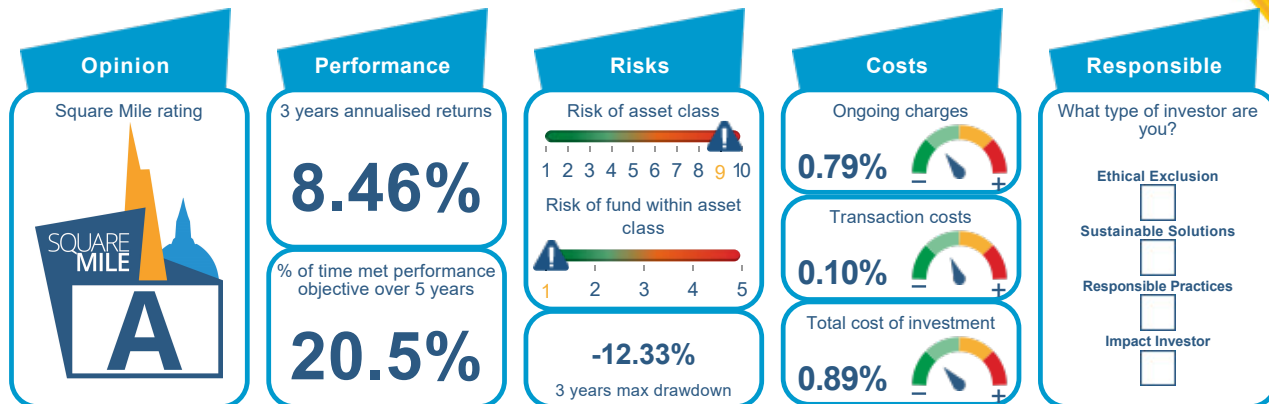


JPM US Equity Income C Inc

September 2024



Source: Square Mile and Refinitiv, Data as at: 31st July 2024.

Overview

Although this is an income orientated fund, the income is a residual of the managers' investment philosophy. The primary focus of the fund is capital growth, though the fund may be of interest to investors seeking growing dividend income from a high quality basket of US companies.

Square Mile's Expected Outcome

We believe this fund should provide dividend growth, as well as total returns that are broadly in line, but less volatile than those of the S&P 500 index, over rolling five year periods.

Square Mile's Opinion

Although the US equity market is not a natural hunting ground for income seeking investors, this strategy has been designed to help soften some of the sharper moves experienced by the wider market and to produce a yield that is in excess of the index. In order to meet these aspirations, the fund is managed using a fairly simple approach to investing and its preference for sensible blue chip stocks means that unit holders should not experience too many surprises. Over the long term we would not envisage the fund's performance profile to be too dissimilar to that of the index. However, it is likely to lag in strong market rallies, especially when lead by growth biased stocks; most of which do not to meet the manager's criteria of yielding at least 2% at the time of purchase.

This fund was launched into the UK market in 2008, but the strategy was established in the early 2000s and throughout its existence it has steadily met its objectives, building a sizeable body of assets along the way. The strategy's portfolio manager, Clare Hart, has a good level of experience of the US market and a lengthy tenure with the group, and works alongside Andrew Brandon and David Silberman, who were named portfolio managers in 2019. This team are also able to draw upon the large bank of analysts within JPM Asset Management, whose high quality in-house research capabilities are not available to the wider market.

Overall, we view favourably this strategy as it has a strong track record of dividend growth and lower levels of volatility when compared against the S&P 500. We believe this strategy is suitable for investors that wish to have a growing level of income from their US exposure.

As Clare Hart has announced her intention to retire in September 2024, we remain confident in the fund's future management with its incumbent managers, David Silberman and Andrew Brandon, driving the process and philosophy following Ms Harts departure.

Fund Manager's Formal Objective

To provide a portfolio designed to achieve income by investing primarily in US Equities in any economic sector whilst participating in long term capital growth.

Outcome: Capital Accumulation, Income	Domicile: UK
Active/Passive: Active	Benchmark: S&P 500
Asset Class: Equity	IA Sector: IA North America
Yield: 2.25%	Fund size: £3,398 M
Fund Manager: Andrew Brandon, Clare Hart, David Silberman	Distribution Pay Date: January, April, July, October
Fund Price: 4.6 Pounds	Dividend Frequency: Quarterly
Currency of Share Class: GBP	Share Class Launch Date: 15/01/2009

Source: Square Mile and Refinitiv, Data as at: 31st July 2024

Asset Manager Overview

J.P. Morgan Asset Management is a global asset management business and is part of JPMorgan Chase & Co, a firm which has been around for over 150 years. It has offices spread across major investment hubs around the world providing local investment knowledge. As a business JPM believes in a team based investment approach and disciplined investment processes.

Fund Manager/Team Overview

This fund has been managed by Clare Hart since its launch in 2008, and follows a longer running US-domiciled strategy with a history dating back to 2002. Ms Hart is a senior member within JPM AM's extensive US equities division and is responsible for around \$30bn in assets that follow this equity income based strategy. In the management of this product, Ms Hart is supported by fellow portfolio managers, Dave Silberman and Andrew Brandon, both of whom are long serving members in the firm and have worked closely with Ms Hart in the US equities division, and a small team of dedicated research analysts. In addition, the team also leverages off a team of over 20 investment analysts in the US, who are organised along sector lines.

As Clare Hart is due to retire at the end of September 2024, Mr Silberman and Mr Brandon will continue as co-managers of the fund.

Investment Philosophy & Process Overview

The strategy is managed under the philosophy that undervalued companies with durable franchises and strong management, should generate consistent returns over the long term. The investment approach applied, aside from an initial, fairly rudimentary quantitative screen, has a strong focus on stock selection and in depth fundamental analysis. The team recognises that there will always be industries and companies that are out of favour and attempt to separate those businesses with strong long term prospects from those that exhibit deteriorating business fundamentals or experience deep cyclicity; which, in both cases, can impact the firm's ability to pay and grow its dividends. A large part of the team's time is spent researching those companies that provide an above average return on investment after discounting the impacts of leveraging and inflation. The analysts have particular interest in companies with low levels of leverage, a strong franchise value and sustainable cash flow led by solid management teams. Factors considered include a firm's competitive position relative to its peers, high barriers to entry, a strong brand franchise and the businesses relatively low cyclicity and predictability of returns. Having conviction in company management is a critical part of the process and is measured through the management team's effectiveness in the allocation of capital. In addition, there must also be evidence of a long-term strategic plan and an alignment of interests between shareholders and management (i.e. the number of shares held by the management team). The team tends to steer away from stocks on expensive valuations and look at a number of metrics to evaluate a company's worth. These include, price to book, price to earnings and price to cash flow.

The final portfolio is well diversified across 80 to 100 holdings and offers a wide spread across the market sectors; the lead manager is eager to avoid concentrating the fund in traditionally high yielding parts of the market such as utilities. Each stock must yield 2% at the point of purchase with positions tending to be held for the long term and as a result portfolio turnover tends to be quite low.

ESG Integration

Fund ESG Integration

At the firm level, JP Morgan Asset Management's US proxy committee consider and use specific ESG proxy voting guidelines when exercising shareholder voting rights. The firm is also a signatory to the United Nations supported Principles for Responsible Investment (UN PRI).

This fund does not have an ethical mandate, however, environmental, social and governance (ESG) factors may be considered during the analysis and decision-making process of this fund. The team focus on the long-term sustainability of a company and do make use of their voting rights.

Risk Summary

The fund invests in US equities which is a highly efficient stock market and one that can be prone to short and sometimes sharp shifts in investor sentiment. The fund will also be exposed to currency movements between the US dollar and sterling. The fund is likely to avoid the more speculative companies in the index and those which do not pay a dividend, which could lead to the fund lagging when markets are more exuberant. However, its preference for high quality income producing companies should provide some shelter from the most severe downward moves. This is primarily due to dividend paying companies tending to be more stable, and therefore tending to exhibit less volatility than the index, but this is not guaranteed. The level of income distributions is dependent upon market conditions and can fluctuate. To help mitigate these risks, we believe any investment should be made with a long-term horizon.

Additional Information

Annualised Return: 8.46%

Annualised Volatility: 12.52%

Max Drawdown: -12.33%

Max Gain: 11.12%

Max Loss: -10.41%

Sharpe Ratio: 0.58

Sortino Ratio: 0.57

(3 years data to last month end unless otherwise stated)

Qualitative Risk Assessment

	Significant	Potentially Significant	Not Significant
Equity Risk			
Interest Rate Risk			
Credit Risk			
Exchange Rate Risk			
Liquidity Risk			
Emerging Markets Risk			
Derivative Risk			
Manager Risk			

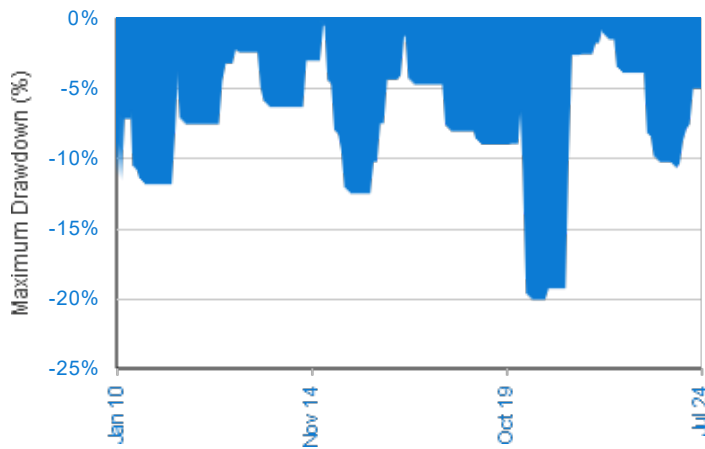
For the full summary of the risks, [click here](#)

3 Year Rolling Sector Outperformance



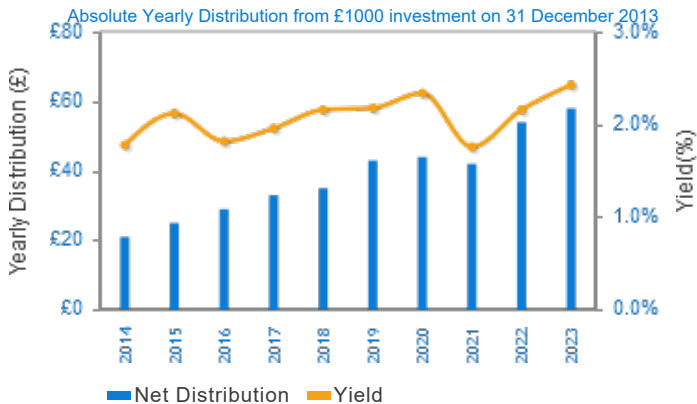
Source: Square Mile and Refinitiv, Data as at: 6th September 2024. Share price total return.

Maximum Drawdown (Rolling 12 Months)



Source: Square Mile and Refinitiv, Data as at: 6th September 2024

Income



This graph assumes that income is distributed to shareholders and not reinvested. Yield represents share price fluctuations.

Source: Square Mile and Refinitiv, Data as at:

Calendar Year Performance To Quarter End

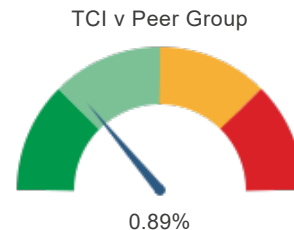
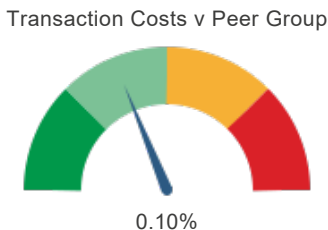
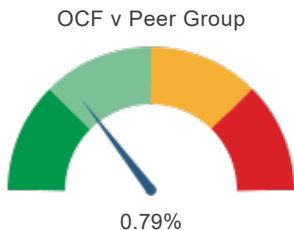
Period	Fund (%)	Sector (%)
2023	-1.6	17.6
2022	8.3	-10.5
2021	27.5	26.1
2020	-0.6	16.4
2019	22.9	24.4

Source: Square Mile and Refinitiv, Data as at: 14th September 2024

Value for Money

The fund's ongoing charge figure (OCF) and its transaction costs (a further expense not represented in the OCF) are below that of the active North American equity peer group average. This has resulted in a below average total cost of investment (TCI), and ultimately, we believe the fund offers very good value for money considering investors have access to the highly experienced manager and JPM Asset Management's extensive US equity research division.

In line with the MiFID II regulations, asset management firms are required to disclose all of the costs and charges related to the running and administration of their funds, including items outside of the OCF, such as research costs. The group absorb the costs associated with its research.



Source: Square Mile and Refinitiv, Data as at: 31st July 2024.

The Square Mile ratings are reviewed every 6 months. For full details on the methodologies, [click here](#).

For a full list of all Square Mile rated funds, [click here](#).

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