

**MARKET
INSIGHTS**

4Q | 2013

As of September 30, 2013

Guide to the Markets[®]

J.P. Morgan

J.P.Morgan
Asset Management

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Returns by Style

Charts reflect index levels (price change only). All returns and annotations reflect total return, including dividends.



3Q 2013

	Value	Blend	Growth
Large	3.9%	5.2%	8.1%
Mid	5.9%	7.7%	9.3%
Small	7.6%	10.2%	12.8%

Since Market Peak (October 2007)

	Value	Blend	Growth
Large	13.9%	22.6%	36.2%
Mid	35.2%	38.6%	40.0%
Small	30.0%	38.2%	45.9%

YTD 2013

	Value	Blend	Growth
Large	20.5%	19.8%	20.9%
Mid	22.9%	24.3%	25.4%
Small	23.1%	27.7%	32.5%

Since Market Low (March 2009)

	Value	Blend	Growth
Large	184.0%	174.0%	177.8%
Mid	245.3%	234.4%	223.7%
Small	221.5%	233.2%	244.3%

Source: Russell Investment Group, Standard & Poor's, FactSet, J.P. Morgan Asset Management.

All calculations are cumulative total return, including dividends reinvested for the stated period. Since Market Peak represents period 10/9/07 – 9/30/13, illustrating market returns since the most recent S&P 500 Index high on 10/9/07. Since Market Low represents period 3/9/09 – 9/30/13, illustrating market returns since the S&P 500 Index low on 3/9/09. Returns are cumulative returns, not annualized. For all time periods, total return is based on Russell-style indexes with the exception of the large blend category, which is reflected by the S&P 500 Index. Past performance is not indicative of future returns.

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Data are as of 9/30/13.

Returns by Sector

Equities

	Financials	Technology	Health Care	Industrials	Energy	Cons. Discr.	Cons. Staples	Telecom	Utilities	Materials	S&P 500 Index	
S&P Weight	16.3%	17.9%	13.0%	10.7%	10.5%	12.5%	10.0%	2.4%	3.2%	3.5%	100.0%	Weight
Russell Growth Weight	5.3%	26.5%	12.2%	12.2%	4.8%	19.9%	12.3%	2.0%	0.2%	4.5%	100.0%	
Russell Value Weight	29.0%	9.0%	13.0%	10.0%	15.0%	6.5%	5.8%	2.6%	6.2%	2.9%	100.0%	
3Q13	2.9	6.6	6.8	8.9	5.2	7.8	0.8	-4.4	0.2	10.3	5.2	Return (%)
YTD 2013	22.9	13.4	28.5	23.9	15.4	29.1	16.1	5.7	10.1	13.5	19.8	
Since Market Peak (October 2007)	-36.8	31.3	58.4	22.2	17.0	77.5	68.4	12.7	16.1	12.8	22.6	
Since Market Low (March 2009)	245.2	175.1	155.5	236.0	114.3	310.9	136.2	115.4	103.2	168.7	174.0	
Beta to S&P 500	1.44	1.12	0.69	1.20	0.99	1.12	0.56	0.65	0.49	1.30	1.00	β
Correl to Treas. Yields	0.45	0.35	0.19	0.34	0.37	0.30	-0.09	-0.43	-0.31	0.26	0.32	ρ
Forward P/E Ratio	11.9x	13.7x	15.6x	14.9x	12.2x	17.1x	16.1x	13.7x	14.9x	15.2x	14.3x	P/E
15-yr avg.	12.6x	22.9x	17.8x	16.7x	14.3x	18.4x	17.7x	17.2x	13.6x	16.0x	16.3x	
Trailing P/E Ratio	14.6x	15.8x	20.2x	18.7x	13.3x	18.5x	18.7x	36.3x	19.6x	19.0x	17.0x	
20-yr avg.	16.0x	26.3x	24.3x	20.4x	17.9x	19.2x	21.2x	20.1x	14.5x	19.2x	19.5x	
Dividend Yield	1.7%	1.8%	1.9%	2.2%	2.3%	1.5%	2.8%	4.8%	4.1%	2.6%	2.0%	Div
20-yr avg.	2.1%	0.6%	1.4%	1.7%	1.8%	1.0%	2.1%	4.1%	4.4%	2.1%	1.7%	

Source: Standard & Poor's, Russell Investment Group, FactSet, J.P. Morgan Asset Management.

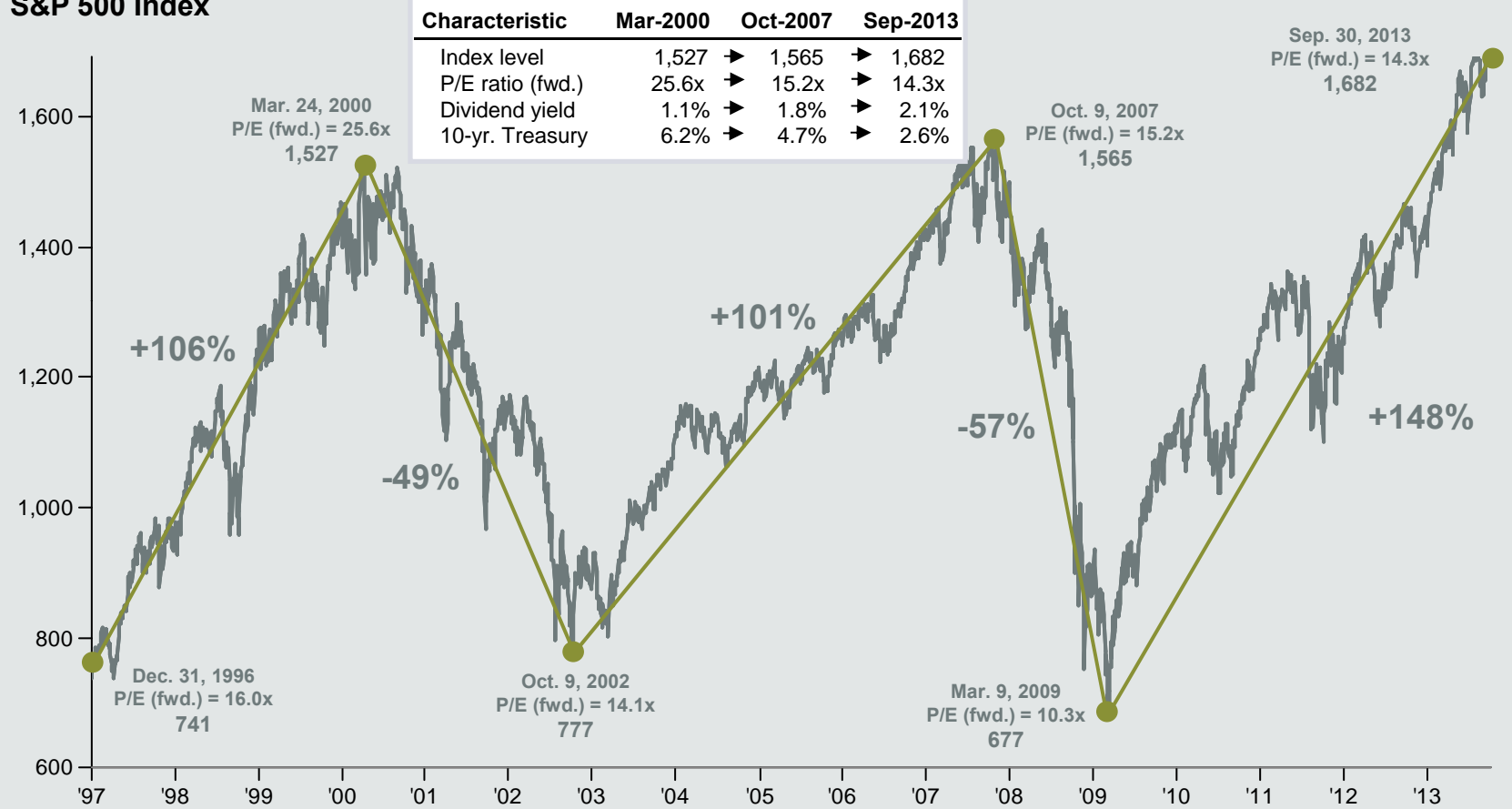
All calculations are cumulative total return, not annualized, including dividends for the stated period. Since Market Peak represents period 10/9/07 – 9/30/13. Since Market Low represents period 3/9/09 – 9/30/13. Correlation to Treasury Yields are trailing 2-year monthly correlations between S&P 500 sector price returns and 10-year Treasury yield movements. Forward P/E Ratio is a bottom-up calculation based on the most recent S&P 500 Index price, divided by consensus estimates for earnings in the next 12 months (NTM), and is provided by FactSet Market Aggregates. Trailing P/E ratios are bottom-up values defined as month-end price divided by the last 12 months of available reported earnings. Historical data can change as new information becomes available. Note that P/E ratios for the S&P 500 may differ from estimates elsewhere in this book due to the use of a bottom-up calculation of constituent earnings (as described) rather than a top-down calculation. This methodology is used to allow proper comparison of sector level data to broad index level data. Dividend yields are bottom-up values defined as the annualized value of the most recent cash dividend as a percent of month-end price. Beta calculations are based on 10 years of monthly price returns for the S&P 500 and its sub-indices. Past performance is not indicative of future returns.

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Data are as of 9/30/13.

S&P 500 Index at Inflection Points

S&P 500 Index



Source: Standard & Poor's, First Call, Compustat, FactSet, J.P. Morgan Asset Management.

Dividend yield is calculated as the annualized dividend rate divided by price, as provided by Compustat. Forward Price to Earnings Ratio is a bottom-up calculation based on the most recent S&P 500 Index price, divided by consensus estimates for earnings in the next 12 months (NTM), and is provided by FactSet Market Aggregates. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns.

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Data are as of 9/30/13.

Stock Valuation Measures: S&P 500 Index

S&P 500 Index: Valuation Measures

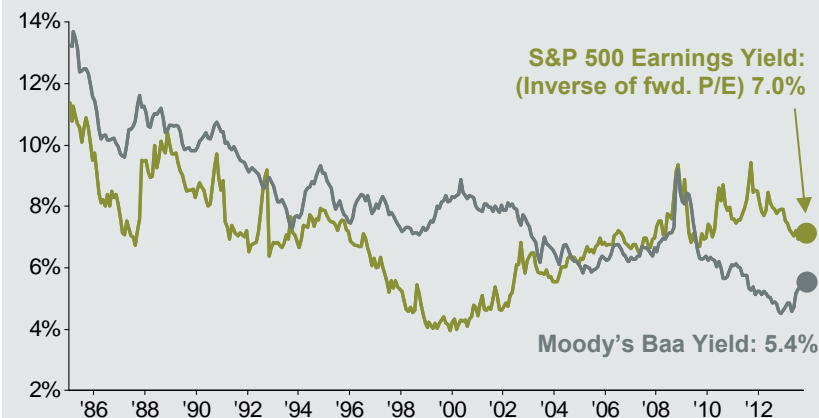
Valuation Measure	Description	Latest*	1-year ago	Historical Averages			
				3-year avg.	5-year avg.	10-year avg.	15-year avg.
P/E	Price to Earnings	14.3x	12.9x	12.8x	12.9x	14.0x	16.3x
P/B	Price to Book	2.5	2.2	2.2	2.1	2.5	2.9
P/CF	Price to Cash Flow	9.9	8.9	8.7	8.4	9.6	10.9
P/S	Price to Sales	1.4	1.3	1.2	1.2	1.3	1.5
PEG	Price/Earnings to Growth	1.4	1.3	1.1	2.1	1.7	1.6
Div. Yield	Dividend Yield	2.2%	2.3%	2.2%	2.3%	2.1%	1.9%

S&P 500 Shiller Cyclically Adjusted P/E

Adjusted using trailing 10-yr. avg. inflation adjusted earnings



S&P 500 Earnings Yield vs. Baa Bond Yield



Source: (Top) Standard & Poor's, FactSet, Robert Shiller Data, J.P. Morgan Asset Management.

Price to Earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months. Price to Book is price divided by book value per share. Data post-1992 include intangibles and are provided by Standard & Poor's. Price to Cash Flow is price divided by consensus analyst estimates of cash flow per share for the next 12 months. Price to Sales is calculated as price divided by consensus analyst estimates of sales per share for the next 12 months. PEG Ratio is calculated as NTM P/E divided by NTM earnings growth. Dividend Yield is calculated as consensus analyst estimates of dividends for the next 12 months divided by price. All consensus analyst estimates are provided by FactSet. (Bottom left) Cyclically adjusted P/E uses as reported earnings throughout. *Latest reflects data as of 9/30/2013.

(Bottom right) Standard & Poor's, IBES, Moody's, FactSet, J.P. Morgan Asset Management.

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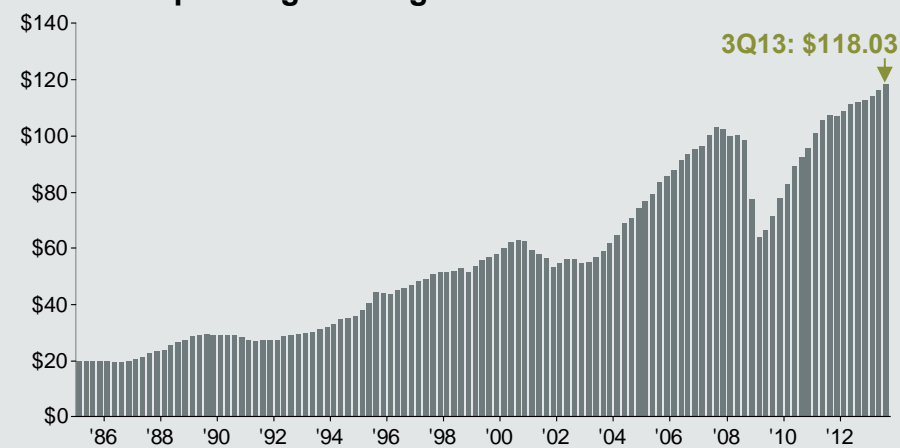
Data are as of 9/30/13.

Earnings Estimates and Multiples

S&P 500 Index: Forward P/E Ratio



S&P 500 Operating Earnings Estimates



S&P 500 Index Levels

Index levels implied by operating earnings and P/E ratio combinations

	\$80	\$90	\$100	\$110	\$120	\$130
11x	880	990	1100	1210	1320	1430
12x	960	1080	1200	1320	1440	1560
13x	1040	1170	1300	1430	1560	1690
14x	1120	1260	1400	1540	1680	1820
15x	1200	1350	1500	1650	1800	1950
16x	1280	1440	1600	1760	1920	2080
17x	1360	1530	1700	1870	2040	2210
18x	1440	1620	1800	1980	2160	2340
19x	1520	1710	1900	2090	2280	2470

Source: Standard & Poor's, IBES, FactSet, J.P. Morgan Asset Management. Earnings estimates are for the next 12 months and taken at quarter end dates throughout the year. Forward Price to Earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months.

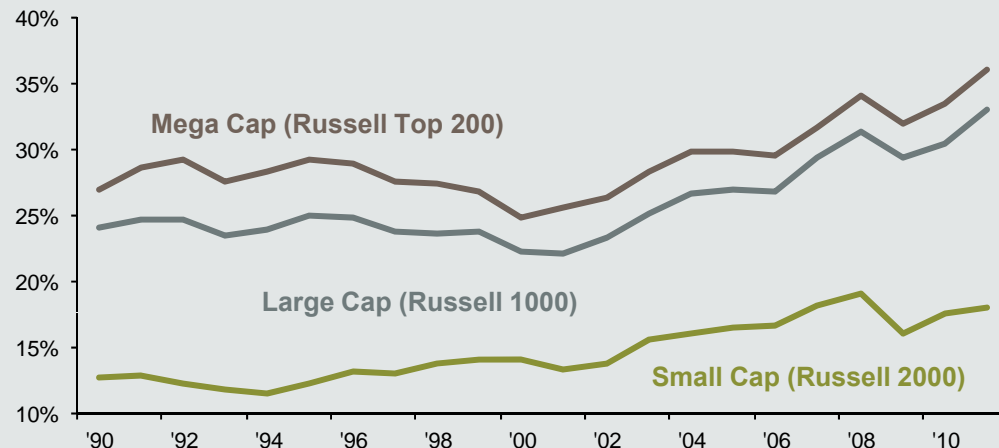
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Data are as of 9/30/13.

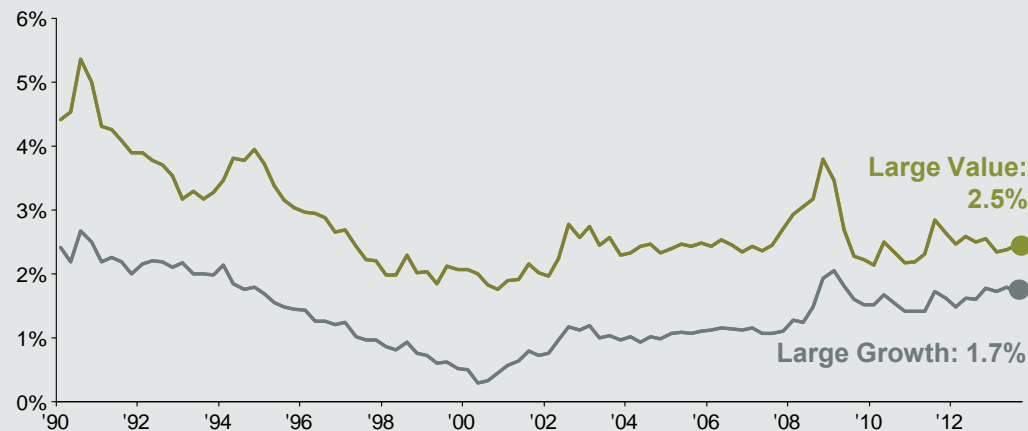
Valuations by Style

Equities

Foreign Sales, % of Total Sales



Russell 1000 Growth & Value Dividend Yields



Source: Standard & Poor's, Russell Investment Group, IBES, FactSet, J.P. Morgan Asset Management.

P/E ratios are calculated and provided by Russell based on IBES consensus estimates of earnings over the next 12 months except for large blend, which is the S&P 500.

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Data are as of 9/30/13.

Current P/E vs. 20-year avg. P/E

	Value	Blend	Growth
Large	12.8 / 13.9	14.3 / 16.1	16.3 / 20.9
Mid	14.2 / 14.0	15.9 / 16.3	17.7 / 21.8
Small	14.6 / 14.3	16.8 / 17.1	19.2 / 21.3

Current P/E as % of 20-year avg. P/E

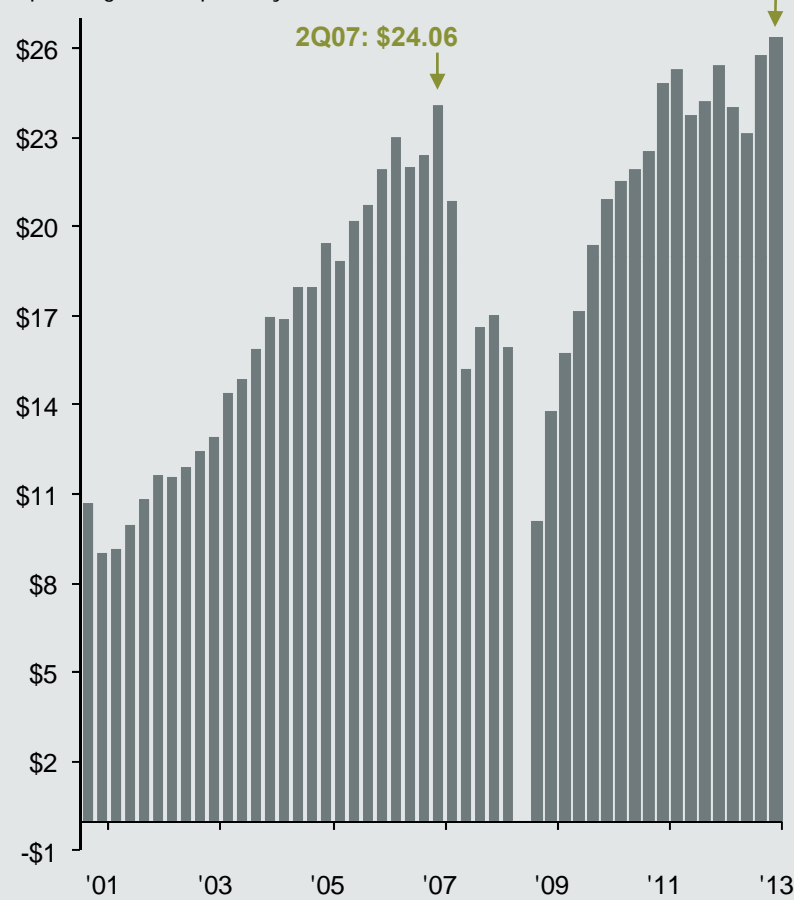
E.g.: Large Cap Blend stocks are 11.5% cheaper than their historical average.

	Value	Blend	Growth
Large	92.1%	88.5%	77.8%
Mid	101.6%	97.6%	81.3%
Small	102.7%	98.1%	90.0%

Corporate Profits and Leverage

S&P 500 Earnings Per Share

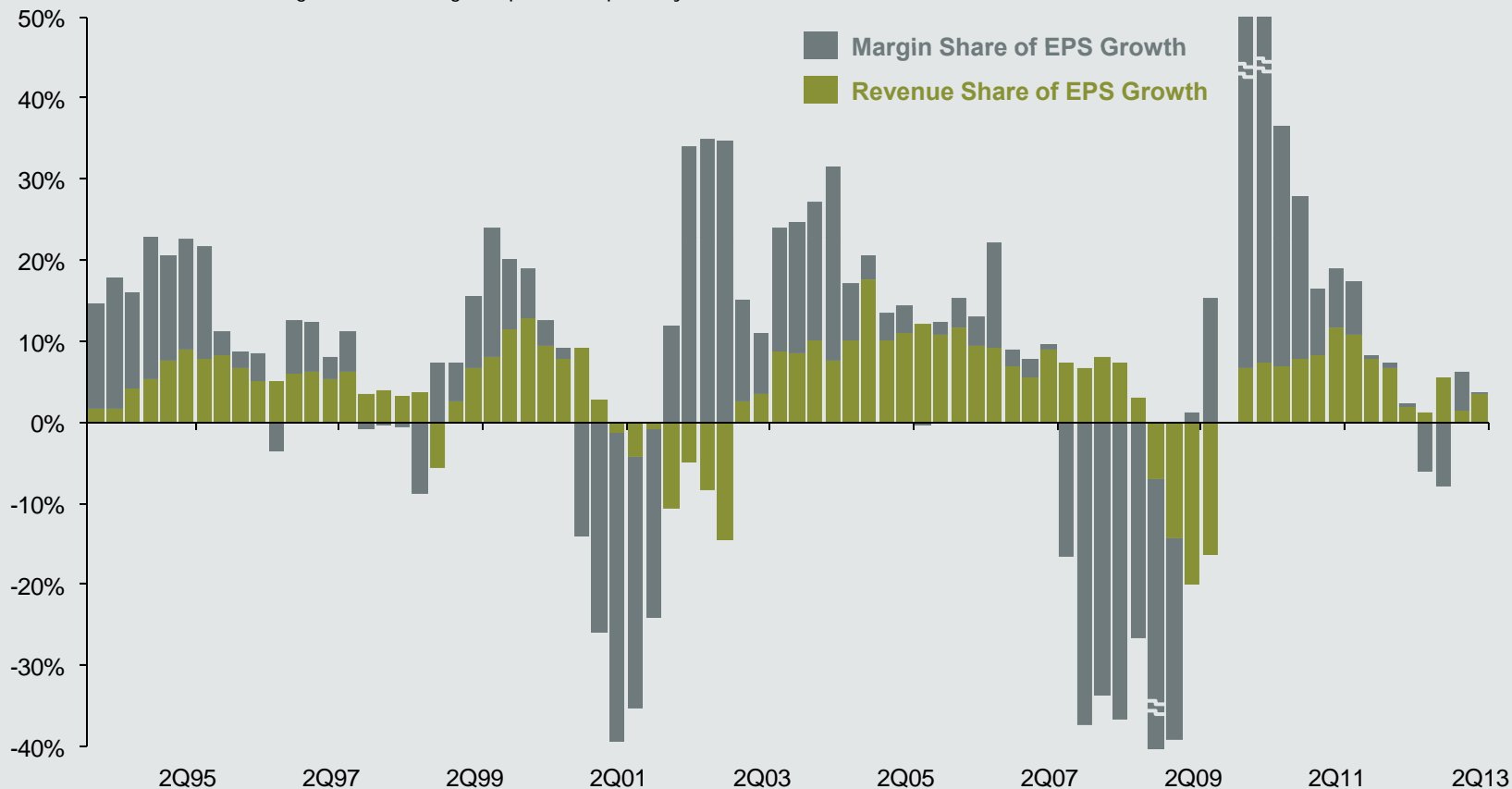
Operating basis, quarterly



Sources of Earnings per Share Growth

S&P 500 Year-Over-Year EPS Growth

Growth broken into revenue growth and margin expansion, quarterly



Source: Standard & Poor's, Compustat, J.P. Morgan Asset Management.

EPS levels are based on operating earnings per share. Most recently available data is 1Q13 as 2Q13 are Standard & Poor's preliminary estimates. Past performance is not indicative of future returns. 4Q2008, 1Q2010 and 2Q2010 reflect -101%, 92% and 51% growth in operating earnings, and are adjusted on the chart.

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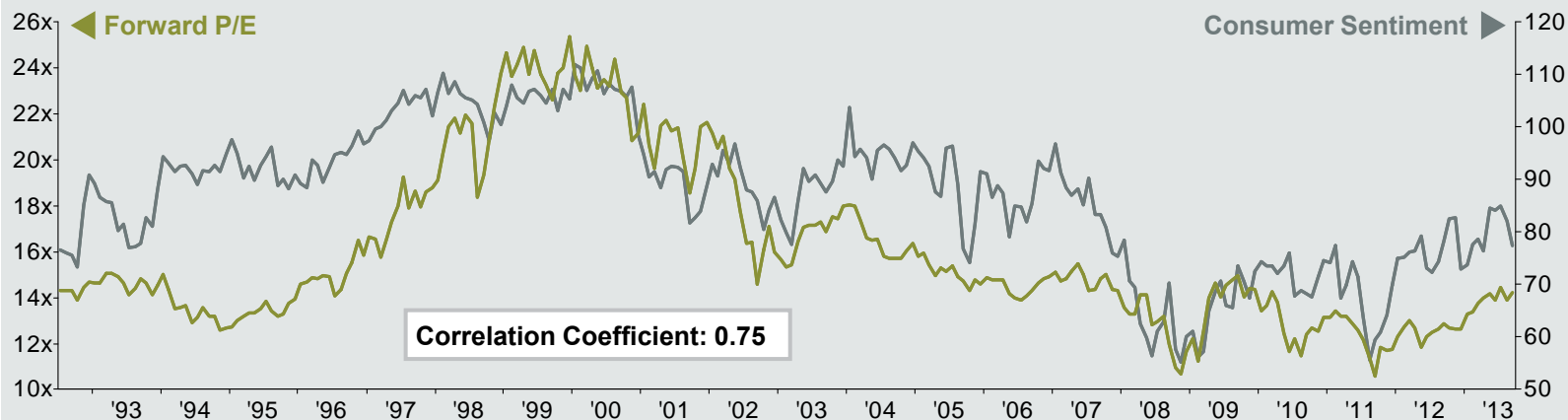
Data are as of 9/30/13.

Confidence and the Capital Markets

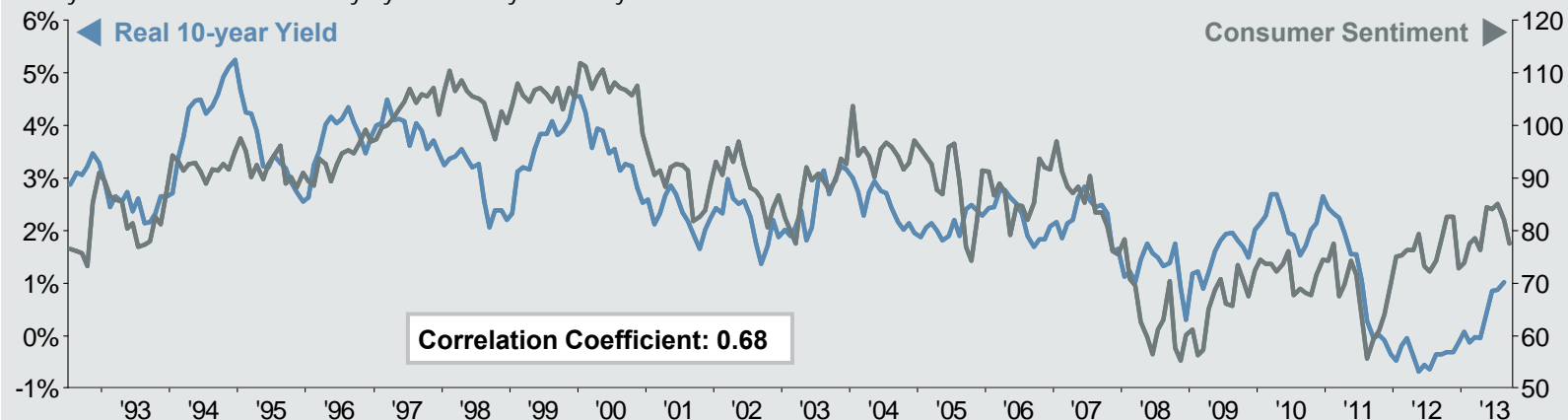
Equities

Multiple Expansion and Contraction

S&P 500 forward P/E based on consensus EPS estimates

Est. impact of a 10pt. rise in sentiment: +2.0 multiple points***Sentiment & Real Yields**

Real yield based on nominal 10-yr. yield minus year-over-year core CPI

Est. impact of a 10pt. rise in sentiment: +54 basis points*

Source: (Top) Standard & Poor's, FactSet, J.P. Morgan Asset Management. (Bottom) U.S. Treasury, BLS, University of Michigan, J.P. Morgan Asset Management. Price to Earnings is price divided by consensus analyst estimates of earnings per share for the next twelve months. Real 10-year Treasury yields are calculated as the daily Treasury yield less year-over-year core inflation for that month. *Estimated impact based on coefficients from regression analysis. Guide to the Markets – U.S. Data are as of 9/30/13.

Correlations Between Weekly Stock Returns and Interest Rate Movements

Weekly S&P 500 returns, 10-year Treasury yield, rolling 2-year correlation, 1963-2013



Source: Standard & Poor's, US Treasury, FactSet, J.P. Morgan Asset Management.

Returns are based on price index only and do not include dividends.

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Data are as of 9/30/13.

Deploying Corporate Cash

Corporate Cash as a % of Current Assets

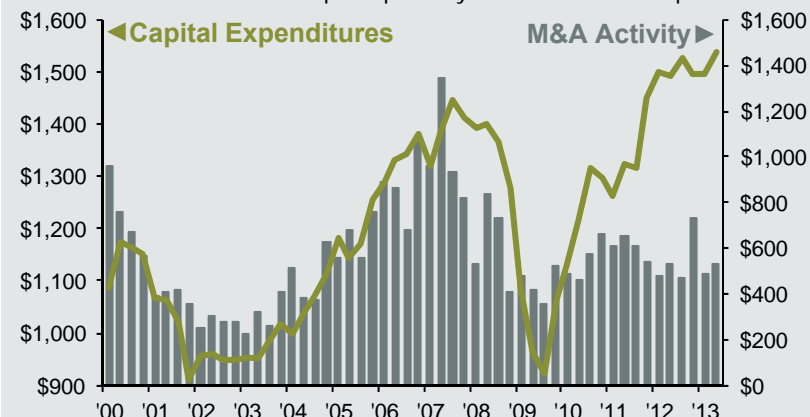
S&P 500 companies – cash and cash equivalents, quarterly

**Dividend Payout Ratio**

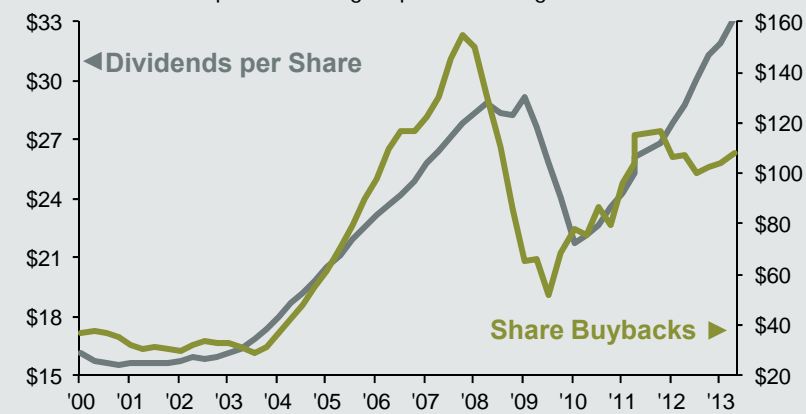
S&P 500 companies, LTM

**Corporate Growth**

\$bn, nonfarm nonfinancial capex, quarterly value of deals completed

**Cash Returned to Shareholders**

\$bn, S&P 500 companies, rolling 4-quarter averages

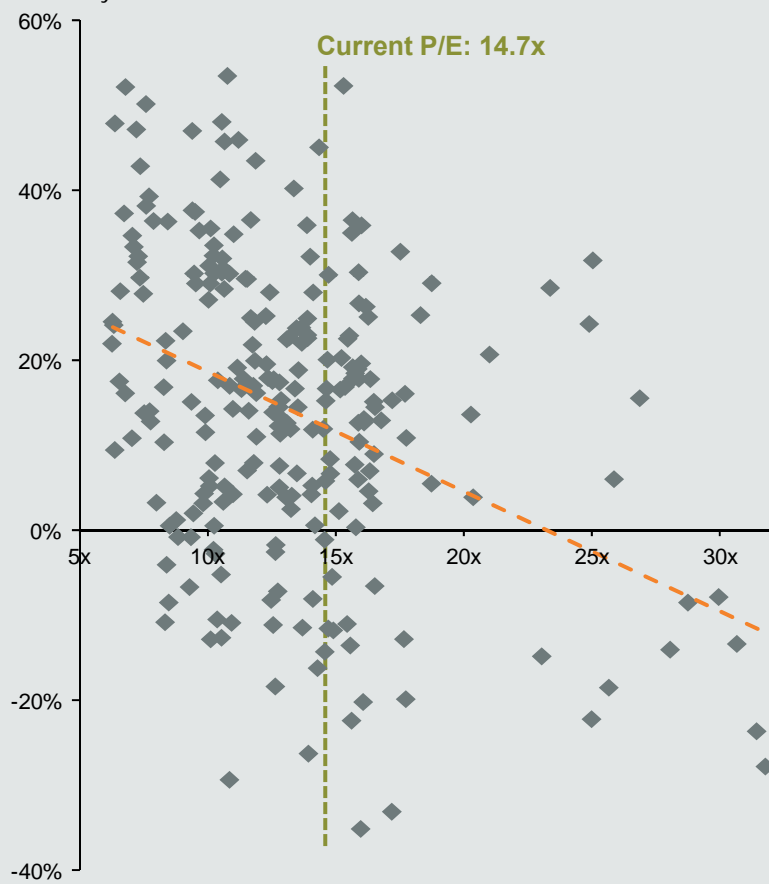


Source: Standard & Poor's, FRB, Bloomberg, FactSet, J.P. Morgan Securities, J.P. Morgan Asset Management. (Top left) Standard & Poor's, FactSet, J.P. Morgan Asset Management. (Top right) M&A activity is the quarterly value of deals completed and capital expenditures are for nonfarm nonfinancial corporate business. (Bottom left) Standard & Poor's, FactSet, J.P. Morgan Asset Management. (Bottom right) Standard & Poor's, Compustat, FactSet, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of 9/30/13.

P/E Ratios and Equity Returns

P/E and Total Return Over 1-yr. Periods

Quarterly, 1Q 1952 to 2Q 2012

**P/E and Total Return Over 5-yr. Annualized Periods**

Quarterly, 1Q 1952 to 2Q 2008



Source: BEA, FRB, J.P. Morgan Asset Management. Prices are based on the market value of all U.S. corporations and include quarterly dividends. Valuation based on long-term P/E ratio.

Note: Orange line denote results of linear regression with R-squared of 0.13 for 1-yr. returns (left) and 0.27 for 5-yr. returns (right).

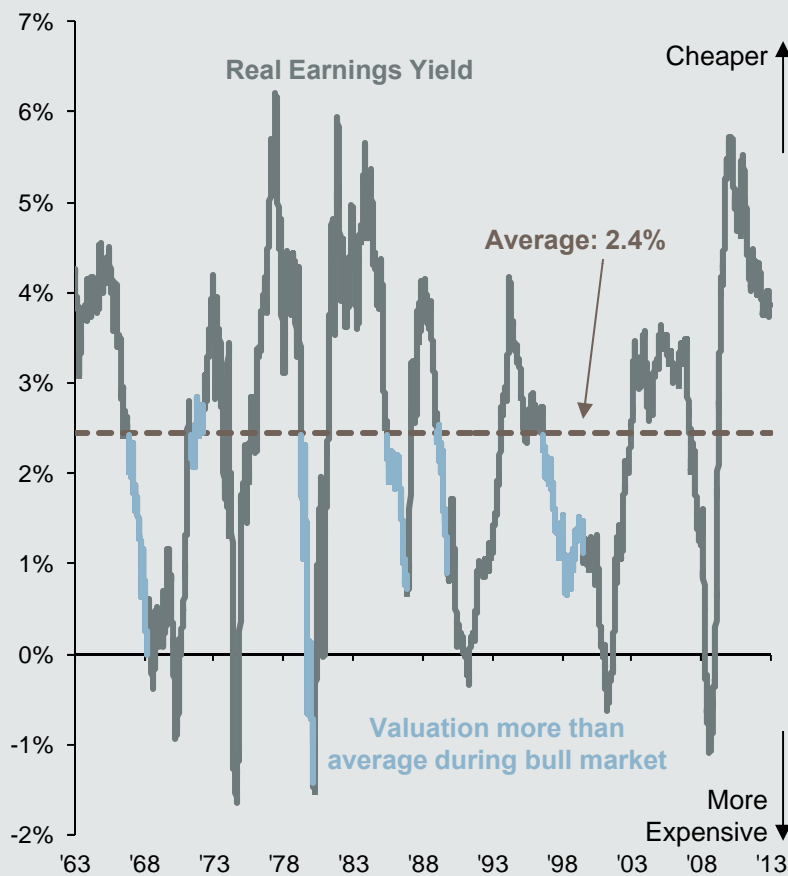
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Data are as of 9/30/13.

Real Earnings Yield

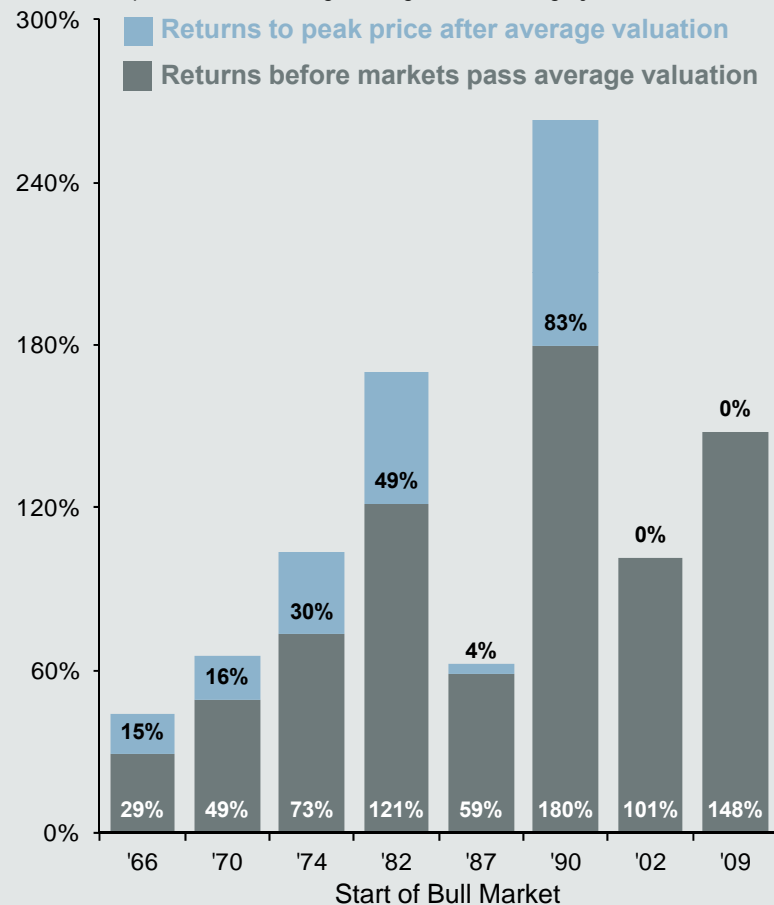
Real Earnings Yield – S&P 500

1963-2013



Bull Market Cycles – Before and After Avg. Valuation

Returns to peak after crossing average real earnings yield



Source: Standard & Poor's, J.P. Morgan Asset Management. "Guide to the Markets – U.S."

Valuations are based on real earnings yield for the S&P 500 which is defined as (trailing four quarters of reported earnings/price) - year over year core CPI inflation. Period after average valuation defined by 15-day moving average passing below average real earnings yield.

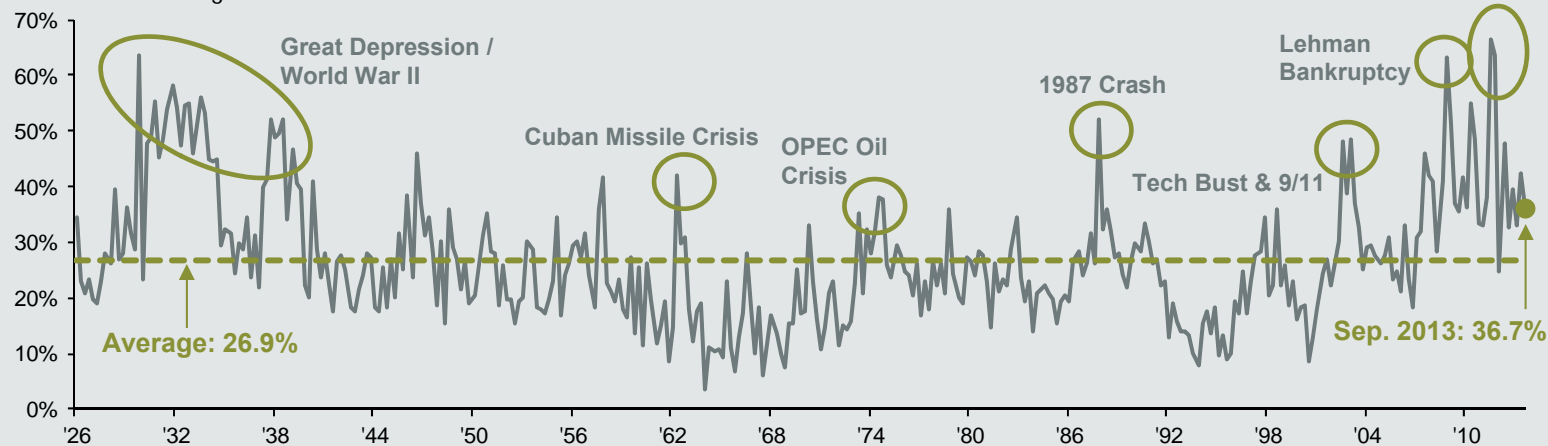
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Data as of 9/30/2013

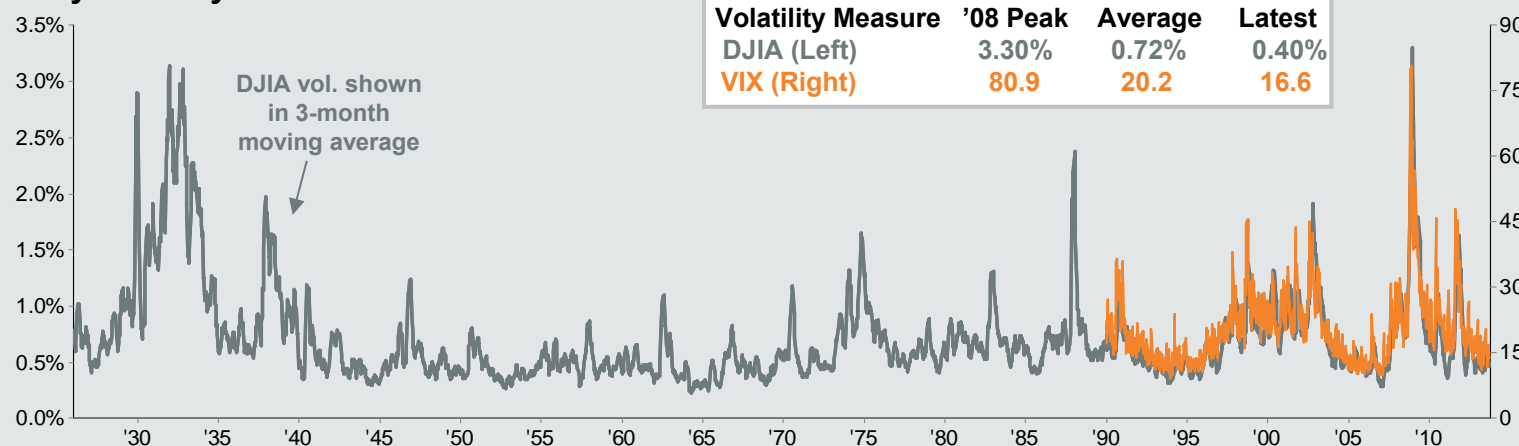
Equity Correlations and Volatility

Large Cap Stocks

Correlations Among Stocks



Daily Volatility of DJIA

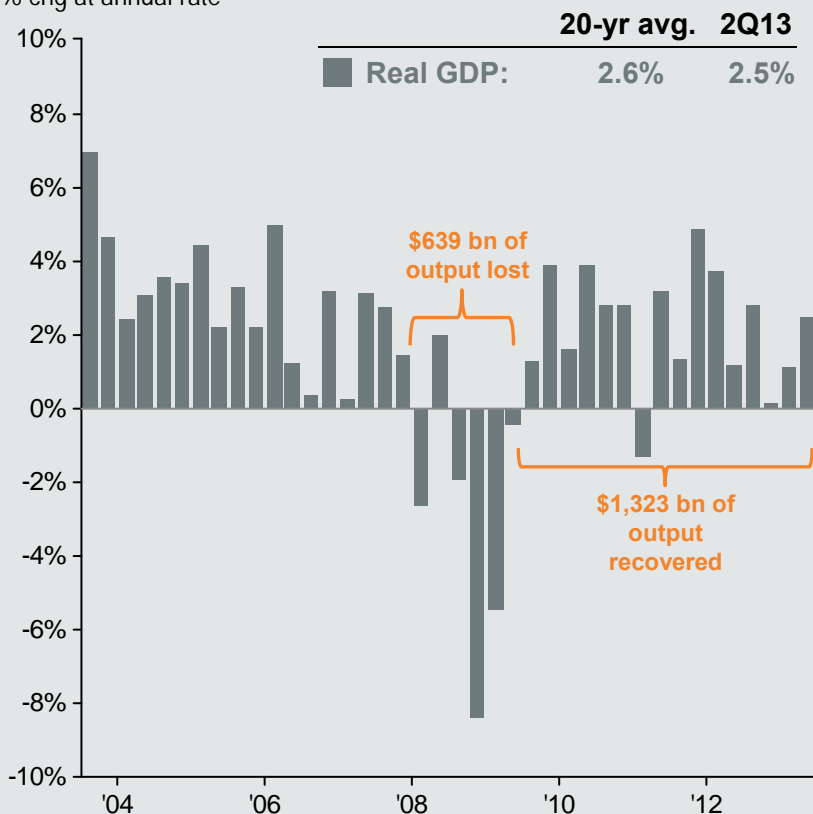


Source: (Top) Empirical Research Partners LLC, Standard & Poor's, J.P. Morgan Asset Management. Capitalization weighted correlation of top 750 stocks by market capitalization, daily returns, 1926 – Sep. 30, 2013. (Bottom) CBOE, Dow Jones, J.P. Morgan Asset Management. DJIA volatility are represented as three-month moving averages of the daily absolute percentage change in the Dow Jones Industrial Average. Charts shown for illustrative purposes only. Guide to the Markets – U.S. Data are as of 9/30/13.

Economic Growth and the Composition of GDP

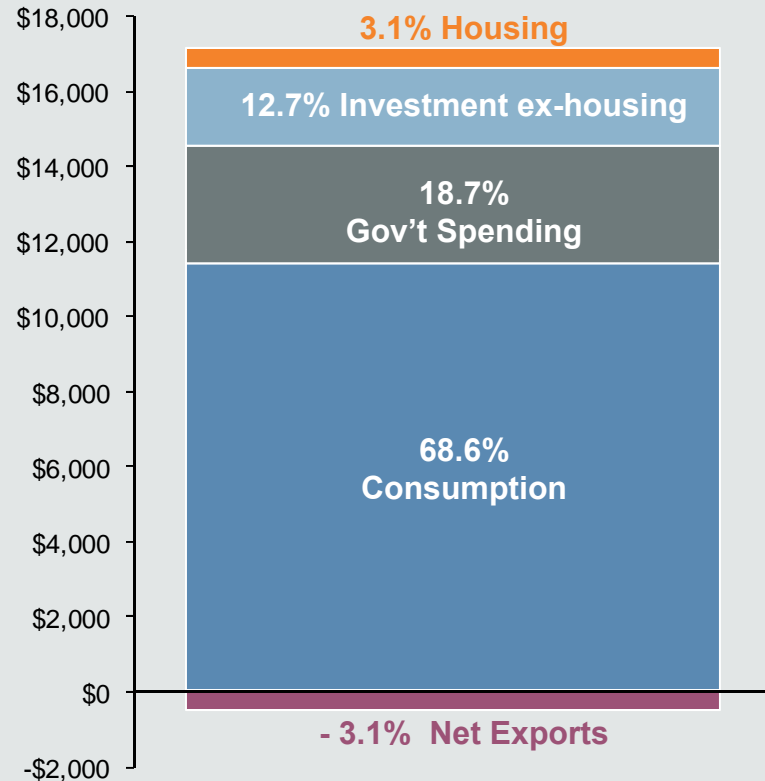
Real GDP

% chg at annual rate



Components of GDP

2Q13 nominal GDP, billions USD



Source: BEA, FactSet, J.P. Morgan Asset Management.

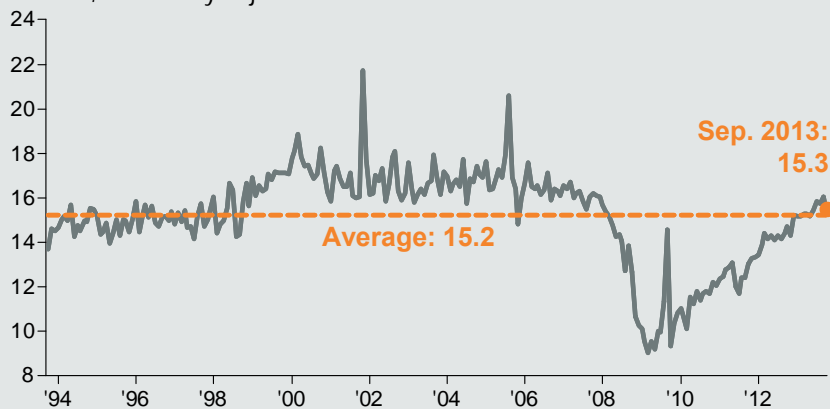
GDP values shown in legend are % change vs. prior quarter annualized and reflect 2Q13 GDP.

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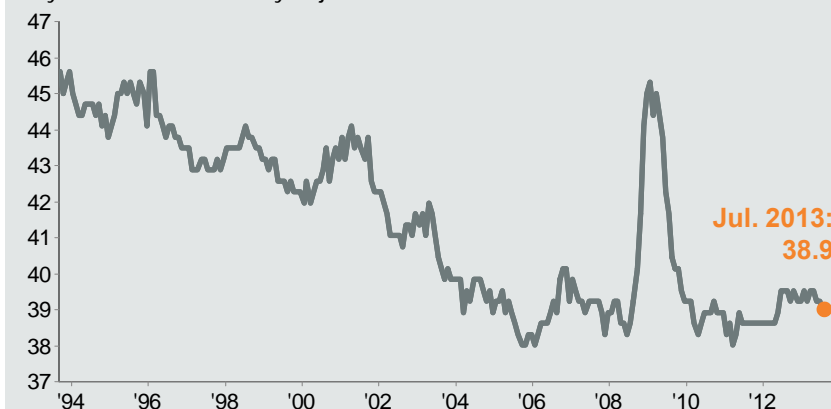
Data are as of 9/30/13.

Light Vehicle Sales

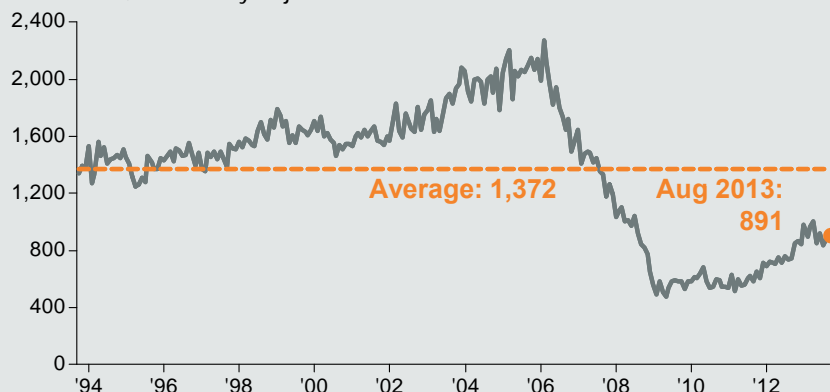
Millions, seasonally adjusted annual rate

**Manufacturing and Trade Inventories**

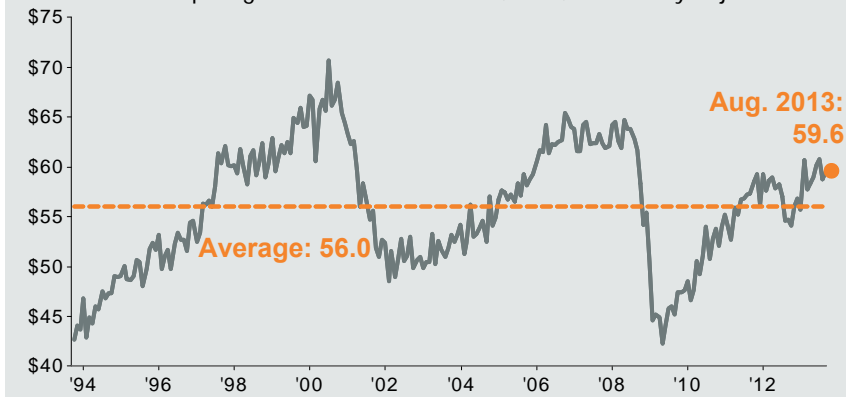
Days of sales, seasonally adjusted

**Housing Starts**

Thousands, seasonally adjusted annual rate

**Real Capital Goods Orders**

Non-defense capital goods orders ex. aircraft, \$ bn, seasonally adjusted



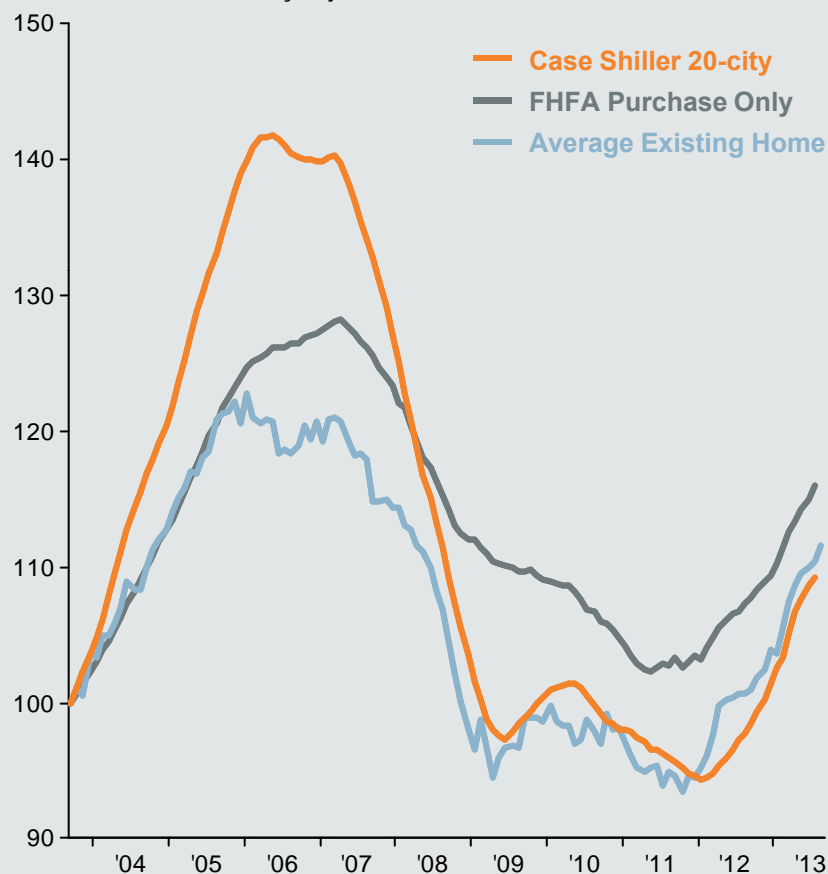
Source: (Top left) BEA, FactSet, J.P. Morgan Asset Management. (Top right) Census Bureau, FactSet, J.P. Morgan Asset Management. (Bottom left) Census Bureau, FactSet, J.P. Morgan Asset Management. (Bottom right) Census Bureau, FactSet, J.P. Morgan Asset Management. Capital goods orders deflated using the producer price index for capital goods with a base year of 2004. Guide to the Markets – U.S.

Data are as of 9/30/13.

The Aftermath of the Housing Bubble

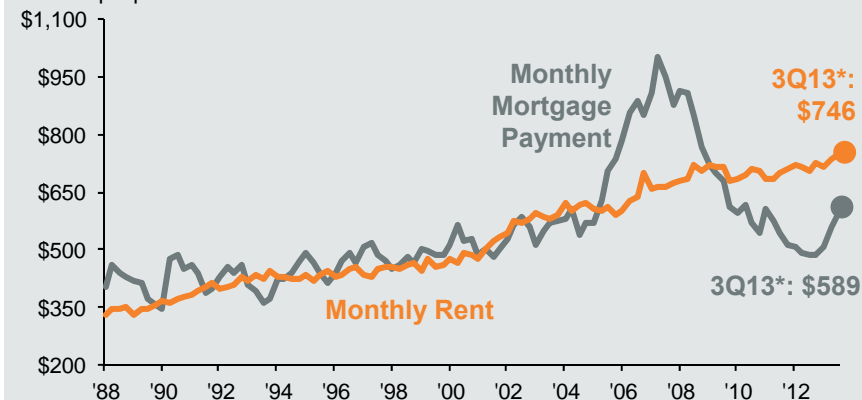
Home Prices

Indexed to 100, seasonally adjusted



Monthly Rent vs. Monthly Mortgage Payment

Vacant properties



Home Inventories

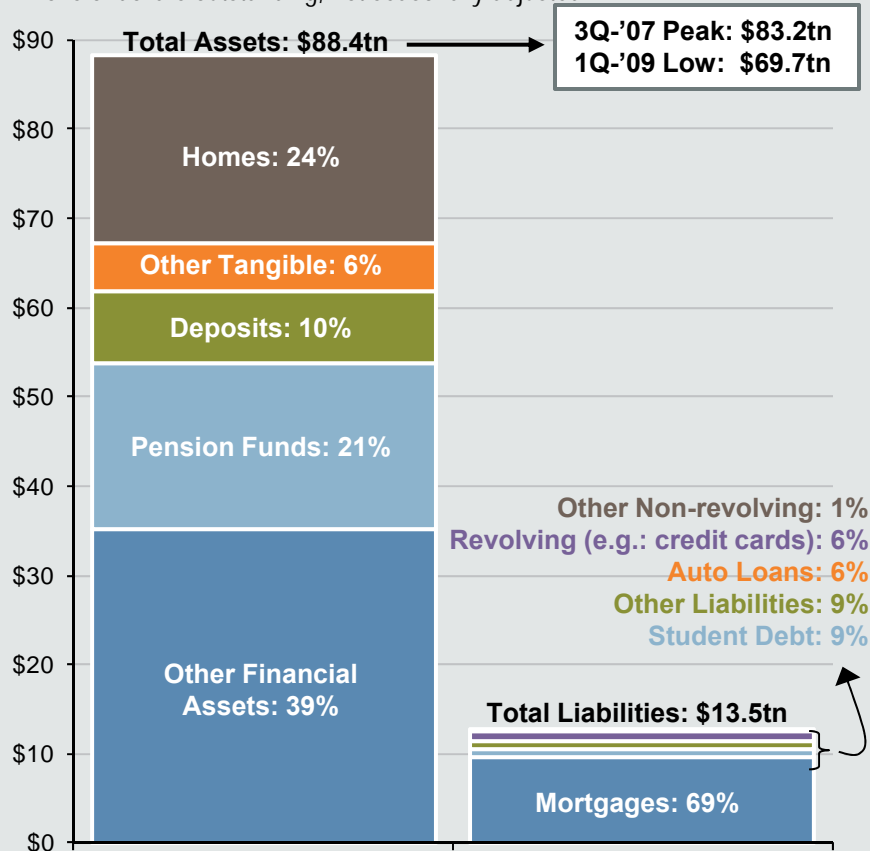
Millions, annual rate, seasonally adjusted



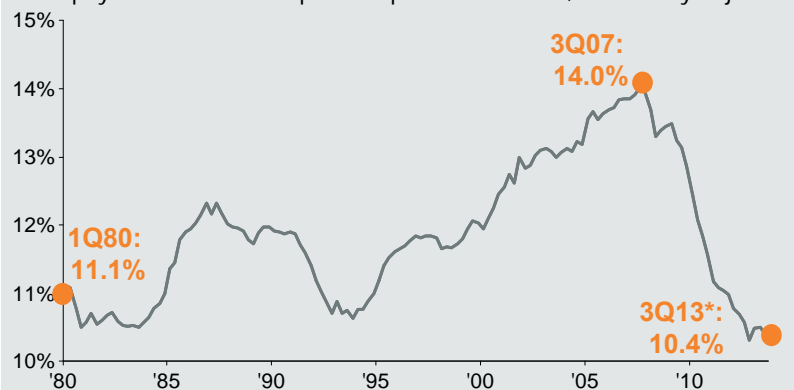
Sources: (Left) National Association of Realtors, Standard & Poor's, FHFA, FactSet, J.P. Morgan Asset Management. (Top right) Census Bureau, J.P. Morgan Asset Management. Monthly mortgage payment assumes a 20% down payment at prevailing 30-year fixed-rate mortgage rates; analysis based on median asking rent and median mortgage payment based on asking price. (Bottom right) Census Bureau, National Association of Realtors, J.P. Morgan Asset Management. *3Q13 rent and mortgage payment values are J.P. Morgan Asset Management estimates.
Guide to the Markets – U.S.

Consumer Balance Sheet

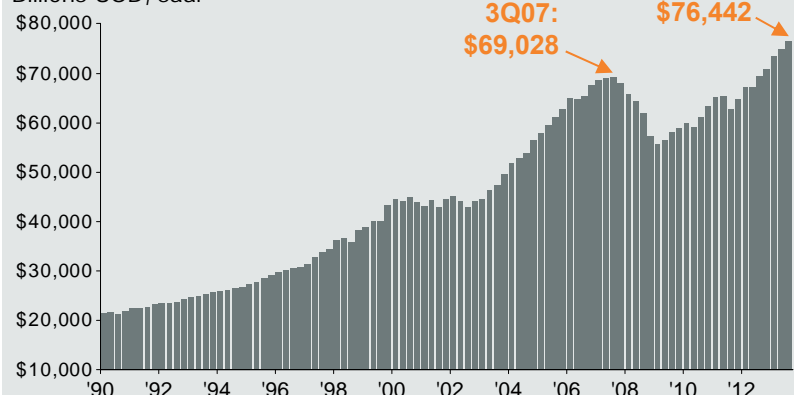
Trillions of dollars outstanding, not seasonally adjusted

**Household Debt Service Ratio**

Debt payments as % of disposable personal income, seasonally adjusted

**Household Net Worth**

Billions USD, saar



Source: (Left) FRB, J.P. Morgan Asset Management. Data includes households and nonprofit organizations. (Right) BEA, FRB, J.P. Morgan Asset Management. *2Q13 and 3Q13 household debt service ratio and 3Q13 household net worth are J.P. Morgan Asset Management estimates. Values may not sum to 100% due to rounding.

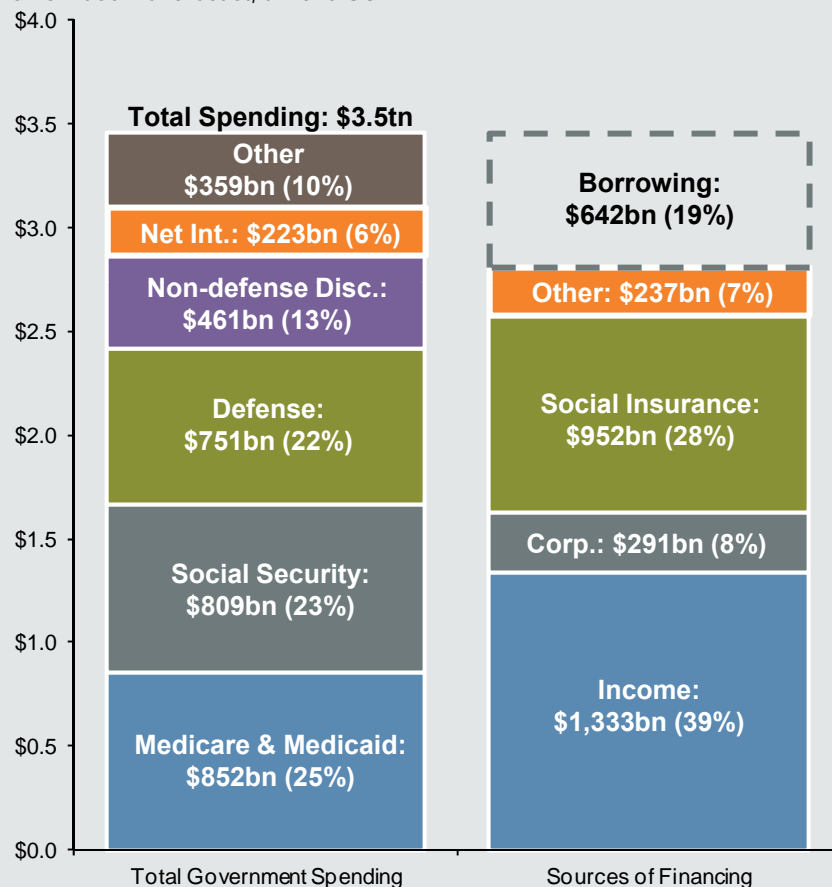
Guide to the Markets – U.S.

Data are as of 9/30/13.

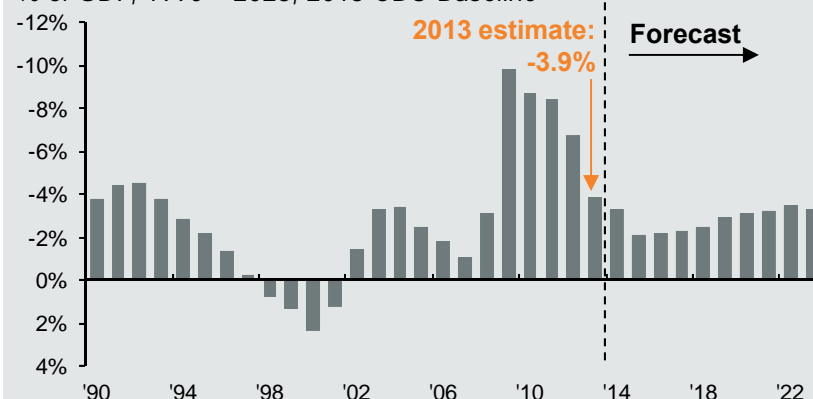
Federal Finances

The 2013 Federal Budget

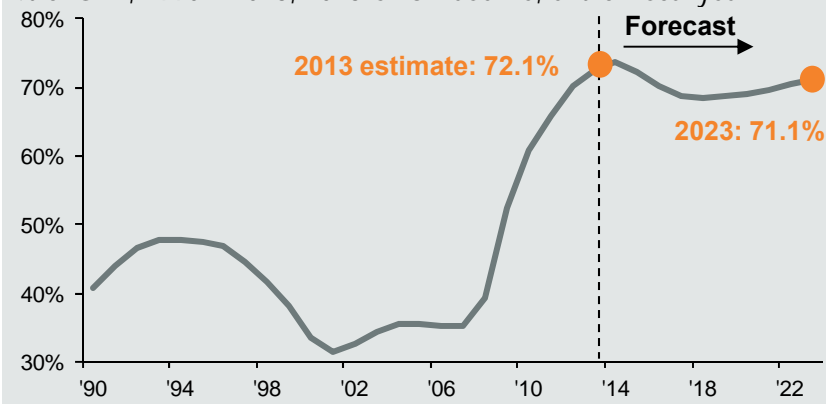
CBO Baseline forecast, trillions USD

**Federal Budget Surplus/Deficit**

% of GDP, 1990 – 2023, 2013 CBO Baseline

**Federal Net Debt (Accumulated Deficits)**

% of GDP, 1990 – 2023, 2013 CBO Baseline, end of fiscal year



Source: U.S. Treasury, BEA, OMB, CBO, J.P. Morgan Asset Management.

2013 Federal Budget is based on the CBO's May 2013 Baseline Scenario. Other spending includes, but is not limited to, health insurance subsidies, income security, and federal civilian and military retirement.

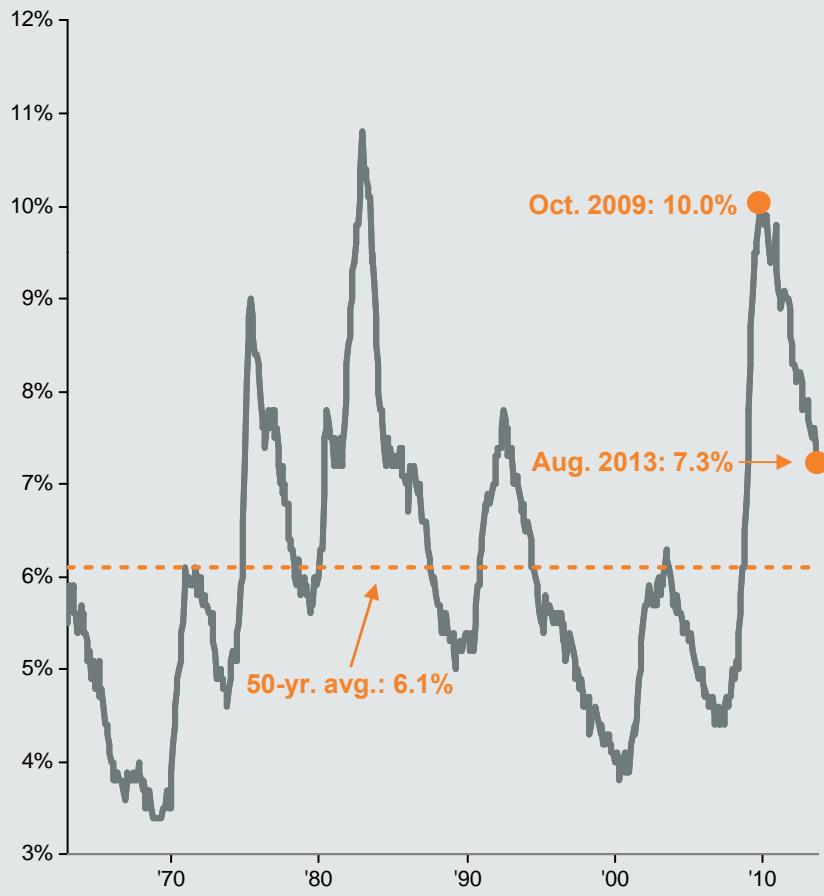
Note: Years shown are fiscal years (Oct. 1 through Sep. 30). 2013 numbers in right hand charts are J.P. Morgan Asset Management estimates.

Guide to the Markets – U.S.

Data are as of 9/30/13.

Civilian Unemployment Rate

Seasonally adjusted



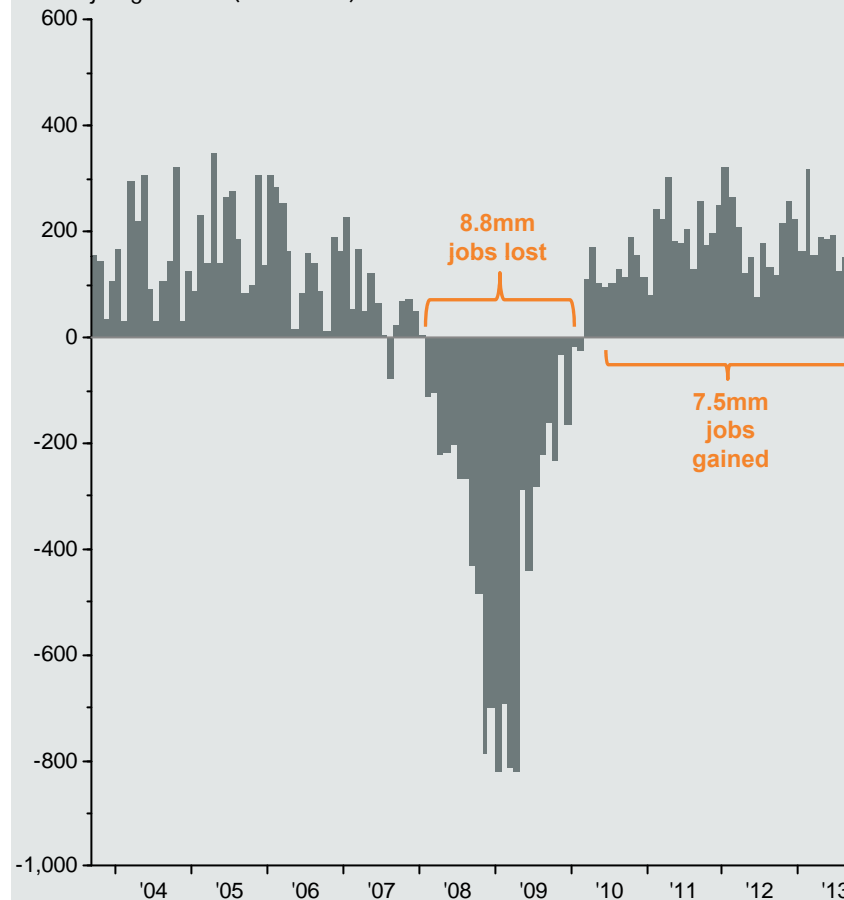
Source: BLS, FactSet, J.P. Morgan Asset Management.

Guide to the Markets – U.S.

Data are as of 9/30/13.

Employment – Total Private Payroll

Total job gain/loss (thousands)

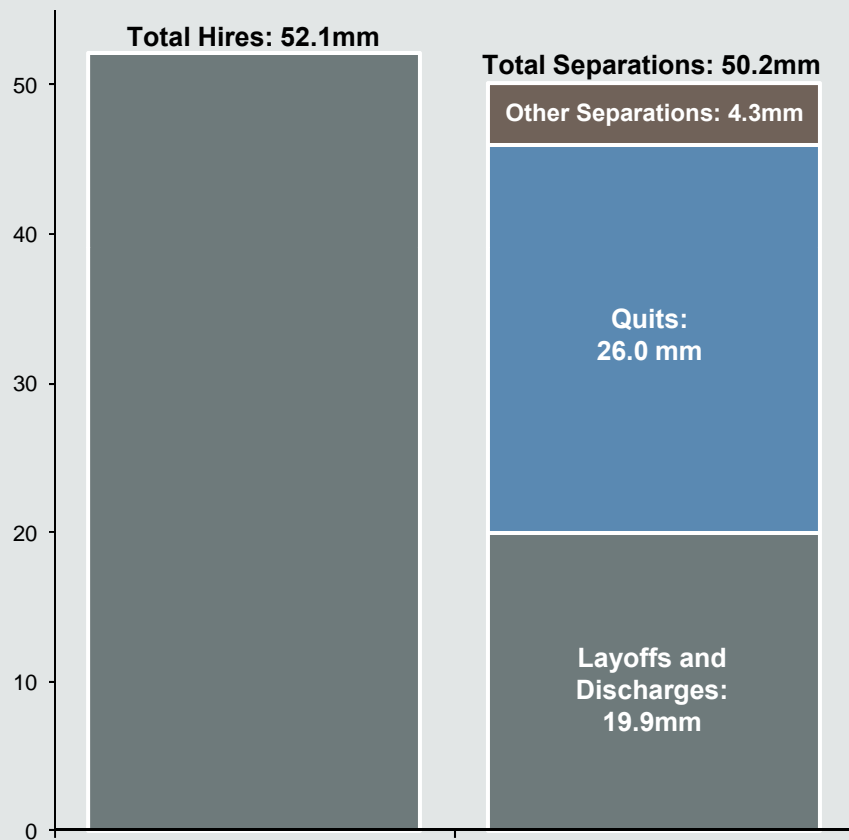


Source: BLS, FactSet, J.P. Morgan Asset Management.

Alternative Measures of Labor Utilization

Job Gains and Losses – Aug. 2012 to Jul. 2013

Millions of jobs



Source: BLS, FactSet, J.P. Morgan Asset Management.

Guide to the Markets – U.S.

Data are as of 9/30/13.

Labor Force Participation Rate

% of population aged 16+ working or looking for work



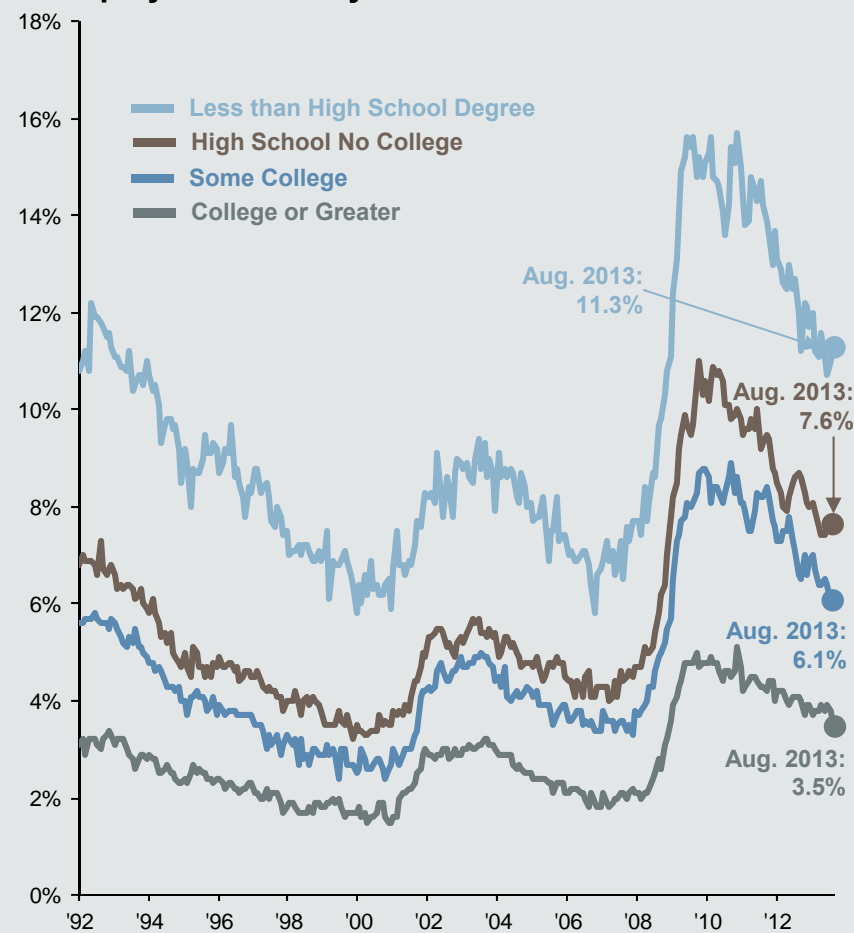
Average Hourly Earnings Growth

Year over year % chg. for production and nonsupervisory workers



Employment and Income by Educational Attainment

Unemployment Rate by Education Level



Source: BLS, FactSet, J.P. Morgan Asset Management.

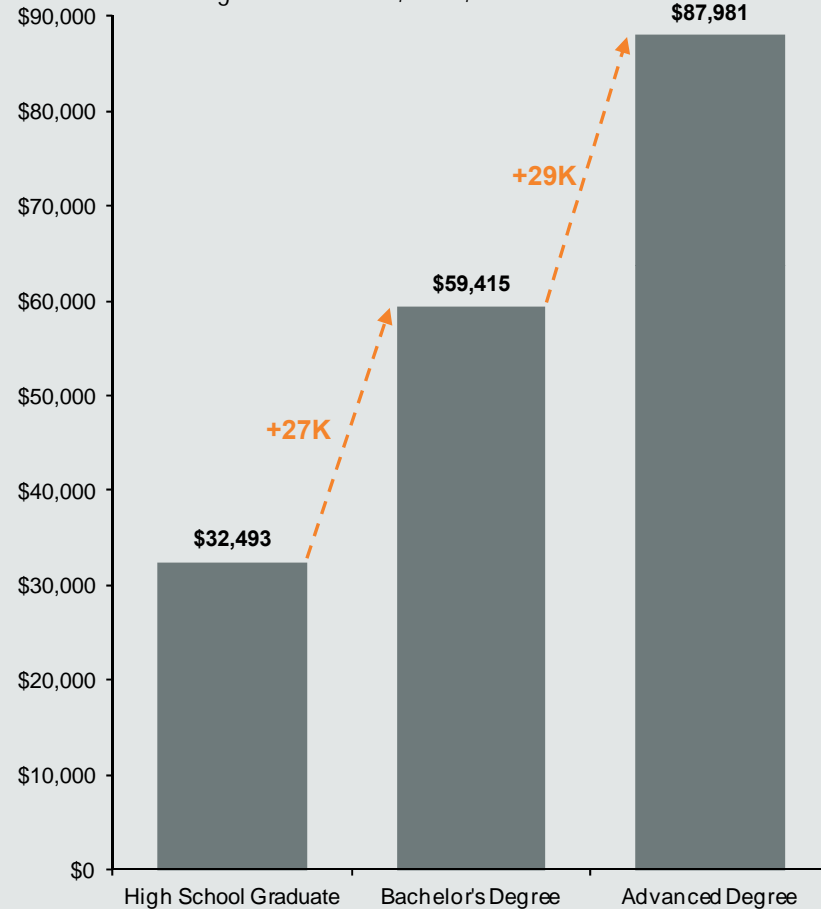
Unemployment rates shown are for civilians aged 25 and older.

Guide to the Markets – U.S.

Data are as of 9/30/13.

Average Annual Earnings by Highest Degree Earned

Full-time workers aged 18 and older, 2011, USD

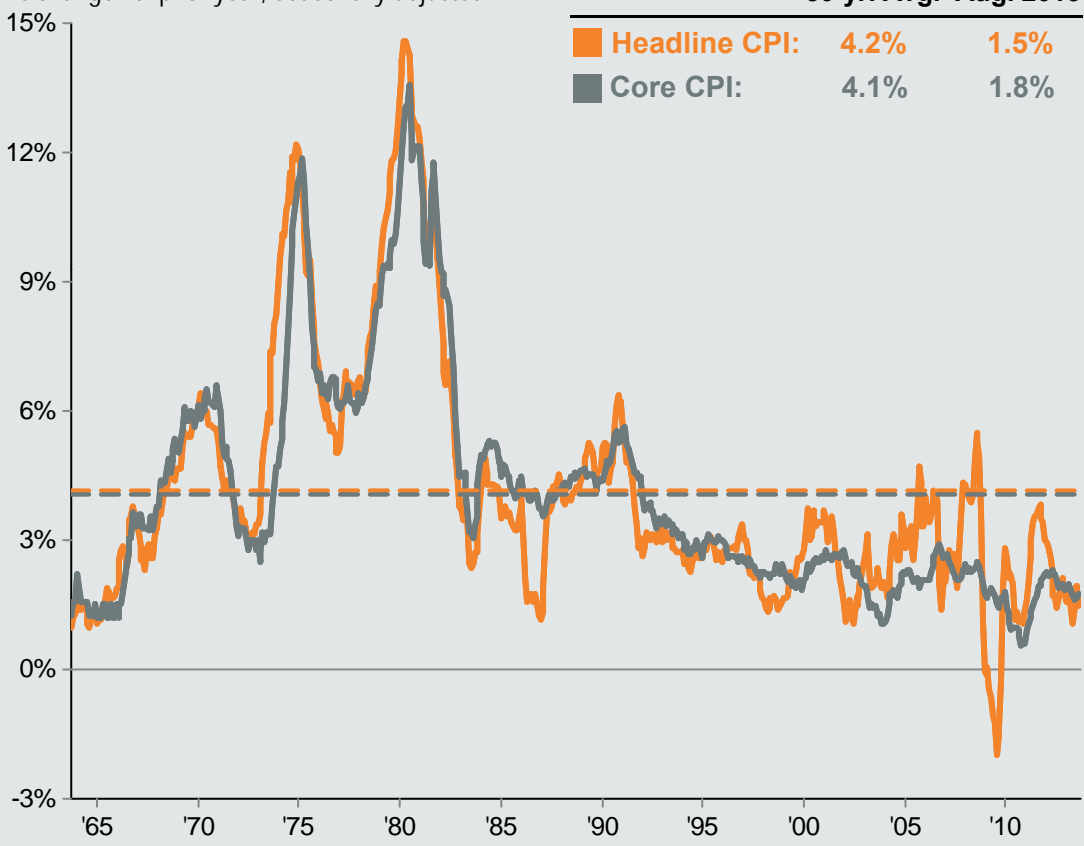


Source: Census Bureau, J.P. Morgan Asset Management.

Consumer Price Index

CPI and Core CPI

% change vs. prior year, seasonally adjusted



CPI Components	Weight in CPI	12-month Change
Food & Bev.	15.3%	1.4%
Housing	41.0%	2.2%
Apparel	3.6%	1.8%
Transportation	16.8%	0.1%
Medical Care	7.2%	2.3%
Recreation	6.0%	0.4%
Educ. & Comm.	6.8%	1.5%
Other	3.4%	1.6%
Headline CPI	100.0%	1.5%
Less:		
Energy	9.6%	-0.1%
Food	14.3%	1.4%
Core CPI	76.1%	1.8%

Source: BLS, FactSet, J.P. Morgan Asset Management.

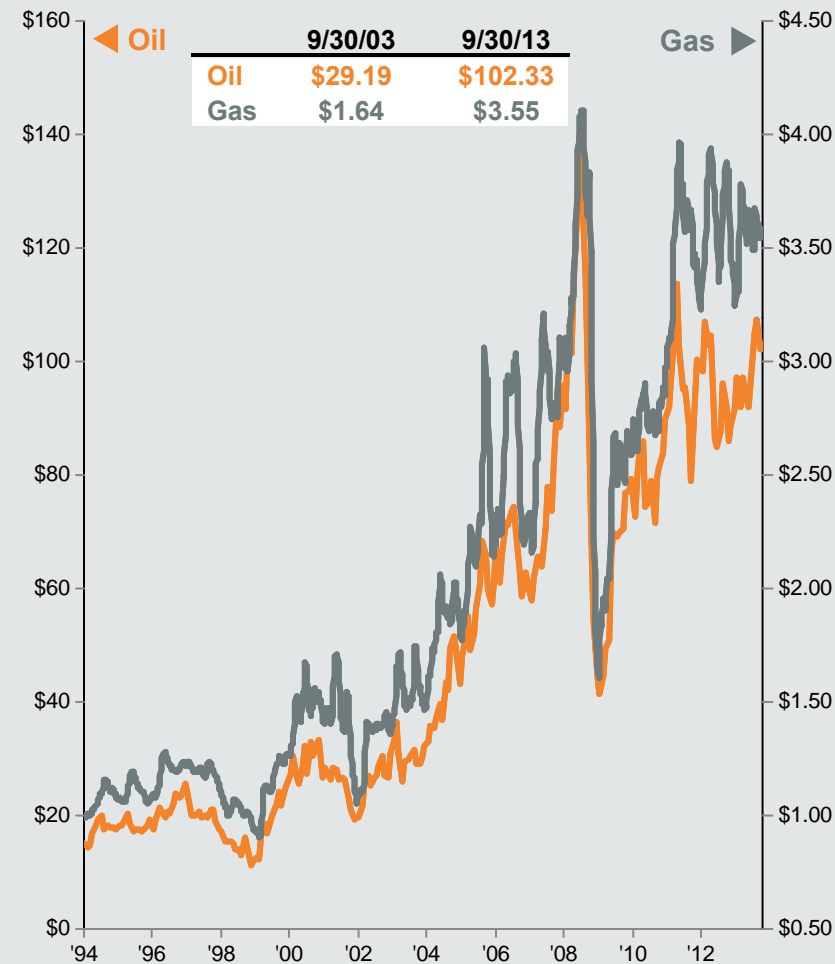
CPI used is CPI-U and values shown are % change vs. 1 year ago and reflect August 2013 CPI data. CPI component weights are as of December 2012 and 12-month change reflects non-seasonally adjusted data through August 2013. Core CPI is defined as CPI excluding food and energy prices.

Guide to the Markets – U.S.

Data are as of 9/30/13.

Oil and the Economy

WTI Crude Oil & Retail Gasoline Prices

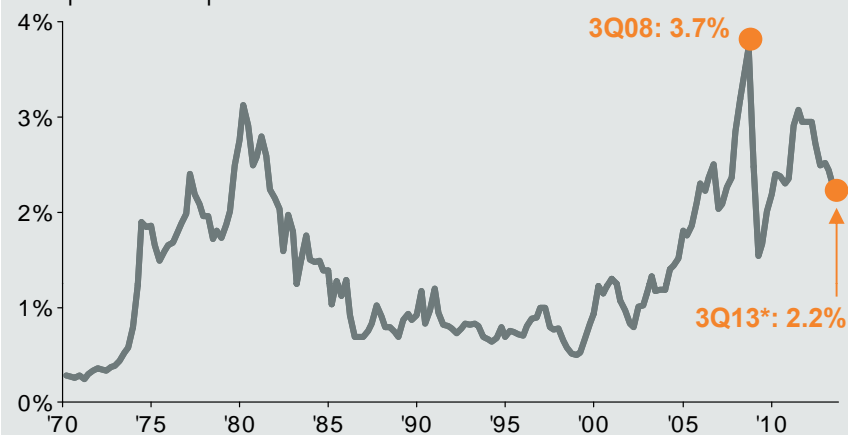


Source: U.S. Department of Energy, FactSet, J.P. Morgan Asset Management. Price of gas based on U.S. retail national average of all formulations and WTI for crude. Imports are mostly crude oil, petroleum and natural gas while consumption includes oil, gas, coal, nuclear, hydropower and bio-fuels. Guide to the Markets – U.S.

Data are as of 9/30/13.

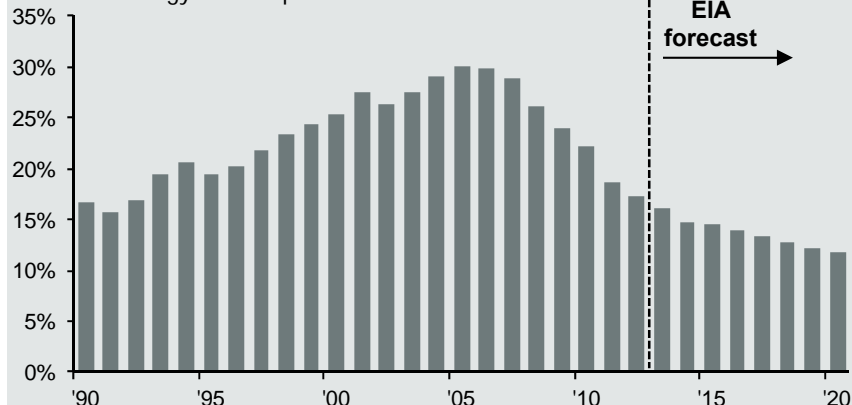
Economic Drag From Oil Prices

U.S. petroleum imports as a % of GDP



Total U.S. Energy Net Imports

% of total energy consumption



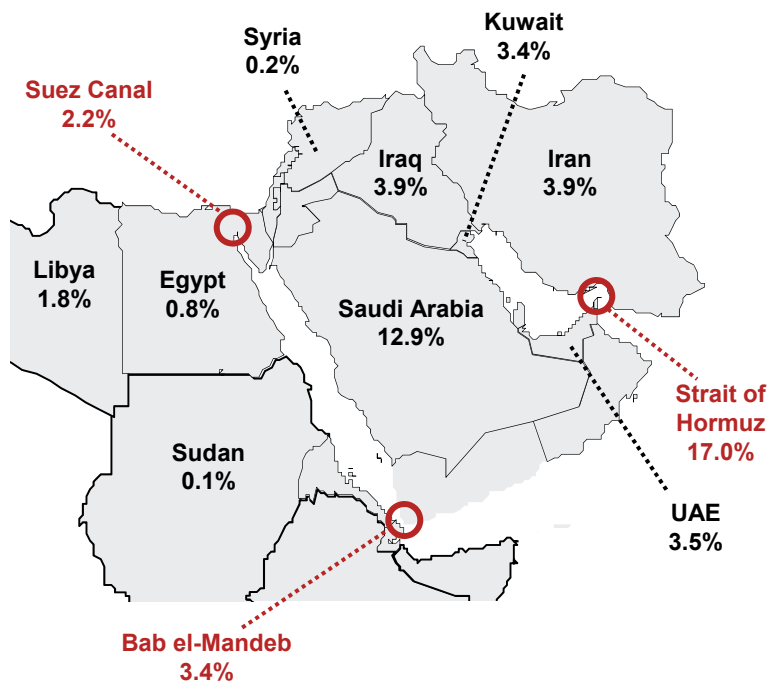
Source: (Top) BEA, FactSet, J.P. Morgan Asset Management. Forecasts are from EIA Annual Energy Outlook and start in 2013.

(Bottom) EIA, J.P. Morgan Asset Management. Forecasts are from EIA Annual Energy Outlook and start in 2013. *3Q13 drag on growth is a J.P. Morgan Asset Management estimate.

Global Energy Supply

Middle East Energy Production & Chokepoints

Percent of global liquid fuel production, 2012*



Major Producers

Percent of global total, 2012

Saudi Arabia	13%	China	5%
United States	12%	Canada	4%
Russia	12%	Iran	4%

Major Consumers

Percent of global total, 2012

United States	21%	India	4%
China	11%	Saudi Arabia	3%
Japan	5%	Brazil	3%

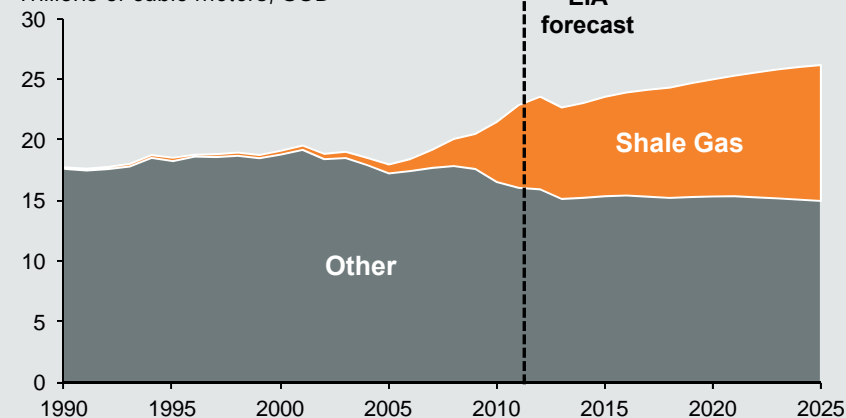
Source: EIA, British Petroleum, J.P. Morgan Asset Management.

Forecasts are from the EIA Annual Energy Outlook 2013. *mmBTU represents 10,000 million British thermal units. Natural gas prices are as of 2012 and are annual averages. *Production numbers as of 2012, while chokepoints are 2011 data. Guide to the Markets – U.S.

Data are as of 9/30/13.

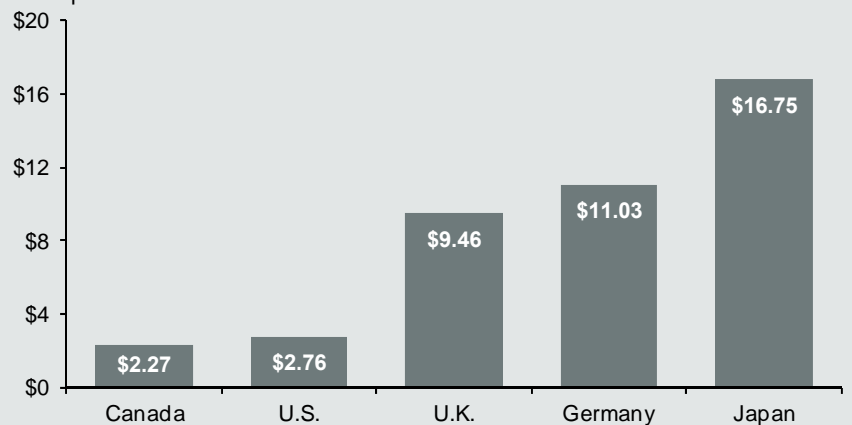
U.S. Natural Gas Production

Trillions of cubic meters, USD



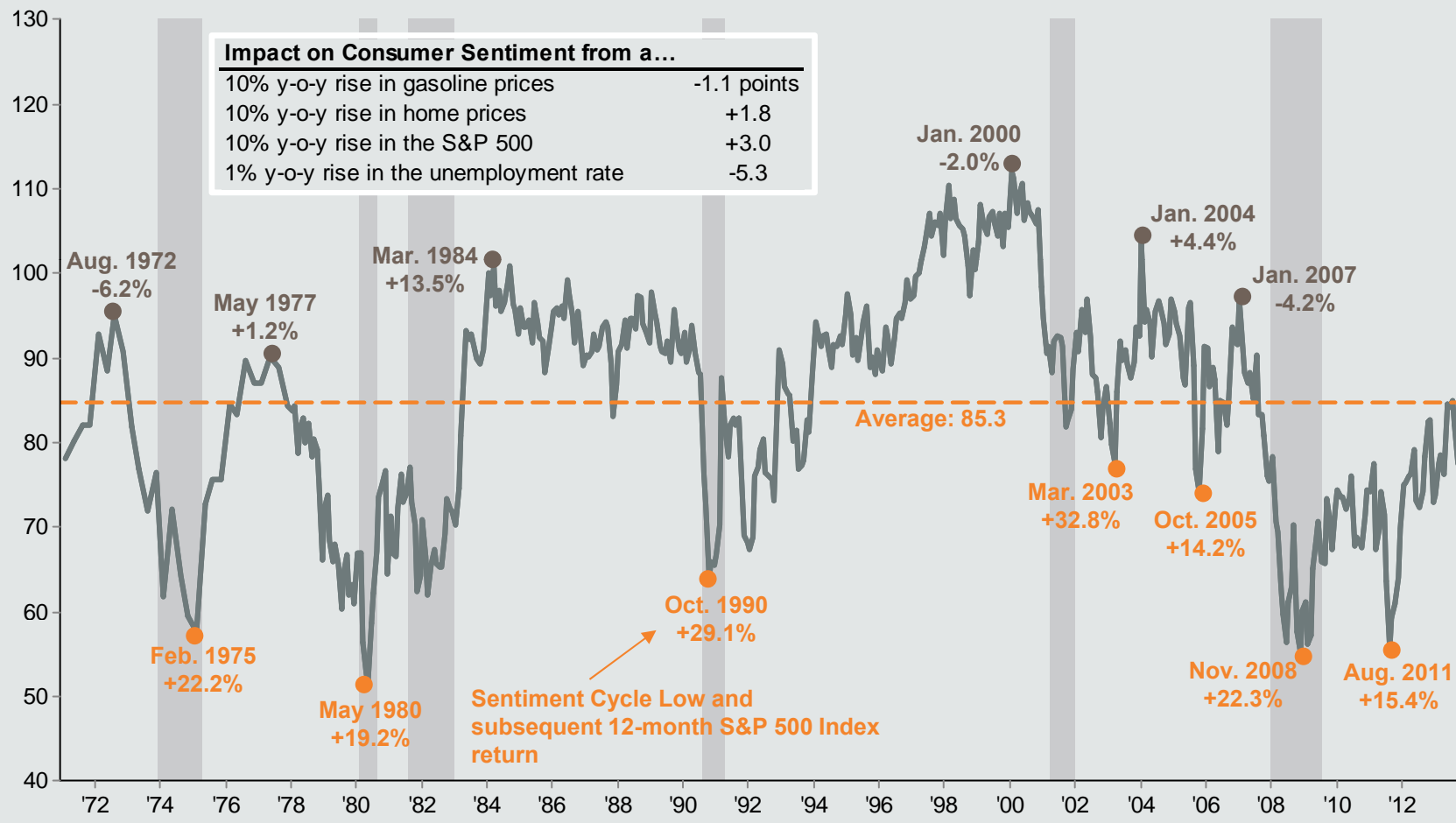
Natural Gas Prices by Country

USD per mmBTU*



Consumer Confidence and the Stock Market

Consumer Sentiment Index – University of Michigan



Source: University of Michigan, FactSet, J.P. Morgan Asset Management.

Peak is defined as the highest index value before a series of lower lows, while a trough is defined as the lowest index value before a series of higher highs. Subsequent 12-month S&P 500 returns are price returns only, which excludes dividends. Impact on consumer sentiment is based on a multivariate monthly regression between 1/31/2000 – 8/31/2013. Guide to the Markets – U.S.

Data are as of 9/30/2013.

Fixed Income Sector Returns

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	YTD '13	3Q13	10-yrs. '03 - '12 Cum.	Ann.
High Yield	29.0%	EMD	EMD	High Yield	TIPS	Treas.	High Yield	High Yield	TIPS	EMD	High Yield	High Yield	EMD	EMD
		11.9%	12.3%	11.8%	11.6%	13.7%	58.2%	15.1%	13.6%	17.9%	3.7%	2.3%	200.3%	11.6%
EMD	26.9%	High Yield	Asset Alloc.	EMD	Treas.	MBS	EMD	EMD	Muni	High Yield	MBS	EMD	High Yield	High Yield
		11.1%	3.5%	10.0%	9.0%	8.3%	34.2%	12.8%	12.3%	15.8%	-1.0%	1.4%	174.3%	10.6%
Asset Alloc.	9.8%	TIPS	TIPS	MBS	Barclays Agg	Barclays Agg	Corp.	Corp.	Treas.	Corp.	Barclays Agg	MBS	Asset Alloc.	Asset Alloc.
		8.5%	2.8%	5.2%	7.0%	5.2%	18.7%	9.0%	9.8%	9.8%	-1.9%	1.0%	95.1%	6.9%
TIPS	8.4%	Asset Alloc.	Treas.	Asset Alloc.	MBS	Muni	Asset Alloc.	Asset Alloc.	Asset Alloc.	Asset Alloc.	Treas.	Asset Alloc.	TIPS	TIPS
		6.2%	2.8%	5.1%	6.9%	1.5%	15.3%	7.8%	9.1%	7.7%	-2.0%	0.8%	90.4%	6.7%
Corp.	8.2%	Corp.	Muni	Muni	Asset Alloc.	Asset Alloc.	TIPS	Barclays Agg	Corp.	TIPS	Muni	Corp.	Corp.	Corp.
		5.4%	2.7%	4.7%	6.4%	-0.8%	11.4%	6.5%	8.1%	7.0%	-2.1%	0.8%	84.7%	6.3%
Muni	5.7%	MBS	High Yield	Barclays Agg	EMD	TIPS	Muni	TIPS	Barclays Agg	Muni	Asset Alloc.	Muni	Muni	Muni
		4.7%	2.7%	4.3%	5.2%	-2.4%	9.9%	6.3%	7.8%	5.7%	-2.3%	0.7%	70.2%	5.5%
Barclays Agg	4.1%	Barclays Agg	MBS	Corp.	Corp.	Corp.	Barclays Agg	Treas.	EMD	Barclays Agg	Corp.	TIPS	Barclays Agg	Barclays Agg
		4.3%	2.6%	4.3%	4.6%	-4.9%	5.9%	5.9%	7.0%	4.2%	-2.6%	0.7%	65.7%	5.2%
MBS	3.1%	Muni	Barclays Agg	Treas.	Muni	EMD	MBS	MBS	MBS	MBS	EMD	Barclays Agg	MBS	MBS
		4.1%	2.4%	3.1%	4.3%	-14.7%	5.9%	5.4%	6.2%	2.6%	-5.2%	0.6%	64.1%	5.1%
Treas.	2.2%	Treas.	Corp.	TIPS	High Yield	High Yield	Treas.	Muni	High Yield	Treas.	TIPS	Treas.	Treas.	Treas.
		3.5%	1.7%	0.4%	1.9%	-26.2%	-3.6%	4.0%	5.0%	2.0%	-6.7%	0.1%	59.0%	4.7%

Source: Barclays Capital, FactSet, J.P. Morgan Asset Management.

Past performance is not indicative of future returns. Fixed income sectors shown above are provided by Barclays Capital and are represented by: Barclays Capital U.S. Aggregate Index; MBS: Fixed Rate MBS Index; Corporate: U.S. Corporates; Municipals: Muni Bond 10-Year Index; Emerging Debt: Emerging Markets USD Index; High Yield: Corporate High Yield Index; Treasuries: Barclays Capital U.S. Treasury; TIPS: Barclays Capital TIPS. The "Asset Allocation" portfolio assumes the following weights:

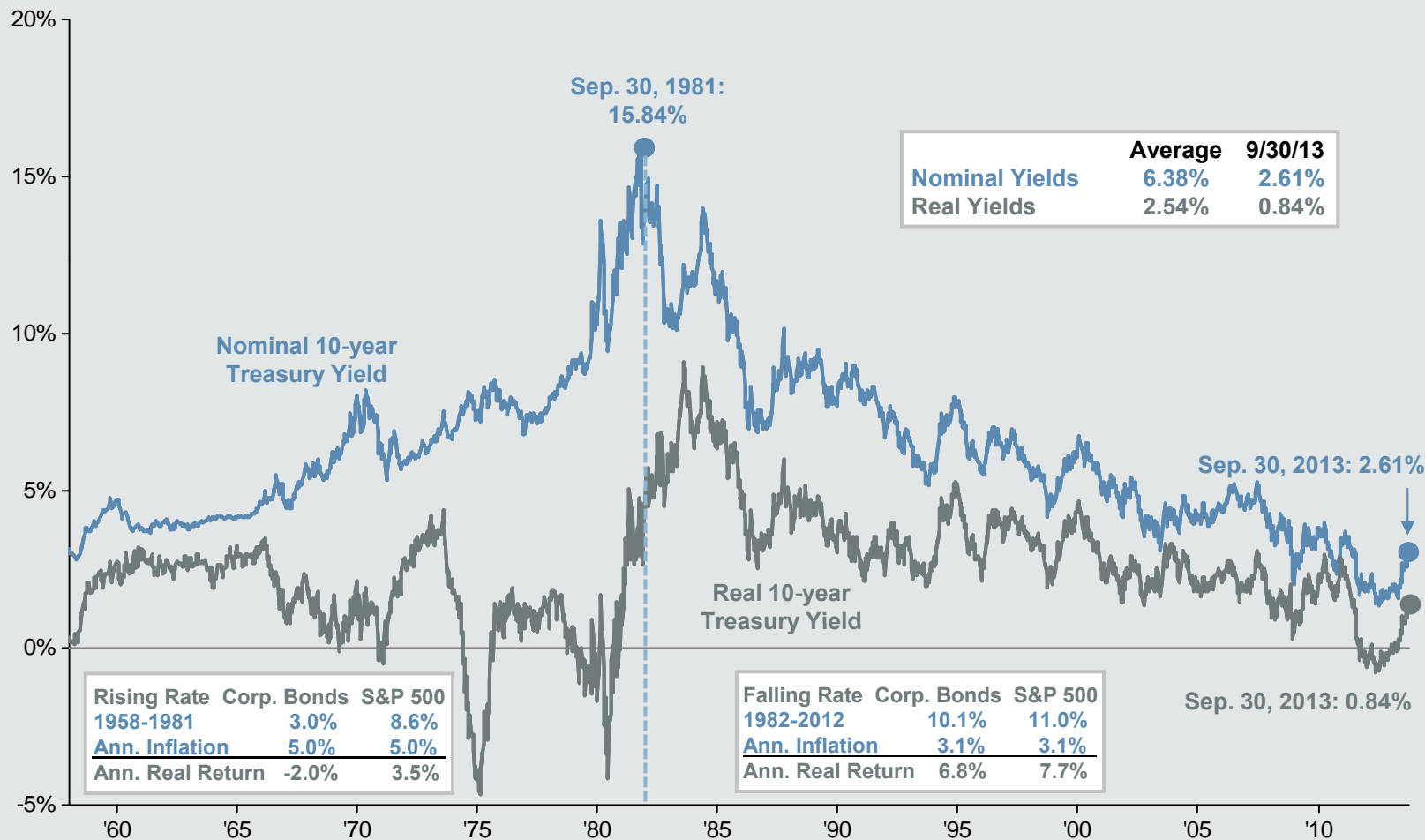
10% in MBS, 20% in Corporate, 15% in Municipals, 10% in Emerging Debt, 10% in High Yield, 25% in Treasuries, 10% in TIPS.

Asset allocation portfolio assumes annual rebalancing. Guide to the Markets – U.S.

Data are as of 9/30/13.

Interest Rates and Inflation

Nominal and Real 10-year Treasury Yields



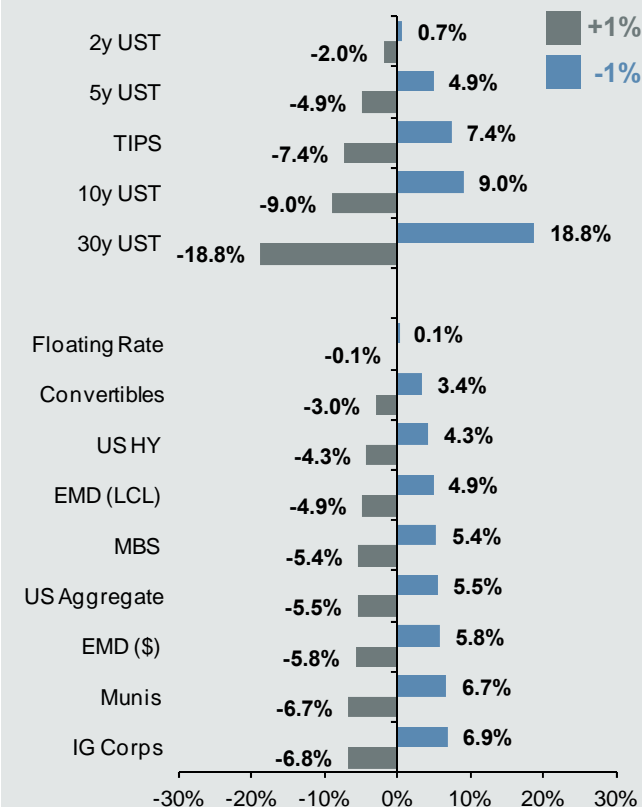
Source: Federal Reserve, BLS, J.P. Morgan Asset Management.

Real 10-year Treasury yields are calculated as the daily Treasury yield less year-over-year core inflation for that month except for September 2013, where real yields are calculated by subtracting out August 2013 year-over-year core inflation. All returns above reflect annualized total returns, which include reinvestment of dividends. Corporate bond returns are based on a composite index of investment grade bond performance. Guide to the Markets – U.S.

Data are as of 9/30/13.

Fixed Income Yields and Returns

Price Impact of a 1% Rise/Fall in Interest Rates*



US Treasuries	# of issues	Correlation to 10-year	Avg. Maturity	Yield		Return	
				9/30/2013	9/30/2012	3Q13	YTD 2013
2-Year	77	0.67	2 years	0.33%	0.23%	0.22%	0.22%
5-Year	60	0.92	5	1.39%	0.62%	0.69%	-1.58%
10-Year	20	1.00	10	2.64%	1.65%	-0.66%	-5.50%
30-Year	18	0.92	30	3.69%	2.82%	-3.16%	-11.89%
TIPS	34	0.59	10	0.45%	-0.77%	0.70%	-6.74%
Sector							
Broad Market	8,518	0.86	7.5 years	2.34%	1.61%	0.57%	-1.89%
MBS	779	0.81	7.4	3.07%	1.77%	1.03%	-1.00%
Municipals	9,101	0.48	9.9	2.84%	2.02%	0.72%	-2.07%
Corporates	4,687	0.48	10.2	3.30%	2.79%	0.82%	-2.62%
High Yield	2,067	-0.23	6.6	6.23%	6.51%	2.28%	3.73%
Floating Rate	33	-0.21	3.0	1.23%	2.57%	0.79%	1.83%
Convertibles	495	-0.31	--	1.16%	0.94%	7.68%	17.75%
EMD (\$)	1,159	0.22	9.1	5.32%	4.61%	1.38%	-5.24%
EMD (LCL)	456	0.05	6.9	5.57%	5.20%	2.28%	-4.02%

Source: U.S. Treasury, Barclays Capital, FactSet, J.P. Morgan Asset Management.

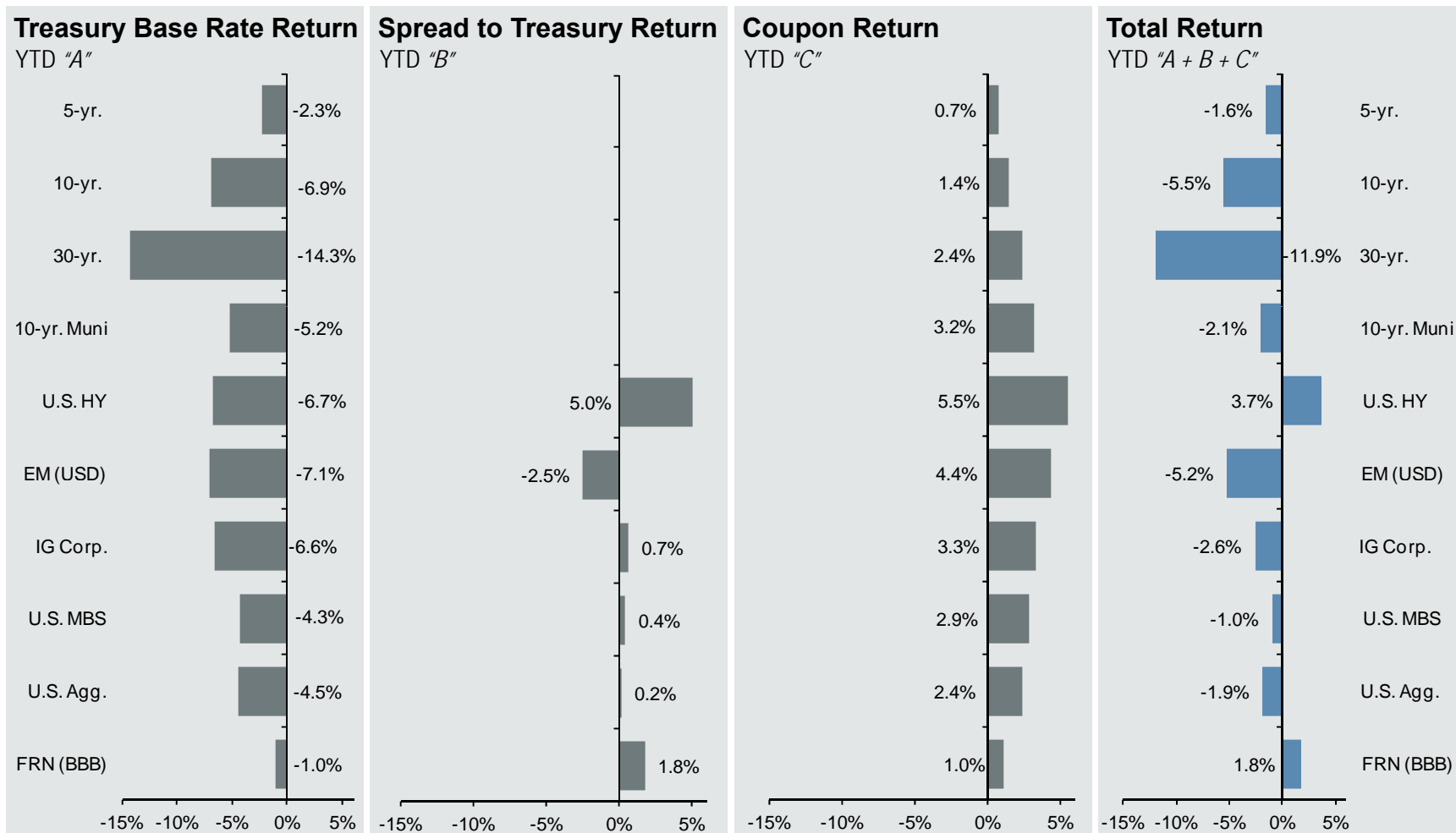
Fixed income sectors shown above are provided by Barclays Capital and are represented by – Broad Market: Barclays U.S. Aggregate; MBS: Fixed Rate MBS Index; Corporate: U.S. Corporates; Municipals: Muni Bond Index; EMD (\$): Emerging Markets (USD); High Yield: Corporate High Yield Index; TIPS: Treasury Inflation Protection Securities (TIPS). EMD (LCL): Barclays Emerging Market Local Currency Government; Floating Rate: Barclays FRN (BBB); Convertibles: Barclays U.S. Convertibles Composite. Treasury securities data for # of issues based on U.S. Treasury benchmarks from Barclays Capital. Yield and return information based on bellwethers for Treasury securities. Sector yields reflect yield to worst, while Treasury yields are yield to maturity. Correlations are based on 10-years of monthly returns for all sectors except Floating Rate and EMD (LCL), which are based on monthly returns from May 2004 and July 2008, respectively, due to data availability. Change in bond price is calculated using both duration and convexity according to the following formula: New Price = (Price + (Price * Duration * Change in Interest Rates)) + (0.5 * Price * Convexity * (Change in Interest Rates)^2).

*Calculation assumes 2-year Treasury interest rate falls 0.33% to 0.00%, as interest rates can only fall to 0.00%. Chart is for illustrative purposes only.

Past performance is not indicative of future results. Guide to the Markets – U.S.

Data are as of 9/30/13.

Sources of Bond Returns



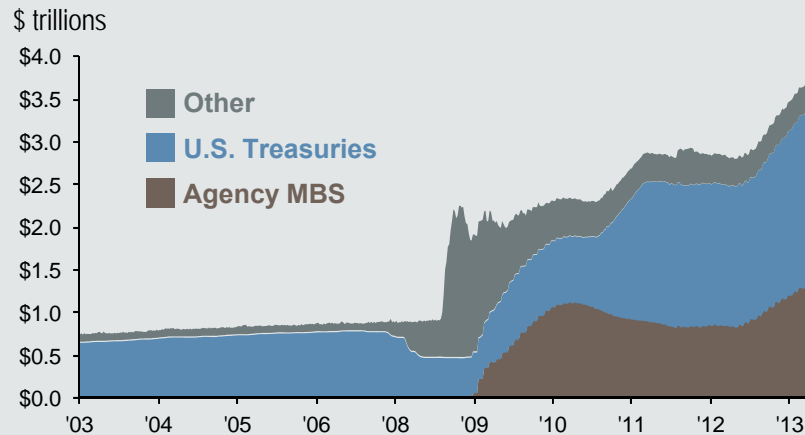
Source: Federal Reserve, Barclays, J.P. Morgan Asset Management.

All returns reflect year to date returns. Treasury base, spread, and coupon returns based on Barclays and J.P. Morgan Asset Management estimates. The sum of charts A and B equate to price return for each sector.

Indices used include Barclays US Treasury Bellwethers (10Y), Barclays US Aggregate, Barclays US Aggregate Credit – Corporate Investment Grade, Barclays US Aggregate Credit – Corporate High Yield, Barclays Muni 10-year Index, Barclays US MBS Index, Barclays Floating Rate Index, and Barclays Emerging Markets USD. Guide to the Markets – U.S. Data are as of 9/30/13.

The Fed and the Money Supply

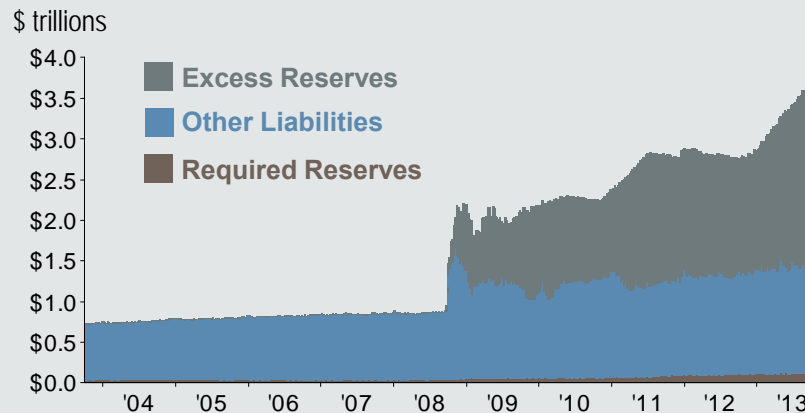
Fed's Balance Sheet: Assets



Money Multiplier



Fed's Balance Sheet: Liabilities



Federal Funds Rate & FOMC Interest Rate Projections



Source: Federal Reserve, FactSet, J.P. Morgan Asset Management.

Monetary base is defined as the total amount of a currency that is either circulated in the hands of the public or in the commercial bank deposits held in the central bank's reserves. Money multiplier defined as M2 divided by the monetary base. Long-term Fed projection is the average of expectations of FOMC members. Other liabilities of the Federal Reserve primarily consist of currency outstanding.

Guide to the Markets – U.S.

Data are as of 9/30/13.

Credit Conditions

Lending Standards for Approved Mortgage Loans

Average FICO score based on origination date



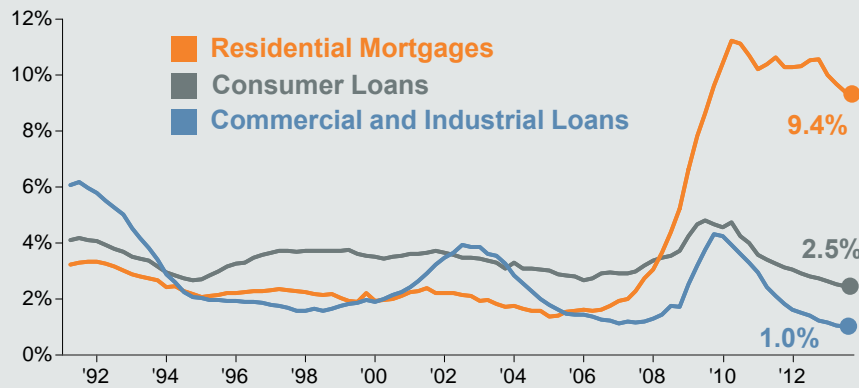
Commercial & Industrial Loan Demand

Net percent of banks reporting stronger demand



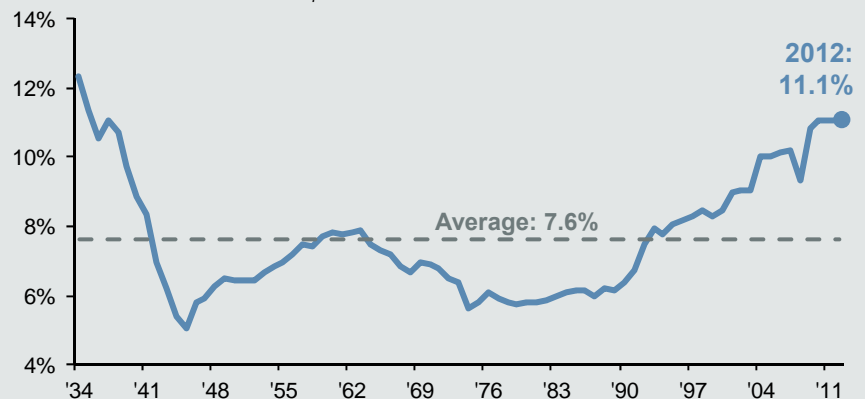
Delinquency Rates

All banks, seasonally adjusted



Common Equity as a % of Total Assets

All FDIC insured institutions, 1934 – 2012



Source: (Top left) McDash, J.P. Morgan Securitized Product Research, J.P. Morgan Asset Management. (Top right) Federal Reserve, FactSet, J.P. Morgan Asset Management. (Bottom left): Federal Reserve, FactSet, J.P. Morgan Asset Management. (Bottom right) FDIC, J.P. Morgan Asset Management.

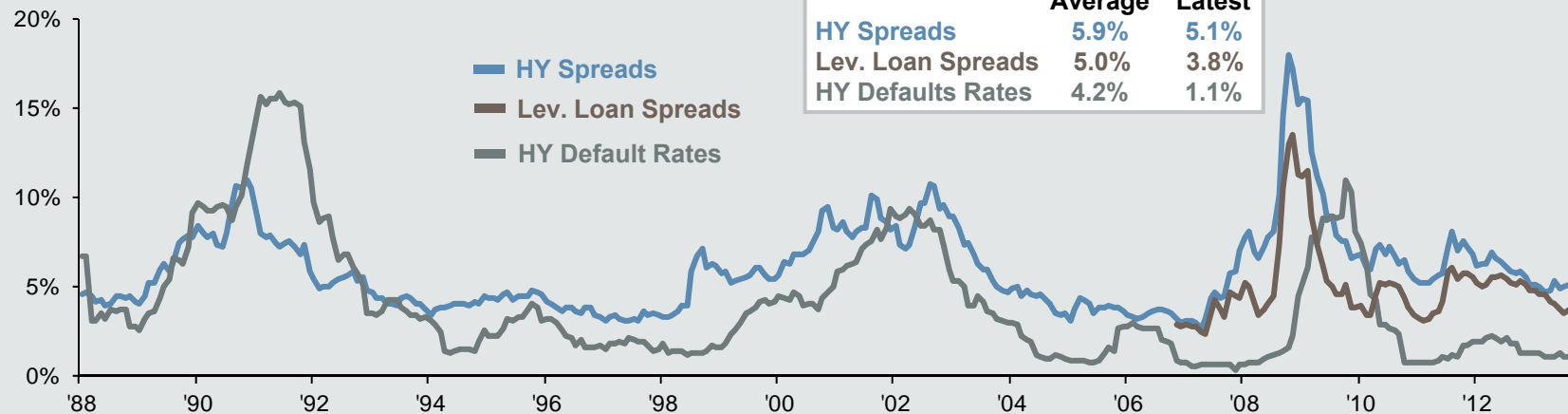
All data reflect most recently available releases.

Guide to the Markets – U.S.

Data are as of 9/30/13.

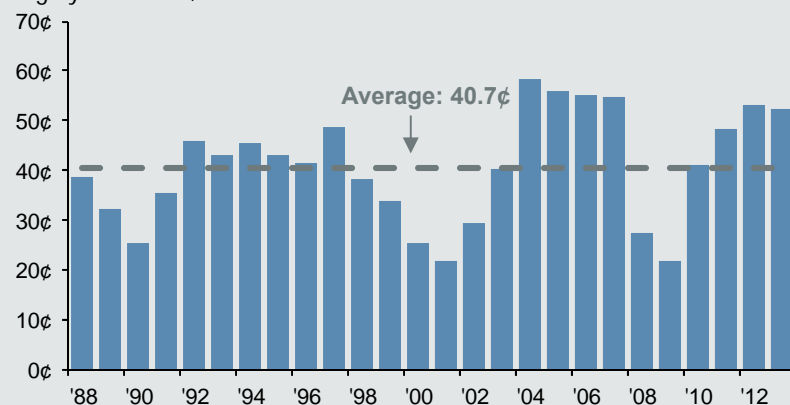
High Yield Bonds

High Yield Spreads and Defaults



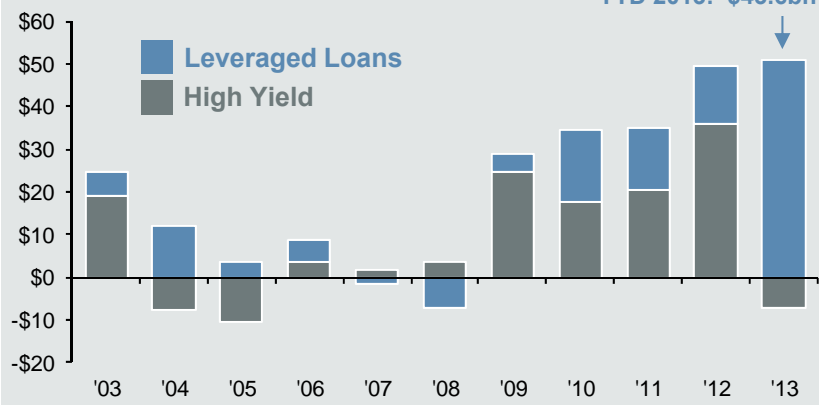
Historical High Yield Recovery Rates

High yield bonds, cents on the dollar



Annual Flows into High Yield and Leveraged Loan Funds

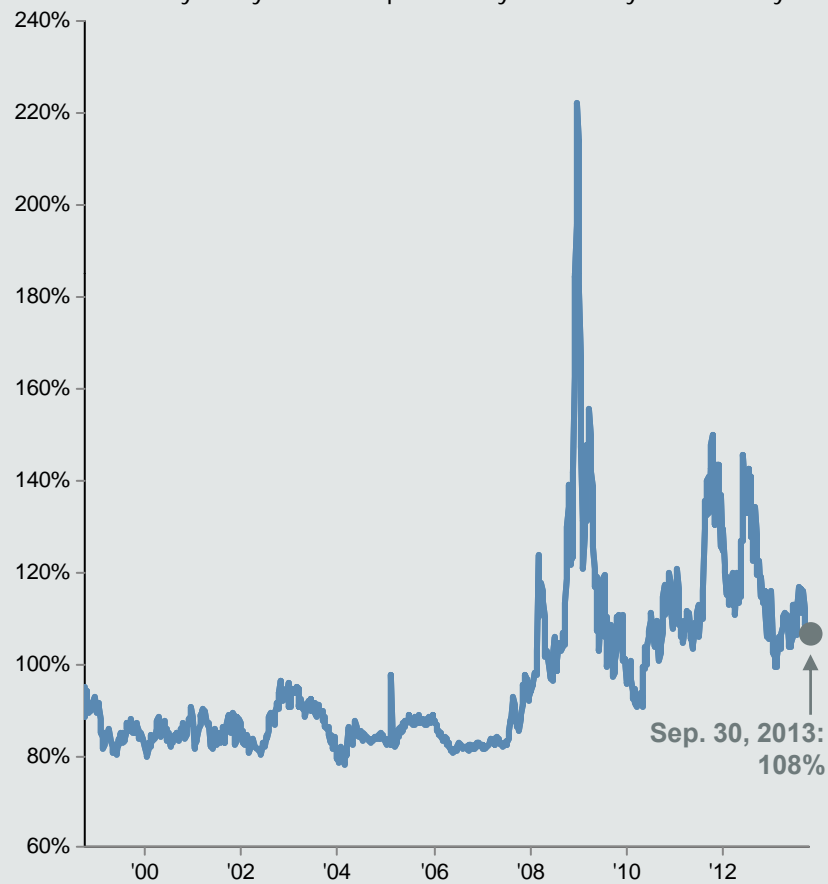
Mutual funds & ETFs, billions USD



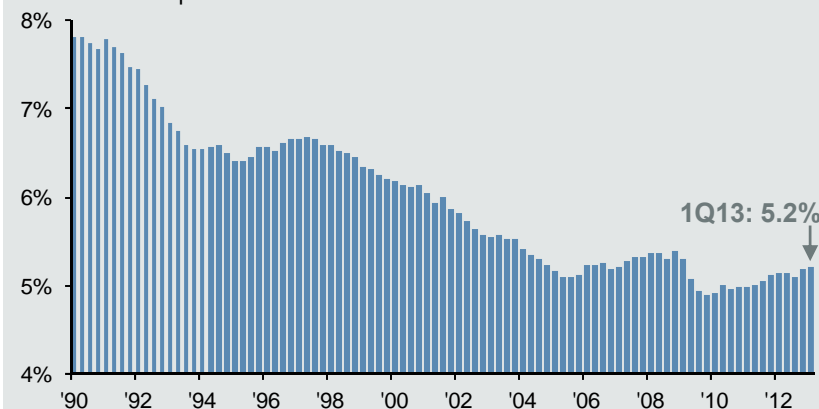
Source (Top chart): U.S. Treasury, J.P. Morgan, Strategic Insight, J.P. Morgan Asset Management. Default rates are defined as the par value percentage of the total market trading at or below 50% of par value and include any Chapter 11 filing, prepackaged filing or missed interest payments. (Bottom left): J.P. Morgan, Fitch, J.P. Morgan Asset Management. (Bottom right): Strategic Insight, J.P. Morgan Asset Management. Spreads indicated are benchmark yield to worst less comparable maturity Treasury yields. 2013 recovery rate is a weighted average number as of August 2013. Yield to worst is defined as the lowest potential yield that can be received on a bond without the issuer actually defaulting and reflects the possibility of the bond being called at an unfavorable time for the holder. Flows include ETFs and are as of August 2013. Past performance is not indicative of comparable future results. Guide to the Markets – U.S. Data are as of 9/30/13.

Muni/Treasury Ratio

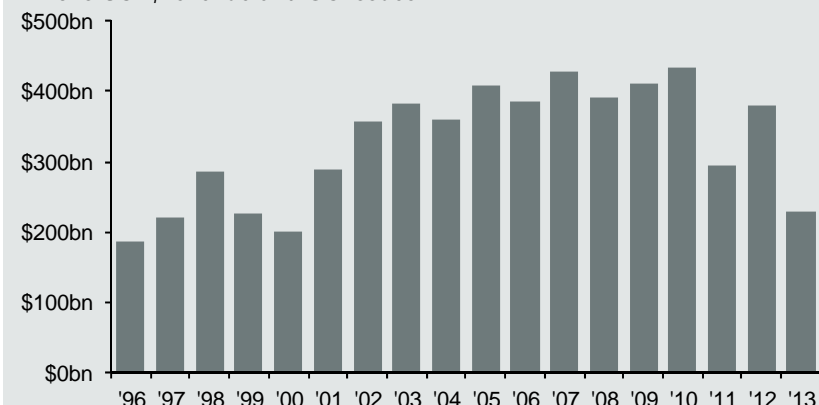
Ratio of Barclays 10-year Municipal Bond yield to 10-year Treasury

**State & Local Government Debt Service**

% of current expenditures

**Municipal Bond Issuance***

Billions USD, revenue and GO issues



Source (Left chart): Barclays Capital, U.S. Treasury, FactSet, J.P. Morgan Asset Management. (Top right) BEA, J.P. Morgan Asset Management. (Bottom right) SIFMA, J.P. Morgan Asset Management.

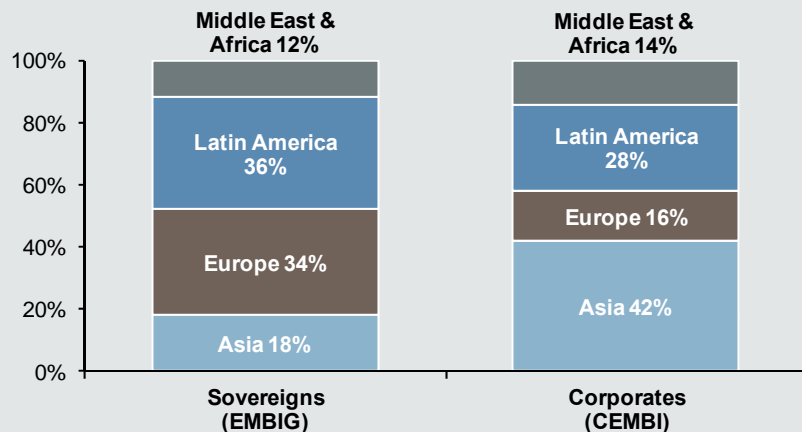
*Excludes maturities of 13 months or less and private placements. 2013 issuance data is as of August 2013.

Guide to the Markets – U.S.

Data are as of 9/30/13.

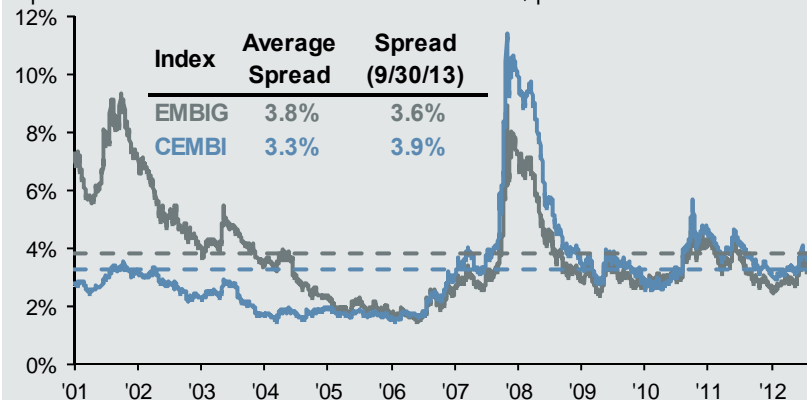
Emerging Market Debt

Index Breakdown – USD Denominated EMD



Emerging Markets Debt Spreads

Spread to Treasuries of USD-denominated debt, percent



Emerging Market Debt Credit Rating

EMBIG average monthly credit rating, inverse scale

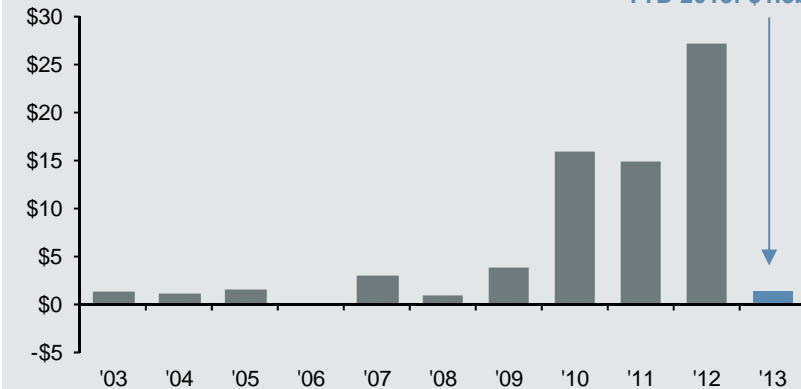
Aug. 2013: BBB-



Annual Flows into EMD Mutual Funds & ETFs

Billions USD

YTD 2013: \$1.3bn



Source: J.P. Morgan, MorganMarkets, FactSet, Strategic Insight, J.P. Morgan Asset Management.

Spreads measure the credit risk premium over comparable maturity U.S. Treasury bonds. The J.P. Morgan EMBI Global (EMBIG) Index is a USD-denominated external debt index tracking bonds issued by sovereigns and quasi-sovereigns in developing nations. The J.P. Morgan Corporate Emerging Bond Index (CEMBI) is a USD-denominated external debt index tracking bonds issued by corporations in developing nations. Flow data is as of August 2013. Past performance is not indicative of comparable future results. Index breakdown may not equate to 100% due to rounding.

Guide to the Markets – U.S.

Data are as of 9/30/13.

Global Equity Markets: Returns

Country / Region	3Q13		YTD 2013	
	Local	USD	Local	USD
Regions / Broad Indexes				
USA (S&P 500)	-	5.2	-	19.8
EAFE	7.5	11.6	19.8	16.6
Europe ex-U.K.	9.8	14.5	16.6	19.0
Pacific ex-Japan	8.7	10.4	12.9	5.3
Emerging Markets	5.8	5.9	0.8	-4.1
MSCI: Selected Countries				
United Kingdom	4.9	12.1	12.8	12.4
France	10.9	15.5	17.1	20.3
Germany	8.3	12.7	13.8	16.9
Japan	5.4	6.7	41.3	24.5
China	12.2	12.2	0.2	0.1
India	-0.2	-5.3	-0.4	-12.8
Brazil	9.3	8.4	-3.1	-10.9
Russia	12.5	13.7	5.9	1.0

MSCI EAFE Index: Return Needed to Reach 2007 Peak

Analysis as of Sep. 30, 2013, implied average annualized total return

1 Yr 37.2%

2 Yrs 18.8%

3 Yrs 13.2%

4 Yrs 10.6%

5 Yrs 9.0%

MSCI EME Index: Return Needed to Reach 2007 Peak

Analysis as of Sep. 30, 2013, implied average annualized total return

1 Yr 22.0%

2 Yrs 11.8%

3 Yrs 8.6%

4 Yrs 7.1%

5 Yrs 6.2%

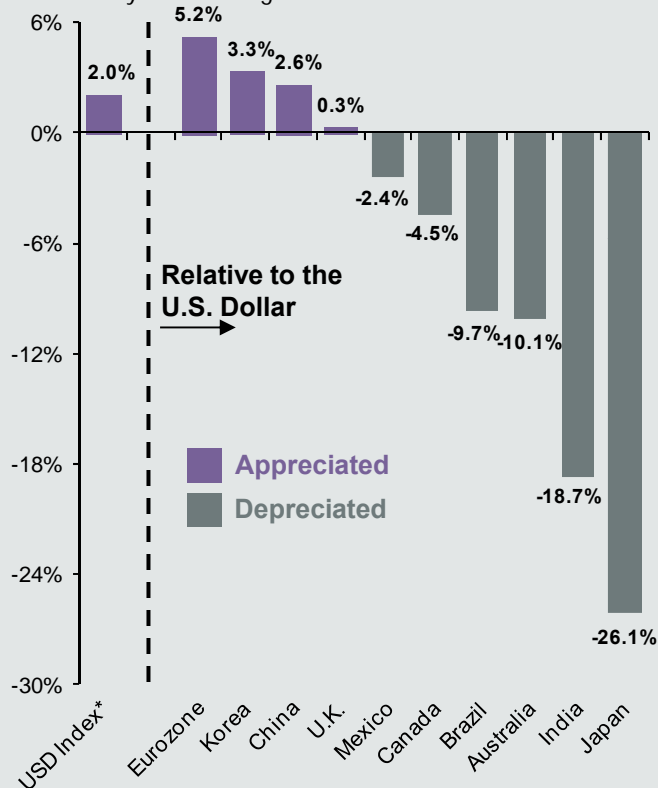
Source: Standard & Poor's, MSCI, IMF, FactSet, J.P. Morgan Asset Management.

All return values are MSCI Gross Index (official) data. Definition of emerging markets is based on MSCI data. Data assume dividend yields as of 9/30/13 (MSCI EAFE: 2.9% and MSCI EM: 2.5%). Chart is for illustrative purposes only. Past performance is not indicative of future results. Please see disclosure page for index definitions. Guide to the Markets – U.S.
Data as of 9/30/13.

Currency Performance and Drivers

Currency Performance

Year-over-year % change



Economic Indicators Affecting FX Rates

	Central Bank Target Rate (% p.a.)	Headline Inflation (YoY % Change)	Gross Public Debt (% of GDP)	Current Account (% of GDP)	Government Surplus/Deficit (% of GDP)
	9/30/2013	8/31/2013	2013	2013	2013
U.S. Dollar	0.13	1.5	108.1	-2.9	-6.5
British Pound	0.50	2.7	93.6	-4.4	-7.0
Euro	0.50	1.3	95.0	2.3	-2.9
Japanese Yen	0.05	0.9	245.4	1.2	-9.8
Canadian Dollar	1.00	1.1	87.0	-3.5	-2.8
Australian Dollar	2.50	2.4	27.6	-5.5	-1.1
Brazilian Real	9.00	6.1	67.2	-2.4	-1.2
Chinese Yuan	6.00	2.6	21.3	2.6	-2.1
Korean Won	2.50	1.3	32.5	2.7	2.4
Mexican Peso	3.75	3.5	43.5	-1.0	-3.1
Indian Rupee	7.50	9.5	66.4	-4.9	-8.3

Source: FactSet, Federal Reserve, IMF, J.P. Morgan Global Economic Research, J.P. Morgan Asset Management.

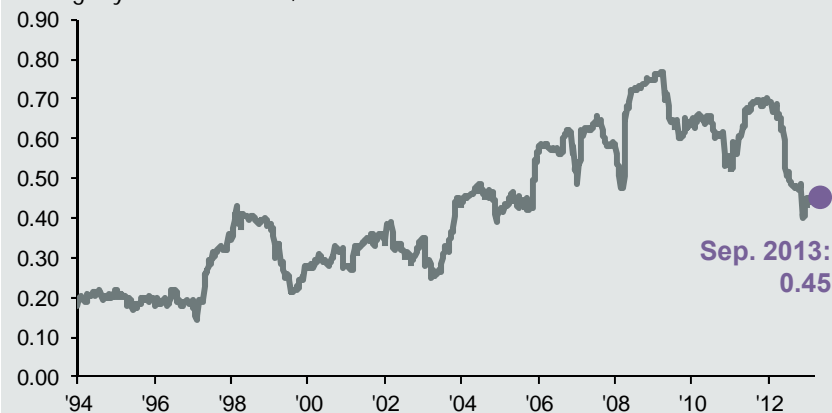
*U.S. Dollar Index is the nominal trade-weighted exchange rate index: broad definition. Past performance is not indicative of future results. Current account, government surplus/deficits and gross public debt as a % of GDP for 2013 are IMF estimates. Government, as defined by the IMF, includes national and regional governments. Guide to the Markets – U.S.

Data are as of 9/30/13.

Global Equity Markets: Composition

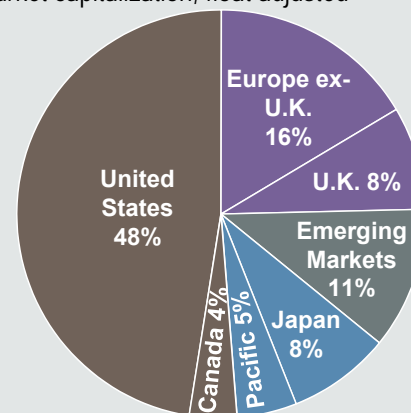
Global Equity Market Correlations

Rolling 1-year correlations, 30 countries

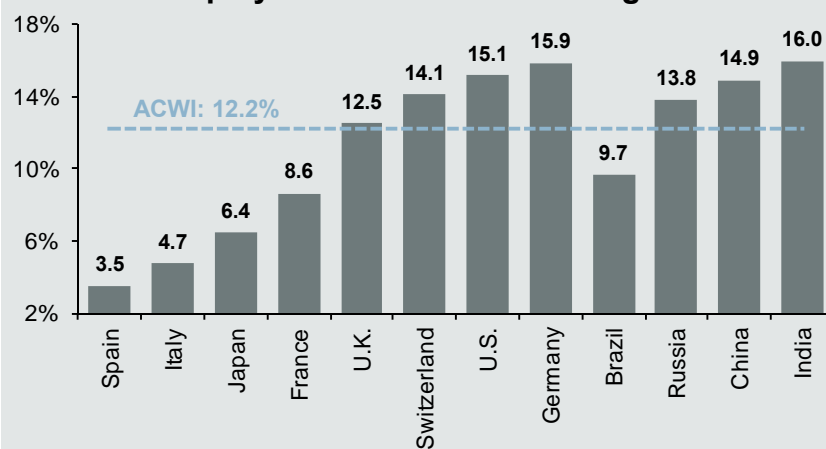


Weights in MSCI All Country World Index

% global market capitalization, float adjusted

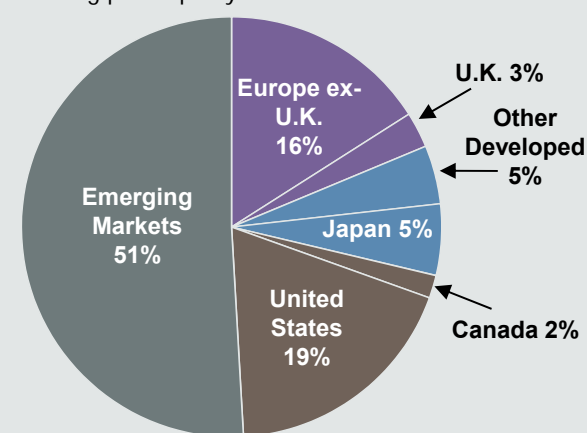


Return on Equity – Last 12-month Average



Share of Global GDP

Based on purchasing power parity



Source: MSCI, IMF, FactSet, J.P. Morgan Asset Management.

Share of global market capitalization is based on float adjusted MSCI data. Share of global GDP based on purchasing power parity (PPP) as calculated by the IMF for 2013. Definition of emerging markets is based on MSCI and IMF data sources.

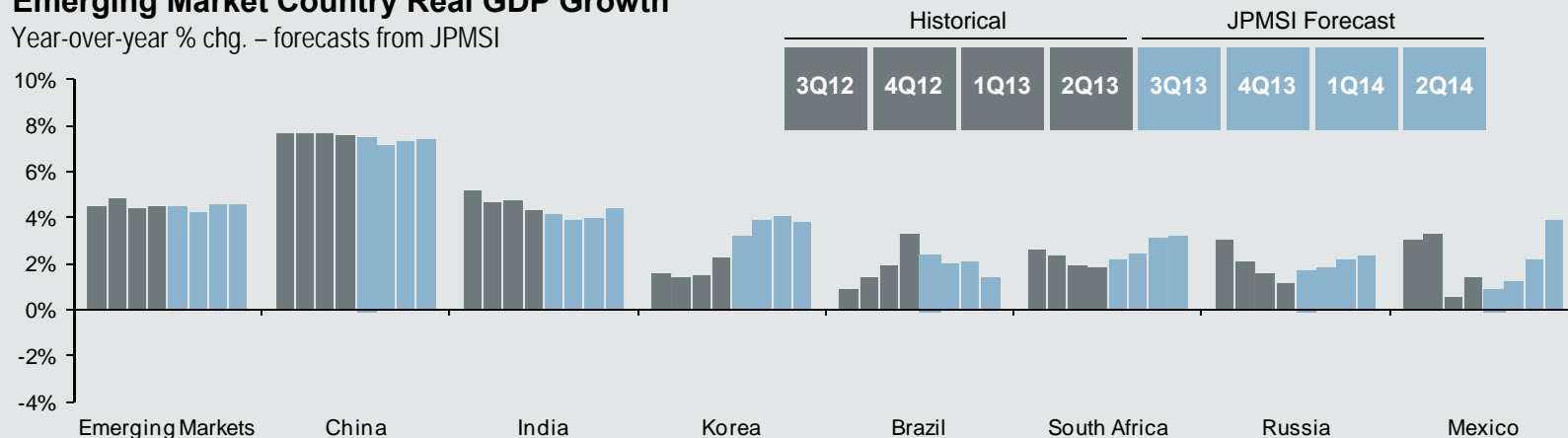
Percentages may not sum to 100% due to rounding. Guide to the Markets – U.S.

Data as of 9/30/13.

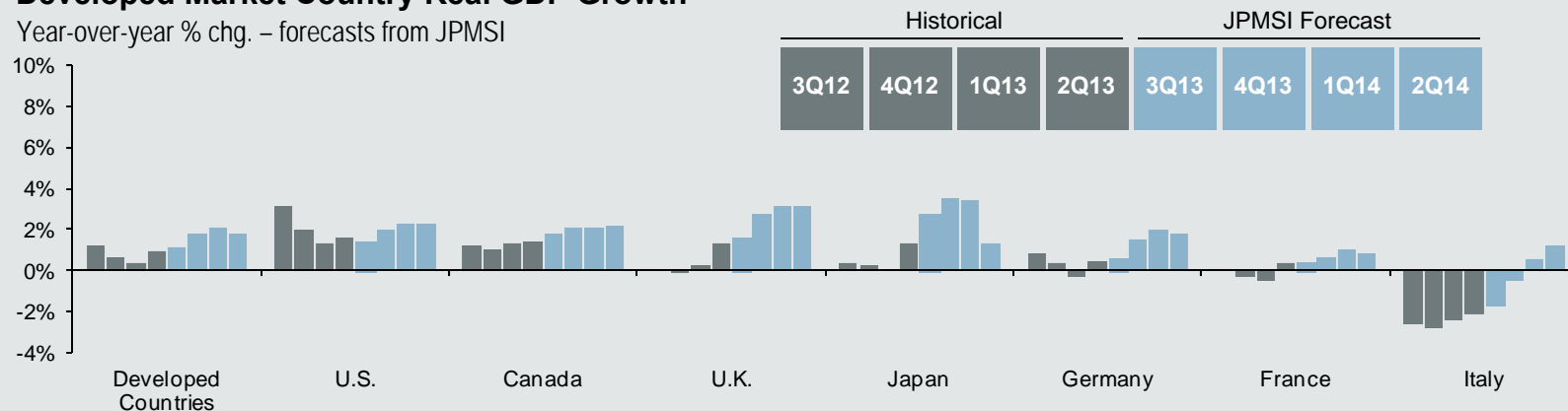
Global Economic Growth

Emerging Market Country Real GDP Growth

Year-over-year % chg. – forecasts from JPMSI

**Developed Market Country Real GDP Growth**

Year-over-year % chg. – forecasts from JPMSI



Source: J.P. Morgan Global Economic Research, J.P. Morgan Asset Management.

Forecast and aggregate data come from J.P. Morgan Global Economic Research. Historical growth data collected from FactSet Economics.

Guide to the Markets – U.S.

Data are as of 9/30/13.

Manufacturing Momentum

Global Purchasing Managers' Index for Manufacturing

	Oct'11	Nov'11	Dec'11	Jan'12	Feb'12	Mar'12	Apr'12	May'12	Jun'12	Jul'12	Aug'12	Sep'12	Oct'12	Nov'12	Dec'12	Jan'13	Feb'13	Mar'13	Apr'13	May'13	Jun'13	Jul'13	Aug'13	Sep'13
Global	50.7	49.6	50.3	51.0	51.2	51.6	51.3	50.3	49.7	48.8	48.7	48.7	48.8	49.6	50.0	51.5	50.9	51.2	50.4	50.6	50.6	50.8	51.6	51.8
U.S.	53.6	53.4	53.9	54.3	53.6	56.0	56.0	54.0	52.5	51.4	51.5	51.1	51.0	52.8	54.0	55.8	54.3	54.6	52.1	52.3	51.9	53.7	53.1	52.8
Canada	53.7	53.3	54.0	50.6	51.8	52.4	53.3	54.7	54.8	53.0	53.0	52.4	51.4	50.4	50.4	50.5	51.7	49.3	50.1	53.2	52.4	52.0	52.1	54.2
U.K.	48.6	47.7	49.1	50.8	51.2	52.0	50.2	46.7	48.8	45.6	49.1	48.3	47.4	48.7	50.8	51.0	48.3	49.3	50.6	52.1	53.0	54.8	57.1	56.7
Euro Area	47.1	46.4	46.9	48.8	49.0	47.7	45.9	45.1	45.1	44.0	45.1	46.1	45.4	46.2	46.1	47.9	47.9	46.8	46.7	48.3	48.8	50.3	51.4	51.1
Germany	49.1	47.9	48.4	51.0	50.2	48.4	46.2	45.2	45.0	43.0	44.7	47.4	46.0	46.8	46.0	49.8	50.3	49.0	48.1	49.4	48.6	50.7	51.8	51.1
France	48.5	47.3	48.9	48.5	50.0	46.7	46.9	44.7	45.2	43.4	46.0	42.7	43.7	44.5	44.6	42.9	43.9	44.0	44.4	46.4	48.4	49.7	49.7	49.8
Italy	43.3	44.0	44.3	46.8	47.8	47.9	43.8	44.8	44.6	44.3	43.6	45.7	45.5	45.1	46.7	47.8	45.8	44.5	45.5	47.3	49.1	50.4	51.3	50.8
Spain	43.9	43.8	43.7	45.1	45.0	44.5	43.5	42.0	41.1	42.3	44.0	44.5	43.5	45.3	44.6	46.1	46.8	44.2	44.7	48.1	50.0	49.8	51.1	50.7
Greece	40.5	40.9	42.0	41.0	37.7	41.3	40.7	43.1	40.1	41.9	42.1	42.2	41.0	41.8	41.4	41.7	43.0	42.1	45.0	45.3	45.4	47.0	48.7	47.5
Ireland	50.1	48.5	48.6	48.3	49.7	51.5	50.1	51.2	53.1	53.9	50.9	51.8	52.1	52.4	51.4	50.3	51.5	48.6	48.0	49.7	50.3	51.0	52.0	52.7
Australia	47.4	47.8	50.2	51.6	51.3	49.5	43.9	42.4	47.2	40.3	45.3	43.0	42.8	44.3	44.3	40.2	45.6	44.4	36.7	43.8	49.6	42.0	46.4	51.7
Japan	50.6	49.1	50.2	50.7	50.5	51.1	50.7	50.7	49.9	47.9	47.7	48.0	46.9	46.5	45.0	47.7	48.5	50.4	51.1	51.5	52.3	50.7	52.2	52.5
Hong Kong	49.0	48.7	49.7	51.9	52.8	52.0	50.3	49.4	49.8	50.3	50.5	49.6	50.5	52.2	51.7	52.5	51.2	50.5	49.9	49.8	48.7	49.7	49.7	50.0
China	51.0	47.7	48.7	48.8	49.6	48.3	49.3	48.4	48.2	49.3	47.6	47.9	49.5	50.5	51.5	52.3	50.4	51.6	50.4	49.2	48.2	47.7	50.1	50.2
Indonesia	51.6	50.1	48.8	48.5	50.6	50.8	50.5	48.1	50.2	51.4	51.6	50.5	51.9	51.5	50.7	49.7	50.5	51.3	51.7	51.6	51.0	50.7	48.5	50.2
Korea	48.0	47.1	46.4	49.2	50.7	52.0	51.9	51.0	49.4	47.2	47.5	45.7	47.4	48.2	50.1	49.9	50.9	52.0	52.6	51.1	49.4	47.2	47.5	49.7
Taiwan	43.7	43.9	47.1	48.9	52.7	54.1	51.2	50.5	49.2	47.5	46.1	45.6	47.8	47.4	50.6	51.5	50.2	51.2	50.7	47.1	49.5	48.6	50.0	52.0
India	52.0	51.0	54.2	57.5	56.6	54.7	54.9	54.8	55.0	52.9	52.8	52.8	52.9	53.7	54.7	53.2	54.2	52.0	51.0	50.1	50.3	50.1	48.5	49.6
Brazil	46.5	48.7	49.1	50.6	51.4	51.1	49.3	49.3	48.5	48.7	49.3	49.8	50.2	52.2	51.1	53.2	52.5	51.8	50.8	50.4	50.4	48.5	49.4	49.9
Mexico	54.7	53.7	53.1	52.2	53.7	53.8	56.3	55.2	55.9	55.2	55.1	54.4	55.5	55.6	57.1	55.0	53.4	52.2	51.7	51.8	51.3	49.7	50.8	50.0
Russia	50.4	52.6	51.6	50.8	50.7	50.8	52.9	53.2	51.0	52.0	51.0	52.4	52.9	52.2	50.0	52.0	52.0	50.8	50.6	50.4	51.7	49.2	49.4	49.4

Source: Markit, J.P. Morgan Asset Management.

Heatmap colors are based on PMI relative to the 50 level, which indicates expansion or contraction of the sector, for the time period shown.

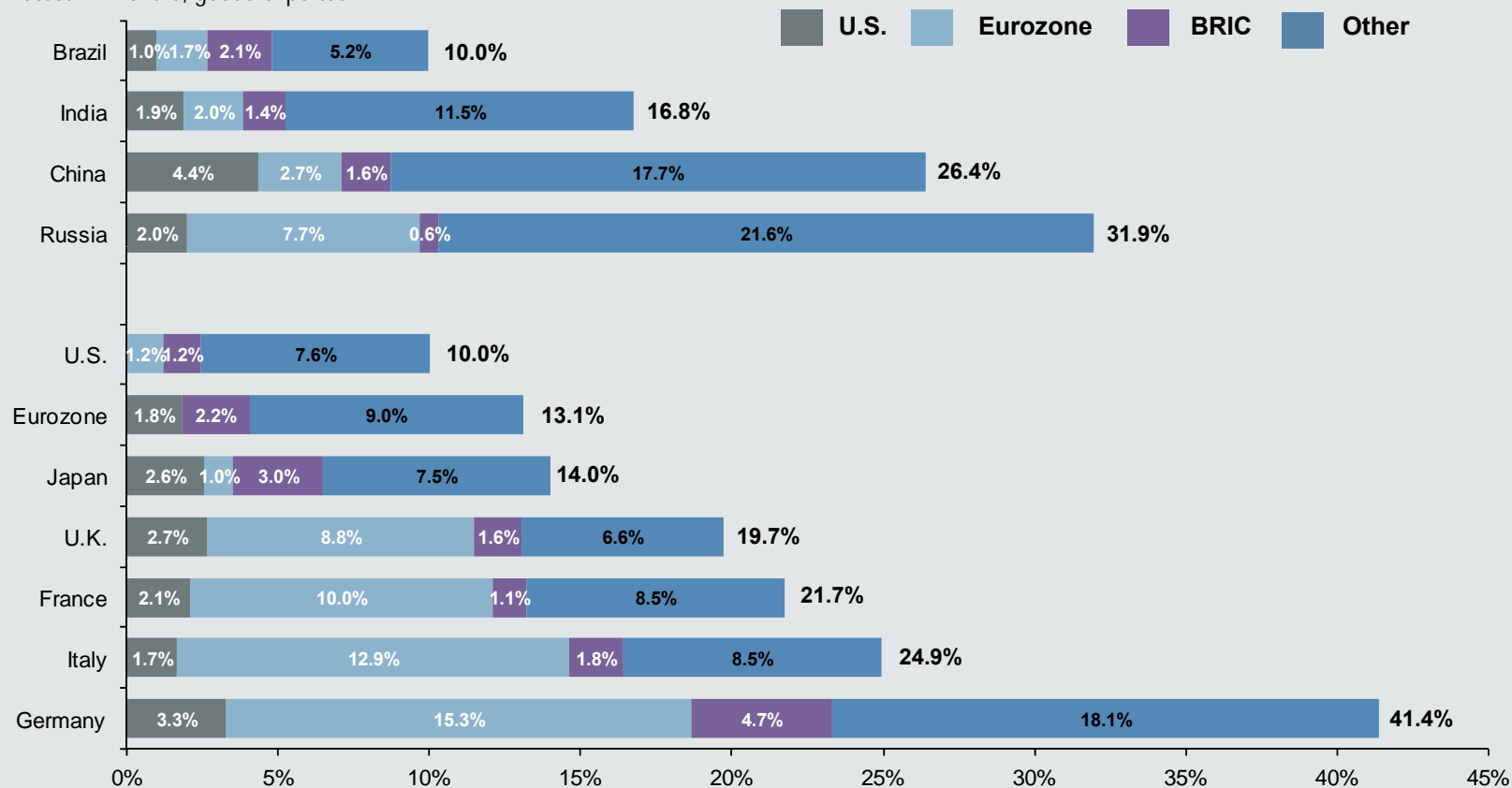
Guide to the Markets – U.S.

Data are as of 9/30/13.

The Importance of Exports

Exports as a % of GDP

Latest 12 months, goods exported



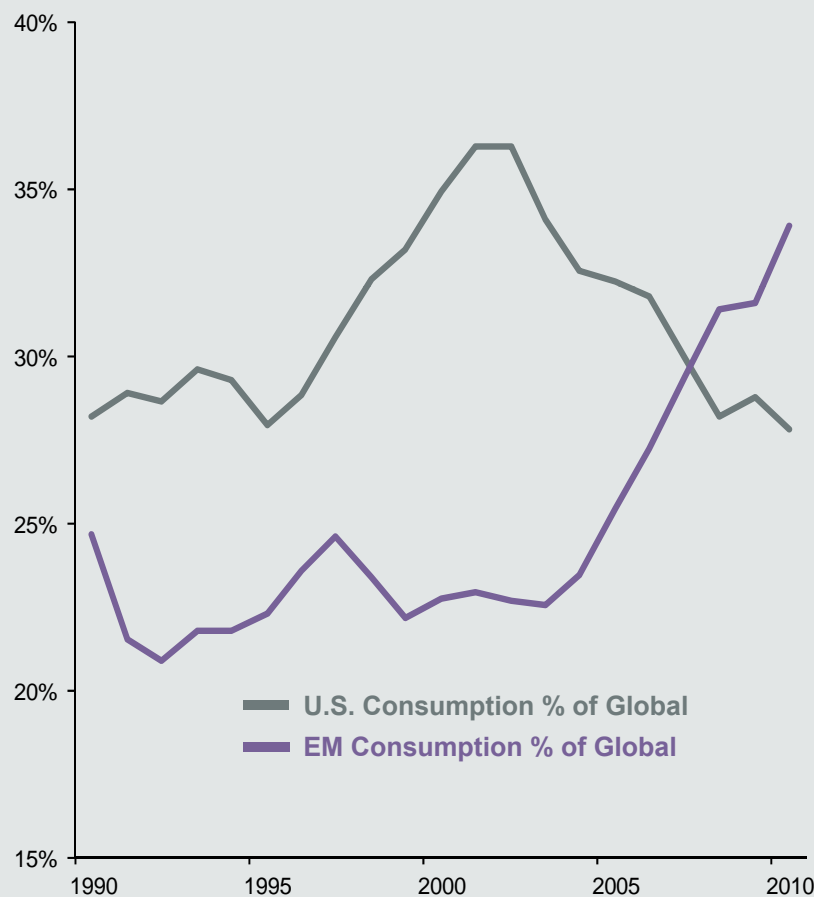
Source: IMF, MDIC, Indian Ministry of Commerce & Industry, China Customs, Bank of Russia, BEA, Japan Customs, ONS, French Ministry of Economy, Finance & Industry, ISTAT, German Federal Statistics Office, FactSet, J.P. Morgan Asset Management. Values may not sum to total exports due to rounding.

Guide to the Markets – U.S.

Data are as of 9/30/13.

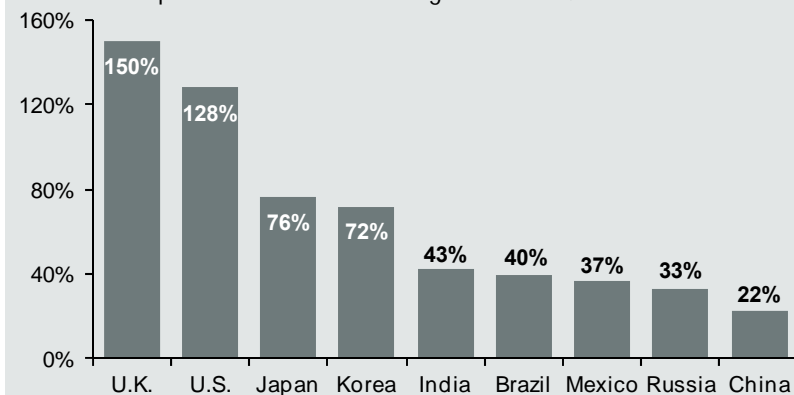
Global Consumption and Equity Investment

Share of Global Nominal Consumption



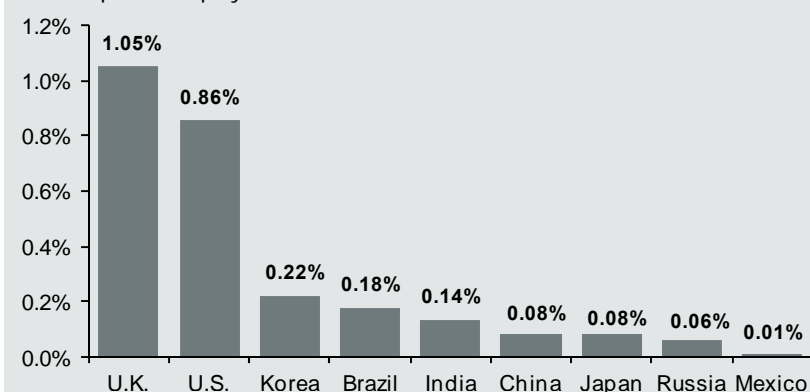
Value of Public Companies as a % of GDP

Includes companies with market value greater than \$1bn and 2013 GDP



Private Equity Investment as a % of GDP

Annual private equity investment, % of GDP, 2012



Source: J.P. Morgan Global Economics Research, FactSet, EMPEA (Emerging Markets Private Equity Association), J.P. Morgan Asset Management.

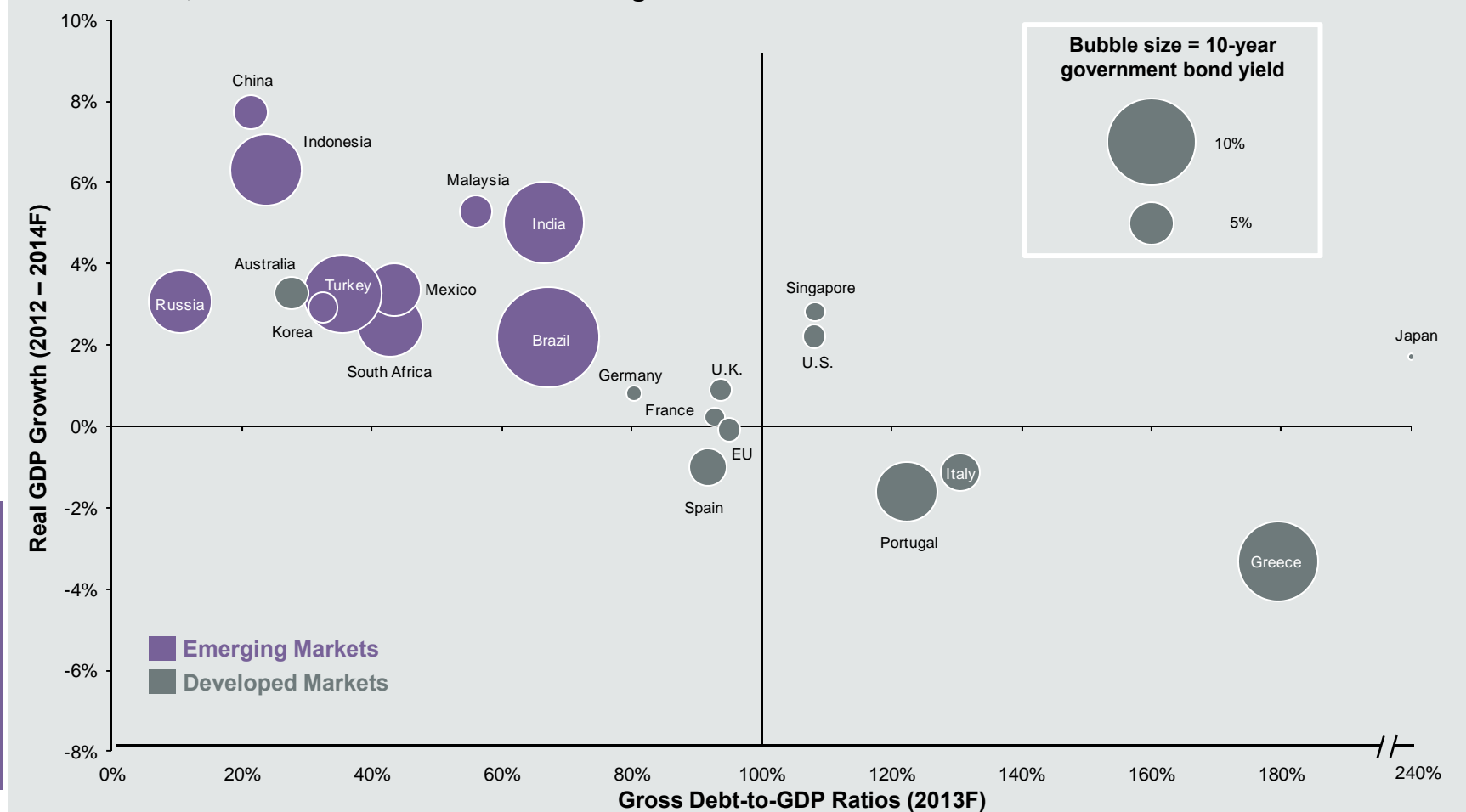
Number of listed companies excludes secondary listings, non-equity securities, and companies with market capitalization of less than \$1 billion.

Guide to the Markets – U.S.

Data are as of 9/30/13.

Sovereign Debt Stresses

GDP Growth, Gross Debt to GDP and Borrowing Costs



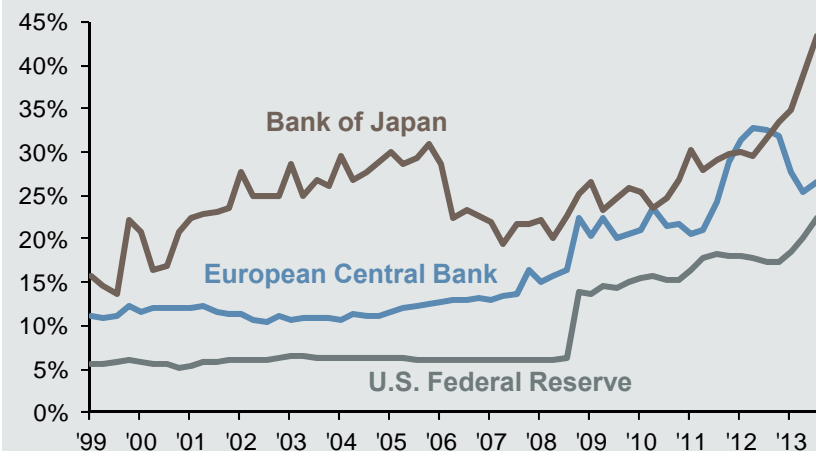
Source: IMF, FactSet, Bloomberg, J.P. Morgan Economics, Barclays, J.P. Morgan Asset Management.

Growth and debt data are based on the April 2013 World Economic Outlook.

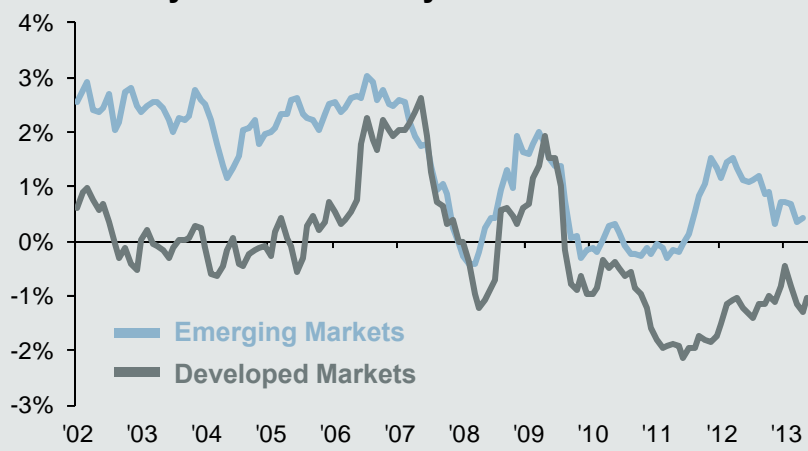
Borrowing costs based on local currency debt. EU overall borrowing cost based on Barclays Capital Euro-Aggregate 7-10 year treasury. South Africa's borrowing cost is based on 7-year government bond yield due to data availability. Guide to the Markets – U.S.

Global Monetary Policy

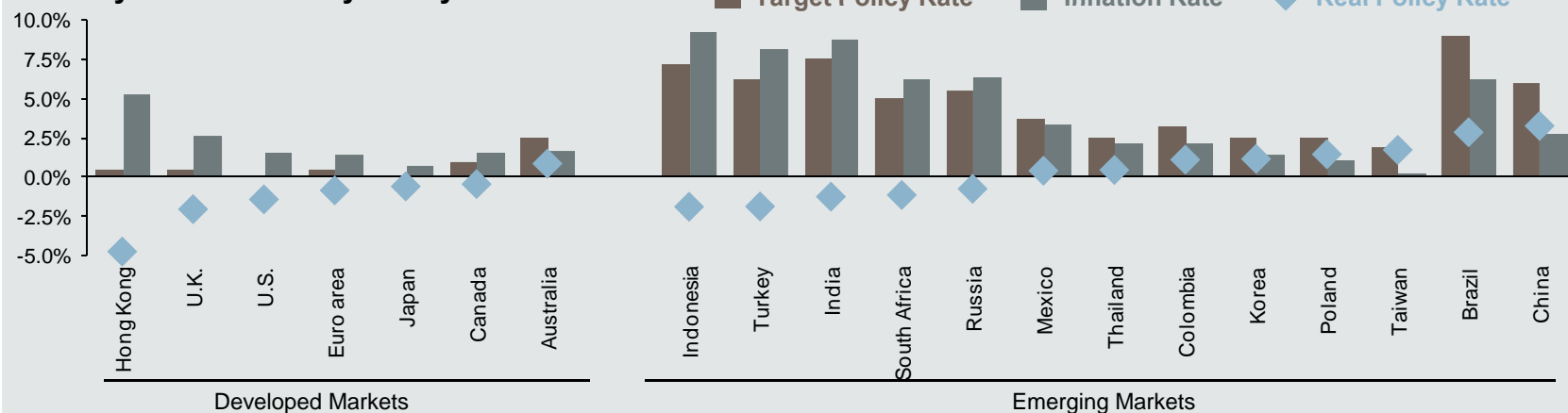
Central Bank Assets – Percent of Nominal GDP



Real Policy Rates – Monthly



Country Level Monetary Policy and Inflation



Source: J.P. Morgan Global Economics Research, J.P. Morgan Asset Management.

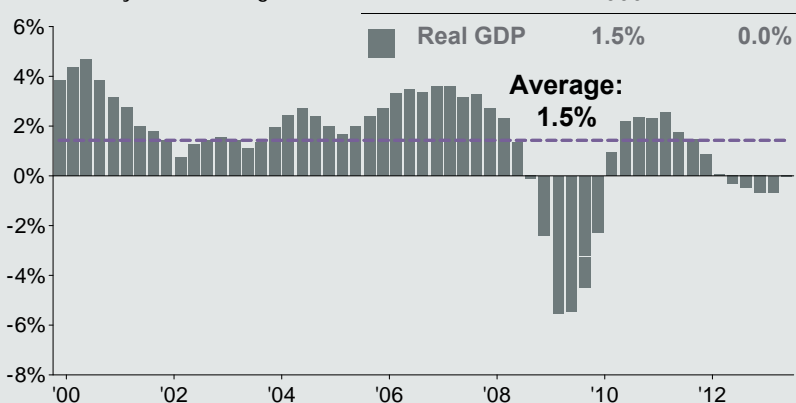
(Top charts) Emerging and Developed Economy GDP growth and real policy rates represent GDP weighted aggregates estimated by J.P. Morgan Global Economics Research. (Bottom chart) Target policy rates are the short-term target interest rates set by central banks. Inflation rates shown represent year-over-year quarterly rates for 3Q13. Real policy rates are short-term target interest rates set by central banks minus year-over-year inflation. Guide to the Markets – U.S.

Data are as of 9/30/13.

Europe: Growth, Inflation and Unemployment

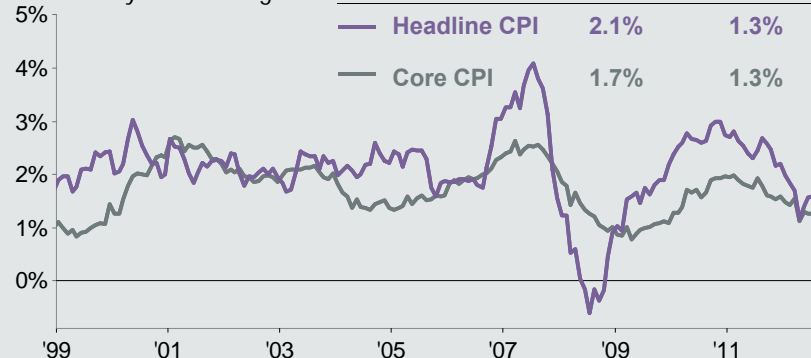
Europe Real GDP

Year-over-year % change



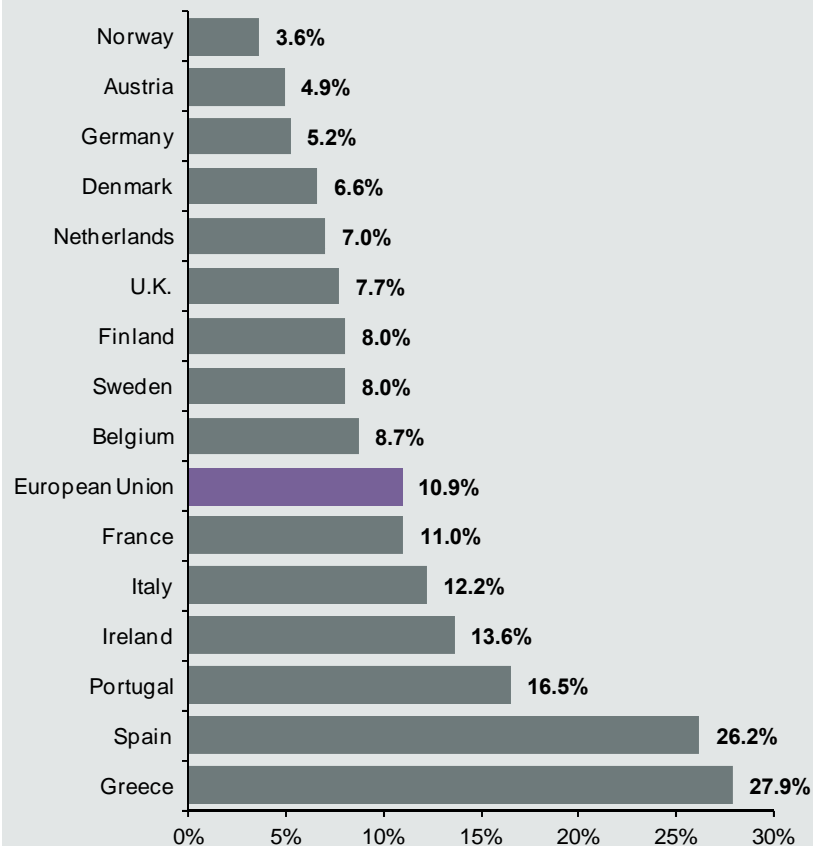
Europe Inflation

Year-over-year % change



Latest Unemployment Rates for European Countries

August 2013, seasonally adjusted



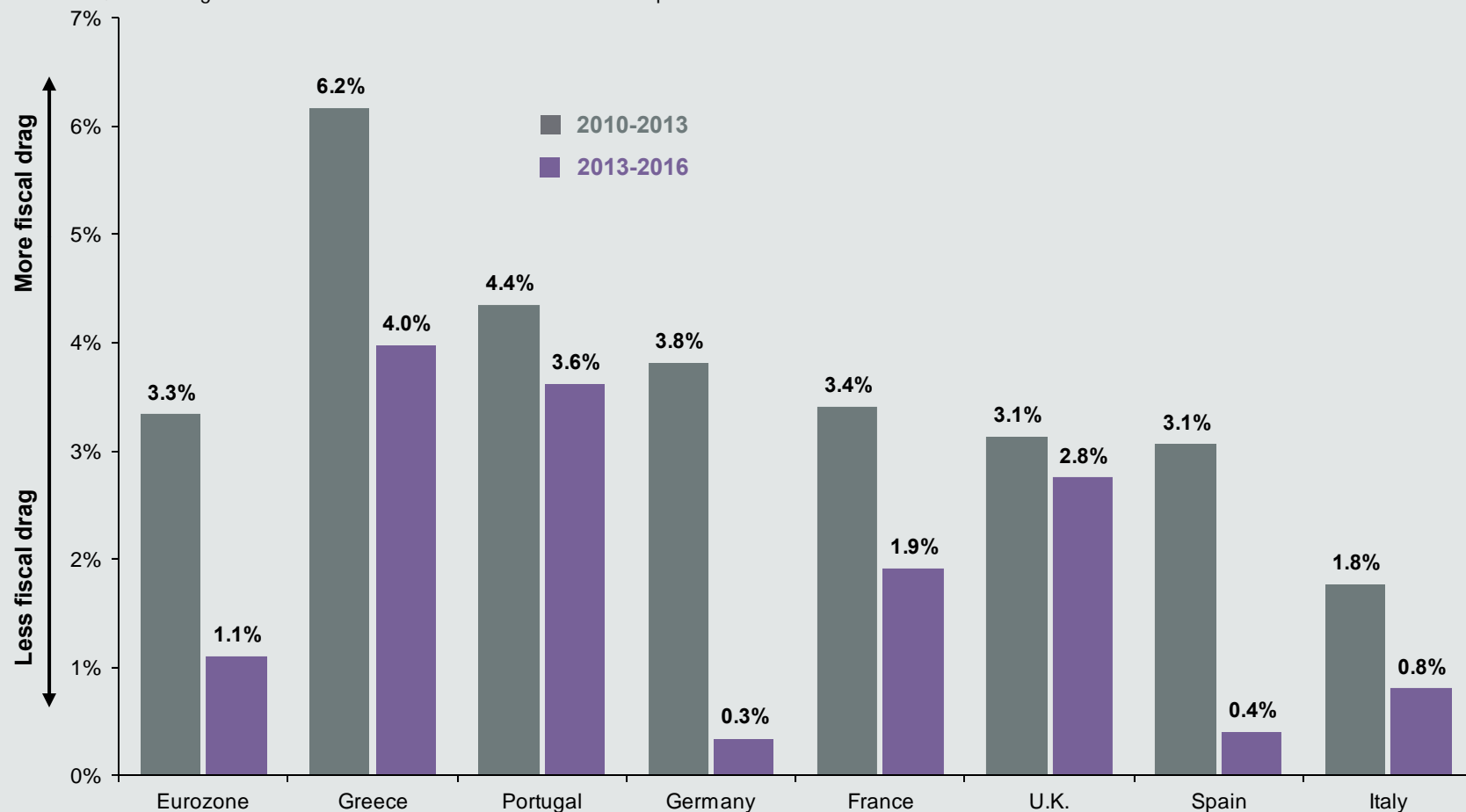
Source: Eurostat, FactSet, J.P. Morgan Asset Management.

Guide to the Markets – U.S.

Data are as of 9/30/13.

Government Fiscal Drag

% of GDP, fiscal drag measured as the reduction in deficits from one period to the next



Source: IMF, J.P. Morgan Asset Management.

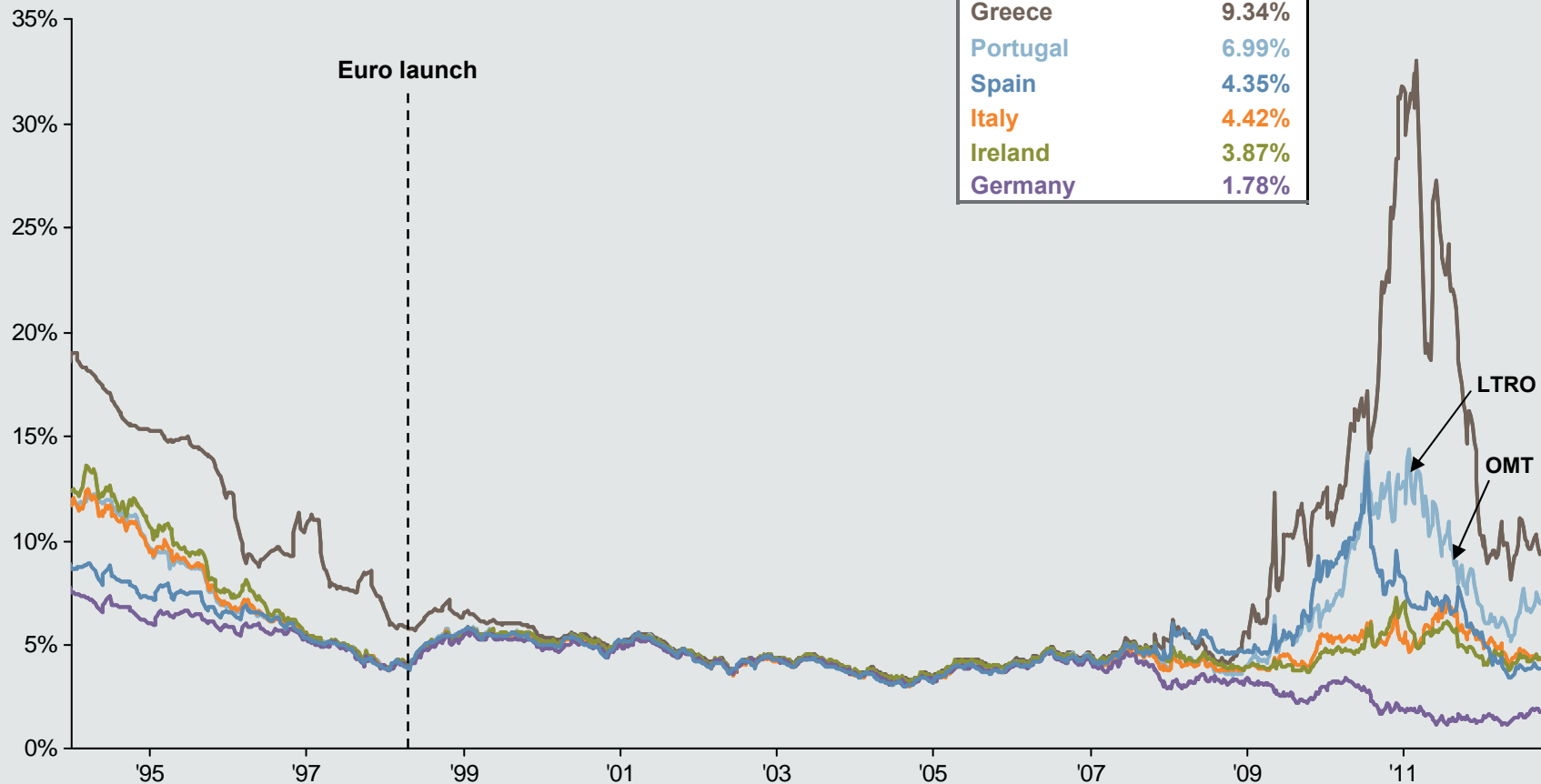
Government deficits calculated by the IMF as general government net lending/borrowing (revenue minus total expenditure). Data are based on the April 2013 World Economic Outlook. Guide to the Markets – U.S.

Data are as of 9/30/13.

Eurozone: Sovereign Bond Yields

European Sovereign Funding Costs

10-year benchmark bond yield



Source: Tullett Prebon, FactSet, J.P. Morgan Asset Management.

Note: The ECB announced the second round of Long Term Refinancing Operations (LTRO) in February 2012. The Outright Monetary Transaction (OMT) program was announced in September 2012.

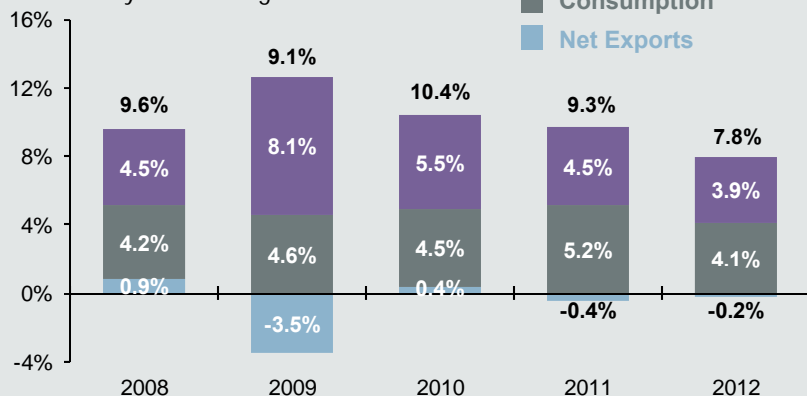
Guide to the Markets – U.S.

Data are as of 9/30/13.

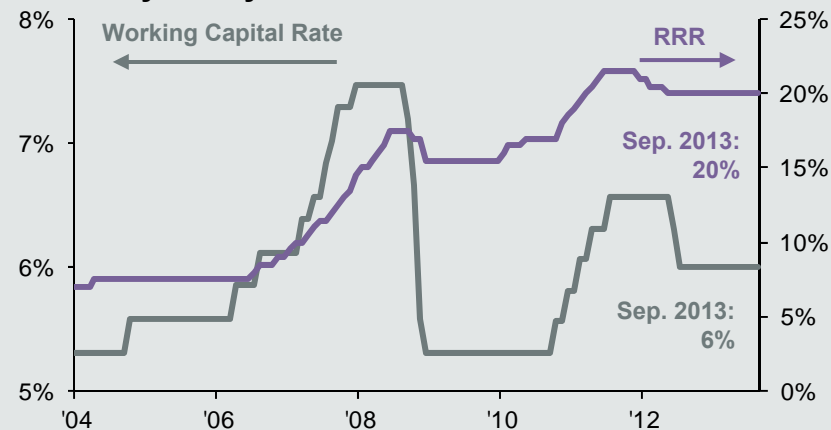
China: Growth and Economic Policy

China GDP Contribution

Year-over-year % change

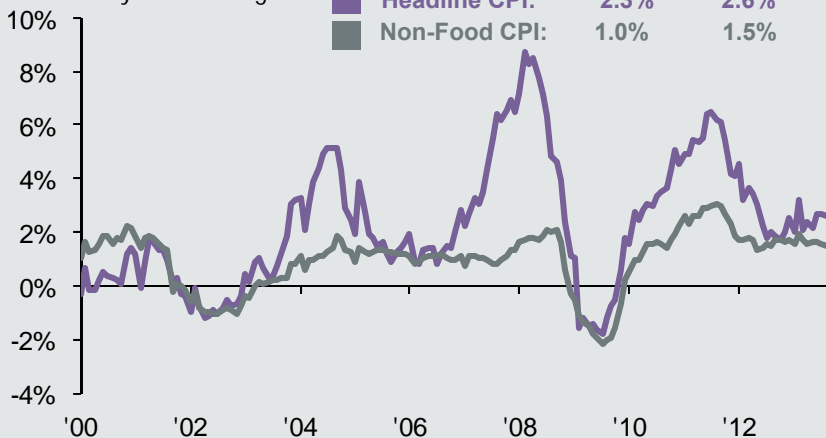


Monetary Policy Rates



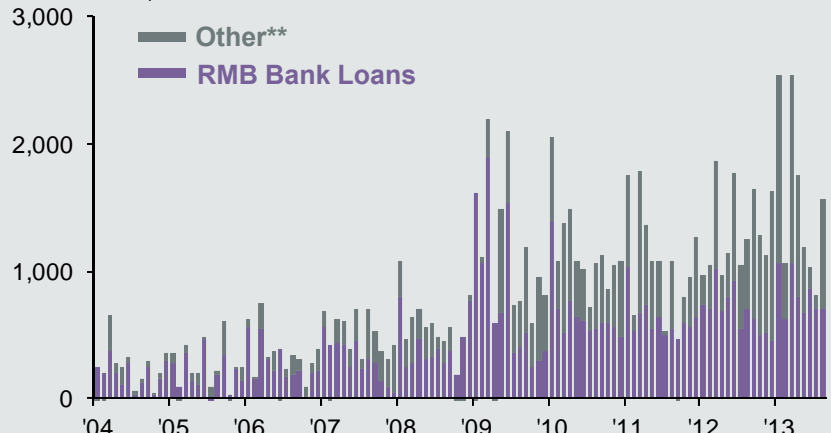
Inflation

Year-over-year % change



Credit Growth*

RMB billions, new for the month



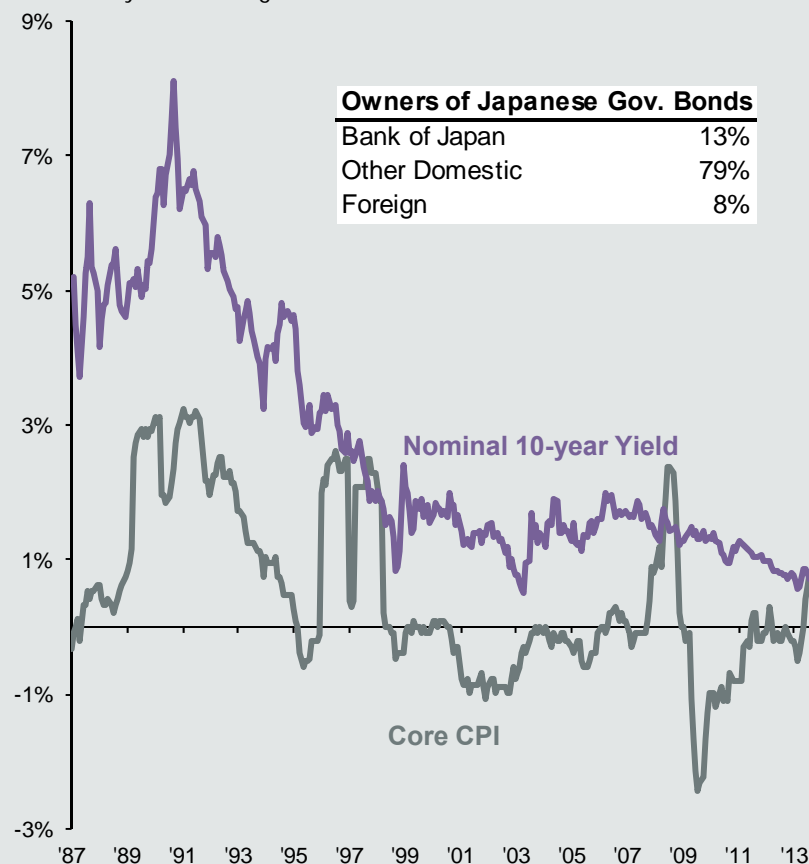
Source: National Bureau of Statistics of China, The People's Bank of China, FactSet, CEIC, J.P. Morgan Asset Management.

Values may not sum to 100% due to rounding. RRR represents the reserve requirement ratio. *As defined by Total Social Financing. **Other: bankers acceptance bills (-9%), trust loans (8%), entrusted loans (17%), corporate bond financing (18%), foreign currency loans (3%), and non-financial equity financing (2%). Guide to the Markets – U.S. Data are as of 9/30/13.

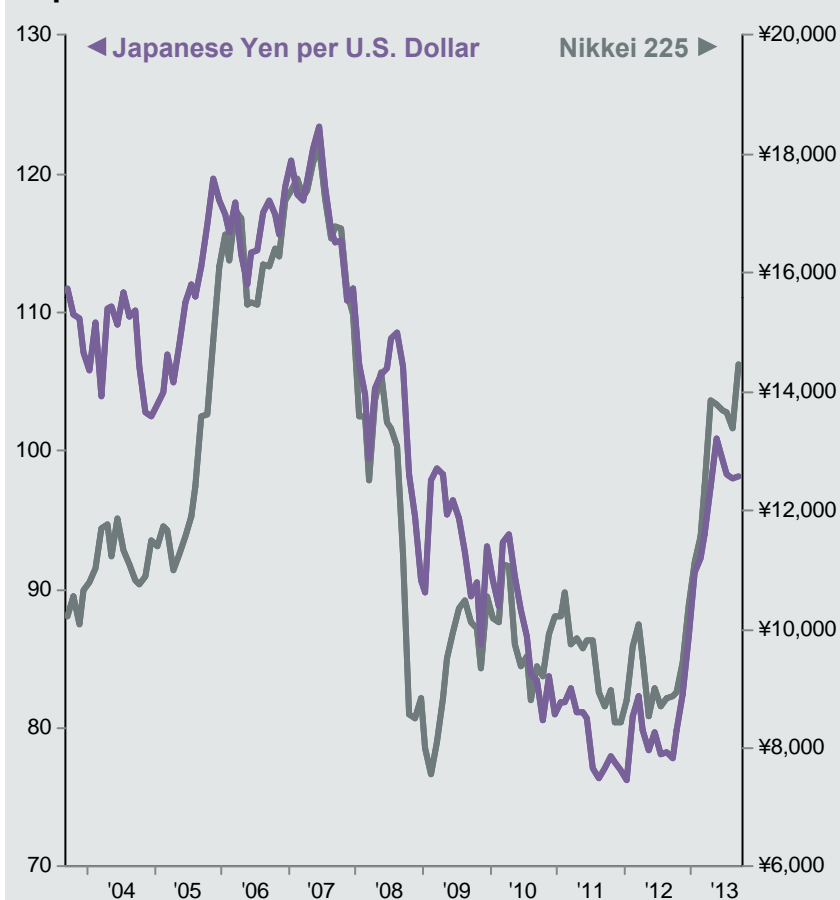
Japan: Economic Snapshot

Inflation and Japanese Government Bond Yields

Year-over-year % change for inflation



Japanese Yen and the Stock Market



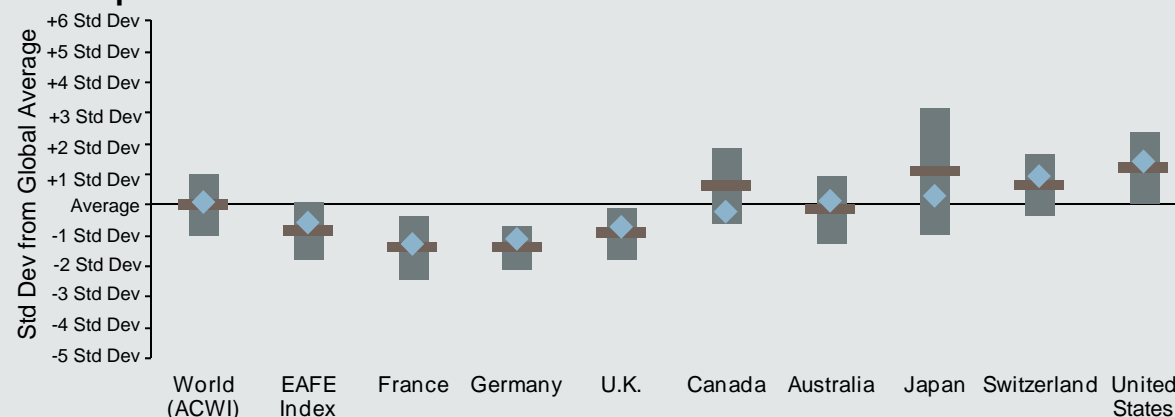
Source: (Left) Bank of Japan, OECD, IMF, FactSet, J.P. Morgan Asset Management. (Right) FactSet, J.P. Morgan Asset Management.

Core CPI is defined as CPI excluding fresh food. Other Domestic includes banks (34%), insurance and pensions (23%), public pensions (7%), households (3%), and others (11%). Values may not sum to 100% due to rounding. Government bond data is calculated from the Bank of Japan's June 2013 flow of funds. Guide to the Markets – U.S.

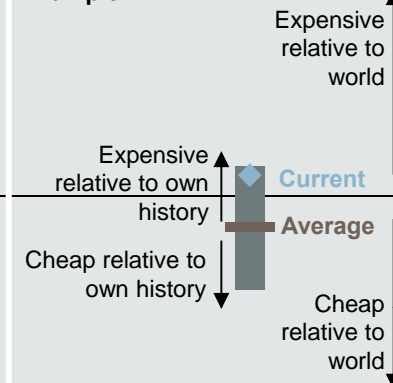
Data are as of 9/30/13.

Global Equity Valuations - Developed Markets

Developed Market Countries



Example



	Current Composite Index	Current				10-year avg.			
		Fwd. P/E	P/B	P/CF	Div. Yld.	Fwd. P/E	P/B	P/CF	Div. Yld.
World (ACWI)	0.09	13.4	1.9	8.3	2.6%	13.2	2.1	7.4	2.5%
EAFE Index	-0.58	13.2	1.6	7.5	3.2%	12.7	1.7	6.6	3.1%
France	-1.28	12.6	1.4	6.2	3.5%	11.3	1.6	5.8	3.3%
Germany	-1.11	11.7	1.5	6.2	3.1%	11.5	1.5	5.4	3.0%
U.K.	-0.72	12.0	1.8	8.3	3.8%	11.2	2.0	7.6	3.7%
Canada	-0.23	13.9	1.8	7.0	3.0%	13.7	2.1	8.6	2.2%
Australia	0.13	14.4	2.0	10.5	4.5%	13.5	2.2	9.4	4.2%
Japan	0.29	14.4	1.3	6.8	1.8%	16.6	1.4	6.4	1.5%
Switzerland	0.93	14.7	2.5	10.0	3.1%	13.3	2.4	9.6	2.6%
United States	1.41	14.5	2.5	9.1	2.0%	14.1	2.5	8.6	1.9%

Source: MSCI, FactSet, J.P. Morgan Asset Management.

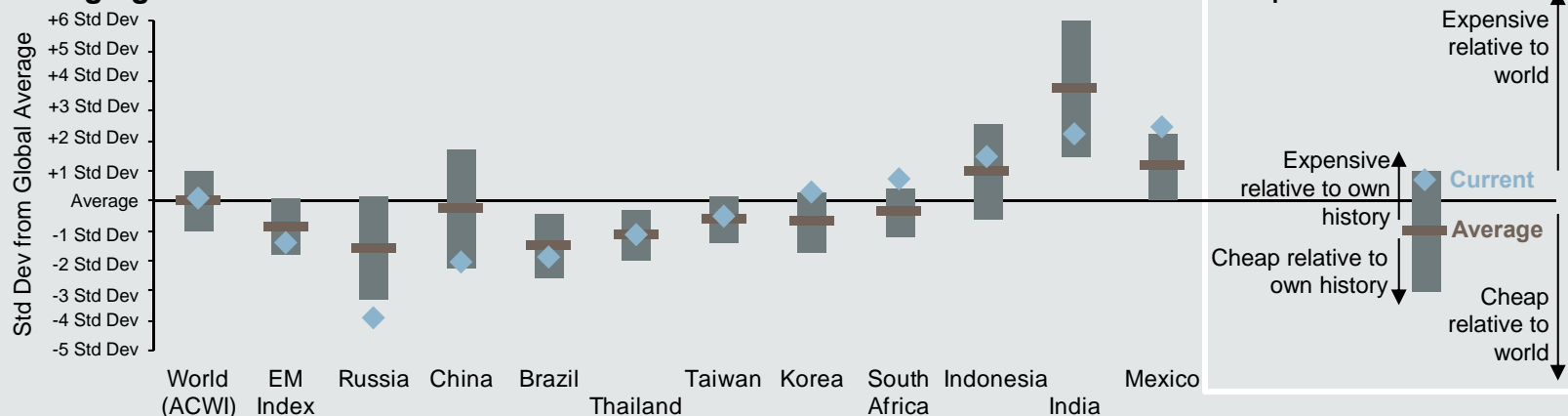
Note: Each valuation index shows an equally weighted composite of four metrics: price to forward earnings (Fwd. P/E), price to current book (P/B), price to last 12 months' cash flow (P/CF) and price to last 12 months' dividends. Results are then normalized using means and average variability over the last 10 years. The grey bars represent valuation index variability relative to that of the MSCI All Country World Index (ACWI). See disclosures page at the end for metric definitions.

Guide to the Markets – U.S.

Data are as of 9/30/13.

Global Equity Valuations - Emerging Markets

Emerging Market Countries



	Current Composite Index	Current				10-year avg.			
		Fwd. P/E	P/B	P/CF	Div. Yld.	Fwd. P/E	P/B	P/CF	Div. Yld.
World(ACWI)	0.09	13.4	1.9	8.3	2.6%	13.2	2.1	7.4	2.5%
EM Index	-1.40	10.0	1.4	5.8	3.0%	11.1	1.9	6.1	2.7%
Russia	-3.91	5.0	0.6	3.3	4.4%	7.9	1.4	5.0	2.1%
China	-2.05	8.6	1.4	5.7	3.5%	12.1	2.1	7.3	2.6%
Brazil	-1.88	10.3	1.3	5.3	4.0%	9.8	1.9	5.5	3.2%
Thailand	-1.13	10.8	2.0	6.6	3.5%	10.7	2.1	6.7	3.6%
Taiwan	-0.52	13.9	1.7	6.7	3.1%	14.0	1.9	6.9	3.5%
Korea	0.29	8.7	1.2	4.5	1.1%	9.5	1.5	4.8	1.6%
South Africa	0.73	13.6	2.3	10.7	3.3%	11.1	2.4	8.3	3.2%
Indonesia	1.47	12.7	3.0	10.5	2.9%	12.1	3.4	9.6	2.8%
India	2.23	13.2	2.3	10.0	1.6%	15.3	3.2	12.7	1.4%
Mexico	2.46	16.8	2.6	8.6	1.7%	14.0	2.7	7.3	1.9%

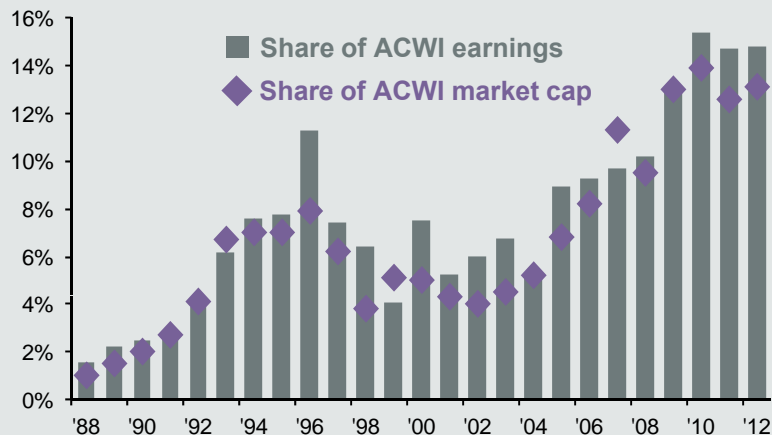
Source: MSCI, FactSet, J.P. Morgan Asset Management.

Note: Each valuation index shows an equally weighted composite of four metrics: price to forward earnings (Fwd. P/E), price to current book (P/B), price to last 12 months' cash flow (P/CF) and price to last 12 months' dividends. Results are then normalized using means and average variability over the last 10 years. The grey bars represent valuation index variability relative to that of the MSCI All Country World Index (ACWI). See disclosures page at the end for metric definitions. Guide to the Markets – U.S.

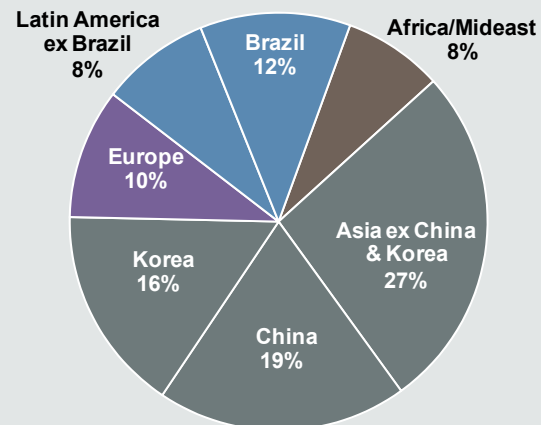
Data are as of 9/30/13.

Emerging Market Equity Composition

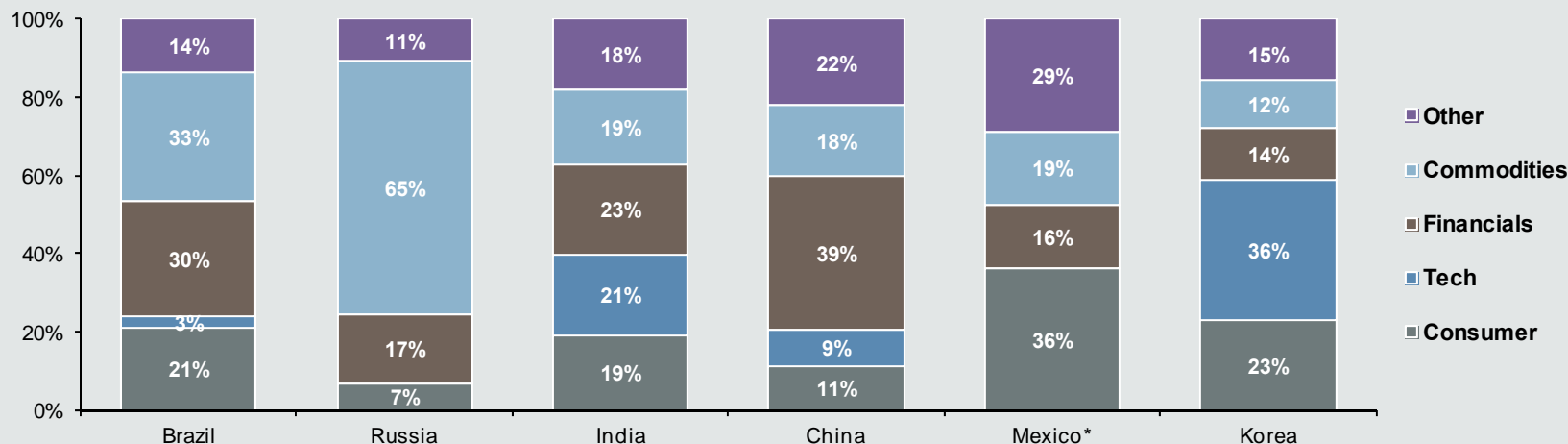
Emerging Market Share of MSCI ACWI



MSCI EM Index by Region



MSCI EM Country Index by Sector



Source: MSCI, FactSet, J.P. Morgan Asset Management. "Other" is comprised of Healthcare, Industrials, Telecom, and Utilities sectors.

*Mexican Telecom sector accounts for 19% of the country's market capitalization. Values may not sum to 100% due to rounding.

Asset Class Returns

												10-yrs. '03 - '12	
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	YTD '13	3Q13	Cum.	Ann.
MSCI EME 56.3%	REITs 31.6%	MSCI EME 34.5%	REITs 35.1%	MSCI EME 39.8%	Barclays Agg 5.2%	MSCI EME 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Russell 2000 27.7%	MSCI EAFE 11.6%	MSCI EME 376.0%	MSCI EME 16.9%
Russell 2000 47.3%	MSCI EME 26.0%	DJ UBS Cndty 21.4%	MSCI EME 32.6%	DJ UBS Cndty 16.2%	Cash 1.8%	MSCI EAFE 32.5%	Russell 2000 26.9%	Barclays Agg 7.8%	MSCI EME 18.6%	S&P 500 19.8%	Russell 2000 10.2%	REITs 204.6%	REITs 11.8%
MSCI EAFE 39.2%	MSCI EAFE 20.7%	MSCI EAFE 14.0%	MSCI EAFE 26.9%	MSCI EAFE 11.6%	Market Neutral 1.1%	REITs 28.0%	MSCI EME 19.2%	Market Neutral 4.5%	MSCI EAFE 17.9%	MSCI EAFE 16.6%	MSCI EME 5.9%	Russell 2000 152.8%	Russell 2000 9.7%
REITs 37.1%	Russell 2000 18.3%	REITs 12.2%	Russell 2000 18.4%	Market Neutral 9.3%	Asset Alloc. -24.0%	Russell 2000 27.2%	DJ UBS Cndty 16.8%	S&P 500 2.1%	Russell 2000 16.3%	Asset Alloc. 9.4%	S&P 500 5.2%	MSCI EAFE 130.3%	MSCI EAFE 8.7%
S&P 500 28.7%	Asset Alloc. 12.5%	Asset Alloc. 8.3%	S&P 500 15.8%	Asset Alloc. 7.4%	Russell 2000 -33.8%	S&P 500 26.5%	S&P 500 15.1%	Cash 0.1%	S&P 500 16.0%	REITs 3.0%	Asset Alloc. 4.5%	Asset Alloc. 117.7%	Asset Alloc. 8.1%
Asset Alloc. 25.1%	S&P 500 10.9%	Market Neutral 6.1%	Asset Alloc. 15.2%	Barclays Agg 7.0%	DJ UBS Cndty -35.6%	Asset Alloc. 22.2%	Asset Alloc. 12.5%	Asset Alloc. -0.6%	Asset Alloc. 11.3%	Market Neutral 3.0%	DJ UBS Cndty 2.1%	S&P 500 98.6%	S&P 500 7.1%
DJ UBS Cndty 23.9%	DJ UBS Cndty 9.1%	S&P 500 4.9%	Market Neutral 11.2%	S&P 500 5.5%	S&P 500 -37.0%	DJ UBS Cndty 18.9%	MSCI EAFE 8.2%	Russell 2000 -4.2%	Barclays Agg 4.2%	Cash 0.0%	Barclays Agg 0.6%	Barclays Agg 65.7%	Barclays Agg 5.2%
Market Neutral 7.1%	Market Neutral 6.5%	Russell 2000 4.6%	Cash 4.8%	Cash 4.8%	REITs -37.7%	Barclays Agg 5.9%	Barclays Agg 6.5%	MSCI EAFE -11.7%	Market Neutral 0.9%	Barclays Agg -1.9%	Market Neutral 0.3%	Market Neutral 61.5%	Market Neutral 4.9%
Barclays Agg 4.1%	Barclays Agg 4.3%	Cash 3.0%	Barclays Agg 4.3%	Russell 2000 -1.6%	MSCI EAFE -43.1%	Market Neutral 4.1%	Cash 0.1%	DJ UBS Cndty -13.3%	Cash 0.1%	MSCI EME -4.1%	Cash 0.0%	DJ UBS Cndty 49.3%	DJ UBS Cndty 4.1%
Cash 1.0%	Cash 1.2%	Barclays Agg 2.4%	DJ UBS Cndty 2.1%	REITs -15.7%	MSCI EME -53.2%	Cash 0.1%	Market Neutral -0.8%	MSCI EME -18.2%	DJ UBS Cndty -1.1%	DJ UBS Cndty -8.6%	REITs -2.6%	Cash 18.2%	Cash 1.7%

Source: Russell, MSCI, Dow Jones, Standard & Poor's, Credit Suisse, Barclays Capital, NAREIT, FactSet, J.P. Morgan Asset Management.

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 EMI, 25% in the Barclays Capital Aggregate, 5% in the Barclays 1-3m Treasury, 5% in the CS/Tremont Equity Market Neutral Index, 5% in the DJ UBS Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. All data represents total return for stated period. Past performance is not indicative of future returns. Data are as of 9/30/13, except for the CS/Tremont Equity Market Neutral Index, which reflects data through 8/31/13. "10-yrs" returns represent period of 1/1/03 – 12/31/12 showing both cumulative (Cum.) and annualized (Ann.) over the period. Please see disclosure page at end for index definitions. *Market Neutral returns include estimates found in disclosures.

Guide to the Markets – U.S. Data are as of 9/30/13.

Correlations: 10-Years

	Large Cap	Small Cap	EAFE	EME	Core Bonds	Corp. HY	EMD	Cmdty.	REITs	Hedge Funds	Eq. Market Neutral*
Large Cap	1.00	0.95	0.90	0.80	-0.26	0.77	0.60	0.52	0.79	0.81	0.58
Small Cap		1.00	0.86	0.74	-0.31	0.73	0.54	0.45	0.83	0.75	0.54
EAFE			1.00	0.90	-0.17	0.77	0.66	0.60	0.71	0.87	0.71
EME				1.00	-0.05	0.82	0.79	0.66	0.62	0.90	0.60
Core Bonds					1.00	-0.03	0.34	-0.18	0.02	-0.21	-0.10
Corp. HY						1.00	0.85	0.56	0.72	0.78	0.43
EMD							1.00	0.48	0.65	0.66	0.39
Commodities								1.00	0.39	0.72	0.49
REITs									1.00	0.58	0.49
Hedge Funds										1.00	0.58
Eq. Market Neutral*											1.00

Source: Standard & Poor's, Russell, Barclays Capital Inc., MSCI Inc., Credit Suisse/Tremont, NCREIF, DJ UBS, J.P. Morgan Asset Management.

Indexes used – Large Cap: S&P 500 Index; Small Cap: Russell 2000; EAFE: MSCI EAFE; EME: MSCI Emerging Markets; Bonds: Barclays Capital Aggregate; Corp HY: Barclays Capital Corporate High Yield; EMD: Barclays Capital Emerging Market; Cmdty.: DJ UBS Commodity Index; Real Estate: NAREIT Equity REIT Index; Hedge Funds: CS/Tremont Multi-Strategy Index; Equity Market Neutral: CS/Tremont Equity Market Neutral Index. *Market Neutral returns include estimates found in disclosures.

All correlation coefficients calculated based on quarterly total return data for period 9/30/03 to 9/30/13.

This chart is for illustrative purposes only. Guide to the Markets – U.S.

Data as of 9/30/13.

Alternative Asset Class Returns

												10-yrs '03 - '12	
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	YTD '13	3Q13	Ann. Return	Ann. Volatility
MLPs 44.5%	Real Estate 35.0%	Private Equity 28.3%	Real Estate 35.6%	Private Equity 19.7%	Glb. Macro 4.7%	MLPs 76.4%	MLPs 35.9%	MLPs 13.9%	Real Estate 18.0%	MLPs 21.2%	Global Equity 6.4%	MLPs 16.5%	Real Estate 25.6%
Real Estate 36.3%	Private Equity 25.9%	Global Equity 17.4%	Private Equity 28.7%	MLPs 12.7%	Eq. Mkt. Ntrl. -3.0%	Global Equity 30.0%	Real Estate 26.7%	Private Equity 10.5%	Global Equity 16.5%	Global Equity 16.9%	Mrgr. Arb. 0.7%	Private Equity 15.1%	MLPs 18.0%
Distrsd. 30.4%	Distrsd. 18.1%	Real Estate 13.7%	MLPs 26.1%	Glb. Macro 11.4%	Mrgr. Arb. -6.7%	Real Estate 27.6%	Private Equity 21.0%	Real Estate 9.4%	Private Equity 13.8%	Distrsd. 11.0%	Eq. Mkt. Ntrl. 0.6%	Real Estate 12.0%	Global Equity 16.7%
Global Equity 26.4%	MLPs 16.7%	Distrsd. 10.4%	Global Equity 17.0%	HF Agg. 11.0%	Rel. Val. -17.3%	Rel. Val. 23.0%	Rel. Val. 12.5%	Mrgr. Arb. 2.3%	Rel. Val. 9.7%	HF Agg. 5.3%	Distrsd. 0.2%	Distrsd. 9.0%	Private Equity 10.4%
Private Equity 22.3%	Global Equity 12.0%	HF Agg. 9.1%	Distrsd. 15.3%	Rel. Val. 10.0%	HF Agg. -18.7%	Distrsd. 20.2%	Distrsd. 12.2%	Rel. Val. 0.8%	Distrsd. 8.5%	Rel. Val. 4.6%	MLPs -0.7%	Global Equity 7.3%	Distrsd. 10.1%
Glb. Macro 21.5%	HF Agg. 9.3%	MLPs 6.3%	Mrgr. Arb. 14.6%	Mrgr. Arb. 8.9%	Distrsd. -22.3%	HF Agg. 18.6%	Global Equity 11.1%	Distrsd. 0.0%	MLPs 4.8%	Eq. Mkt. Ntrl. 3.6%	Rel. Val. -0.8%	Rel. Val. 6.7%	HF Agg. 8.2%
HF Agg. 17.1%	Glb. Macro 7.5%	Eq. Mkt. Ntrl. 6.1%	HF Agg. 13.3%	Global Equity 7.7%	Private Equity -22.4%	Private Equity 13.4%	HF Agg. 8.5%	Glb. Macro -0.7%	HF Agg. 4.4%	Mrgr. Arb. 3.6%	HF Agg. -0.9%	Glb. Macro 6.6%	Rel. Val. 6.7%
Rel. Val. 9.1%	Rel. Val. 6.1%	Glb. Macro 6.1%	Rel. Val. 12.2%	Distrsd. 6.8%	MLPs -36.9%	Mrgr. Arb. 11.9%	Mrgr. Arb. 4.6%	Eq. Mkt. Ntrl. -1.5%	Eq. Mkt. Ntrl. 3.1%	Real Estate 0.8%	Glb. Macro -2.9%	HF Agg. 6.5%	Glb. Macro 5.4%
Mrgr. Arb. 7.3%	Mrgr. Arb. 3.7%	Mrgr. Arb. 5.5%	Glb. Macro 8.2%	Eq. Mkt. Ntrl. 5.7%	Real Estate -37.3%	Glb. Macro 6.9%	Glb. Macro 3.2%	HF Agg. -2.0%	Mrgr. Arb. 1.8%	Glb. Macro -1.2%	Real Estate -3.0%	Mrgr. Arb. 5.2%	Mrgr. Arb. 3.7%
Eq. Mkt. Ntrl. 3.3%	Eq. Mkt. Ntrl. 3.4%	Rel. Val. 5.3%	Eq. Mkt. Ntrl. 7.0%	Real Estate -16.3%	Global Equity -39.2%	Eq. Mkt. Ntrl. -1.7%	Eq. Mkt. Ntrl. 2.5%	Global Equity -6.0%	Glb. Macro -1.3%	Private Equity -	Private Equity -	Eq. Mkt. Ntrl. 2.4%	Eq. Mkt. Ntrl. 3.7%

Source: Standard & Poor's, Alerian, HFRI, MSCI, Cambridge Associates, NAREIT, FactSet, J.P. Morgan Asset Management.

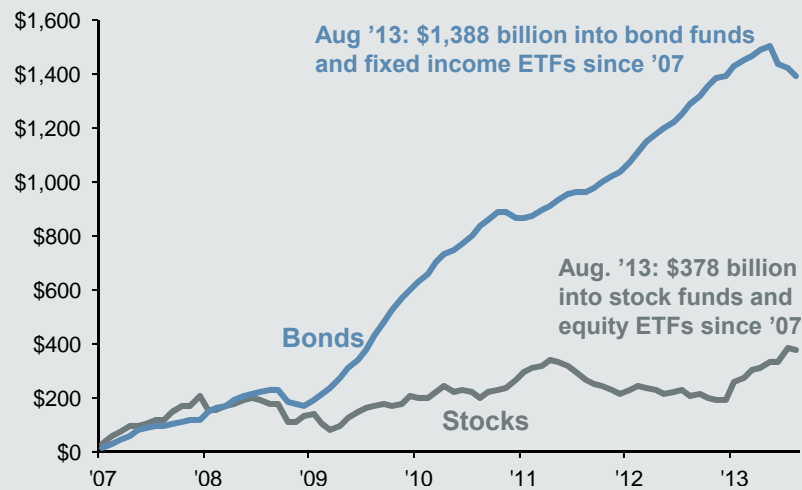
Hedge fund indices include distressed and restructuring (Distrsd.), relative value (Rel. Val.), global macro (Glb. Macro), merger arbitrage (Mrgr. Arb.), equity market neutral (Eq. Mkt. Ntrl.), and the aggregate (HF Agg.). 3Q13 and YTD private equity data is unavailable and provided by Cambridge Associates. Real estate returns reflect the NAREIT Real Estate 50 Index and global equity returns reflect the MSCI AC World Index. Annualized volatility is calculated from quarterly data between 12/31/2002 and 12/31/2012. Please see disclosure pages for index definitions. Guide to the Markets – U.S. Data are as of 9/30/13.

Mutual Fund Flows

Billions, USD	AUM	Fund Flows															
		YTD 2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Domestic Equity	5,026	15	(156)	(132)	(81)	(29)	(149)	(65)	(0)	18	101	120	(26)	55	261	176	149
World Equity	1,763	91	3	4	58	28	(80)	139	149	106	71	24	(3)	(22)	53	11	8
Taxable Bond	2,795	19	254	137	224	310	21	98	45	27	5	40	125	76	(36)	8	59
Tax-exempt Bond	515	(32)	50	(12)	11	69	8	11	15	5	(15)	(7)	17	11	(14)	(12)	15
Hybrid	1,126	59	46	29	29	12	(25)	41	18	37	48	38	8	9	(36)	(14)	10
Money Market	2,633	(68)	(0)	(124)	(525)	(539)	637	654	245	62	(157)	(263)	(46)	375	159	194	235

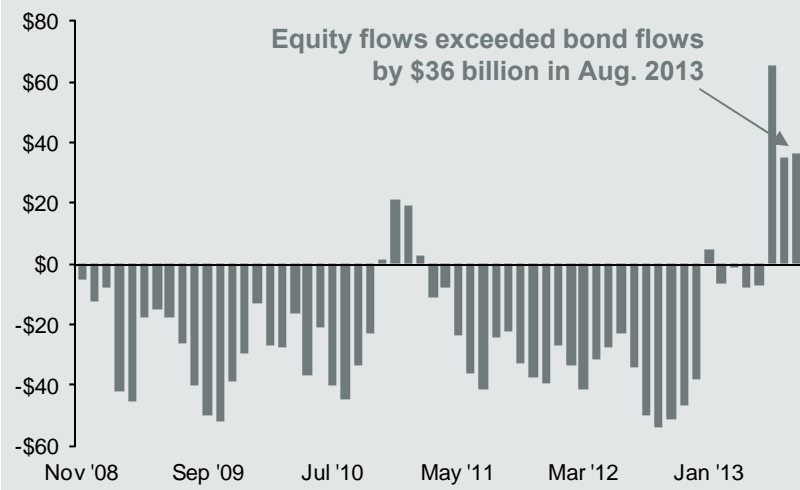
Cumulative Flows Into Stock & Bond Funds

Billions, USD, includes both mutual funds and ETFs



Difference Between Flows Into Stock and Bond Funds

Billions, USD, U.S. and international funds, monthly



Source: Investment Company Institute, J.P. Morgan Asset Management.

Data include flows through August 2013 and exclude ETFs except for the bottom left chart. ICI data are subject to periodic revisions. World equity flows are inclusive of emerging market, global equity and regional equity flows. Hybrid flows include asset allocation, balanced fund, flexible portfolio and mixed income flows.

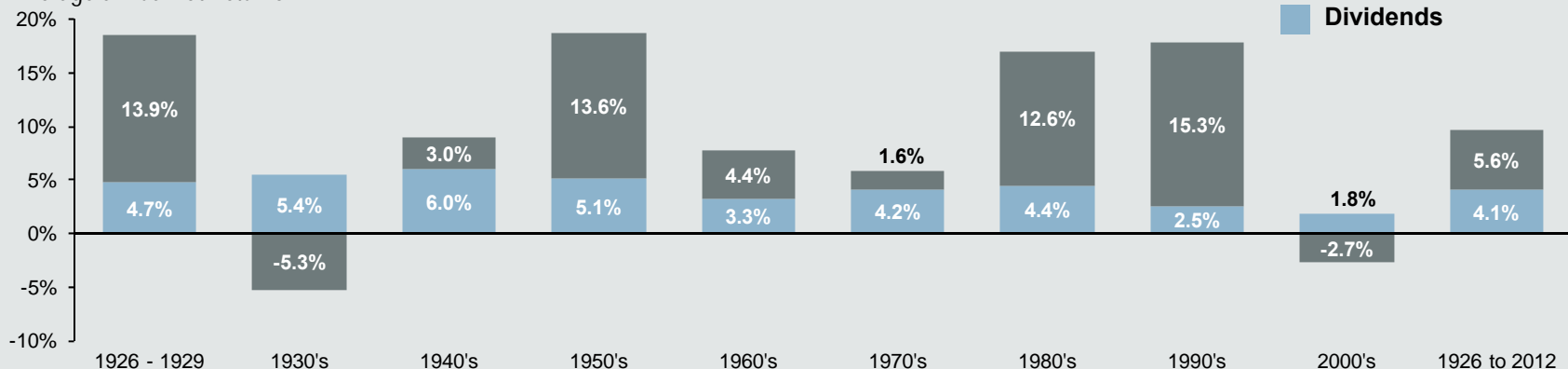
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Data are as of 9/30/13.

Yield Alternatives: Domestic and Global

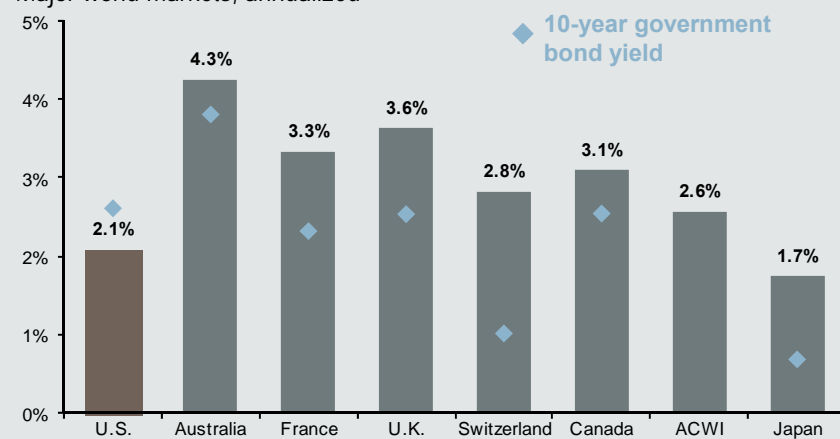
S&P 500 Total Return: Dividends vs. Capital Appreciation

Average annualized returns



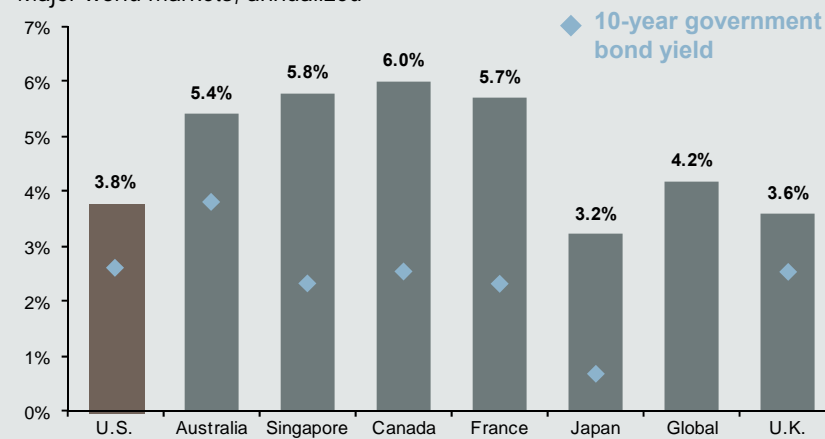
Equity Dividend Yields

Major world markets, annualized



REIT Yields

Major world markets, annualized



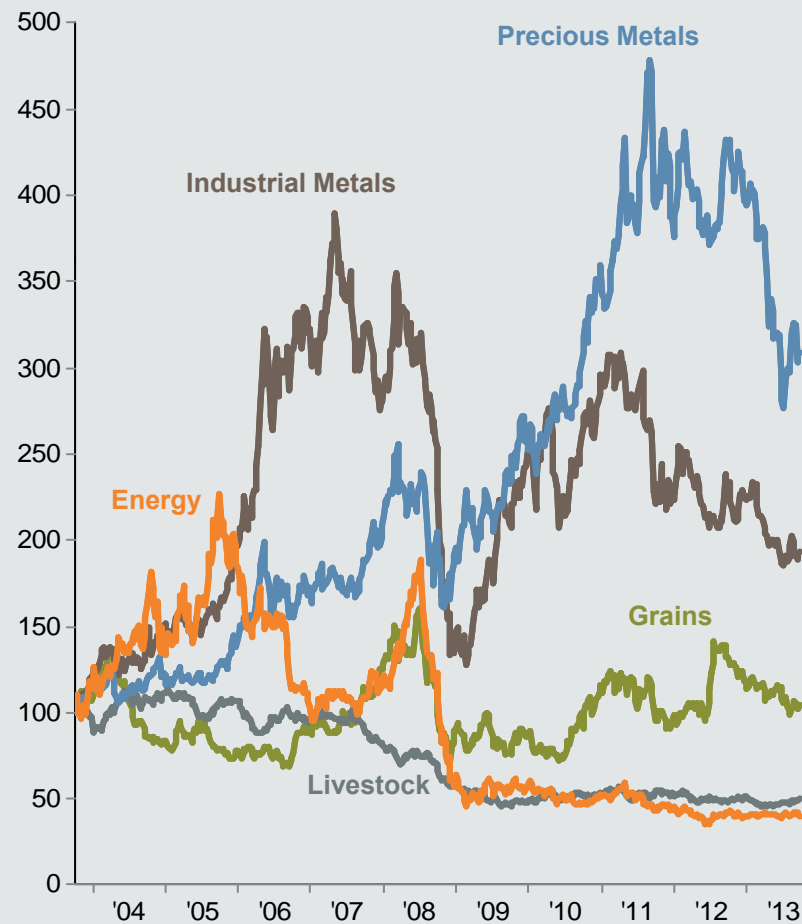
Source: (Top chart) Standard & Poor's, Ibbotson, J.P. Morgan Asset Management. (Bottom left) FactSet, NAREIT, J.P. Morgan Asset Management. Dividend vs. capital appreciation returns are through 12/31/12. Yields shown are that of the appropriate FTSE NAREIT REIT index, which excludes property development companies. (Bottom right) FactSet, MSCI, J.P. Morgan Asset Management. Yields shown are that of the appropriate MSCI index. Guide to the Markets – U.S.

Data are as of 9/30/13.

Global Commodities

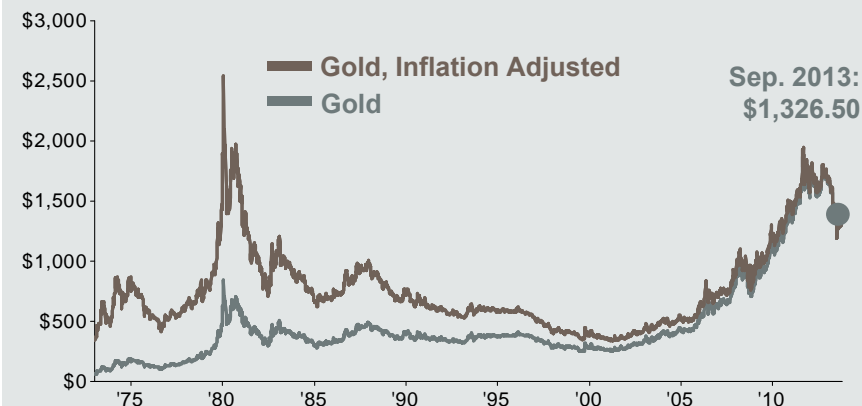
Commodity Prices

Weekly index prices rebased to 100



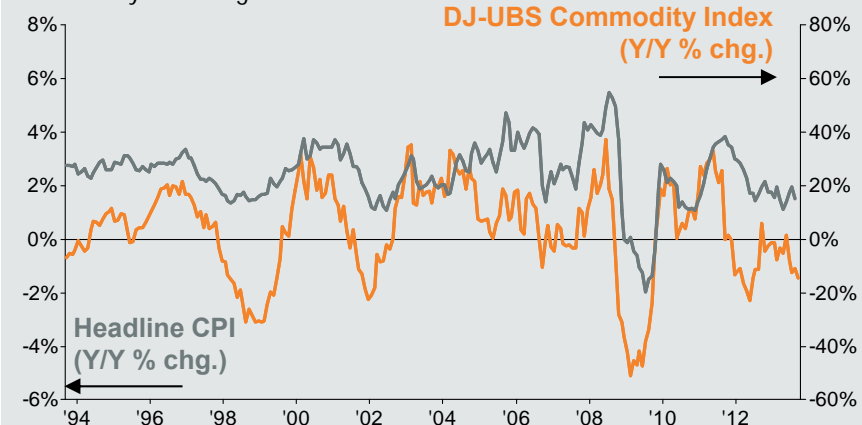
Gold Prices

\$ / oz



Commodity Prices and Inflation

Year-over-year % chg.



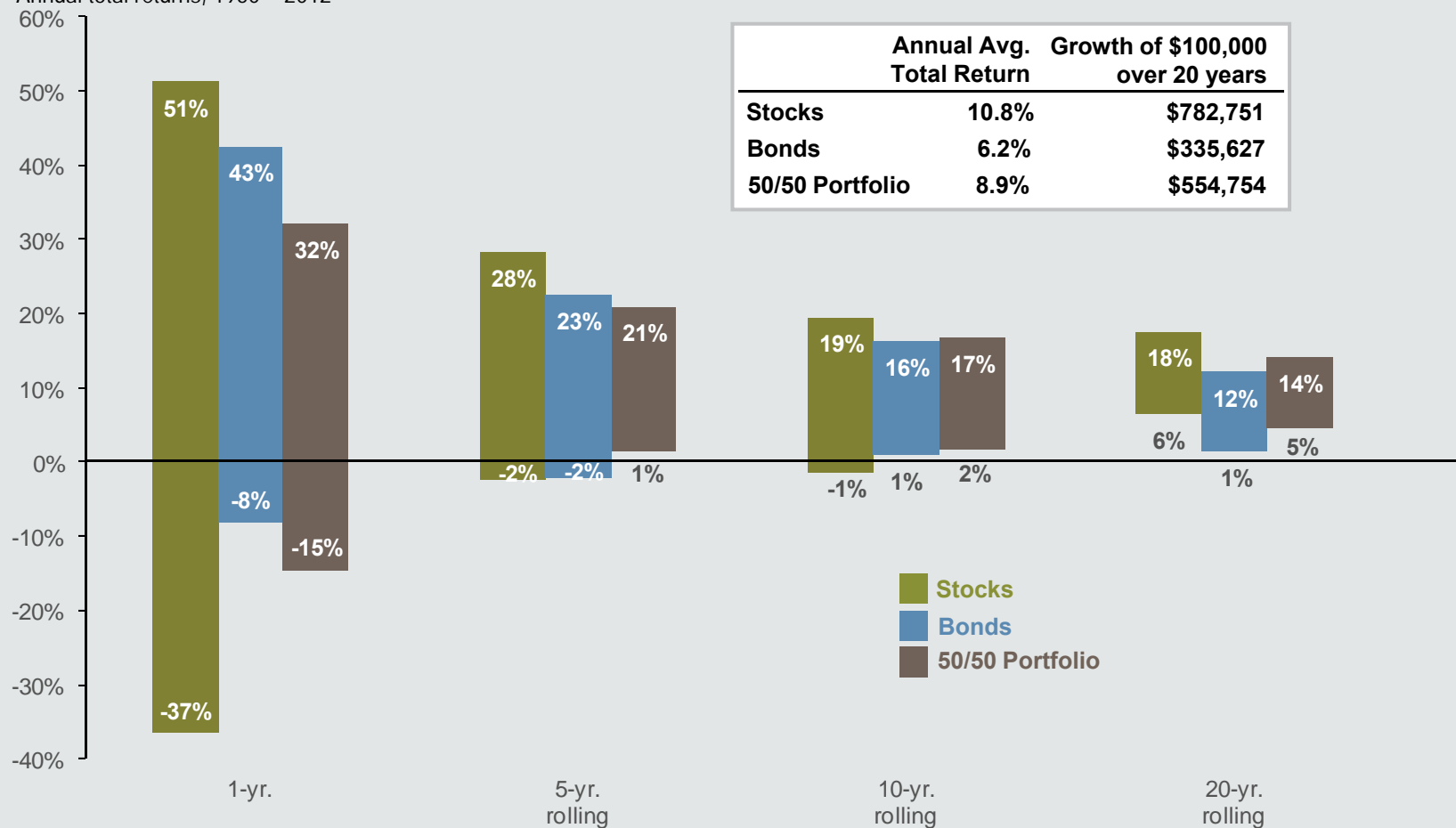
Source: Dow Jones/UBS, EcoWin, BLS, U.S. Department of Energy, FactSet, J.P. Morgan Asset Management. CPI adjusted gold values are calculated using monthly averages of gold spot prices divided by the CPI value for that month. CPI is rebased to 100 at the end of the chart. Returns based on nominal prices. Commodity prices represented by the appropriate DJ/UBS Commodity sub-index. Guide to the Markets – U.S.

Data are as of 9/30/13.

Historical Returns by Holding Period

Range of Stock, Bond and Blended Total Returns

Annual total returns, 1950 – 2012



	Annual Avg. Total Return	Growth of \$100,000 over 20 years
Stocks	10.8%	\$782,751
Bonds	6.2%	\$335,627
50/50 Portfolio	8.9%	\$554,754

Sources: Barclays Capital, FactSet, Robert Shiller, Strategas/Ibbotson, Federal Reserve, J.P. Morgan Asset Management.

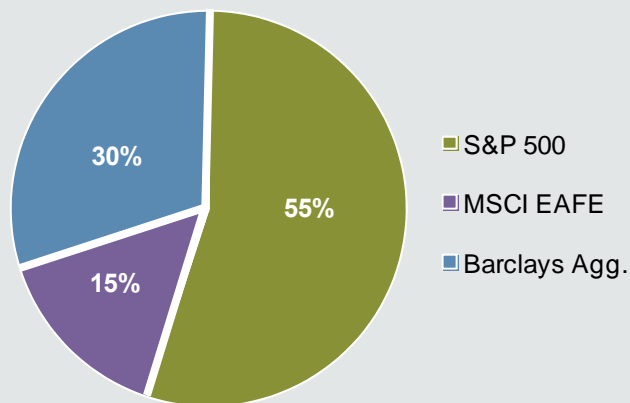
Returns shown are based on calendar year returns from 1950 to 2012. Growth of \$100,000 is based on annual average total returns from 1950-2012. Guide to the Markets – U.S.

Data are as of 9/30/13.

Diversification and the Average Investor

Maximizing the Power of Diversification (1994 – 2012)

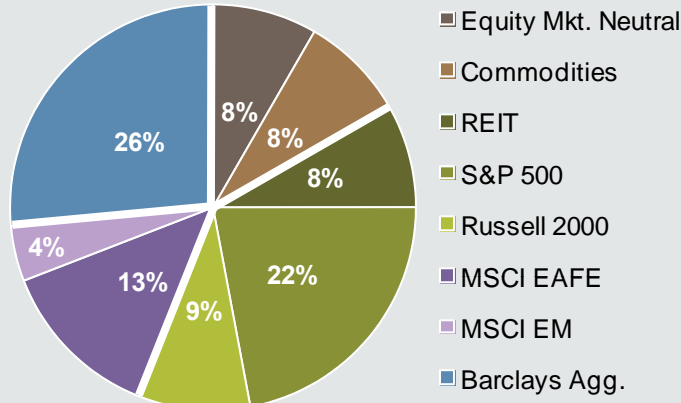
Traditional Portfolio



Return: 7.43%

Standard Deviation: 10.80%

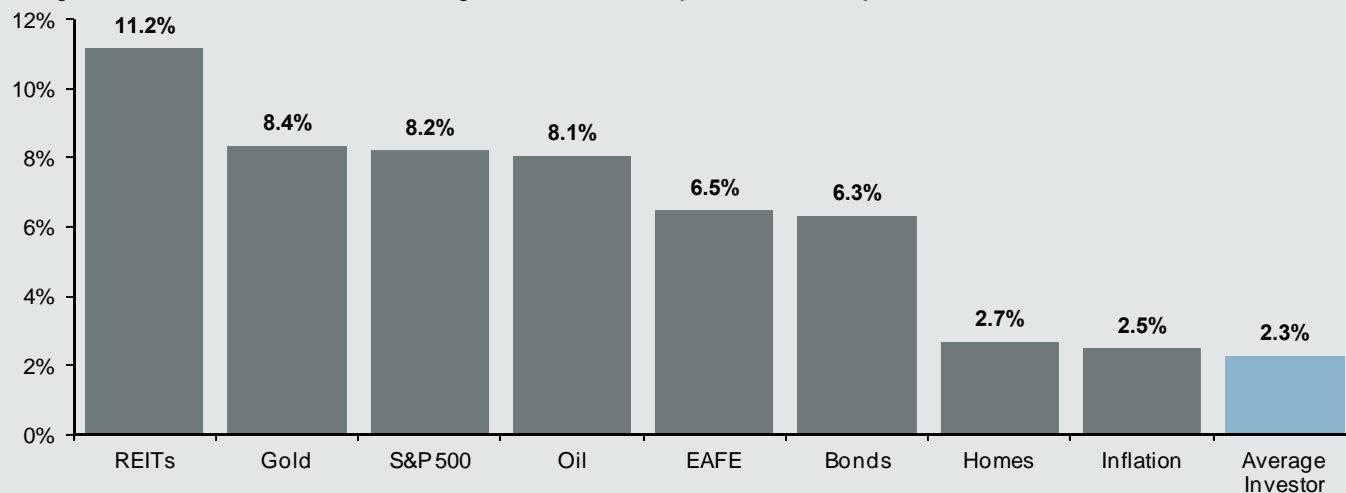
More Diversified Portfolio



Return: 7.72%

Standard Deviation: 9.87%

20-year Annualized Returns by Asset Class (1993 – 2012)



(Top) Indexes and weights of the traditional portfolio are as follows: U.S. Stocks: 55% S&P 500; U.S. Bonds: 30% Barclays Capital Aggregate; International Stocks: 15% MSCI EAFE. Portfolio with 25% in alternatives is as follows: U.S. Stocks: 22.2% S&P 500, 8.8% Russell 2000; International Stocks: 4.4% MSCI EM, 13.2% MSCI EAFE; U.S. Bonds: 26.5% Barclays Capital Aggregate; Alternatives: 8.3% CS/Tremont Equity Market Neutral; 8.3% DJUBS Commodities; 8.3% NAREIT Equity REIT Index. Return and standard deviation calculated using Morningstar Direct.

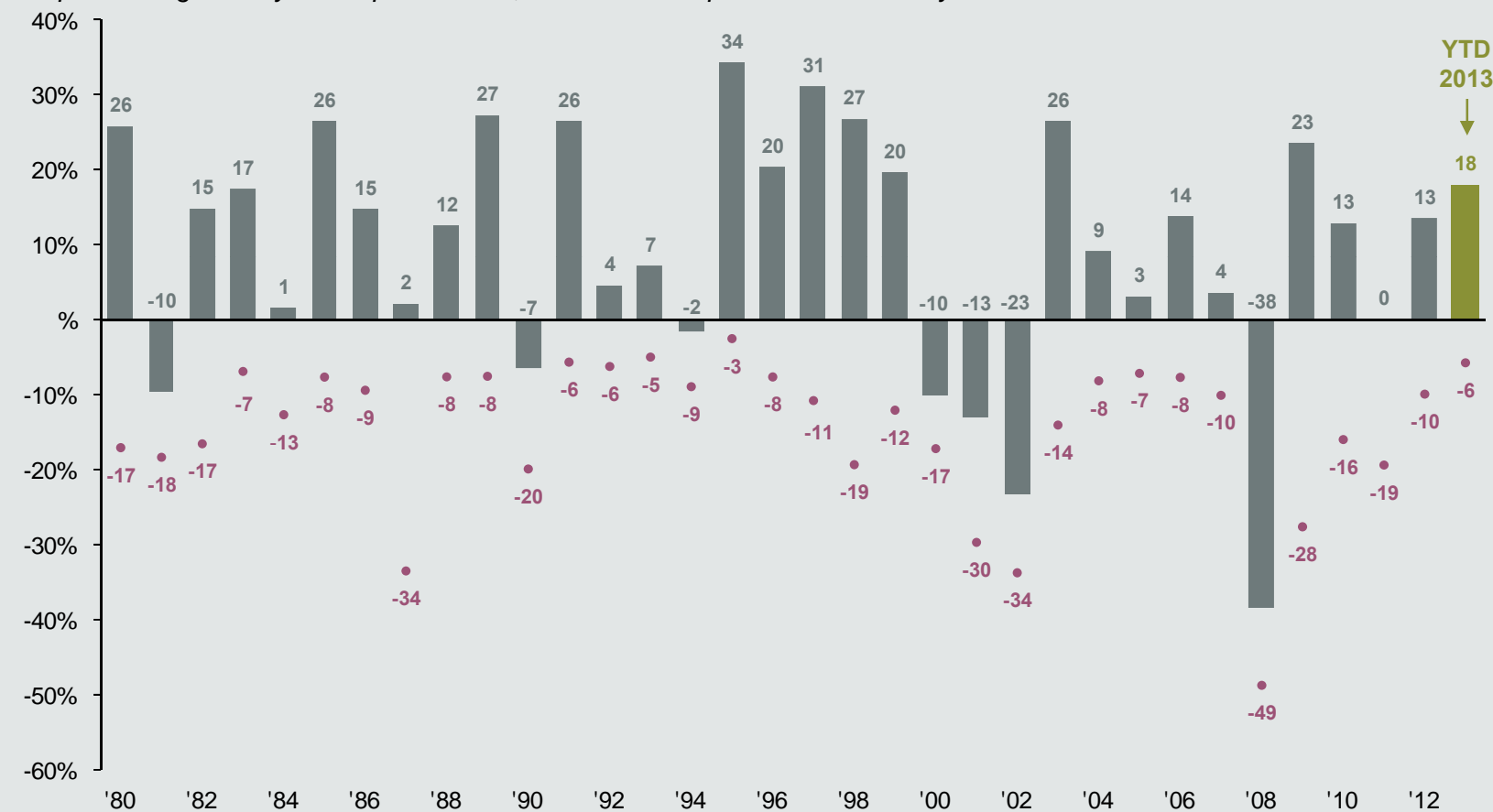
Charts are shown for illustrative purposes only. Past performance is not indicative of future returns. Diversification does not guarantee investment returns and does not eliminate risk of loss. Data are as of 9/30/13. Guide to the Markets – U.S. J.P. Morgan Asset Management.

(Bottom) Indexes used are as follows: REITS: NAREIT Equity REIT Index, EAFE: MSCI EAFE, Oil: WTI Index, Bonds: Barclays Capital U.S. Aggregate Index, Homes: median sale price of existing single-family homes, Gold: USD/troy oz, Inflation: CPI. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/12 to match Dalbar's most recent analysis.

Annual Returns and Intra-year Declines

S&P 500 Intra-year Declines vs. Calendar Year Returns

Despite average intra-year drops of 14.7%, annual returns positive in 25 of 33 years



Source: Standard & Poor's, FactSet, J.P. Morgan Asset Management.

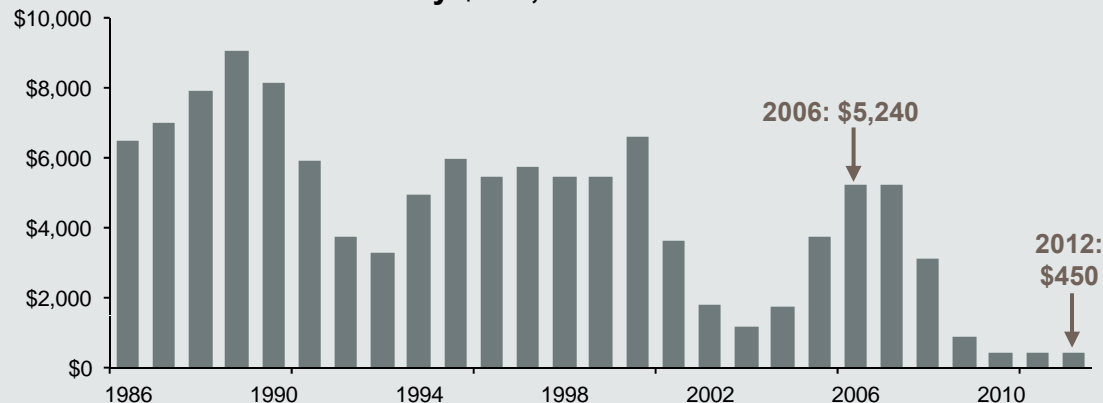
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2012, 2013 numbers represent year to date returns.

Guide to the Markets – U.S.

Data are as of 9/30/13.

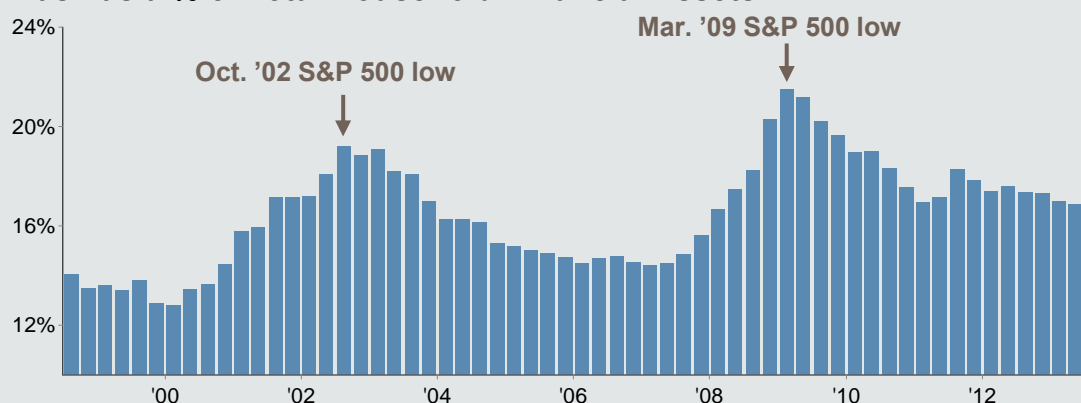
Cash Accounts

Annual Income Generated by \$100,000 Investment in a 6-month CD



Money Supply Component	\$ Billions	Weight in Money Supply
M2-M1	8,219	77.2%
Retail MMMFs	662	6.2%
Savings deposits	7,008	65.8%
Small time deposits	548	5.1%
Institutional MMMFs	1,758	16.5%
Cash in IRA & Keogh accounts	667	6.3%
Total	10,644	100.0%

Cash as a % of Total Household Financial Assets



Source: Federal Reserve, St. Louis Fed, Bankrate.com, J.P. Morgan Asset Management.

All cash measures obtained from the Federal Reserve are seasonally adjusted monthly numbers. All numbers are in billions of U.S. dollars.

Small-denomination time deposits are those issued in amounts of less than \$100,000. All IRA and Keogh account balances at commercial banks and thrift institutions are subtracted from small time deposits. Annual income is for illustrative purposes and is calculated based on the 6-month CD yield on average during each year and \$100,000 invested. 2012 average income is through December 2012. IRA and Keogh account balances at money market mutual funds are subtracted from retail money funds.

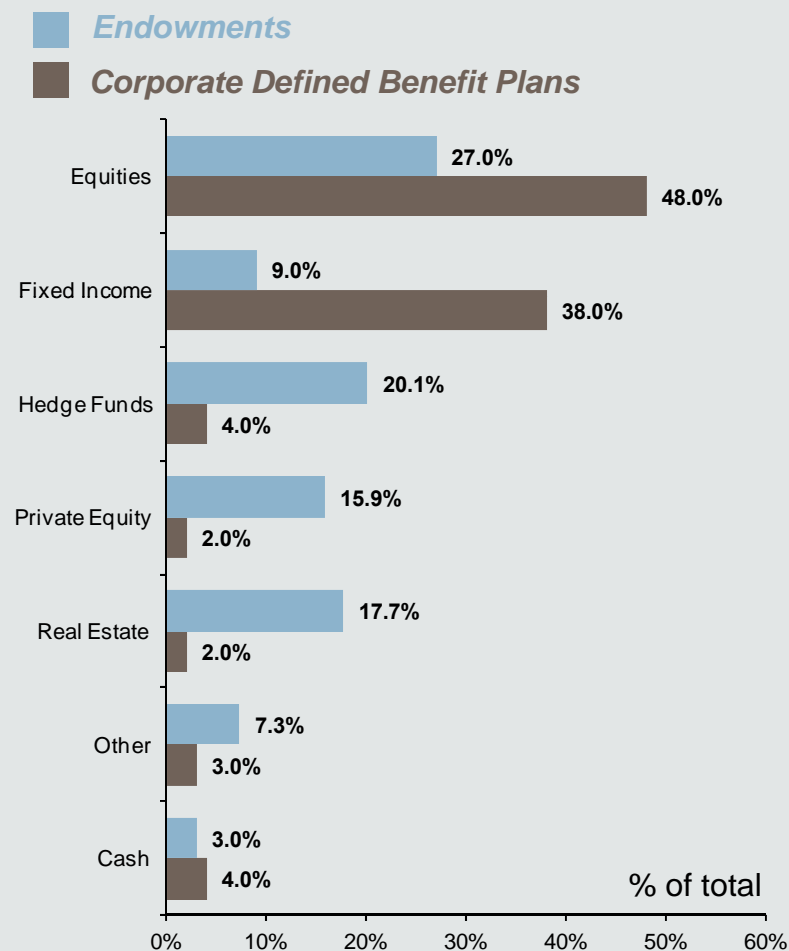
Past performance is not indicative of comparable future results.

Guide to the Markets – U.S.

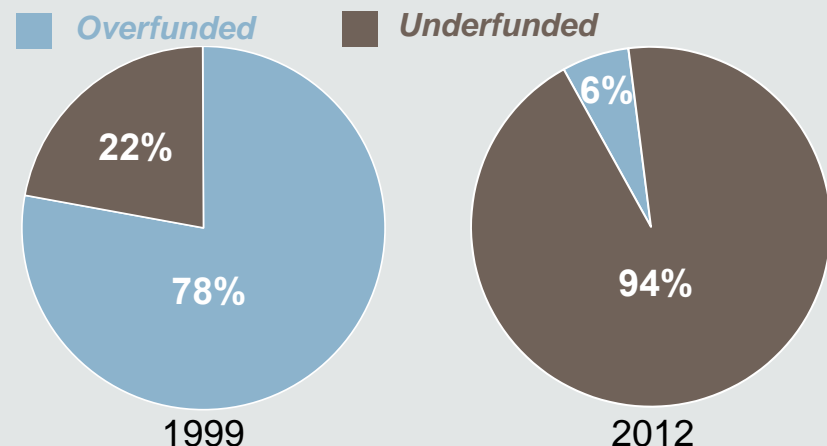
Data are as of 9/30/13.

Corporate DB Plans and Endowments

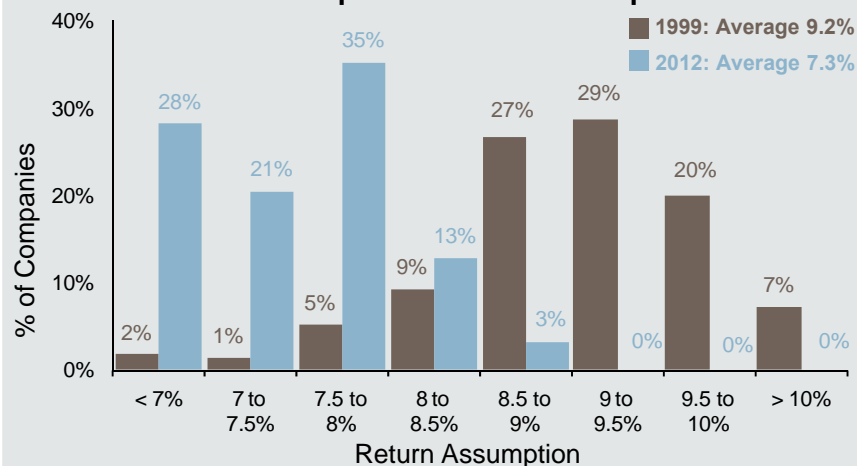
Asset Allocation: Corporate DB Plans vs. Endowments



Defined Benefit Plans – Funded Status: S&P 500 Companies



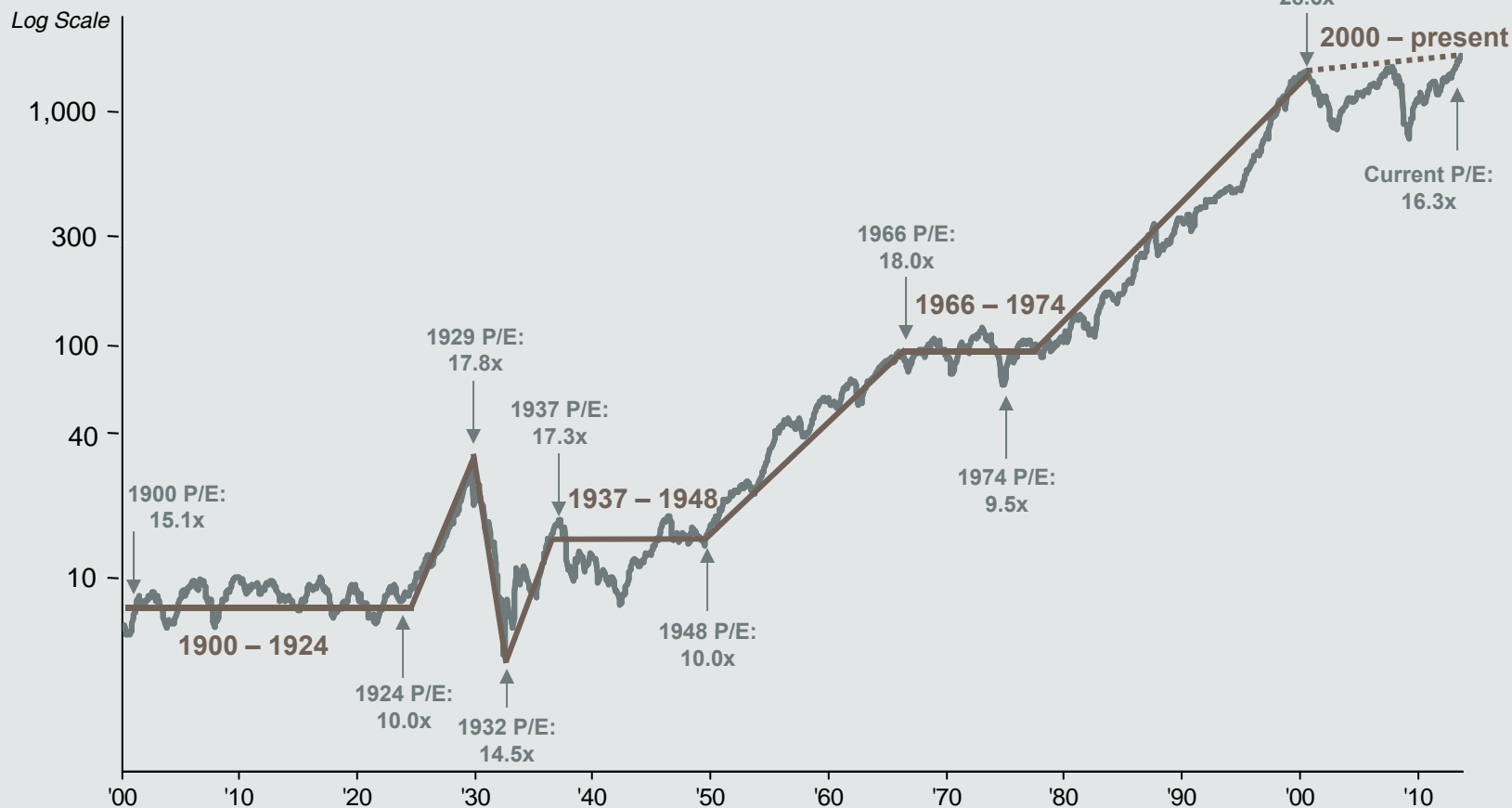
Pension Return Assumptions: S&P 500 companies



Source: NACUBO (National Association of College and University Business Officers), Towers Watson, Compustat/FactSet, J.P. Morgan Asset Management. Asset allocation as of 2012. Funded status as of 2012. Endowments represents dollar-weighted average data of 842 colleges and universities. Pension Return Assumptions based on all available and reported data from S&P 500 Index companies. Funded Status based on 347 companies reporting pension funding status. Return assumption bands are inclusive of upper range. All information is shown for illustrative purposes only. Guide to the Markets – U.S. Data are as of 9/30/13.

Stock Market Since 1900

S&P Composite Index, Price Return (Since 1900)



Source: Shiller, FactSet, J.P. Morgan Asset Management.

Data shown in log scale to best illustrate long-term index patterns. P/E ratios shown at price peaks and troughs use trailing four quarters of reported earnings and are shown as a one year average.

Past performance is not indicative of future returns. Chart is for illustrative purposes only.

Guide to the Markets – U.S.

Data are as of 9/30/13.

J.P. Morgan Asset Management – Index Definitions

All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. This world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 Index focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. An investor cannot invest directly in an index.

The **S&P 400 Mid Cap Index** is representative of 400 stocks in the mid-range sector of the domestic stock market, representing all major industries.

The **Russell 3000 Index®** measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

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 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 **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 Top 200 Index®** measures the performance of the largest cap segment of the U.S. equity universe. It includes approximately 200 of the largest securities based on a combination of their market cap and current index membership and represents approximately 68% of the U.S. market.

The **MSCI® EAFE (Europe, Australia, Far East) Net Index** is recognized as the pre-eminent benchmark in the United States to measure international equity performance. It comprises 21 MSCI country indexes, representing the developed markets outside of North America.

The **MSCI Emerging Markets IndexSM** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of June 2007, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indices: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The **MSCI ACWI (All Country World Index) Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. As of June 2009 the MSCI ACWI consisted of 45 country indices comprising 23 developed and 22 emerging market country indices.

The **MSCI Small Cap IndicesSM** target 40% of the eligible Small Cap universe within each industry group, within each country. MSCI defines the Small Cap universe as all listed securities that have a market capitalization in the range of USD200-1,500 million.

The **MSCI Value and Growth IndicesSM** cover the full range of developed, emerging and All Country MSCI Equity indexes. As of the close of May 30, 2003, MSCI implemented an enhanced methodology for the MSCI Global Value and Growth Indices, adopting a two dimensional framework for style segmentation in which value and growth securities are categorized using different attributes - three for value and five for growth including forward-looking variables. The objective of the index design is to divide constituents of an underlying MSCI Standard Country Index into a value index and a growth index, each targeting 50% of the free float adjusted market capitalization of the underlying country index. Country Value/Growth indices are then aggregated into regional Value/Growth indices. Prior to May 30, 2003, the indices used Price/Book Value (P/BV) ratios to divide the standard MSCI country indices into value and growth indices. All securities were classified as either "value" securities (low P/BV securities) or "growth" securities (high P/BV securities), relative to each MSCI country index.

The following **MSCI Total Return IndicesSM** are calculated with gross dividends:

This series approximates the maximum possible dividend reinvestment. The amount reinvested is the dividend distributed to individuals resident in the country of the company, but does not include tax credits.

The **MSCI Europe IndexSM** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe. As of June 2007, the MSCI Europe Index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The **MSCI Pacific IndexSM** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region. As of June 2007, the MSCI Pacific Index consisted of the following 5 Developed Market countries: Australia, Hong Kong, Japan, New Zealand, and Singapore.

Credit Suisse/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 **NCREIF Property Index** is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment.

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 **Dow Jones Industrial Average** measures the stock performance of 30 leading blue-chip U.S. companies.

The **Dow Jones-UBS Commodity Index** is 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.

J.P. Morgan Asset Management – Index Definitions

All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

The **S&P GSCI Index** is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. The returns are calculated on a fully collateralized basis with full reinvestment. Individual components qualify for inclusion in the index on the basis of liquidity and are weighted by their respective world production quantities.

The **Barclays Capital U.S. Aggregate Index** represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indexes that are calculated and reported on a regular basis.

This **U.S. Treasury Index** is a component of the U.S. Government index.

West Texas Intermediate (WTI) is the underlying commodity for the New York Mercantile Exchange's oil futures contracts.

The **Barclays Capital High Yield Index** covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, and 144-As are also included.

The **Barclays Capital 1-3 Month U.S. Treasury Bill Index** includes all publicly issued zero-coupon U.S. 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 **Barclays Capital General Obligation Bond Index** is a component of the **Barclays Capital Municipal Bond Index**. To be included in the index, bonds must be general obligation bonds rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and derivatives, are excluded from the benchmark.

The **Barclays Capital Revenue Bond Index** is a component of the **Barclays Capital Municipal Bond Index**. To be included in the index, bonds must be revenue bonds rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and derivatives, are excluded from the benchmark.

The **Barclays High Yield Municipal Index** includes bonds rated Ba1 or lower or non-rated bonds using the middle rating of Moody's, S&P and Fitch.

The **Barclays Capital Taxable Municipal Bond Index** is a rules-based, market-value weighted index engineered for the long-term taxable bond market. To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies if all three rate the bond: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate and must be at least one year from their maturity date. Remarketed issues (unless converted to fixed rate), bonds with floating rates, and derivatives, are excluded from the benchmark.

Municipal Bond Index: To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and derivatives are excluded from the benchmark.

The **Barclays Capital Emerging Markets Index** includes USD-denominated debt from emerging markets in the following regions: Americas, Europe, Middle East, Africa, and Asia. As with other fixed income benchmarks provided by Barclays Capital, the index is rules-based, which allows for an unbiased view of the marketplace and easy replicability.

The **Barclays Capital MBS Index** covers the mortgage-backed pass-through securities of Ginnie Mae, Fannie Mae, and Freddie Mac. Aggregate components must have a weighted average maturity of at least one year, must have \$250 million par amount outstanding, and must be fixed rate mortgages.

The **Barclays Capital Corporate Bond Index** is the Corporate component of the U.S. Credit index.

The **Barclays Capital TIPS Index** consists of Inflation-Protection securities issued by the U.S. Treasury.

The **J.P. Morgan EMBI Global Index** 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 **CS/Tremont Equity Market Neutral Index** takes both long and short positions in stocks with the aim of minimizing exposure to the systematic risk of the market (i.e., a beta of zero).

The **CS/Tremont Multi-Strategy Index** consists of funds that allocate capital based on perceived opportunities among several hedge fund strategies. Strategies adopted in a multi-strategy fund may include, but are not limited to, convertible bond arbitrage, equity long/short, statistical arbitrage and merger arbitrage.

The **Barclays U.S. Dollar Floating Rate Note (FRN) Index** provides a measure of the U.S. dollar denominated floating rate note market.

*Market Neutral returns for November 2008 are estimates by J.P. Morgan Funds Market Strategy, and are based on a December 8, 2008 published estimate for November returns by CS/Tremont in which the Market Neutral returns were estimated to be +0.85% (with 69% of all CS/Tremont constituents having reported return data). Presumed to be excluded from the November return are three funds, which were later marked to \$0 by CS/Tremont in connection with the Bernard Madoff scandal. J.P. Morgan Funds believes this distortion is not an accurate representation of returns in the category. CS/Tremont later published a finalized November return of -40.56% for the month, reflecting this mark-down. CS/Tremont assumes no responsibility for these estimates.

J.P. Morgan Asset Management – Definitions, Risks & Disclosures

Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise.

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.

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.

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.

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.

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. Also, some overseas markets may not be as politically and economically stable as the United States and other nations.

Investments in **emerging markets** can be more volatile. As mentioned above, 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.

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.

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.

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.

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.

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. Investing 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.

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

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.

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.

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.

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.

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

The **Cambridge Associates LLC U.S. Private Equity Index®** is an end-to-end calculation based on data compiled from 1,052 U.S. private equity funds (buyout, growth equity, private equity energy and mezzanine funds), including fully liquidated partnerships, formed between 1986 and 2013.

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.

J.P. Morgan Asset Management – Risks & Disclosures

The Market Insights program provides comprehensive data and commentary on global markets without reference to products. Designed as a tool to help clients understand the markets and support investment decision-making, the program explores the implications of current economic data and changing market conditions.

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Past performance is no guarantee of comparable future results.

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

Unless otherwise stated, all data are as of September 30, 2013 or most recently available.

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Guide to the Markets – U.S.

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