

Guide to the Markets

UK | 2Q 2015 | As of 31 March 2015

J.P. Morgan

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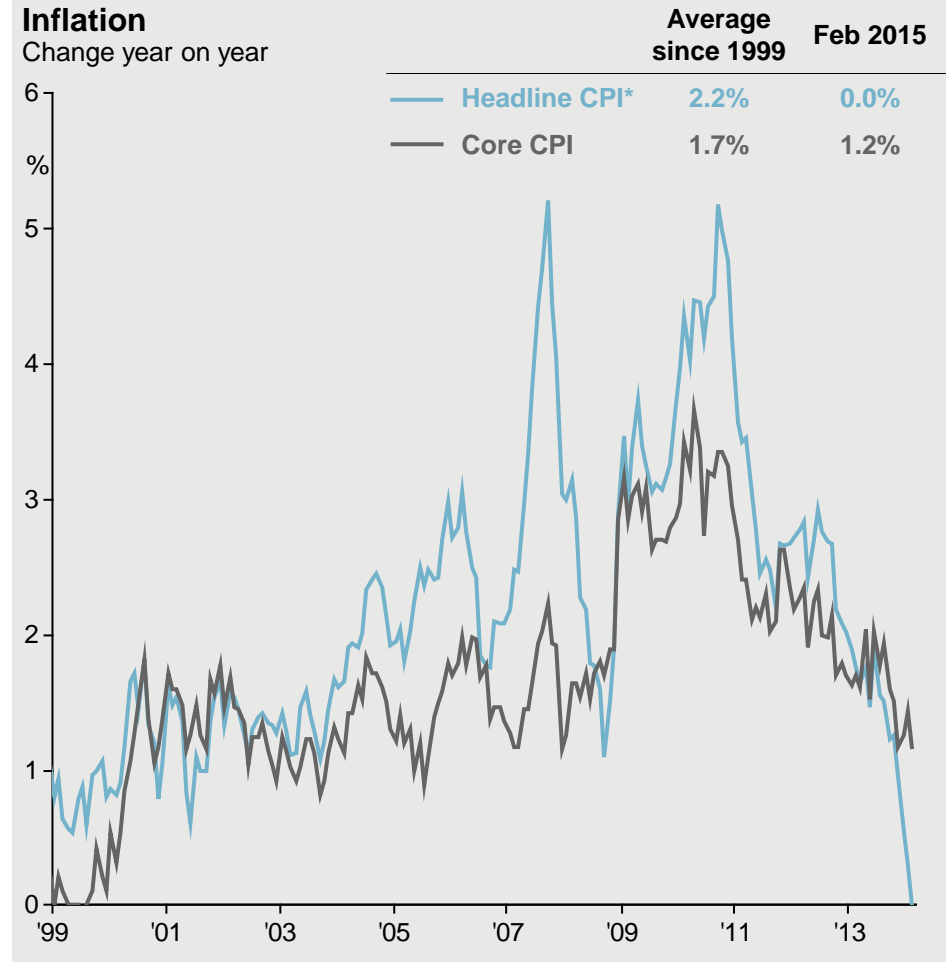
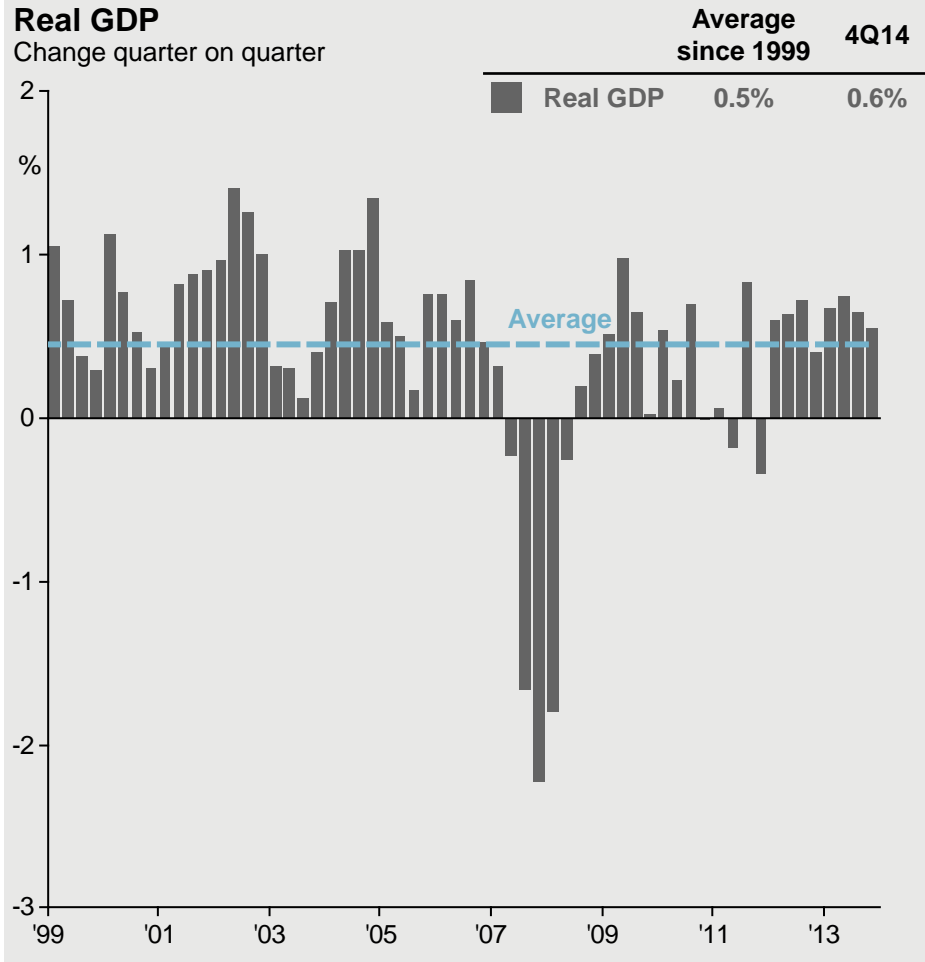
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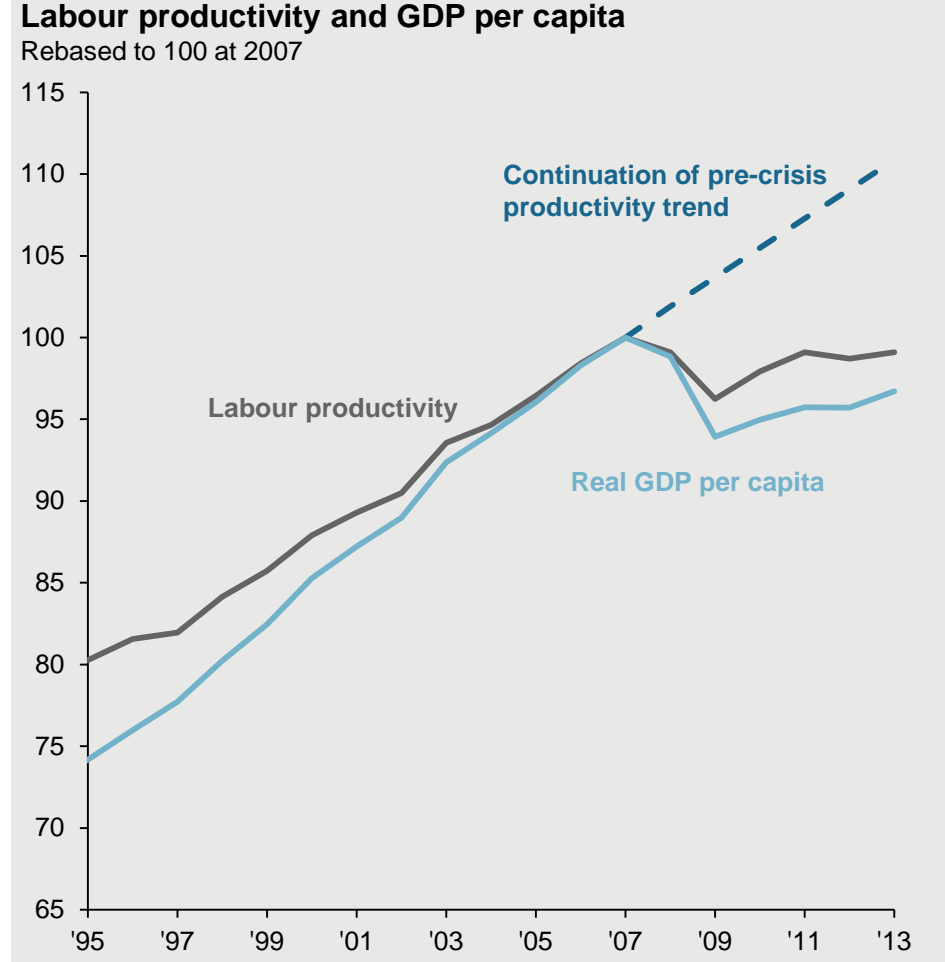
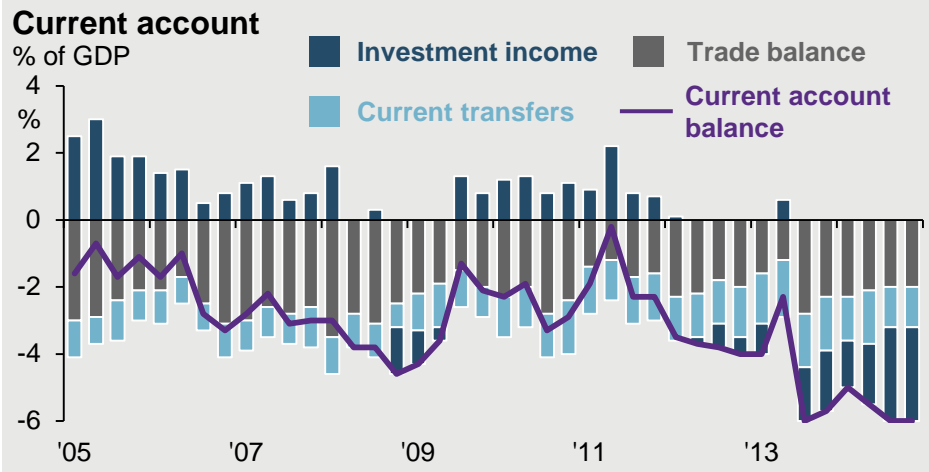
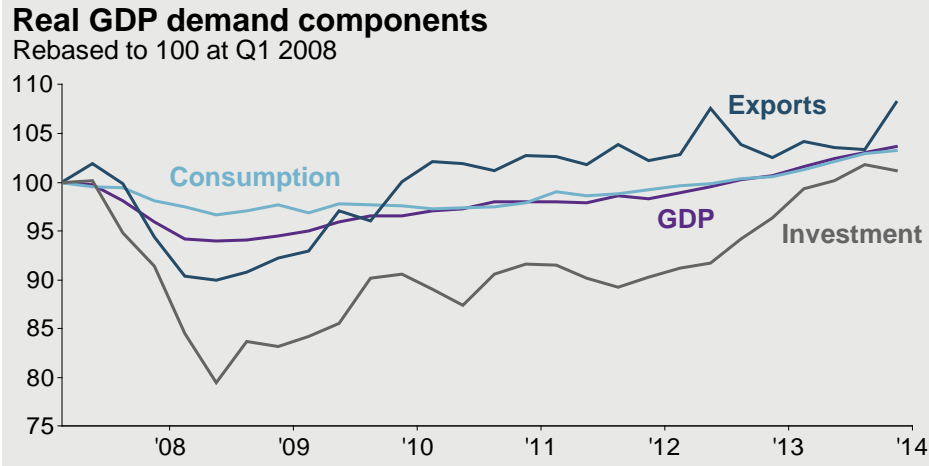
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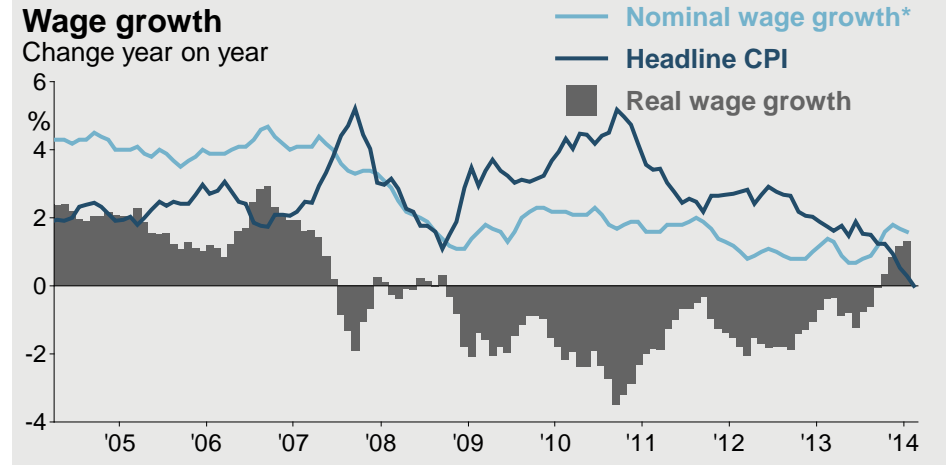
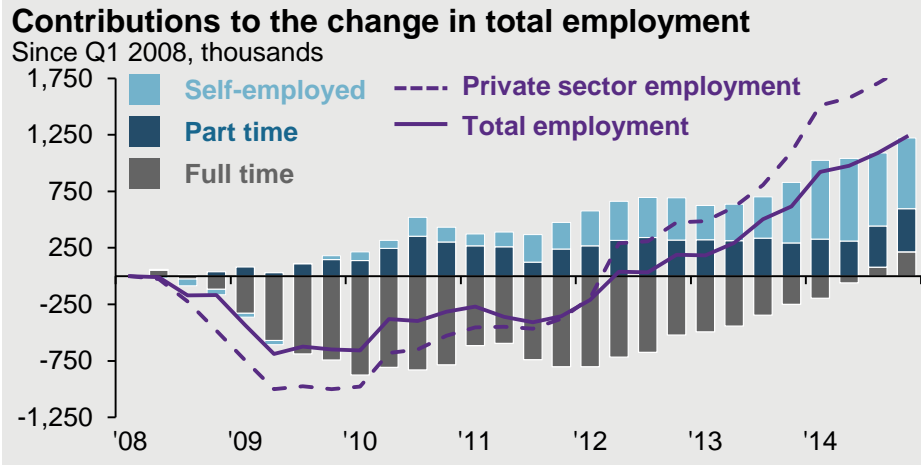
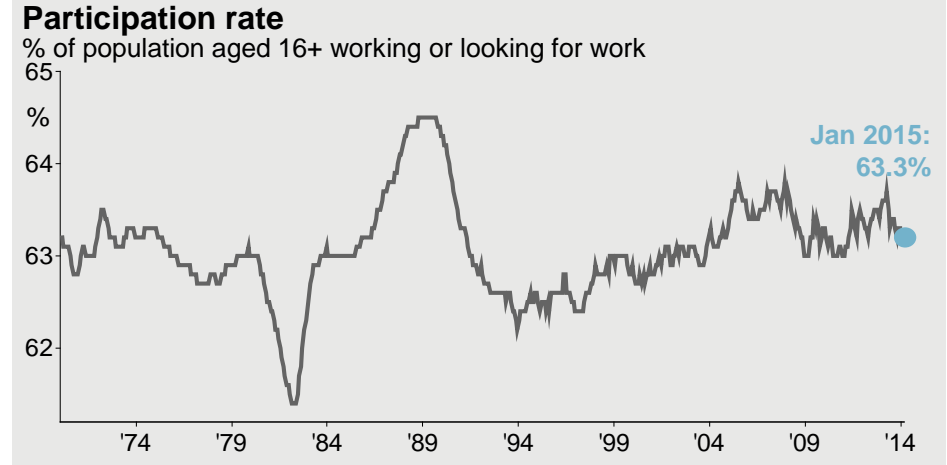
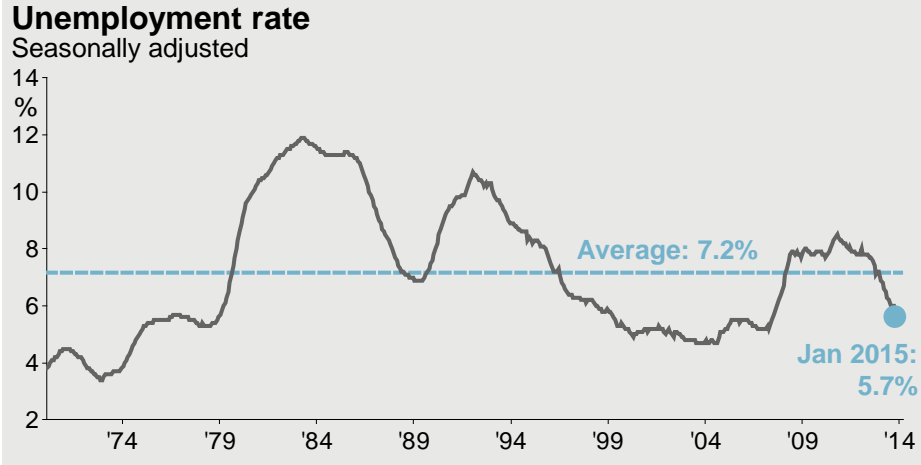
■ Other assets and investor behaviour

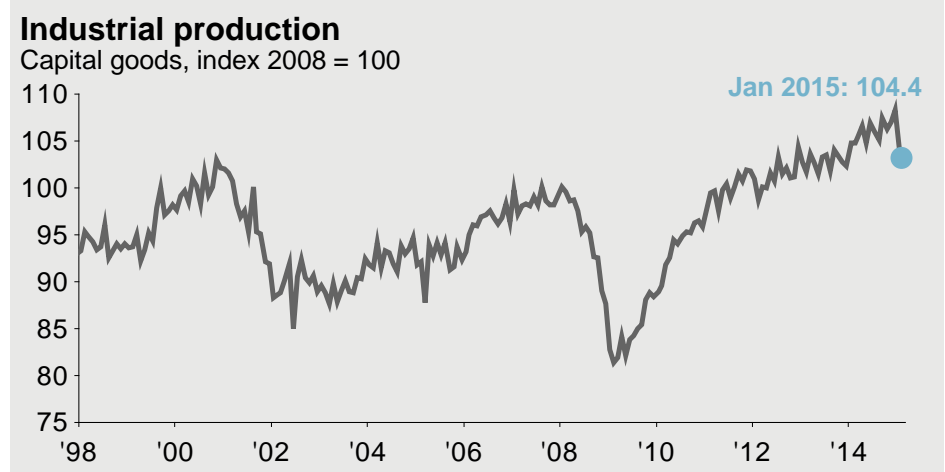
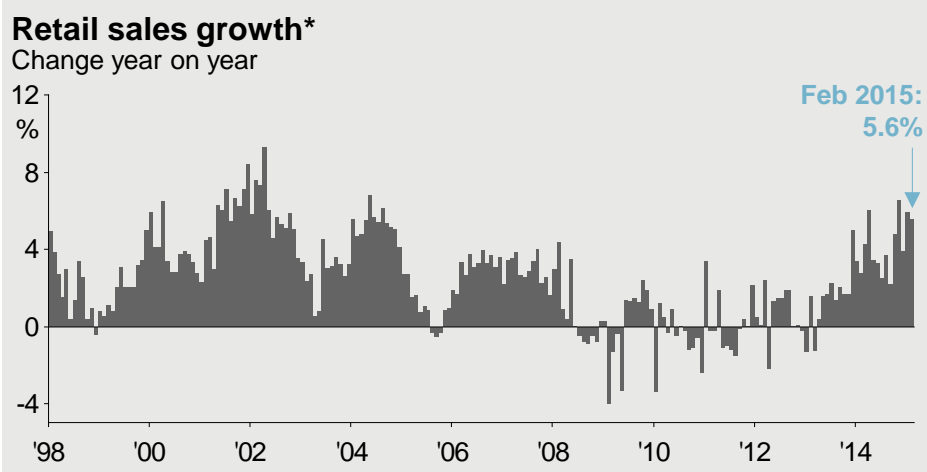
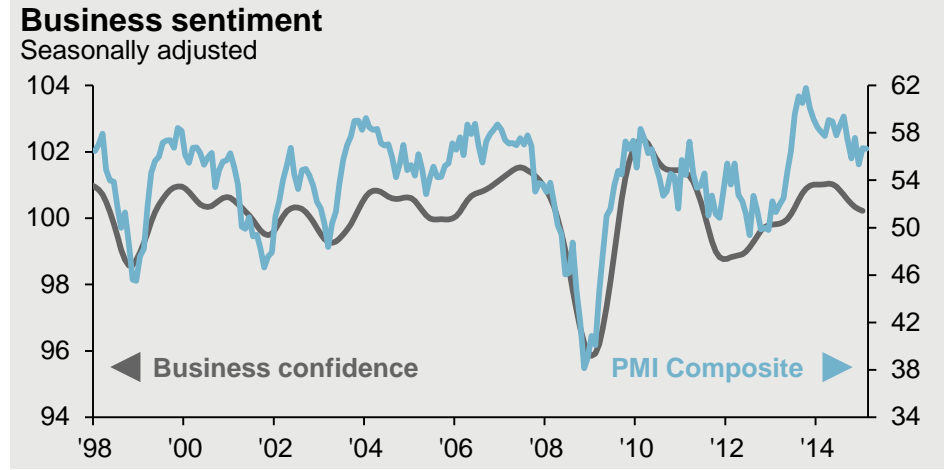
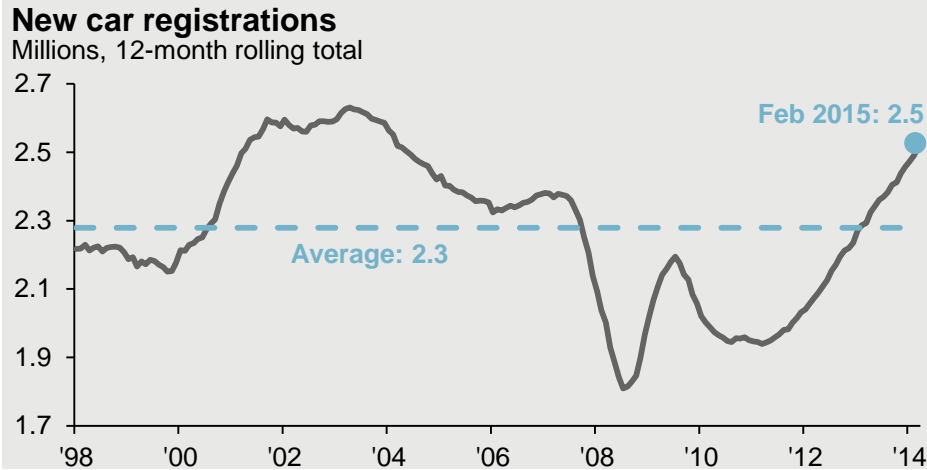
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Source: (Both charts) ONS, FactSet, J.P. Morgan Asset Management. *CPI is the Consumer Price Index. Core CPI is defined as CPI excluding food and energy. Guide to the Markets - UK. Data as of 31 March 2015.



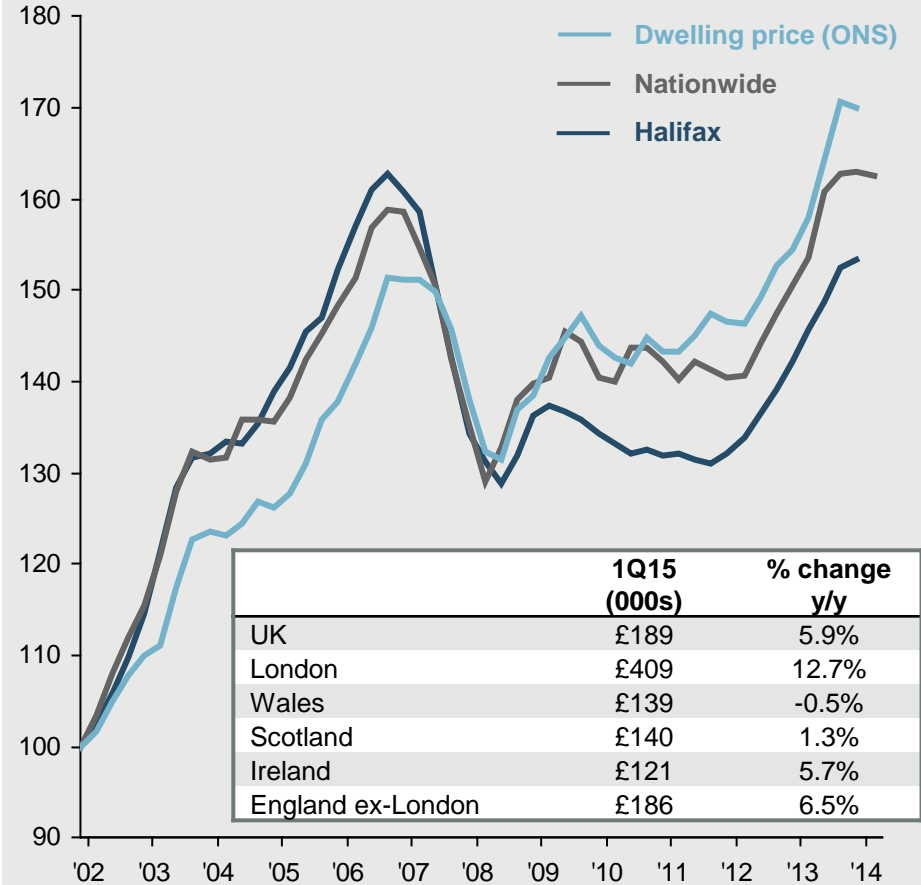




Source: (Top left) ECB, J.P. Morgan Asset Management. (Bottom left and right) ONS, FactSet, J.P. Morgan Asset Management. (Top right) OECD, Markit, J.P. Morgan Asset Management. *Volume of sales rather than value of sales. *Guide to the Markets - UK*. Data as of 31 March 2015.

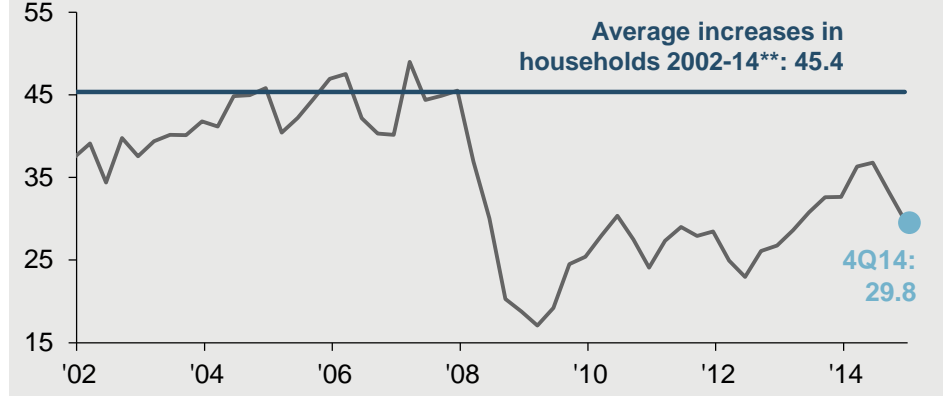
Home prices

Rebased to 100 at December 2002



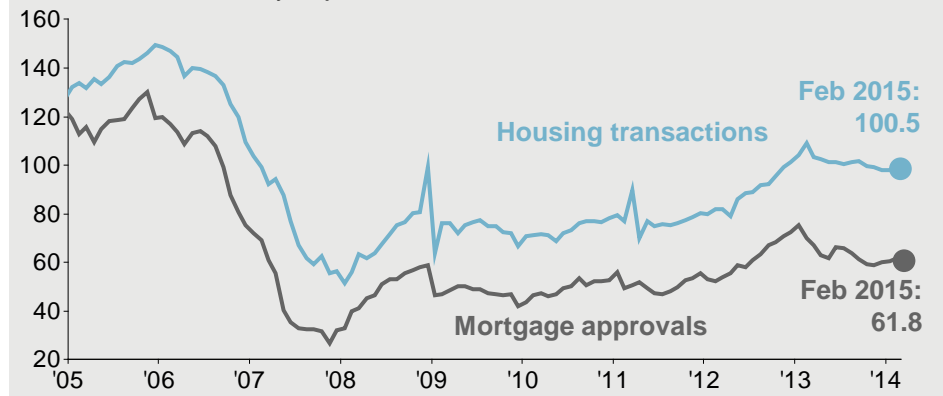
Housing starts*

Thousands per quarter, seasonally adjusted



Mortgage approvals and housing transactions

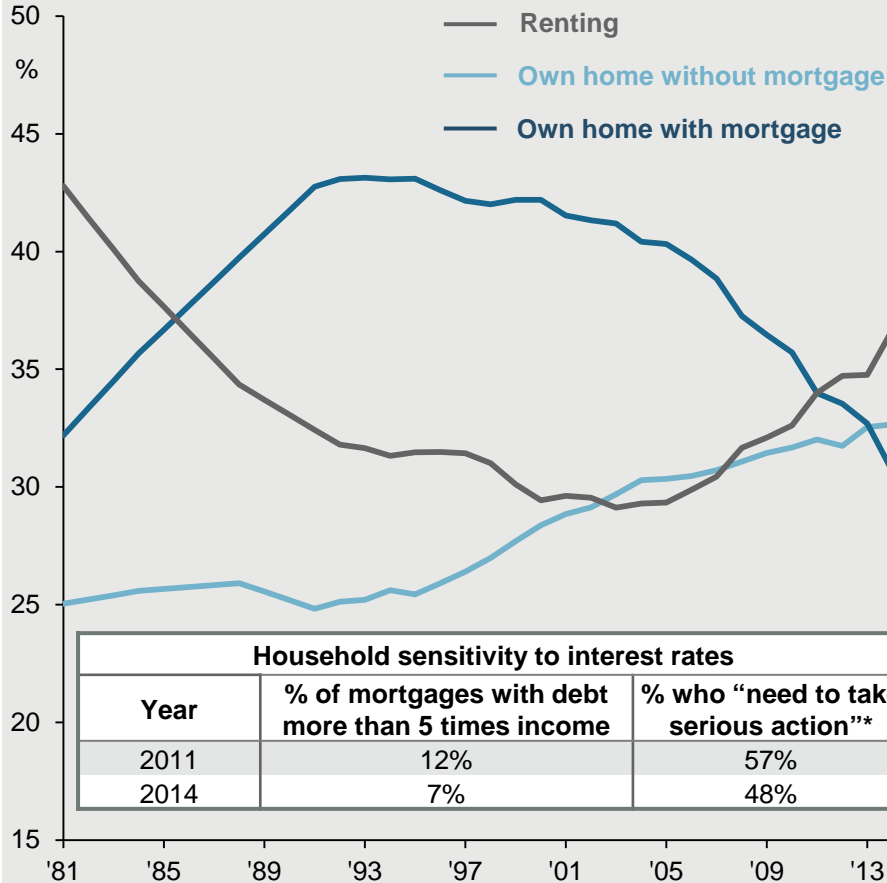
Thousands, seasonally adjusted



Source: (Left) Halifax, ONS, Nationwide, FactSet, J.P. Morgan Asset Management. (Top right) ONS, DCLG, FactSet, J.P. Morgan Asset Management. (Bottom right) Bank of England, HM Revenue & Customs, FactSet, J.P. Morgan Asset Management. *Data is for England only. **2012 to 2014 are estimated average increases in households are provided by the DCLG. *Guide to the Markets - UK*. Data as of 31 March 2015.

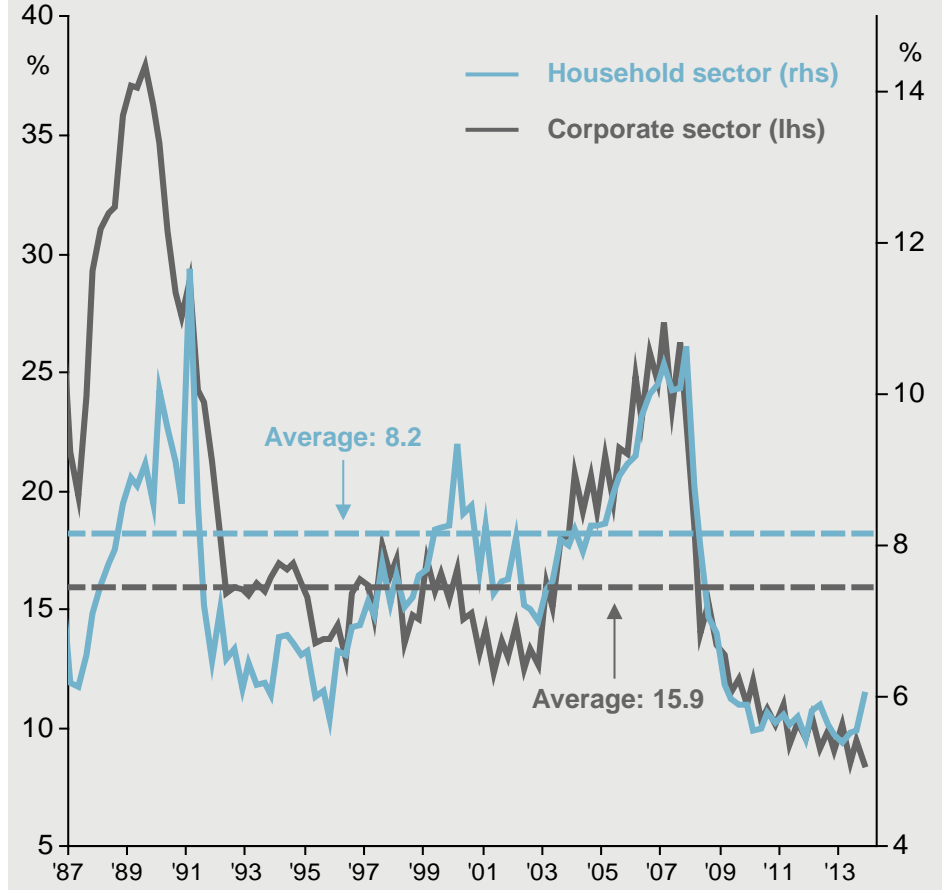
Household ownership

% of total households



Interest service ratio

Ratio of interest payments to profits or income



Source: (Left) Bank of England, NMG, ONS, Department of Local Government and Communities, J.P. Morgan Asset Management. *If interest rates rose 3 percentage points. Estimates are provided by the NMG Research Surveys between 2011-2014. Households are defined as needing to take serious action if the additional mortgage payments from higher interest rates exceeded the income available to meet higher mortgage payments. (Right) ONS, J.P. Morgan Asset Management. *Guide to the Markets - UK*. Data as of 31 March 2015.

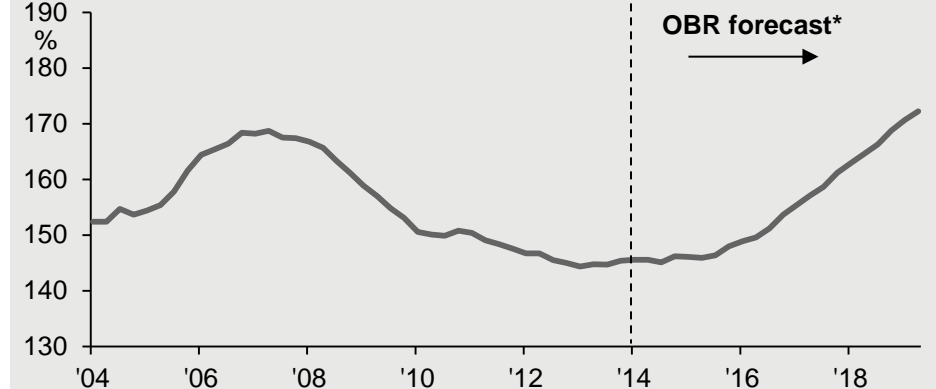
Lending to individuals: Secured and unsecured lending

Seasonally adjusted, three-month annualised growth rate

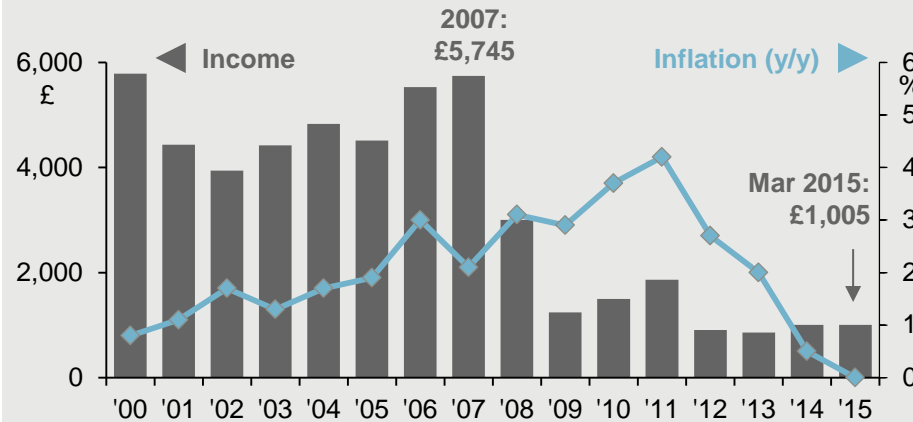


Household debt

% of income

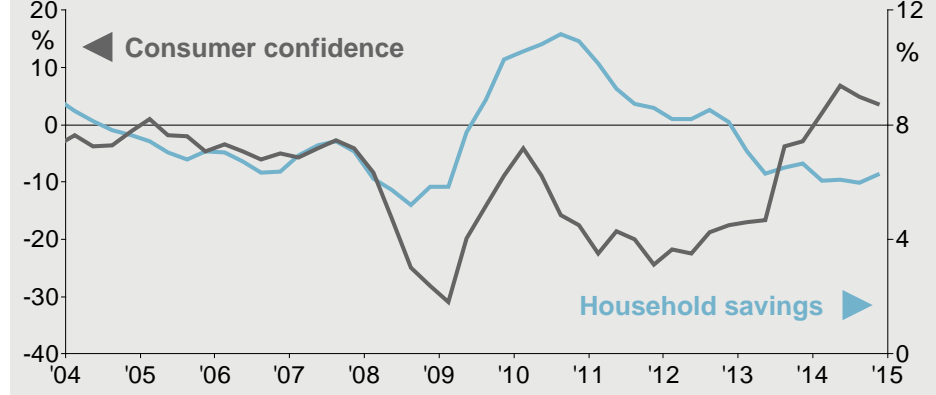


Income generated by £100,000 in a one-year bank deposit

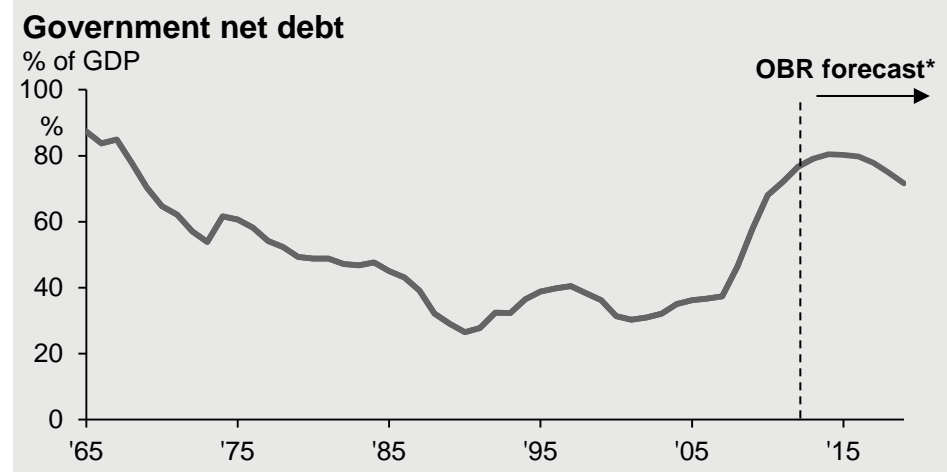
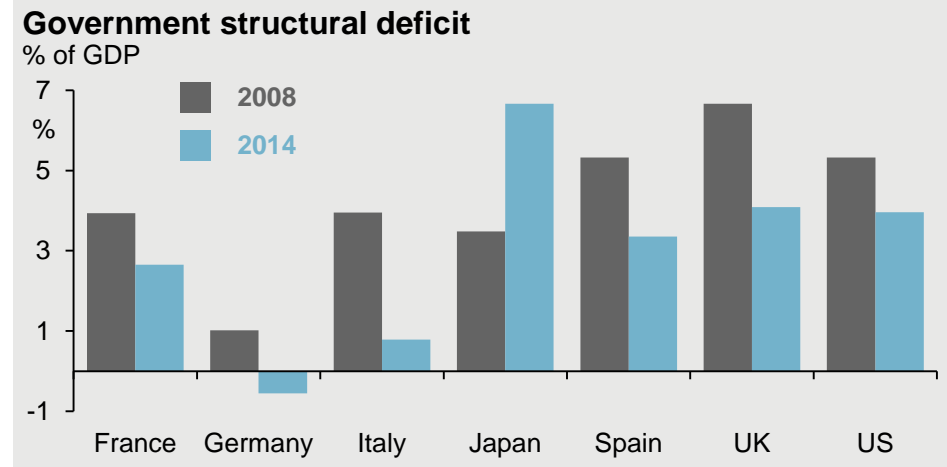
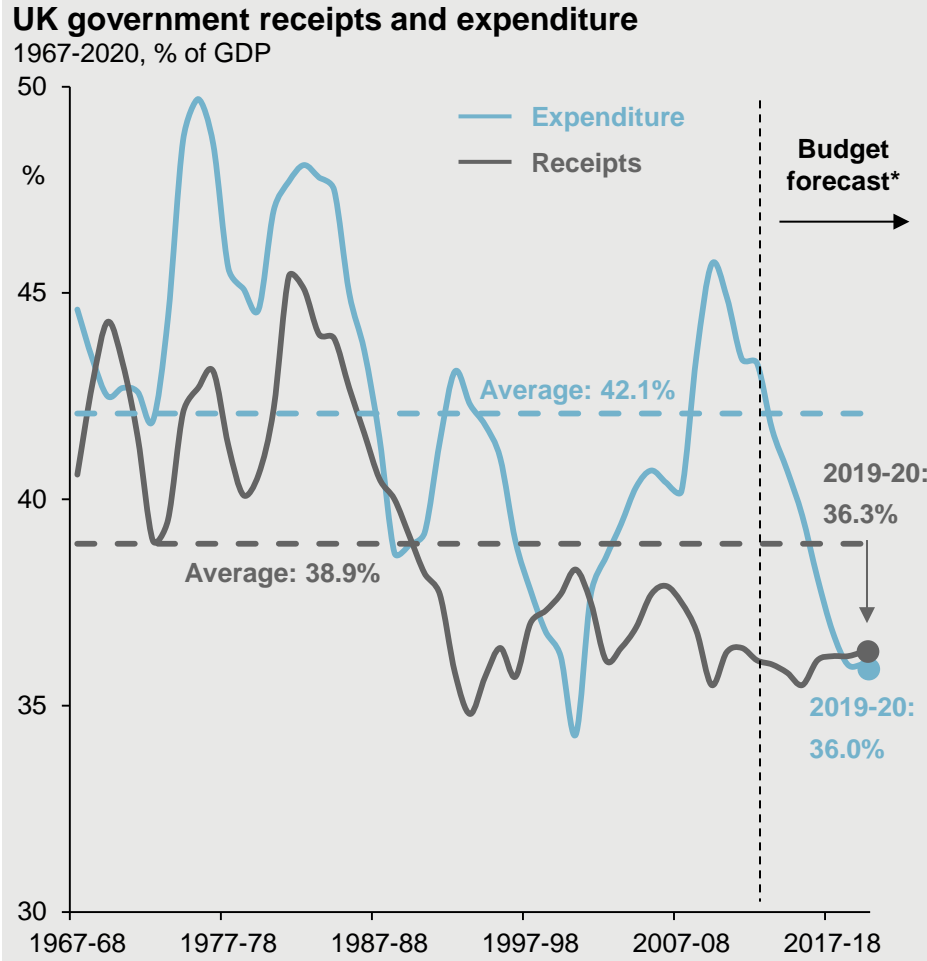


Household savings and consumer confidence**

Net balance



Source: (Top left) Bank of England, FactSet, J.P. Morgan Asset Management. (Top right) OBR, J.P. Morgan Asset Management. (Bottom left) Bloomberg, ONS, J.P. Morgan Asset Management. (Bottom right) European Commission, ONS, J.P. Morgan Asset Management. *Household debt forecasts begin in December 2014. Blue marker points represent year on year inflation for that year and illustrate how the value of income would have been eroded due to inflation. **Three quarter moving average applied to household saving ratio. Household saving ratio is expressed as a percentage of total available households' resources. Quarterly data for consumer confidence are calculated as unweighted average of monthly figures. *Guide to the Markets - UK*. Data as of 31 March 2015.



Source: (Left) HM Treasury, OBR, J.P. Morgan Asset Management. (Top right) IMF World Economic Outlook October 2014, FactSet, J.P. Morgan Asset Management. (Bottom right) ONS, FactSet, J.P. Morgan Asset Management. *Budget forecasts from OBR used in the March 2015 budget. Expenditure excluding the effect on public sector net investment in 2012-13 of transferring assets from the Royal Mail Pension Plan to the public sector. Spending as percentage of total managed expenditure. Income as a percentage of total receipts. *Guide to the Markets - UK*. Data as of 31 March 2015.

Selected countries	Gross domestic product (GDP)		Real GDP %		Inflation %		Policy rate %	Unemployment %
	£ per capita	£ billions	2015*	2016*	2015*	2016*		
Switzerland	53,836	435	0.8	1.2	-1.0	0.1	-0.75	3.5
Sweden	37,150	356	2.4	2.7	0.3	1.5	-0.25	8.4
United States	35,476	11,354	3.0	2.8	0.3	2.2	0.25	5.5
Netherlands	31,679	531	1.5	1.6	0.4	1.1	0.05	7.2
Finland	30,193	164	0.5	1.3	0.7	1.2	0.05	10.1
United Kingdom	29,196	1,843	2.6	2.4	0.5	1.7	0.50	5.7
Germany	28,456	2,354	1.6	1.8	0.2	1.5	0.05	6.4
France	26,888	1,729	0.9	1.4	0.1	1.0	0.05	10.0
Eurozone	22,098	8,667	1.3	1.6	0.0	1.2	0.05	11.3
Japan	21,586	2,744	1.0	1.4	0.9	1.3	0.10	3.5
Italy	21,267	1,297	0.5	1.0	0.0	0.8	0.05	13.0
Spain	18,200	854	2.2	2.2	-0.5	1.1	0.05	23.7
Greece	12,925	144	1.5	2.4	-0.8	0.7	0.05	26.1
Russia	8,898	1,271	-4.0	0.5	15.1	7.2	14.00	5.2
Brazil	7,271	1,457	-0.7	1.3	7.6	5.7	12.75	5.9
China	6,066	8,406	7.0	6.7	1.5	2.2	5.35	4.1
India	1,055	1,321	7.4	7.7	6.4	5.6	7.50	8.8

Source: Bloomberg, FactSet, various national statistical agencies, J.P. Morgan Asset Management. Table ordered by GDP per capita. Nominal GDP figure is latest quarter annualised. *Forecasts are Bloomberg consensus estimates. *Guide to the Markets - UK*. Data as of 31 March 2015.

Global Purchasing Managers' Index (PMI) for manufacturing

GTM - UK | 13

Global economy

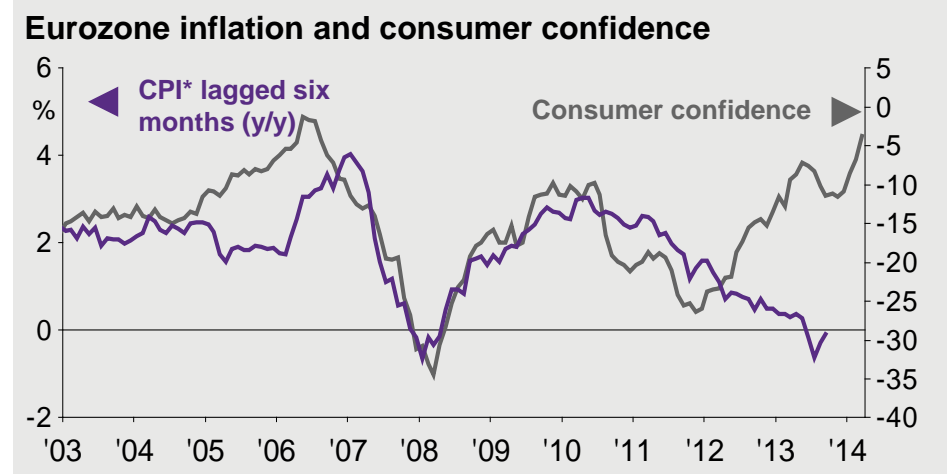
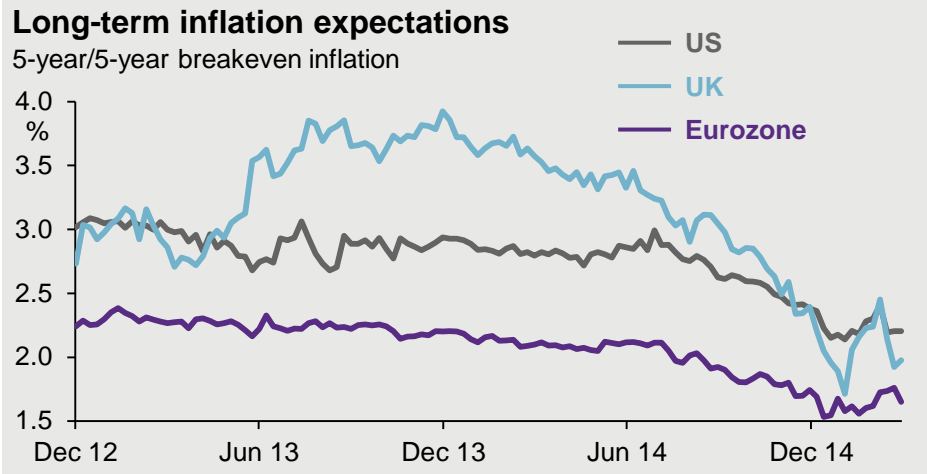
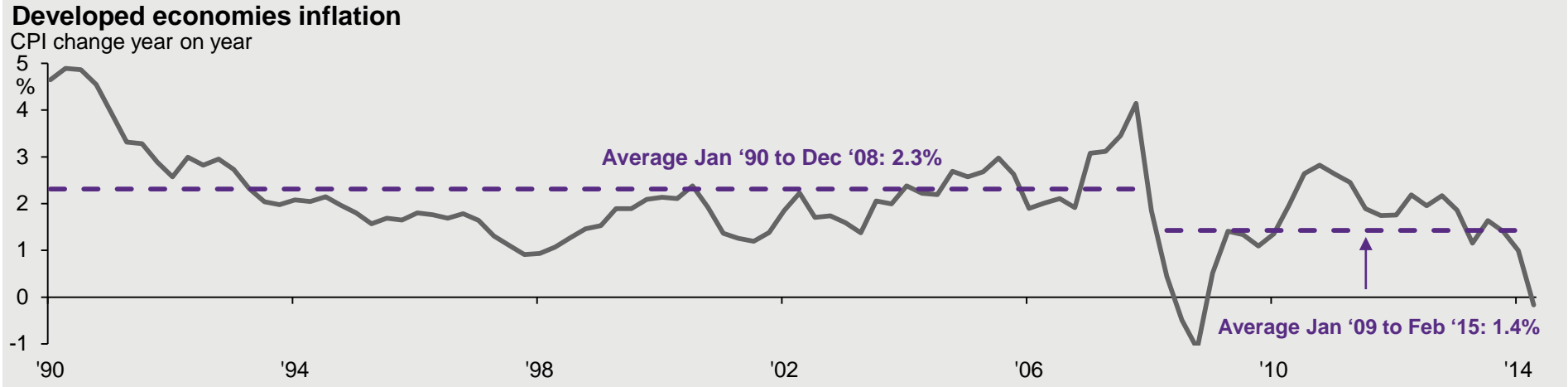
Europe

Developed

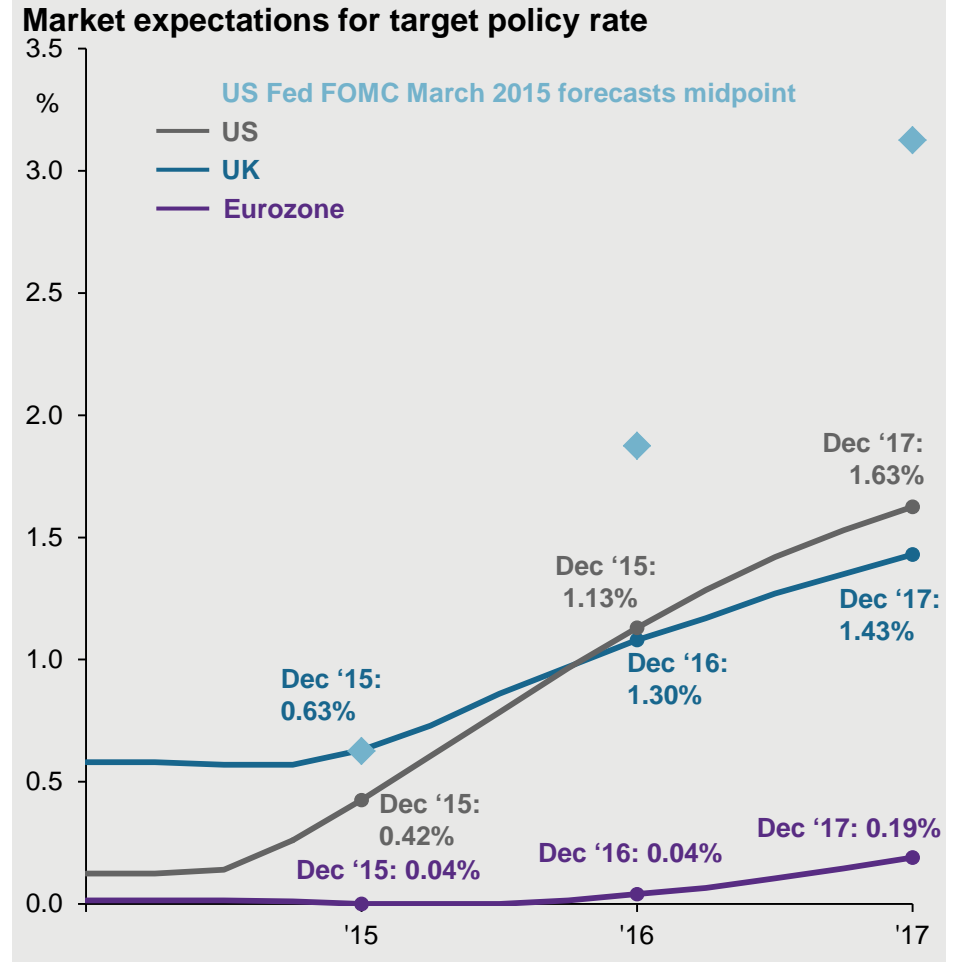
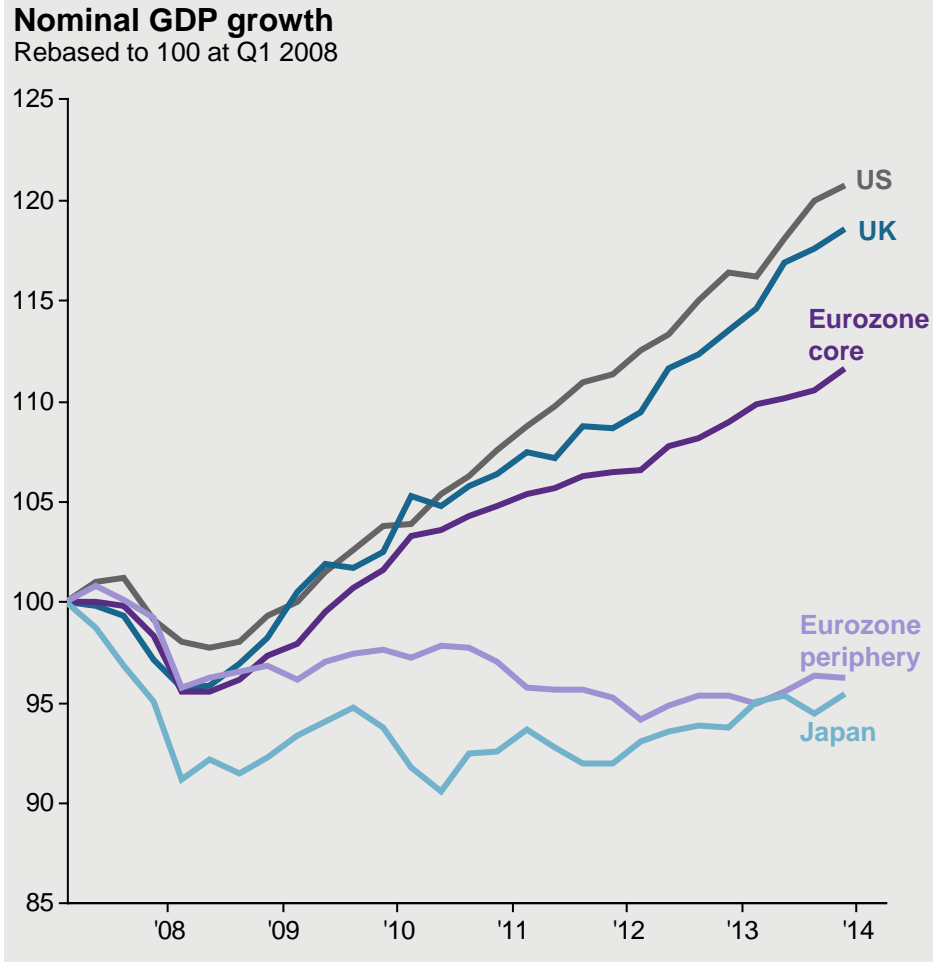
Emerging

	2013												2014												2015		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Global	51.0	50.1	50.4	50.3	50.6	51.5	51.6	51.9	52.8	52.9	52.9	53.2	52.4	51.9	52.2	52.6	52.4	52.5	52.2	52.2	51.8	51.5	51.7	51.9	51.8		
Eurozone	46.8	46.7	48.3	48.8	50.3	51.4	51.1	51.3	51.6	52.7	54.0	53.2	53.0	53.4	52.2	51.8	51.8	50.7	50.3	50.6	50.1	50.6	51.0	51.0	52.2		
France	44.0	44.4	46.4	48.4	49.7	49.7	49.8	49.1	48.4	47.0	49.3	49.7	52.1	51.2	49.6	48.2	47.8	46.9	48.8	48.5	48.4	47.5	49.2	47.6	48.8		
Germany	49.0	48.1	49.4	48.6	50.7	51.8	51.1	51.7	52.7	54.3	56.5	54.8	53.7	54.1	52.3	52.0	52.4	51.4	49.9	51.4	49.5	51.2	50.9	51.1	52.8		
Italy	44.5	45.5	47.3	49.1	50.4	51.3	50.8	50.7	51.4	53.3	53.1	52.3	52.4	54.0	53.2	52.6	51.9	49.8	50.7	49.0	49.0	48.4	49.9	51.9	53.3		
Spain	44.2	44.7	48.1	50.0	49.8	51.1	50.7	50.9	48.6	50.8	52.2	52.5	52.8	52.7	52.9	54.6	53.9	52.8	52.6	52.6	54.7	53.8	54.7	54.2	54.3		
Ireland	48.6	48.0	49.7	50.3	51.0	52.0	52.7	54.9	52.4	53.5	52.8	52.9	55.5	56.1	55.0	55.3	55.4	57.3	55.7	56.6	56.2	56.9	55.1	57.5	56.8		
UK	50.0	50.4	51.9	52.5	54.5	58.4	56.9	56.4	57.8	57.3	56.7	56.1	55.4	56.9	56.5	56.7	54.9	52.9	51.4	53.3	53.4	52.8	53.0	54.0	54.4		
US	54.6	52.1	52.3	51.9	53.7	53.1	52.8	51.8	54.7	55.0	53.7	57.1	55.5	55.4	56.4	57.3	55.8	57.9	57.5	55.9	54.8	53.9	53.9	55.1	55.7		
Japan	50.4	51.1	51.5	52.3	50.7	52.2	52.5	54.2	55.1	55.2	56.6	55.5	53.9	49.4	49.9	51.5	50.5	52.2	51.7	52.4	52.0	52.0	52.2	51.6	50.3		
Brazil	51.8	50.8	50.4	50.4	48.5	49.4	49.9	50.2	49.7	50.5	50.8	50.4	50.6	49.3	48.8	48.7	49.1	50.2	49.3	49.1	48.7	50.2	50.7	49.6	46.2		
Russia	50.8	50.6	50.4	51.7	49.2	49.4	49.4	51.8	49.4	48.8	48.0	48.5	48.3	48.5	48.9	49.1	51.0	51.0	50.4	50.3	51.7	48.9	47.6	49.7	48.1		
India	52.0	51.0	50.1	50.3	50.1	48.5	49.6	49.6	51.3	50.7	51.4	52.5	51.3	51.3	51.4	51.5	53.0	52.4	51.0	51.6	53.3	54.5	52.9	51.2	52.1		
China	51.6	50.4	49.2	48.2	47.7	50.1	50.2	50.9	50.8	50.5	49.5	48.5	48.0	48.1	49.4	50.7	51.7	50.2	50.2	50.4	50.0	49.6	49.7	50.7	49.6		
Korea	52.0	52.6	51.1	49.4	47.2	47.5	49.7	50.2	50.4	50.8	50.9	49.8	50.4	50.2	49.5	48.4	49.3	50.3	48.8	48.7	49.0	49.9	51.1	51.1	49.2		
Taiwan	51.2	50.7	47.1	49.5	48.6	50.0	52.0	53.0	53.4	55.2	55.5	54.7	52.7	52.3	52.4	54.0	55.8	56.1	53.3	52.0	51.4	50.0	51.7	52.1	51.0		
	Lowest relative to 50 PMI												50												Highest relative to 50 PMI		

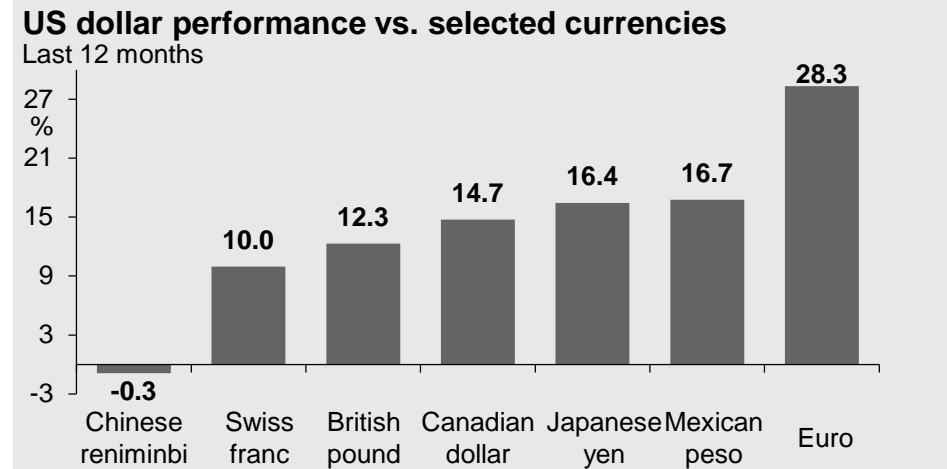
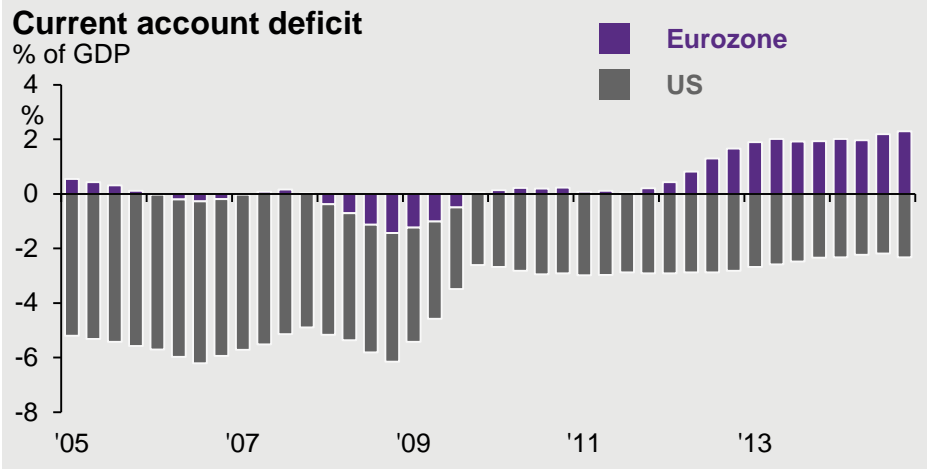
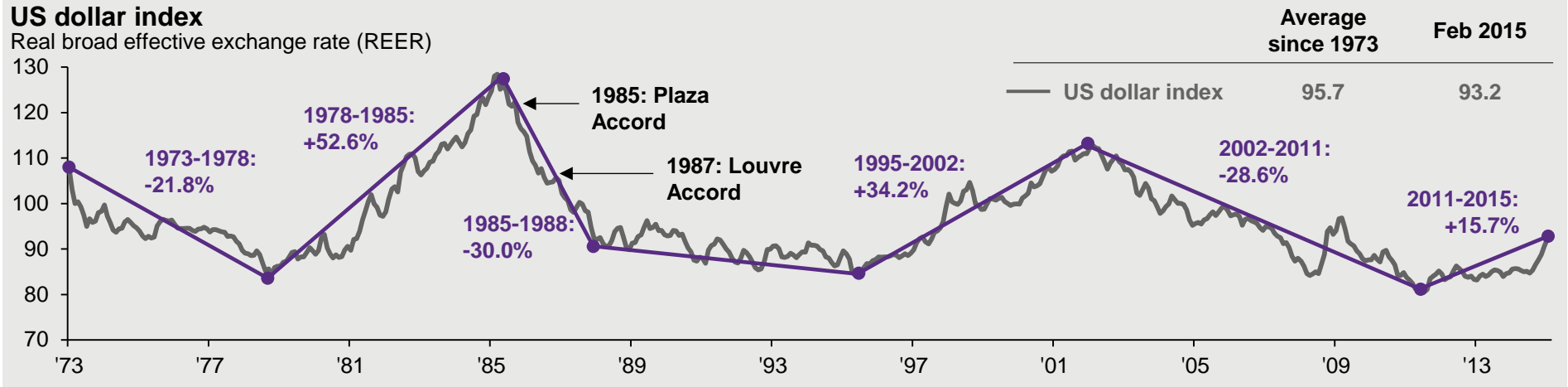
Source: Markit, J.P. Morgan Economic Research, J.P. Morgan Asset Management. The Global Purchasing Managers' Index (PMI) assesses the economic health of the manufacturing sector by surveying output and employment intentions. For Global PMI, heatmap colours are based on PMI relative to global recent history; for countries, heatmap colours are based on PMI relative to all countries shown. Global PMI is GDP-weighted calculation. *Guide to the Markets - UK*. Data as of 31 March 2015.



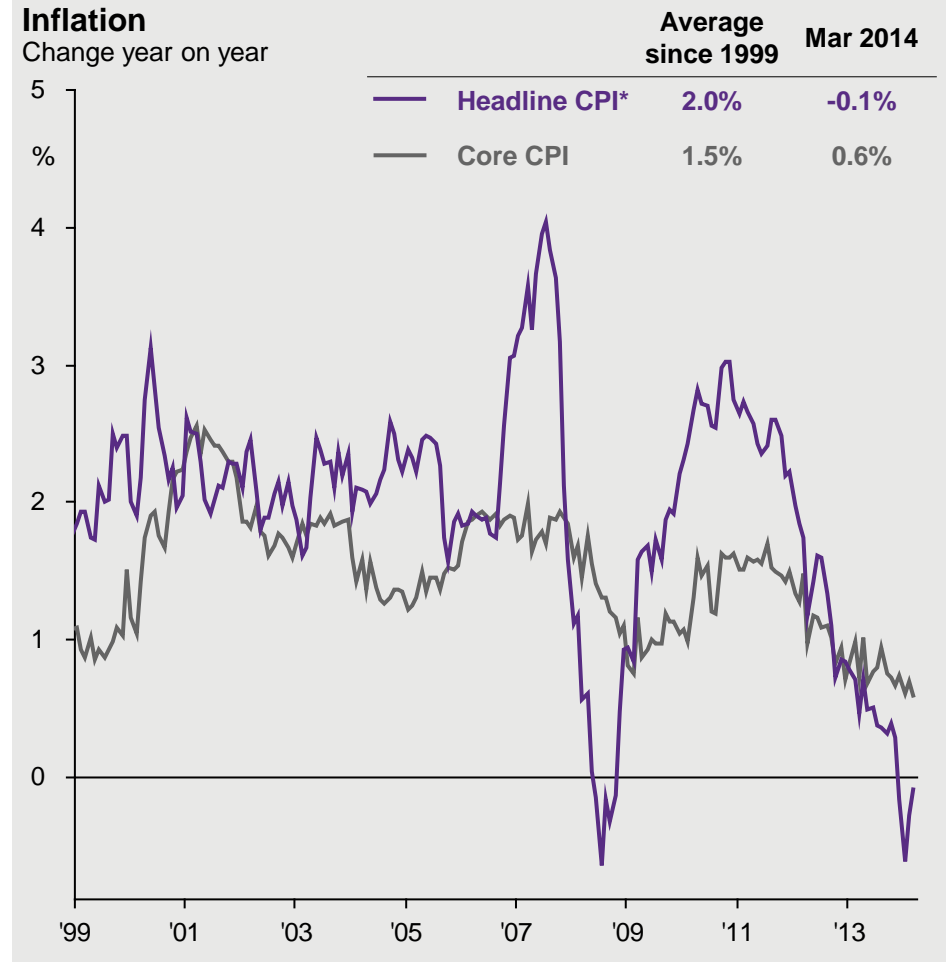
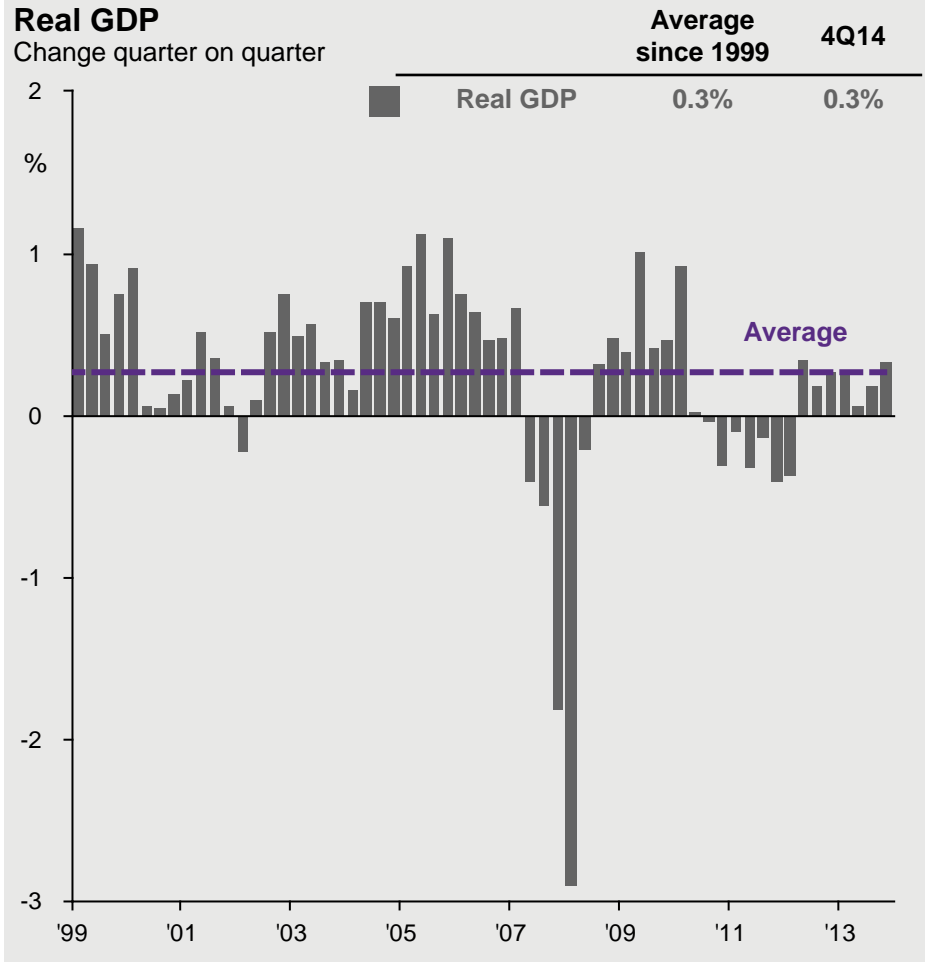
Source: (Top) J.P. Morgan Economic Research, J.P. Morgan Asset Management. (Bottom left) Bloomberg, J.P. Morgan Asset Management. (Bottom right) Eurostat, FactSet, J.P. Morgan Asset Management. 5-year/5-year breakeven inflation expectations is the market expectation for average inflation over 5 years beginning in 5 years time, derived from the breakevens in the long term forwards market. *Guide to the Markets - UK*. Data as of 31 March 2015.



Source: (Left) Various national statistics agencies, FactSet, J.P. Morgan Asset Management. (Right) US Federal Reserve, Bloomberg, J.P. Morgan Asset Management. Eurozone core is France and Germany and eurozone periphery is Greece, Italy, Ireland, Portugal and Spain. There is no active Japanese futures market, therefore no market expectations for the target policy rate. *Guide to the Markets - UK*. Data as of 31 March 2015.



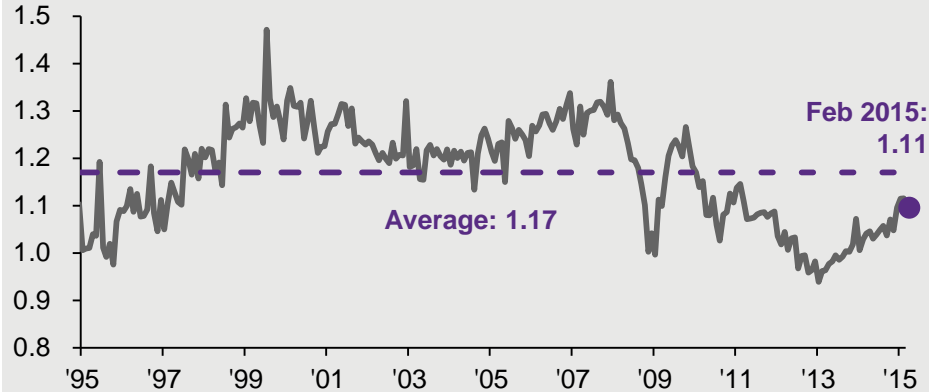
Source: (Top) US Federal Reserve, J.P. Morgan Asset Management. (Bottom left) BEA, FactSet, J.P. Morgan Asset Management. (Bottom right) FactSet, J.P. Morgan Asset Management. *Guide to the Markets - UK*. Data as of 31 March 2015.



Source: (Both charts) Eurostat, FactSet, J.P. Morgan Asset Management. *CPI is the Consumer Price Index. Core CPI is defined as CPI excluding food, energy and tobacco. *Guide to the Markets - UK*. Data as of 31 March 2015.

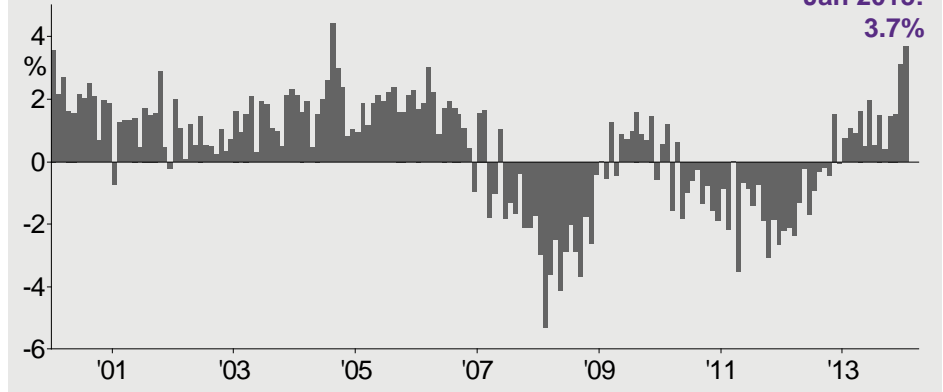
New auto registrations

EU28, millions of new passenger cars, seasonally adjusted



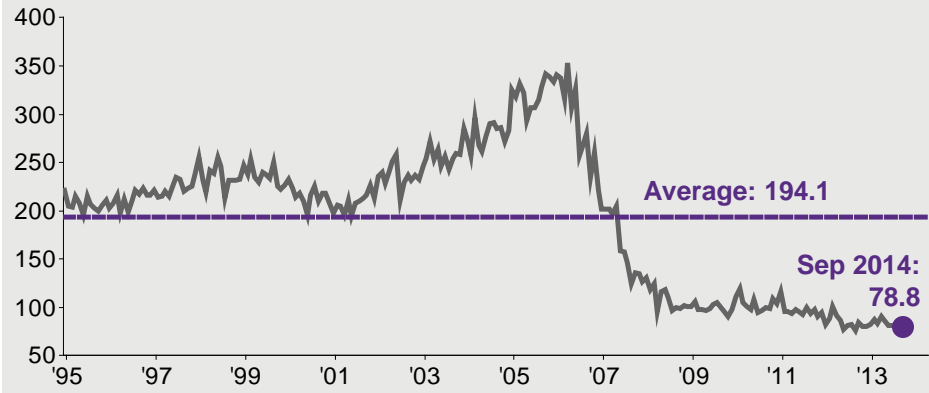
Retail sales growth

EU18, excluding motor vehicles, change year on year



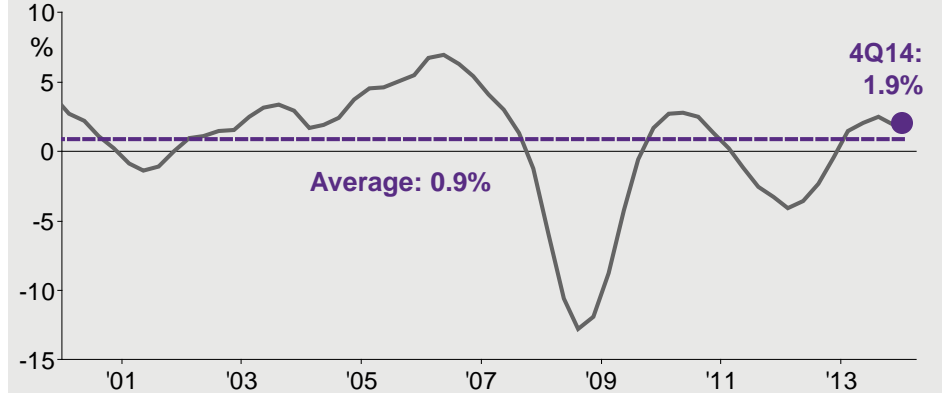
Building permits

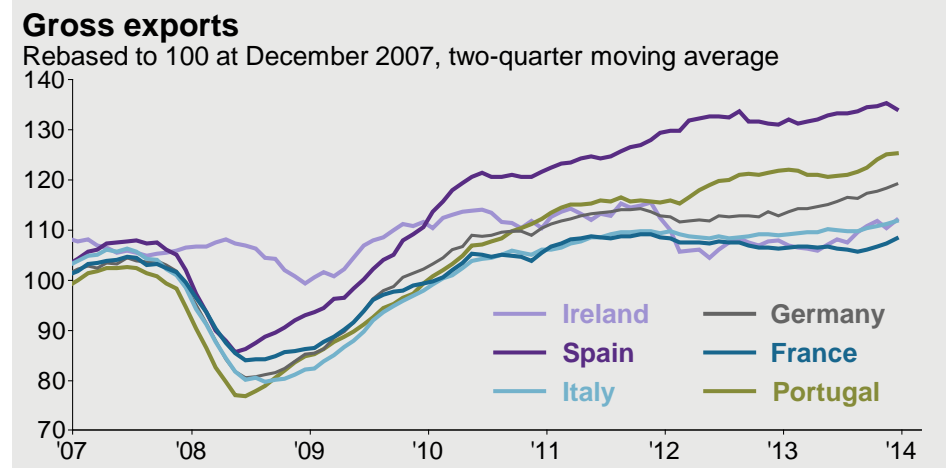
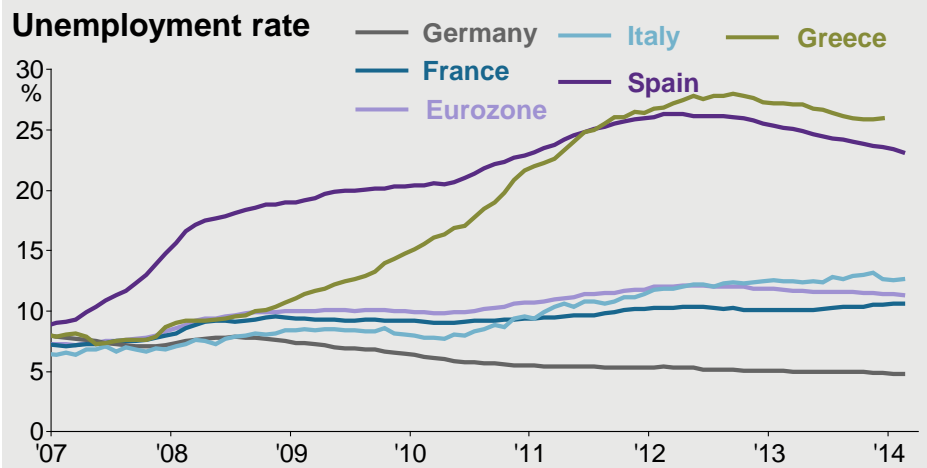
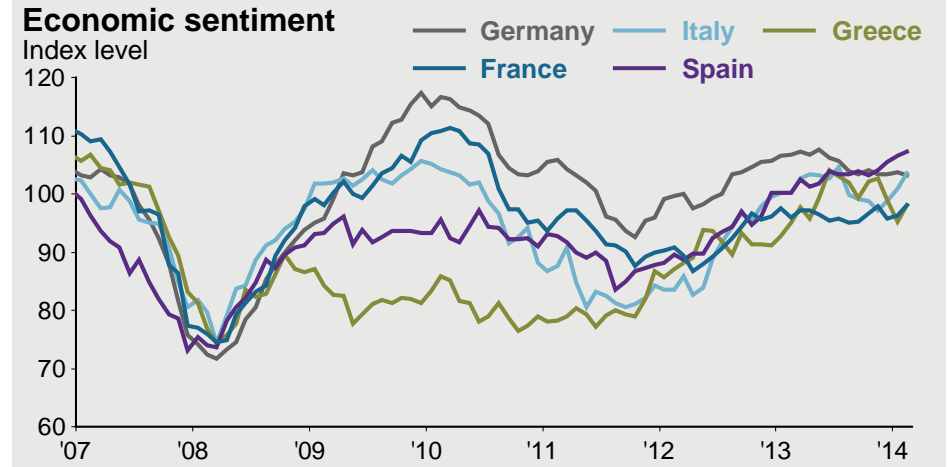
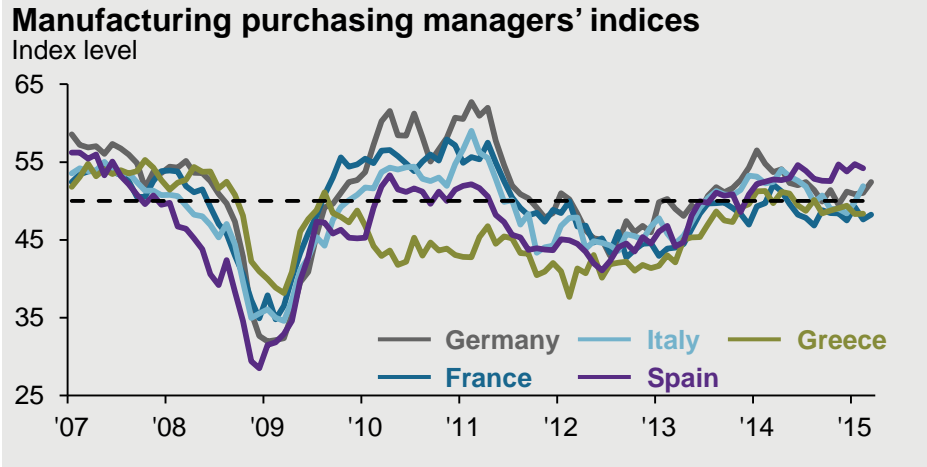
EU18, residential buildings ex-residences for communities, 2010 = 100



Gross fixed capital formation

EU28, change year on year, three-quarter moving average

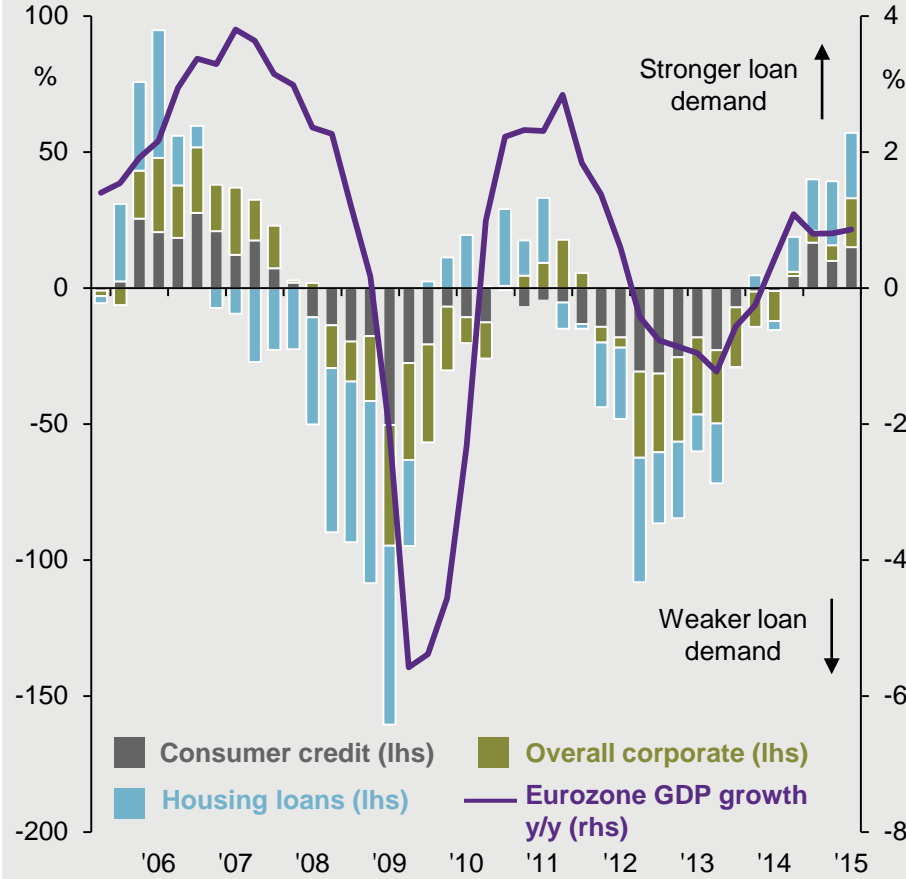




Source: (Top left) Markit, J.P. Morgan Asset Management. (Bottom left and bottom right) Eurostat, FactSet, J.P. Morgan Asset Management. (Top right) European Commission, FactSet, J.P. Morgan Asset Management. *Guide to the Markets - UK*. Data as of 31 March 2015.

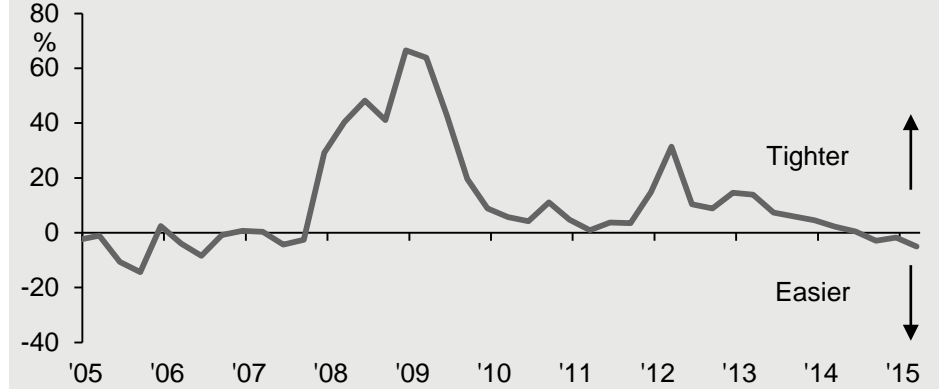
Credit demand and eurozone GDP growth

Net % of banks reporting positive loan demand, GDP growth



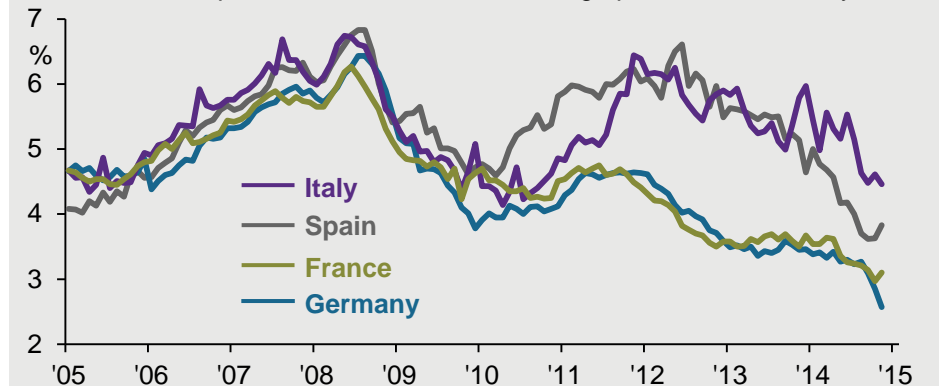
Eurozone lending standards

Net % of banks reporting tighter lending standards



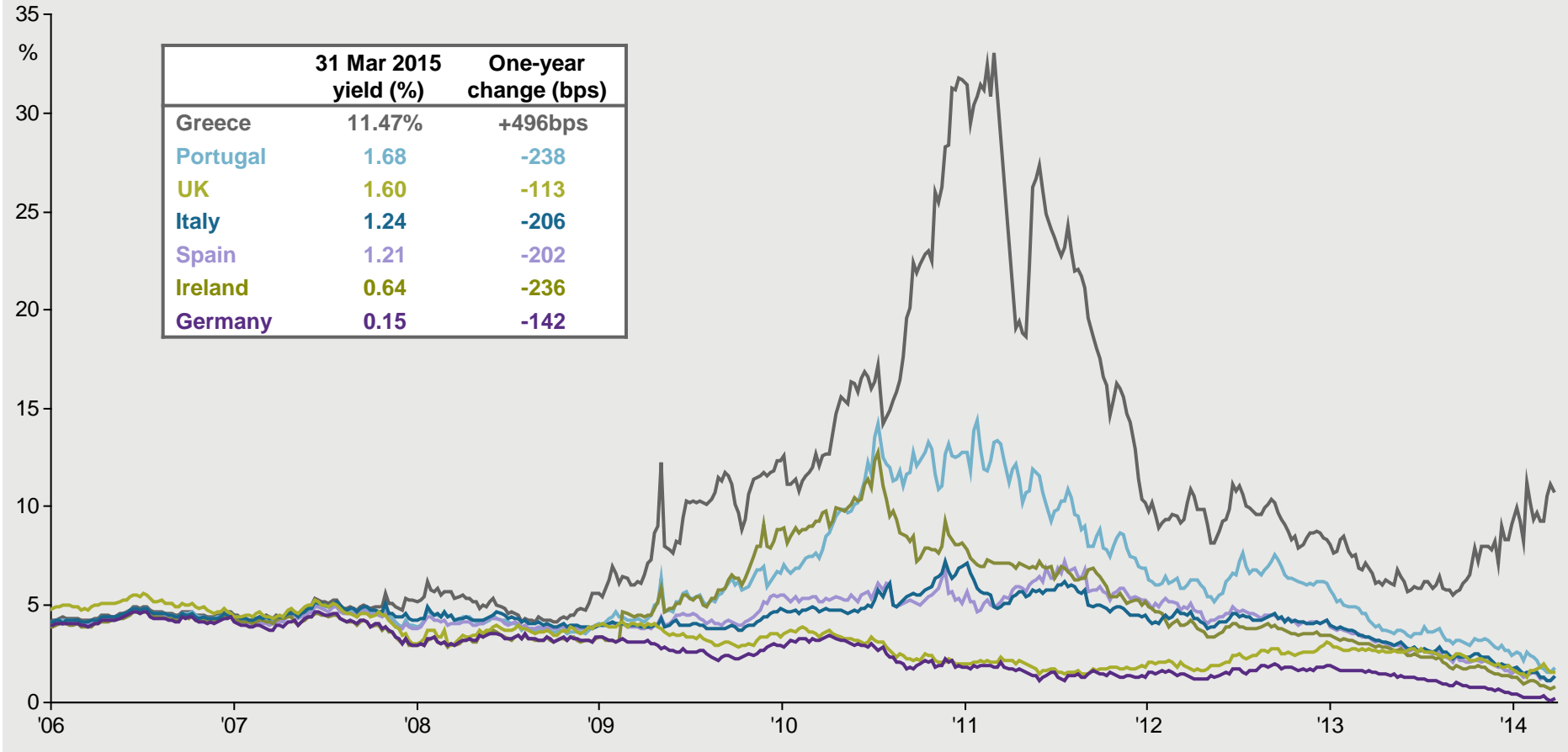
Corporate lending rates

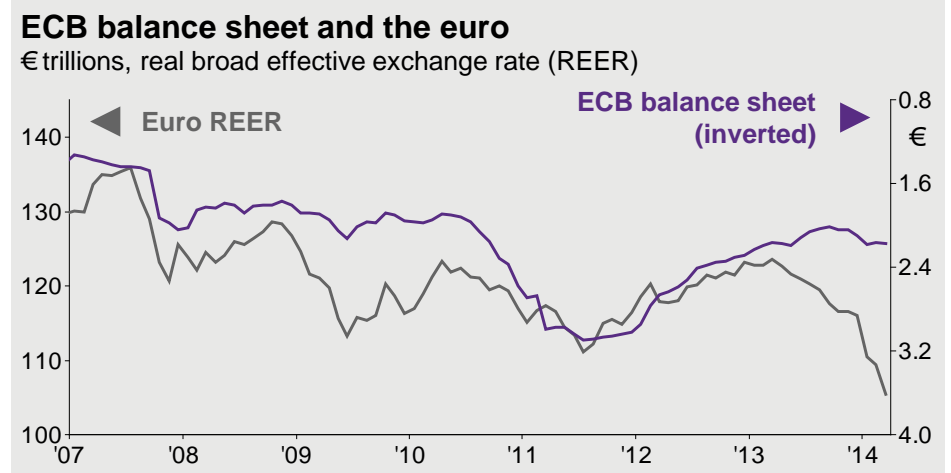
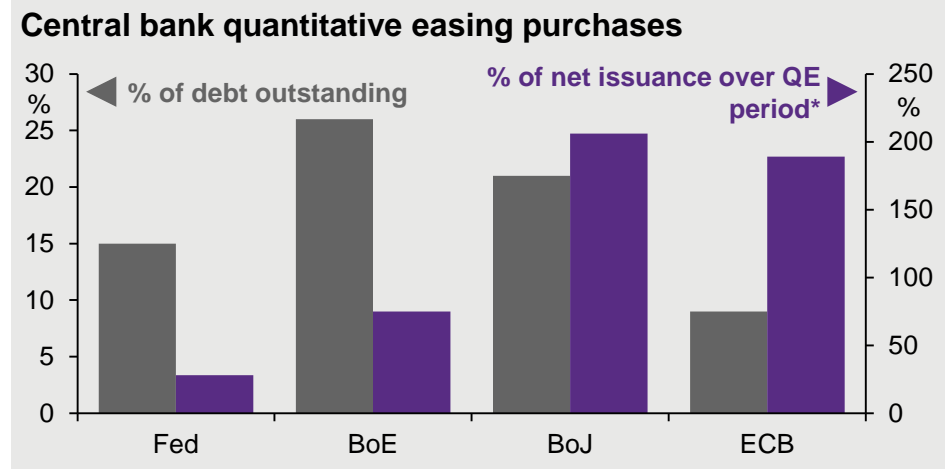
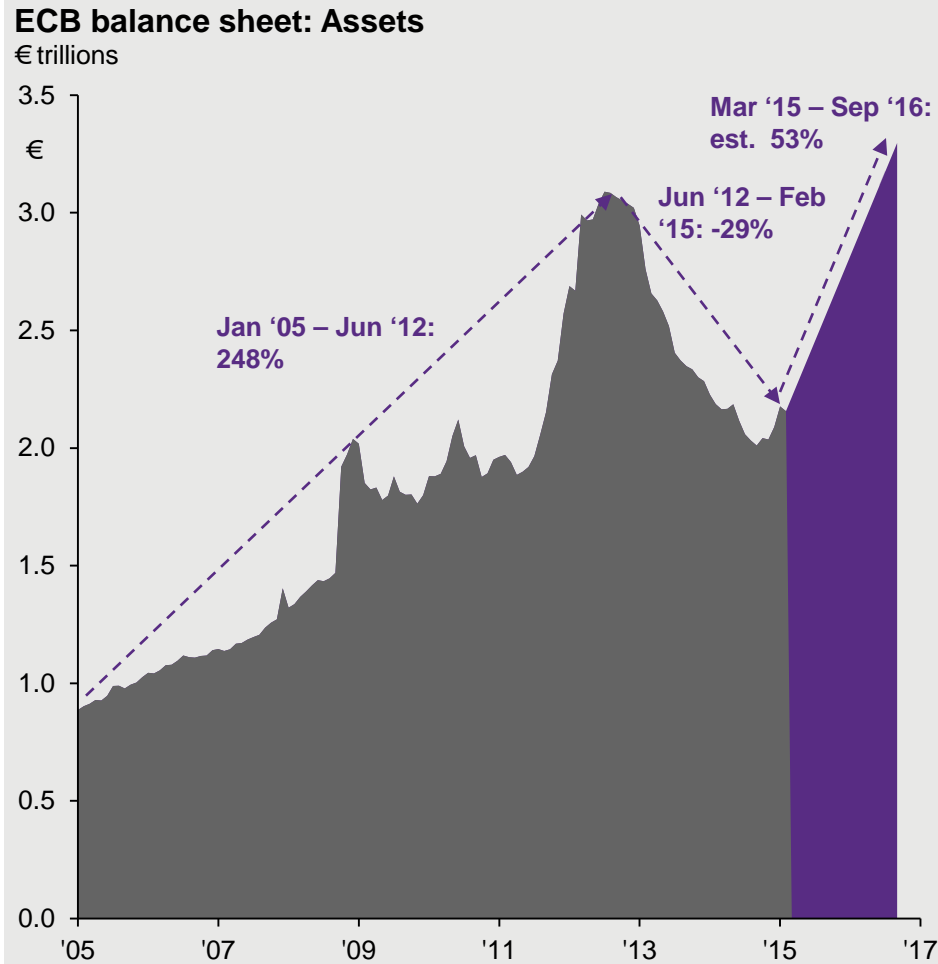
Non-financial corporations, new business lending up to €1 million, 1-5 years



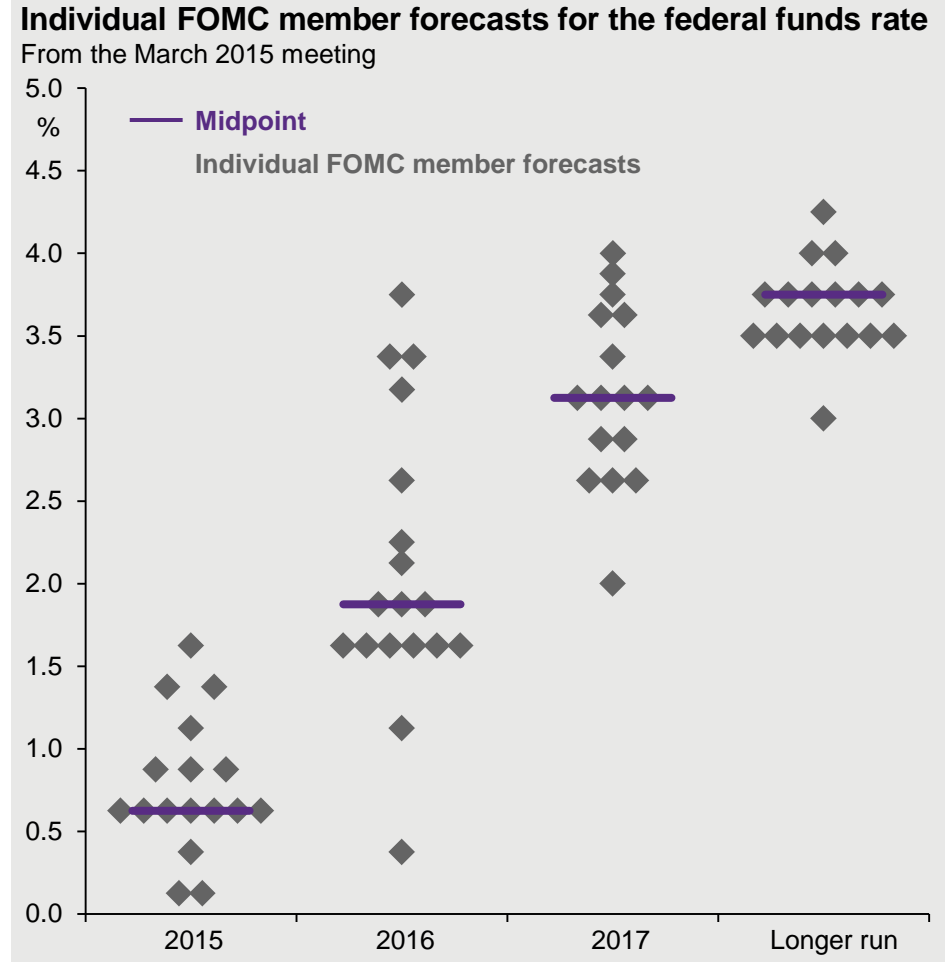
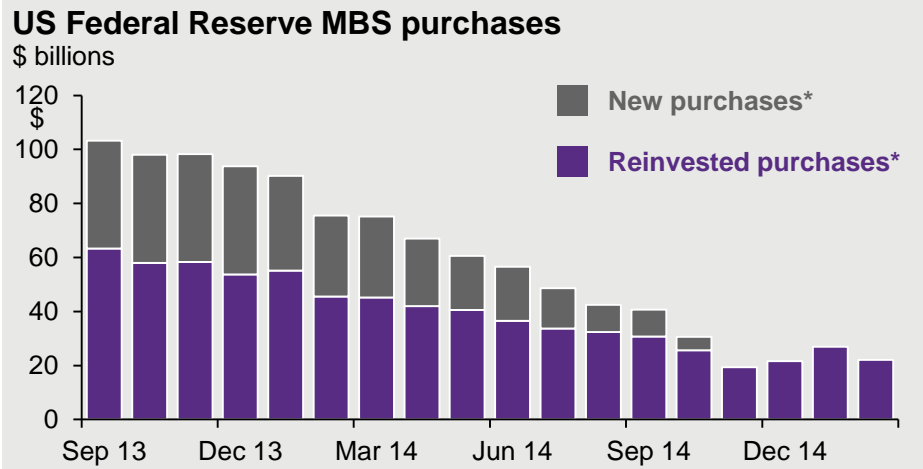
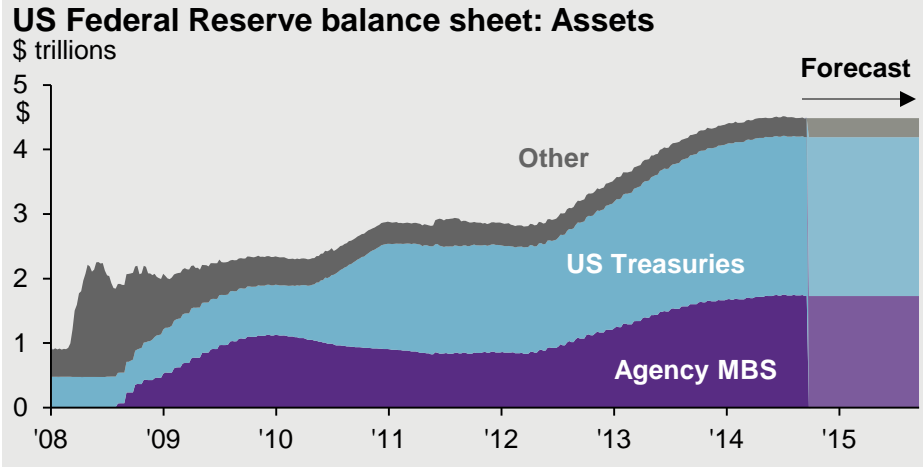
Europe sovereign funding costs

10-year benchmark bond yield

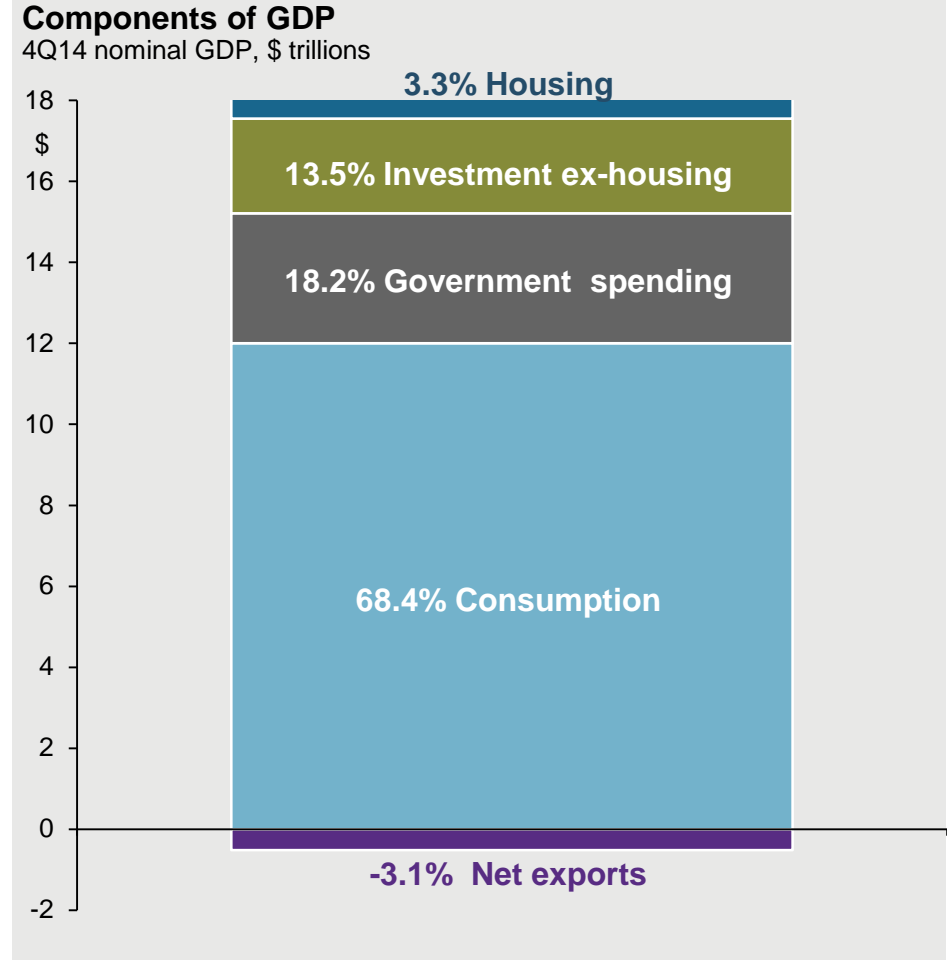
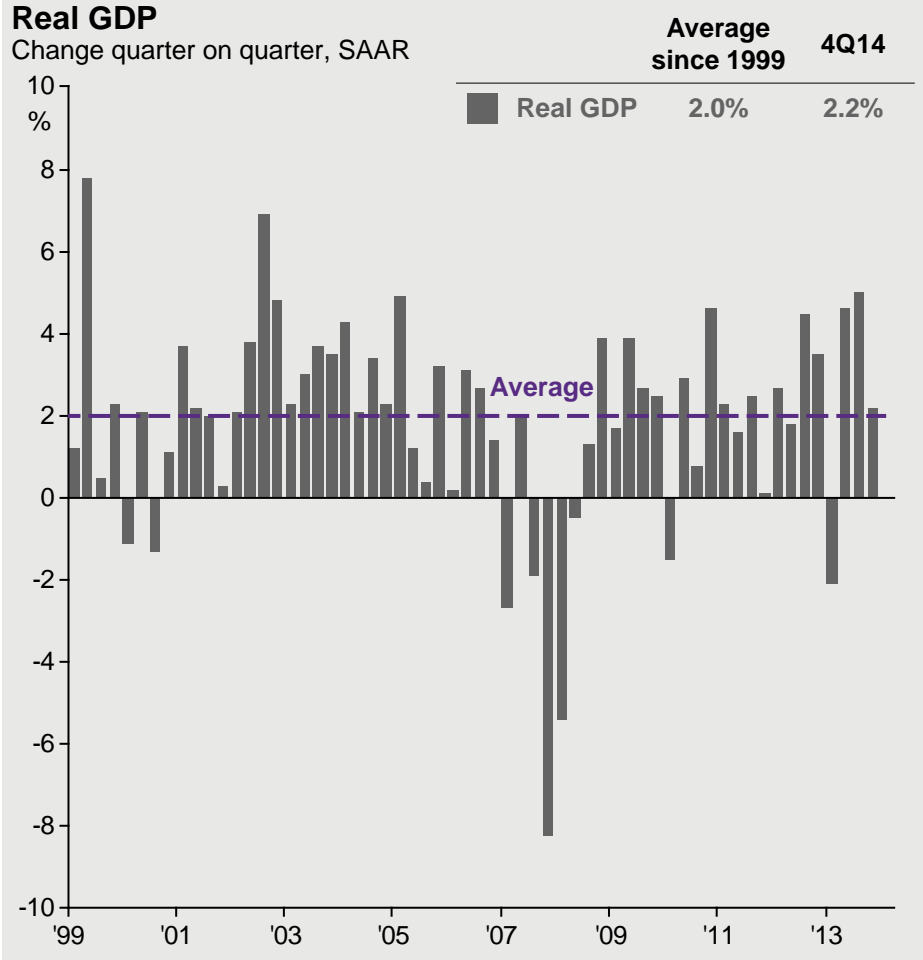




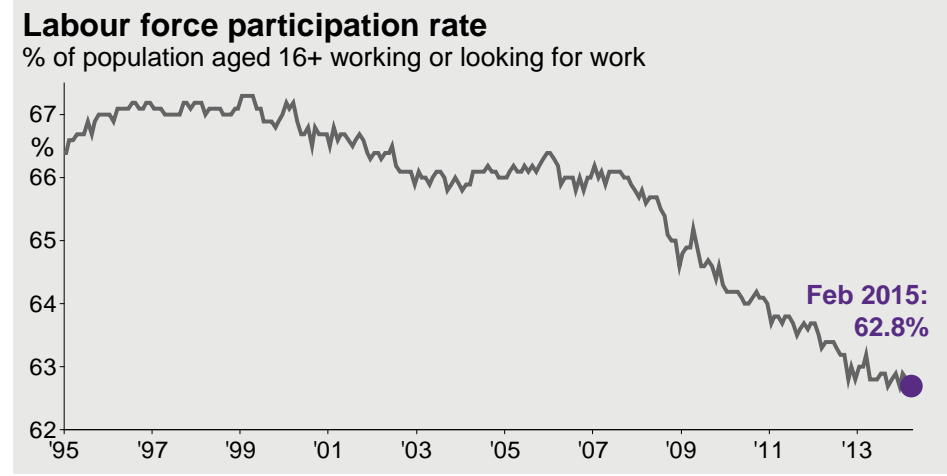
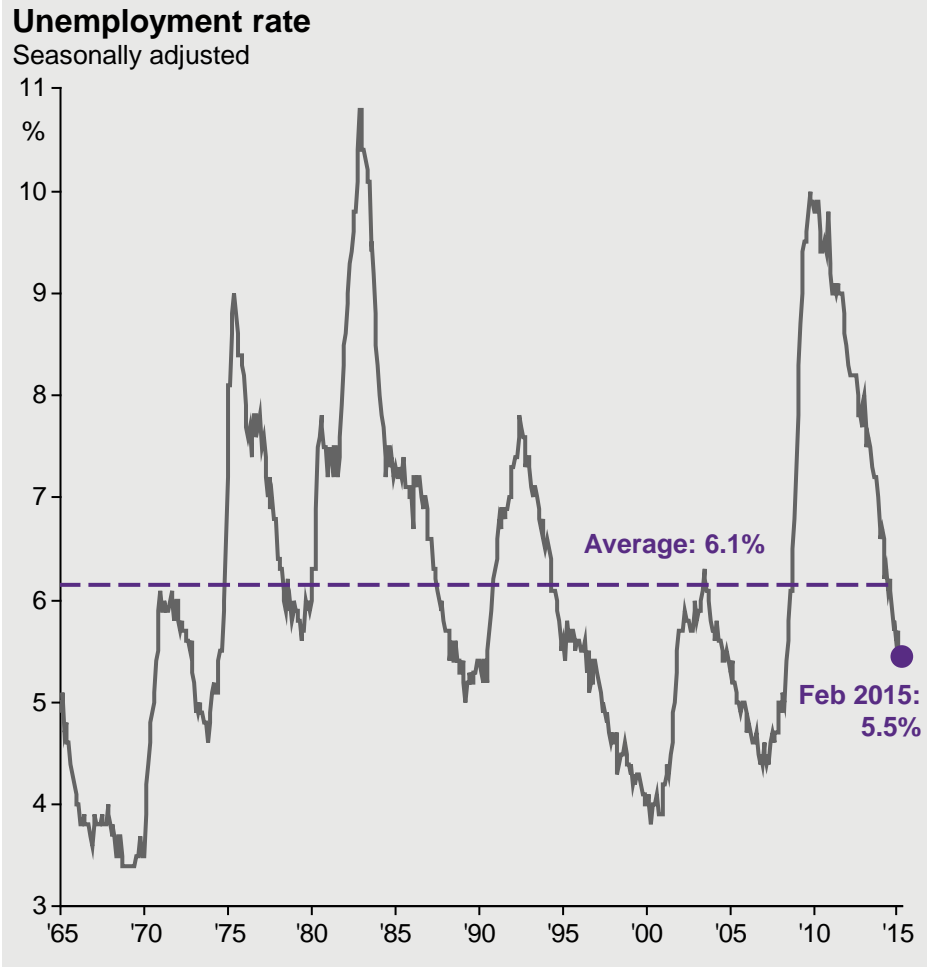
Source: (Left) ECB, FactSet, J.P. Morgan Asset Management. (Top right) US Federal Reserve, Bank of England (BoE), Bank of Japan (BoJ), European Central Bank (ECB), Deutsche Bank, J.P. Morgan Asset Management. (Bottom right) ECB, J.P. Morgan Economic Research, J.P. Morgan Asset Management. *QE period for Fed is September 2008 to October 2014, BoE is March 2009 to June 2012, ECB is March 2015 to September 2016. QE period for BoJ is April 2013 to October 2015 and based on Deutsche Bank estimates, as are net issuance amounts over the QE period for Japan and eurozone. *Guide to the Markets - UK*. Data as of 31 March 2015.

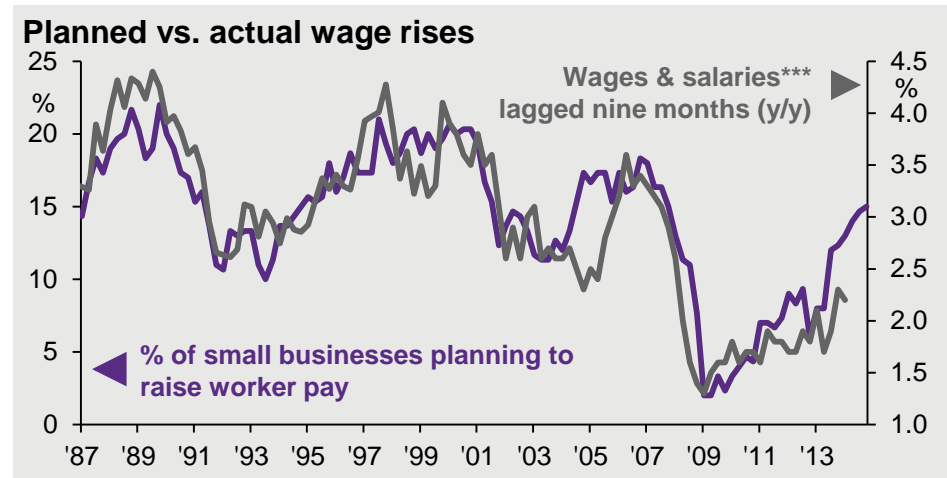
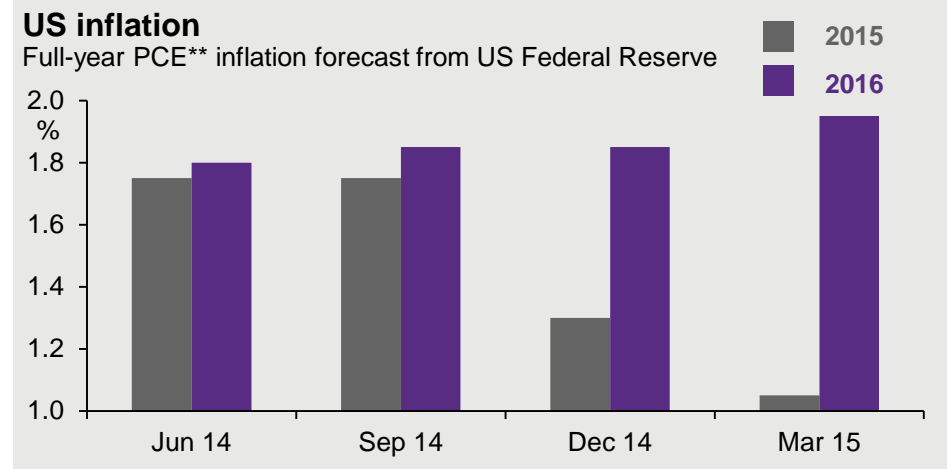
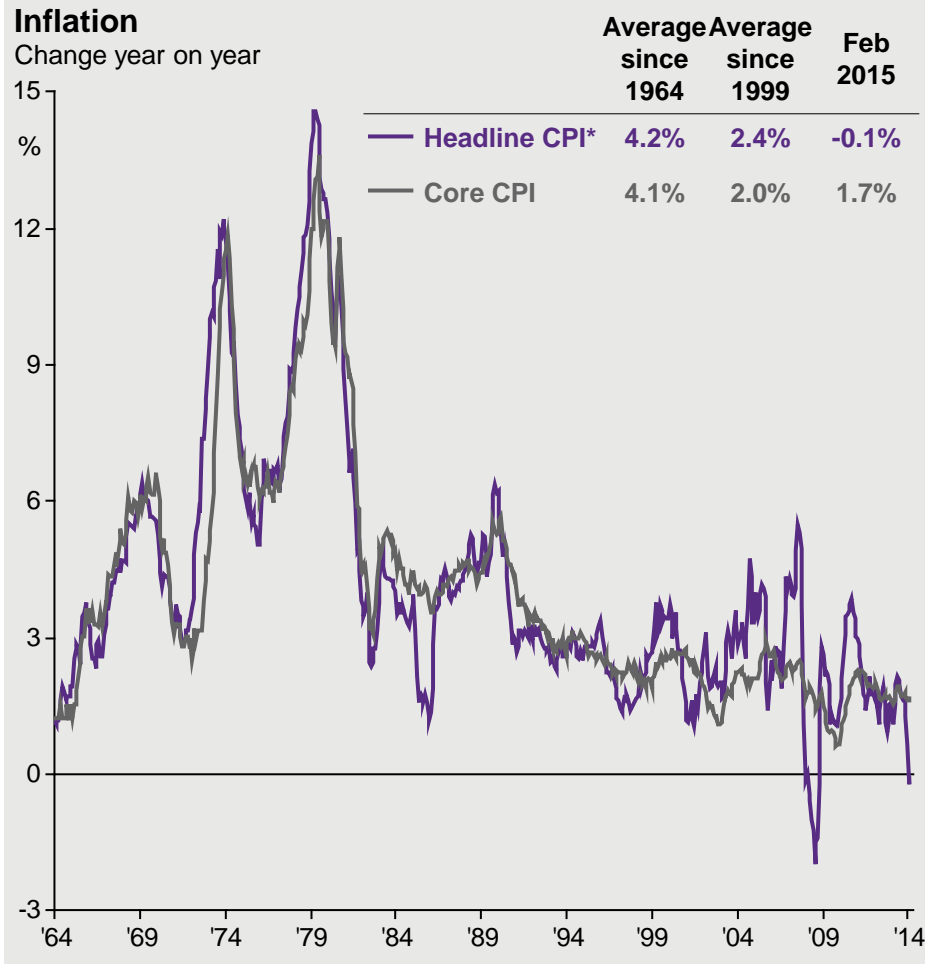


Source: (All charts) US Federal Reserve, FactSet, J.P. Morgan Asset Management. *New purchases are the stated purchases from the US Federal Reserve. Reinvested purchases are bonds purchased with the principal received from maturing bonds. *Guide to the Markets - UK*. Data as of 31 March 2015.



Source: (All charts) BEA, FactSet, J.P. Morgan Asset Management. SAAR denotes seasonally adjusted annual rate. Percentages may not sum to 100% due to rounding. *Guide to the Markets - UK*. Data as of 31 March 2015.

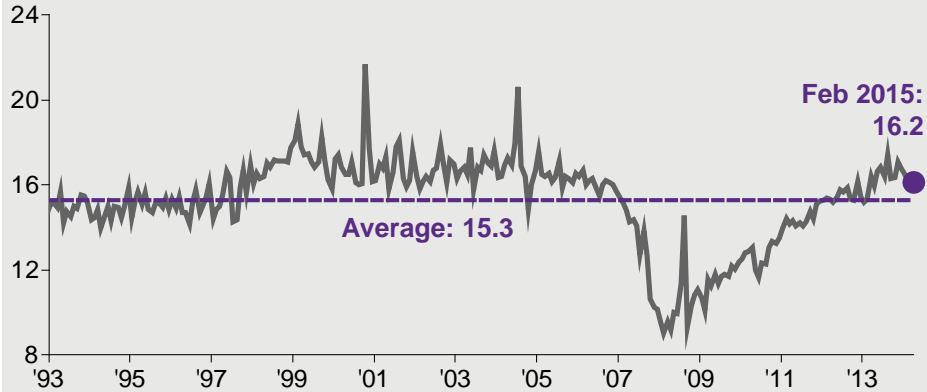




Source: (Left) BLS, FactSet, J.P. Morgan Asset Management. (Top right) US Federal Reserve, J.P. Morgan Asset Management. (Bottom right) National Federation of Independent Business (NFIB), BLS, FactSet, J.P. Morgan Asset Management. *CPI is the Consumer Price Index. **Personal consumption expenditure (PCE) measures the prices paid by consumers for goods and services, excluding food and energy prices. Forecast provided is the mid-point of the range of economic projections from Federal Reserve board members and Reserve Bank presidents. ***Wages & salaries is the civilian employment cost index (ECI).
 Guide to the Markets - UK. Data as of 31 March 2015.

Light vehicle sales

Millions, SAAR



Manufacturing and trade inventories

Days of sales, seasonally adjusted



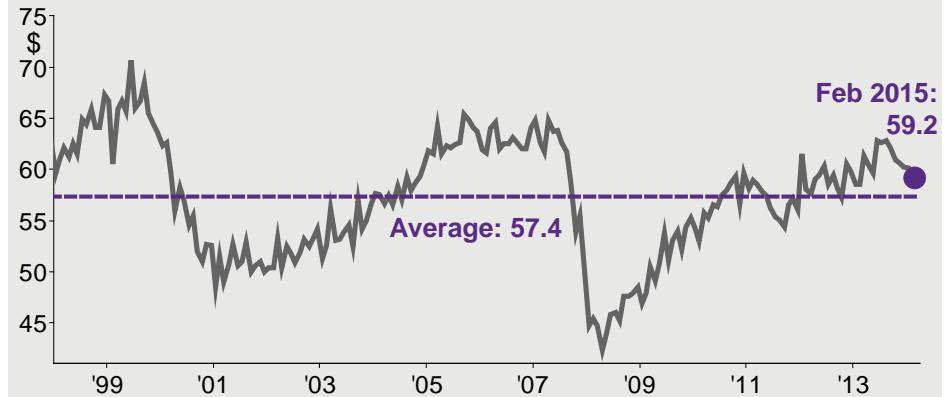
Housing starts

Thousands, SAAR

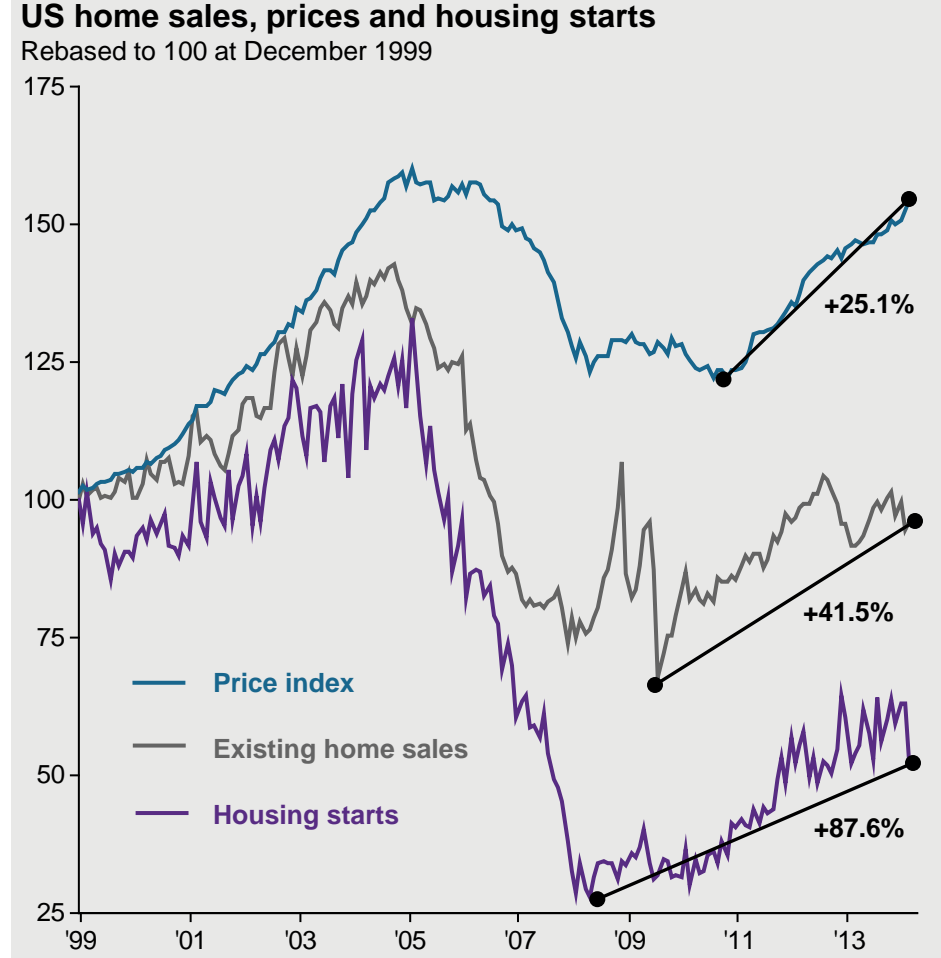
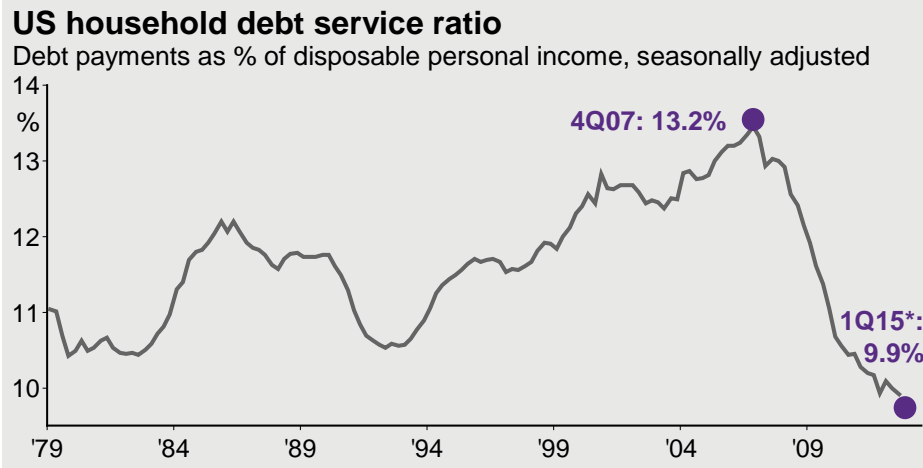
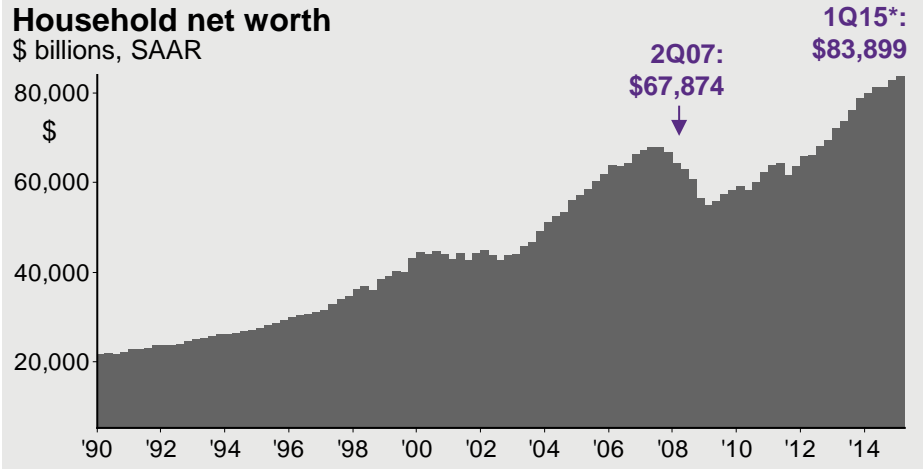


Real capital goods orders*

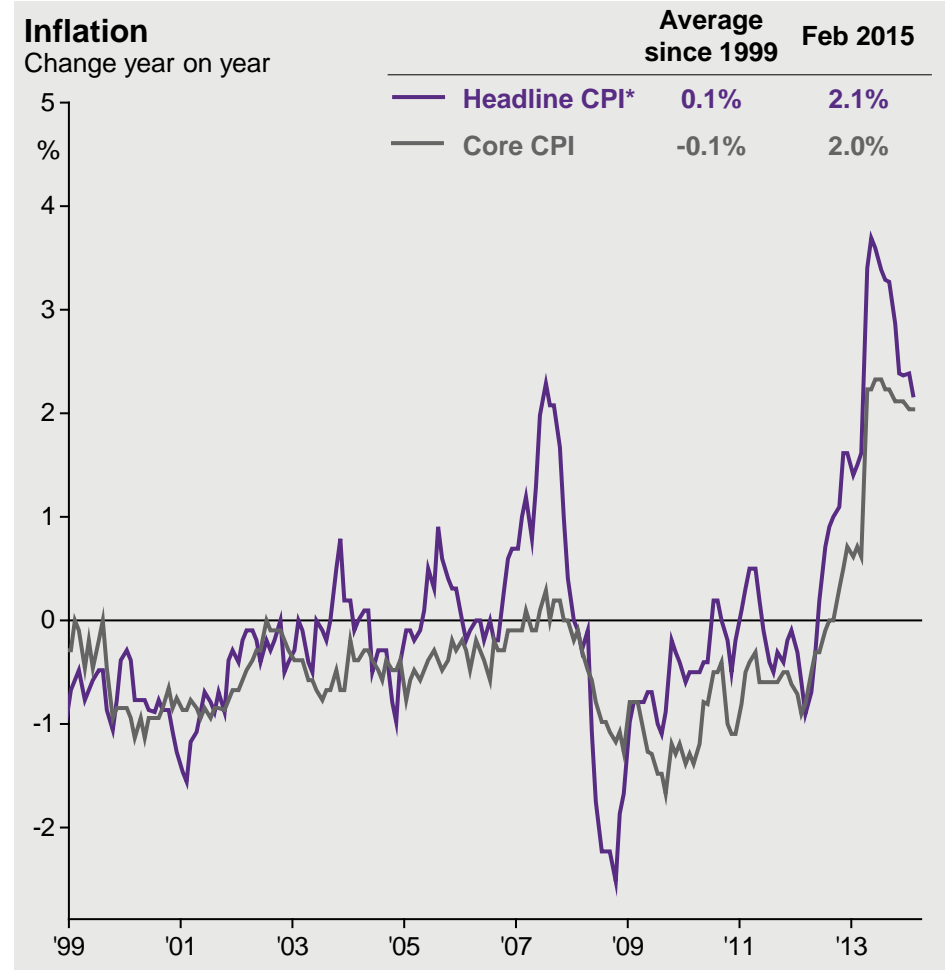
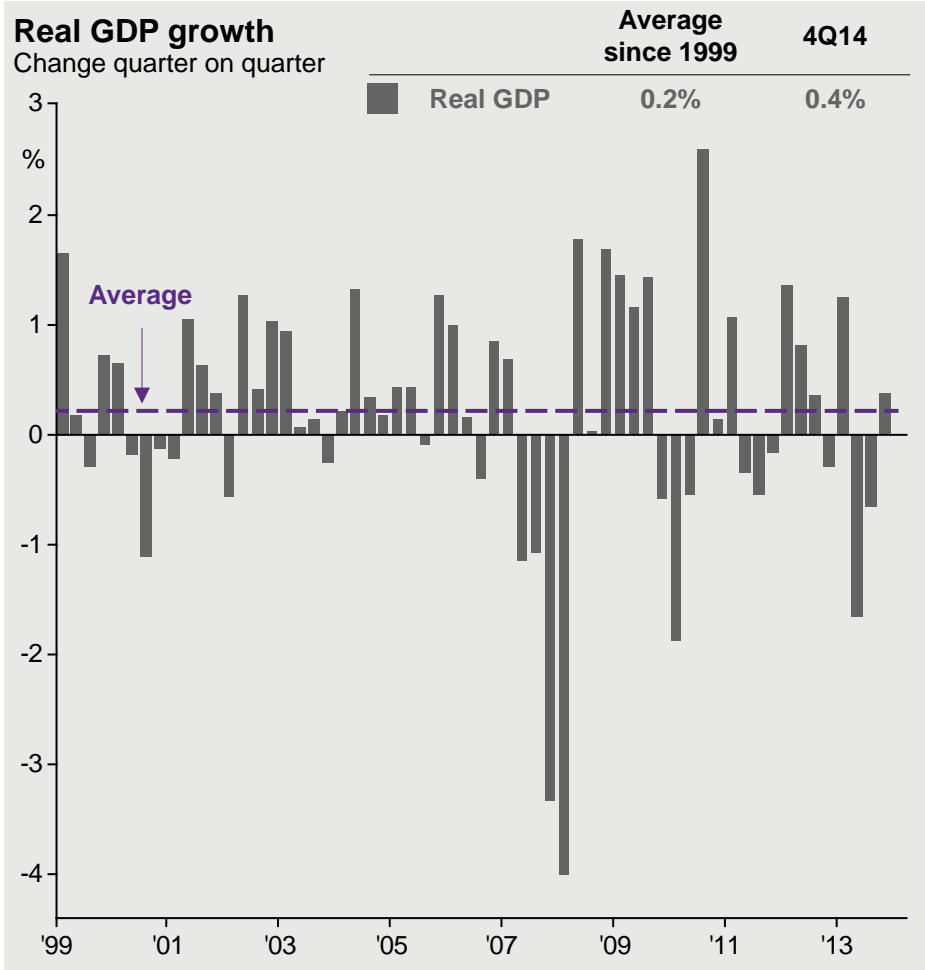
Non-defense capital goods orders ex-aircraft, \$ billions, seasonally adjusted



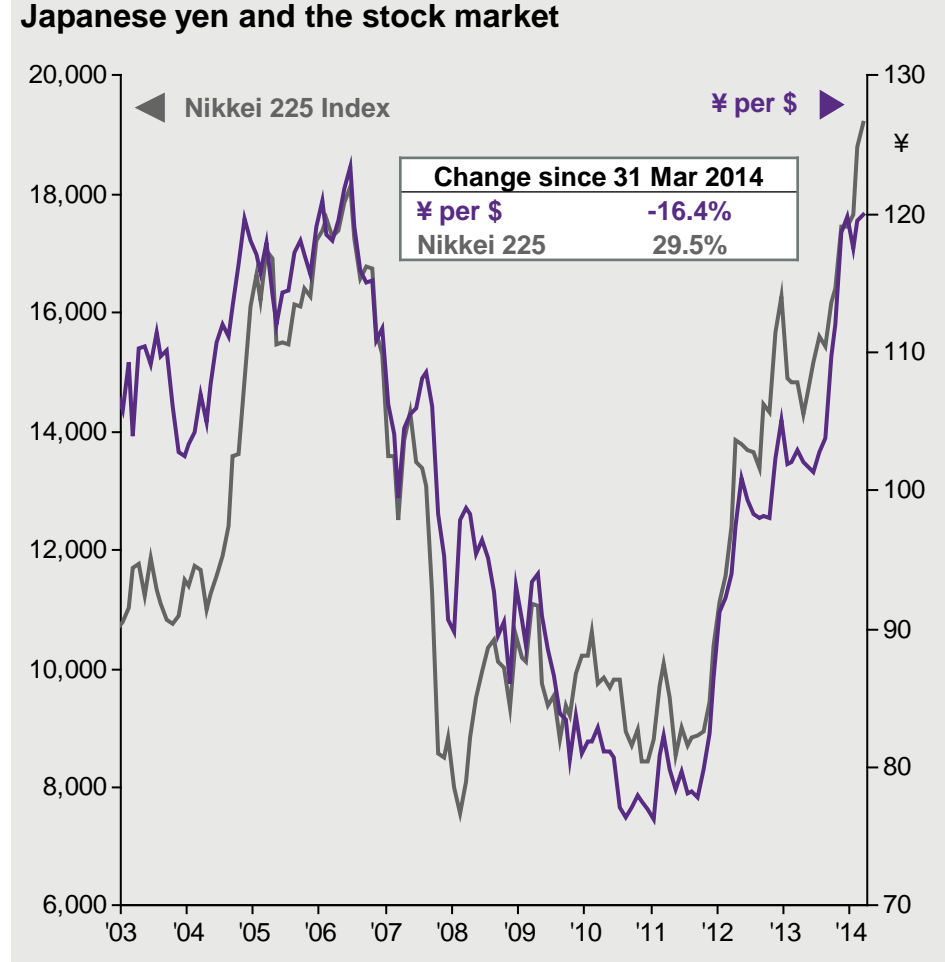
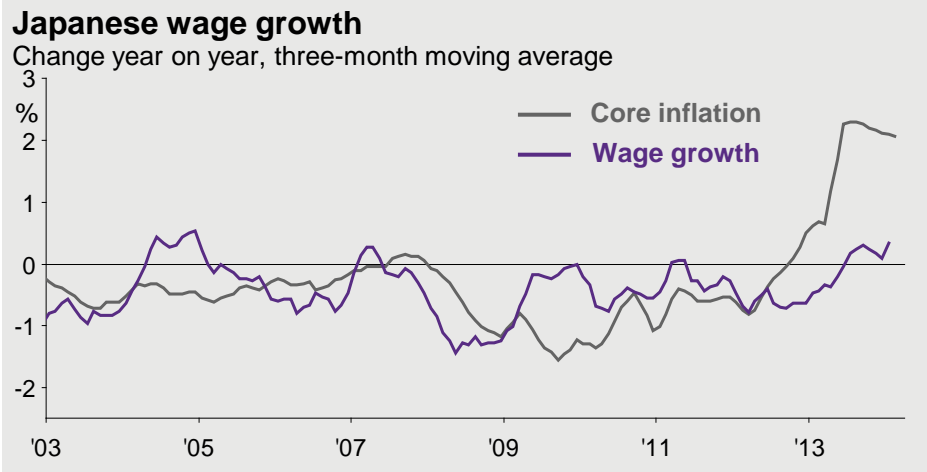
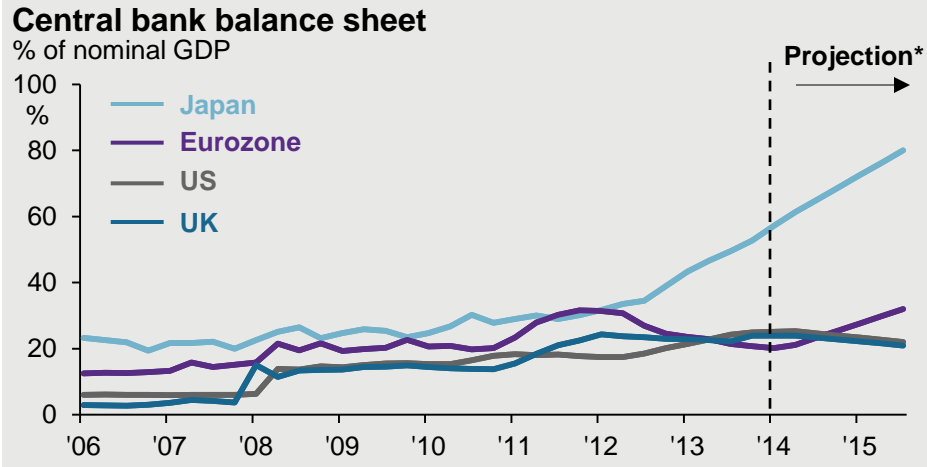
Source: (Top left) BEA, FactSet, J.P. Morgan Asset Management. (Top and bottom right and bottom left) US Census Bureau, FactSet, J.P. Morgan Asset Management. *Capital goods orders deflated using the producer price index for capital goods. SAAR is seasonally adjusted annual rate. *Guide to the Markets - UK*. Data as of 31 March 2015.



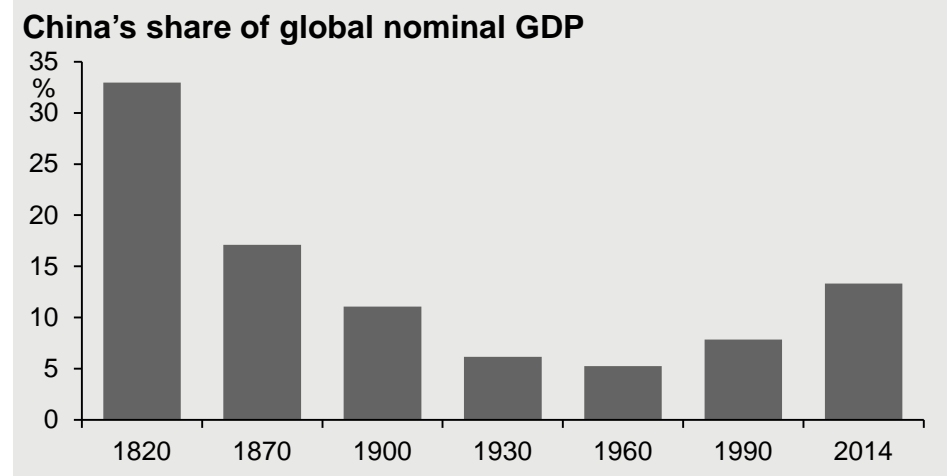
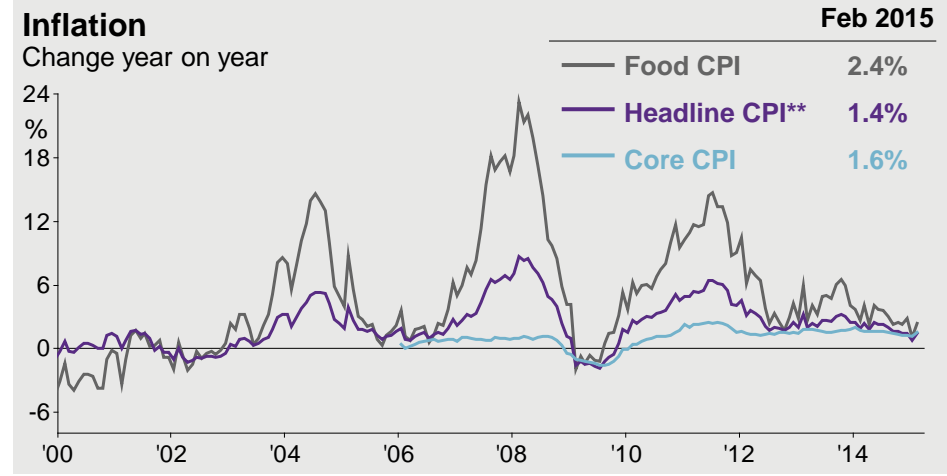
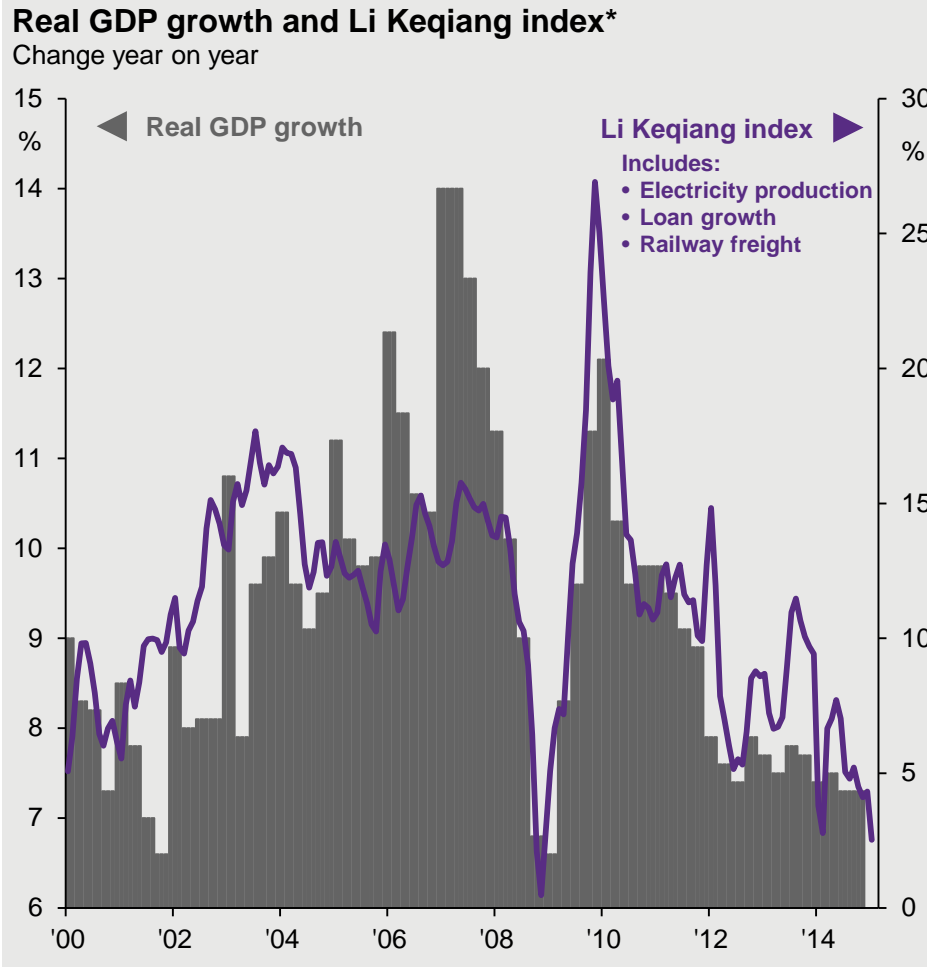
Source: (Top and bottom left) US Federal Reserve, FactSet, J.P. Morgan Asset Management. (Right) National Association of Realtors, US Census Bureau, FactSet, J.P. Morgan Asset Management. Price index is the mean existing home sale price. SAAR is seasonally adjusted annual rate. *1Q15 numbers for US household net worth and debt service ratio are J.P. Morgan Asset Management forecasts. *Guide to the Markets - UK*. Data as of 31 March 2015.



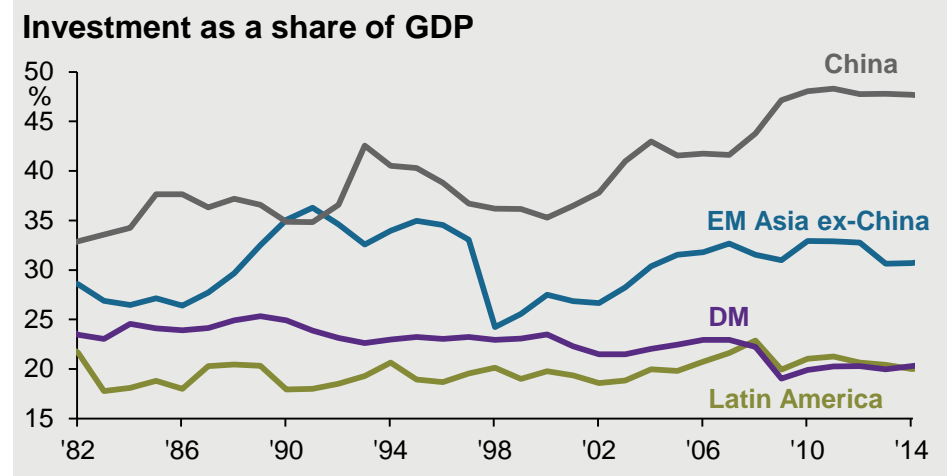
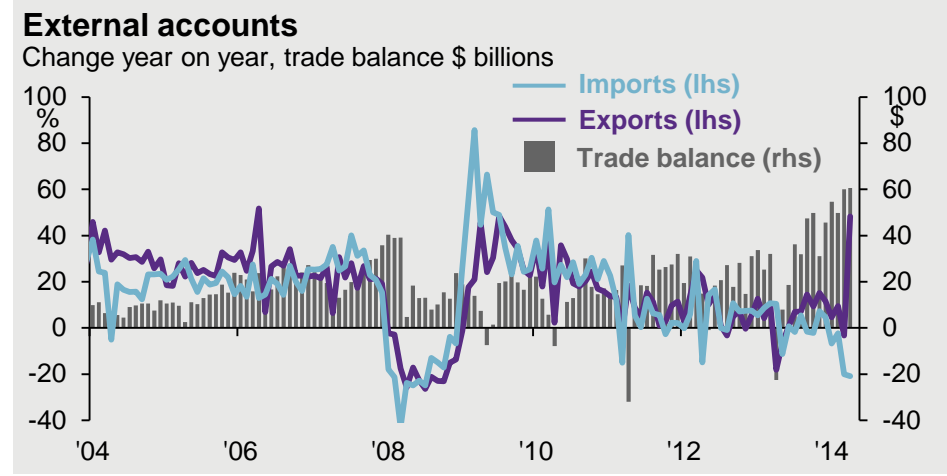
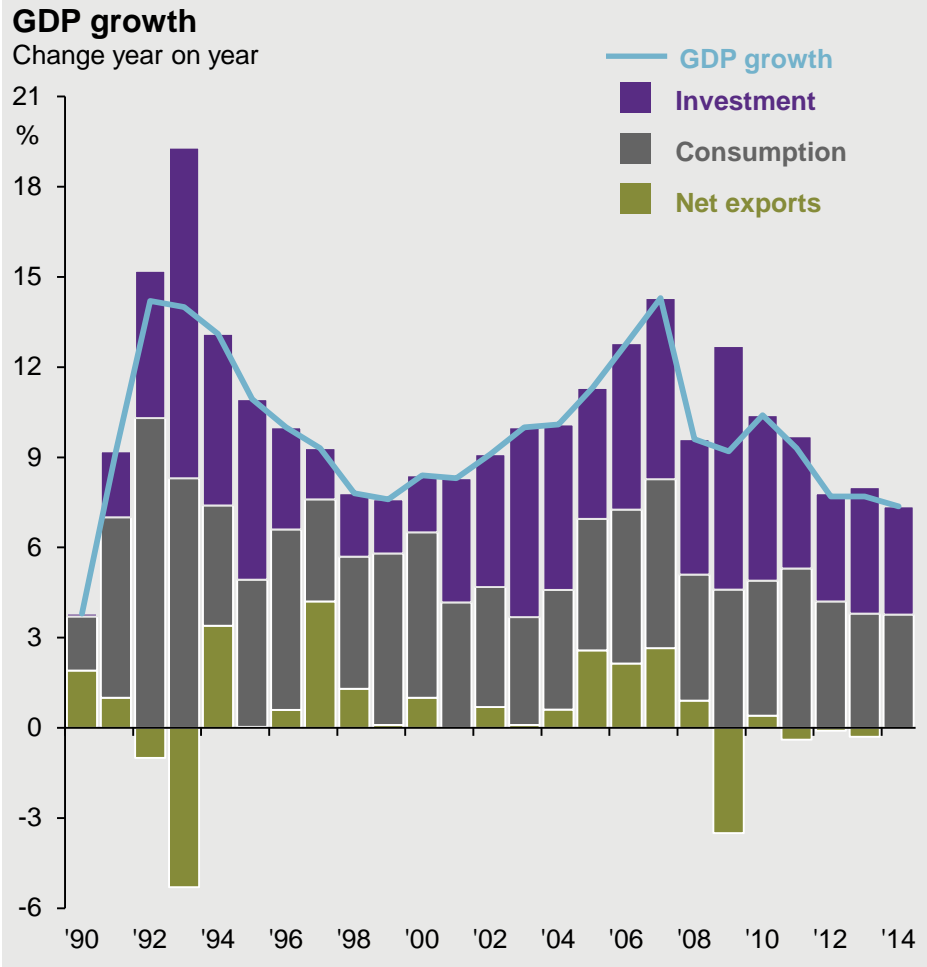
Source: (Left) Japan Statistics Bureau & Statistics Centre, FactSet, J.P. Morgan Asset Management. (Right) Japan Ministry of Health, Labour and Welfare, FactSet, J.P. Morgan Asset Management. *CPI is the Consumer Price Index. Core CPI is defined as CPI excluding food and energy. *Guide to the Markets - UK*. Data as of 31 March 2015.



Source: (Top left) US Federal Reserve, Bank of England, Bank of Japan, ECB, J.P. Morgan Economic Research, J.P. Morgan Asset Management. (Bottom left) Japan Ministry of Health, Labour and Welfare, FactSet, J.P. Morgan Asset Management. (Right) FactSet, J.P. Morgan Asset Management. *Projections are based on central banks' stated economic intentions. *Guide to the Markets - UK*. Data as of 31 March 2015.



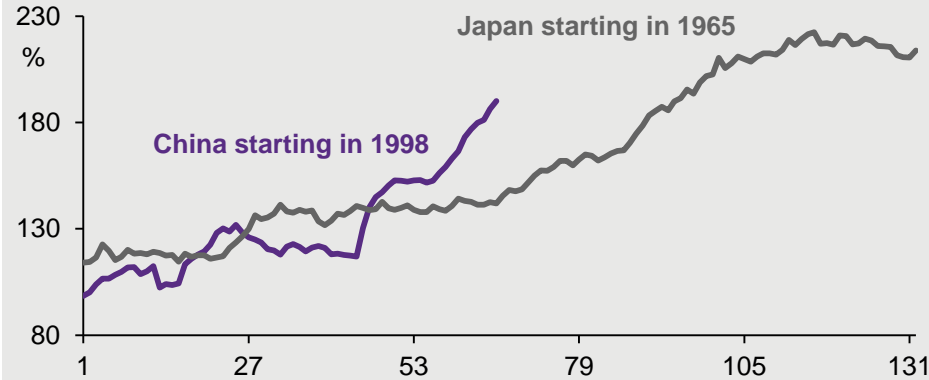
Source: (Left and top right) National Bureau of Statistics of China, FactSet, J.P. Morgan Asset Management. (Bottom right) Angus Maddison, J.P. Morgan Asset Management. *Li Keqiang index refers to an unofficial economic index used to gauge economic activity in China. Popularised by Chinese Premier Li Keqiang, such an index may include a variety of economic indicators. **CPI is the Consumer Price Index. Core CPI is defined as CPI excluding food and energy. *Guide to the Markets - UK*. Data as of 31 March 2015.



Source: (Left and top right) National Bureau of Statistics of China, FactSet, J.P. Morgan Asset Management. (Bottom right) IMF World Economic Outlook October 2014, J.P. Morgan Asset Management. *Guide to the Markets - UK*. Data as of 31 March 2015.

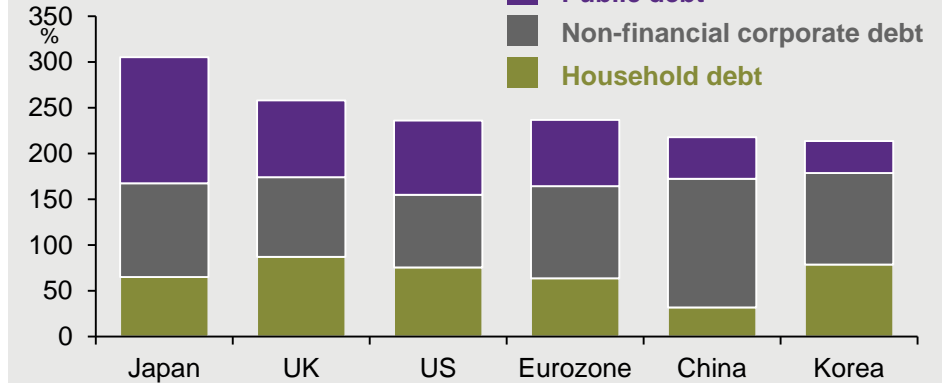
Private non-financial debt

% of GDP, quarters since the start of debt rise



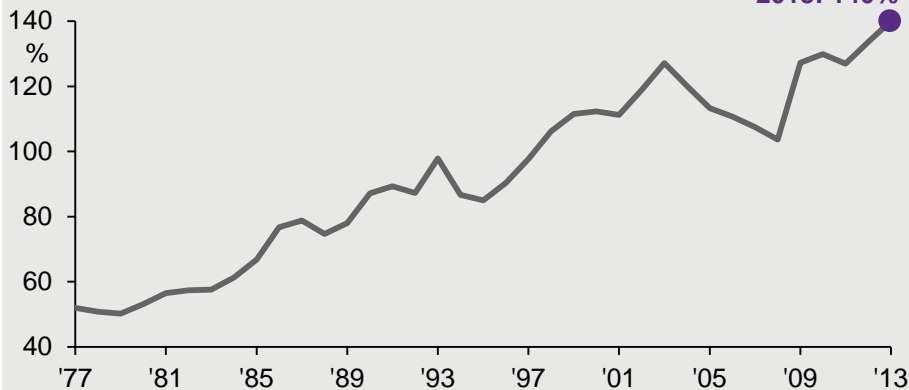
2014 public, household and non-financial corporate debt

% of GDP



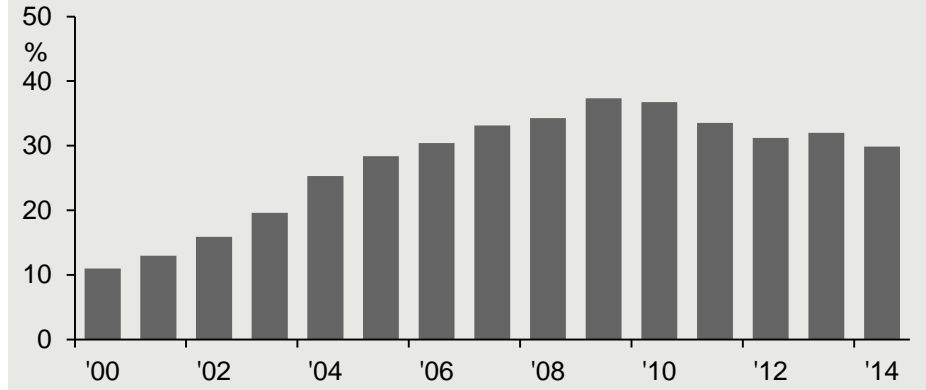
Credit to private sector

% of GDP



Foreign exchange reserves

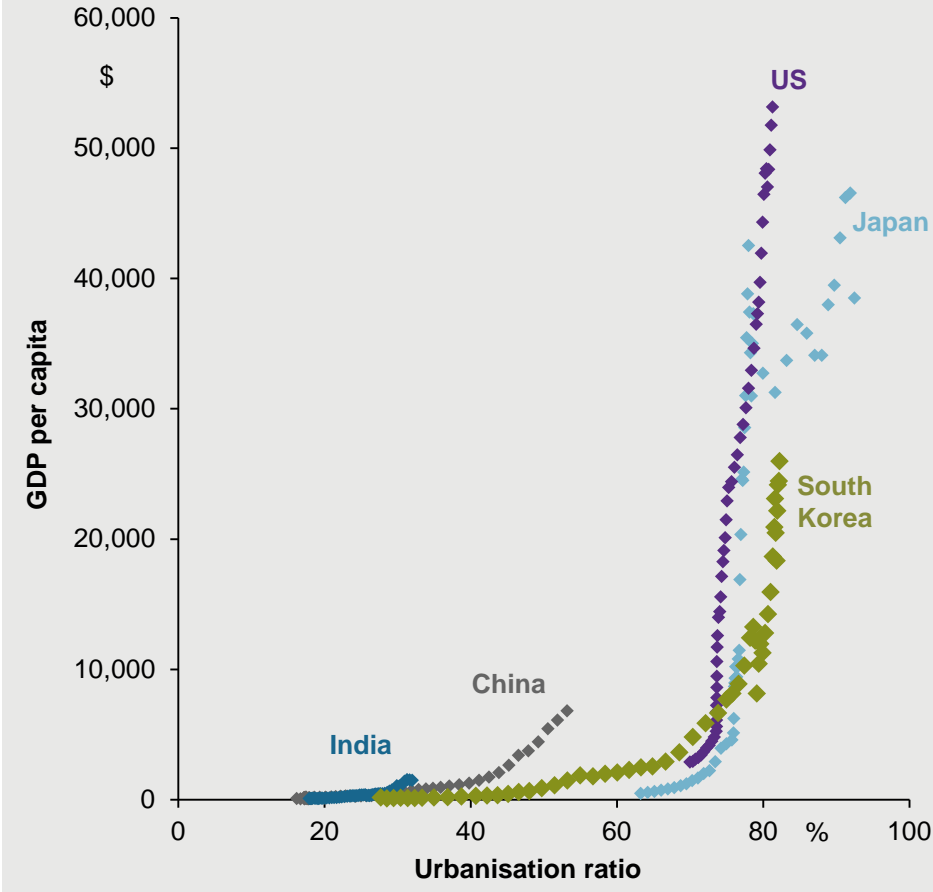
% of GDP



Source: (Top left) BIS, CEIC, Lombard Street Research, J.P. Morgan Asset Management. (Bottom left) World Bank, J.P. Morgan Asset Management. (Top right) BIS, Lombard Street Research, IMF World Economic Outlook October 2014, J.P. Morgan Asset Management. (Bottom right) Bloomberg, Oxford Economics, FactSet, J.P. Morgan Asset Management. *Guide to the Markets - UK*. Data as of 31 March 2015.

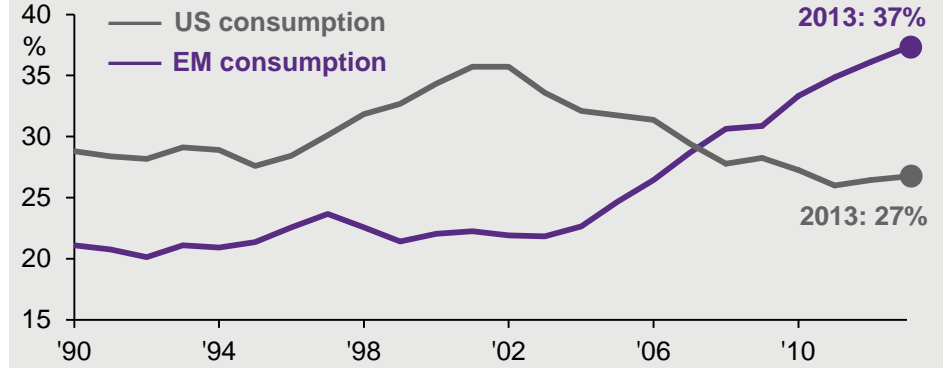
Urbanisation and economic growth

Urbanisation ratios and GDP per capita, 1960-2013

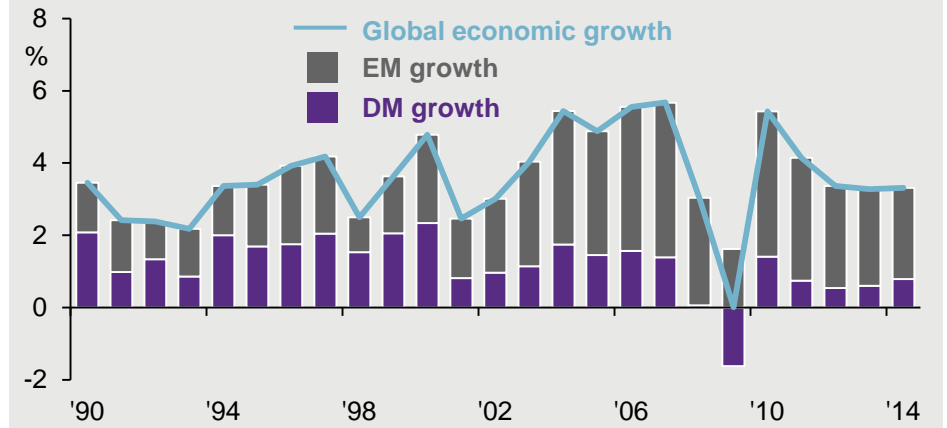


Share of global consumption

% of global consumption



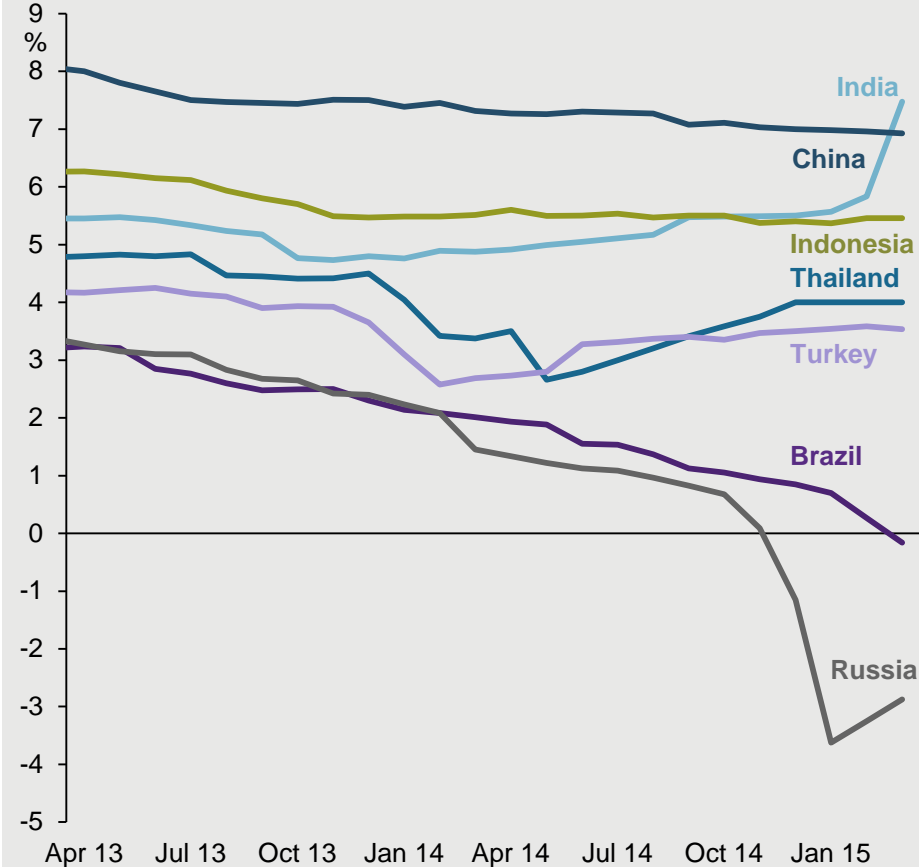
Contribution to global GDP growth*



Source: (Left) IMF, J.P. Morgan Asset Management. (Top right) United Nations, J.P. Morgan Asset Management. (Bottom right) IMF World Economic Outlook October 2014, J.P. Morgan Asset Management. Urbanisation ratio refers to the proportion of the total population living within an urban area defined by national statistical offices. *Forecast for 2014 from the IMF World Economic Outlook October 2014. *Guide to the Markets - UK*. Data as of 31 March 2015.

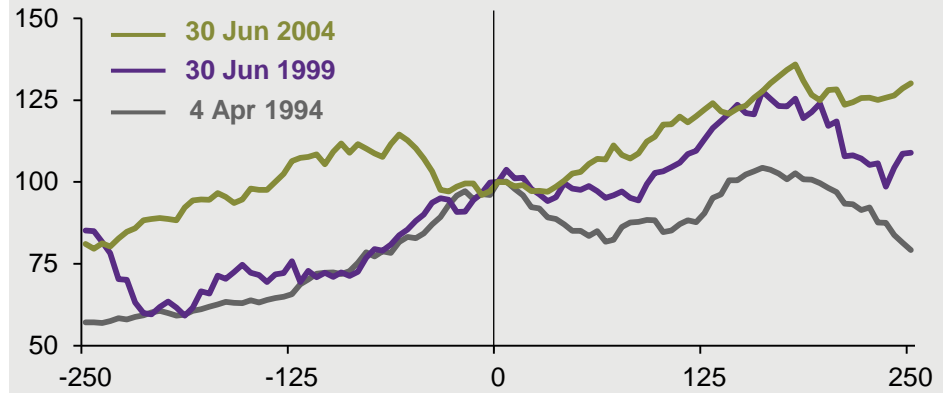
Consensus growth forecasts

Estimates for next 12 months



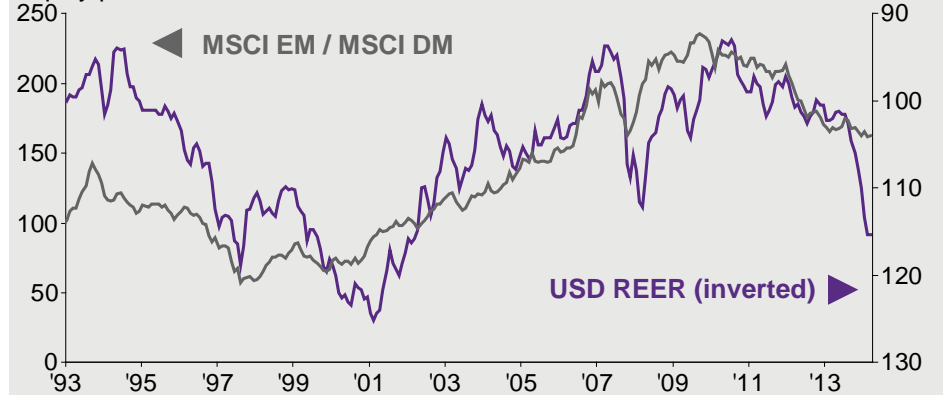
EM equity performance and US rate hikes

MSCI EM Index in USD, rebased to 100 on the date of first rate hike



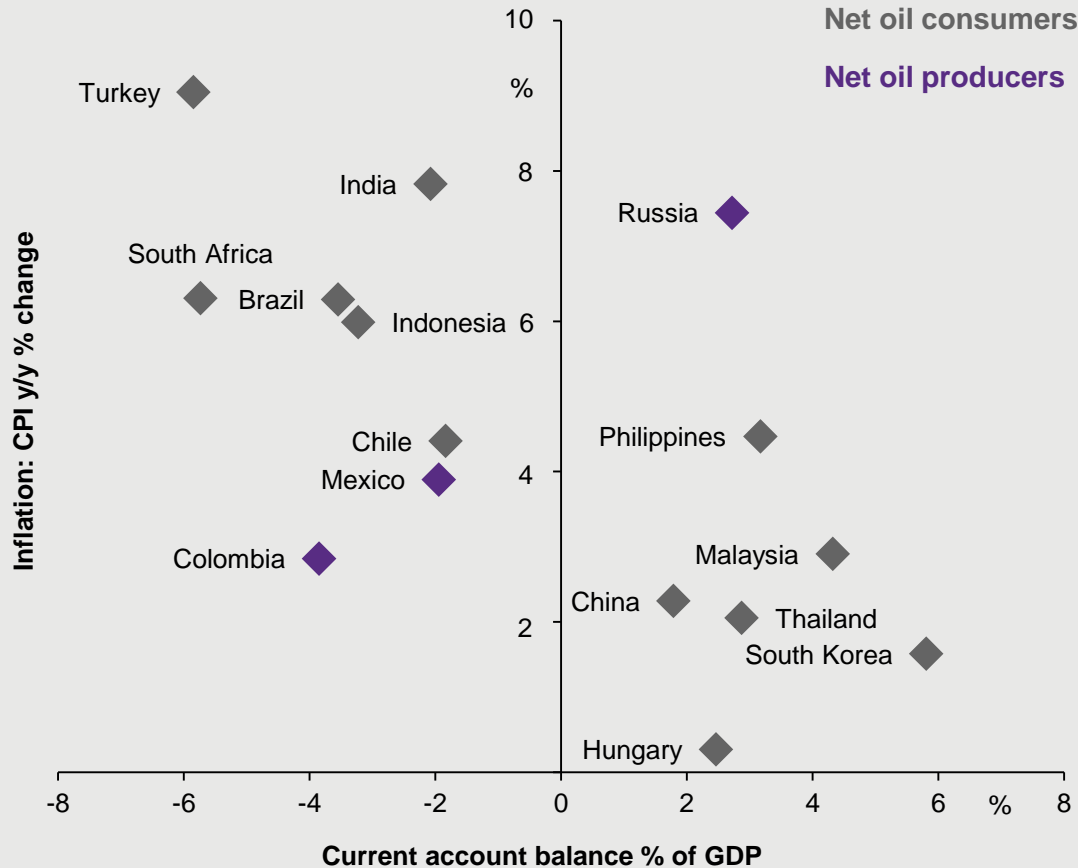
Relative EM / DM equity performance and USD REER*

Equity performance rebased to 1993 = 100



Emerging markets current accounts and inflation

Net oil consumers and producers



Currency performance over last 12 months

Performance against the US dollar



World stock market returns

GTM - UK | 37

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	1Q15	Ten-yr Ann.
£	50.5%	19.6%	38.2%	1.3%	59.4%	30.5%	2.9%	17.3%	30.5%	20.8%	16.1%	12.0%
	EM	Euro ex-UK	Asia ex-Jp	TOPIX	EM	Small Cap	S&P 500	Asia ex-Jp	Small Cap	S&P 500	TOPIX	Asia ex-Jp
Local	35.8%	22.5%	38.0%	-40.6%	62.8%	24.4%	2.1%	19.7%	35.8%	13.7%	10.5%	10.0%
	41.0%	17.3%	37.5%	-12.8%	53.6%	23.7%	0.9%	17.2%	29.9%	11.7%	11.0%	11.1%
Equities	45.2%	28.6%	33.6%	-37.0%	67.2%	15.6%	1.5%	20.0%	32.4%	7.7%	15.4%	10.3%
	37.7%	16.3%	15.5%	-18.3%	28.9%	22.9%	-2.2%	13.4%	26.3%	8.7%	10.2%	10.3%
	24.1%	28.8%	6.6%	-34.4%	40.8%	14.4%	-2.2%	17.4%	24.2%	6.7%	5.5%	8.2%
	29.8%	14.4%	13.3%	-19.1%	27.3%	19.5%	-7.0%	13.0%	24.7%	8.4%	9.8%	9.9%
	23.3%	14.4%	11.2%	-40.4%	27.3%	1.0%	-6.5%	18.4%	54.4%	8.7%	6.9%	7.7%
	29.3%	13.7%	7.9%	-21.9%	27.3%	18.7%	-8.0%	11.6%	18.7%	7.6%	7.9%	9.4%
	23.2%	21.6%	4.7%	-38.5%	35.6%	15.1%	-8.7%	16.2%	18.7%	7.5%	5.6%	8.1%
	24.5%	9.8%	7.4%	-23.9%	23.2%	17.3%	-11.9%	10.9%	17.6%	4.3%	7.4%	9.2%
	28.6%	18.6%	7.4%	-42.7%	30.2%	11.9%	-17.0%	16.0%	23.1%	5.6%	4.9%	7.7%
	23.3%	3.1%	3.7%	-28.3%	19.3%	12.6%	-13.9%	10.3%	16.8%	2.7%	6.0%	7.7%
	17.7%	13.6%	5.5%	-28.3%	29.0%	12.6%	-12.1%	14.0%	20.5%	10.3%	1.0%	6.3%
	20.8%	1.6%	-0.6%	-33.9%	12.6%	12.1%	-16.5%	10.0%	1.4%	0.7%	5.3%	7.0%
	20.8%	15.8%	-3.8%	-47.7%	26.5%	8.0%	-14.6%	10.0%	6.2%	0.7%	3.6%	7.0%
	17.3%	-10.5%	-6.8%	-35.2%	-6.7%	5.7%	-17.6%	2.8%	-4.1%	0.0%	4.2%	4.4%
	4.9%	3.0%	-11.1%	-45.7%	7.6%	5.1%	-12.5%	20.9%	3.8%	7.4%	4.2%	3.9%

Source: MSCI, TOPIX, Standard & Poor's, FactSet, J.P. Morgan Asset Management. Local return is analogous to the return from a hedged position. Annualised return covers the period 2005 to 2014. HDY Equity is the MSCI AC World High Dividend Yield Index. Small Cap is the MSCI Europe Small Cap Index. Hypothetical portfolio (for illustrative purposes only and should not be taken as a recommendation): 15% EM, 10% Asia ex-Japan, 20% FTSE 100, 10% Europe ex-UK, 10% Japan, 10% HDY Equity, 20% S&P 500 and 5% Small cap. All indices are total return. *Guide to the Markets - UK*. Data as of 31 March 2015.

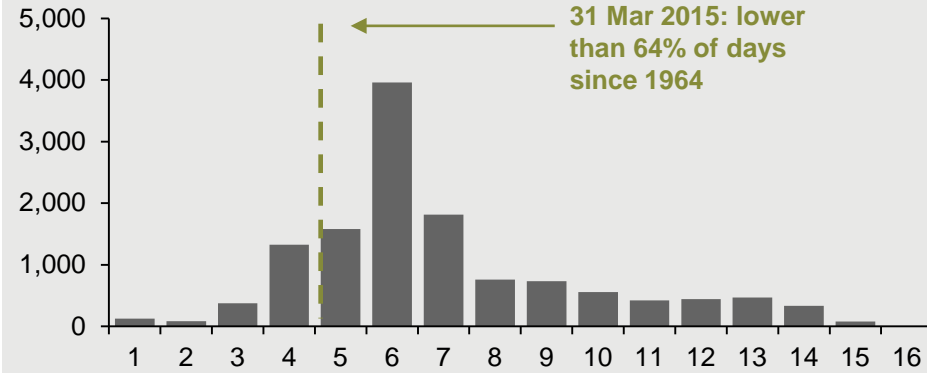
MSCI Europe Index

	Financials	Cons. staples	Health care	Industrials	Cons. disc.	Energy	Materials	Telecom	Utilities	Tech	Europe	
Europe weight	22.9%	13.6%	13.9%	11.2%	11.6%	7.1%	7.6%	4.8%	3.8%	3.5%	100%	Weights
Growth weight	11.9%	21.4%	22.0%	13.3%	14.8%	1.9%	7.3%	1.3%	0.1%	6.2%	100%	
Value weight	34.5%	5.4%	5.0%	9.1%	8.1%	12.9%	8.0%	8.6%	8.0%	0.5%	100%	
1Q15	12.3	10.0	13.8	14.6	18.4	2.8	11.3	9.9	0.7	14.6	11.7	Return
2014	3.7	8.5	17.4	0.0	7.2	-10.4	-1.6	9.6	16.8	9.5	5.2	
Since market peak*	-25.8	94.8	120.8	29.3	82.1	10.1	3.7	53.6	-5.1	11.2	25.0	
Since market low*	215.5	184.8	216.9	203.3	302.6	51.1	145.9	130.8	67.1	181.3	168.0	
Beta to Europe	1.35x	0.63x	0.61x	1.14x	0.95x	1.00x	1.32x	0.78x	0.85x	0.99x	1.00x	β
Beta to int. rates**	14.7	5.3	5.0	11.2	9.7	9.3	12.8	7.5	7.9	9.1	9.7	β _i
Forward P/E ratio	12.6x	20.4x	19.5x	17.2x	16.4x	16.3x	16.4x	19.8x	15.3x	20.6x	16.3x	P/E
15-year average	11.2x	15.9x	16.3x	14.2x	14.7x	12.0x	12.2x	19.3x	13.9x	23.9x	13.7x	
Trailing P/E ratio	12.09	21.4x	19.9x	19.1x	18.2x	12.3x	17.4x	21.3x	15.5x	23.4x	17.2x	
15-year average	12.9x	17.2x	17.5x	16.3x	17.2x	12.3x	13.9x	21.9x	14.6x	22.6x	15.2x	
Dividend yield	3.4%	2.7%	2.7%	2.5%	2.2%	5.4%	2.9%	4.0%	4.5%	1.6%	3.1%	Div
15-year average	3.7%	2.7%	2.6%	2.7%	2.8%	3.8%	2.9%	4.3%	4.7%	1.7%	3.2%	

Source: FactSet, MSCI, J.P Morgan Asset Management. All calculations are total return in local currency, not annualised. *Since market peak represents period 9 October 2007 to end of latest quarter. Since market low represents period 9 March 2009 to end of latest quarter. **Beta to int. rates is the regression coefficient based on a 10-year regression of daily sector returns on the daily change in the 10-year German Bund yield. *Guide to the Markets - UK*. Data as of 31 March 2015.

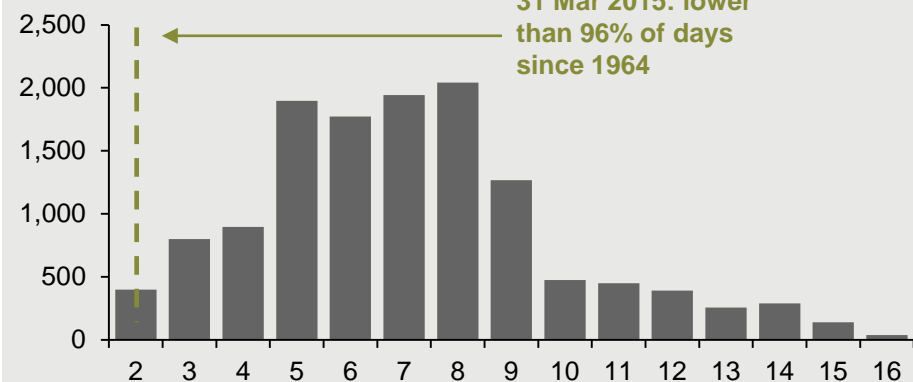
Histogram: S&P 500 earnings yield (inverse of P/E)

Number of days: 1964 – 2015

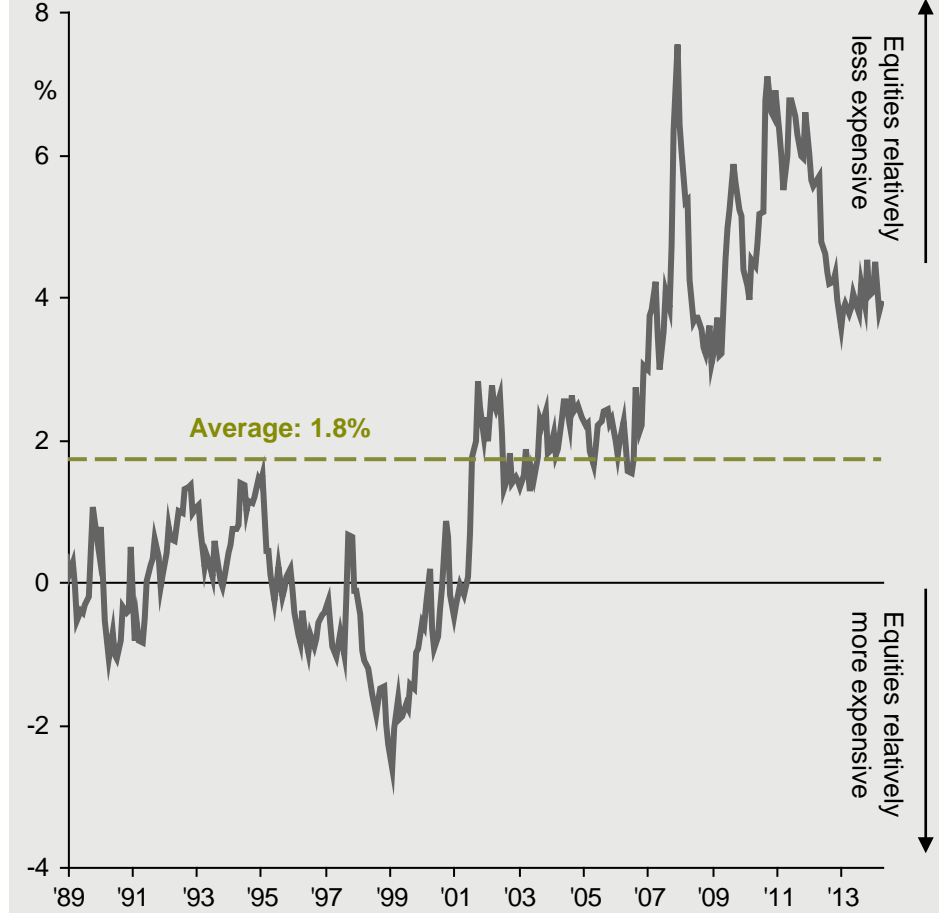


Histogram: Nominal 10-year Treasury yield

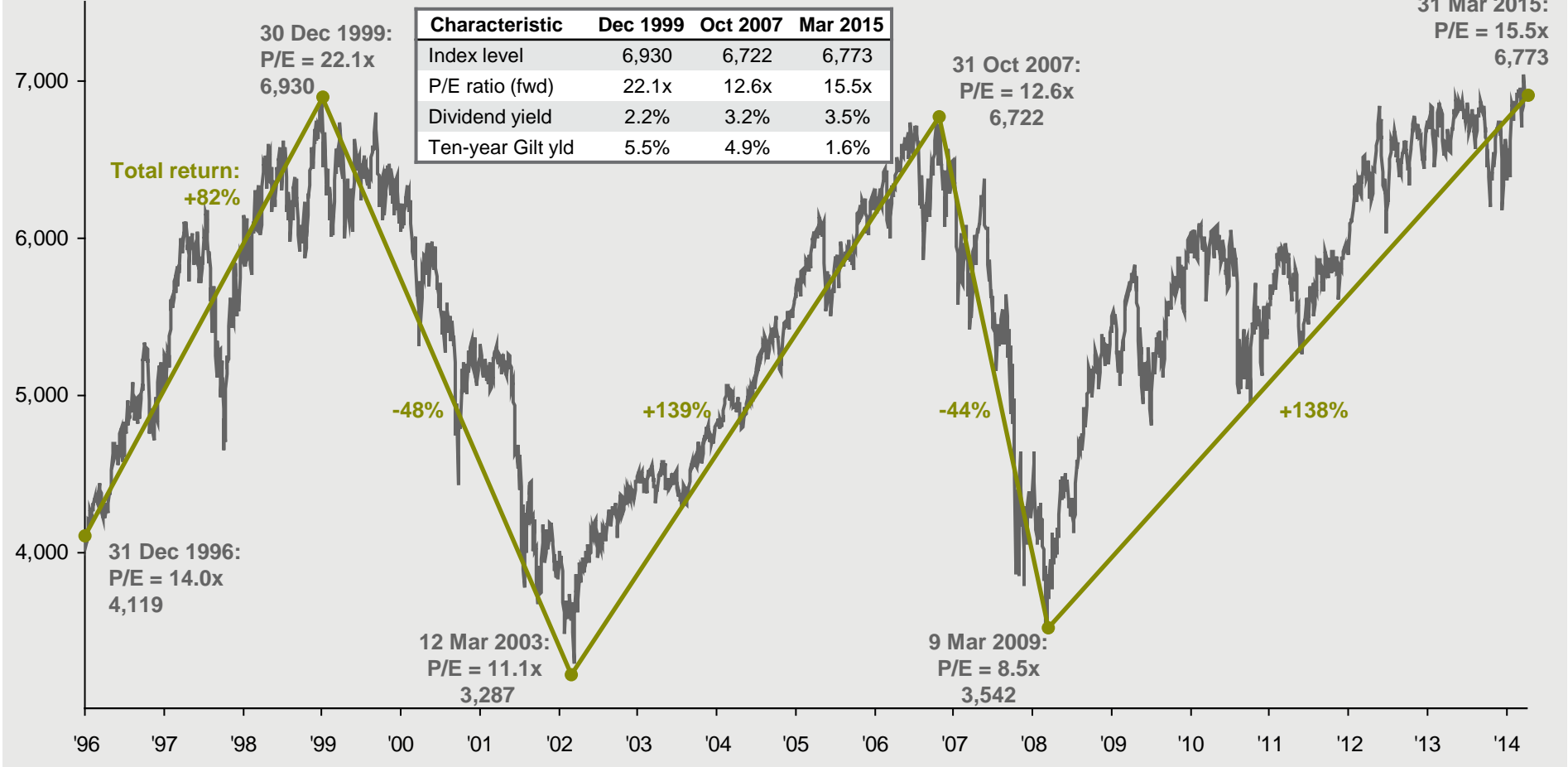
Number of days: 1964 – 2015



Equity risk premium*

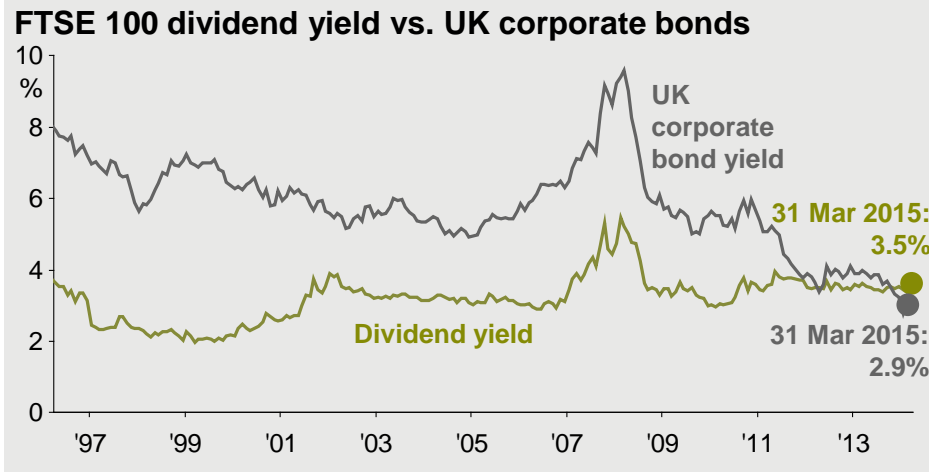
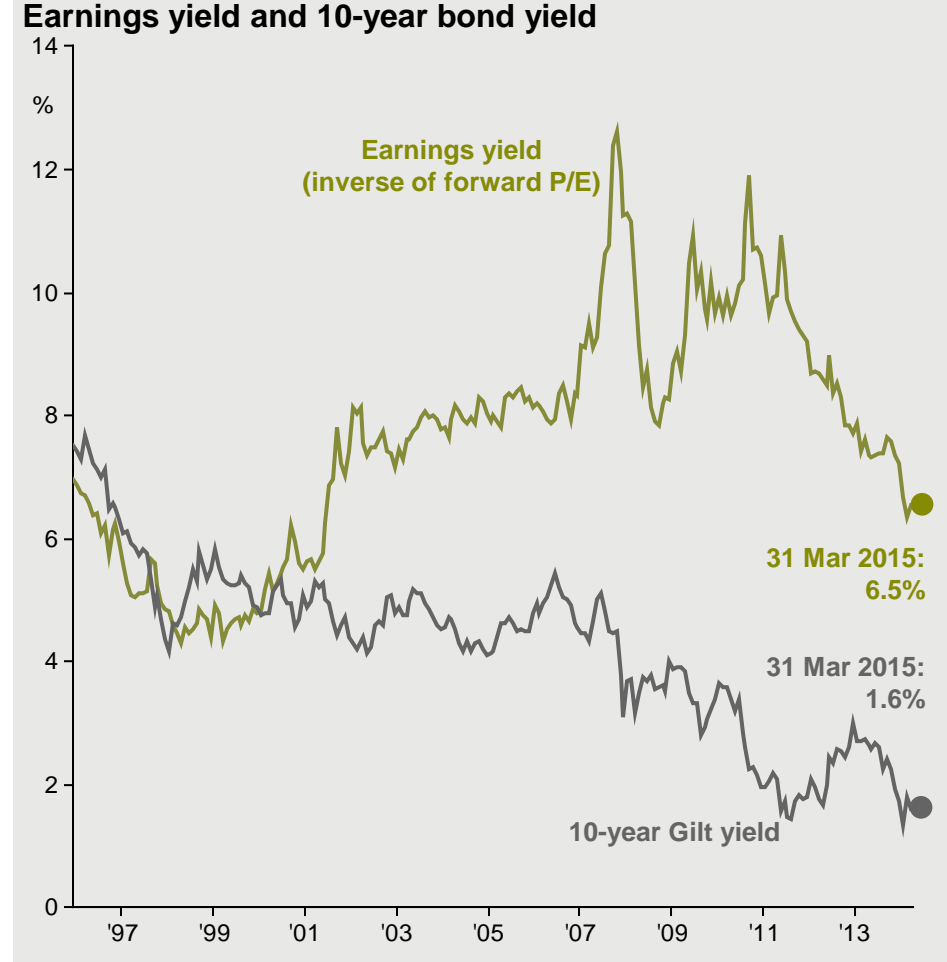


FTSE 100 Index



Equities

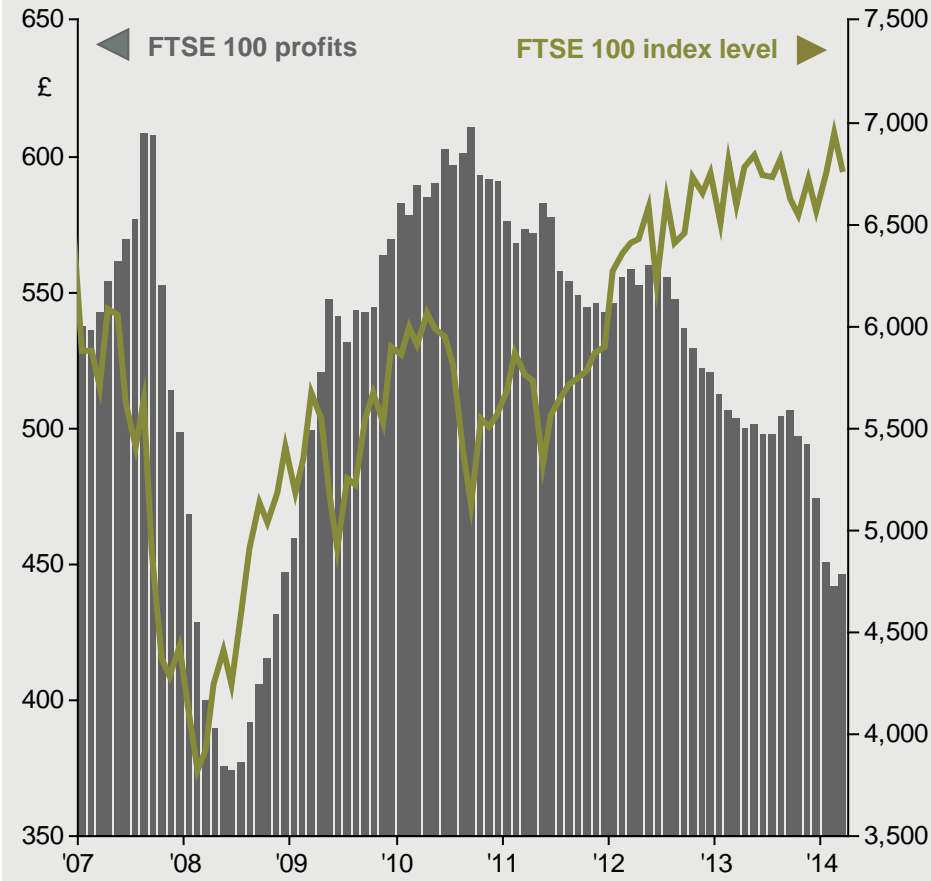
Source: FTSE, FactSet, J.P. Morgan Asset Management. Local currency returns. P/E ratios are forward P/E ratios. Forward P/E ratio is a bottom-up calculation based on the most recent price data divided by the mean consensus estimates for earnings in the next 12 months and is provided by FactSet Market Aggregates. Return calculations shown in green are based on the total return index. *Guide to the Markets - UK*. Data as of 31 March 2015.



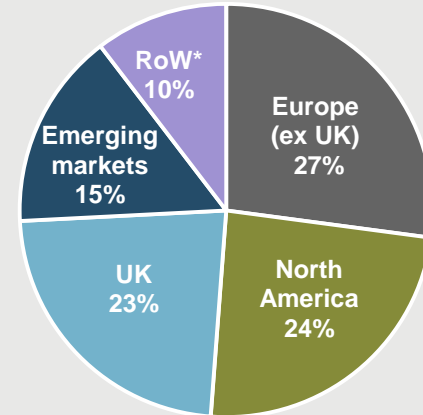
Source: (Top left and right) FTSE, Tullett Prebon, FactSet, J.P. Morgan Asset Management. (Bottom left) BofA/Merrill Lynch, FactSet, FTSE, J.P. Morgan Asset Management. Forward P/E ratio is a bottom-up calculation based on the most recent price data divided by consensus estimates for earnings in the next 12 months and is provided by FactSet Market Aggregates. Earnings yield is calculated as the inverse of the forward P/E ratio. *Guide to the Markets - UK*. Data as of 31 March 2015.

FTSE 100 earnings and performance

Index level, analyst estimates of the next 12 months of earnings

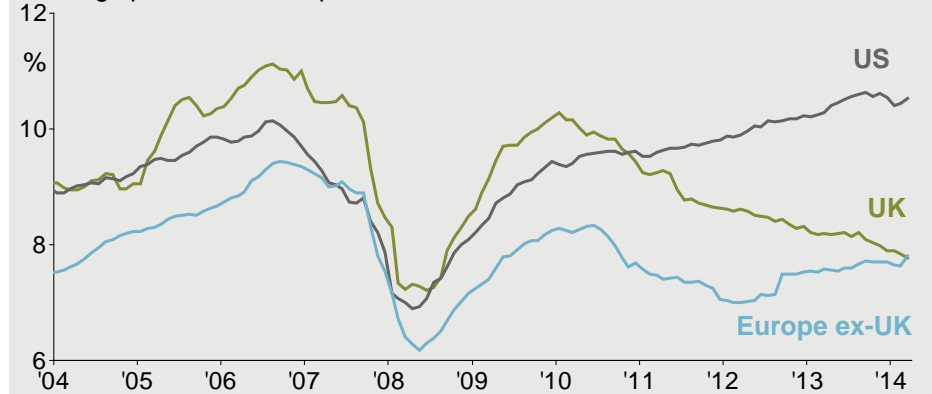


FTSE 100: Geographical sources of revenue

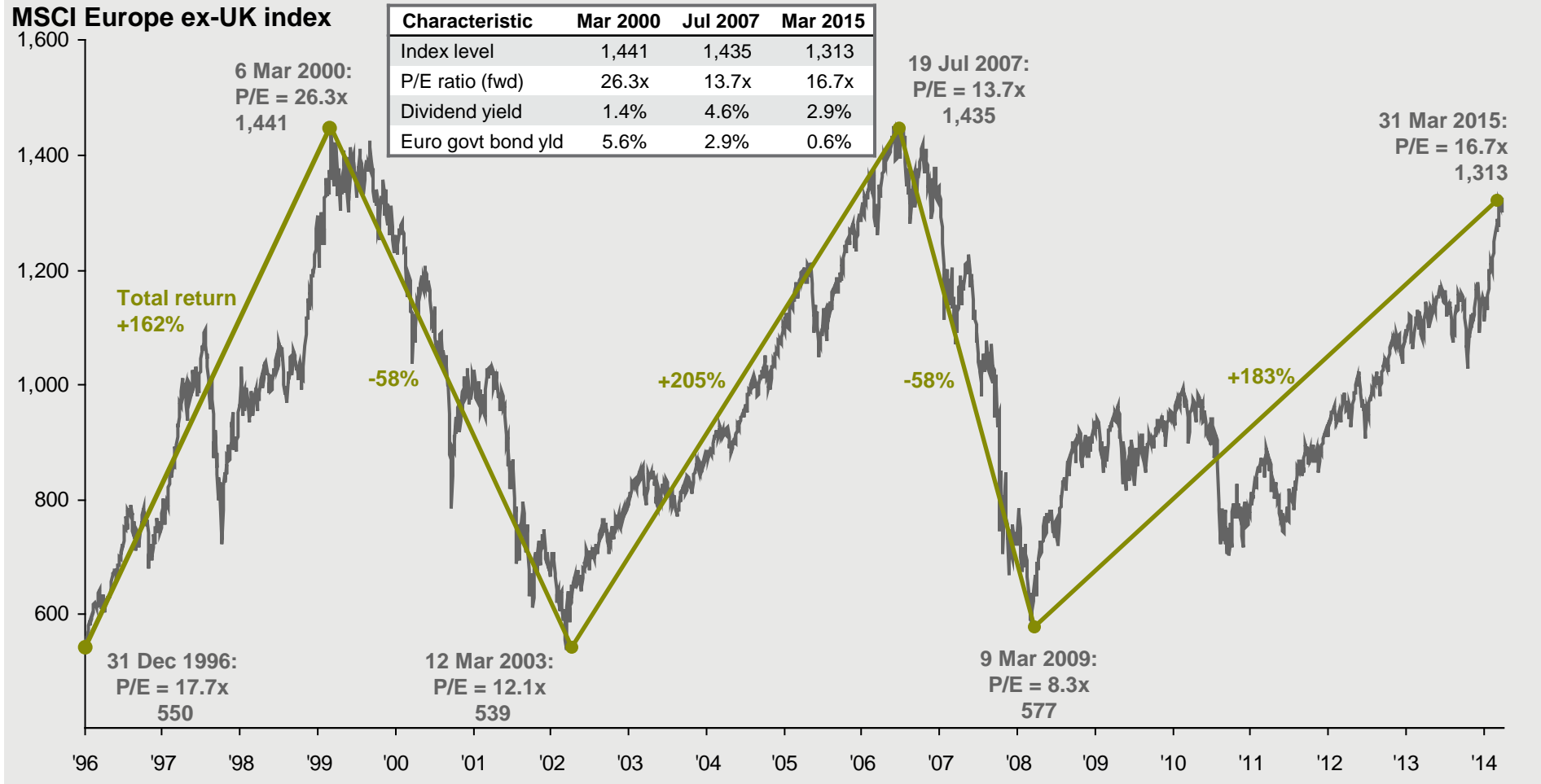


US, UK and Europe ex-UK operating profit margins

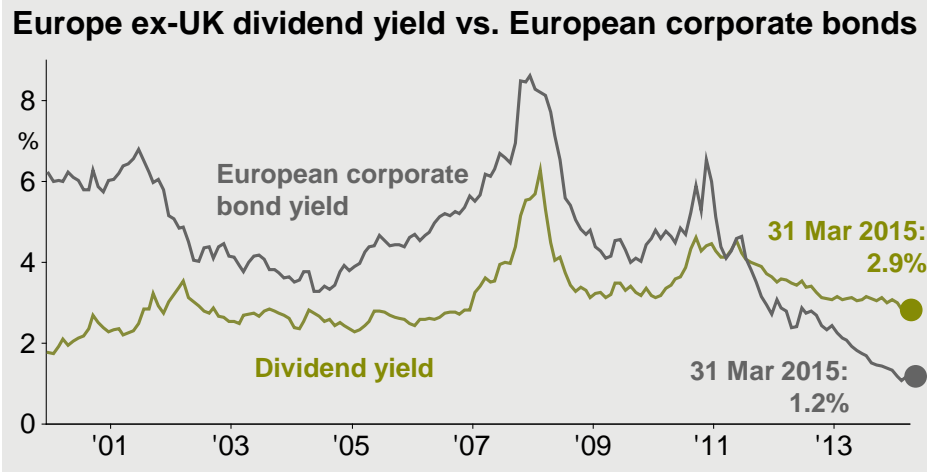
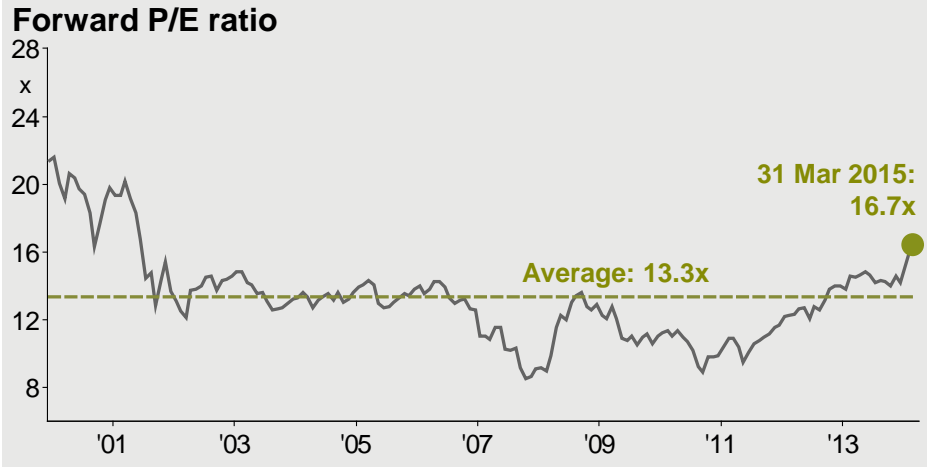
Earnings per share/sales per share**



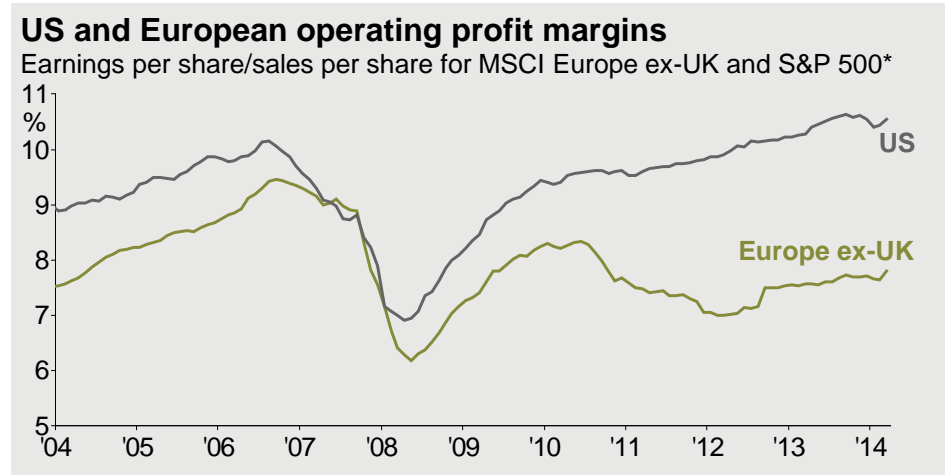
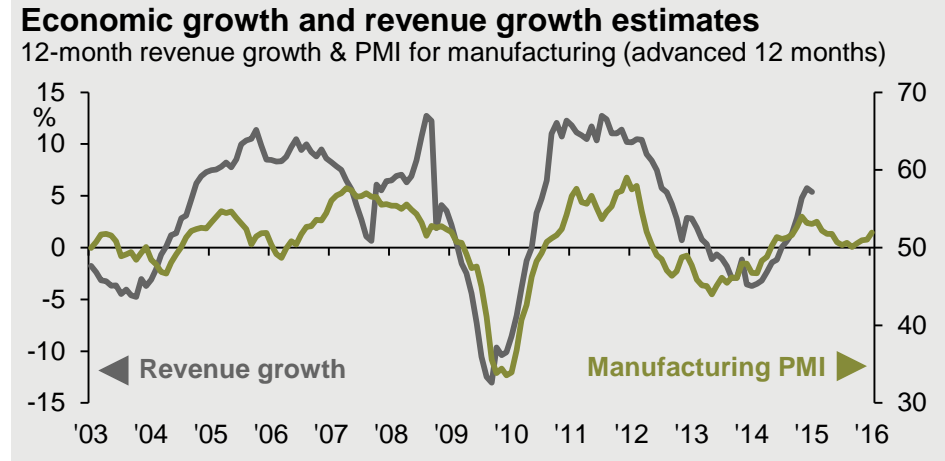
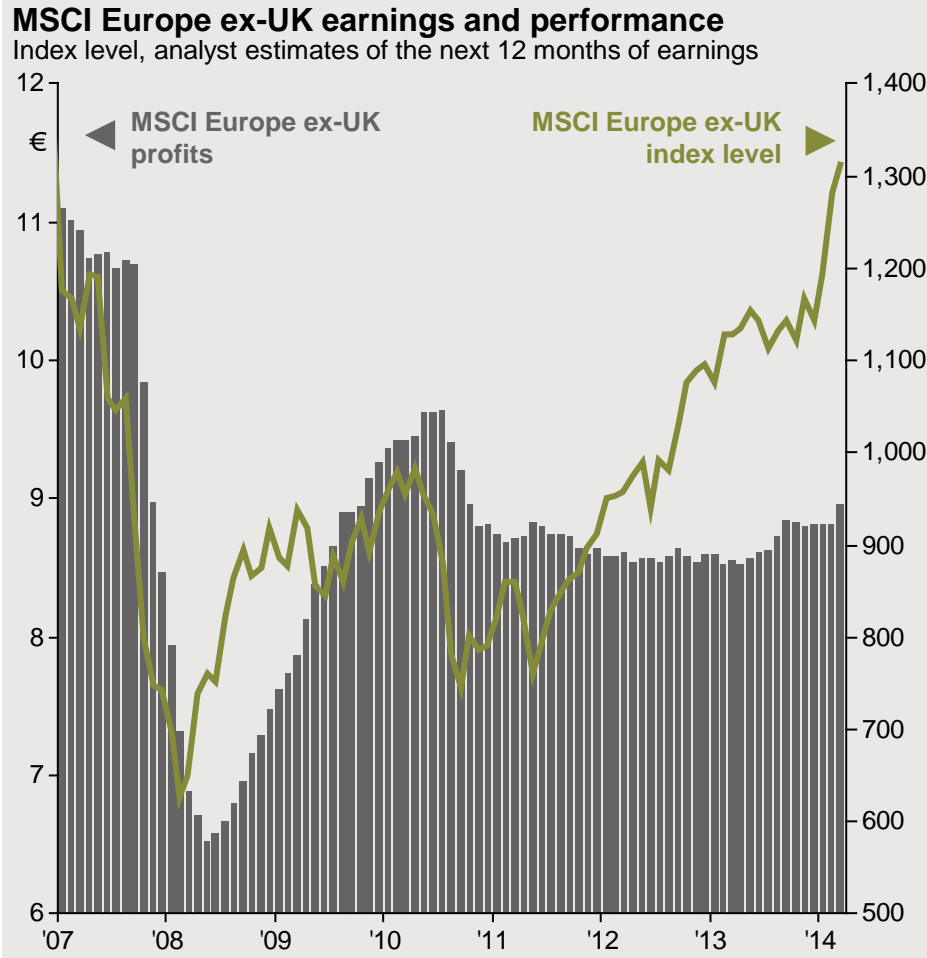
Source: (Left) FTSE, FactSet, J.P. Morgan Asset Management. (Top right) FTSE, Thomson Reuters Datastream, Worldscope, J.P. Morgan Asset Management. (Bottom right) MSCI, FTSE, Standard & Poor's, FactSet, J.P. Morgan Asset Management. *Rest of world. **Data is last 12 months. *Guide to the Markets - UK*. Data as of 31 March 2015.



Source: MSCI, FactSet, BofA/Merrill Lynch, J.P. Morgan Asset Management. Local currency returns. P/E ratios are forward P/E ratios. Forward P/E ratio is a bottom-up calculation based on the most recent price data divided by the mean consensus estimates for earnings in the next 12 months and is provided by FactSet Market Aggregates. Euro government bonds is the BofA/Merrill Lynch Euro Government (7-10Y) Index. Return calculations shown in green are based on the total return index. *Guide to the Markets - UK*. Data as of 31 March 2015.

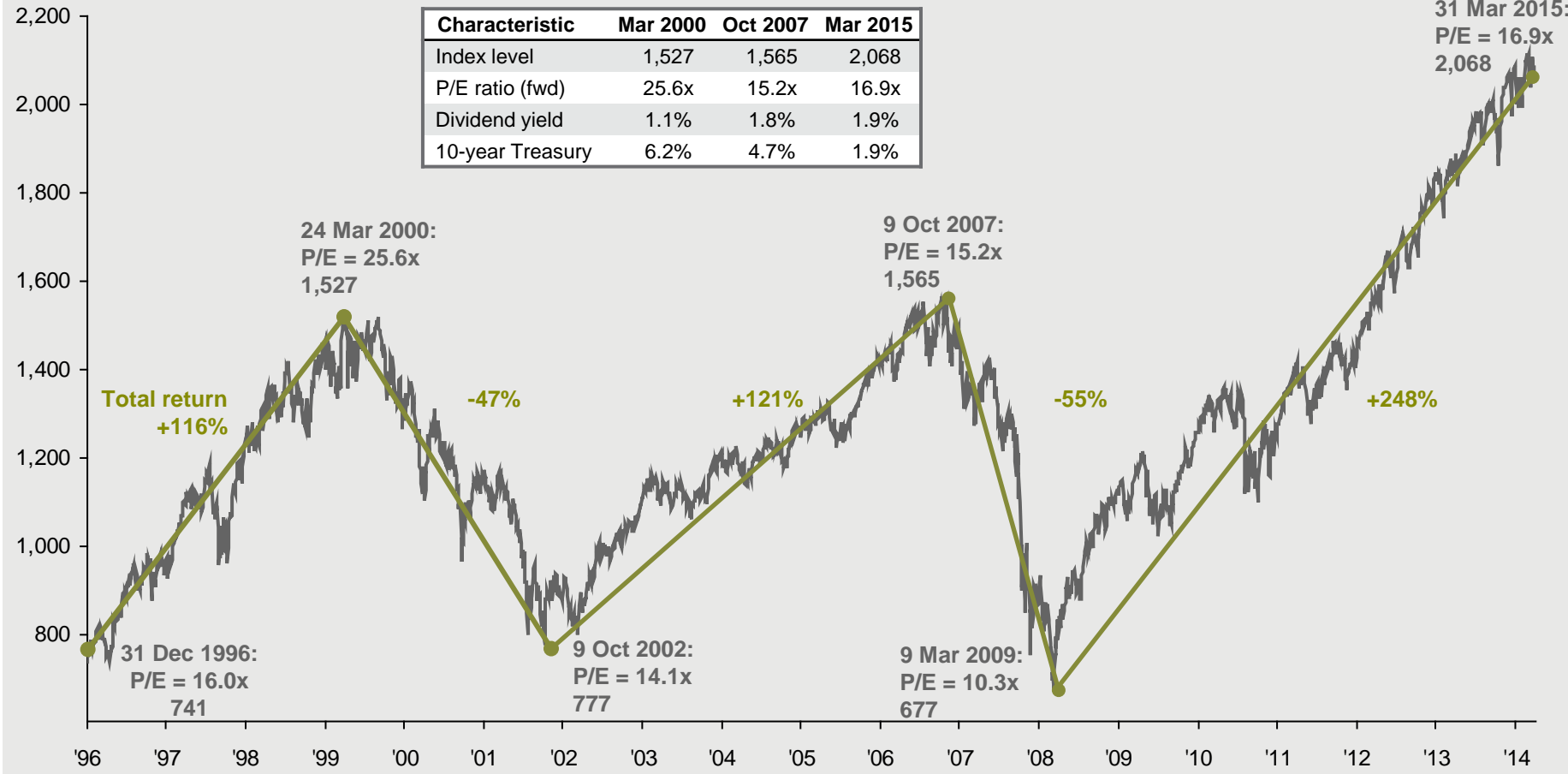


Source: (Top left) FactSet, J.P. Morgan Asset Management. (Bottom left) Barclays, MSCI, FactSet, J.P. Morgan Asset Management. (Right) MSCI, BofA/Merrill Lynch, FactSet, J.P. Morgan Asset Management. Forward P/E ratio is a bottom-up calculation based on the most recent price data divided by consensus estimates for earnings in the next 12 months and is provided by FactSet Market Aggregates. Earnings yield is calculated as the inverse of the forward P/E ratio. *Guide to the Markets - UK*. Data as of 31 March 2015.



Source: (Left) MSCI, FactSet, J.P. Morgan Asset Management. (Top right) Markit, MSCI, FactSet, J.P. Morgan Asset Management. (Bottom right) MSCI, Standard & Poor's, FactSet, J.P. Morgan Asset Management. *Data is last 12 months. *Guide to the Markets - UK*. Data as of 31 March 2015.

S&P 500 Index

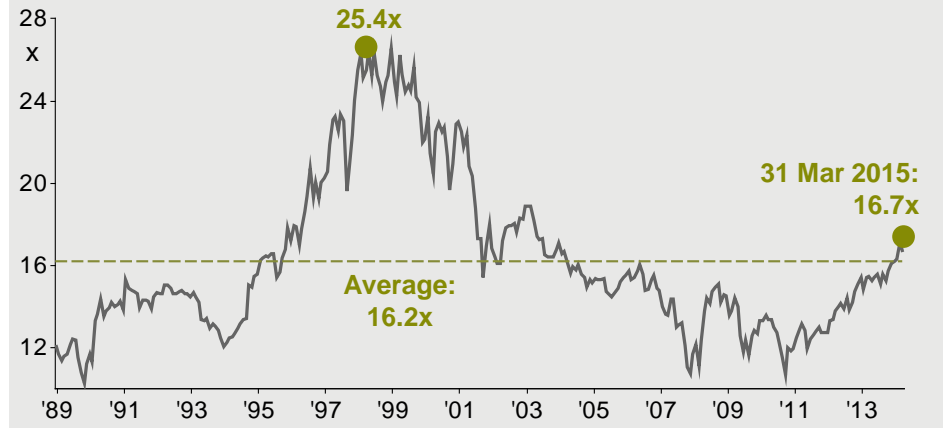


Source: Standard & Poor's, FactSet, J.P. Morgan Asset Management. The P/E ratios are forward P/E ratios. Forward P/E ratio is a bottom-up calculation based on the most recent price data divided by the mean consensus estimates for earnings in the next 12 months and is provided by FactSet Market Aggregates. Return calculations shown in green are based on the total return index. *Guide to the Markets - UK*. Data as of 31 March 2015.

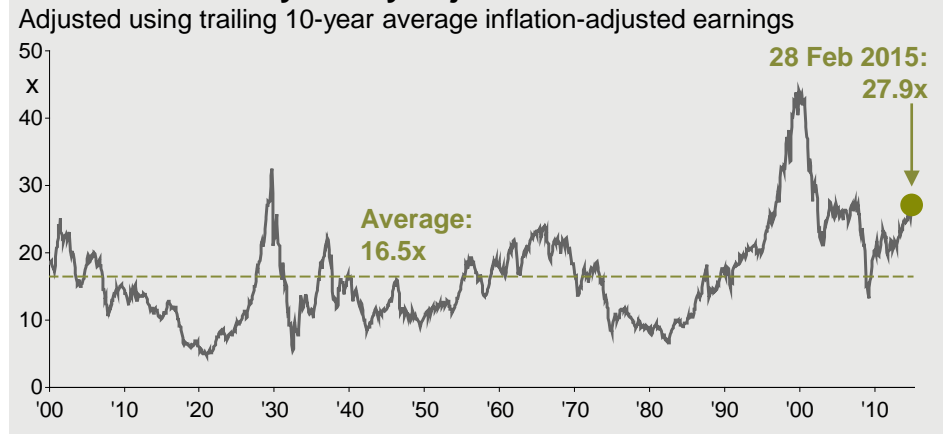
Earnings yield and Baa corporate bond yield



Forward P/E ratio



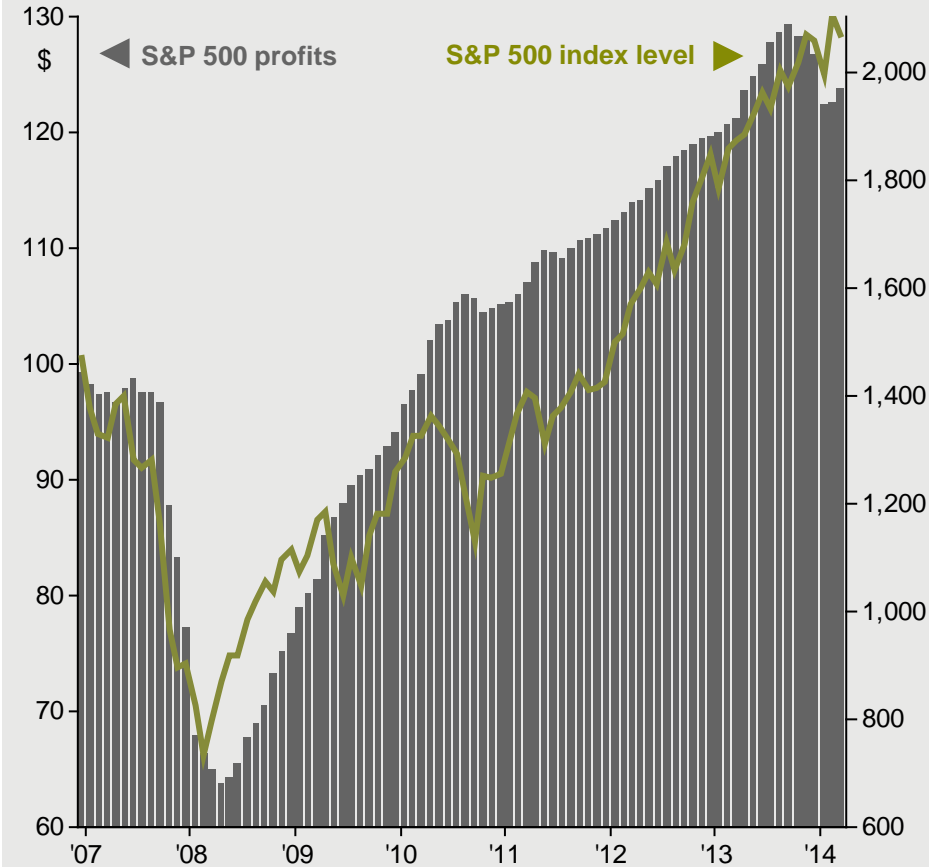
S&P 500 Shiller cyclically adjusted P/E



Source: (Left) Standard & Poor's, Moody's, IBES, FactSet, J.P. Morgan Asset Management. (Top right) Standard & Poor's, FactSet, J.P. Morgan Asset Management. Forward P/E ratio is a bottom-up calculation based on the most recent price data divided by consensus estimates for earnings in the next 12 months and is provided by FactSet Market Aggregates. (Bottom right) Robert Shiller, FactSet, J.P. Morgan Asset Management. *Guide to the Markets - UK*. Data as of 31 March 2015.

S&P 500 earnings and performance

Index level, analyst estimates of the next 12 months of earnings



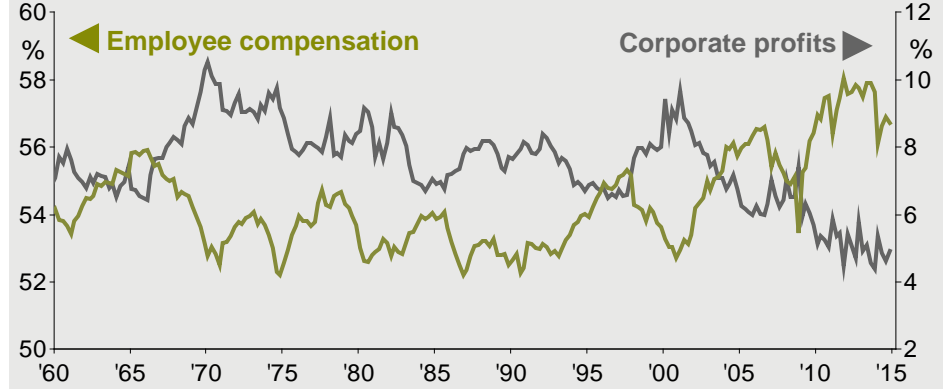
S&P 500 forward P/E ratio vs. US dollar

Real broad effective exchange rate (REER)

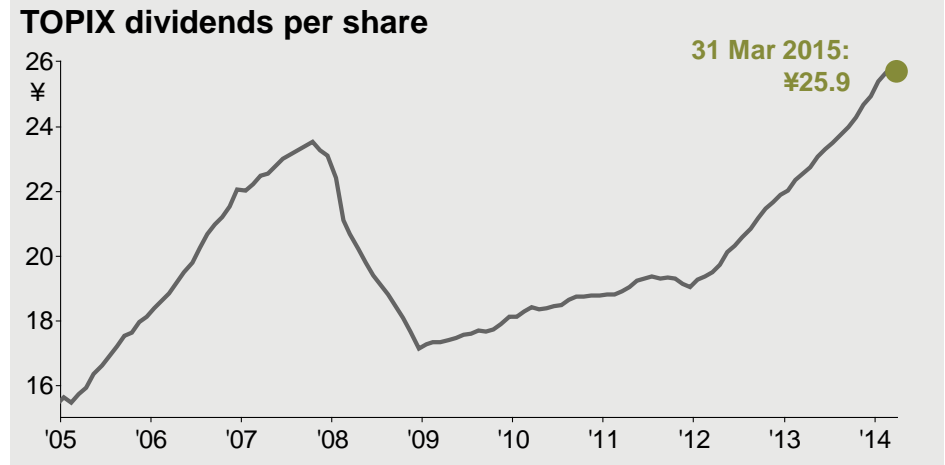
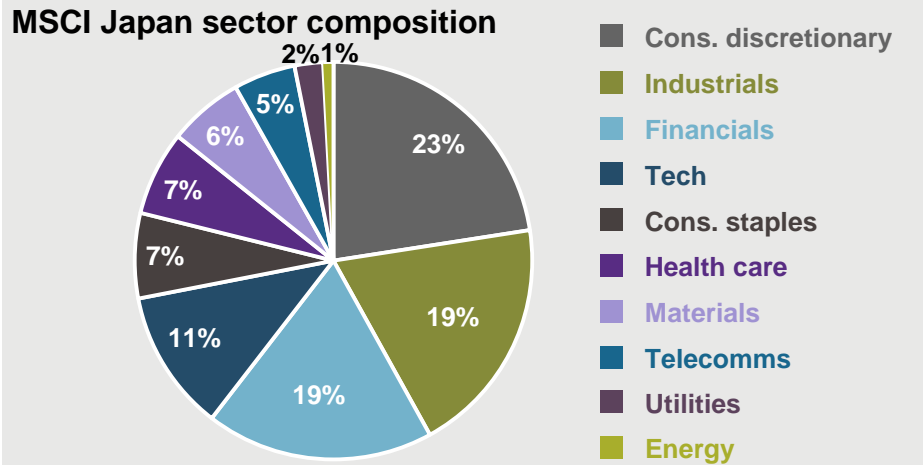
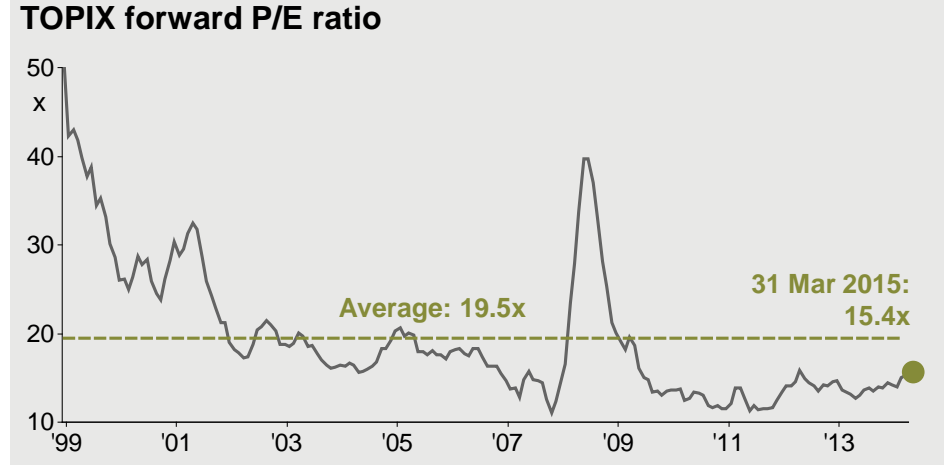
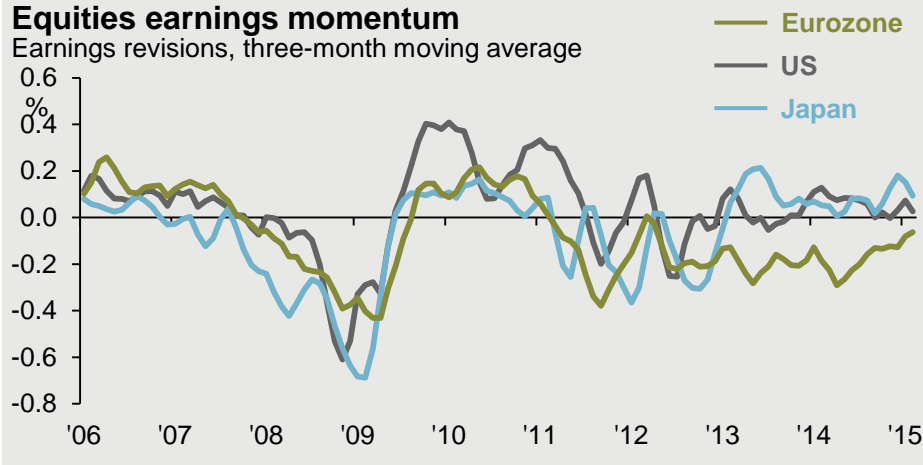


Employee compensation and profitability

% of GDP



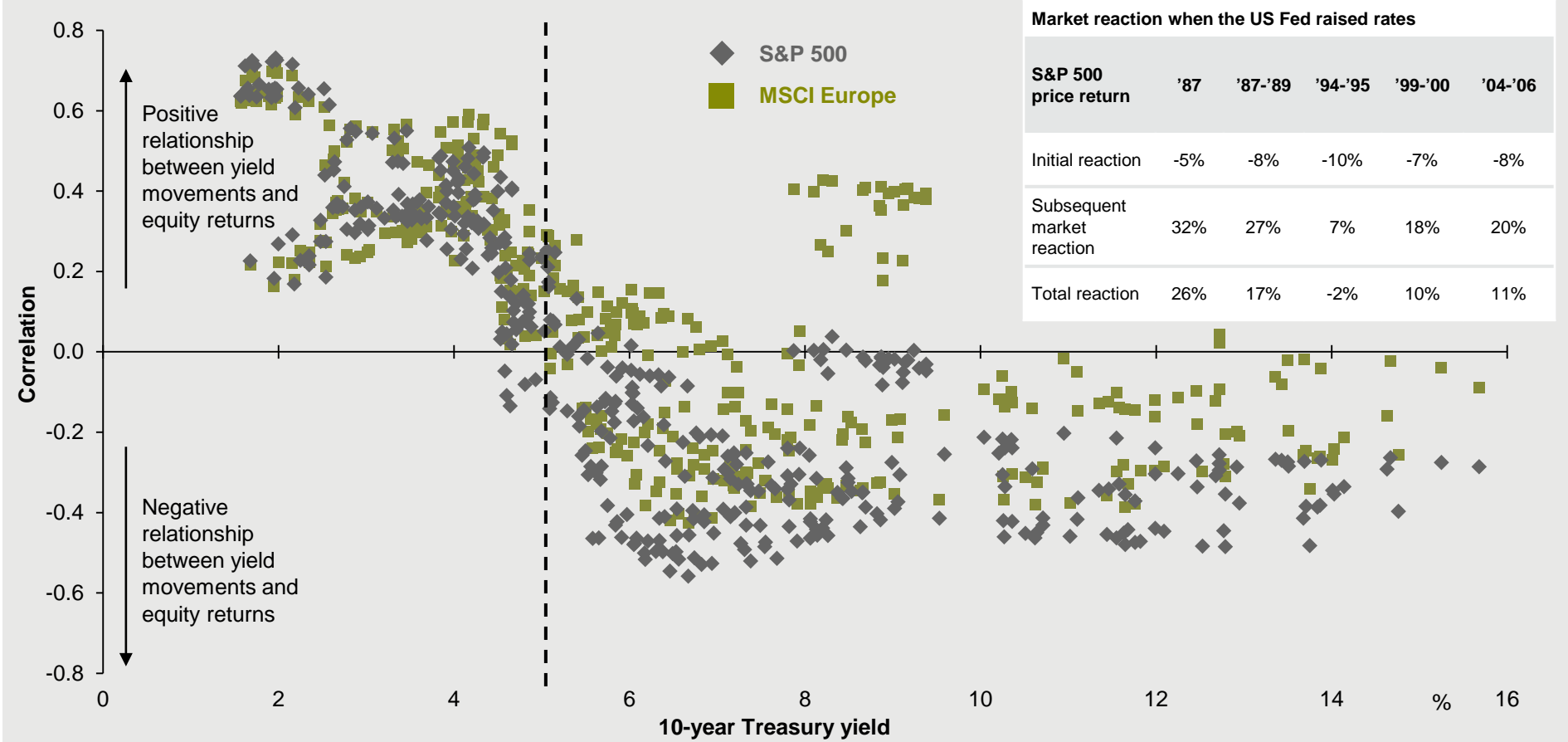
Source: (Left and top right) Standard & Poor's, FactSet, J.P. Morgan Asset Management. (Bottom right) BEA, FactSet, J.P. Morgan Asset Management. Guide to the Markets - UK. Data as of 31 March 2015.



Source: (Top left) TOPIX, S&P 500, STOXX, FactSet, J.P. Morgan Asset Management. (Bottom left) MSCI, FactSet, J.P. Morgan Asset Management. (Top and bottom right) TOPIX, FactSet, J.P. Morgan Asset Management. *Guide to the Markets - UK*. Data as of 31 March 2015.

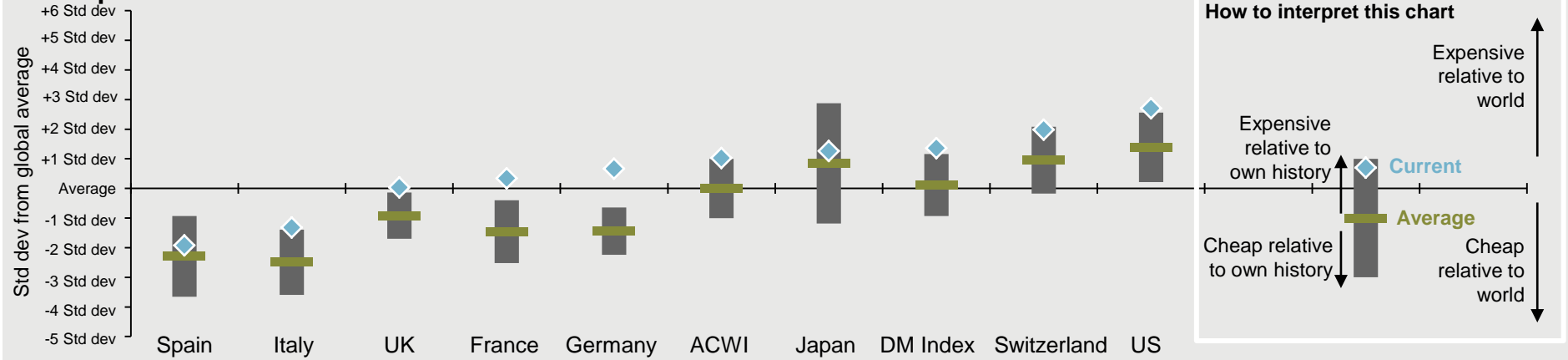
Correlations between weekly equity returns and interest rate movements

Rolling two-year correlation of weekly returns of the S&P 500, MSCI Europe Index and the 10-year Treasury yield, 1980 - 2015



Source: Standard & Poor's, US Treasury, MSCI, FactSet, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. The "initial reaction" represents the period during which, in our judgment, markets began pricing the first rate hike through the date of the second rate hike. The "subsequent market reaction" is the period from the second rate hike to a point determined to be the end of the rate hiking cycle. The "total reaction" is the market movement across the full rate hiking cycle. *Guide to the Markets - UK*. Data as of 31 March 2015.

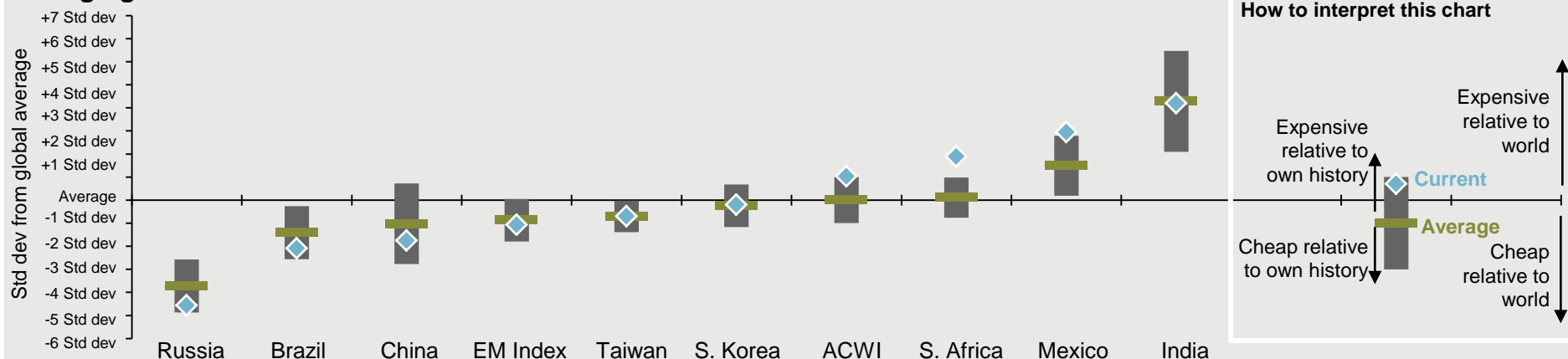
Developed markets



	Current composite index	Current				10-year average			
		Forward P/E	P/B	P/CF	Dividend yield	Forward P/E	P/B	P/CF	Dividend yield
Spain	-1.92	14.9x	1.5x	2.7x	4.6%	11.3x	1.4x	4.4x	6.2%
Italy	-1.32	15.7	1.1	3.2	3.0	11.4	0.9	3.7	4.5
UK	0.04	15.6	1.9	9.1	3.8	11.7	1.8	7.1	3.8
France	0.34	16.2	1.7	8.3	2.9	11.7	1.3	6.0	3.9
Germany	0.66	14.8	2.0	8.1	2.5	11.7	1.5	5.4	3.5
ACWI	1.02	16.1	2.1	8.9	2.4	13.3	2.0	7.3	2.6
Japan	1.26	15.0	1.5	9.0	1.7	16.5	1.2	6.3	2.1
DM Index	1.36	16.6	2.2	9.5	2.4	13.6	1.9	7.5	2.7
Switzerland	1.98	17.5	2.6	12.2	3.1	14.0	2.3	10.2	3.1
US	2.70	17.3	2.8	11.0	1.9	14.2	2.3	8.7	2.1

Source: MSCI, FactSet, J.P. Morgan Asset Management. Each valuation index shows an equally weighted composite of four metrics: price to forward earnings (forward 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 normalised using means and average variability over the last 10 years. The grey bars represent valuation index variability relative to that of the All Country World Index (ACWI).
 Guide to the Markets - UK. Data as of 31 March 2015.

Emerging markets



	Current composite index	Current				10-year average			
		Forward P/E	P/B	P/CF	Dividend yield	Forward P/E	P/B	P/CF	Dividend yield
Russia	-4.57	5,4x	0,4x	3,1x	5,4%	7,2x	1,2x	6,3x	2,8%
Brazil	-2.10	12,2	1,2	5,2	4,3	10,1	1,9	6,0	3,4
China	-1.76	10,4	1,5	4,8	2,9	11,7	2,1	4,5	2,8
EM Index	-1.07	11,9	1,5	6,1	2,7	11,2	1,9	6,1	2,7
Taiwan	-0.70	12,5	1,9	6,9	3,1	14,5	1,9	6,3	3,7
S. Korea	-0.21	9,9	1,1	5,7	1,4	9,6	1,4	5,5	1,6
ACWI	1.02	16,1	2,1	8,9	2,4	13,3	2,0	7,3	2,6
S. Africa	1.88	16,8	2,7	11,7	2,8	12,2	2,5	8,9	3,2
Mexico	2.95	18,6	2,6	7,7	1,4	15,1	2,9	6,3	1,9
India	4.20	17,7	3,0	12,6	1,4	15,9	3,2	12,5	1,3

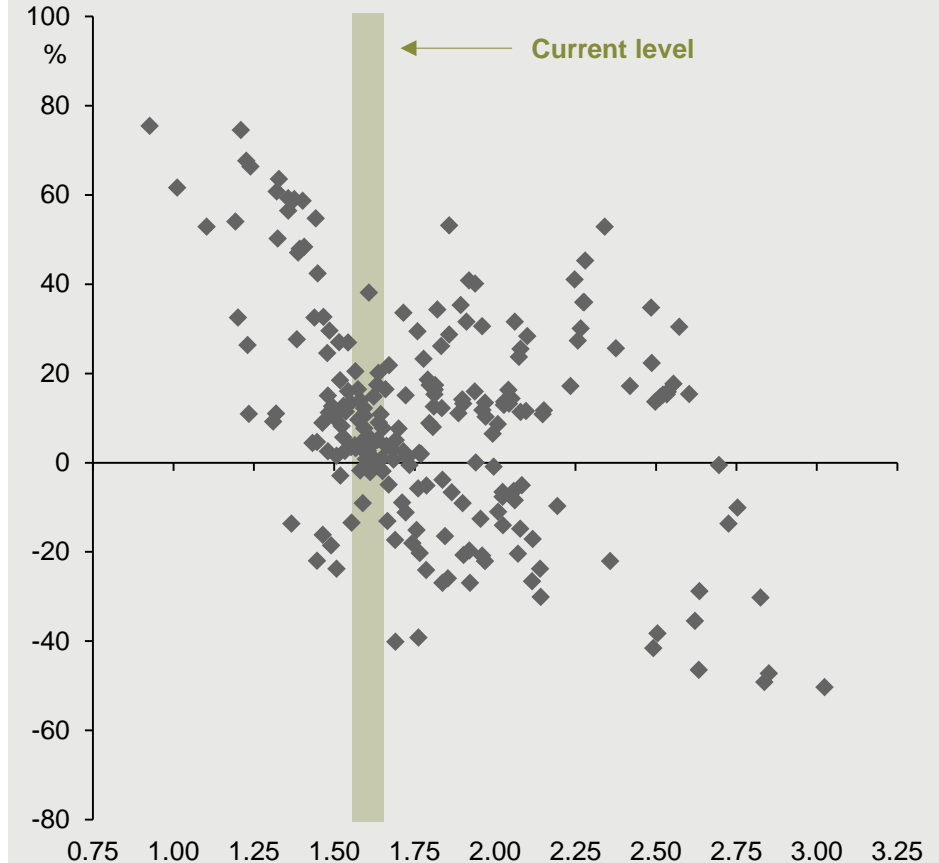
Source: MSCI, FactSet, J.P. Morgan Asset Management. Each valuation index shows an equally weighted composite of four metrics: price to forward earnings (forward P/E), price to current book (P/B), price to last 12 months' cash flow (P/CF) and price to last 12 months' dividends. Results are then normalised using means and average variability over the last 10 years. The grey bars represent valuation index variability relative to that of the All Country World Index (ACWI).
 Guide to the Markets - UK. Data as of 31 March 2015.

MSCI Emerging Markets Index: Price to book



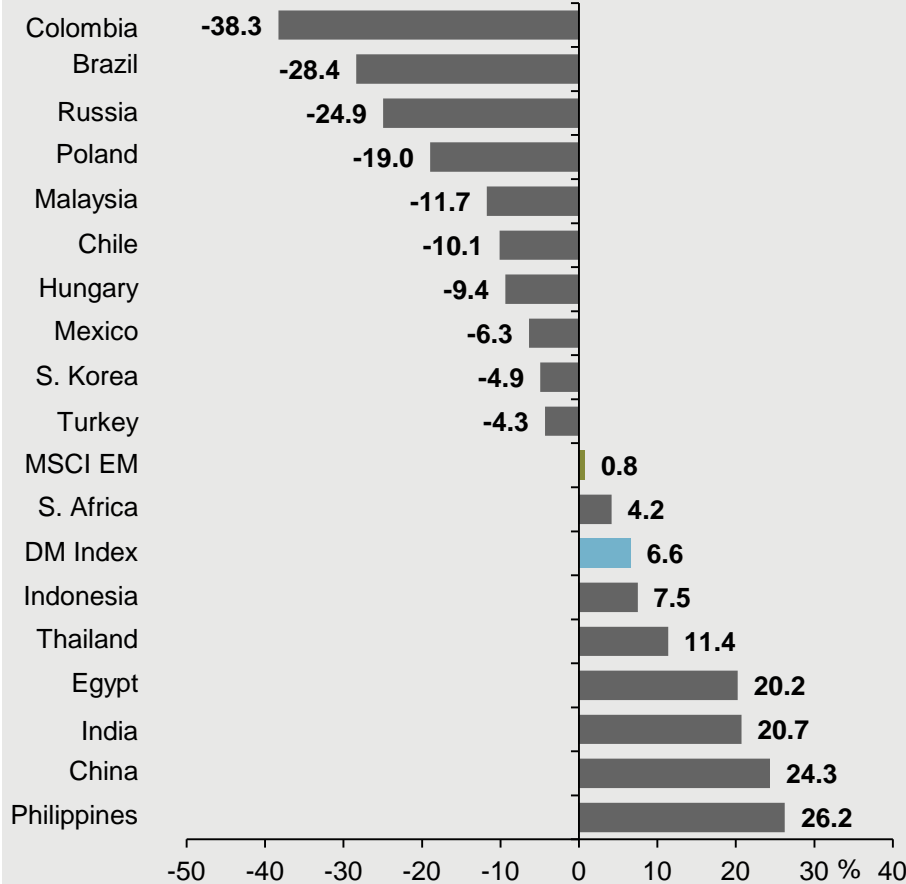
MSCI Emerging Markets Index: Price to book and returns

Price to book ratio and next 12 months' price return



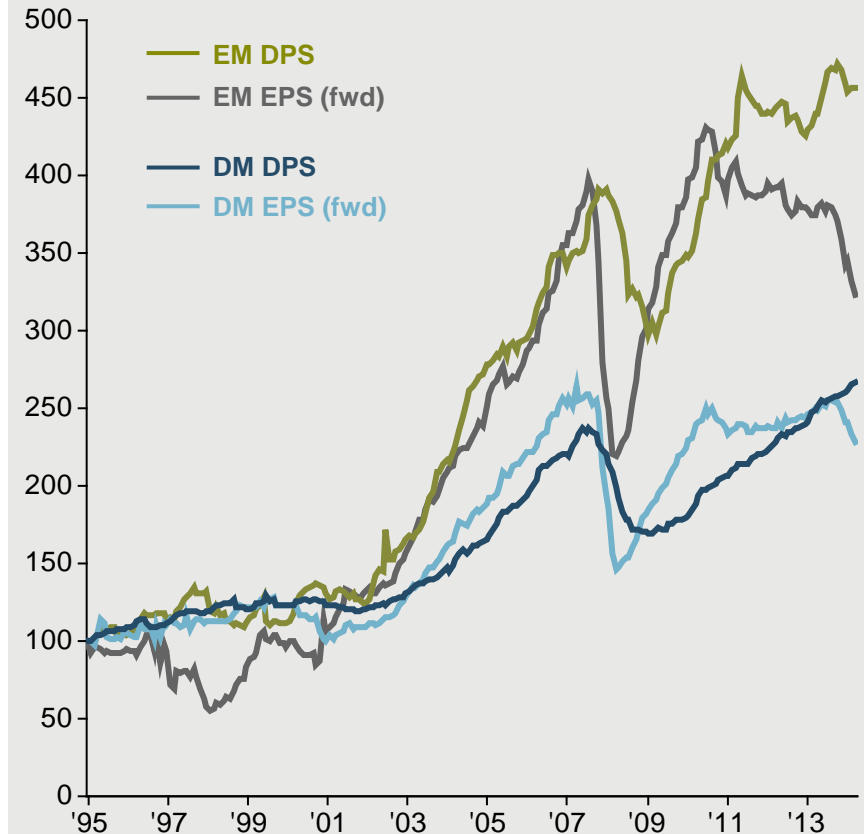
MSCI country performance

Last 12 months, total return in USD



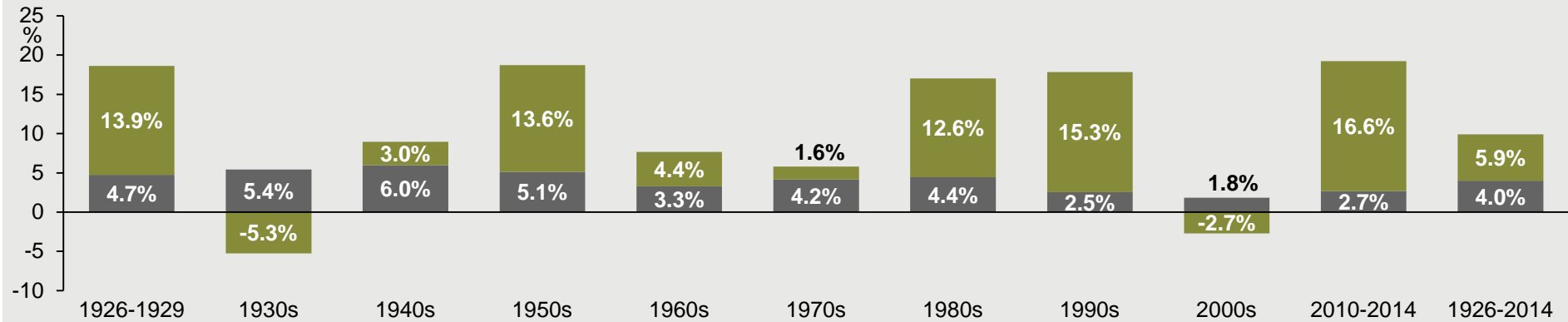
MSCI EM Index: Long-term growth in dividends per share (DPS) and earnings per share (EPS)

Rebased to 100 at December 1995



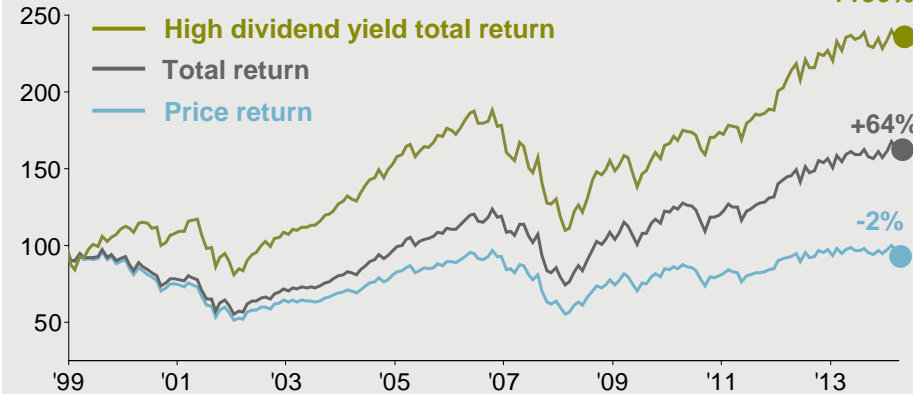
S&P 500 total return index: Dividends and capital appreciation

Average annualised returns

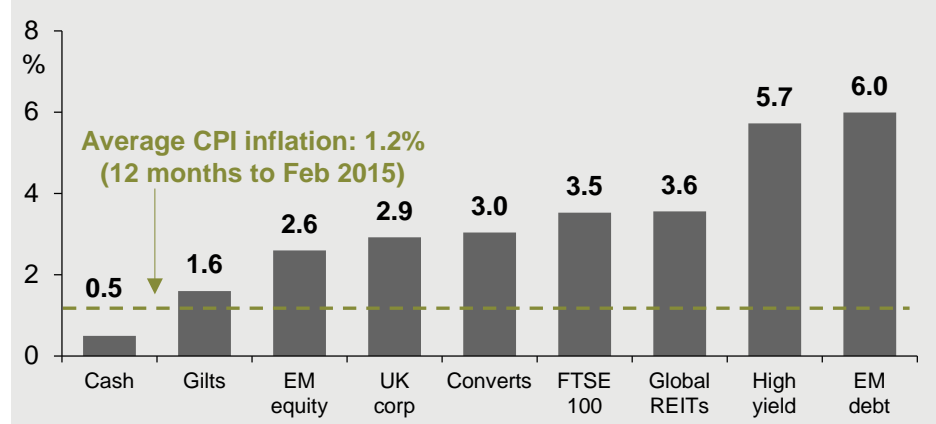


FTSE indices: Price vs. total return*

Rebased to 100 at December 1999



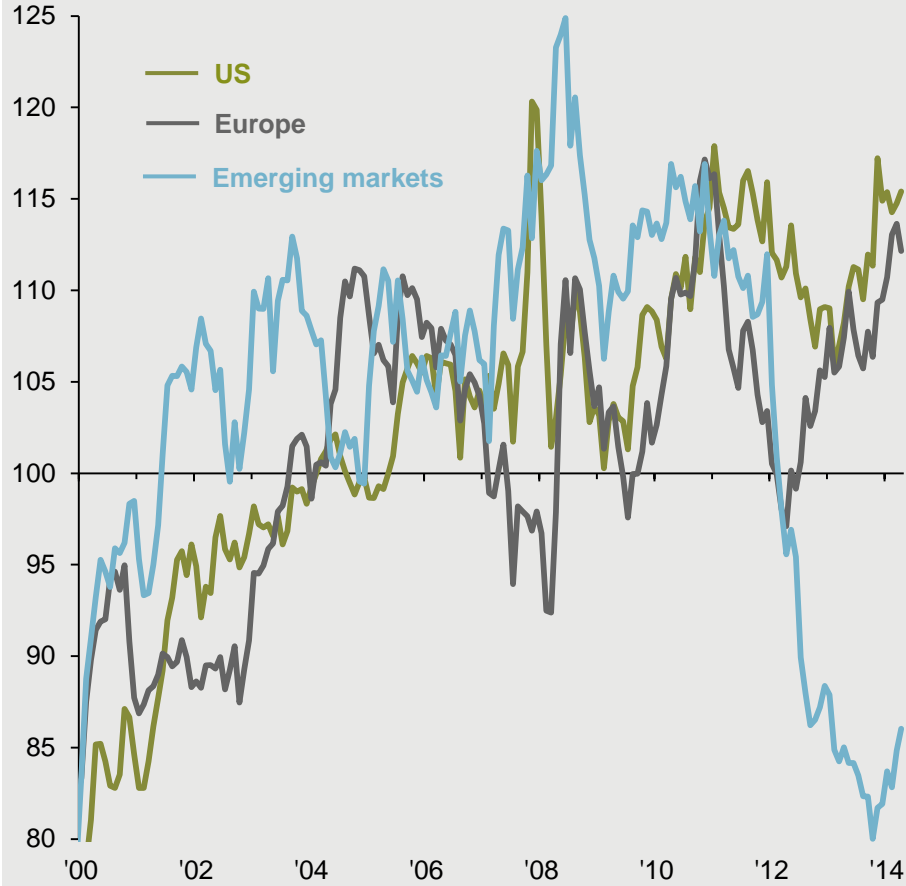
Sources of income



Source: (Top) Standard & Poor's, Ibbotson, J.P. Morgan Asset Management. (Bottom left) FTSE, FactSet, J.P. Morgan Asset Management. High dividend yield is the FTSE 350 Higher Yield Index. (Bottom right) Tullett Prebon, FTSE, BofA/Merrill Lynch, Barclays, FactSet, J.P. Morgan Asset Management. UK corporate: BofA/Merrill Lynch Sterling Corporate Index; Emerging markets debt: EMBI+; High yield: BofA/Merrill Lynch High Yield Master II; Global REITs: NAREIT Index; Converts: Barclays Global Convertibles; EM equity; MSCI EM. Yields for the bond indices are yield-to-worst and dividend yields for the equity indices. *Returns in local currency. Guide to the Markets - UK. Data as of 31 March 2015.

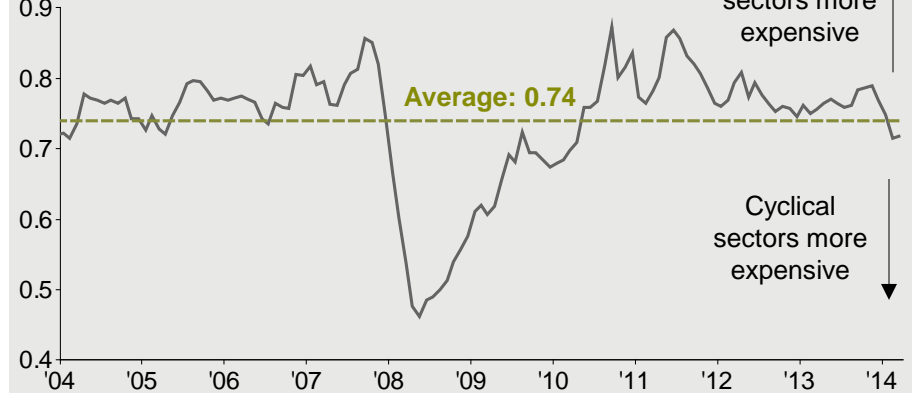
Relative valuation of high dividend yielding equities

Valuation vs. long-term average, three-month moving average



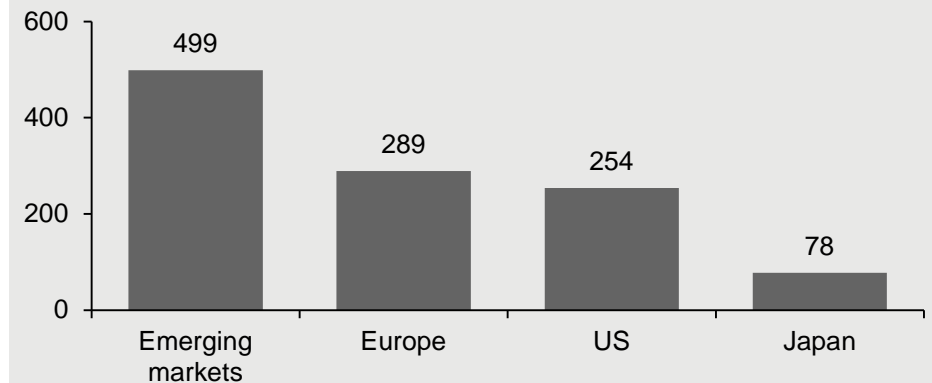
Defensives vs. cyclicals P/E ratio

MSCI All Country World Index



Number of companies yielding greater than 2% by region

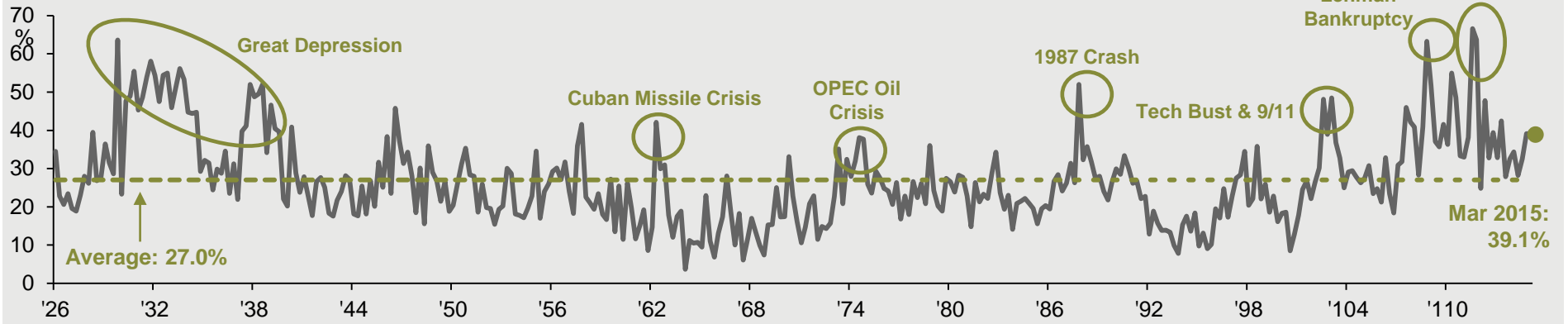
Constituents of the MSCI All Country World Index



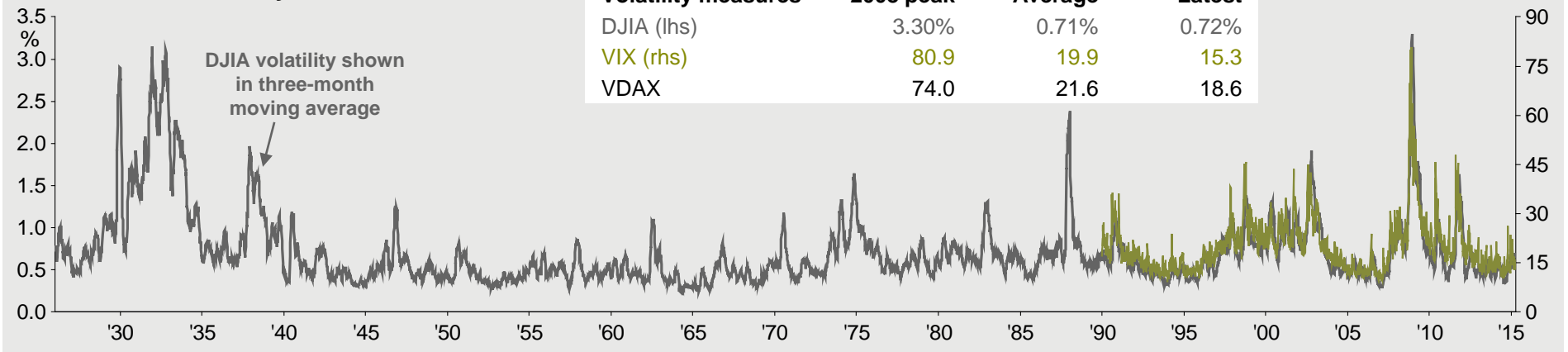
Source: (Left) IBES, Compustat, FactSet, J.P. Morgan Asset Management. (Top and bottom right) MSCI, FactSet, J.P. Morgan Asset Management. Guide to the Markets - UK. Data as of 31 March 2015.

Global large cap stocks

Correlations among stocks



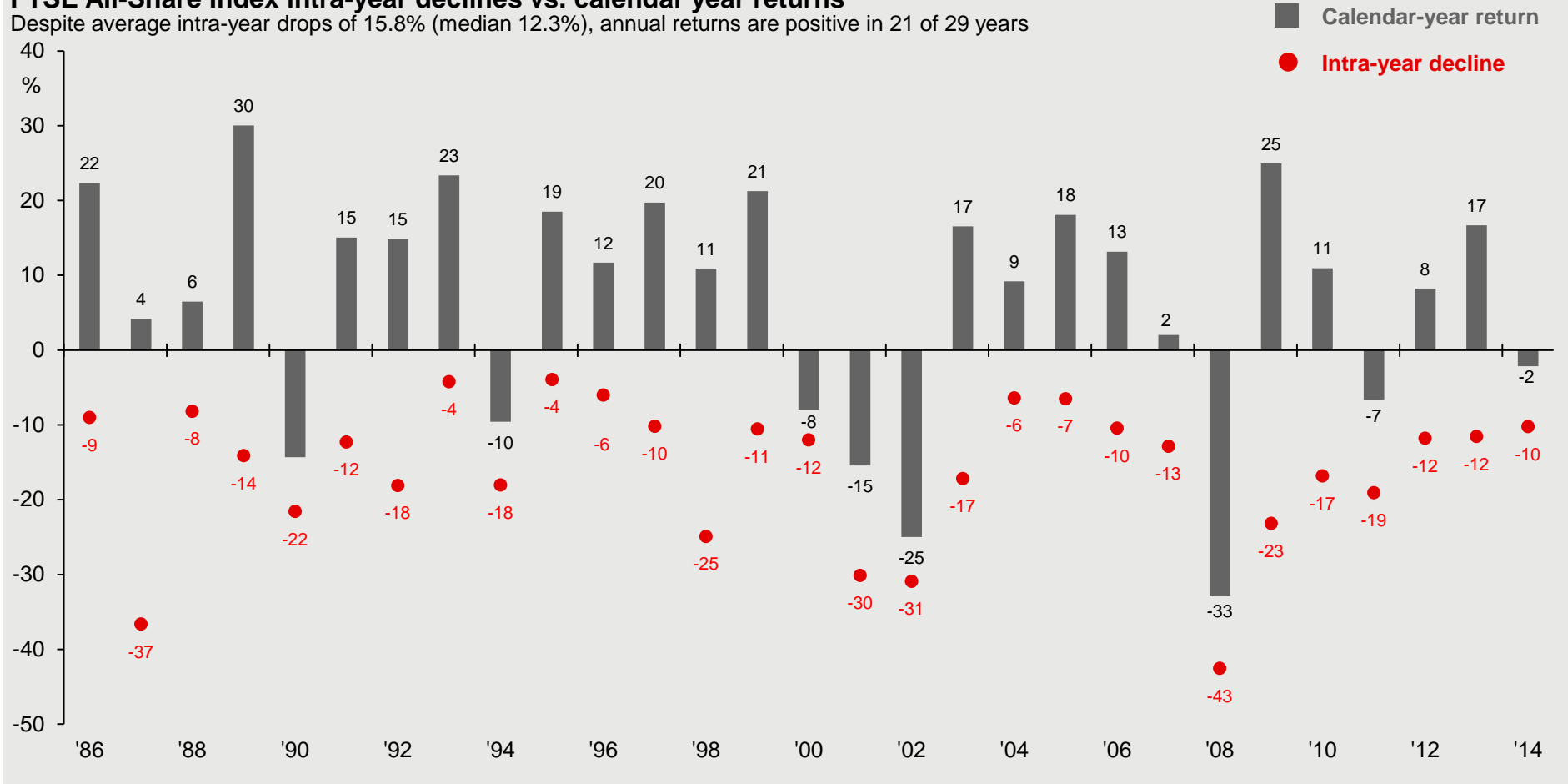
Stock market volatility



Source: (Top) Empirical Research Partners LLC, Standard & Poor's, J.P. Morgan Asset Management. (Bottom) CBOE, Deutsche Boerse, Dow Jones, FactSet, J.P. Morgan Asset Management. Capitalisation-weighted correlation of top 750 stocks by market capitalisation, daily returns, 1926 – 2015. DJIA volatility is represented as three-month moving average of the daily absolute percentage change in the Dow Jones Industrial Average. *Guide to the Markets - UK*. Data as of 31 March 2015.

FTSE All-Share Index intra-year declines vs. calendar year returns

Despite average intra-year drops of 15.8% (median 12.3%), annual returns are positive in 21 of 29 years



Equities

Source: FTSE, FactSet, J.P Morgan Asset Management. Returns are based on price only and do not include dividends. Intra-year decline refers to the largest market fall from peak to trough within a short time period during the calendar year. Returns shown are calendar years from 1986 to 2014. *Guide to the Markets - UK*. Data as of 31 March 2015.

Fixed income sector returns

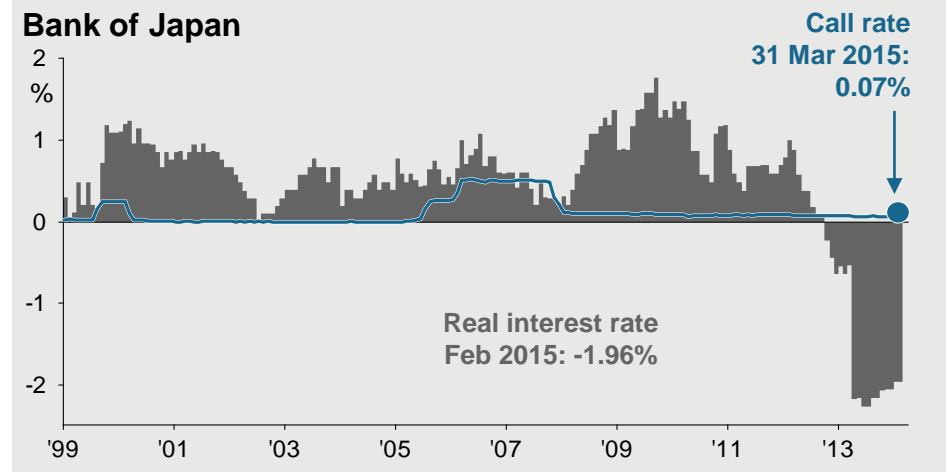
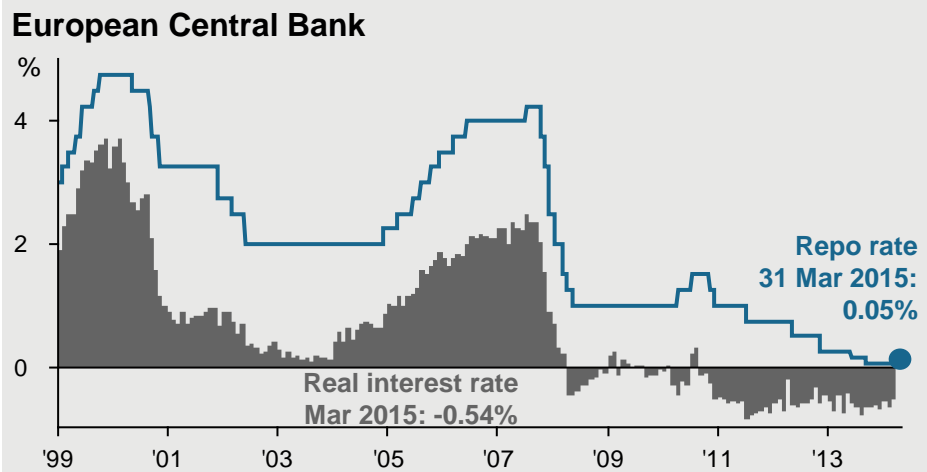
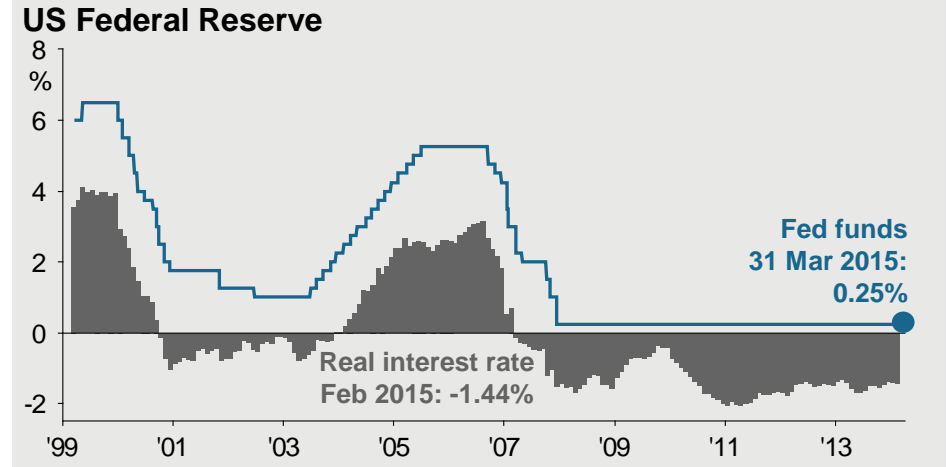
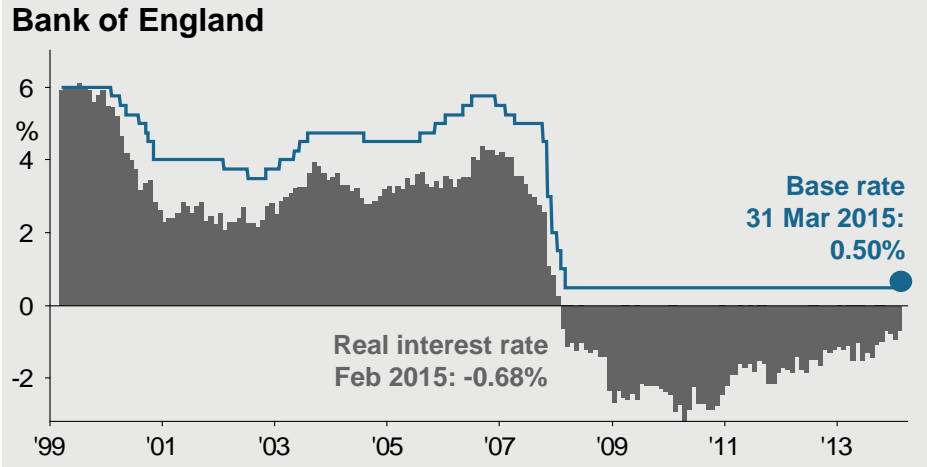
GTM - UK | 59

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	1Q15	Ten-yr Ann.
Local	25.1% EM Debt	2.9% Linkers	8.5% Linkers	45.1% Global Agg	44.5% High Yield	17.1% High Yield	19.9% Linkers	15.8% UK Corp	7.1% High Yield	19.0% Linkers	7.0% EM Debt	10.0% High Yield
	11.9%	2.9%	8.5%	4.8%	60.9%	14.9%	19.9%	15.8%	8.1%	19.0%	1.9%	8.0%
Fixed income	13.3% High Yield	0.9% UK Corp	7.6% Global Agg	26.5% Global IG	15.4% UK Corp	15.3% EM Debt	16.8% UK Gilts	13.4% High Yield	1.8% UK Corp	14.1% UK Gilts	5.2% High Yield	10.0% EM Debt
	2.9%	0.9%	9.5%	-8.6%	15.4%	11.8%	16.8%	18.0%	1.8%	14.1%	2.7%	7.7%
	11.5% Portfolio	0.2% UK Gilts	5.1% UK Gilts	25.0% EM Debt	12.1% EM Debt	10.6% Portfolio	11.3% Portfolio	12.9% EM Debt	0.5% Linkers	12.8% EM Debt	4.1% Portfolio	7.8% Linkers
	6.2%	0.2%	5.1%	-9.7%	25.9%	9.3%	11.1%	18.0%	0.5%	6.2%	2.2%	7.8%
	9.0% Linkers	-1.2% Portfolio	4.9% Global IG	13.6% UK Gilts	11.2% Portfolio	9.2% Global IG	10.0% EM Debt	7.4% Portfolio	-1.5% Global IG	12.6% UK Corp	3.8% Global IG	7.7% Portfolio
	9.0%	4.7%	6.7%	13.6%	17.7%	5.8%	9.2%	9.6%	0.3%	12.6%	-1.2%	6.8%
	8.5% UK Corp	-1.6% High Yield	4.7% EM Debt	12.1% Portfolio	6.4% Linkers	8.9% Linkers	6.4% Global Agg	6.3% Global IG	-1.9% Portfolio	12.4% Portfolio	3.5% UK Corp	6.5% Global IG
	8.5%	10.5%	6.5%	-2.5%	6.4%	8.9%	5.6%	11.2%	-1.2%	10.0%	3.5%	4.3%
8.1% UK Gilts	-3.1% EM Debt	4.4% Portfolio	3.7% Linkers	6.1% Global IG	8.9% Global Agg	5.9% UK Corp	2.6% UK Gilts	-4.2% UK Gilts	9.6% Global IG	3.0% Global Agg	6.1% UK Gilts	
8.1%	10.5%	5.0%	3.7%	19.2%	5.5%	5.9%	2.6%	-4.2%	3.1%	-1.9%	6.1%	
7.9% Global IG	-5.9% Global IG	1.6% High Yield	0.9% High Yield	-1.0% UK Gilts	8.8% UK Corp	5.1% Global IG	0.6% Linkers	-4.4% Global Agg	6.8% Global Agg	2.9% UK Gilts	5.8% UK Corp	
-3.6%	7.2%	2.0%	-26.4%	-1.0%	8.8%	4.3%	0.6%	-2.6%	0.6%	2.9%	5.8%	
6.8% Global Agg	-6.5% Global Agg	0.6% UK Corp	-9.1% UK Corp	-4.8% Global Agg	7.5% UK Gilts	4.0% High Yield	-0.3% Global Agg	-10.0% EM Debt	6.6% High Yield	2.9% Linkers	5.8% Global Agg	
-4.5%	6.6%	0.6%	-9.1%	6.9%	7.5%	3.7%	4.3%	-8.3%	3.2%	2.9%	3.6%	

Source: Barclays Capital, BofA/Merrill Lynch, J.P. Morgan Economic Research, FTSE, J.P. Morgan Asset Management. Annualised return covers period 2005 to 2014. Linkers: FTSE UK Gilts Indexed Linked Government; UK Gilts: J.P. Morgan UK Global Bond; EM debt: J.P. Morgan EMBI+; High yield: BofA/Merrill Lynch Developed Markets High Yield Constrained; UK corp: Merrill Lynch Sterling Corporates; Global Agg: Barclays Global Aggregate; Global IG: Barclays Global Aggregate - Corporates. Hypothetical portfolio (for illustrative purposes only and should not be taken as a recommendation): 35% Gilts; 15% EM debt; 15% high yield; 10% index linked; 10% UK corporate; 15% global investment-grade bonds. *Guide to the Markets - UK*. Data as of 31 March 2015.

	# of issues	Mkt. value (\$ billions)	Average maturity	Yield		Return*		10-year correlation	
				31/03/2015	31/12/2014	1Q15	2014	10-year Gilt	10-year Treasury
UK Gilts									
1-3 years	4	225	2.2 years	0.48%	0.51%	0.33%	1.75%	0.63	0.53
5-7 years	5	236	6.2	1.23	1.32	1.11	7.92	0.96	0.80
10+ years	19	897	26.5	2.17	2.32	3.82	24.31	0.75	0.60
US Treasuries									
1-3 years	96	2,511	1.9 years	0.56%	0.68%	0.54%	0.63%	0.50	0.65
5-7 years	38	1,007	6.1	1.58	1.85	2.13	4.84	0.79	0.96
10-20 years	13	124	13.3	2.11	2.31	2.66	14.53	0.84	1.00
Sector									
MBS	393	5,096	6.1 years	2.40%	2.60%	1.06%	6.08%	0.65	0.80
IG credit	9,014	7,622	9.1	2.39	2.57	-1.18	3.15	0.17	0.25
High yield	3,464	2,279	6.5	6.27	6.68	0.65	0.01	-0.21	-0.21
Floating rate	504	364	2.0	0.70	0.71	0.24	0.65	-0.26	-0.21
Convertibles	806	363	0.0	3.04	3.20	1.89	2.25	-0.34	-0.43
EMD USD sovereign	467	366	11.2	5.56	5.62	1.42	8.18	0.38	0.44
EMD USD corporate	1,166	294	7.8	5.20	5.37	-0.12	4.96	0.06	0.11
EMD LC sovereign	196	907	7.1	6.34	6.50	-0.57	7.43	0.17	0.21

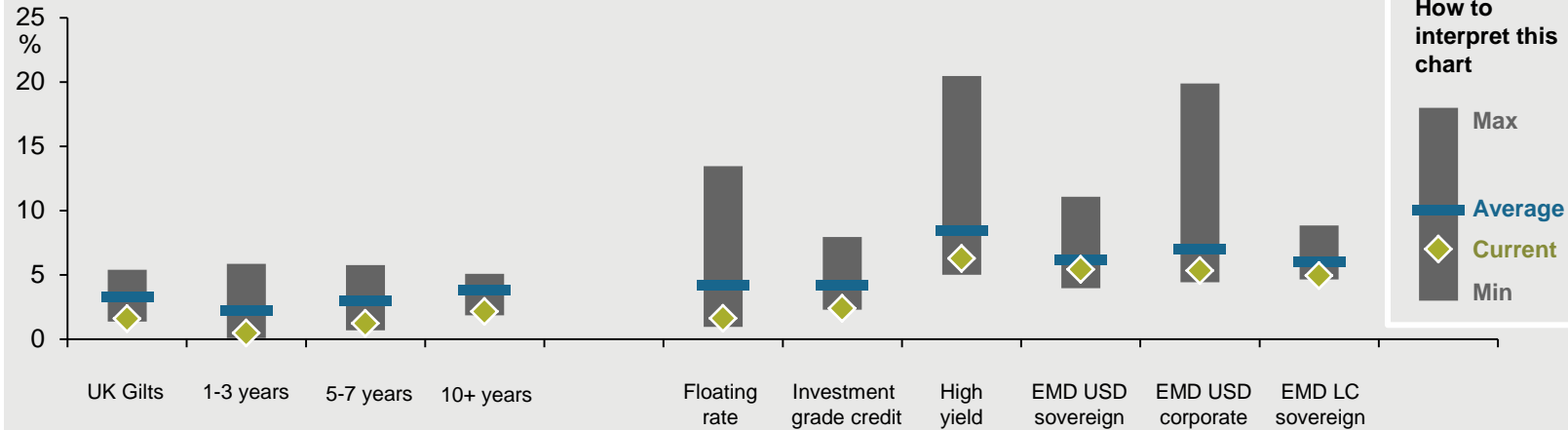
Source: Barclays Capital, FactSet, J.P. Morgan Asset Management. Fixed income sectors shown are represented by the following indices: UK Gilts – Barclays Sterling Aggregate Gilts, US Treasuries – Barclays US Treasury indices, MBS – Barclays US Aggregate Securitized-MBS, IG Credit – Barclays Global Aggregate-Corporates, High Yield – Barclays Global High Yield, Floating rate – Barclays US Floating Rate Notes, Convertibles – Barclays Global Convertibles Composite, EMD USD sovereign – J.P. Morgan EMBIG, EMD USD Corporate – J.P. Morgan CEMBI, EMD LC sovereign – J.P. Morgan GBI-EM. Credit yields are yield to worst. *Return is in local currency of the index and unhedged. *Guide to the Markets - UK*. Data as of 31 March 2015.



Source: (Top left) Bank of England, ONS, FactSet, J.P. Morgan Asset Management. (Top right) US Federal Reserve, BLS, FactSet, J.P. Morgan Asset Management. (Bottom left) ECB, Eurostat, FactSet, J.P. Morgan Asset Management. (Bottom right) Bank of Japan, Japanese Statistics Bureau & Statistics Centre, FactSet, J.P. Morgan Asset Management. Real interest rate is policy rate less core CPI inflation. *Guide to the Markets - UK*. Data as of 31 March 2015.

Current and historical yields for selected indices

Last 10 years*



Source: (All charts) Barclays, FactSet, J.P. Morgan Asset Management.

*Historical spread analysis is based on the last 10 years of data, with the exception of 10+ years UK Treasuries and local currency emerging markets debt, which are based on nine years and six years of data, respectively, due to data availability.

Fixed income sectors shown are provided by Barclays Capital and are represented by – Treasury UK: Barclays Sterling Aggregate Gilts Index; Floating Rate – Barclays US Floating Rate Notes (BBB); IG credit: Barclays Global Aggregate – Corporates Index; High yield: Barclays Global High Yield Index; EMD sovereign (\$): Barclays Emerging Markets – Sovereigns index; EMD corporate (\$): Barclays Emerging Markets – Corporates Index; EMD sovereign (LC): Barclays Emerging Market Local Currency Government Index.

For illustrative purposes only.

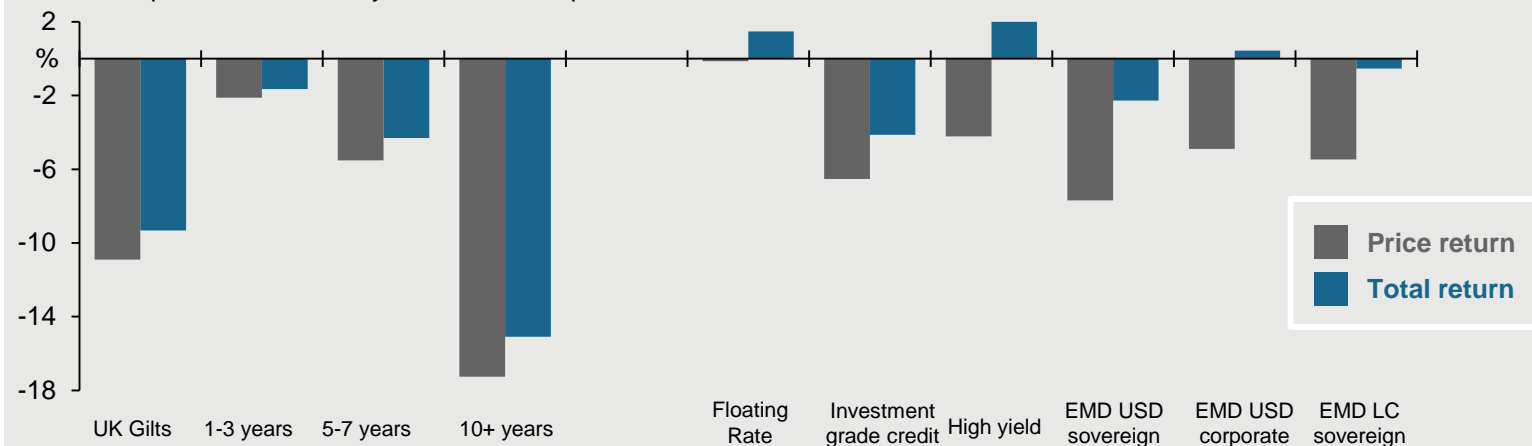
Change in bond price is calculated using both duration and convexity.

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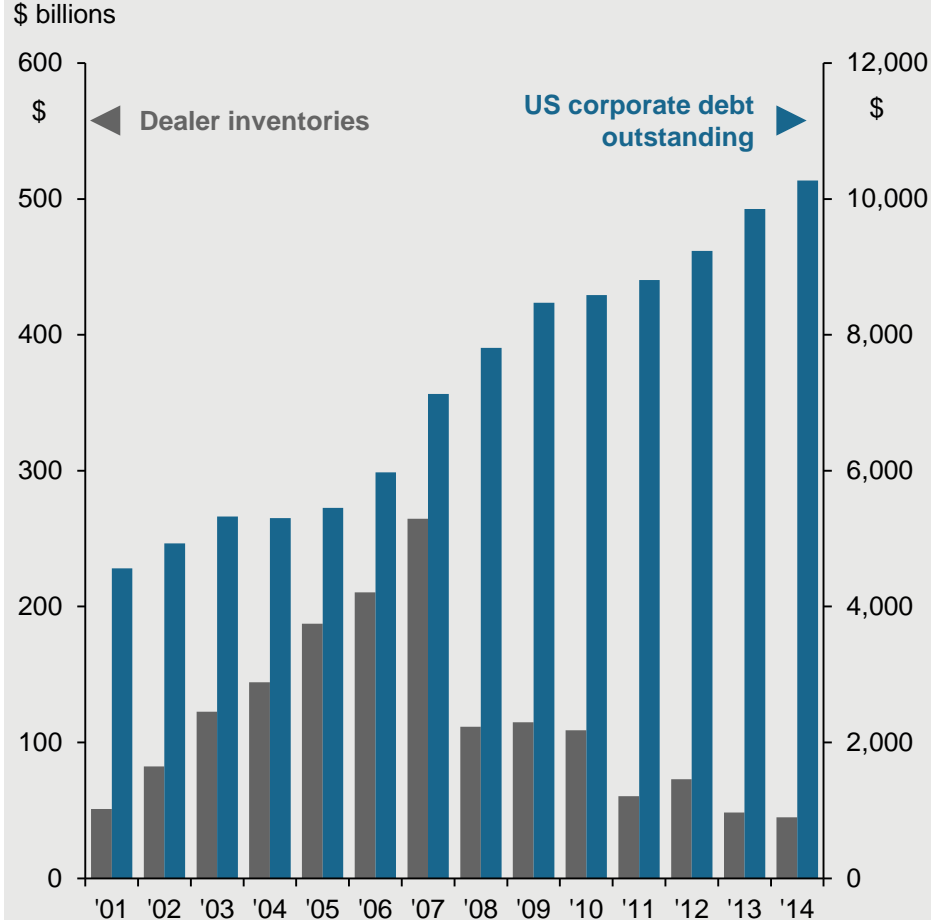
Data as of 31 March 2015.

Illustration of the impact a 1% rise in local interest rates may have on selected indices

Assumes a parallel shift in the yield curve and spreads are maintained

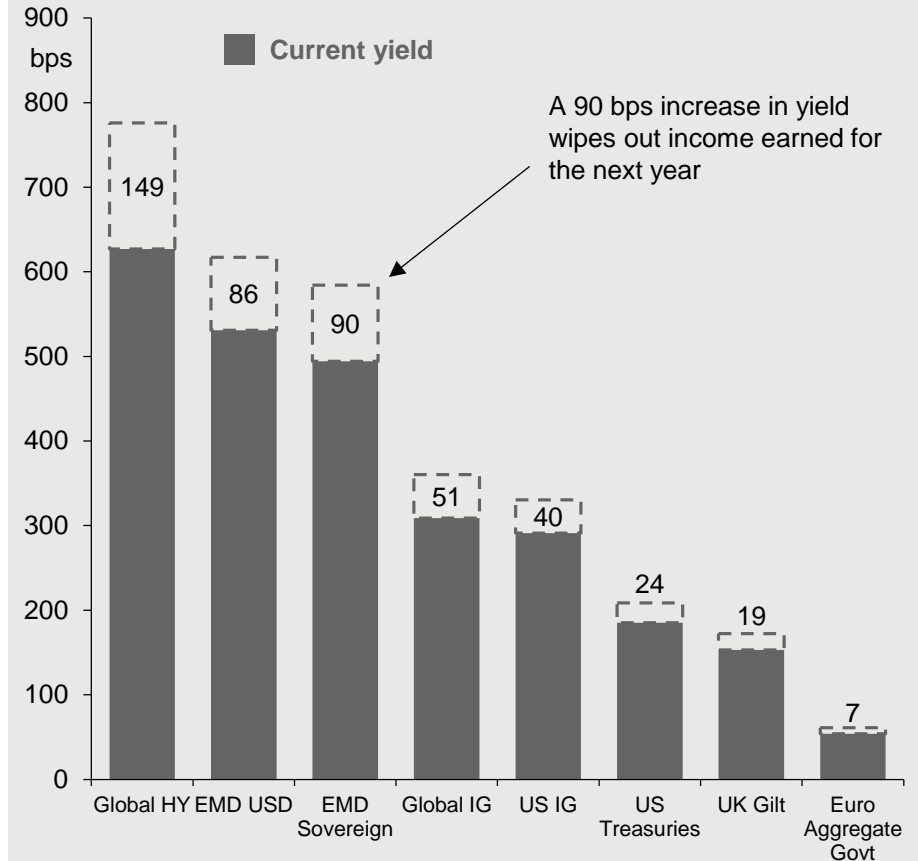


US corporate debt market liquidity

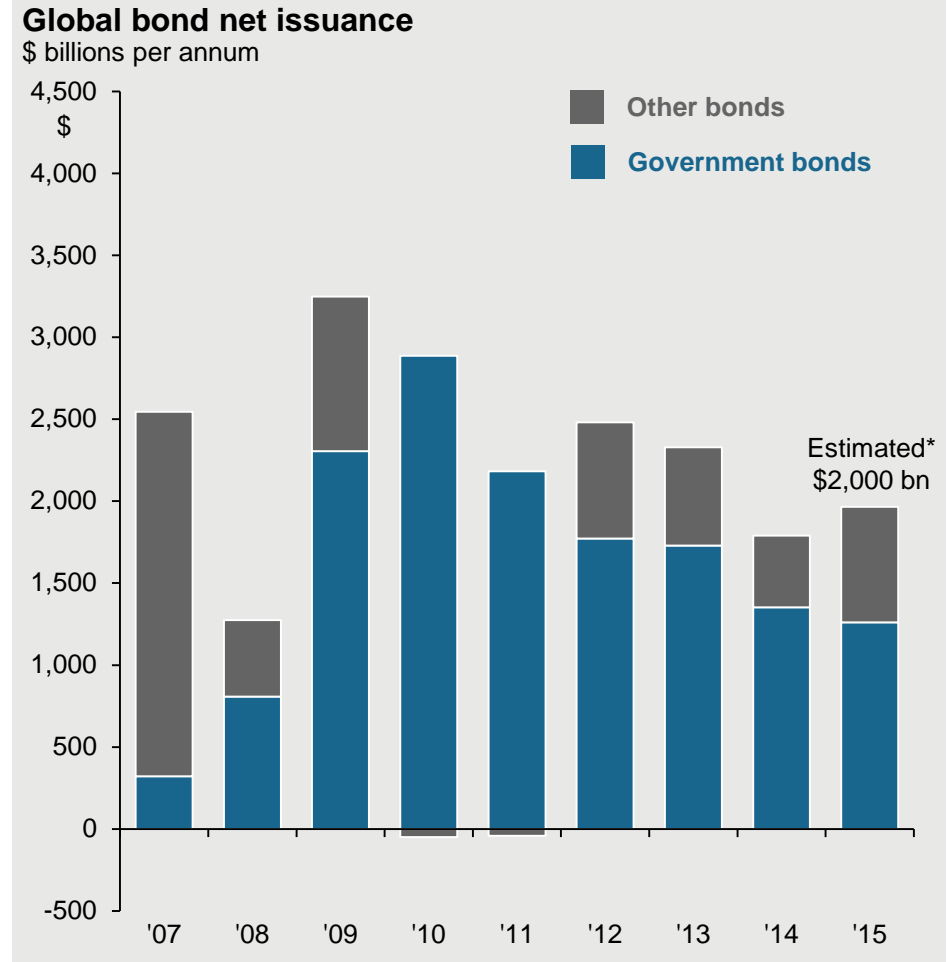
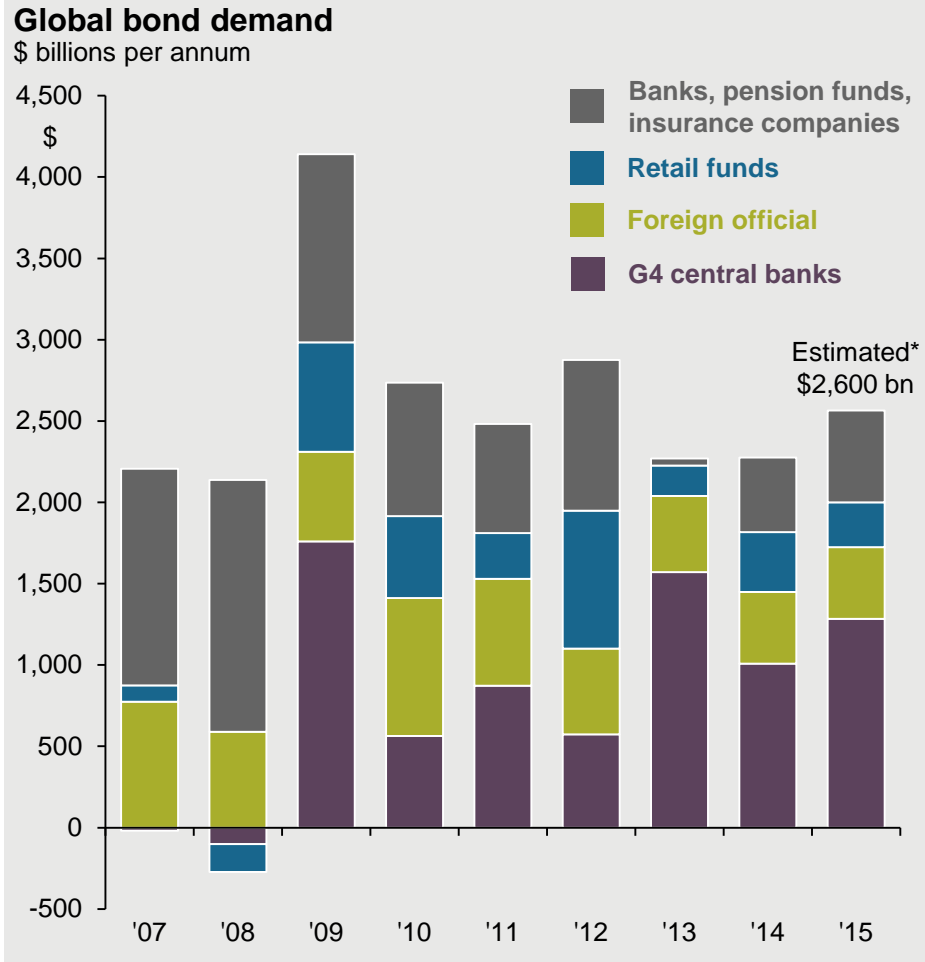


Mark to market: Interest rate risks

Estimated amount of yield increase to wipe out next year's income

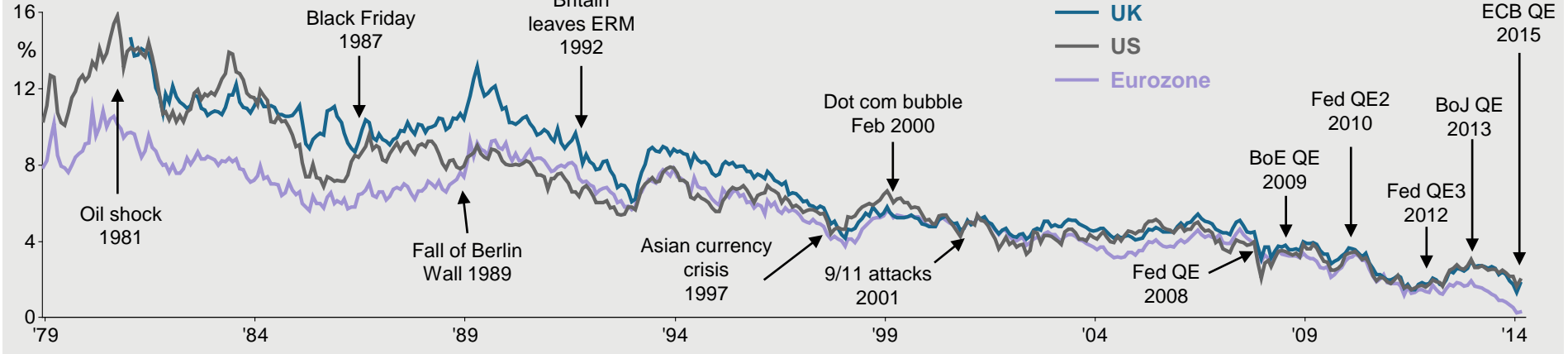


Source: (Left) Federal Reserve Bank of New York, Barclays, J.P. Morgan Asset Management. (Right) Barclays, FactSet, J.P. Morgan Asset Management. Interest rate risks chart assumes that all investments are issued at par and are made on 31 March 2015, with no re-investment of income and with no consideration to convexity characteristics. Fixed income sectors shown are provided by Barclays Capital and are represented by – Barclays Global High Yield, Barclays Emerging Market Local Currency Government, Barclays Emerging Markets USD Aggregate, Barclays Global Credit – Corporate, Barclays US Aggregate Credit - Corporate - Investment Grade, Barclays US Aggregate Government - Treasury (7-10 Y), Barclays UK Gilt (7-10 Y), Barclays Euro Aggregate Government - Treasury (7-10 Y). *Guide to the Markets - UK*. Data as of 31 March 2015.



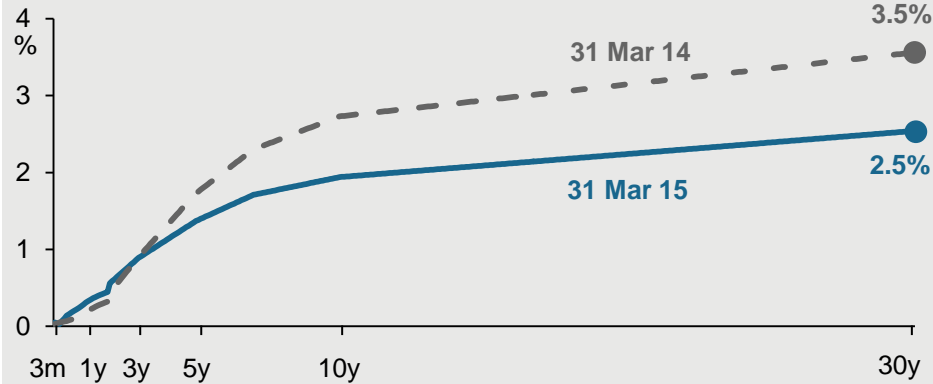
Source: (All charts) Central bank sources, ICI, Bloomberg, IMF, J.P. Morgan Economic Research, J.P. Morgan Asset Management. Historical demand amount is the notional amount that institutions intended to buy over each year. *2015 demand and net issuance are J.P. Morgan Economic Research estimates. *Guide to the Markets - UK*. Data as of 31 March 2015.

10-year bond yields



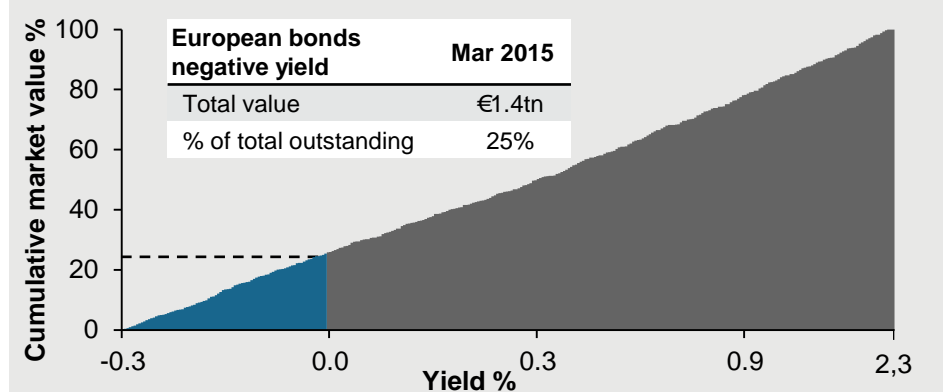
Yield curve

US Treasury yield curve



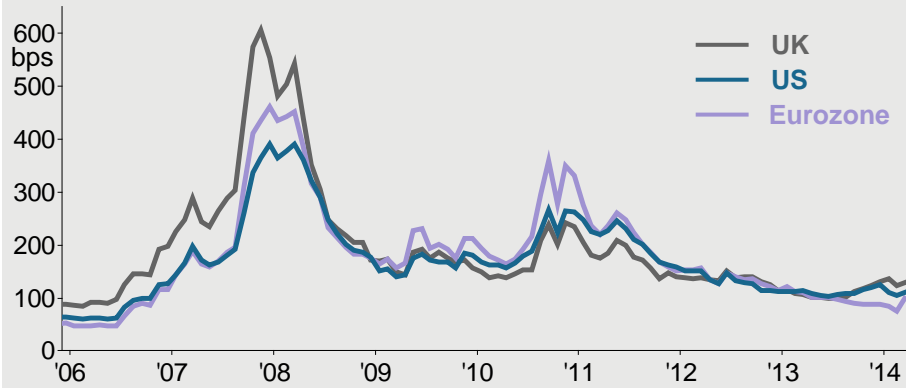
Euro area government bonds

BofA/ML euro area bond index



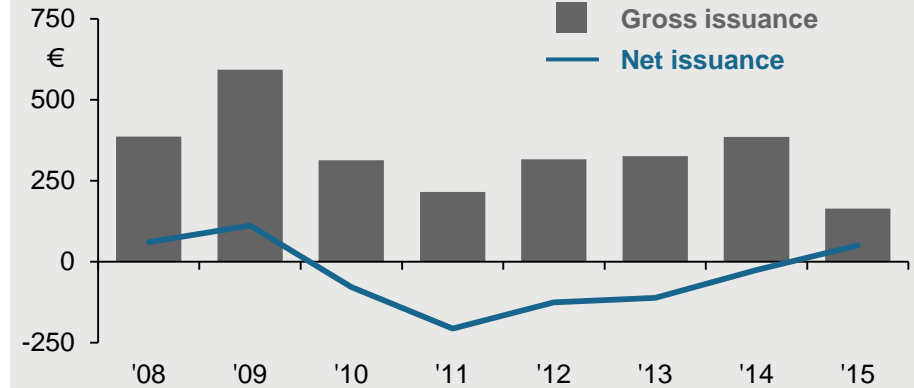
Corporate bond spreads by currency

Option-adjusted spreads*



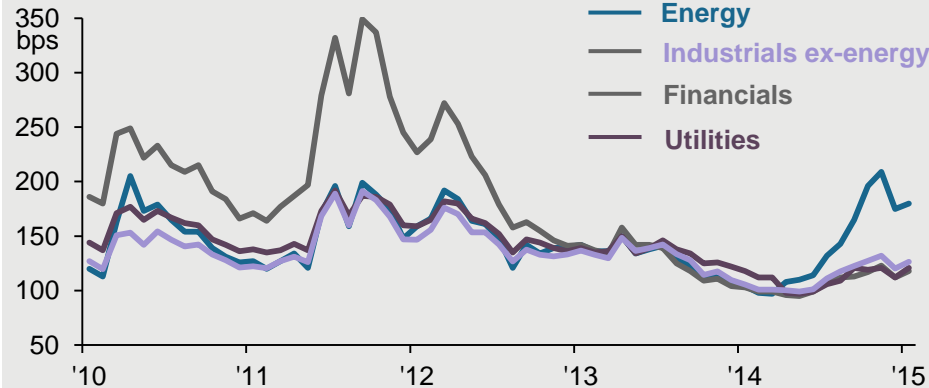
European corporate issuance

€ billions



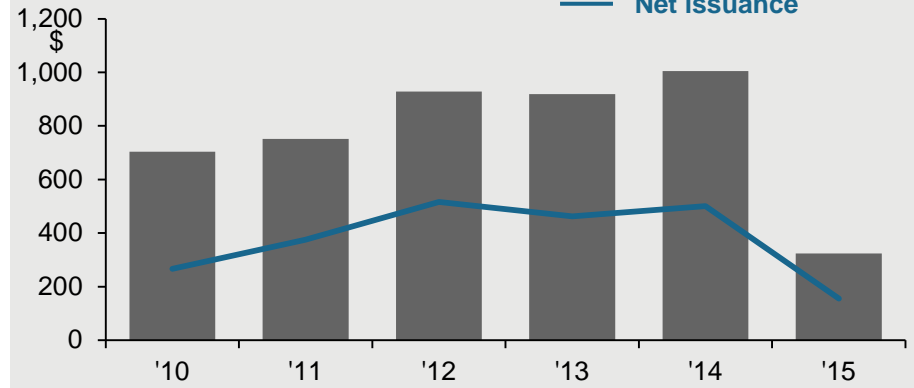
US Corporate bond spreads by sector

Option-adjusted spreads*



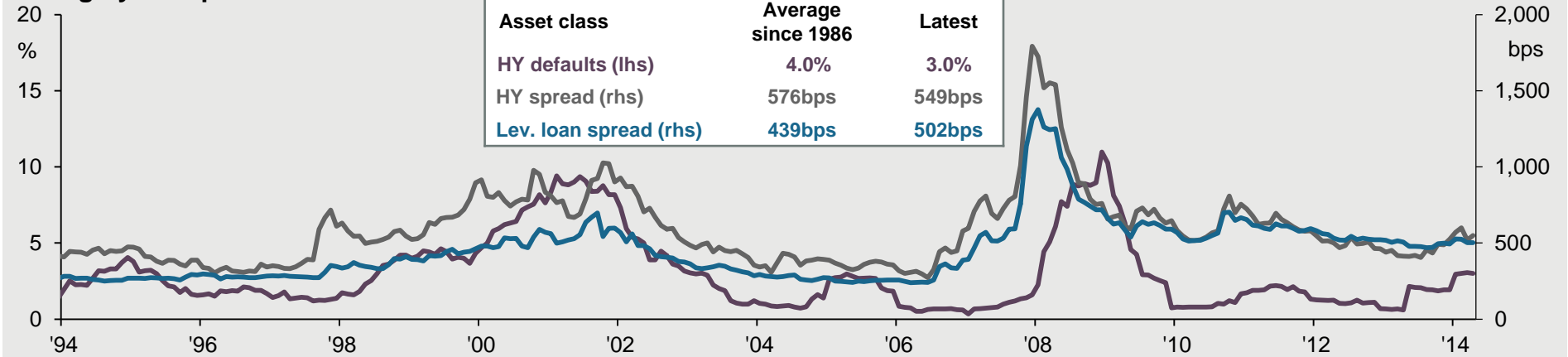
US corporate issuance

\$ billions



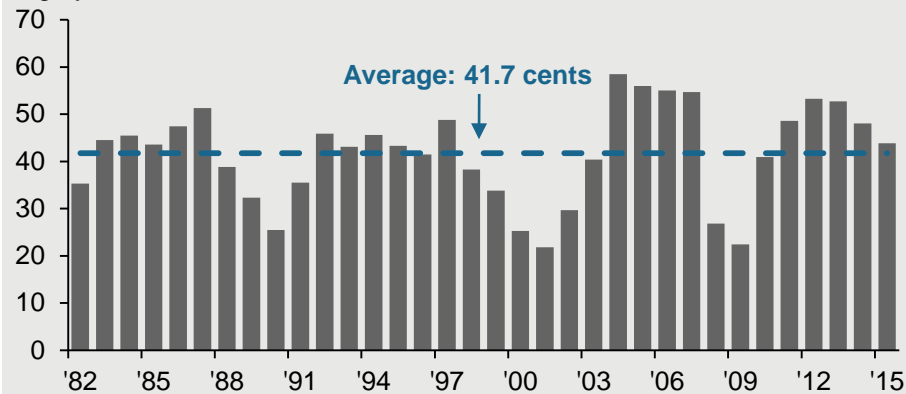
Source: (Top and bottom left) Barclays, FactSet, J.P. Morgan Asset Management. (Top and bottom right) JP Morgan Securities, J.P. Morgan Asset Management.
 *Option-adjusted spread is the spread of a fixed income security rate over the risk-free rate, adjusted to take into account any embedded options.
 Guide to the Markets - UK. Data as of 31 March 2015.

US high yield spreads and defaults



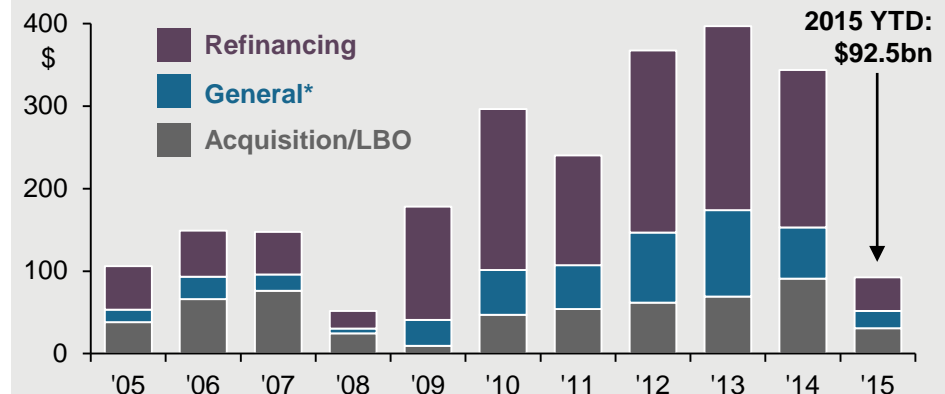
US historical high yield recovery rates

High yield bonds, cents on the dollar



High yield issuance

\$ billions

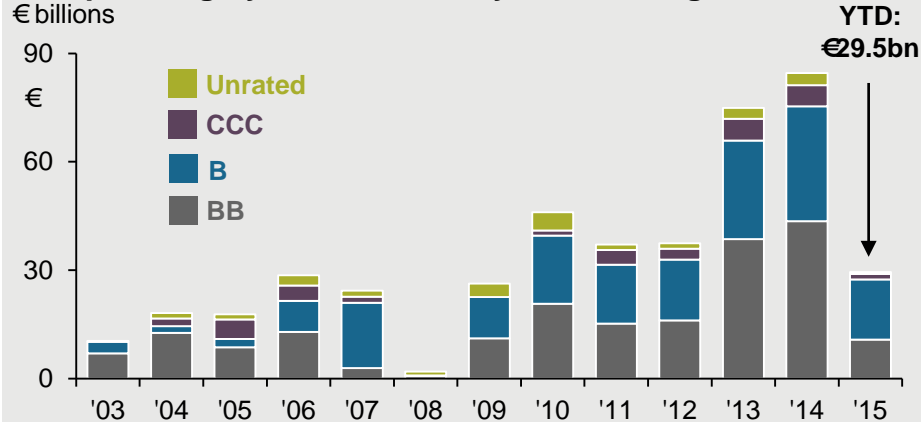


Source: (Top) US Treasury, J.P. Morgan Economic Research, Credit Suisse, J.P. Morgan Asset Management. Default rates are defined as the par value percentage of the total market trading at or below 50% of par value and include any Chapter 11 filing, prepackaged filing or missed interest payments. Leveraged loan spread is the discount margin to maturity. (Bottom left and right) J.P. Morgan Economic Research, J.P. Morgan Asset Management. *General issuance includes issuance for the purpose of paying dividends. *Guide to the Markets - UK*. Data as of 31 March 2015.

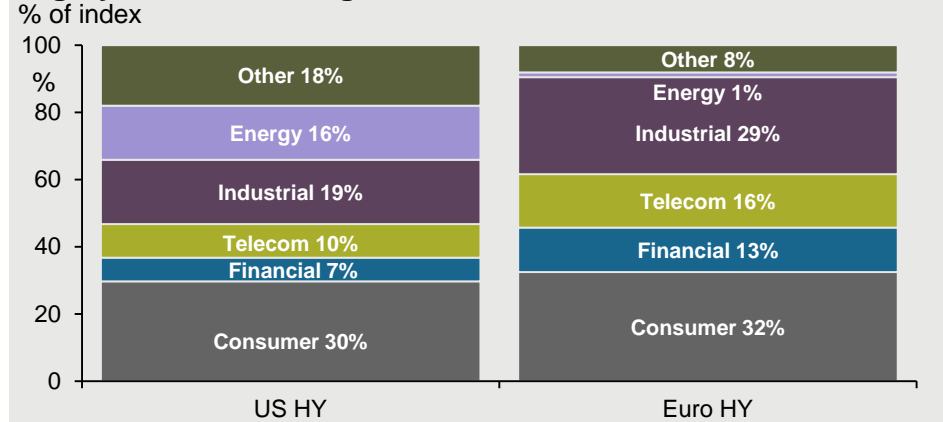
European high yield: Spread to worst and default rates



European high yield issuance by credit rating

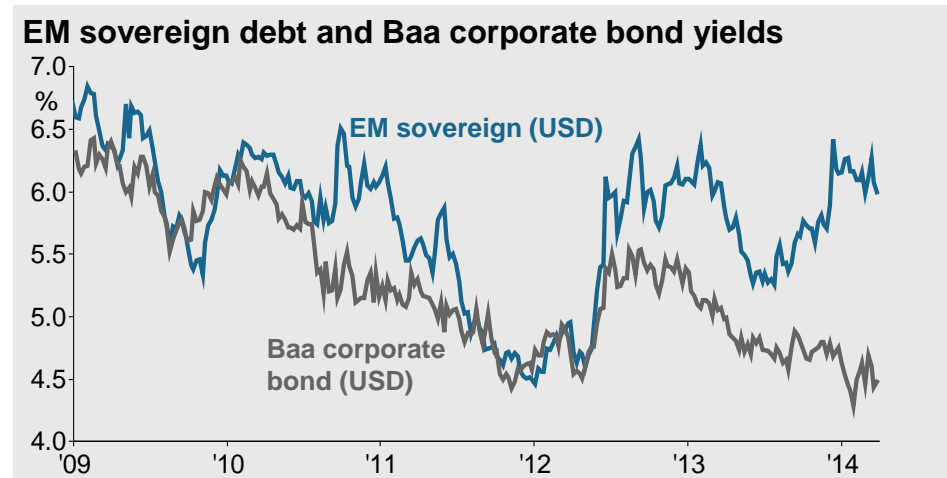
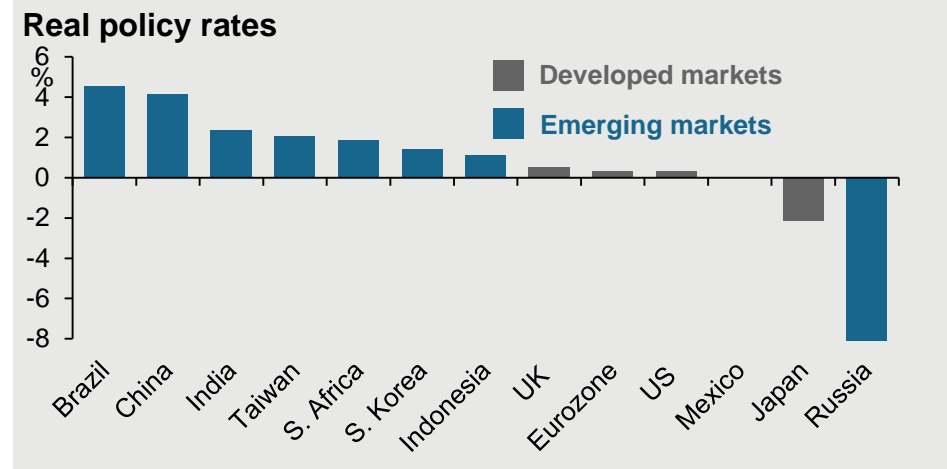
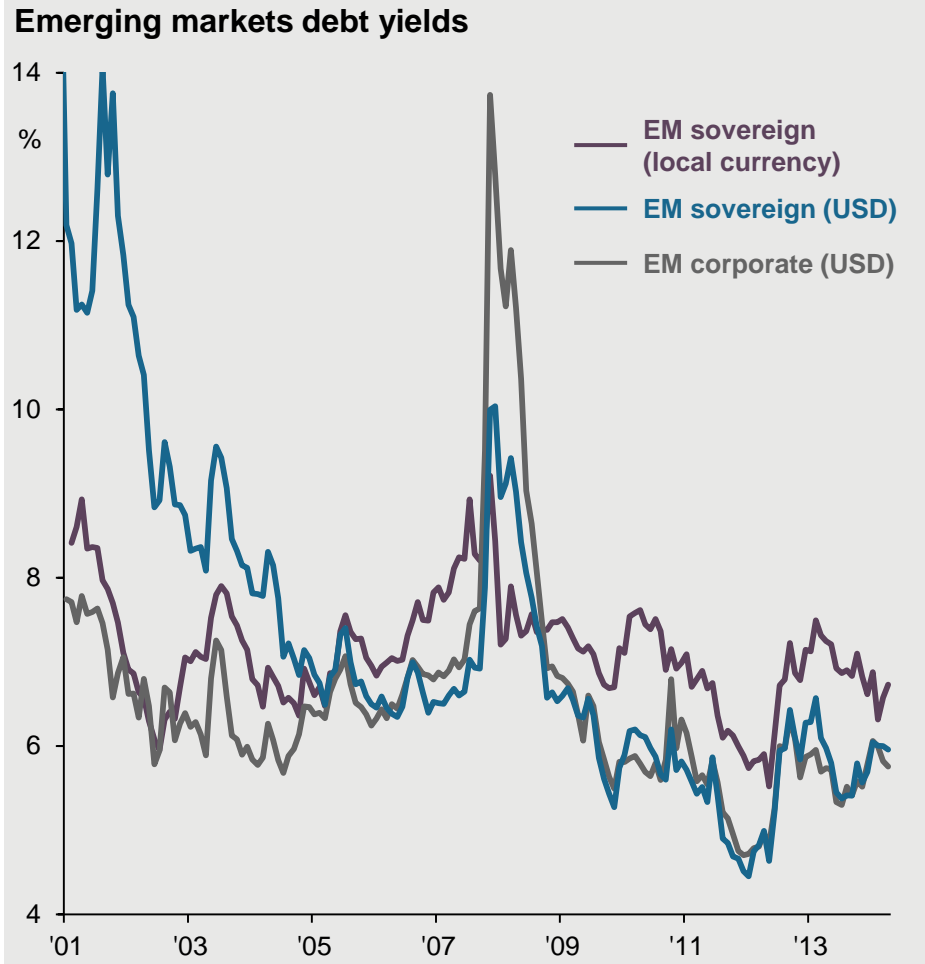


High yield sector weights



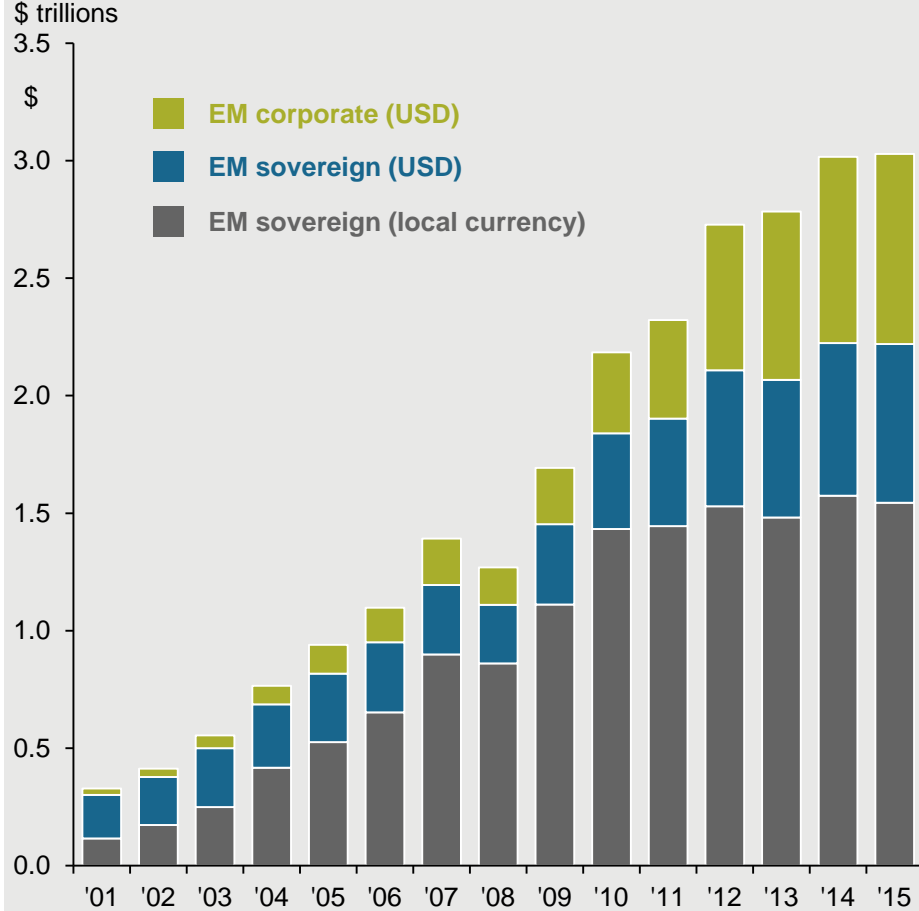
Fixed income

Source: (Top) Credit Suisse, FactSet, J.P. Morgan Asset Management. (Bottom left) J.P. Morgan Economic Research, FactSet, J.P. Morgan Asset Management. (Bottom right) FactSet, Barclays, J.P. Morgan Asset Management. US HY is the J.P. Morgan Domestic HY index and Euro HY is the J.P. Morgan Euro HY index. Guide to the Markets - UK. Data as of 31 March 2015.

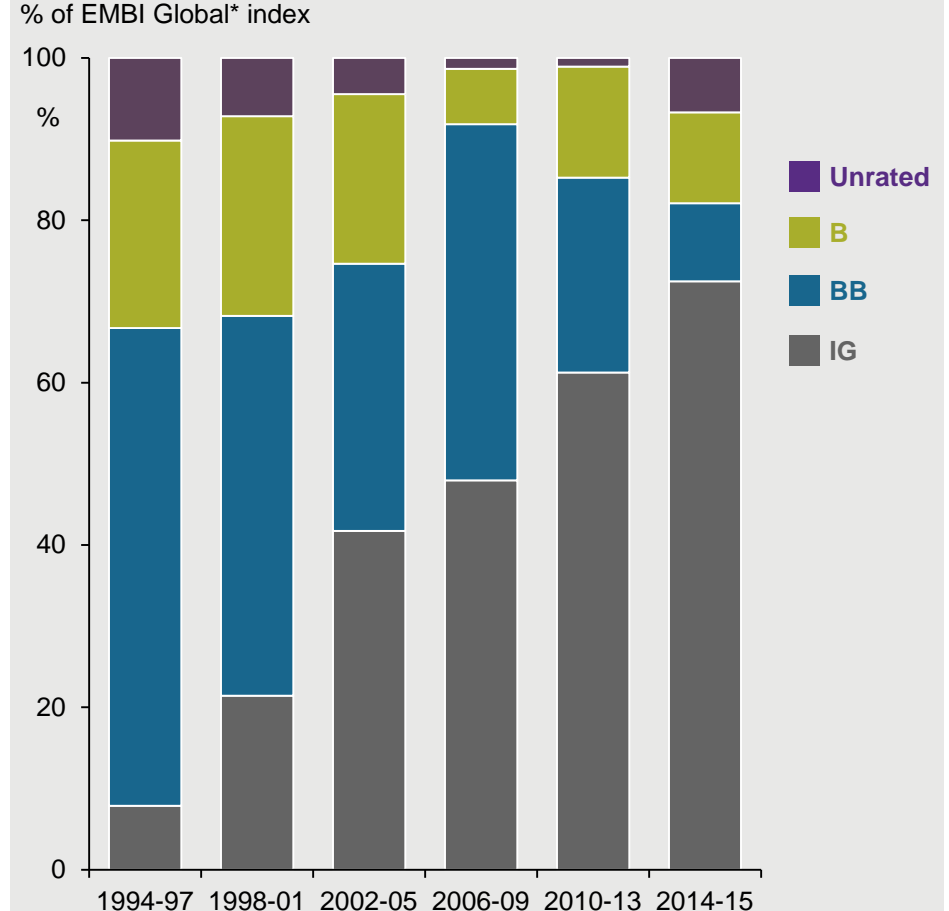


Source: (Left and top right) J.P. Morgan Economic Research, FactSet, J.P. Morgan Asset Management. (Bottom right) Moody's, J.P. Morgan Economic Research, FactSet, J.P. Morgan Asset Management. EM sovereign (local currency) is the JP Morgan GBI-EM; EM sovereign (USD) is the JP Morgan EMBI+; EM corporate (USD) is the JP Morgan CEMBI. The JP Morgan EMBI Global (EMBIG) Index is a USD-denominated external debt index tracking bonds issued by sovereigns and quasi-sovereigns in developing nations. *Guide to the Markets - UK*. Data as of 31 March 2015.

Emerging markets investable debt universe



Sovereign USD credit rating breakdown



Source: (All charts) J.P. Morgan Economic Research, J.P. Morgan Asset Management. The JP Morgan EMBI Global (EMBIG) index is a USD-denominated external debt index tracking bonds issued by sovereigns and quasi-sovereigns in developing nations. EM corporate (USD) is the CEMBI; EM sovereign (USD) is the JP Morgan EMBI Global; EM sovereign (local currency) is the Global Bond Index Emerging Market Broad Diversified Index (GBI-EM). *Guide to the Markets - UK*. Data as of 31 March 2015.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	1Q15	Ten-yr Ann.
	EME 35.8%	REITS 34.4%	EME 33.6%	Govt bonds 9.1%	EME 62.8%	REITS 27.6%	REITS 7.3%	REITS 20.1%	DM Equities 29.6%	REITS 27.1%	DM Equities 5.0%	EME 10.3%
	Cmtdy 21.4%	EME 28.8%	Cmtdy 16.2%	Cash 6.9%	HY bonds 57.7%	Cmtdy 16.8%	EMD 7.0%	HY bonds 19.2%	Portfolio 9.7%	DM Equities 10.4%	EME 4.9%	HY bonds 8.3%
	DM Equities 16.3%	DM Equities 16.1%	Hedge Funds 12.6%	IG bonds -5.1%	EMD 34.2%	HY bonds 15.1%	Govt bonds 5.5%	EMD 17.9%	Hedge Funds 9.7%	Govt bonds 8.1%	REITS 4.1%	EMD 7.8%
	Portfolio 12.8%	Hedge Funds 13.9%	Portfolio 7.4%	EMD -14.7%	REITS 27.4%	EME 14.4%	IG bonds 4.8%	EME 17.4%	HY bonds 6.5%	IG bonds 7.6%	Portfolio 2.9%	REITS 7.5%
	EMD 12.3%	Portfolio 12.8%	Cash 6.1%	Hedge Funds -19.1%	DM Equities 26.5%	EMD 12.8%	HY bonds 3.6%	DM Equities 16.4%	EME 3.8%	Portfolio 7.0%	HY bonds 2.8%	DM Equities 6.9%
	REITS 8.3%	HY bonds 12.2%	Govt bonds 5.6%	Portfolio -22.6%	Portfolio 26.2%	Hedge Funds 10.9%	Cash 1.2%	Portfolio 12.6%	REITS 3.2%	EME 5.6%	EMD 2.3%	Portfolio 6.8%
	Hedge Funds 7.6%	EMD 10.0%	DM Equities 5.2%	HY bonds -25.2%	Cmtdy 18.9%	Portfolio 10.7%	Portfolio -1.1%	IG bonds 10.9%	Cash 0.5%	EMD 4.8%	IG bonds 2.1%	Hedge Funds 5.8%
	HY bonds 5.6%	Cash 4.8%	EMD 5.2%	Cmtdy -35.6%	Hedge Funds 18.6%	DM Equities 10.6%	Hedge Funds -2.5%	Hedge Funds 7.7%	Govt bonds 0.1%	Hedge Funds 4.1%	Govt bonds 1.9%	IG bonds 5.1%
	Govt bonds 5.0%	IG bonds 3.6%	IG bonds 3.2%	REITS -37.3%	IG bonds 16.6%	IG bonds 7.2%	DM Equities -5.0%	Govt bonds 4.5%	IG bonds 0.1%	HY bonds 2.6%	Hedge Funds 1.9%	Govt bonds 4.6%
	Cash 4.9%	Govt bonds 3.3%	HY bonds 2.0%	DM Equities -38.3%	Cash 2.2%	Govt bonds 3.6%	EME -12.5%	Cash 1.4%	EMD -4.1%	Cash 0.6%	Cash 0.2%	Cash 2.9%
	IG bonds 3.5%	Cmtdy 2.1%	REITS -17.8%	EME -45.7%	Govt bonds 1.0%	Cash 1.0%	Cmtdy -13.3%	Cmtdy -1.1%	Cmtdy -9.5%	Cmtdy -17.0%	Cmtdy -5.9%	Cmtdy -1.9%

Other assets and investor behaviour

Source: FTSE, MSCI, Barclays, Bloomberg, FactSet, J.P. Morgan Asset Management. Returns are in base currency of the index. Annualised period covers 2005 to 2014. Govt bonds: Barclays Global Aggregate Government Treasuries; HY bonds: Barclays Global High Yield; EMD: Barclays Emerging Markets (USD); IG bonds: Barclays Global Aggregate – Corporates; Cmtdy: Bloomberg UBS Commodity; REITS: FTSE NAREIT All REITS; DM Equities: MSCI World; Hedge funds: Credit Suisse/Tremont Hedge Fund; Cash: JP Morgan Cash United Kingdom (3M). Hypothetical portfolio (for illustrative purposes only and should not be taken as a recommendation): 12.5%: government bonds; 15%: IG bonds; 15%: EM equities; 30%: World equities; 7.5%: HY bonds; 5%: EMD; 5%: commodities; 5%: cash; and 5%: REITS. Multi-currency indices are hedged. *Guide to the Markets - UK*. Data as of 31 March 2015.

10-year correlations

	FTSE 100	S&P 500	MSCI Europe ex-UK	MSCI Asia ex-Japan	MSCI EM	UK Gilts	EM debt	High yield bonds	Global bonds	Cmdty	Hedge funds	Leveraged loans	Real estate
FTSE 100	1.00	0.78	0.90	0.75	0.79	-0.13	0.58	0.65	-0.04	0.50	0.64	0.53	0.10
S&P 500	0.64	1.00	0.80	0.69	0.69	-0.01	0.39	0.46	0.26	0.37	0.36	0.34	0.14
MSCI Europe ex-UK	0.87	0.64	1.00	0.79	0.81	-0.05	0.59	0.60	0.11	0.43	0.55	0.41	0.09
MSCI Asia ex-Japan	0.56	0.55	0.57	1.00	0.97	0.01	0.61	0.60	0.12	0.45	0.56	0.42	-0.06
MSCI EM	0.61	0.56	0.63	0.94	1.00	-0.03	0.65	0.62	0.06	0.54	0.61	0.46	-0.02
UK Gilts	-0.16	0.01	-0.13	0.23	0.11	1.00	0.15	-0.22	0.64	-0.10	-0.35	-0.34	-0.08
EM debt	0.50	0.14	0.46	0.52	0.62	0.14	1.00	0.74	0.03	0.38	0.52	0.53	-0.06
High yield bonds	0.66	0.32	0.57	0.37	0.52	-0.09	0.77	1.00	-0.30	0.35	0.77	0.88	-0.15
Global bonds	0.00	0.37	0.08	0.42	0.27	0.75	0.03	-0.08	1.00	0.07	-0.45	-0.50	-0.31
Cmdty	0.53	0.41	0.45	0.30	0.35	-0.07	0.34	0.52	0.19	1.00	0.46	0.25	0.16
Hedge funds	0.65	0.36	0.67	0.34	0.37	-0.08	0.38	0.52	-0.11	0.25	1.00	0.80	0.13
Leveraged loans	0.59	0.32	0.56	0.34	0.45	-0.25	0.57	0.82	-0.12	0.52	0.52	1.00	-0.05
Real estate	-0.16	0.05	-0.10	-0.33	-0.43	-0.27	-0.62	-0.41	-0.50	-0.54	-0.09	-0.44	1.00

Three-year correlations

Source: Citigroup, Barclays, Credit Suisse, NCREIF, Standard & Poor's, MSCI, Federal Reserve, Bloomberg, J.P. Morgan Economic Research, Bloomberg, J.P. Morgan Asset Management. UK Gilts: FTSE Actuaries Government Securities UK Gilts All Stocks; EM debt: JP Morgan EMBI Global; High yield bonds: JP Morgan Domestic High Yield; Global bonds: Barclays Global Aggregate; Lev. Loans: Credit Suisse Leveraged Loans; Cmdty: Bloomberg Commodity; Hedge Funds: CS/Tremont Multi-Strategy; Real estate: blended index, which includes NCREIF Property Index data and Federal Reserve estimates of changes in capital value. Ten-year correlation values are calculated for period March 2005 to March 2015. All indices except Real Assets are total return based on monthly return data in sterling; real asset correlations are based on quarterly data and are as at 31 December 2014. *Guide to the Markets - UK*. Data as of 31 March 2015.

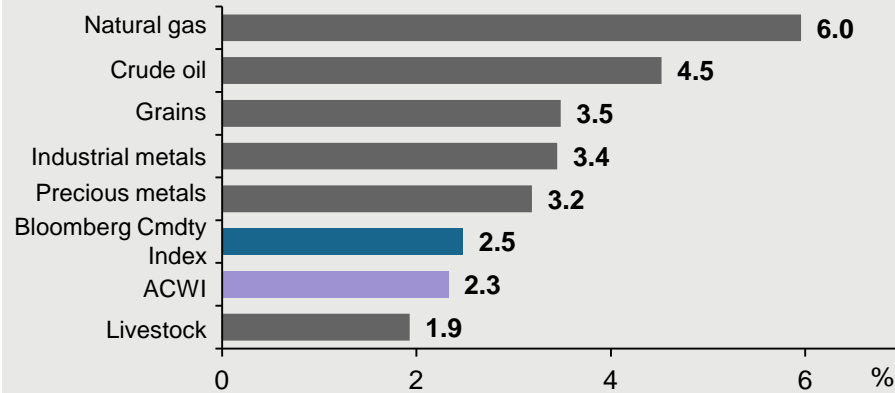
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	1Q15	Ten-yr Ann.
	Copper 56.1%	Nickel 167.2%	Wheat 52.1%	Gold 2.4%	Copper 129.6%	Silver 81.6%	Gold 9.6%	Corn 18.9%	Crude Oil 6.8%	Coffee 37.7%	Silver 6.1%	Gold 8.0%
	Nat. gas 52.8%	Copper 45.1%	Crude Oil 40.1%	Corn -23.1%	Nickel 54.6%	Coffee 66.8%	Corn 1.1%	Wheat 9.7%	Nat. gas 5.0%	Nickel 7.3%	Gold -0.2%	Copper 6.9%
	Silver 25.0%	Corn 40.0%	Gold 24.2%	Silver -26.6%	Silver 47.4%	Nickel 32.0%	Crude Oil -3.7%	Silver 7.0%	Copper -8.8%	Gold -1.8%	Copper -3.0%	Silver 6.0%
	Crude Oil 21.9%	Silver 37.8%	Silver 9.1%	Coffee -27.3%	Aluminium 33.6%	Corn 30.5%	Silver -10.2%	Gold 6.0%	Nickel -20.1%	Aluminium -3.1%	Aluminium -4.2%	Nickel 0.4%
	Aluminium 15.5%	Wheat 20.0%	Copper 4.1%	Nat. gas -38.0%	Gold 22.7%	Copper 29.4%	Coffee -11.2%	Copper 4.9%	Aluminium -20.8%	Wheat -9.5%	Corn -7.2%	Corn -3.1%
	Gold 13.8%	Aluminium 19.4%	Corn -2.3%	Wheat -39.4%	Coffee 10.1%	Gold 28.5%	Aluminium -21.7%	Aluminium -4.1%	Wheat -27.2%	Corn -13.3%	Nat. gas -11.0%	Coffee -5.8%
	Nickel -8.1%	Gold 16.0%	Coffee -6.4%	Aluminium -41.0%	Crude Oil 4.2%	Wheat 21.0%	Copper -24.5%	Nickel -10.3%	Gold -28.7%	Copper -16.6%	Wheat -13.2%	Aluminium -6.1%
	Wheat -8.8%	Coffee 1.0%	Nickel -16.9%	Copper -53.8%	Corn -10.3%	Aluminium 5.2%	Nickel -24.7%	Crude Oil -11.8%	Corn -30.3%	Silver -20.5%	Crude Oil -14.9%	Wheat -8.1%
	Coffee -11.7%	Crude Oil -16.7%	Aluminium -18.9%	Crude Oil -53.9%	Wheat -26.1%	Crude Oil 3.7%	Wheat -34.0%	Nat. gas -30.7%	Coffee -30.6%	Nat. gas -30.8%	Nickel -18.5%	Crude Oil -9.4%
	Corn -18.4%	Nat. gas -72.1%	Nat. gas -22.9%	Nickel -56.8%	Nat. gas -51.6%	Nat. gas -40.7%	Nat. gas -47.1%	Coffee -41.6%	Silver -36.7%	Crude Oil -41.7%	Coffee -21.6%	Nat. gas -34.1%

Other assets and investor behaviour

Source: Bloomberg, UBS, FactSet, J.P. Morgan Asset Management. Returns are in base currency of the index. Annualised period covers 2005 to 2014. Guide to the Markets - UK. Data as of 31 March 2015.

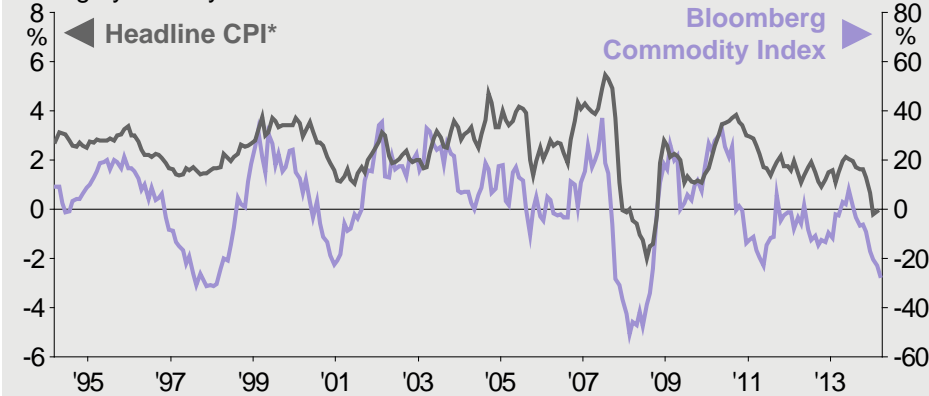
Commodity volatility

Standard deviation of weekly returns, 10 years



Commodity prices and US inflation

Change year on year



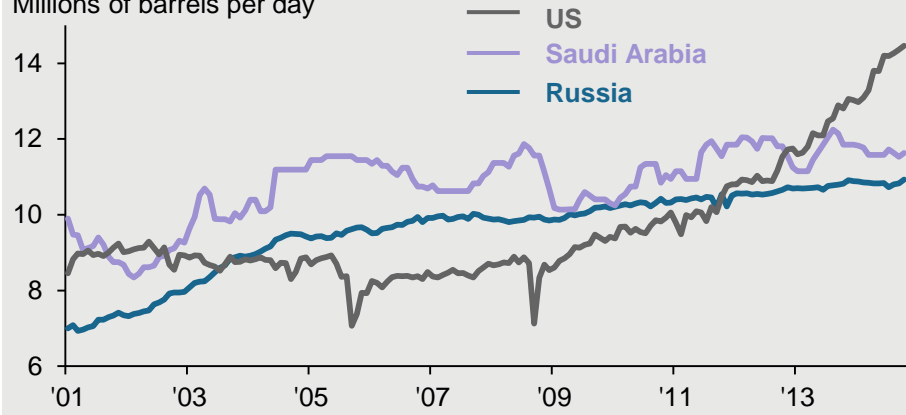
Gold price



Other assets and investor behaviour

Oil production by country

Millions of barrels per day



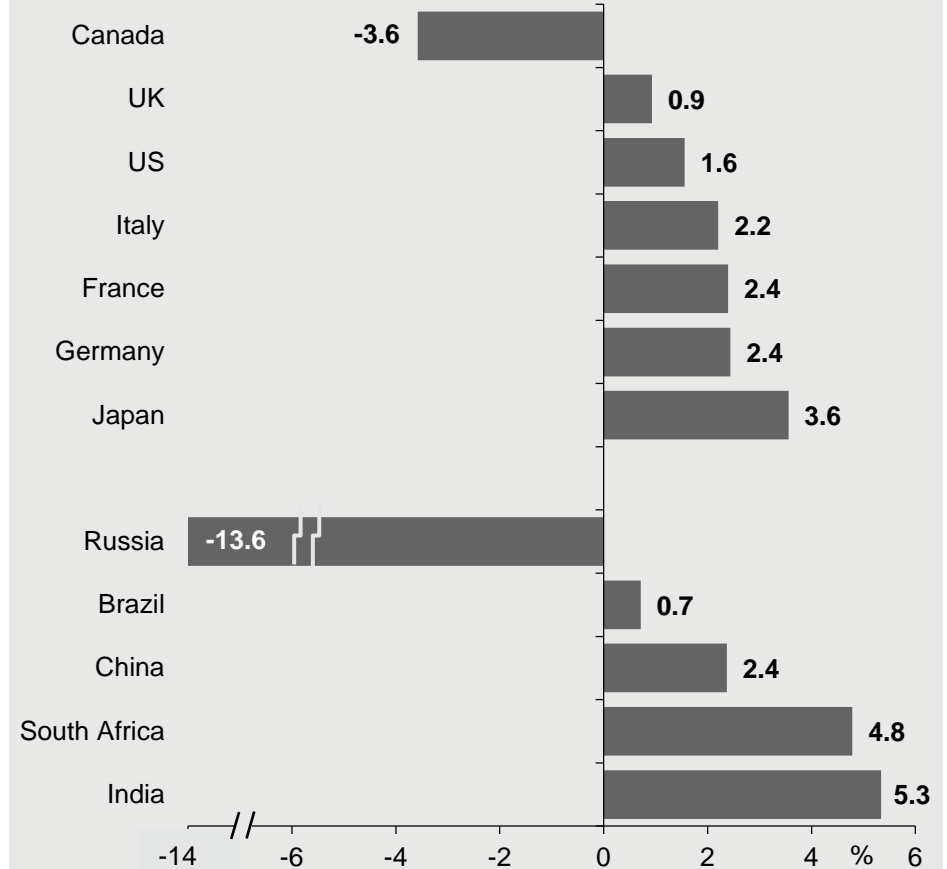
Crude oil prices

\$ per barrel



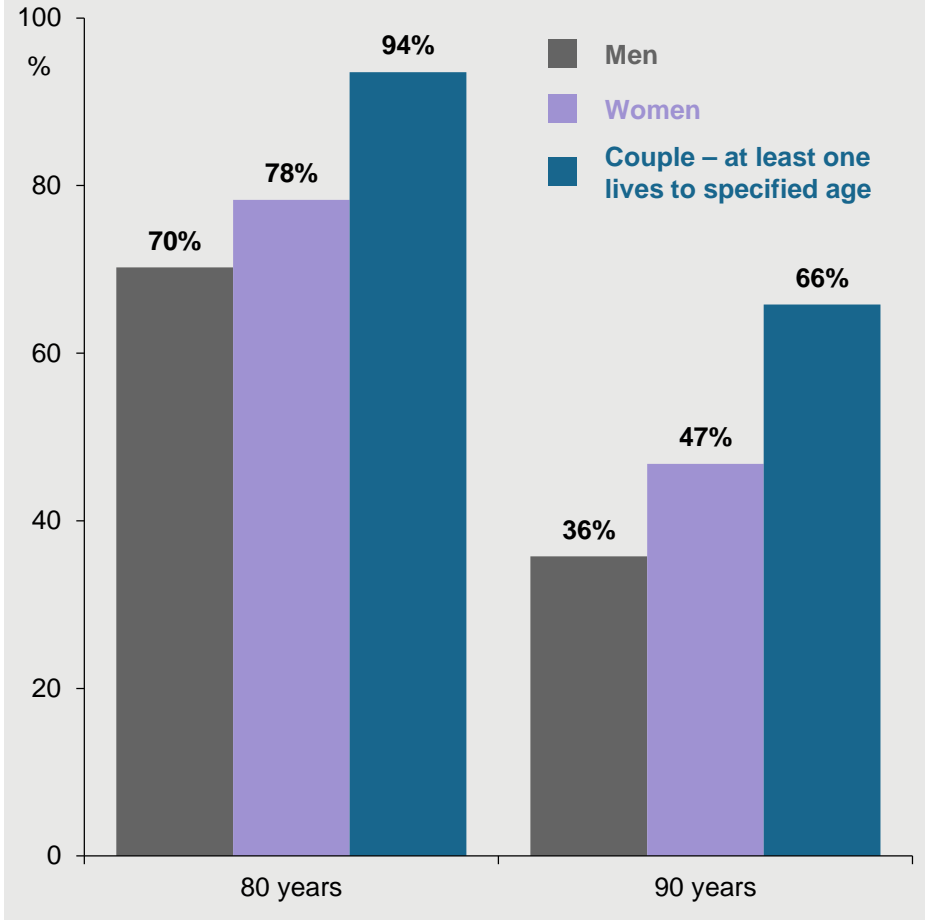
Oil importers and exporters

Net imports as % of GDP, 2013

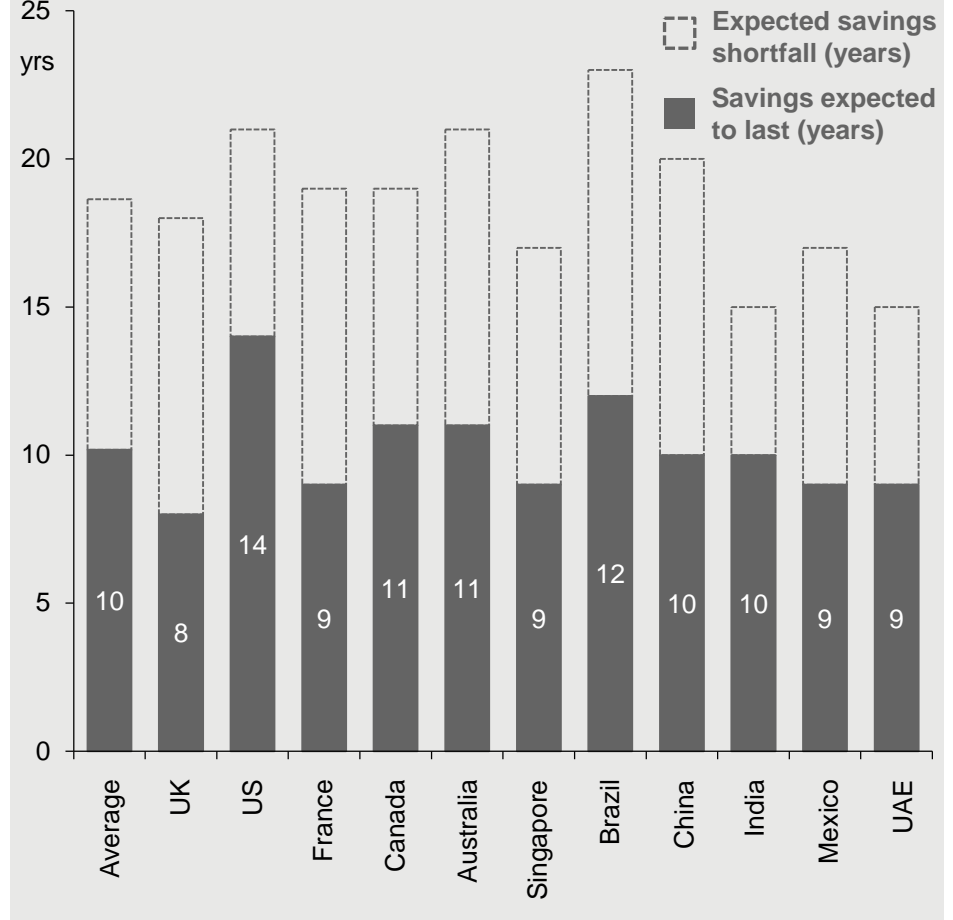


Other assets and investor behaviour

If you are 65 today, the probability of living to a specific age



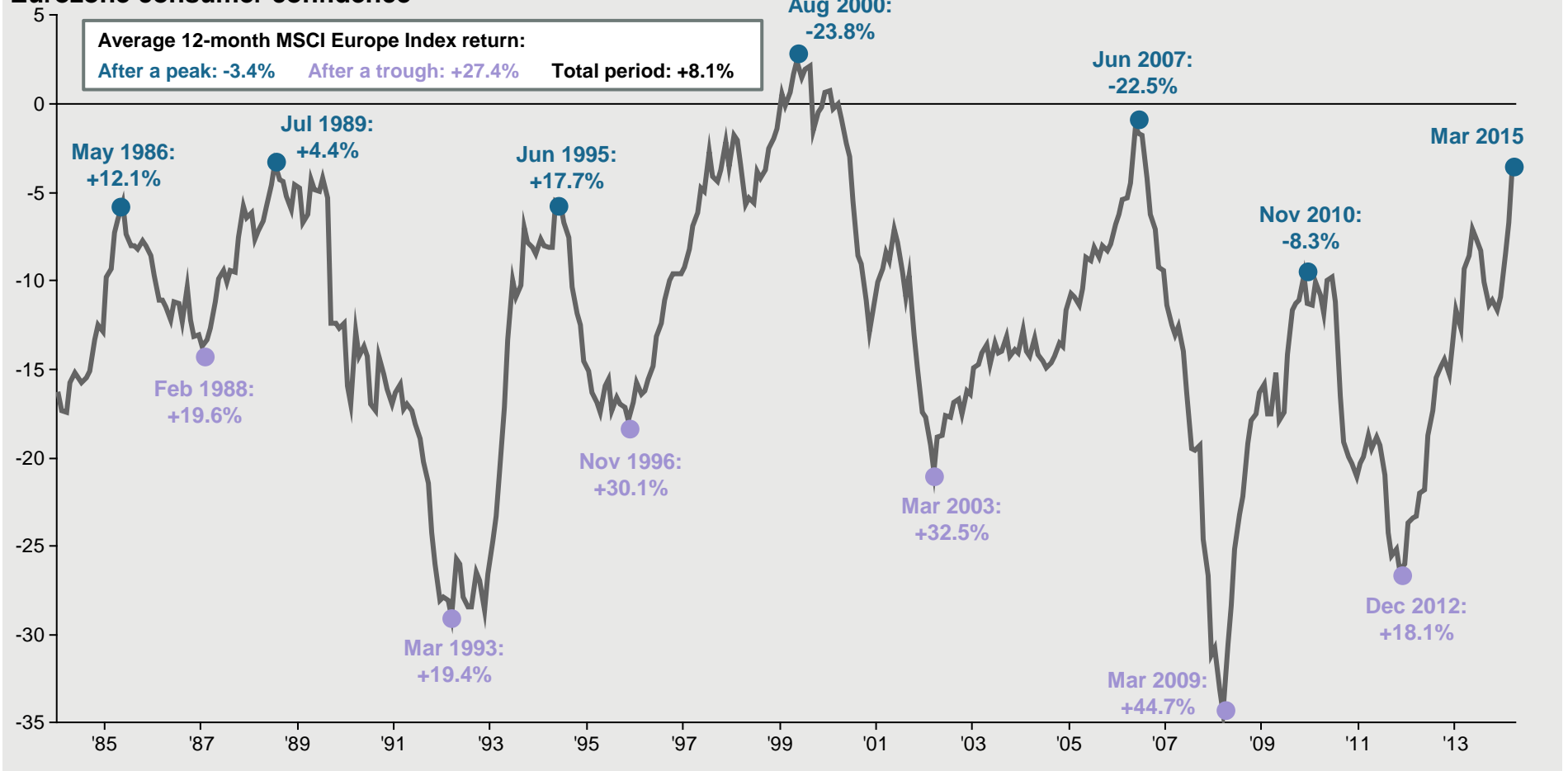
Perceived retirement shortfall by country



Other assets and investor behaviour

Source: (Left) ONS 2010-2012 Life Tables, J.P. Morgan Asset Management. (Right) "The Future of Retirement: A new reality" study by HSBC, J.P. Morgan Asset Management. Figures represent the expected portion of retirement that will not be covered by retirement savings based on survey data. Guide to the Markets - UK. Data as of 31 March 2015.

Eurozone consumer confidence

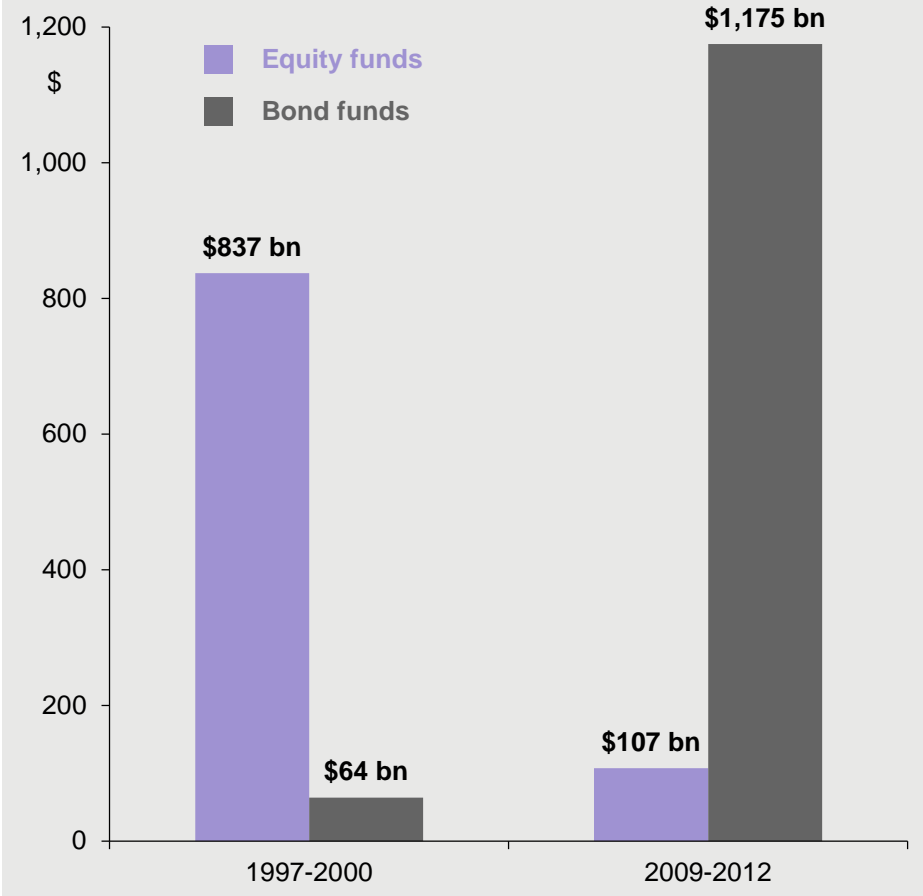


Other assets and investor behaviour

Source: European Commission, 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 MSCI Europe Index returns are price returns only, which excludes dividends. Total period return is the average 12-month rolling return. *Guide to the Markets - UK*. Data as of 31 March 2015.

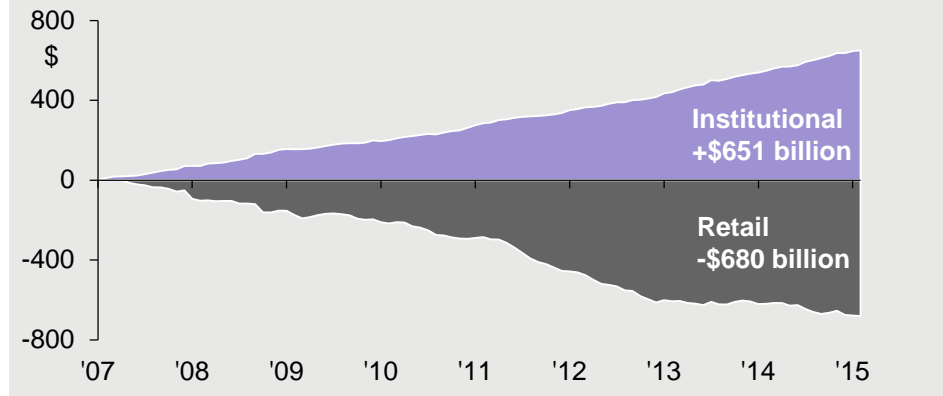
Cumulative mutual fund flows

US-domiciled funds, \$ billions



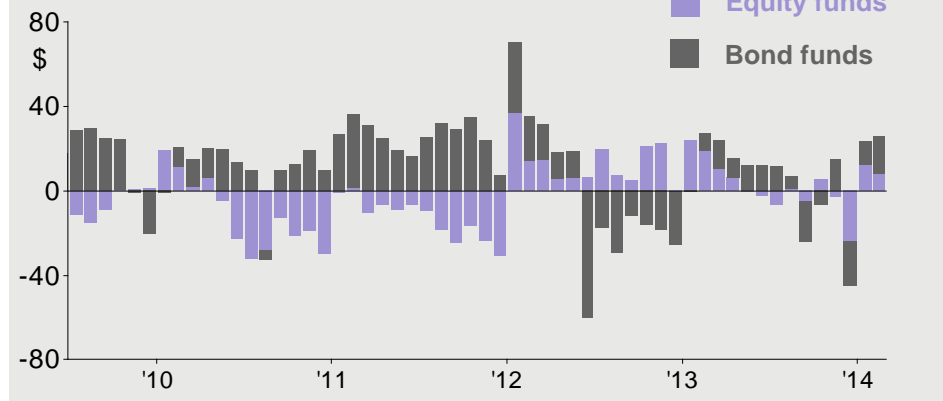
Cumulative flows into US equity funds

Includes both mutual funds and ETFs, \$ billions



Monthly mutual fund flows

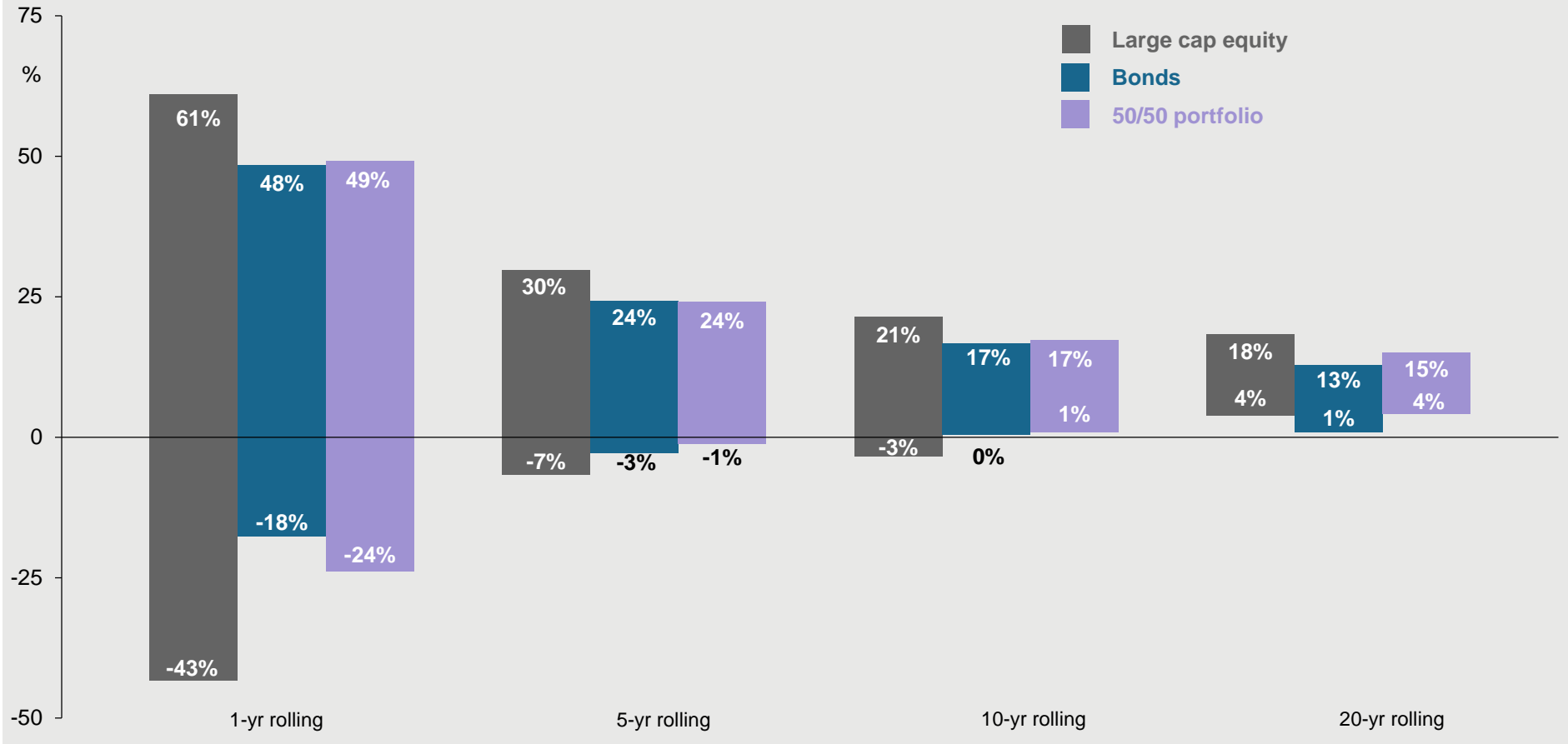
Net new cash flow to US mutual funds, \$ billions



Other assets and investor behaviour

Range of equity and bond total returns

Annualised total returns, 1950 - 2015



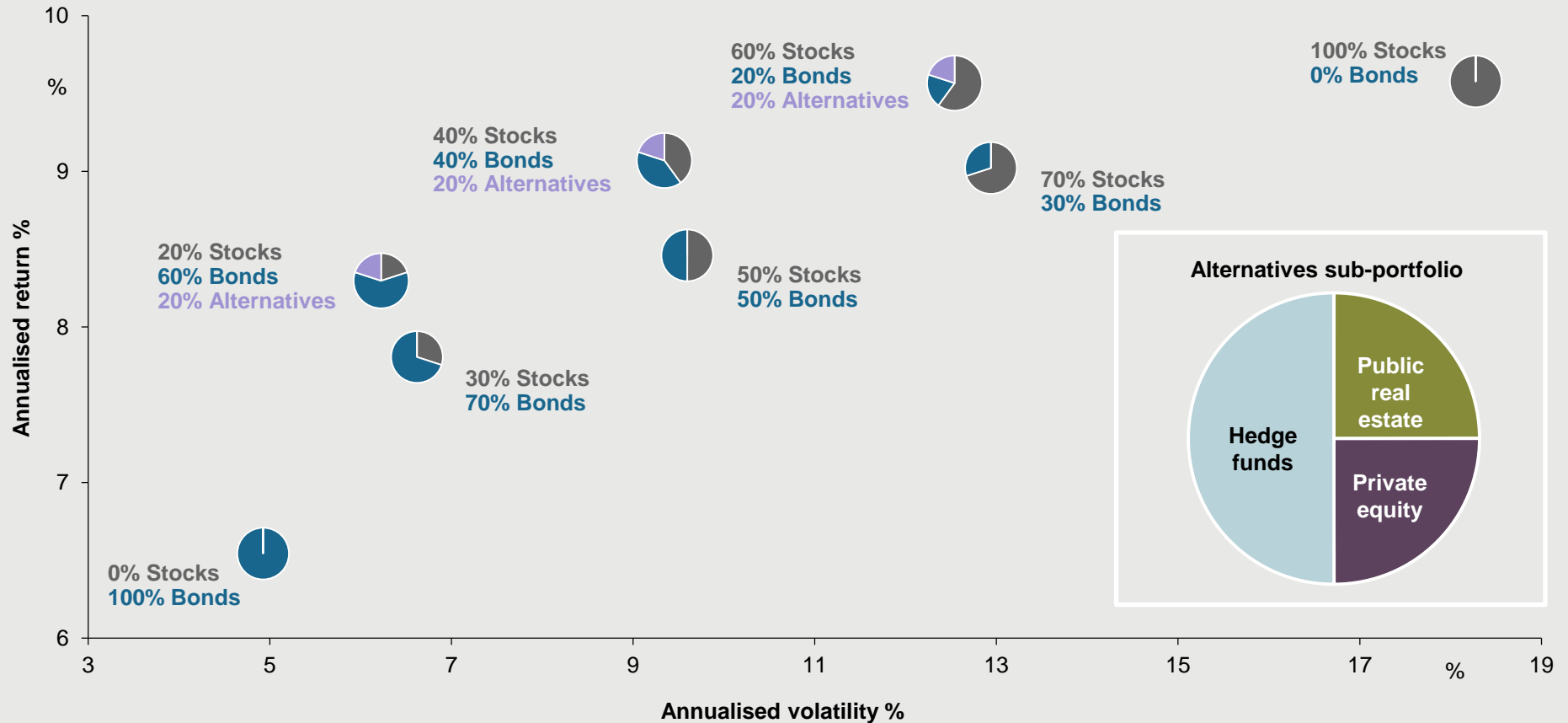
Other assets and investor behaviour

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	1Q15	Ann. Return	Ann. Volatility
Private Equity	28.3%	Real Estate 35.6%	Private Equity 19.7%	Gbl. Macro 4.7%	Real Estate 27.6%	Real Estate 26.7%	Private Equity 11.0%	Real Estate 18.0%	Private Equity 20.8%	Real Estate 28.7%	Real Estate 4.2%	Private Equity 15.0%	Real Estate 24.8%
Real Estate	13.7%	Private Equity 28.7%	Gbl. Macro 11.4%	Eq. Mkt. Ntrl. -3.0%	Rel. Val. 23.0%	Private Equity 20.4%	Real Estate 9.4%	Private Equity 14.0%	Distrsd. 15.1%	Gbl. Macro 5.8%	Gbl. Macro 3.0%	Real Estate 8.5%	Private Equity 10.3%
Distrsd.	10.4%	Distrsd. 15.3%	HF Agg. 11.0%	Mrgr. Arb. -6.7%	Distrsd. 20.2%	Rel. Val. 12.5%	Mrgr. Arb. 2.3%	Rel. Val. 9.7%	HF Agg. 9.6%	Rel. Val. 5.3%	Mrgr. Arb. 2.3%	Rel. Val. 6.5%	Distrsd. 9.6%
HF Agg.	9.1%	Mrgr. Arb. 14.6%	Rel. Val. 10.0%	Rel. Val. -17.3%	HF Agg. 18.6%	Distrsd. 12.2%	Rel. Val. 0.8%	Distrsd. 8.5%	Rel. Val. 7.5%	HF Agg. 4.3%	HF Agg. 1.7%	Distrsd. 6.0%	HF Agg. 7.7%
Eq. Mkt. Ntrl.	6.1%	HF Agg. 13.3%	Mrgr. Arb. 8.9%	HF Agg. -18.7%	Private Equity 13.4%	HF Agg. 8.5%	Distrsd. 0.0%	HF Agg. 4.4%	Eq. Mkt. Ntrl. 6.4%	Eq. Mkt. Ntrl. 3.2%	Rel. Val. 1.0%	HF Agg. 5.5%	Rel. Val. 6.8%
Gbl. Macro	6.1%	Rel. Val. 12.2%	Distrsd. 6.8%	Distrsd. -22.3%	Mrgr. Arb. 11.9%	Mrgr. Arb. 4.6%	Gbl. Macro -0.7%	Eq. Mkt. Ntrl. 3.1%	Mrgr. Arb. 5.3%	Mrgr. Arb. 1.9%	Eq. Mkt. Ntrl. 1.0%	Mrgr. Arb. 5.1%	Gbl. Macro 4.5%
Mrgr. Arb.	5.5%	Gbl. Macro 8.2%	Eq. Mkt. Ntrl. 5.7%	Private Equity -22.4%	Gbl. Macro 6.9%	Gbl. Macro 3.2%	Eq. Mkt. Ntrl. -1.5%	Mrgr. Arb. 1.8%	Gbl. Macro 0.1%	Distrsd. 1.2%	Distrsd. -0.7%	Gbl. Macro 4.7%	Eq. Mkt. Ntrl. 3.7%
Rel. Val.	5.3%	Eq. Mkt. Ntrl. 7.0%	Real Estate -16.3%	Real Estate -37.3%	Eq. Mkt. Ntrl. -1.7%	Eq. Mkt. Ntrl. 2.5%	HF Agg. -2.0%	Gbl. Macro -1.3%	Real Estate -0.5%	Private Equity -	Private Equity -	Eq. Mkt. Ntrl. 2.8%	Mrgr. Arb. 3.5%

Other assets and investor behaviour

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 (Gbl. Macro), merger arbitrage (Mrgr. Arb.), equity market neutral (Eq. Mkt. Ntrl.), and the aggregate (HF Agg.). Returns may fluctuate as hedge fund reporting occurs on a lag. 2014 and YTD private equity data is unavailable and provided by Cambridge Associates. Real estate returns reflect the NAREIT Real Estate 50 Index. Annualised volatility and returns are calculated from quarterly data between 31 December 2004 and 31 December 2014. *Guide to the Markets - UK*. Data as of 31 March 2015.

The effects of adding alternatives to a portfolio, 1990 - 2014

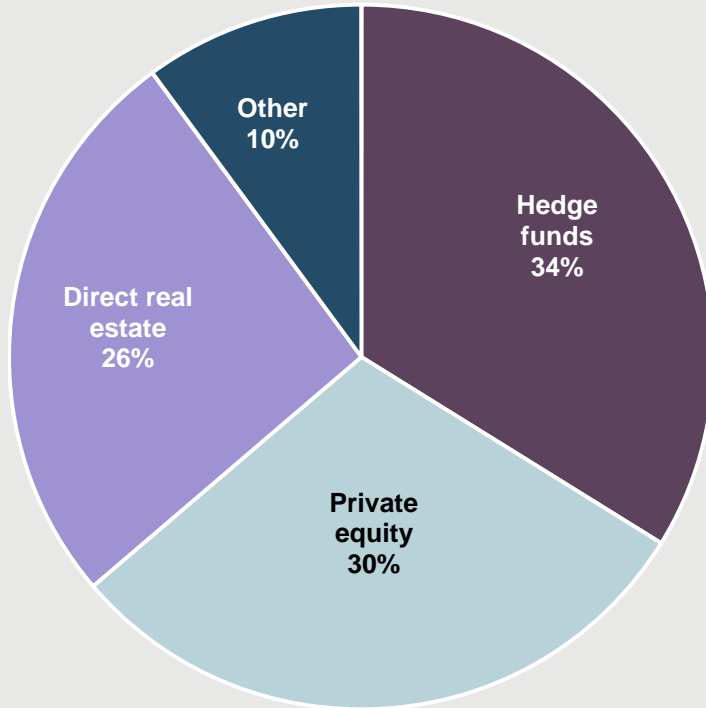


Other assets and investor behaviour

Source: Hedge Fund Research, Bloomberg, Barclays, S&P, The Burgiss Group, NCREIF ODCE. J.P. Morgan Asset Management. Data period from January 1990 to December 2014, utilising annual rebalancing. "Stocks" represents the S&P 500 Index, and "Bonds" represents the Barclays U.S. Aggregate Bond Index. "Alternatives" represents a hypothetical sub-portfolio of 10% in HFRI Fund Weighted Composite Index, 5% in Burgiss Index Pooled Return, 5% in NCREIF ODCE Net Total Return. All portfolios are for illustrative purposes only and should not be taken as a recommendation. Burgiss Index Pooled return for 4Q2014 is not yet available yet so 3Q2014 Pooled Return is used as a proxy. Past performance may not be indicative of future results. Indices are shown for illustrative purposes. *Guide to the Markets - UK*. Data as of 31 March 2015.

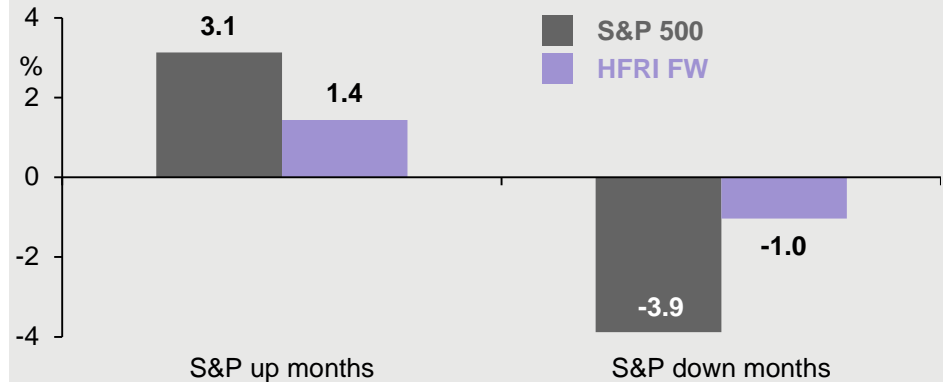
Alternative investor breakdown

Shown as a percentage of total survey participants*



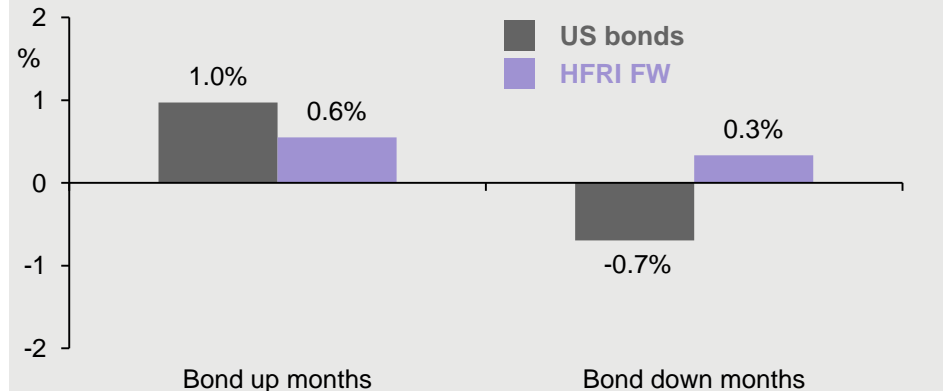
Hedge fund returns in different stock market environments**

Average return based on total return performance 1995-2014***



Hedge fund returns in different bond market environments

Average return based on bond market performance 1995-2014***



Source: (Left) "Global Alternatives Survey 2013" by Towers Watson, J.P. Morgan Asset Management. (Top right) Standard and Poor's, Hedge Fund Research, FactSet, J.P. Morgan Asset Management. (Bottom right) Barclays Capital, Hedge Fund Research, FactSet, J.P. Morgan Asset Management. *The investor breakdown is based on a Towers Watson survey of 578 investors. Participants include pension funds, endowments and foundations, banks, insurance firms, funds of funds, sovereign wealth funds, and wealth managers. **S&P 500 is total return performance. ***HFRI FW is Hedge Fund Research Index Fund Weighted. US bonds is the Barclays Capital US Aggregate Bond Index. *Guide to the Markets - UK*. Data as of 31 March 2015.

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 Index**SM 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 Indices**SM 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 All Country Asia Pacific ex-Japan Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed and emerging markets in the Pacific region. The **MSCI All Country Asia Pacific ex-Japan Index** consists of the following 11 developed and emerging market countries: Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand.

The **MSCI China Index** is an unmanaged index considered representative of stocks of China.

The **MSCI KOKUSAI Index** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets excluding Japan. The MSCI KOKUSAI Index consists of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States[®].

The **Nikkei 225 Index** is a price-weighted average of the 225 top-rated Japanese companies listed in the first section of the Tokyo Stock Exchange.

The **Tokyo Price Index (TOPIX)** is a capitalization-weighted index lists all firms that are considered to be under the 'first section' on the TSE, which groups all of the large firms on the exchange into one pool. The second section groups all of the remaining smaller firms.

The **FTSE 100 Index** is an index of the 100 largest companies (by market capitalization) in the United Kingdom.

The **FTSE All Share Index** is an index of the 630 largest companies (by market capitalization) in the United Kingdom.

The **MSCI Value and Growth Indices**SM 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 Indices**SM 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 Index**SM 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 Index**SM 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.

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

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.

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.

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

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.

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.

The **Barclays Euro-Aggregate Index** consists of bond issued in the euro or the legacy currencies of the sovereign countries participating in the European Monetary Union (EMU).

The **Global Bond Index Emerging Market Broad Diversified Index (GBI-EM)** is a comprehensive global local emerging markets index, and consists of liquid, fixed-rate, domestic currency government bonds.

The **Barclays Global Aggregate Corporate Index** consists of corporate issues in Europe, the US and Asia-Pacific regions.

The **Barclays Capital Global High Yield Index** is an unmanaged index considered representative of fixed rate, noninvestment-grade debt of companies in the U.S., developed markets and emerging markets.

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 **Li Keqiang Index** is a composite measure composed of China's electricity production, financial institution loans and railway freight.

The **Euro Stoxx 600 Index** represents large, mid and small capitalisation companies across 18 European countries.

The **JPMorgan GBI-EM Global Diversified** consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure. The weightings among the countries are more evenly distributed within this index.

The **JPMorgan Corporate Emerging Markets Bond Index (CEMBI)**: The CEMBI tracks total returns of US dollar-denominated debt instruments issued by corporate entities in Emerging Markets countries, and consists of an investable universe of corporate bonds. Both indices are also available in Diversified version.

The **JPMorgan CEMBI Index** is a USD denominated external debt index tracking bond issued by sovereigns and quasi-sovereigns in the developing nations.

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.

The **Office of National Statistics (ONS) Index** is a mix-adjusted average housing price index. The index is calculated monthly using mortgage financed transactions from the Regulated Mortgage Survey by the Council of Mortgage Lenders.

The **Nationwide House Price Index** is a mix adjusted index constructed from Nationwide lending data across the UK.

The **Halifax House Price Index** is constructed from mortgage data derived from Halifax lending data across the UK.

The **MSCI AC World High Dividend Yield Index** is composed of those securities that have higher-than-average dividend yield within its parent index, a track record of consistent dividend payments and the capacity to sustain future dividend payments.

The **Hedge Fund Research Distressed /Restructuring Index** is composed of funds whose investment process focus 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.

The **Hedge Fund Research Macro Index** is composed of funds which employ an investment process that analyses underlying economic variables and the impact these have on a range of asset markets.

The **Hedge Fund Research Equity Market Neutral Index** is composed of funds which employ sophisticated quantitative techniques for analysing price data to ascertain information about future price movements and relationships between securities.

The **Hedge Fund Research Merger Arbitrage Index** is composed of funds 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

The **Hedge Fund Research Relative Value Index** is composed of funds which look for valuation discrepancies in the relationship between different securities.

The **HFRF Fund Weighted Composite Index** is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database

The **Burgiss Pooled Return Index** is an index of private equity fund level cash flows that includes buyout funds and venture capital funds.

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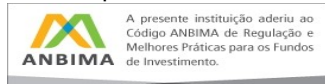
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Unless otherwise stated, all data as of 31 March 2015 or most recently available.

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