J.P.Morgan

PERSONAL INVESTING

Smart Alpha portfolios

Powered by J.P. Morgan Asset Management

Introduction

In investing, the term ‘alpha’ refers to the measure of an investment strategy’s return compared to a benchmark. In essence, if you’re seeking ‘alpha’, you’re trying to outperform the benchmark.

This guide provides an overview of the Smart Alpha investment style, a style designed to outperform – cleverly, and carefully.

The Smart Alpha portfolio range combines the digital investment expertise of J.P. Morgan Personal Investing, which actively manages the portfolios on a daily basis, with the deep ETF and security selection expertise of J.P. Morgan Asset Management.

Smart Alpha is managed by J.P. Morgan Personal Investing and powered by J.P. Morgan Asset Management - one of the world’s leading investment houses. Both entities are part of JPMorganChase. The guide has been written by J.P. Morgan Personal Investing. This document contains technical language and assumes some investment knowledge.

The Smart Alpha investment style provides clients with a truly intelligent way to access stock selection by investment experts, while keeping ETFs at the heart of their managed portfolio.

The guide is not intended to provide financial advice. If you are thinking about investing and need some help, please reach out for free financial guidance from our wealth experts.

How Smart Alpha portfolios work

Active management

The Smart Alpha investment style, like all of those employed by J.P. Morgan Personal Investing, invests in ETFs. While some passive ETFs are used where appropriate, at the heart of Smart Alpha portfolios is the use of active ETFs. These active ETFs use research insights to try to outperform the market, while carefully managing risk.

The role we play as J.P. Morgan Personal Investing

Our investment team's responsibilities cover:

- Overall management duties for the portfolios.
- Ensuring portfolios remain aligned to their risk objectives.
- Supervising and implementing the proposed tactical adjustments and ETF selection advised by the research team of J.P. Morgan Asset Management. This is reflected in asset allocation adjustments to areas such as geographic or sector exposure.

The role J.P. Morgan Asset Management plays

- J.P. Morgan Asset Management acts as an adviser to us, using its extensive expertise in successfully managing active ETFs. This includes acting as an adviser to the asset allocation of the Smart Alpha portfolios.
- J.P. Morgan Asset Management selects the active ETFs that comprise the Smart Alpha portfolios. These active strategies aim to outperform their benchmarks by taking 'overweight' or 'underweight' positions in securities. Overweight positions reflect a more positive view on the outlook for an investment, while underweights reflect an assessment that the security is not as attractive from a risk and reward perspective.

Smart Alpha combines the skills and experience of a number of different investment teams

The relationship between J.P. Morgan Personal Investing and J.P. Morgan Asset Management is a key differentiator from most other investment approaches. The strategy allows clients some exposure to security selection, but within a carefully controlled framework, ensuring appropriate diversification.

Alongside strategic adjustments to the mix of ETFs held in the portfolio, the ETFs can seek greater, or lesser, exposure to securities, attempting to gain an edge on the market. These active ETFs are created at J.P. Morgan Asset Management, informed by research from its global stock and bond analyst teams. A separate team of multi-asset specialists at J.P. Morgan Asset Management analyses these approaches and acts as an adviser for the Smart Alpha portfolios based on the asset allocation and parameters set by the investment team at J.P. Morgan Personal Investing.

Gaining an information advantage

J.P. Morgan Asset Management serves as a specialist in direct equity and bond selection, leveraging both quantitative and qualitative analysis. The team dedicates significant time to meeting with company directors and managers, reviewing in detail the uniqueness and specificity of the markets of each company or bond. Through these engagements, they develop a comprehensive understanding of the value chain and are able to identify their underlying strengths and weaknesses. This insight directly informs and enhances their investment decisions reflected in their range of active ETFs.

The benefits of using ETFs

ETFs are our investment vehicle of choice, and are a highly efficient way to access a diversified investment portfolio. Many ETFs fall under the umbrella of ‘multi-asset funds’, which is a broader class of funds that invest in different asset classes like equities and bonds.

ETFs can provide exposure to a large pool of assets without having to buy each one individually. They are typically low cost, provide transparency of their underlying holdings, and allow investment managers to be flexible when buying and selling their holdings. The ETF landscape continues to evolve, offering investors an increasing amount of choice.

How Smart Alpha portfolios have performed

The below table and chart illustrate how our Smart Alpha portfolios have performed against our competitors, showing a consistent record of outperformance since the portfolios launched.

	J.P. Morgan Personal Investing	Peers
All time 30 Nov 20 - 30 Sept 25	**+66.9%** +11.2% AR*	**+30.7%** +5.7% AR*
3 years 30 Sept 22 - 30 Sept 25	**+54.9%** +15.7% AR*	**+31.1%** +9.5% AR*
Last 12 months 30 Sept 24 - 30 Sept 25	**+14%**	**+9.3%**
2024 31 Dec - 31 Dec	**+17.4%**	**+9.3%**
2023 31 Dec - 31 Dec	**+16%**	**+8.3%**
2022 31 Dec - 31 Dec	**-9.5%**	**-11.4%**
2021 31 Dec - 31 Dec	**+20.5%**	**+12.3%**

Notes:

*The annualised figure is the return since inception expressed as a compound annual rate. For example, a portfolio with an annualised return of 6% corresponds to an actual return of 19.1% over three years (rather than 18% as you might expect) due to the effect of compounding. The past performance shown represents a composite of asset-weighted average returns for J.P. Morgan Personal Investing client portfolios, net of all fees. A composite return represents the average return of all client accounts for a given risk level on a given day, weighted by assets. Past performance isn’t a reliable indicator of future performance.

Competitor data is based on monthly results published by Asset Risk Consultants (ARC). ARC computes the average returns from discretionary investment managers based on risk profile, after fees.

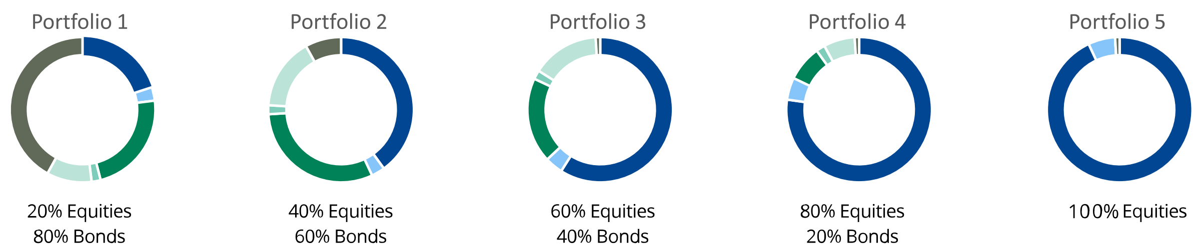
The ETFs used in Smart Alpha portfolios

Smart choice

As with any investment style that we offer, you are free to set a risk level that is right for you. Typically, your portfolio will have a larger allocation to bonds if you choose a low risk setting, or a larger allocation to equities if you choose a higher risk setting. With Smart Alpha portfolios, our investment team is responsible for setting the constraints on asset allocation and risk, and ongoing portfolio and risk management. Risk is carefully controlled to make sure the portfolio remains aligned with the level you have chosen.

The ETFs held within Smart Alpha portfolios take a smart approach to security selection to mitigate risk. This approach focuses on taking many small positions relative to the benchmark and seeking to earn small excess returns that will add up over time, rather than larger, higher risk positions. Regional and sector exposures are closely controlled so that the risk profile remains similar to that of the benchmark. The below doughnut charts represent our guideline asset allocation for each portfolio, while the table that follows shows the actual asset allocation as of October 2025, which is subject to tactical shifts.

Delivering globally diversified portfolios across five risk ratings



	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5
Developed Market Equity	20%	40%	59%	78%	93%
Emerging Market Equity	3%	3%	4%	5%	6%
Developed Market Government Bonds	23%	31%	19%	8%	0%
Emerging Market Government Bonds	2%	2%	2%	2%	0%
Corporate Bonds	10%	16%	15%	7%	0%
Money Market/Cash	42%	8%	1%	1%	1%

Source: J.P. Morgan Personal Investing as at 2 October 2025. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the Investment Manager without notice. Numbers may not total 100% due to rounding.

J.P. Morgan Asset Management is the world's leading active UCITS ETF provider, with 40 available ETFs. Assets under management total $42.38 billion in the active UCITS ETF space – ETFs that are compliant with the European Union's Undertakings for Collective Investment in Transferable Securities (UCITS) regulatory framework. Data as at October 2025.

Research

The Smart Alpha portfolios mainly invest in active equity and fixed income ETFs managed by J.P. Morgan Asset Management. They primarily employ a 'research-enhanced' approach in the equity space, while in fixed income they use a range of different strategies.

The JPM 'Research-Enhanced Index' strategy mimics most characteristics of an underlying benchmark but modifies the holdings to try to outperform the index. It aims to provide a low tracking error – in other words, minimising deviation from its benchmark – while delivering outperformance over a period typically of three to five years.

In fixed income, the investment process combines comprehensive research and collaboration between senior investment personnel. The research framework is built upon three pillars:

1. **Fundamental Analysis:** This involves examining a variety of indicators: macroeconomic data such as growth and inflation; corporate health metrics including default rates, earnings and leverage; and financially-material ESG factors, such as carbon emissions and labour practices.
2. **Quantitative Analysis:** This focuses on spreads, yields, and other measures to assess whether a sector or security is rich or cheap, both on an absolute basis and relative to historical data and other sectors.
3. **Technical Analysis:** This includes analysing supply and demand dynamics, such as issuance, maturities, flows, as well as investor positioning, sentiment, and liquidity.

Execution

Once J.P. Morgan Asset Management's experts have provided their advice, the portfolio positions are ratified and then executed by the investment team at J.P. Morgan Personal Investing. We ensure that the portfolio weightings and asset allocation meet the rigorous suitability and risk criteria set and operated for all of our investment portfolios. In doing this, we emphasise the same investment principles that are at the core of all our investment styles. These include:

- maximising your global investment opportunities
- finding the right balance between reward and risk through diversification
- staying aligned to your long-term goals by rebalancing investments
- improving your net returns by keeping management fees low
- being transparent about performance, investments and costs

After the criteria have been assessed, we use our in-house technology platform to manage your portfolio efficiently. This in-house technology has been designed specifically to help us efficiently manage multi–asset ETF portfolios, focused on improving the investment outcomes for clients by driving greater efficiencies.

James McManus, Chief Investment Officer of J.P. Morgan Personal Investing, details how our fractional share facility allows us to own portions of an ETF share, meaning no matter the size of your investment, your portfolio will be managed as effectively as possible.

He says:

> "This also allows quicker dividend and income reinvestment, maximising the time in the market and making your investments work harder for you in the long-term. Our systems allow us to net trades across our client base, reducing the volume and costs of trading, while our expert in-house trading team works hand-in-hand with our investment team to ensure we obtain the best possible prices for clients."

> "Smart Alpha portfolios are also subject to daily oversight from our investment team, who ensure portfolios remain aligned to clients' risk objectives. We take both a historical perspective and a forward-looking approach to quantify risk within our portfolios. Our team uses our own unique resources and industry-leading risk systems to provide comprehensive historical risk reporting and forward-looking portfolio analytics."

The result is an investment style that serves investors looking for an innovative way to beat the market and those looking for a way to combine the best of passive and active management.

Our commitment to transparency

Crucially, Smart Alpha portfolios are underpinned by the same level of transparency and control that we champion in all portfolios, so those who select it will always be able to track performance and see exactly where and how their money is being invested.

About us

J.P. Morgan Personal Investing

J.P. Morgan Personal Investing offers a quality wealth management experience through innovative technology and human expertise. Helping investors make more informed financial decisions is the purpose that drives everything we do. With expertise rooted in J.P. Morgan's 150-year history, plus an investment team with decades of combined experience, we've supported hundreds of thousands of UK investors in working towards their long-term financial goals.

We have built our investment team around three core components that are each integral to our investment process: investment strategy and macroeconomic research; portfolio management; and investment risk and quantitative research. With the Smart Alpha portfolios, combining active ETFs with the J.P. Morgan Personal Investing platform, we are able to offer a unique and innovative investment style that is both globally diverse and dynamically managed.

We're valued by our clients for our proven track record and service. Our award-winning products have helped hundreds of thousands of investors towards their financial goals.

J.P. Morgan Asset Management

J.P. Morgan Asset Management, with assets under management of $4 trillion (as at 30 September 2025), is a global leader in investment management. Clients include institutions, retail investors and high net worth individuals in every major market throughout the world. J.P. Morgan Asset Management offers global investment management in equities, fixed income, real estate, hedge funds, private equity and liquidity. For more information: https://am.jpmorgan.com/

The Multi-Asset Solutions team at J.P. Morgan Asset Management is one of the world's leading multi-asset managers. The team's long-term views, based on long-term capital market assumptions, inform the investment decisions of institutions and professionals worldwide. This team leverages the insight and expertise of more than 1,200 investment professionals across asset classes and regions worldwide.

The Multi-Asset Solutions team advises J.P. Morgan Personal Investing on setting the strategic asset allocation, or anchor, for the Smart Alpha portfolios. The Multi-Asset team includes specialist portfolio managers from across the J.P. Morgan Asset Management platform, who harness the research of over 200 in-house analysts.

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