JPMorgan Global Core Real Assets Ltd

Access the investment potential of over 500 real assets

JPMorgan Global Core Real Assets Ltd (JARA) brings private investors the opportunity to access more than 500 real assets globally across real estate, transportation and infrastructure. We are offering a way for investors to diversify into assets that are uncorrelated with equities and bonds, with the chance to benefit from a stable income stream through the power of diversification.

EXPERTISE

- Run by the third largest alternatives investment manager globally.[1]
- Backed by a track record of more than 45 years in managing alternatives.

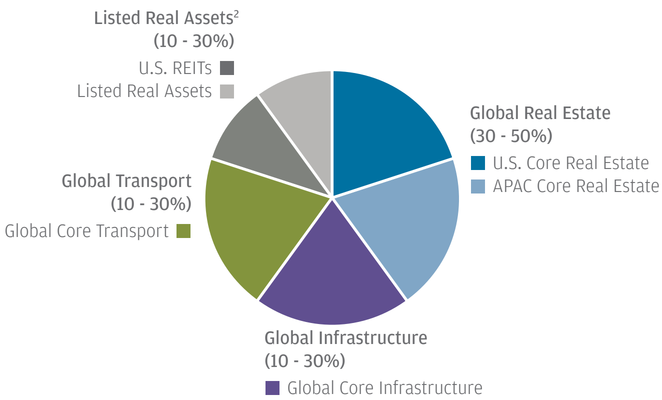
PORTFOLIO

- Invests in global real estate, global infrastructure, global transportation and listed real assets.
- Accesses an existing pool of real assets allowing for instant diversification and income once invested.

SUCCESS

- On the basis of the Initial Issue Price, the Company is targeting in respect of the first 12 months after the date of Initial Admission, an initial annual dividend yield on the Ordinary Shares of 2 - 3 %, and once the Company is fully invested, a target annual dividend yield on the Ordinary Shares of 4 - 6 %, based on the Initial Issue Price (the "Target Dividend").

A TYPICAL PORTFOLIO



[1] Source: Willis Towers Watson Global Alternatives Survey 2017.
[2] The Listed Real Assets series is 50% U.S. All-Tranche REITs and 50% Listed Real Assets to reflect the allocation of the Listed Real Assets component of the proposed portfolio.

The target returns are for illustrative purposes only and are subject to significant limitations. An investor should not expect to achieve actual returns similar to the target returns shown above. Because of the inherent limitations of the target returns, potential investors should not rely on them when making a decision on whether or not to invest in the strategy. Please see the complete Target Return information on the next page for more information on the risks and limitation of target returns. Source: J.P. Morgan Asset Management, 31 December 2018.

Essential services that keep society ticking

Real assets are tangible assets that provide the vital services that keep society running smoothly, from the production and distribution of renewable energy and natural gas, to aircrafts, airports and warehouses.

But real assets are more than just the building blocks of productive societies. They can also help investors create portfolios that are built to cope with the challenges of today's low-yield environment.

Core real assets are stabilised assets where the majority of the return profile is driven by income. This income is often forecastable and predictable.

Attractive return and income potential

Real assets can be particularly attractive for three key reasons;

- Seeks to provide diversification against equities and bonds due to their differentiated return profile.
- Potential to deliver higher, more stable income relative to traditional assets.
- Ability to provide vital inflation linkage when it matters most.

The power of diversification

Crucially, real assets generally perform differently to each other; for example, real estate, infrastructure and transportation assets can perform differently through the economic cycle.

This means that a more diversified allocation to real assets, put together in a thoughtful way, may produce a better outcome for investors who are targeting income as well as a diversifier for their portfolio.

LOW CORRELATIONS VS. FINANCIAL ASSETS AND BETWEEN REAL ASSET CATEGORIES

		Global bonds	Global equities	US Core RE	Europe Core RE	APAC Core RE	Global infra.
Financial assets	Global bonds	1.0					
Financial assets	Global equities	0.3	1.0				
Global real estate	US Core RE	-0.1	0.1	1.0			
Global real estate	Europe Core RE	0.0	0.3	0.6	1.0		
Global real estate	APAC Core RE	0.1	0.4	0.8	0.8	1.0	
Other real assets	Global infra.	-0.1	0.0	0.5	0.4	0.5	1.0

Low (-1.0) High (+1.0)

Sources: Bloomberg, MSCI, Barclays, NCREIF, CBRE Jones Lang LaSalle, FTSE EPRA/NAREIT, S&P, Dow Jones, Nasdaq, STOXX, Clarksons, and JPMAM Global Real Assets Research. All data is annual and is denominated in local currency. Annual data as of December 2017. Note: Unlevered real estate series were levered to reflect how institutional investors typically access the representative asset classes. The above table is for illustrative and discussion purposes only.

Diversification does not guarantee investment returns and does not eliminate the risk of loss.

J.P.Morgan
Asset Management

Investment Strategists

Pulkit Sharma, CFA, CAIA

Head of Investment Strategy & Solutions
Managing Director
New York

- 13 years in industry, 8 with J.P. Morgan Asset Management

Jason DeSena, CFA

Executive Director
New York

- 10 years in industry, 8 with J.P. Morgan Asset Management

500 alternatives investment staff across 23 offices globally.

Real assets in action

Through a range of private vehicles with assets in 25 countries, this investment company opens up access to more than 500 private real assets operating in four different asset classes.

Global Core Real Estate

Properties in primary markets, with durable yield.

Global Core Transport

Yield-focused transport assets with long-term leases providing income, uncorrelated returns and global exposure.

Global Core Infrastructure

Long-term, mature core infrastructure assets including regulated utilities, airports, and power generating assets.

Listed Real Assets

Public companies operating in real estate/ infrastructure/ transportation sectors.

Image source: Shutterstock

Information for prospective investors

Objective	Generate income and capital appreciation from investing in a globally diversified portfolio of real asset strategies
Target total return	7-9% p.a. once fully invested (net of all fees and expenses)
Target return	The target returns discussed herein have been established as of the date of this presentation. The target returns have been established by each investment adviser based on its assumptions and calculations using data available to it and available investment opportunities and is subject to the risks set forth herein and set forth more fully in the applicable Fund's Memorandum. A more detailed explanation along with the data supporting the target returns is on file with the applicable investment adviser and is available for inspection upon request. The target returns are for illustration/discussion purposes only and are subject to significant limitations. An investor should not expect to achieve actual returns similar to the target returns shown above. The target returns are the investment advisor's estimate based on the investment adviser's assumptions, as well as past and current market conditions, which are subject to change. Each investment adviser has the discretion to change the target returns for the Fund at any time. Because of the inherent limitations of the target returns, potential investors should not rely on them when making a decision on whether or not to invest in any Fund. The target returns cannot account for the impact that economic and market factors have on the implementation of an actual investment program. Unlike actual performance, the target returns do not reflect actual trading, liquidity constraints, fees, expenses, and other factors that could impact the future returns of a Fund. Any investment adviser's ability to achieve the target returns is subject to risk factors over which such investment adviser may have no or limited control. No representation is made that a Fund will achieve the target return or its investment objective. Actual returns could be higher or lower than the target returns. The data supporting the target return is on file with J.P. Morgan and is available for inspection upon request.
Target income	2 - 3% p.a. initially, then 4 - 6% p.a. once fully invested
Currency	GBP
Target size	Placing and offer for subscription to raise up to £500 million, minimum raise of £100 million
Management Fees	The Company's investments in the J.P. Morgan Asset Management Funds and segregated mandates will bear the management fees charged by the relevant manager at the underlying level. In addition to this, a 0.05% asset allocation fee will also be charged in GBP. An illustrative breakdown at select investment thresholds of the indicative Overall Management Fee including the 0.05% asset allocation fee based on the proposed initial weightings and a fully invested portfolio is provided below. Please note this is subject to change and does not reflect any performance fees which may be incurred from the underlying products: • £100m: 0.98% • £300m: 0.97% • £500m: 0.91% • £1bn: 0.87%
Performance fees	Two of the underlying strategies (Infrastructure and Transport) have performance fees: • IIF UK 1 LP: 15% over 7% hurdle, cap of 13.5% return, no catch-up (3-year rolling measure period) • Global Transport Income Fund: 15% over 7% hurdle, no catch-up (3-year rolling measurement period)
Issue price and opening NAV	Issue price of 100p per ordinary share with the opening NAV being at least 98.5p, with launch costs contributed by the Manager
Application closing date	Offer for subscription closes: 1:00pm 18 September 2019 Final commitment through placing closes: 1:00pm 19 September 2019

RISK PROFILE

General risks relating to Global Transport Assets

An investment in the Company is subject to certain risks associated with the ownership of commercial seagoing vessels, passenger and cargo aircraft, vehicles and other Global Transport Assets and the maritime, air, rail and other sectors of the transport industry in general, including: the burdens of ownership of such assets; local, national and international economic and political conditions; the costs of fuel and raw materials used to construct such assets; developments in international trade and changes in seaborne and other transportation patterns; changes in the tourism and holiday travel market; the financial condition of charterers, lessees, pool operators, buyers and sellers of such assets; changes in interest rates and the availability of debt financing which may render the sale or refinancing of such assets difficult or impracticable; changes in environmental laws and regulations; changes in governmental rules and fiscal and monetary policies; environmental claims arising in respect of assets acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; environmental accidents, contamination or pollution; changes in applicable tax policies and rates; changes in energy and commodities prices including bunker prices; negative developments in the economy that depress global trade and transportation activity; business interruptions caused by mechanical error; exposure to emerging markets and politically unstable regions and countries; embargoes and strikes; port and canal closures; cargo and property losses or damage; accidents caused by human error; uninsured casualties; maritime vessels, aircraft, rolling stock and other transport disasters including collisions, groundings, capsizing, crashes and derailings or incidents relating to design failures of such assets; natural disasters, weather patterns, storms and climate changes; the risk of an explosion, fire or flooding; force majeure acts; political unrest or the interference of government agencies or political bodies, armed conflicts and war; acts of piracy; terrorist events; acts of God; under-insured or uninsurable losses; epidemics and widespread transmission of communicable diseases (such as the outbreak of Severe Acute Respiratory Syndrome in 2003, which was linked to air travel, the outbreak of Middle East Respiratory Syndrome in 2012 and the outbreak of Ebola in Western Africa in 2014-2015); and other factors which are beyond the reasonable control of the Company and the Company's service providers. The nature, timing and degree of changes in conditions in the maritime, air, rail and other sectors of the transport industry are unpredictable. In addition, as recent experience has demonstrated, commercial seagoing vessels, passenger and cargo aircraft, vehicles and other transport assets are subject to long term cyclical trends that give rise to significant volatility in values in terms of charter or lease rates, profitability and, consequently, asset values. The time lag in the maritime, air and rail industries between orders and deliveries heightens this cyclicality. In addition, significant contraction in demand for imported commodities such as iron ore, coal, crude oil and manufactured goods, as a result of economic downturns or changes in government policies in certain regional markets, could depress freight and passenger rates, as well as the general demand for commercial seagoing vessels, passenger and cargo aircraft, vehicle assets. A decline in demand for, and level of consumption of, crude oil and related products, including frac sand, ethanol and other petrochemical products, could cause demand for tank vessel and tank car capacity and charter rates to decline. The future demand for carriers and related charter rates will be dependent upon continued demand for imported commodities, economic seasonal and regional changes in demand, and changes to the capacity of the world fleet. A decline in demand for commodities and finished goods transported in seagoing vessels or an increase in supply of vessels could cause a significant decline in charter rates. The supply of shipping capacity is also a function of the delivery of new vessels and the number of older vessels scrapped, in lay-up, converted to other uses, reactivated or removed from active service. Supply may also be affected by the regulation of maritime transportation and other types of governmental regulation, including that of international authorities.

Many of these factors could cause fluctuations in charter or lease hire and pooling rates or operating expenses, causing the value of Global Transport Assets to decline and negatively affect the Company's returns. The value of Global Transport Assets may fluctuate significantly due to these factors and may be significantly diminished in the event of a sudden downward market for such assets. The returns available from Global Transport Assets depend on the amount of income earned and capital appreciation generated by the relevant underlying assets, as well as expenses incurred in connection therewith. The types of operating expenses to which the Company may be exposed and which may be subject to increase beyond current estimates include labour, repairs and maintenance costs, the costs of periodic dry-docking of vessels and insurance premiums. If the Global Transport Assets do not generate income sufficient to meet operating expenses, including amounts owed under any third party borrowings and capital expenditures, the Company's returns will be adversely affected. In addition, the cost of complying with governmental laws and regulations and the cost and availability of third party borrowings may also affect the market value of and returns from Global Transport Assets. The Company's returns would be adversely affected if a significant number of charterers or lessees were unable to pay their charter or lease rates or if commercial seagoing vessels, passenger and cargo aircraft, vehicles or other transport assets could not be chartered, leased or pooled on favourable terms. Certain significant fixed expenditures associated with purchasing commercial seagoing vessels, passenger and cargo aircraft, vehicles and other transport assets (such as third party borrowings, taxes and maintenance costs) may stay the same or increase even when circumstances cause a reduction in returns from such assets.

The above factors could have an adverse effect on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

General risks relating to Global Infrastructure Assets

An investment in the Company is subject to certain risks associated with the ownership of Global Infrastructure Assets and infrastructure-related assets in general, including: the burdens of ownership of infrastructure; local, national and international economic conditions; the supply and demand for services from and access to infrastructure; the financial condition of users and suppliers of Global Infrastructure Assets; changes in interest rates and the availability of funds which may render the purchase, sale or refinancing of Global Infrastructure Assets difficult or impracticable; changes in environmental laws and regulations, and planning laws and other governmental rules; regulators, including public utility commissioners, taking action which changes the risk and return profile of regulated sectors or individual assets; elected officials or public policy taking action which results in outcomes that are inconsistent with asset projections; nationalisation and other government enforcement actions across sectors or on individual assets; environmental claims arising in respect of infrastructure acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; changes in energy and commodities prices; property losses or damage; accidents caused by human error; natural disasters, weather patterns, storms, and climate changes; the risk of an explosion, fire or flooding; political unrest or the interference of government agencies or political bodies, armed conflicts and war; acts of piracy; terrorist events; acts of God; changes in fiscal and monetary policies; negative developments in the economy that depress travel; uninsured casualties; force majeure acts, terrorist events, under-insured or uninsurable losses; and other factors which are beyond the reasonable control of the Company and the Company's Service Providers. The above factors could have an adverse effect on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

General risks relating to Global Real Estate Assets

An investment in the Company is subject to certain risks associated with the ownership of real estate and real estate-related assets and the real estate industry in general, including: the burdens of ownership of real estate and real estate-related assets; local, national and international economic and political conditions; the supply of and demand for property; the financial condition of tenants, buyers and sellers of property; changes in interest rates and the availability of debt financing which may render the sale or refinancing of real estate and real estate-related assets difficult or impracticable; changes in environmental laws and regulations; changes in planning laws, governmental rules and fiscal and monetary policies; environmental claims arising in respect of assets acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; environmental accidents, contamination or pollution; changes in applicable tax policies and rates; changes in energy and commodities prices; property losses or damage; accidents caused by human error; natural disasters, weather patterns, storms, and climate changes; the risk of an explosion, fire or flooding; force majeure acts; political unrest or the interference of government agencies or political bodies, armed conflicts and war; acts of piracy; terrorist events; acts of God; under-insured or uninsurable losses; and other factors which are beyond the reasonable control of the Company and the Company's service providers. The nature, timing and degree of changes in real estate conditions are unpredictable. In addition, real estate and real estate-related assets are subject to long term cyclical trends that give rise to significant volatility in values. Many of these factors could cause fluctuations in occupancy rates, rent schedules or operating expenses, causing the value of the Global Real Estate Assets to which the Company is exposed to decline and negatively affect the Company's returns. The value of the Global Real Estate Assets may fluctuate significantly due to these factors and may be significantly diminished in the event of a sudden downward market for real estate and real estate-related assets. The returns available from Global Real Estate Assets depend on the amount of income earned and capital appreciation generated by the relevant underlying properties, as well as expenses incurred in connection therewith. The types of operating expenses to which the Company may be exposed and which may be subject to increase beyond current estimates include labour, repairs and maintenance costs and insurance premiums. If real estate and real estate-related assets do not generate income sufficient to meet operating expenses, including amounts owed under any third party borrowings and capital expenditures, the Company's returns will be adversely affected. In addition, the cost of complying with governmental laws and regulations and the cost and availability of third party borrowings may also affect the market value of and returns from Global Real Estate Assets. The Company's returns would be adversely affected if a significant number of tenants were unable to pay their rent or if properties could not be rented on favourable terms. Certain significant fixed expenditures associated with purchasing real estate and real estate-related assets (such as third party borrowings, taxes and maintenance costs) may stay the same or increase even when circumstances cause a reduction in returns from real estate and real estate-related assets. The above factors could have an adverse effect on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

General risks relating to indirect exposure to Global Real Estate Assets

An investment in the Company is subject to certain risks associated with the ownership of real estate related investments other than direct Global Real Estate Assets (such as Mezzanine Investments and commercial mortgage-backed securities (see further below) through the JPMAM Platform. The performance of those investments will be linked to the value of the real estate from which they derive their inherent value. Accordingly, all of the risks which apply in respect of direct Global Real Estate Assets as described in this "Risk Factors" section of this Prospectus will, to varying degrees, impact on the value of any non-direct Global Real Estate Assets to which the Company is exposed.

Risks related to Mezzanine Investments. The Company, through its investments in the JPMAM Platform, may have exposure to Mezzanine Investments. Entities with respect to which the Company has exposure to Mezzanine Investments in the form of mezzanine loans or preferred equity securities, may be unable to pay the interest or dividends due on those Mezzanine Investments or meet the applicable repurchase schedules, on part or all of the principal amount of such Mezzanine Investments, as a result of having other creditors ranking in priority to the JPMAM Product through which the Company holds its exposure. In the event of the failure of such an entity to which the Company is exposed with respect to a Mezzanine Investment, part or all of the principal of the Mezzanine Investment could be lost. Equity securities arising from conversion rights attached to Mezzanine Investments or from the exercise of warrants received when the Mezzanine Investment was made may prove valueless or have a low value. The transfer of unlisted equity securities and quoted equity securities in the period following any flotation is often restricted and accordingly prompt realisation of such equity securities may not be possible. Although Mezzanine Investments in the form of preferred equity securities are typically senior to common stock or other equity securities, the mezzanine loans and preferred equity securities to which the Company may be exposed in connection with any Mezzanine Investments will generally be unsecured and subordinated to substantial amounts of debt, all or a significant portion of which may be secured. In addition, such loans or securities may not be protected by all of the financial covenants, such as limitations upon additional indebtedness, typically protecting such debt. Holders of Mezzanine Investments generally are not entitled to receive any payments in bankruptcy or liquidation until senior creditors are paid in full. Holders of Mezzanine Investments in the form of preferred equity securities are not entitled to payments until all creditors are paid. In addition, the remedies available to holders of Mezzanine Investments are normally limited by restrictions benefiting senior creditors. In the event any entity into which a Mezzanine Investment is made cannot provide adequate cash flow to meet debt service, the Company may be exposed to a partial or total loss of capital invested. In addition, repayment of the principal amount of a Mezzanine Investment is likely to come from the sale or refinancing of the underlying properties and/or projects with a limited amount of principal repayment from amortisation. The projected returns are based on the Relevant Manager's assumptions concerning such factors as rental rates, market demand, the expected length of construction and lease-up period, net operating income, and capitalisation rates. The underlying Global Real Estate Assets are also subject to market risk and the inability to predict or forecast with certainty future supply and demand and exit capitalisation rates. The above factors could have an adverse effect on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

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