

Guide to the Markets®

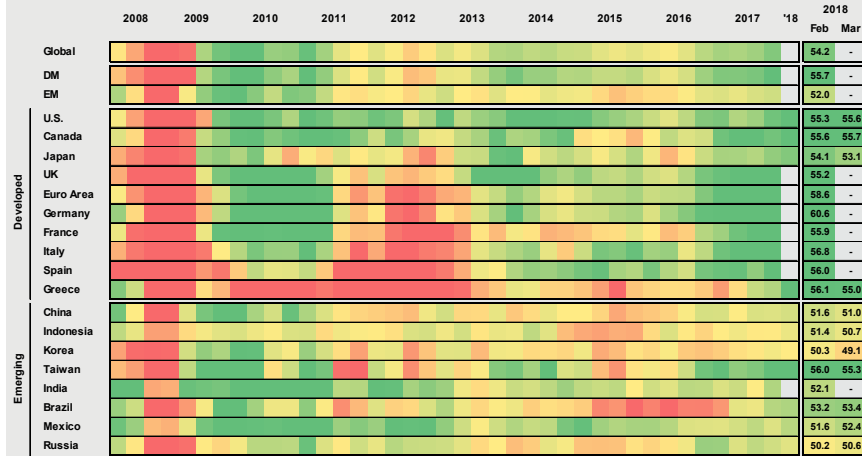
U.S. | 2Q 2018 | As of March 31, 2018

J.P. Morgan

J.P.Morgan
Asset Management

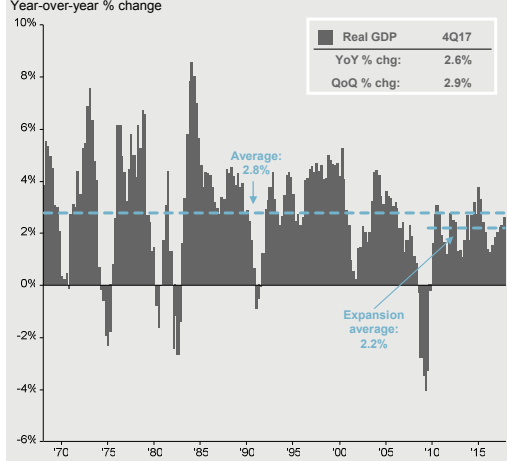
- **What's going on in the global economy?**
- **What should we expect from policymakers?**
- **Where are the opportunities?**

Global Purchasing Managers' Index for manufacturing, quarterly

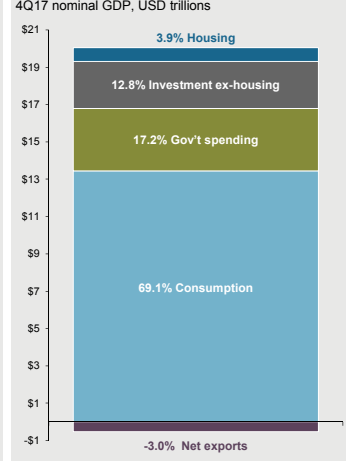


Source: Markit, J.P. Morgan Asset Management.
 Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown. Heat map is based on quarterly averages, with the exception of the two most recent figures, which are single month readings. Data for Canada, Indonesia and Mexico are back-tested and filled in from December 2007 to November 2010 for Canada and May 2011 for Indonesia and Mexico due to lack of existing PMI figures for these countries. DM and EM represent developed markets and emerging markets, respectively. Past performance is not a reliable indicator of current and future results.
 Guide to the Markets – U.S. Data are as of March 31, 2018.

Real GDP



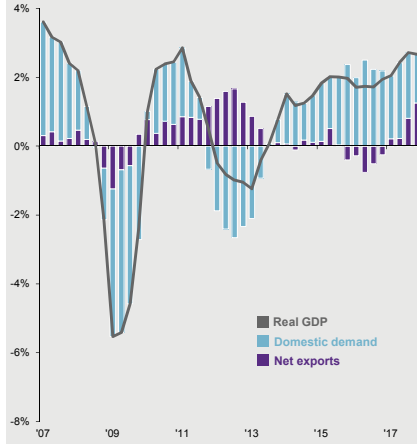
Components of GDP



Source: BEA, FactSet, J.P. Morgan Asset Management.
 Values may not sum to 100% due to rounding. Quarter-over-quarter percent changes are at an annualized rate. Average represents the annualized growth rate for the full period. Expansion average refers to the period starting in the third quarter of 2009. Past performance is not a reliable indicator of current and future results.
 Guide to the Markets – U.S. Data are as of March 31, 2018.

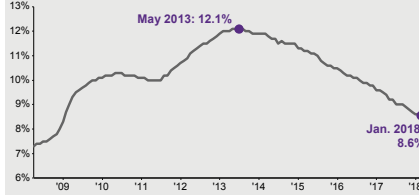
Eurozone GDP growth

Contribution to Eurozone real GDP growth, % change year-over-year



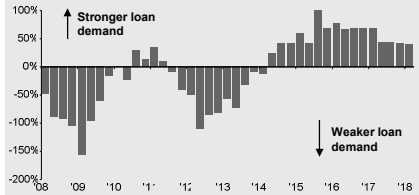
Eurozone unemployment

Persons unemployed as a percent of labor force, seasonally adjusted



Eurozone credit demand

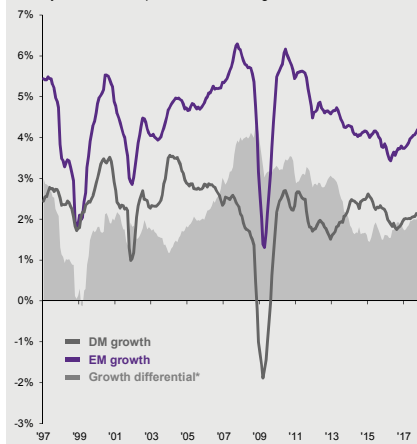
Net % of banks reporting positive loan demand



Source: FactSet, J.P. Morgan Asset Management, (Left, Top right) Eurostat; (Bottom right) ECB. Eurozone shown is the aggregate of the 19 countries that currently use the euro. Past performance is not a reliable indicator of current and future results. Guide to the Markets – U.S. Data are as of March 31, 2018.

EM vs. DM growth

Monthly, consensus expectations for GDP growth in 12 months



EM earnings by region

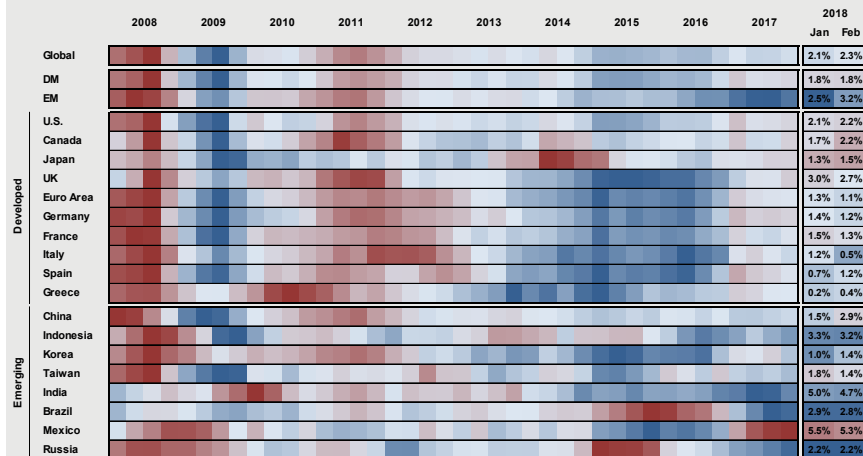
EPS for next 12-month consensus, U.S. dollar, rebased to 100



Source: Consensus Economics, FactSet, MSCI, J.P. Morgan Asset Management. *Growth differential* is consensus estimates for EM growth in the next 12 months minus consensus estimates for DM growth in the next 12 months, provided by Consensus Economics. *Growth differential* is as of February 28, 2018. Past performance is not a reliable indicator of current and future results. Guide to the Markets – U.S. Data are as of March 31, 2018.

- What's going on in the global economy?
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Year-over-year headline inflation by country and region, quarterly

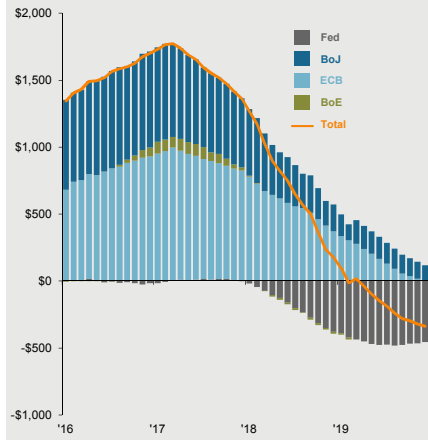


Source: Bank of Mexico, DGBAS, Eurostat, FactSet, Federal Reserve, Goskomstat of Russia, IBGE, India Ministry of Statistics & Programme Implementation, Japan Ministry of Internal Affairs & Communications, Korean National Statistical Office, Melbourne Institute, National Bureau of Statistics China, Statistics Canada, Statistics Indonesia, UK Office for National Statistics (ONS), J.P. Morgan Asset Management. Heatmap is based on quarterly averages, with the exception of the two most recent figures, which are single month readings. Colors are based on z-score of year-over-year inflation rate relative to 10-year history. DM and EM represent developed markets and emerging markets, respectively. Past performance is not a reliable indicator of current and future results. Guide to the Markets – U.S. Data are as of March 31, 2018.

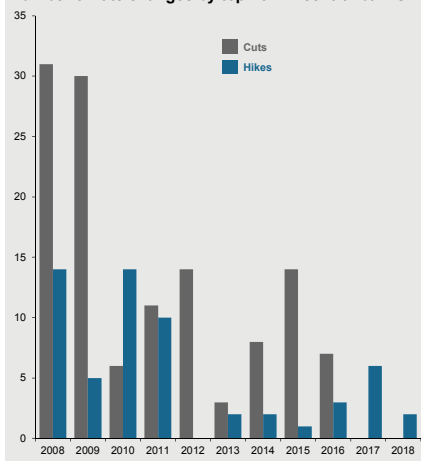
Fixed income

Global central bank balance sheet expansion*

USD billions, 12-month rolling flow



Number of rate changes by top-10 DM central banks**

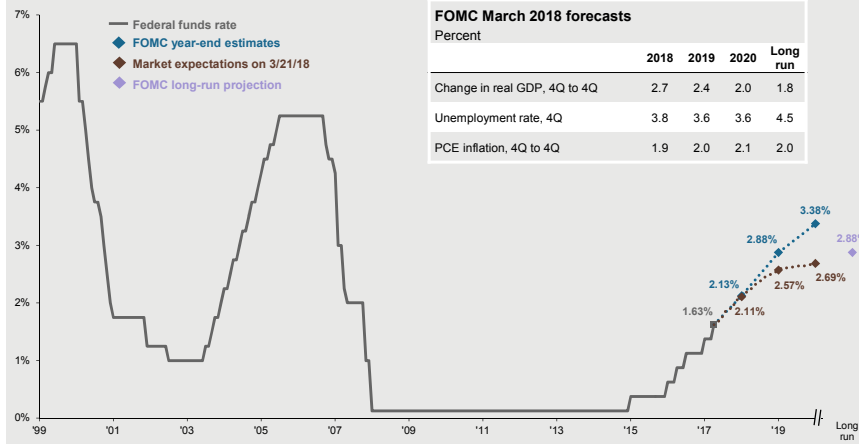


Source: J.P. Morgan Asset Management; (Left) Bank of England, Bank of Japan, European Central Bank, FactSet, Federal Reserve System, J.P. Morgan Global Economic Research; (Right) Bloomberg. *Includes the Bank of Japan (BoJ), Bank of England (BoE), European Central Bank (ECB) and Federal Reserve. Balance sheet expansion assumes no more quantitative easing (QE) from BoE; tapering of ECB QE to 30bn EUR in January 2018 and 0 in October 2018; tapering of BoJ QE to 20trn JPY ann. for the remainder of 2018, 15trn JPY ann. from January to June 2019 and 10trn JPY from July 2019 onward; and tapering of Fed QE per the September FOMC statement, incorporating a maturity schedule. **Including: Australia, Canada, Denmark, Eurozone, Japan, Norway, Sweden, Switzerland, UK and U.S. Guide to the Markets – U.S. Data are as of March 31, 2018.

Fixed income

Federal funds rate expectations

FOMC and market expectations for the fed funds rate

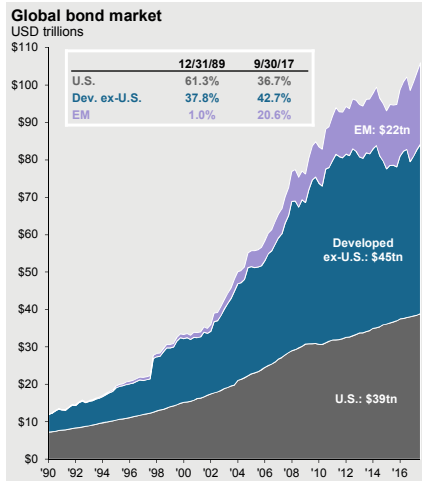


FOMC March 2018 forecasts				
Percent				
	2018	2019	2020	Long run
Change in real GDP, 4Q to 4Q	2.7	2.4	2.0	1.8
Unemployment rate, 4Q	3.8	3.6	3.6	4.5
PCE inflation, 4Q to 4Q	1.9	2.0	2.1	2.0

Source: FactSet, Federal Reserve, Bloomberg, J.P. Morgan Asset Management. Market expectations are the federal funds rates priced into the fed futures market as of the date of the March 2018 FOMC meeting. Guide to the Markets – U.S. Data are as of March 31, 2018.

- What's going on in the global economy?
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Aggregates	Yield		2018 YTD Return			
	3/31/2018	12/31/2017	Local	USD	Duration	Correl to 10-year
U.S.	3.12%	2.71%	-1.46%	-1.46%	6.1 years	0.86
Gbl. ex-U.S.	1.09%	1.03%	-	3.08%	7.7	0.36
Japan	0.19%	0.20%	0.24%	6.18%	9.2	0.48
Germany	0.59%	0.46%	-0.34%	2.07%	6.3	0.22
UK	1.70%	1.49%	-0.92%	2.75%	10.2	0.16
Italy	1.09%	1.25%	2.09%	4.56%	6.8	0.06
Spain	0.72%	0.90%	2.72%	5.21%	7.0	0.09
Sector						
Euro Corp.	0.89%	0.75%	-0.39%	2.02%	5.3 years	0.18
Euro HY	3.68%	3.32%	-0.26%	2.15%	4.4	-0.34
EMD (\$)	5.76%	5.26%	-	-1.74%	6.8	0.23
EMD (LCL)	6.01%	6.14%	2.30%	4.42%	5.2	0.10
EM Corp.	5.05%	4.53%	-	-1.12%	5.7	-0.20

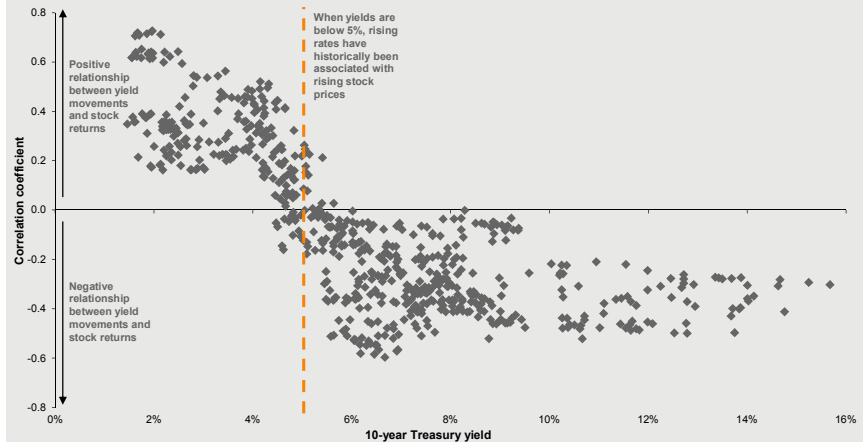


Source: J.P. Morgan Asset Management; (Left) Barclays, Bloomberg, FactSet; (Right) BIS.
Fixed income sectors shown above are provided by Bloomberg and are represented by the global aggregate for each country except where noted. EMD sectors are represented by the J.P. Morgan EMBIG Diversified Index (USD), the J.P. Morgan GBI EM Global Diversified Index (LCL) and the J.P. Morgan CEMBI Broad Diversified Index (Corp). European Corporates are represented by the Bloomberg Barclays Euro Aggregate Corporate Index and the Bloomberg Barclays Pan-European High Yield Index. Sector yields reflect yield to worst. Correlations are based on 10 years of monthly returns for all sectors. Past performance is not indicative of future results. Global bond market regional breakdown may not sum to 100% due to rounding.
Guide to the Markets – U.S. Data are as of March 31, 2018.

Equities

Correlations between weekly stock returns and interest rate movements

Weekly S&P 500 returns, 10-year Treasury yield, rolling 2-year correlation, May 1963 – March 2018

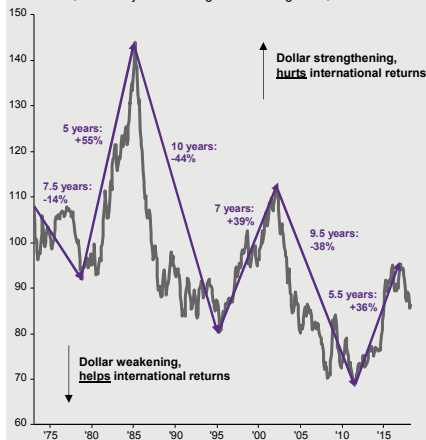


Source: FactSet, FRB, Standard & Poor's, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. Markers represent monthly 2-year correlations only. Guide to the Markets – U.S. Data are as of March 31, 2018.

International

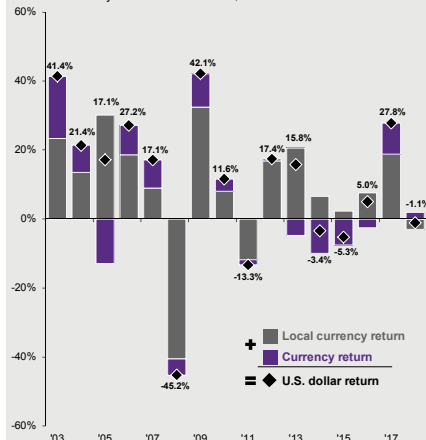
U.S. dollar in historical perspective

Index level, nom. major trade-weighted exchange rate, Mar. 1973=100



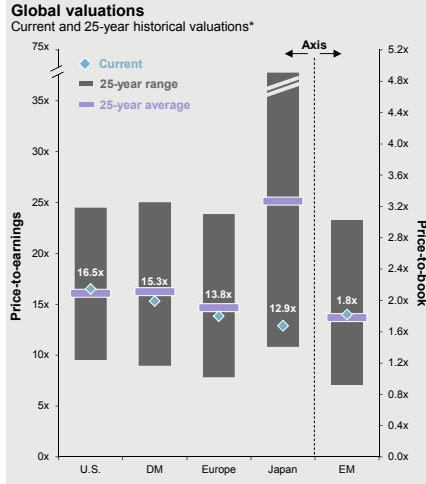
Currency impact on international returns

MSCI All Country World ex-U.S. index, total return



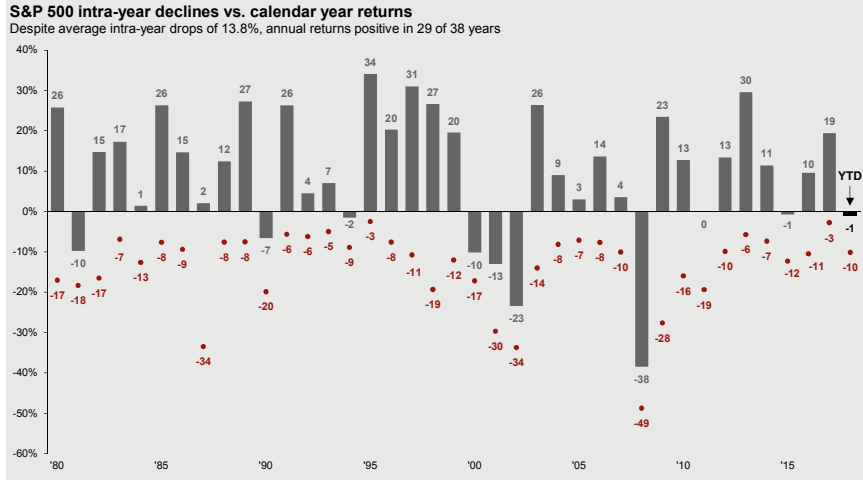
Source: FactSet, J.P. Morgan Asset Management; (Left) Federal Reserve; (Right) MSCI. Currencies in the nominal major trade-weighted U.S. dollar index are: Australian dollar, British pound, Canadian dollar, euro, Japanese yen, Swedish krona and Swiss franc. Past performance is not a reliable indicator of current and future results. Guide to the Markets – U.S. Data are as of March 31, 2018.

International



Source: FactSet, MSCI, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.
 *Valuations refer to NTMA P/E for Europe, U.S., Japan and Developed Markets and P/B for emerging markets. Valuation and earnings charts use MSCI indices for all regions/countries, except for the U.S., which is the S&P 500. All indices use IBES aggregate earnings estimates, which may differ from earnings estimates used elsewhere in the book. MSCI Europe includes the Eurozone as well as countries not in the currency bloc, such as Norway, Sweden, Switzerland and the UK (which collectively make up 45% of the overall index). Past performance is not a reliable indicator of current and future results.
 Guide to the Markets – U.S. Data are as of March 31, 2018.

Equities



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
 Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2017, over which time period the average annual return was 8.8%.
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Making a balanced approach increasingly important

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																	2003 - 2017	
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	Ann.	Vol.	
EM Equity	REITs	EM Equity	REITs	EM Equity	Fixed Income	EM Equity	REITs	REITs	REITs	Small Cap	REITs	REITs	Small Cap	EM Equity	EM Equity	EM Equity	EM Equity	
56.3%	31.6%	34.5%	35.1%	39.8%	5.2%	79.0%	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.9%	1.5%	12.7%	23.0%	
Small Cap	EM Equity	Comdty.	EM Equity	Comdty.	Cash	High Yield	Small Cap	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Cash	Small Cap	REITs	
47.3%	26.0%	21.4%	32.6%	16.2%	1.8%	59.4%	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.3%	11.2%	22.3%	
DM Equity	DM Equity	DM Equity	DM Equity	DM Equity	Asset Alloc.	DM Equity	EM Equity	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	Small Cap	REITs	Small Cap	
59.2%	20.7%	14.6%	26.9%	11.6%	25.4%	32.5%	19.2%	3.1%	18.6%	23.3%	6.6%	0.5%	12.0%	21.8%	-0.1%	11.1%	18.8%	
REITs	Small Cap	REITs	Small Cap	Asset Alloc.	High Yield	REITs	Comdty.	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Comdty.	Small Cap	High Yield	Large Cap	Comdty.	
37.1%	16.3%	12.2%	16.4%	-1%	-26.9%	28.0%	16.8%	2.1%	17.9%	14.5%	5.2%	0.0%	11.6%	14.6%	-0.4%	9.9%	18.8%	
High Yield	High Yield	Asset Alloc.	Large Cap	Fixed Income	Small Cap	Small Cap	Large Cap	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Comdty.	High Yield	DM Equity	
32.4%	13.2%	2.1%	15.8%	7.9%	-33.8%	27.2%	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	19.4%	-0.4%	9.6%	18.4%	
Large Cap	Asset Alloc.	Large Cap	Asset Alloc.	Large Cap	Comdty.	Large Cap	High Yield	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	High Yield	Large Cap	DM Equity	Large Cap	
28.7%	12.8%	4.9%	15.3%	5.5%	-35.6%	16.5%	14.8%	0.2%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-0.8%	8.6%	14.5%	
Asset Alloc.	Large Cap	Small Cap	High Yield	Cash	Large Cap	Asset Alloc.	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Asset Alloc.	Asset Alloc.	High Yield	
26.3%	10.9%	4.6%	13.7%	4.8%	-37.0%	25.0%	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-1.1%	8.3%	11.3%	
Comdty.	Comdty.	High Yield	Cash	High Yield	REITs	Comdty.	DM Equity	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	DM Equity	Fixed Income	Asset Alloc.	
23.9%	9.1%	3.6%	4.8%	3.2%	-37.7%	16.9%	8.2%	-11.7%	4.2%	-2.9%	-1.5%	-4.4%	2.6%	3.5%	1.1%	11.0%	11.0%	
Fixed Income	Fixed Income	Cash	Fixed Income	Small Cap	DM Equity	Fixed Income	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Comdty.	Fixed Income	Cash	Fixed Income	
4.1%	4.3%	3.0%	4.3%	-1.6%	-45.1%	5.9%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-4.6%	1.5%	1.7%	-1.5%	1.2%	3.3%	
Cash	Cash	Fixed Income	Comdty.	REITs	EM Equity	Cash	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Cash	Cash	REITs	Comdty.	Cash	
1.0%	1.2%	2.4%	2.1%	-16.7%	-53.2%	0.1%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-6.7%	-0.3%	0.8%	

Investing principles

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.
 Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Barclays Global HY Index, Fixed Income: Bloomberg Barclays US Aggregate, REITs: NAREIT Equity REIT Index. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg Barclays US Aggregate, 5% in the Bloomberg Barclays 1-3m Treasury, 5% in the Bloomberg Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period of 12/31/02 – 12/31/17. Please see disclosure page at end for index definitions. All data represents total return for stated period. Past performance is not indicative of future returns.
 Guide to the Markets – U.S. Data as of March 31, 2018.



J.P. Morgan Asset Management – Index definitions

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All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.
Equities:
 The Dow Jones Industrial Average is a price-weighted average of 30 actively traded blue-chip U.S. stocks.
 The MSCI ACWI (All Country World Index) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.
 The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.
 The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.
 The MSCI Europe Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.
 The MSCI Pacific Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region.
 The Russell 1000 Index® measures the performance of the 1,000 largest companies in the Russell 3000.
 The Russell 1000 Growth Index® measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.
 The Russell 1000 Value Index® measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
 The Russell 2000 Index® measures the performance of the 2,000 smallest companies in the Russell 3000 Index.
 The Russell 2000 Growth Index® measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.
 The Russell 2000 Value Index® measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.
 The Russell 3000 Index® measures the performance of the 3,000 largest U.S. companies based on total market capitalization.
 The Russell Midcap Index® measures the performance of the 800 smallest companies in the Russell 1000 Index.
 The Russell Midcap Growth Index® measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index.
 The Russell Midcap Value Index® measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value Index.
 The S&P 500 Index is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The S&P 500 index focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

Fixed income:
 The Bloomberg Barclays 1-3 Month U.S. Treasury Bill Index includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible.
 The Bloomberg Barclays Global High Yield Index is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive. Until January 1, 2011, the index also included CMBIS high yield securities.
 The Bloomberg Barclays Municipal Index consists of a broad selection of investment-grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market.
 The Bloomberg Barclays US Dollar Floating Rate Note (FRN) Index provides a measure of the U.S. dollar denominated floating rate note market.
 The Bloomberg Barclays US Corporate Investment Grade Index is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Ba3/BBB+ or higher) by at least two ratings agencies, have at least one year to final maturity and have at least \$250 million par amount outstanding. To qualify, bonds must be SEC-registered.
 The Bloomberg Barclays US High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Ba1/BBB+ or below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.
 The Bloomberg Barclays US Mortgage Backed Securities Index is an unmanaged index that measures the performance of investment grade fixed-rate mortgage backed pass-through securities of GNMA, FNMA and FHLMC.
 The Bloomberg Barclays US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.
 The J.P. Morgan Emerging Market Bond Global Index (EMBI) includes U.S. dollar denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities.
 The J.P. Morgan Domestic High Yield Index is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.
 The J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified) is an expansion of the J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI). The CEMBI is a market capitalization weighted index consisting of U.S. dollar denominated emerging market corporate bonds.
 The J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities. Brady bonds, loans, Eurobonds. The index limits the exposure of some of the larger countries.
 The J.P. Morgan GBI EM Global Diversified tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base.
 The U.S. Treasury Index is a component of the U.S. Government index.



J.P. Morgan Asset Management – Index definitions & disclosures

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Other asset classes:

The **Alerian MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for the asset class.

The **Bloomberg Commodity Index** and related sub-indices are composed of futures contracts on physical commodities and represents twenty two separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc.

The **Cambridge Associates U.S. Global Buyout and Growth Index** is based on data compiled from 1,768 global (U.S. & ex-U.S.) buyout and growth equity funds, including fully liquidated partnerships, formed between 1988 and 2015.

The **CS/Tremont Hedge Fund Index** is compiled by Credit Suisse Tremont Index, LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The index uses the Credit Suisse/Tremont database, which tracks over 4500 funds, and consists only of funds with a minimum of US\$50 million under management, a 12-month track record, and audited financial statements. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees and expenses. It is the exclusive property of Credit Suisse Tremont Index, LLC.

The **HFRF Monthly Indices (HFRF)** are equity weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own equity funds. The HFRF are broken down into 4 main strategies, each with multiple sub strategies. All single-manager HFRF index constituents are included in the HFRF Fund Weighted Composite, which accounts for over 2200 funds listed on the internal HFR Database.

The **NAREIT EQUITY REIT Index** is designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the NYSE, the American Stock Exchange or the NASDAQ National Market List.

The **NFI-ODCE**, short for NCREIF Fund Index - Open End Diversified Core Equity, is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted.

Definitions:

Investing in alternative assets involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested.

Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise. Investments in **commodities** may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.

Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns.

Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

Investments in **emerging markets** can be more volatile. The normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

The price of **equity securities** may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time.

Equity market neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

Global macro strategies trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets.

International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations.

There is no guarantee that the use of **long and short positions** will succeed in limiting an investor's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Using long and short selling strategies may have higher portfolio turnover rates. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

Merger arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

Mid-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies. Historically, mid-cap companies' stock has experienced a greater degree of market volatility than the average stock.

Price to forward earnings is a measure of the price-to-earnings ratio (P/E) using forecasted earnings. **Price to book value** compares a stock's market value to its book value. **Price to cash flow** is a measure of the market's expectations of a firm's future financial health. **Price to dividends** is the ratio of the price of a share on a stock exchange to the dividends per share paid in the previous year, used as a measure of a company's potential as an investment.

Real estate investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

Relative Value Strategies maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

Small-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.

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Unless otherwise stated, all data are as of March 31, 2018 or most recently available.

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