Building stronger portfolios

J.P. Morgan Asset Management

Research Enhanced Index Equity (ESG) UCITS ETFs

ETFs by J.P.Morgan Asset Management

J.P. Morgan Asset Management Research Enhanced Index Equity (ESG) UCITS 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 funds target consistent positive excess returns at low active risk*, within a rigorous environmental, social and governance (ESG) framework.

With four strategies covering global, US, European and emerging market equities, REI Equity ETFs are core building blocks for the heart of your portfolio.

PUT ACTIVE MANAGEMENT AT THE HEART OF YOUR PORTFOLIO

Index-like risk profile

Regional, sector and style exposures are tightly controlled to achieve a consistently low tracking error.

Targeting consistent alpha

Exploits stock-specific insights to seek incremental positive excess returns, compounded over time.

Robust ESG framework

Combines exclusions of controversial sectors with active corporate engagement and integration throughout the investment process.

Investment expertise

Highly experienced portfolio managers are backed by the insight of 85+ career analysts around the globe.

Tap into a tried and tested investment process

Our portfolio managers and analysts employ research rankings that have added value for three decades, and draw on the strength of our robust trading, technology and operational platform.

Harnessing J.P. Morgan Asset Management's research and insights to help investors build stronger ETF portfolios

*Low active risk refers to tracking error or the risk taken versus the fund's stated benchmark, it does not mean a low level of absolute risk.

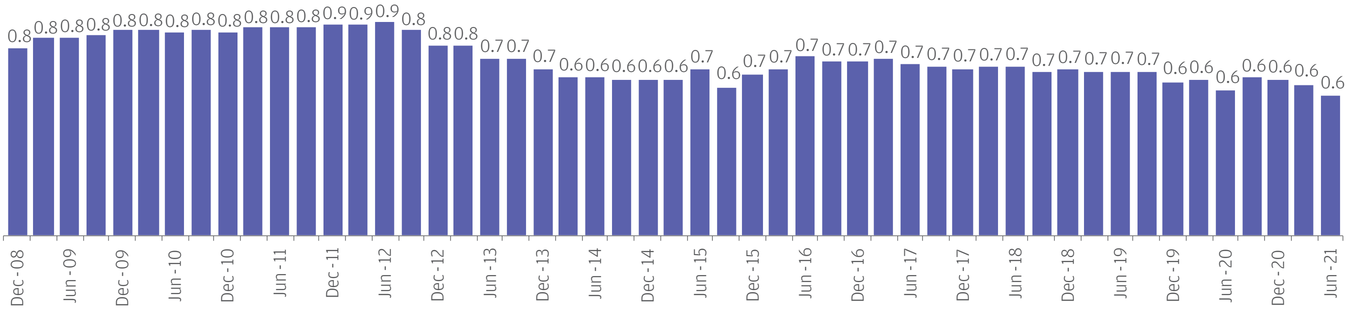
Exploiting stock-specific insight

REI Equity ETFs are underpinned by the insight of a global network of approximately 85+ analysts who cover 2500 stock globally and are supported by a $150m annual research budget.

In each fund, the portfolio managers take a large number of small active positions—overweighting positions in names the analysts find attractive and underweighting positions in the names they don't. This methodology seeks to maximise stock-specific bets within risk control bands, while minimising uncompensated risk (beta, sector, style).

Our REI strategies also fully leverage J.P. Morgan Asset Management's trading team—one of the best resourced in the industry—bringing a further depth of expertise and a robust commitment to best execution.

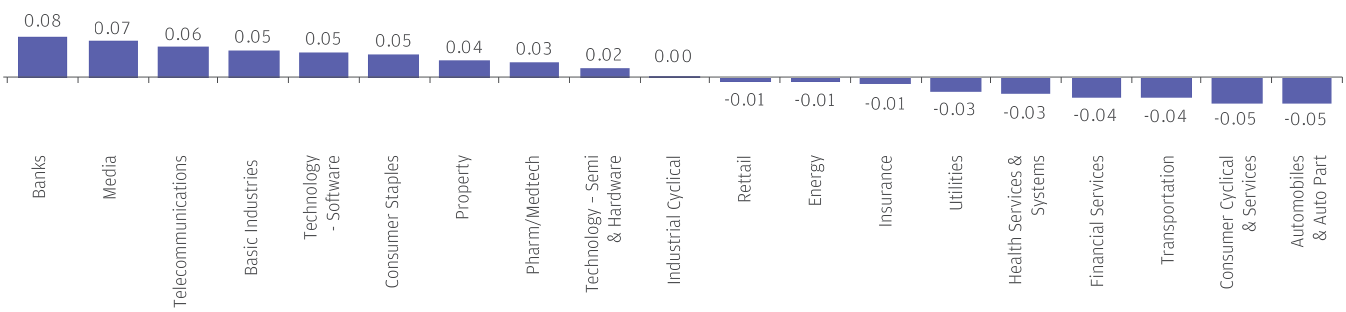
TRACKING ERROR IS TIGHTLY CONTROLLED ...



Source: J.P. Morgan Asset Management; data as of 30 June 2021. Tracking error over rolling 5 years quarterly periods, based on annualised returns, gross of investment management fees, of the JPM Global Research Enhanced Index Strategy (100 Composite) compared to the Benchmark. The Strategy was launched on September 5, 2003. Benchmark changed from MSCI World (NDR) to MSCI ACWI (NDR) on May 31, 2010. The strategy characteristics are shown for illustrative purposes only and are subject to change without notice.
Past performance is not a reliable indicator of current and future results

... AND SECTOR BETS MINIMISED

Active sector positions relative to benchmark (%)



Source: J.P. Morgan Asset Management, Factset. As of 30 June 2021. This 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. Based on a representative account in the J.P. Morgan Global REI 100 strategy.

An active ESG framework

Our REI Equity ETFs reflect the ESG factors that matter to our clients, and seek to manage the impact of these factors on investment performance.

ESG factors matter for long-term investors

There are three key reasons why we incorporate the consideration of ESG factors in our REI Equity ETFs. First, we believe we have a responsibility to consider the broader consequences of our investment decisions. Second, ESG factors matter to our clients.

Finally, we believe that the consideration of ESG factors, particularly those related to governance, can play a critical role in a long-term investment strategy. 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. ESG factors can therefore be thought of as an additional screen to consider when making an investment, providing a layer of risk mitigation that can potentially lead to stronger and more sustainable risk-adjusted returns.

Our approach to incorporating ESG factors

Our REI Equity (ESG) ETFs employ a two-tier approach:

1. **Values/norms-based screens:** Exclusions based on third-party lists are currently applied across four categories: tobacco, thermal coal and controversial weapons UN Global Compact Violations.
2. **ESG integration:** Systematic and explicit consideration of ESG factors is built into investment decisions, and best practices encouraged through company engagement. Negative outliers are identified, monitored and reviewed when considering position sizes.

The active advantage

We believe our two-tier approach is aligned with the best interests of our clients. Amid an increasing emphasis on ESG factors, we have seen a consensus emerge that many investors do not want to hold companies in sectors such as tobacco or controversial weapons.

But 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 REI Equity ETF investment teams also embed ESG considerations throughout the investment process and engage with companies to create value, potentially enhancing risk-adjusted returns over the long term.

About ESG factors

Environmental, social and governance (ESG) factors are non-financial considerations that are important for stakeholders to keep in mind when assessing a company's performance.

Environmental

Issues relating to the quality and functioning of the natural environment and natural systems, such as carbon emissions, environmental regulations, water stress and waste.

Social

Issues relating to the rights, wellbeing and interests of people and communities, such as labour management, health & safety and product safety.

Governance

Issues relating to the management and oversight of companies and other investee entities, such as board, ownership and pay.

Exclusion does not necessarily mean zero exposure. Thresholds apply for certain sectors.
For further details, please check the Exclusion Policy for the respective ETF.

Source: Definitions : PRI; Examples: MSCI.

J.P. Morgan Asset Management Research Enhanced Index Equity (ESG) UCITS ETFs

	Global REI (acc)	US REI (acc)	Europe REI (acc)	Global EM REI (acc)	US REI (dist)
Benchmarks	MSCI World	S&P 500	MSCI Europe	MSCI EM	S&P 500
Alpha Target[1]	0.75%	0.60%	0.75%	0.75%	0.60%
Active Risk	1.00-1.50%	0.50-1.50%	0.75-1.50%	0.75-2.0%	0.50-1.50%
Country ranges	+2.0% to benchmark	US + Canada	+3% to benchmark	+2% to the benchmark	US + Canada
Sector range	+/-3.0% to benchmark	+1.0% to benchmark	+1.0% to benchmark	+2.0% to benchmark	+1.0% to benchmark
Stock ranges	+/-0.75% to benchmark	+1.0% to benchmark	+1.0% to benchmark	+0.75% to the benchmark	+/-1.0% to benchmark
Holdings	600-800	200-375	100-250	225-325	200-375
ESG	ESG Promote (Article 8, SFDR)	ESG Promote (Article 8, SFDR)	ESG Promote (Article 8, SFDR)	ESG Promote (Article 8, SFDR)	ESG Promote (Article 8, SFDR)
Portfolio Manager	**Piera Elisa Grassi** Raffaele Zingone	**Raffaele Zingone** Piera Elisa Grassi	**Piera Elisa Grassi** Nicholas Farserotu	**Anuj Arora** Lina Nassar	**Raffaele Zingone** Piera Elisa Grassi
Launch date	16 October 2018	16 October 2018	16 October 2018	06 December 2018	16 December 2019
Domicile	Ireland	Ireland	Ireland	Ireland	Ireland
Investment Method	Physically Invested	Physically Invested	Physically Invested	Physically Invested	Physically Invested
Base currency	USD	USD	EUR	USD	USD
Total Expense Ratio (TER)	0.25%	0.20%	0.25%	0.30%	0.20%
ISIN	IE00BF4G6Y48	IE00BF4G7076	IE00BF4G7183	IE00BF4G6Z54	IE00BJ06C044
Bloomberg Ticker (LSE)	JREG LN	JREU LN	JREE LN	JREM LN	-
Bloomberg Ticker (Borsa Italiana)	JREG IM	JREU IM	JREE IM	JREM IM	-
Bloomberg Ticker (Xetra)	JREG GY	JREU GY	JREE GY	JREM GY	-
Bloomberg Ticker (Six Swiss)	JREG SW	JREU SW	JREE SW	JREM SW	-
Bloomberg Ticker (Deutsche Borse)	-	-	-	-	JRUD GY
Bloomberg iNAV Ticker[2]	JREGUSIV	JREUUSIV	JREEEUIV	JREMUSIV	-
Reuters RIC (LSE)	JREG.L	JREU.L	JREE.L	JREM.L	-
Reuters RIC (Borsa Italiana)	JREG.MI	JREU.MI	JREE.MI	JREM.MI	-
Reuters RIC (Xetra)	JREG.D	JREU.D	JREE.D	JREM.DE	-
Reuters RIC (Six Swiss)	JREG.S	JREU.S	JREE.S	JREM.S	-
Reuters RIC (Deutsche Borse)	-	-	-	-	JRUD.DE

[1] The Alpha target displayed is an annualised figure over the course of a full market cycle. The stated target returns are the investment manager's objectives only. The objectives are gross of fees. There is no guarantee that these objectives will be met.

[2] Ticker is for the base currency. Other iNAV tickers are available upon request.

JPMorgan ETFs (Ireland) ICAV – Global Research Enhanced Index Equity (ESG) UCITS ETF (acc)

Investment objective

The Sub-Fund aims to achieve a long-term return in excess of MSCI World Index (Total Return Net) (the “Benchmark”) by actively investing primarily in a portfolio of companies, globally.

Risk profile

- The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.
- To the extent that the Sub-Fund uses financial derivative instruments, the risk profile and the volatility of the Sub-Fund may increase.
- The Sub-Fund seeks to provide a return above the Benchmark; however the Sub-Fund may underperform the Benchmark.
- Movements in currency exchange rates can adversely affect the return of your investment.
- Exclusion of companies that do not meet certain ESG criteria from the Sub-Fund's investment universe may cause the Sub-Fund to perform differently compared to similar funds that do not have such a policy.

JPMorgan ETFs (Ireland) ICAV – US Research Enhanced Index Equity (ESG) UCITS ETF (acc & dist)

Investment objective

The Sub-Fund aims to achieve a long-term return in excess of S&P 500 (Total Return Net) (the “Benchmark”) by actively investing primarily in a portfolio of US companies.

Risk profile

- The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.
- To the extent that the Sub-Fund uses financial derivative instruments, the risk profile and the volatility of the Sub-Fund may increase.
- The single market in which the Sub-Fund invests may be subject to particular political and economic risks, and as a result, the Sub-Fund may be more volatile than more broadly diversified funds.
- The Sub-Fund seeks to provide a return above the Benchmark; however the Sub-Fund may underperform the Benchmark.
- Exclusion of companies that do not meet certain ESG criteria from the Sub-Fund’s investment universe may cause the Sub-Fund to perform differently compared to similar funds that do not have such a policy.

JPMorgan ETFs (Ireland) ICAV – Europe Research Enhanced Index Equity (ESG) UCITS ETF (acc)

Investment objective

The Sub-Fund aims to achieve a long-term return in excess of MSCI Europe Index (Total Return Net) (the “Benchmark”) by actively investing primarily in a portfolio of European companies.

Risk profile

- The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.
- To the extent that the Sub-Fund uses financial derivative instruments, the risk profile and the volatility of the Sub-Fund may increase.
- Due to the composition of the Benchmark, the Sub-Fund's portfolio may be more concentrated geographically than other Sub-Funds with more diversified portfolios and may, consequently, be subject to greater volatility than such Sub-Funds.
- The Sub-Fund seeks to provide a return above the Benchmark; however the Sub-Fund may under-perform its Benchmark.
- Movements in currency exchange rates can adversely affect the return of your investment.
- Exclusion of companies that do not meet certain ESG criteria from the Sub-Fund's investment universe may cause the Sub-Fund to perform differently compared to similar funds that do not have such a policy.

JPMorgan ETFs (Ireland) ICAV – Global Emerging Markets Research Enhanced Index Equity (ESG) UCITS ETF (acc)

Investment objective

The Sub-Fund aims to achieve a long-term return in excess of MSCI Emerging Market Index (Total Return Net) (the “Benchmark”) by actively investing primarily in a portfolio of emerging market companies.

Risk profile

- The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.
- To the extent that the Sub-Fund uses financial derivative instruments, the risk profile and the volatility of the Sub-Fund may increase.
- Emerging markets may be subject to increased risks, including less developed custody and settlement practices, higher volatility and lower liquidity than non-emerging market securities.
- The Sub-Fund may invest in China A-Shares through the China-Hong Kong Stock Connect Programmes which are subject to regulatory change, quota limitations and also operational constraints which may result in increased counterparty risk.
- The Sub-Fund may invest in securities of smaller companies which may be less liquid, more volatile and tend to carry greater financial risk than securities of larger companies.
- The Sub-Fund seeks to provide a return above the Benchmark; however the Sub- Fund may underperform its Benchmark.
- Movements in currency exchange rates can adversely affect the return of your investment.
- Exclusion of companies that do not meet certain ESG criteria from the Sub-Fund’s investment universe may cause the Sub-Fund to perform differently compared to similar funds that do not have such a policy.

Combining the best of active and passive

Our REI Equity ETFs are designed to serve as core portfolio building blocks and attractive alternatives to passive funds.

Positive alpha at low active risk

Like passive funds, REI Equity ETFs stay close to fully invested at all times, with regional, sector and style exposures closely controlled relative to the index to provide a consistent, low tracking error.

But unlike passive funds, our range of REI Equity ETFs target consistent alpha generation with a high information ratio by exploiting the stock-specific ideas of a team of fundamental research analysts.

The result is a suite of core funds that can deliver positive alpha at low active risk.*

RESEARCH ENHANCED INDEX EQUITY (ESG) ETFS: RISK/ RETURN PROFILE

Source: J.P. Morgan Asset Management. For illustrative purposes.

Active management and ETFs: A powerful combination

ETFs are structured to provide liquid, cost-effective and transparent access to global markets. These attributes have lent themselves perfectly to index tracking funds—but also make the ETF wrapper an ideal home for actively managed strategies.

Actively managed ETFs can be used to:

- Target particular outcomes, such as excess returns or reduced downside risk.
- Reflect investor preferences—for example, avoiding companies with poor ESG characteristics.
- Better manage market events, thanks to their ability to rebalance outside of the systematic rebalancing dates used in passive indices.

*Low active risk refers to tracking error or the risk taken versus the fund's stated benchmark, it does not mean a low level of absolute risk.

Building stronger portfolios

At J.P. Morgan Asset Management, collaborating with our clients in an effort to build stronger portfolios drives everything we do.

We are committed to sharing our expertise, insights and solutions to help make better investment decisions. Whatever you are looking to achieve, together we can solve it.

LET'S SOLVE IT®

CONTACT DETAILS

For further information on J.P. Morgan Asset Management ETFs please contact us on +44 207 742 8361 or jpmam.etf@jpmorgan.com

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