

\$9.3B JPMorgan Fund Draws Excessive-Fee Claims

By Beagan Wilcox Volz, *Ignites*, May 10, 2017 [subscription required]

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A shareholder in the \$9.3 billion JP Morgan Large Cap Core Plus Fund has sued the manager for allegedly charging excessive advisory fees.

The plaintiff [claims](#) that J.P. Morgan Investment Management charged much more to manage the Large Cap Core Plus Fund than it did to run its \$14.1 billion JP Morgan U.S. Equity Fund, even though the advisory services it provided to both were “effectively identical.”

JPMorgan describes the Large Cap Core Plus Fund on its website as a 130/30 fund, and the lawsuit notes that its short positions range between 0% and 50% of the value of the fund’s net assets. Meanwhile, the U.S. Equity Fund is a long-only strategy.

Yet the plaintiff asserts that Large Cap Core Plus’s “additional short strategy ... cannot explain and does not justify” the difference in advisory fees for the funds. The annualized advisory fee for the Large Cap Core Plus Fund is 80 basis points, while that of the Equity Fund is 40 bps, according to the complaint filed in New York federal court late last month.

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JPMorgan is one of about 20 managers that have been hit with lawsuits since 2010 that focus on differences between advisory and subadvisory fees and related services. While a few of the cases have settled, 18 continue, according to an ICI Mutual analysis.

Yet, only two new cases have been filed in roughly the past year: one against Harris Associates and another against T. Rowe Price.

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The recent dearth of new fee cases also could be the result of the “limited number of law firms” that are representing plaintiffs, says Niels Holch, partner at Holch & Erickson and executive director of the Coalition of Mutual Fund Investors. “I expect that there are resource issues in why we haven’t seen more cases,” he says.