

# JPM Equity Long-Short UCITS ETF

Tickers: JELS, JPQE, JLES

BUILDING STRONGER PORTFOLIOS



## Providing long/short exposure to equity factors with dynamic market beta.

By systematically taking long and short positions in individual equity securities, this alternative beta ETF seeks to provide pure exposure to compensated momentum, value and quality factors within developed equity markets.

**EXPERTISE** • Leverages J.P. Morgan's experience in quantitative research and portfolio management, employing a team approach led by Dr Yazann Romahi, CIO of Quantitative.

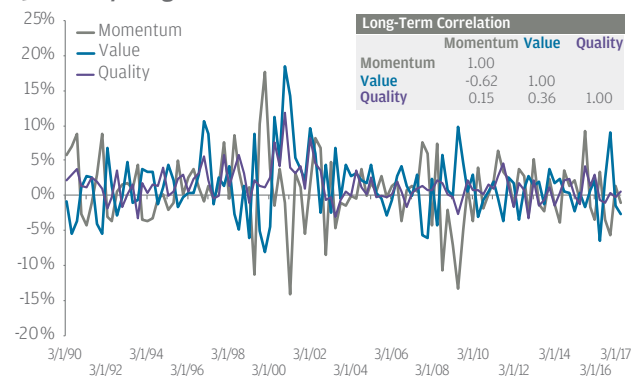
**PORTFOLIO** • Maintains long/short exposure to momentum, value and quality factors within developed global equity markets, via a liquid, transparent vehicle.

- Bottom-up strategy is constructed by taking long and short positions in individual equity securities, backed by a systematic, rules-based investment approach and a futures overlay to adjust the portfolio's market sensitivity.

**RESULTS** • Low correlation of equity long/short factors boosts portfolio diversification with the potential to capture equity returns, but at lower beta to the equity markets.

### LOW CORRELATION OF EQUITY LONG/SHORT FACTORS CAN BOOST DIVERSIFICATION BENEFIT

Quarterly long/short factor returns



Source: J.P. Morgan Asset Management, Factset. Long-term correlation analysis period: January 1990 to August 2017. Past performance is not a reliable indicator of current and future results.

## EQUITY FACTOR EXPOSURE WITH DYNAMIC MARKET BETA

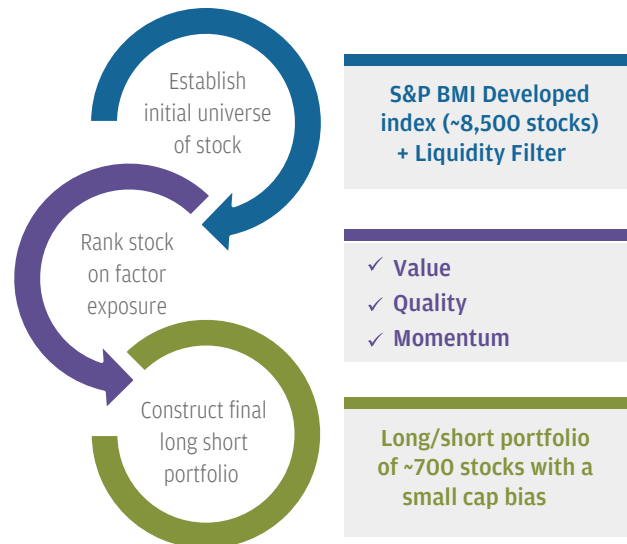
JELS uses a systematic, bottom-up approach to invest in compensated momentum, value and quality factors, implemented via futures on 10 developed equity markets. The aim is to provide access to the beta component of the equity long/short hedge fund style in a transparent, liquid and cost-effective vehicle.

Momentum is the tendency of securities whose prices have gone up (or down) to continue to go up (or down). JELS implements momentum trades by taking long positions in stocks with the strongest positive momentum and short positions in stocks with the weakest price momentum.

Value is the tendency of less expensive securities to outperform more expensive securities. JELS implements value trades by taking long positions in cheap stocks and short positions in expensive stocks, as measured by price-to-earnings, price-to-book, dividend yield etc.

Quality is the tendency of higher quality securities to outperform lower quality securities. JELS implements quality trades by taking long positions in stocks with better quality metrics (measured by profitability, earnings quality and financial risk) and short positions in stocks with weaker quality metrics.

## BUILDING AN EQUITY LONG/SHORT PORTFOLIO



Source: J.P. Morgan Asset Management.

**Yazann Romahi, PhD, CFA**

Portfolio manager

- 19 years of industry experience, 15 at J.P. Morgan

**Wei Victor Li, PhD, CFA**

Portfolio manager

- 8 years of industry experience, all at J.P. Morgan

**Jonathan Msika, CFA**

Portfolio manager

- 7 years of industry experience, 6 at J.P. Morgan

**Steven Wu**

Portfolio manager

- 5 years of industry experience, 4 at J.P. Morgan

**JPM Equity Long-Short UCITS ETF**

Launch date	08 November 2017
Domicile	Ireland
Replication method	Physical replication
Base currency	USD
Total Expense Ratio (TER)	0.67%
ISIN	IE00BF4G7308
Bloomberg iNAV Ticker*	JELSUSIV
Strategy	Long/short exposure to equity factors with dynamic market beta
Portfolio exposures	Quality, Momentum and Value
Implementation	Long/short (~700 positions)
Asset class exposures	Equities and Cash
Risk target p.a.	6%-8%
Return target p.a.	Cash + 4% (gross of fees)
Expected beta to MSCI World	0.0 to +0.3
Typical gross exposure	200% to 300%

**INVESTMENT OBJECTIVE**

The Sub-Fund aims to provide long-term total return through a portfolio of long-short equity positions aiming to capture a diversified set of equity returns.

**TRADING INFORMATION**

Stock exchange	Exchange ticker	Trading currency	Bloomberg ticker	Reuters RIC	Sedol
Borsa Italiana	JELS	EUR	JELS IM	JELS.MI	BYXH7B5
Deutsche Borse	JPQE	EUR	JPQE GY	JPQE.DE	BDR5M68
London Stock Exchange	JELS	USD	JELS LN	JELS.L	BYXH6Y1
London Stock Exchange	JLES	GBX	JLES LN	JLES.L	BF2F6M1
SIX Swiss	JELS	USD	JELS SW	JELS.S	BYXH7J3

The stated target returns are the investment manager's objectives only. There is no guarantee that these objectives will be met.

\* This is for the base currency, other iNAV tickers are available upon request.

**RISK PROFILE**

- To the extent that the Sub-Fund uses financial derivative instruments, the risk profile and the volatility of the Sub-Fund may increase.
- There is no guarantee that the use of long and short positions will succeed in enhancing investment returns.
- The short selling of investments may be subject to changes in regulations and losses from short positions may be unlimited.
- The Sub-Fund may invest in securities issued by smaller companies, which may be less liquid, more volatile and tend to carry greater financial risk than securities issued by larger companies.
- Movements in currency exchange rates can adversely affect the return of your investment.

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