

Building stronger portfolios

Making prudent asset allocation decisions

is crucial to helping clients achieve their long-term goals. Our model portfolios framework is designed to help you build better portfolios in any market environment.



Asset allocation views

These are the firm's views on asset classes across various regions, which are revised quarterly and are also the source of positioning within the J.P. Morgan model portfolios.



Model portfolios

Asset allocation views are translated into a series of model portfolios to help investors make thoughtful, well-informed decisions in building and managing portfolios.



J.P. Morgan Funds in practice

Explore two different approaches to how J.P. Morgan Funds might be used in the model portfolios.

The experience and resources you need

J.P. Morgan's award-winning Multi-Asset Solutions Team has the experience and track record to help clients achieve consistent results in all market environments.

\$248+bn

Global assets
under management

107

Investment professionals

19

MBAs

1

Objective: Seeks to
help clients meet their
investment goals

50+yrs

Investment track record

48

CFA charterholders

8

PhDs

Source: J.P. Morgan Asset Management. Data as of March 31, 2023.

Asset allocation views

These asset allocation views are the result of a rigorous and disciplined process that integrates our qualitative insights and quantitative analysis. The research and investor teams examine, debate and challenge the views at the quarterly Strategy Summit, and meet regularly to ensure ongoing dialogue.

Global views

- Our outlook and positioning are cautious. Recent banking sector stresses imply tighter lending standards and a higher and more immediate risk of recession.
- Growth risks appear greatest in the U.S. In Europe, lower energy prices and fiscal tailwinds suggest some resilience. A reopened Chinese economy may benefit Emerging markets broadly.
- High inflation continues to divide policymakers. Contraction in the money supply points to lower inflation ahead, but tight labor markets and strong services demand will keep inflation above central bank targets. As the pace of inflation slows, the attention of investors and central bankers alike has shifted from inflation to growth.
- With growth weak and risks skewed to the downside, our highest conviction call is to be overweight duration. We are modestly underweight equity, but with stocks unloved for over a year, weak sentiment and light positioning don't justify a more significant underweight.

U.S. equities: Seeking quality

- Growth risks appear greatest in the U.S., where strain in regional banks and weakness in the real estate sector will likely constrain credit formation.
- We continue to prefer defensive sectors in our equity allocation. In an environment of subtrend growth, poor earnings and elevated recession risk, we find it difficult to like cyclical stocks.
- Expectation for lower interest rate policy has benefitted growth stocks which has led us to more evenly distribute our allocation across both value and growth styles.
- We've shifted to a slight underweight to U.S. equities. Turmoil in the banking sector increases volatility and downside risks to growth. Within U.S. equities, we prefer large cap companies given their defensive mix, high quality and strong cash flow generation.

Fixed income: Anchored with core bonds

- The end of a Fed hiking cycle often coincides with improved returns from U.S. Treasuries. Should the growth outlook deteriorate, the likely performance of bonds would provide welcome ballast to portfolios across a range of scenarios.

- Credit spreads have widened in recent weeks, approaching levels that historically have pointed to strong returns, but we remain concerned that sentiment will weaken further as defaults pick up.
- While fundamentals have improved, the global growth outlook remains weak and there exist EM-specific stresses including still relatively large fiscal deficits, which keep us less optimistic on Emerging Markets Debt (EMD). EMD should offer opportunity in the future, but in the near term presents too much downside risk.
- In our view, duration will likely deliver reasonable returns in many states of the world, and an overweight to high quality core fixed income is therefore our highest conviction call.

Developed international and emerging market equities: Well diversified

- Despite a more cautious tone, we see meaningful variation across regions. Absent a deep U.S. recession, the usual adage of "America sneezes and the rest of the world catches a cold" may not hold.
- We maintain our current exposure to International Developed equity as the European economy, in particular, has held up better than we expected. We acknowledge that the region is heavily exposed to cyclical industries, which face headwinds from slowing goods demand. However, valuations still look attractive and European stocks may benefit from a brightening outlook in China.
- We maintain a slight overweight to Emerging Markets (EM) equity driven by our optimism on China's outlook. Pent-up demand and excess savings accumulated during the zero-COVID years can support activity and lead to a robust cyclical recovery this year.

Liquid alternatives: Flexible portfolio tools in a volatile market

- With heightened volatility, equity alternatives can provide some upside participation while reducing downside risk although many long/short strategies have faced headwinds due to crowded positioning in mega cap tech names.
- Fixed income alternatives can help investors diversify credit and interest rate risk in a more challenging market environment and given the continued interest rate volatility we have shifted exposure from equity alternatives to fixed income alternatives.
- We maintain our allocation to core diversifiers, which can serve to dampen volatility.

Active allocation views

These asset class views apply to a 12-to-18-month horizon. Up/down arrows indicate a positive (▲) or negative (▼) change in view since the prior quarterly Strategy Summit. These views should not be construed as a recommended portfolio. This summary of our individual asset class views indicates strength of conviction and relative preferences across a broad-based range of assets, but is independent of portfolio construction considerations.

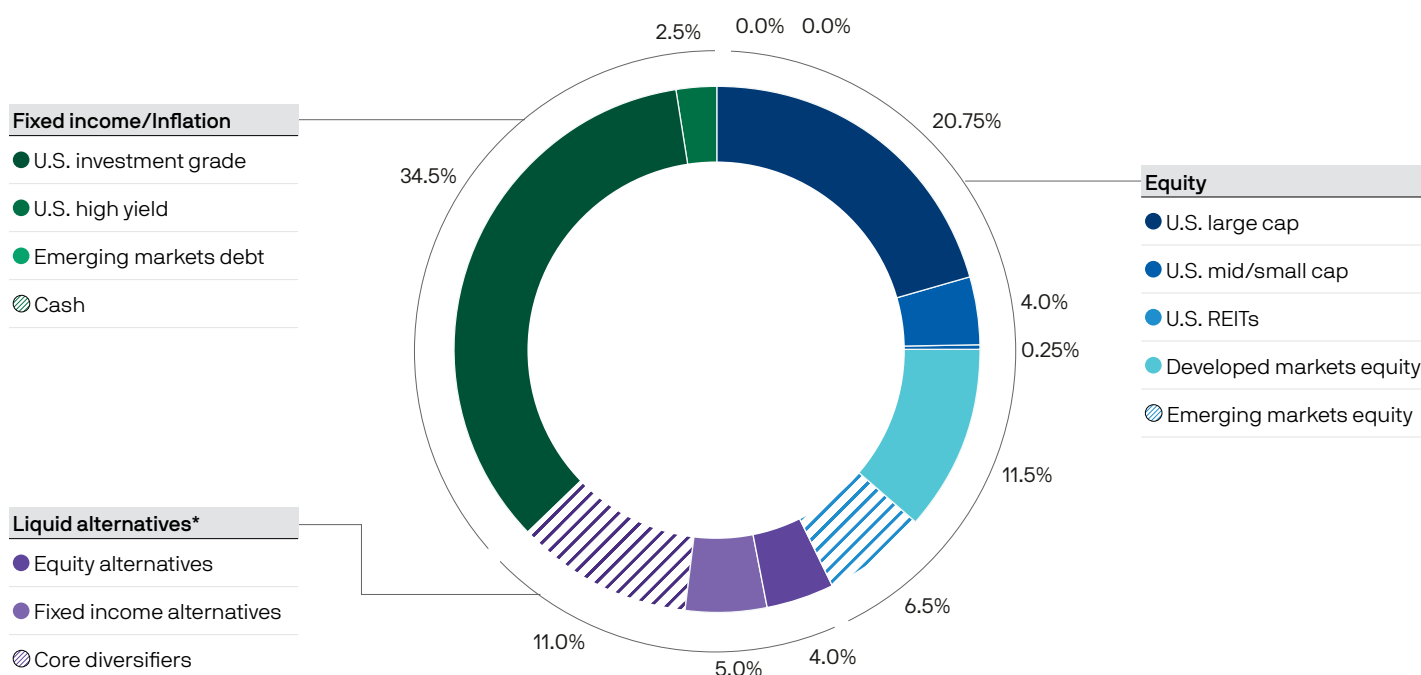
Asset class		Opportunity set	UW	N	OW	Change	Conviction	
		● Underweight ● Neutral ● Overweight						
Main asset classes	Equities		●	○	○		Moderate	Earnings downgrade cycle ongoing, pushing up multiples; weak sentiment, light positioning a partial offset
	Duration		○	○	●	▲	High	End of Fed hiking cycle and downside skew to growth risks makes a strong case for duration in portfolios
	Credit		○	●	○	▼		Spreads are wider, but may not fully discount recession risk; loans and speculative credit appear most vulnerable
	Cash		○	○	●		Low	Cash yields attractive, but cash itself offers less portfolio ballast in market weakness, useful as dry powder
Preference by asset class	Equities	U.S. large cap	○	●	○	▲		Further earnings downgrades likely, and valuations are rich, but quality and cash generation provide support
		U.S. small cap	●	○	○	▼	Moderate	More exposed to weaknesses in regional banks and real estate in the U.S.; more cyclically geared than S&P
		Europe	○	●	○			More resilient corporate and financial base, plus some positive economic surprises; cheap to global peers
		UK	○	○	●	▲	Low	Very cheap and supported by quantitative signals; risks from weaker commodities offset by defensive sector mix
		Japan	●	○	○	▼	Low	Vulnerable to a rise in JPY, which could follow abandoning of yield curve control; very geared to global growth
		Emerging markets	○	●	○			Weaker USD is supportive as are valuations and earnings outlook, but with global growth soft EPS upside capped
	Fixed income	U.S. Treasuries	○	○	●		High	Growth risks arguably greatest in U.S.; repair of bank balance sheets may create more incremental demand
		G4 ex-U.S. sovereigns	○	●	○	▲		Ongoing tightening in Europe puts upward pressure on yields, but end of Fed hiking cycle a powerful offset
		EMD hard currency	●	○	○		Moderate	Some modest support in face of slowing growth coming from long duration, but little scope for tighter spreads
		EMD local FX	○	●	○			Some regions becoming attractive on a real yield basis; Fed pause opens door for some easing in EM policy
		Corporate investment grade	○	●	○	▼		Spreads not reflecting recession or downgrade risks; corporate health reasonable, but remain UW spread duration
		Corporate high yield	●	○	○		Moderate	Fewer vulnerabilities than is typical at this point in the cycle; spreads still likely to widen if growth falters
	Currency	USD	●	○	○	▼	Low	Failure of USD to rally in recent market turbulence plus end of Fed hiking cycle point to a peak in the dollar
		EUR	○	○	●	▲	Low	Hawkish ECB, sticky inflation, better-than-expected growth and policymaker faith in backstops suggest EUR upside
		JPY	○	○	●		Moderate	Expectation that YCC will be removed following the change of leadership at BoJ lends support to JPY
		EM FX	○	●	○			Mixed picture for EM FX, but USD off its highs supports sentiment; trajectory of China and global trade key in 2023

Source: J.P. Morgan Asset Management Multi-Asset Solutions; assessments are made using data and information up to March 2023. For illustrative purposes only. Diversification does not guarantee investment returns and does not eliminate the risk of loss. Diversification among investment options and asset classes may help to reduce overall volatility.

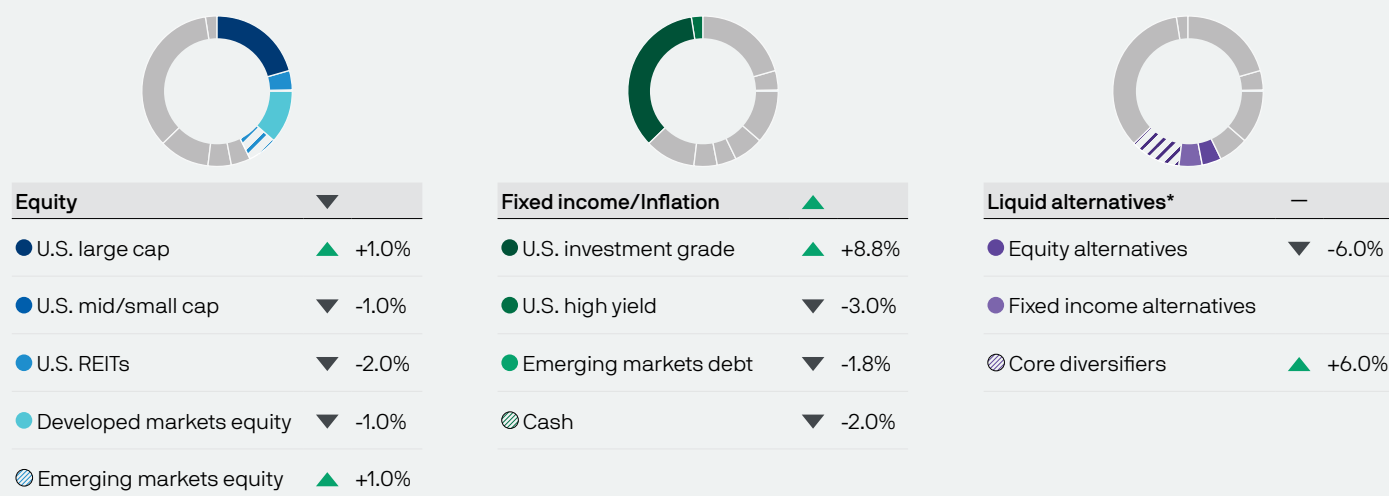
Model portfolios

J.P. Morgan's strategic portfolio is based on a 45-35-20 equity-fixed income-liquid alternatives mix and is updated quarterly based on the output from our Strategy Summit.

45-35-20 MODEL (as of March 2023)



Tactical shifts



Regarding the tables above, up/down arrows indicate an overweight (▲) or underweight (▼) from our strategic model, which is updated annually.

* Equity alternatives: Actively manage beta, with equity alternatives that help buffer against market fluctuations in the long run. Fixed income alternatives: Reduce interest rate risk with fixed income alternatives while broadening investment options. Core diversifiers increase diversification by investing in currencies, commodities, stocks and bonds.

Examples by risk profile



Equity-FI-ALTS	20-70-10		35-50-15		40-40-20		45-35-20		60-20-20	
Allocations and shifts	Strategic [†]	Tactical shift	Strategic	Tactical shift	Strategic	Tactical shift	Strategic	Tactical shift	Strategic	Tactical shift
Equity	20.00%		35.00%		40.00%		45.00%		60.00%	
● U.S. large cap	8.75%	0.50%	15.50%	0.50%	17.75%	0.25%	19.75%	1.00%	26.25%	1.25%
– U.S. large cap growth	4.38%	0.38%	7.75%	0.25%	8.88%	0.13%	9.88%	0.62%	13.13%	0.63%
– U.S. large cap value	4.38%	0.13%	7.75%	0.25%	8.88%	0.13%	9.88%	0.37%	13.13%	0.63%
● U.S. mid/small cap	2.25%	-0.50%	3.75%	-0.50%	4.25%	-0.50%	5.00%	-1.00%	6.75%	-1.00%
● U.S. REITs	1.00%	-1.00%	1.75%	-1.00%	2.00%	-1.00%	2.25%	-2.00%	3.00%	-2.00%
● Developed markets equity	5.50%	-0.50%	9.75%	-0.50%	11.25%	-0.25%	12.50%	-1.00%	16.75%	-1.25%
● Emerging markets equity	2.50%	0.50%	4.25%	0.50%	4.75%	0.50%	5.50%	1.00%	7.25%	1.00%
Fixed income/Inflation	70.00%		50.00%		40.00%		35.00%		20.00%	
● U.S. investment grade	53.25%	6.00%	37.50%	5.75%	29.75%	8.00%	25.75%	8.75%	13.75%	8.00%
● U.S. high yield	11.00%	-1.50%	8.00%	-1.50%	6.25%	-3.00%	5.50%	-3.00%	3.25%	-3.00%
● Emerging markets debt	3.75%	-1.50%	2.50%	-1.25%	2.00%	-2.00%	1.75%	-1.75%	1.00%	-1.00%
● Cash	2.00%	-2.00%	2.00%	-2.00%	2.00%	-2.00%	2.00%	-2.00%	2.00%	-2.00%
Liquid alternatives	10.00%		15.00%		20.00%		20.00%		20.00%	
● Equity alternatives	5.00%	-3.00%	7.50%	-4.25%	10.00%	-5.50%	10.00%	-6.00%	10.00%	-6.00%
● Fixed income alternatives	2.50%	0.00%	3.75%	0.00%	5.00%	0.00%	5.00%	0.00%	5.00%	0.00%
● Core diversifiers	2.50%	3.00%	3.75%	4.25%	5.00%	5.50%	5.00%	6.00%	5.00%	6.00%

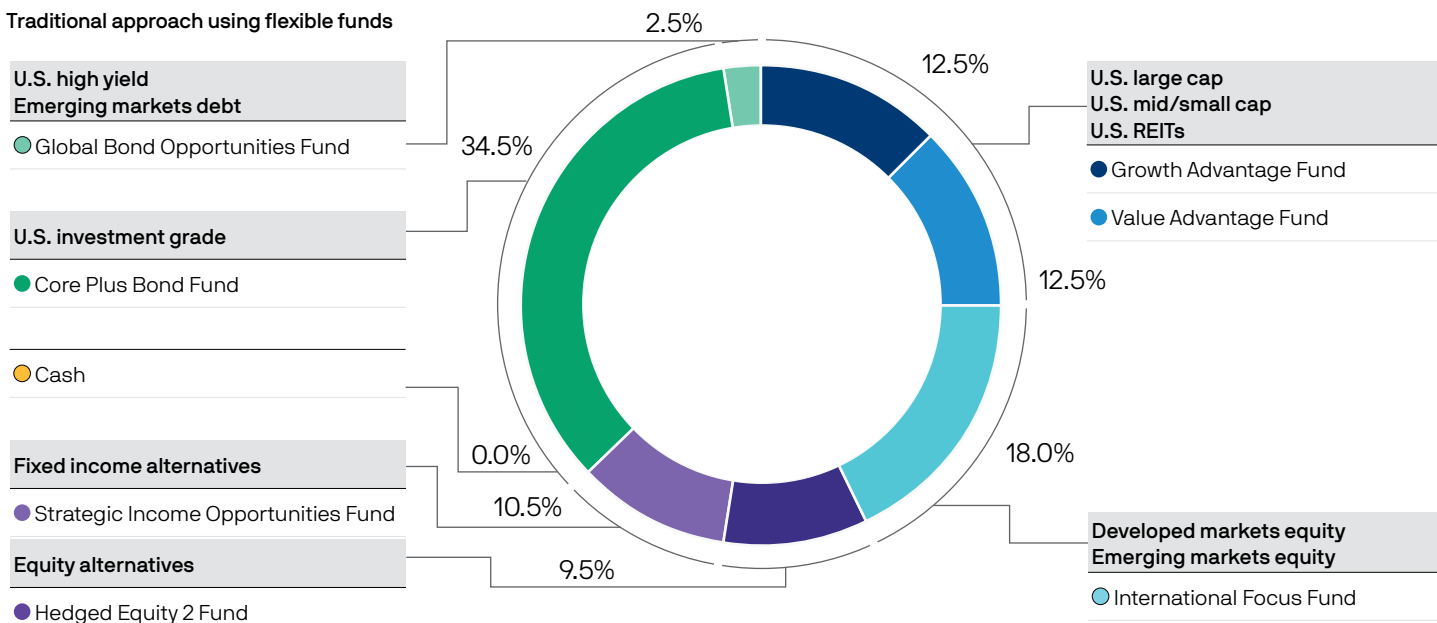
Source: J.P. Morgan Asset Management Multi-Asset Solutions; assessments are made using data and information up to March 2023. For illustrative purposes only.

[†] Strategic allocations shown in the left column for each model portfolio do not include this quarter's tactical shifts. The current allocation for a given model would equal the sum of the strategic allocation plus the tactical shift.

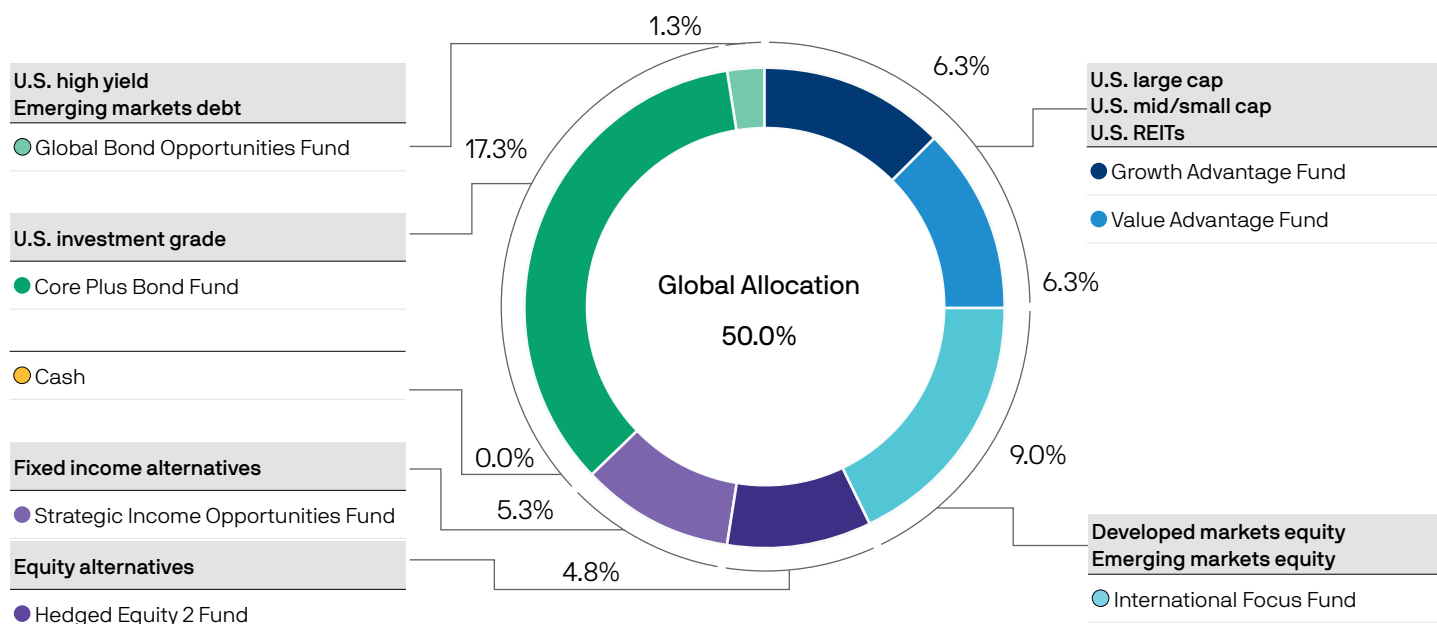
Two examples incorporating J.P. Morgan Funds into the 45-35-20 model portfolio

In this section, the illustrations show how an investor might put the 45-35-20 model portfolio allocations into practice using J.P. Morgan Funds. The allocations to J.P. Morgan Funds listed below are not determined by the Multi-Asset Solutions Team. The two approaches presented below assume a client's desire to limit the number of funds used and to include flexible funds with few constraints to take advantage of market opportunities.

Traditional approach using flexible funds



Incorporating a multi-asset fund as the core



The allocations to J.P. Morgan Funds listed are not determined by the Multi-Asset Solutions Team.

This information should not be relied upon as investment advice, research or a recommendation by J.P. Morgan regarding (i) the Funds, (ii) the use of the J.P. Morgan Model Portfolios or (iii) any security in particular. Only an investor and their financial professional know enough about their circumstances to make an investment decision.

Growth Advantage Fund
A VHIX | INSTITUTIONAL JGASX


Designed to provide long-term capital growth through a portfolio of high-growth U.S. stocks across all market capitalizations.

- Invests in a portfolio of large, mid and small cap companies with above-average growth prospects
- Looks for companies with leading competitive positions, durable business models and management that can achieve sustained growth
- Seeks to identify stocks with a history of achieving, or the potential to achieve, above-average growth

Value Advantage Fund
A JVAAX | INSTITUTIONAL JVASX


Designed to provide long-term total return through a portfolio of attractively valued U.S. equity securities across all market capitalizations.

- Invests in a portfolio of large, mid and small cap companies with attractive fundamentals and valuations
- Employs bottom-up stock selection based on company fundamentals and proprietary fundamental analysis
- Seeks to identify companies that appear to be undervalued and have the potential for capital appreciation

International Focus Fund
A IUAEX | INSTITUTIONAL IUESX


Focuses on maximizing return potential by flexibly pursuing our best investment ideas across all regions and sectors of the international markets.

- Co-Portfolio Managers with over 40 years of combined international investing experience
- Leverages a team of dedicated Global Sector Specialists and over 200 "feet on the ground" regional investment professionals
- Employs a bottom-up fundamental process that delivers a core, high-conviction portfolio of 40–50 holdings across the style spectrum

Hedged Equity 2 Fund
A JHDAX | INSTITUTIONAL JHQDX


Designed to provide capital appreciation through a diversified equity portfolio, while hedging overall market exposure.

- Invests in a portfolio of U.S. large cap stocks while employing a disciplined options strategy that seeks to provide downside hedge
- Constructs a diversified portfolio through a proprietary research process designed to identify over- and undervalued stocks while maintaining characteristics similar to the S&P 500
- Seeks to deliver a portion of the returns associated with equity markets, but with less risk than traditional long-only equity strategies

Strategic Income Opportunities Fund
A JSOAX | INSTITUTIONAL JSOSX


Designed to deliver high total returns by investing in a broad range of fixed income securities.

- Allocates assets among a broad range of fixed income securities, including cash and short-term investments in an attempt to deliver positive returns over time
- Uses an opportunistic, go-anywhere approach that includes long/short strategies
- Dynamically shifts allocations across traditional and alternative fixed income while managing duration and actively hedging

Core Plus Bond Fund
A ONIAX | INSTITUTIONAL HLIPX

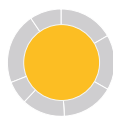

Designed to deliver high level of current income from a portfolio of investment grade and non-investment grade securities.

- Invests primarily in investment grade bonds, with the flexibility to tactically add up to 35% in high yield and foreign debt
- Combines bottom-up security selection with dynamic sector allocation
- Uses macro analysis to guide yield curve positioning, duration and portfolio risk

Global Bond Opportunities Fund
A GBOAX | INSTITUTIONAL GBOSX


Designed to deliver total return from a global, diversified bond portfolio.

- Invests in bond and currencies sectors across developed and emerging markets without benchmark constraints
- Combines insights from over 200 Sector Specialists with global perspectives to develop high-conviction ideas while actively managing risk
- Dynamically shifts sector and duration exposure in response to changing market conditions

Global Allocation Fund
A GAOAX | INSTITUTIONAL GAOSX


Designed to maximize long-term total return, pursuing opportunities worldwide.

- Focuses on generating total return using a global, flexible approach
- Managed by experienced Multi-Asset Solutions Team leveraging insights from J.P. Morgan's Asset Class Specialists
- Pursues highest-conviction ideas for total return to invest across global equities, fixed income and alternatives while also managing risk

RISK SUMMARY: The following risks could cause a fund to lose money or perform more poorly than other investments. For more complete risk information, see the Fund's prospectus.

JPMorgan Growth Advantage Fund: Small-capitalization investments typically carry more risk than investments in well-established "blue-chip" companies, since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock. **JPMorgan Value Advantage Fund:** The prices of equity securities are sensitive to a wide range of factors, from economic to company-specific news, and can fluctuate rapidly and unpredictably, causing an investment to decrease in value. **JPMorgan International Focus Fund:** International investing involves a greater degree of risk and increased volatility due to political and economic instability of some overseas markets. Changes in currency exchange rates and differences in accounting and taxation policies outside the United States can affect returns. The prices of equity securities are sensitive to a wide range of factors, from economic to company-specific news, and can fluctuate rapidly and unpredictably, causing an investment to decrease in value. **JPMorgan Core Plus Bond Fund:** Investments in bonds and other debt securities will change in value based on changes in interest rates. If rates rise, the value of these investments generally drops. **JPMorgan Strategic Income Opportunities Fund:** Securities rated below investment grade are considered "high yield," "non-investment grade," "below investment grade" or "junk bonds." They generally are rated in the fifth or lower rating categories of Standard & Poor's and Moody's Investors Service. Although these securities tend to provide higher yields than higher-rated securities, they tend to carry greater risk. International investing bears greater risk due to social, economic, regulatory and political instability in countries in "emerging markets." This makes emerging market securities more volatile and less liquid than developed market securities. Changes in exchange rates and differences in accounting and taxation policies outside the United States can also affect returns. **JPMorgan Global Bond Opportunities Fund:** Investments in bonds and other debt securities will change in value based on changes in interest rates. If rates rise, the value of these investments generally drops. International investing bears greater risk due to social, economic, regulatory and political instability in countries in "emerging markets." This makes emerging market securities more volatile and less liquid than developed market securities. Changes in exchange rates and differences in accounting and taxation policies outside the United States can also affect returns. **JPMorgan Hedged Equity 2 Fund:** 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, such as changes in economic or political conditions. Equity securities are subject to "stock market risk," meaning that stock prices may decline over short or extended periods of time. **JPMorgan Global Allocation Fund:** International investing involves a greater degree of risk and increased volatility due to political and economic instability of some overseas markets. Changes in currency exchange rates and differences in accounting and taxation policies outside the United States can affect returns. Asset allocation does not guarantee investment returns and does not eliminate the risk of loss.

J.P. Morgan Asset Management

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Futures contracts, swaps, options and derivatives often create leverage, thereby causing the Fund to be more volatile than it would be if it had not used derivatives.

All indices are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

The Russell 1000 Growth Index[®] measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Value Index[®] measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 2500 Index[®] measures the performance of the small- to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000[®] Index. It includes approximately 2,500 of the smallest securities based on a combination of their market cap and current index membership.

The Morgan Stanley REIT Index is a capitalization-weighted index of the most actively traded real estate investment trusts (REITs), designed to measure real estate equity performance

The MSCI[®] EAFE (Europe, Australasia, Far East) Net Index is recognized as the preeminent benchmark in the United States to measure international equity performance. It comprises 21 MSCI country indexes, representing the developed markets outside of North America.

The MSCI Emerging Markets IndexSM is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The Bloomberg U.S. Aggregate Index represents securities that are SEC-registered, taxable and dollar denominated. It covers the U.S. investment grade, fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities.

The Bloomberg U.S. Corporate High Yield 2% Issuer Capped Bond Index is an issuer-constrained version of the flagship U.S. Corporate High Yield Index, which measures the USD-denominated, high yield, fixed-rate corporate bond market. The index follows the same rules as the uncapped version, but limits the exposure of each issuer to 2% of the total market value and redistributes any excess market value index-wide on a pro rata basis.

The J.P. Morgan EMBI Global Index includes U.S. dollar-denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities.

The HFRX Equity Hedge Index is designed to be representative of equity hedge strategies that maintain positions both long and short in primarily equity and equity derivative securities.

The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is composed of all eligible hedge fund strategies, including, but not limited to, convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

Volatility is measured in standard deviation. Standard deviation for the model portfolio is a statistical estimate measuring how dispersed returns are around an average. Standard deviation is not meant to be a prediction of fund or model volatility, and actual volatility of any portfolio based in whole or in part on the models shown will vary and may be higher.

A drawdown is the percentage change between a portfolio's peak and low prices in a given time period. The max historical drawdown is the largest drawdown since the inception of the portfolio.

Sharpe ratio is a measure for calculating risk-adjusted return. It is the average return earned in excess of the risk-free rate per unit of volatility.

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