

**J.P. Morgan Asset Management launches three actively managed bond ETFs & adds Emerging Markets to its active equity ETF offering**

**9 January 2019:** J.P. Morgan Asset Management (JPMAM) has launched three actively-managed corporate bond research enhanced index ETFs and a fourth active equity research enhanced index ETF. The following ETFs are now available on the SIX Swiss Exchange:

- EUR Corporate Bond Research Enhanced Index UCITS ETF [Ticker: **JREB**]
- EUR Corporate Bond 1-5yr Research Enhanced Index UCITS ETF [Ticker: **JR15**]
- USD Corporate Bond Research Enhanced Index UCITS ETF [Ticker: **JRUB**]
- Global Emerging Markets Research Enhanced Index Equity (ESG) UCITS ETF [Ticker: **JREM**]

**Corporate Bond Research Enhanced Index Strategies**

JREB, JR15 and JRUB offer an alternative to passive corporate bond market investing. Passive bond ETFs tend to replicate index weights which are determined by the amount of debt outstanding. As a result, passive investing tends to force investors to own the most indebted and most leveraged of issuers without taking into consideration whether these bonds are compensating investors for the amount of credit risk they are taking.

JPMAM's actively-managed corporate bond ETFs will instead focus on identifying the most attractive opportunities on a risk adjusted basis so that investors are not unnecessarily exposed to uncompensated risks inherent in passive investing. This investment process is grounded in proprietary credit research which produces sector and security rankings, based on fundamental research and relative value views.

JPMAM's investment grade (IG) credit portfolio management team is supported by 20 dedicated credit research analysts, with over 15 years of average experience, and headed up by Lisa Coleman who has over 30 years' experience in the IG market. Coleman currently manages over \$50 billion of ESG-integrated investment grade portfolios. The corporate REI investment process is also supported by 9 quant research analysts from the Quantitative Research Group within JPMAM's fixed income business, co-headed by Frederick Bourgoïn and Bhupinder Bahra.

The investment teams will apply JPMAM's propriety credit research to identify the issuers that are attractive on a risk-adjusted basis and take overweight positions in names the credit research analysts find attractive and underweight positions in the names they don't. As a result, the portfolios will maintain index-like characteristics while seeking incremental positive excess returns, compounded over time.

JREB will be benchmarked against the Bloomberg Barclays Euro Aggregate Corporate Index (Total Return) Index. JR15 will be benchmarked against the Bloomberg Barclays Euro Aggregate Corporate 1-5 Index (Total Return) Index and JRUB will be benchmarked against the Bloomberg Barclays US Corporate Investment Grade Index (Total Return) Unhedged Index. All three ETFs will have a Total Expense Ratio (TER) of 19 basis points.

**Bryon Lake, Head of International ETFs at JPMAM, said:** “This is the first time our ESG-integrated corporate research enhanced index (“CREI”) approach is being made available in a UCITS format. Given our long track record in managing CREI strategies for institutional investors, we’re excited to bring this expertise to the European ETF market.

“Corporate bonds play an integral role in a well-diversified portfolio. However, as we near the end of the credit cycle, avoiding uncompensated risks through intelligent sector and security selection can help deliver even stronger risk-adjusted returns,” continued Lake.

“In speaking to clients, they want the benefits of passive investing and ETFs but acknowledge that investment grade indices have their limitations. Offering attractively priced investment grade credit active capabilities, in the ETF wrapper, provides European investors with an interesting alternative,” concluded Lake.

### **Research Enhanced Index Equity (ESG) Strategies**

J.P. Morgan Asset Management has also added a global emerging markets ETF to its active equity REI suite following the launch of JREG, JREU and JREE in October 2018. The new actively-managed ETF, called Global Emerging Markets Research Enhanced Index Equity (ESG) UCITS ETF [Ticker: JREM] will be benchmarked against the MSCI Emerging Market Index and have a TER of 30 basis points.

JREM will also offer investors an index-like portfolio but with the added information advantage of insights from over 30 emerging markets Asia Pacific research analysts. The investment team will take a large number of small active positions in emerging market stocks – overweighting positions in names the analysts find attractive and underweighting positions in the names they don’t. The ETF seeks incremental positive excess returns, compounded over time. In addition to ESG integration, JREM will take the focus on ESG one step further by applying norms- and values-based screening. This means companies involved in certain sectors, like controversial weapons and tobacco, will be excluded.

J.P. Morgan Asset Management's global ETF suite features more than 45 product offerings with approximately USD17 billion in assets under management as of Dec 2018.

ENDS

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### **Notes to Editors**

#### **About J.P. Morgan Asset Management**

J.P. Morgan Asset Management, with assets under management of USD 1.7 trillion (as of September 30, 2018), is a global leader in investment management. J.P. Morgan Asset Management's 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. JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of USD 2.6 trillion (as of September 30, 2018) and operations worldwide. Information about JPMorgan Chase & Co. is available at [www.jpmorganchase.com](http://www.jpmorganchase.com).

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