

## Enhance your core

Active ESG ETFs at the sweet spot  
between active and passive

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**J.P.Morgan**  
ASSET MANAGEMENT

# Did you know?

## Useful things to know about the J.P. Morgan Research Enhanced Index Equity (ESG) ETFs (REI)

**8**

ETFs covering  
all major markets  
and regions

**Largest**

Active Equity UCITS ETF  
range by assets  
under management

**Cost  
efficient**

20 – 40 bps  
Total Expense Ratio

**Article 8**

SFDR  
classification

**3**

REI ETFs with over 1 bn.  
USD Assets under Management

**Top 10**

3 REI ETFs in top 10 net flows  
for active UCITS ETFs in  
2022 (US, Global,  
Emerging Markets)

**4 years**

Track record for Global,  
US, Europe and  
Emerging Markets

**New!**

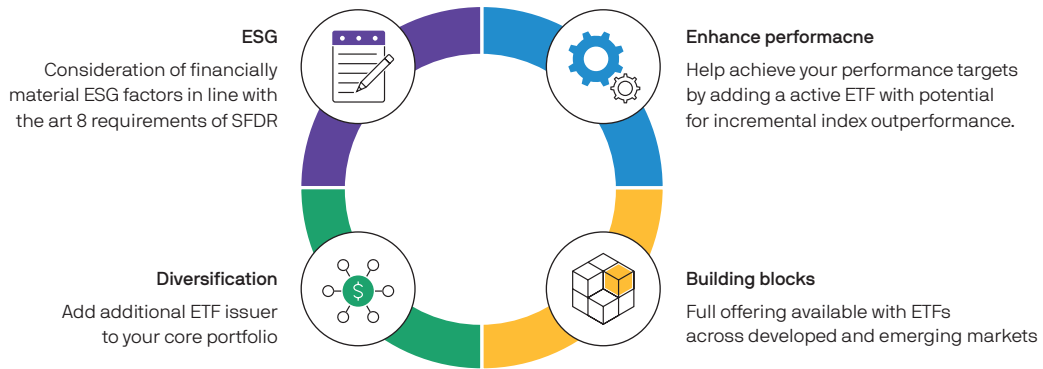
4 additional REI ETFs  
were launched  
in 2022

# JPM Research Enhanced Index Equity ETFs

Our Research Enhanced Index (REI) Equity (ESG) ETFs seek to deliver index-like characteristics while exploiting stock-specific insight. Built on the expert stock research of our fundamental career analysts, the REI ETFs target consistent positive excess returns at low tracking error, within a rigorous environmental, social and governance (ESG) framework. Our eight REI Equity ETFs provide core building blocks to enhance the core of your portfolio, add diversification or implement tactical allocations.

Each ETF is underpinned by the insight of a global network of approximately 90+ analysts who cover 2,500 stocks globally and are supported by a \$150m annual research budget. Our REI portfolio managers leverage these insights to take a large number of small active positions – overweighting names the analysts find attractive and underweighting the names they don't. This methodology seeks to maximise stock-specific bets within risk control bands, while minimising uncompensated risk, such as beta, sector and style.

## Which roles can our Research Enhanced Index ETFs play in your portfolio?



# ESG: The active advantage

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Our REI Equity ETFs consider financially material ESG factors and seek to manage the impact of these factors on investment performance. ESG factors can impact corporate revenues, costs and operating cash flows. Poor ESG practices can erode the value of assets and limit access to financing. The consideration of ESG factors therefore provide a layer of risk mitigation that can potentially lead to stronger and more sustainable risk-adjusted returns.

We believe an active approach offers an advantage when it comes to ESG factors and that active management allows us to go further. While index trackers can exclude certain categories from their investment universe and may seek to influence companies through proxy voting, our investment teams also embed financially material ESG factors<sup>1</sup> throughout the investment process and engage with companies to create value, potentially enhancing risk-adjusted returns over the long term.

## Our active Research Enhanced Index ESG approach



### Exclusions

Controversial sectors like fossil fuels or weapons are excluded



### ESG Integration<sup>1</sup>

We address ESG factors throughout our investment process, including research, company engagement and portfolio construction



### Engagement

Corporate engagement by analysts portfolio managers and the investment stewardship team with multiple stakeholders at all levels

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<sup>1</sup>JPMAM defines ESG integration as the systematic inclusion of financially material ESG factors (alongside other relevant factors) in investment analysis and investment decisions with the goals of managing risk and improving long-term returns. ESG integration does not change a strategy's investment objective, exclude specific types of companies or constrain a strategy's investable universe.

# J.P. Morgan Asset Management: Leading in active ETFs

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J.P. Morgan Asset Management launched its first UCITS ETF in October 2018. Since then we have brought many innovations to the ETF market – from our successful Research Enhanced Index Equity strategies to the first active China ETF and an exposure to China Aggregate bonds. Our innovative ETF solutions build on J.P. Morgan Asset Management’s global investment capabilities and expert teams.

Although active strategies make up a relatively small portion of the ETF market, J.P. Morgan Asset Management is the **largest active ETF provider** in UCITS market and one of the largest worldwide (Source: Bloomberg as of 31 December 2022). We are also very pleased that ETF Express awarded J.P. Morgan Asset Management **Best Active ETF Provider USD500m+ AUM\*** (Source: ETF Express).

## Why invest in active Research Enhanced Index Equity (ESG) ETFs from J.P. Morgan Asset Management?



### Enhanced core solutions

Diversify your passive core through active ETFs



### Alpha opportunity

Benefit from J.P. Morgan Asset Management’s global research platform and investment capabilities



### ESG considerations

Rigorous ESG approach including exclusions, integration and engagement with companies



### Allocation tools

Efficient access across developed and emerging markets

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

# Enhance your core with J.P. Morgan Research Enhanced Index Equity (ESG) ETFs

	Global Research Enhanced Index Equity (ESG) UCITS ETF	US Research Enhanced Index Equity (ESG) UCITS ETF	Europe Research Enhanced Index Equity (ESG) UCITS ETF	Eurozone Research Enhanced Index Equity (ESG) UCITS ETF
<b>Tickers</b>	JREG (acc)* JRGD (dist) JRGE (EUR hedged - acc)* JGEP (GBP hedged - acc)*	JREU (acc)* JRUD (dist) JUHE (EUR hedged - acc)* JUHC (CHF hedged - acc)*	JREE (acc)* JRED (dist)	JREZ (acc)* JRZD (dist)
<b>Benchmark</b>	MSCI World	S&P 500	MSCI Europe	MSCI EMU Index
<b>Alpha Target</b>	0.75 %	0.60 %	0.75 %	0.75 %
<b>Tracking Error (Active Risk)</b>	1.00 – 1.50 %	0.50 – 1.50 %	0.75 – 1.50 %	0.75 – 1.50 %
<b>AuM (as of 23 Jan)</b>	1.20bn USD	2.13bn USD	364mn EUR	103mn USD
<b>Country range</b>	+2.0 % to benchmark	N/A	+3.0 % to benchmark	+3.5 % to benchmark
<b>Sector range</b>	+/-3.0 % to benchmark	+1.0 % to benchmark	+1.0 % to benchmark	+2.0 % to benchmark
<b>Stock range</b>	+/-0.75 % to benchmark	+1.0 % to benchmark	+1.0 % to benchmark	+1.0 % to benchmark
<b>Holdings</b>	600 – 800	200 – 375	100 – 250	75 – 175
<b>TER bps</b>	25 bps	20 bps	25 bps	25 bps
<b>ESG</b>	ESG-Promote (Article 8, SFDR)	ESG-Promote (Article 8, SFDR)	ESG-Promote (Article 8, SFDR)	ESG-Promote (Article 8, SFDR)

**For Belgium only:** Please note the ETF (\*) is not registered in Belgium and can only be accessible for professional clients. Please contact your J.P. Morgan Asset Management representative for further information. The offering of Shares has not been and will not be notified to the Belgian Financial Services and Markets Authority (Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers) nor has this document been, nor will it be, approved by the Financial Services and Markets Authority. The Shares may be offered in Belgium only to a maximum of 149 investors

# Enhance your core with J.P. Morgan Research Enhanced Index Equity (ESG) ETFs

	Japan Research Enhanced Index Equity (ESG) UCITS ETF	Global Emerging Markets Research Enhanced Index Equity (ESG) UCITS ETF	China A Research Enhanced Index Equity (ESG) UCITS ETF	AC Asia-Pacific ex Japan Research Enhanced Index Equity (ESG) UCITS ETF
<b>Tickers</b>	JREJ (acc)* JREI (dist) JJEH (EUR hedged - acc)* JJEC (CHF hedged - acc)* JJEJ (acc)*	JREM (acc)* JRMD (dist)	JREC (acc)* JRDC (dist)	JREA (acc)* JREX (dist)
<b>Benchmark</b>	MSCI Japan	MSCI Emerging Markets	MSCI China A	MSCI AC Asia Pacific ex Japan
<b>Alpha Target</b>	0.75 %	0.75 %	0.75 %	0.75 %
<b>Tracking Error (Active Risk)</b>	0.75 – 1.50 %	0.75 – 2.00 %	1.00 – 2.00 %	1.00 – 2.00 %
<b>AuM (as of 23 Jan)</b>	60mn USD	1bn USD	14mn USD	27mn USD
<b>Country range</b>	N/A	+2.0% to benchmark	N/A	+/-2.0% to benchmark
<b>Sector range</b>	+2.0% to benchmark	+2.0% to benchmark	+2.0% to benchmark	+2.0% to benchmark
<b>Stock range</b>	+1.0% to benchmark	+0.75% to benchmark	+1.0% to benchmark	+1.0% to benchmark
<b>Holdings</b>	150 – 250	225 – 325	75 – 225	150 – 300
<b>TER bps</b>	25 bps	30 bps	40 bps	30 bps
<b>ESG</b>	ESG-Promote (Article 8, SFDR)	ESG-Promote (Article 8, SFDR)	ESG-Promote (Article 8, SFDR)	ESG-Promote (Article 8, SFDR)

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