all of their money.	<b>Volatility</b> Shares of the Fund will fluctuate in value.	<b>Failure to meet the Fund's objective.</b>
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The term 'Fund' used throughout this document refers to the relevant 'Sub-Fund', which is a legal term used in the Prospectus.

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