

To: HCBF Board of Directors  
From: HCBF Interim Executive Director, Meghan Reese and Board Chair, David Sloane  
Date: Friday, July 21, 2017  
**Subject: JP Morgan Account Restructuring**

## **BACKGROUND**

On June 9, 2017 Barry Peterson from JP Morgan presented the Board with an account overview and options for HCBF's investment accounts. Given the amount of remaining funds, and current and future bond values, Barry Peterson suggested transferring funds from the investment accounts into JP Morgan savings, or a less aggressive account, to minimize risk for the remaining funds.

## **RECOMMENDATION**

### 2017 cash needs:

Grants: \$460k October \$500k November/December

Operating: \$300k

### 2018 cash needs:

Grants: \$500k

Operating: \$300k

### Proposal:

- Add \$179k of cash from investment sales to the Savings account ending in 8372 to bring the cash balance to \$460k. This will take care of your October grants.
- Sell investments in Sxx5007
- Sell OMBIX, JPHSX, and JRBSX in account Mxx2001
- Invest the cash needed for November/December grants of \$500k and operating needs of \$300k in a money market fund in account Mxx2001
- Invest the balance of cash in JMGIX in account Mxx2001

In the end, approximately, HCBF will have \$460k in the savings, \$800k in money market, and \$1.94mm in JMGIX.

## **ATTACHEMNTS**

Fact sheets for the money market fund and for JMGIX are attached.

# JPMorgan Managed Income Fund

Select Shares: JMG SX L Shares: JMG IX

EFFECTIVE APRIL 3RD, INSTITUTIONAL SHARE CLASS BECAME L SHARE CLASS.



**Designed to** deliver current income while seeking to maintain a low volatility of principal.

## APPROACH

- Invests mainly in investment-grade, US dollar-denominated fixed and floating-rate debt
- Allocates investments flexibly across sectors based on expectations of strong performance over time
- Utilizes strategy that aims to create current income

## EXPERTISE

### Portfolio manager(s) and years of experience

Dave Martucci, 17 yrs  
Kyongsoo Noh, 19 yrs

## FUND INFORMATION

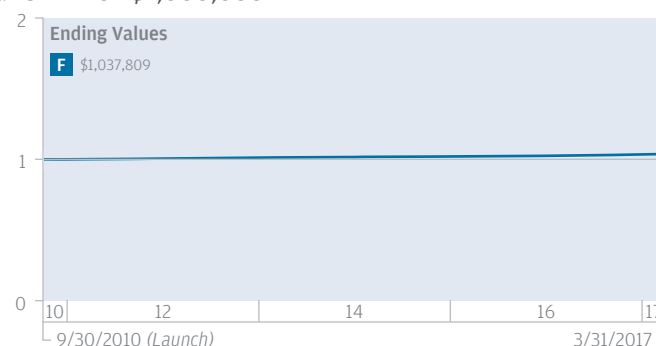
<b>Class launch</b>	Sep 30, 2010	<b>Annual expenses (%)</b>
		Gross Expenses: 0.36
		Net Expenses: 0.25
<b>Fund number</b>	2119	<b>Minimum initial investment</b>
		\$3M
<b>CUSIP</b>	48121A415	
<b>Fund assets</b>	\$8.64 bn	

## PERFORMANCE

**F** Fund: Class L Shares

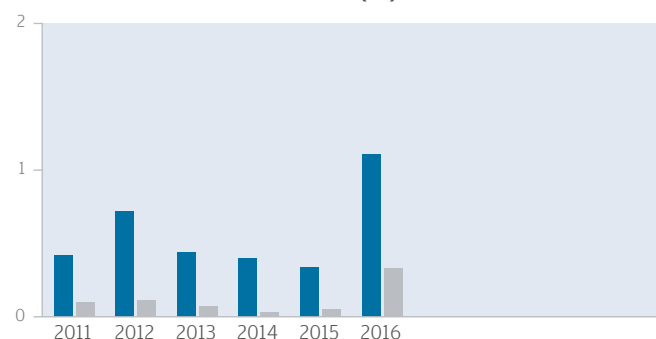
**B** Benchmark: BofA Merrill Lynch 3-Month U.S. Treasury Bill Index

## GROWTH OF \$1,000,000



Since inception with dividends and capital gains reinvested. There is no direct correlation between a hypothetical investment and the anticipated performance of the Fund.

## CALENDAR YEAR PERFORMANCE (%)



<b>F</b>	0.42	0.72	0.44	0.40	0.34	1.11
<b>B</b>	0.10	0.11	0.07	0.03	0.05	0.33

## YIELD (%)

SEC 30-day yield: 1.18  
SEC 30-day yield (unsubsidized): 1.08

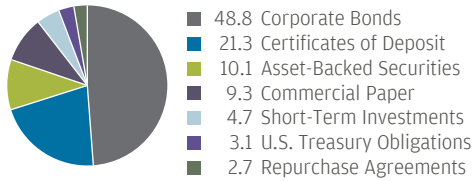
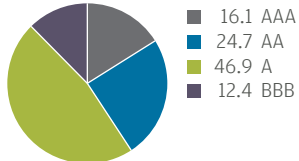
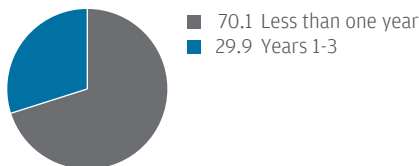
## RETURN (%)

	TOTAL RETURN		AVERAGE ANNUAL RETURN			
	3 mos	YTD	1 yr	3 yrs	5 yrs	Launch <sup>^</sup>
<b>F</b> at NAV	0.29	0.29	1.12	0.65	0.59	0.57
<b>B</b>	0.10	0.10	0.36	0.17	0.14	0.13

## PERFORMANCE DISCLOSURES

Performance quoted is past performance and is no guarantee of future results. Investment returns and principal value will fluctuate, so shares, when sold, may be worth more or less than original cost. Current performance may be higher or lower than returns shown. Call 1-800-480-4111 for most recent month-end performance.

<sup>^</sup>Since inception: 9/30/2010

**HOLDINGS****SECTORS (%)****CREDIT QUALITY (%)****MATURITY (%)****PORTFOLIO ANALYSIS**

Approximate number of holdings	457
Average duration (years)	0.49
Average life (years)	0.83

Contact JPMorgan Distribution Services, Inc. at 1-800-480-4111 for a prospectus. Carefully consider the fund's objectives, risks, charges and expenses before investing. The prospectus contains this and other fund information. Read it carefully before investing.

Total return figures (for the fund and any index quoted) assume payment of fees and reinvestment of dividends (after the highest applicable foreign withholding tax) and distributions. Without fee waivers, fund returns would have been lower. Due to rounding, some values may not total 100%.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be a recommendation for any specific investment product, strategy, plan feature or other purpose. Any examples used are generic, hypothetical and for illustration purposes only. Prior to making any investment or financial decisions, an investor should seek individualized advice from a personal financial, legal, tax and other professional advisors that take into account all of the particular facts and circumstances of an investor's own situation.

The manager receives credit quality ratings on underlying securities of the portfolio from the three major ratings agencies - S&P, Moody's and Fitch. When calculating the credit quality breakdown, the manager selects the lowest rating of the agencies when all three agencies rate a security. The manager will use the lower of the two ratings if only two agencies rate a security and will use one rating if that is all that is provided. Securities that are NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

not rated by all three agencies are reflected as such.

**RISK SUMMARY**

Investments in derivatives may be riskier than other types of investments. They may be more sensitive to changes in economic or market conditions than other types of investments. Many derivatives create leverage, which could lead to greater volatility and losses that significantly exceed the original investment.

**ANNUAL OPERATING EXPENSES**

The Fund's adviser and/or its affiliates have contractually agreed to waive fees and/or reimburse expenses to the extent Total Annual Fund Operating Expenses (excluding acquired fund fees and expenses, dividend and interest expenses related to short sales, interest, taxes, expenses related to litigation and potential litigation and extraordinary expenses) exceed 0.25% of the average daily net assets. The Fund may invest in one or more money market funds advised by the adviser or its affiliates (affiliated money market funds). The Fund's adviser has contractually agreed to waive fees and/or reimburse expenses in an amount sufficient to offset the fees and expenses of the affiliated money market funds incurred by the Fund because of the Fund's investment in such money market funds. This waiver is in effect through 6/30/2017, at which time the adviser and/or its affiliates will determine whether to renew or revise it. The difference between net and gross fees includes all applicable fee waivers and expense reimbursements.

**INDEXES**

Mutual funds have fees that reduce their performance; indexes do not. You cannot invest directly in an index.

The BofA Merrill Lynch 3-Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. The index is rebalanced monthly and the issue selected is the outstanding Treasury Bill that matures closest to, but not beyond 3 months from the rebalancing date.

**ENTITIES**

J.P. Morgan Funds are distributed by JPMorgan Distribution Services, Inc., which is an affiliate of JPMorgan Chase & Co. Affiliates of JPMorgan Chase & Co. receive fees for providing various services to the funds. JPMorgan Distribution Services, Inc. is a member of FINRA/SIPC.

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J.P. Morgan Asset Management is the brand name for the asset management business of JPMorgan Chase & Co and its affiliates worldwide.

**DEFINITIONS**

**Duration:** Measures price sensitivity of fixed income securities to interest rate changes.

**Average Life:** The length of time the principal of a debt issue is expected to be outstanding.

FS-MIF-L-0317

# JPMorgan Prime Money Market Fund

Data as of June 30, 2017

Share Class: Agency (VMIXX)

## RATINGS

S&P Rating**	AAAm
Moody's Rating**	Aaa-mf
Fitch Rating**	AAAmmf

## FUND OBJECTIVE AND STRATEGY

### Investment objective

The Fund seeks current income while seeking to maintain liquidity and a low volatility of principal.

### Permissible investments

- The Fund will comply with SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.
- The Fund invests in high-quality, short-term obligations that present minimal credit risk including: 1) Securities issued by the U.S. government and its agencies 2) Floating rate and variable rate demand notes of U.S. and foreign corporations 3) Commercial paper - in the highest category by Moody's Investor Services (P1) and Standard & Poor's (A1) 4) Certificates of Deposit and time deposits 5) Asset-backed securities 6) Repurchase agreements

### Fund highlights

- The Fund is designed for temporary or medium-term cash investments, seasonal operating cash, automated cash sweeps and the liquidity components of investment portfolios.
- The Fund aims to preserve capital, maintain liquidity and produce a competitive yield.

## FUND INFORMATION

### Annual expenses<sup>1</sup>

Gross expenses (%)	0.31
Net expense (%)	0.26

### Fund basics

Fund inception date	11/15/1993
Class inception date	4/26/1994
Fund number	349
CUSIP	4812A2504
Fund assets (in billions)	\$32.64
Investment minimum	\$5M
Dealing deadline	3:00 PM EST
Daily liquid assets (%)	30.50
Weekly liquid assets (%)	41.55

## PERFORMANCE

### Performance (%) - 30 day average yield<sup>2</sup>

Jul-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
0.32	0.28	0.31	0.58	0.63	0.72	0.80	0.81	0.88	0.96	0.95	1.03

7-day SEC yield as of June 30, 2017 was 1.11%

## COMPOSITION

### Weighted average maturity in days

Jul-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
13	8	19	32	29	30	31	26	21	26	21	17

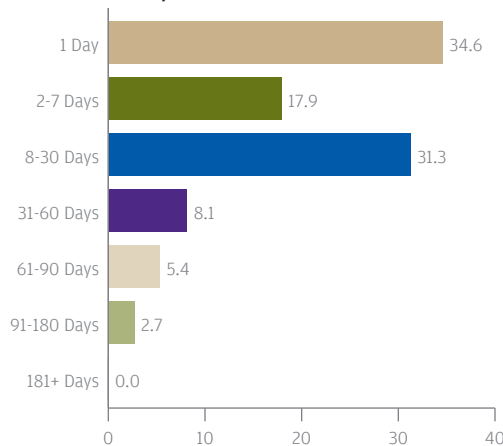
**Weighted Average Maturity:** The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made and may utilize the interest rate reset date for variable or floating rate securities.

### Weighted average life in days

Jul-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
15	9	29	72	70	69	70	72	76	81	75	72

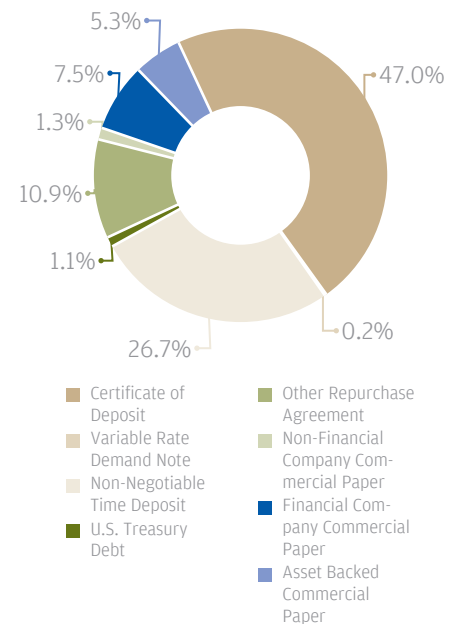
**Weighted Average Life:** The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made.

### Effective maturity\*



\*Due to rounding, values may not total 100%.

### Sector breakdown (%)\*



\*Due to rounding, values may not total 100%.

You could lose money by investing in the Fund. Because the share price of the Fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Any gain resulting from the sale or exchange of Fund shares will be taxable as long-term or short-term gain, depending upon how long you have held your shares.

Performance may reflect the waiver of a portion of the fund's fees and/or reimbursement of certain expenses. If fees had not been waived and certain expenses were not reimbursed, the 7-day SEC yield would have been 1.05%. Voluntary waivers and/or reimbursement may be discontinued or modified at any time without notice.

PLEASE REFER TO THE BACK FOR IMPORTANT DISCLOSURE INFORMATION

**Must be preceded or accompanied by a prospectus.**

**Call 1-800-766-7722 (institutional investors) or 1-800-480-4111 (retail investors) for a fund prospectus. You can also visit us online at [www.jpmorganfunds.com](http://www.jpmorganfunds.com). Investors should carefully consider the investment objectives and risk as well as charges and expenses of the mutual fund before investing. The prospectus contains this and other information about the mutual fund. Read the prospectus carefully before investing.**

**RATINGS:**

\*\* Moody's defines Money Market Funds with an 'Aaa-mf' rating as having a very strong ability to meet the dual objectives of providing liquidity and preserving capital. S&P defines Money Market Funds that have an 'AAAm' rating as demonstrating extremely strong capacity to maintain principal stability and to limit exposure to credit risk. Fitch defines Money Market Funds with an 'AAAmf' rating as having extremely strong capacity to achieve fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market and liquidity risk. The ratings do not eliminate the risks associated with investing in the Fund. For information on rating methodologies, please visit the agency websites at <http://www.moodys.com/>; <http://www.standardandpoors.com/ratings/en/us/> and <http://www.fitchratings.com>.

**ANNUAL EXPENSES:**

<sup>1</sup>The Fund's adviser and/or its affiliates have contractually agreed to waive fees and/or reimburse expenses to the extent Total Annual Fund Operating Expenses (excluding acquired fund fees and expenses, dividend and interest expenses related to short sales, interest, taxes, expenses related to litigation and potential litigation and extraordinary expenses) exceed 0.26% of the average daily net assets. The Fund may invest in one or more money market funds advised by the adviser or its affiliates (affiliated money market funds). The Fund's adviser has contractually agreed to waive fees and/or reimburse expenses in an amount sufficient to offset the fees and expenses of the affiliated money market funds incurred by the Fund because of the Fund's investment in such money market funds. This waiver is in effect through 6/30/2018, at which time the adviser and/or its affiliates will determine whether to renew or revise it. The difference between net and gross fees includes all applicable fee waivers and expense reimbursements.

**RETURNS:**

<sup>2</sup>The quoted performance of the Fund includes performance of a predecessor fund/share class prior to the Fund's commencement of operations. Please refer to the current prospectus for further information.

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