

CROSS ASSET RISK PREMIA INDICES

Index Construction Catalogue

May 2015

Disclaimer

Date of this presentation: May 2015

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Executive Summary	2
Equity	4
Rates	61
FX	78
Commodities	99
Credit	120

Executive Summary

Asset Class	Strategy Style	Risk Premia	Implementation	Catalogue Reference
Equity	Carry	VIX term premium	Long VIX Put options	Pg. 5-6
	Low Beta	Credit carry premium in short-dated dividends	Long rolling 1Y dividend futures, beta neutral	Pg. 7-8
	Momentum	Low beta/vol vs. high beta/vol premium in stocks	Long / Short portfolio of stocks	Pg. 9-14
		Price momentum and seasonal price trends in stocks	Long / Short portfolio of stocks	Pg. 15-22
	Quality	Momentum in equity sectors	Allocation to sectors based on price momentum	Pg. 23-24
	Size	Quality premium in stocks	Long / Short portfolio of stocks	Pg. 25-34
	Trend	Small vs. large cap premium in stocks	Long / Short portfolio of stocks	Pg. 35-38
	Value	Trends in equity futures	Long or Short futures based on moving averages	Pg. 39-44
Rates	Volatility	Value premium in stocks	Long / Short portfolio of stocks	Pg. 45-58
	Carry	Value premium in stocks	Short delta hedged option strangles	Pg. 59-62
	Momentum	Implied to realised volatility carry	Long / Long Short Futures or swaps	Pg. 64-67
	Trend	Relative momentum in rates	Allocation to broad rates/MM futures universe	Pg. 68-71
	Volatility	Trends in money market futures	Long or short MM futures based on moving averages	Pg. 72-77
FX	Volatility	Implied to realised volatility carry	Short delta hedged swaption straddles	Pg. 78-81
	Carry	Volatility term premium	Long long-term and short short-term swaptions	
	Momentum	Carry in interest rates	Allocation to broad rates/MM futures universe	Pg. 83-86
	Trend	Relative momentum in rates	Long or short MM futures based on moving averages	Pg. 87-88
Commodities	Volatility	Trends in FX Prices	Short delta hedged FX straddles	Pg. 89-100
	Carry	Implied to realised volatility carry	Allocation to FX forwards based on carry-to-risk	Pg. 101-102
	Momentum	Curve carry across commodities	Momentum based allocation to diverse basket of currencies	Pg. 107 – 110
	Trend	Relative value on commodity spreads	Long or short FX forwards based on moving averages	Pg. 111-114
Credit	Volatility	Momentum across commodities	Long short futures position	Pg. 121-126
	Carry	Implied to realised volatility carry	Short delta hedged commodity futures	Pg. 115 - 120
	Value	Relative value in Credit	Long high-yield and short investment grade ER indices sized by volatility	Pg. 128-129
Trend	Trend	Trends in Credit ER Indices	Long or short credit ER indices based on moving averages	Pg. 130-133

Executive Summary 2

Equity 4

Rates 61

FX 78

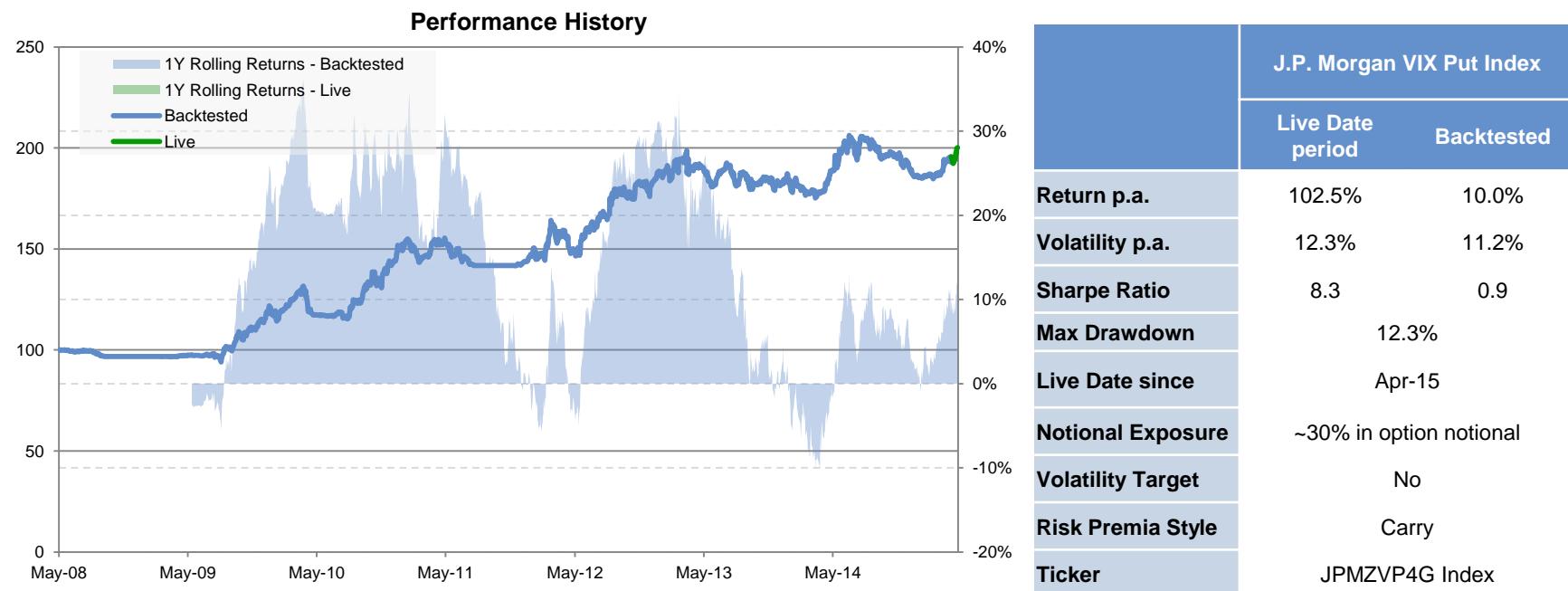
Commodities 99

Credit 120

J.P. Morgan VIX Put Index

Summary

- The J.P. Morgan VIX Put Index is a fully transparent and directly investable systematic index referencing **put options on VIX futures**
- The Index aims to monetize the natural roll-down of VIX futures curve while mitigating the drawdowns of such positioning experienced in stressed markets
- The J.P. Morgan VIX Put Index aims to maintain a short exposure to VIX futures through the systematic purchase of puts on the VIX when the expected roll down of VIX future is higher than the put option premium spent
- The roll down of the curve finances the premium of the put plus additional alpha
- If the payoff of the put is greater than the premium paid, the strategy will record a gain, otherwise it will record a loss equal to the payoff of the put minus the premium paid
- The loss is floored at the premium paid, thereby providing a **conservative means** of taking exposure to the **carry premium** in VIX futures



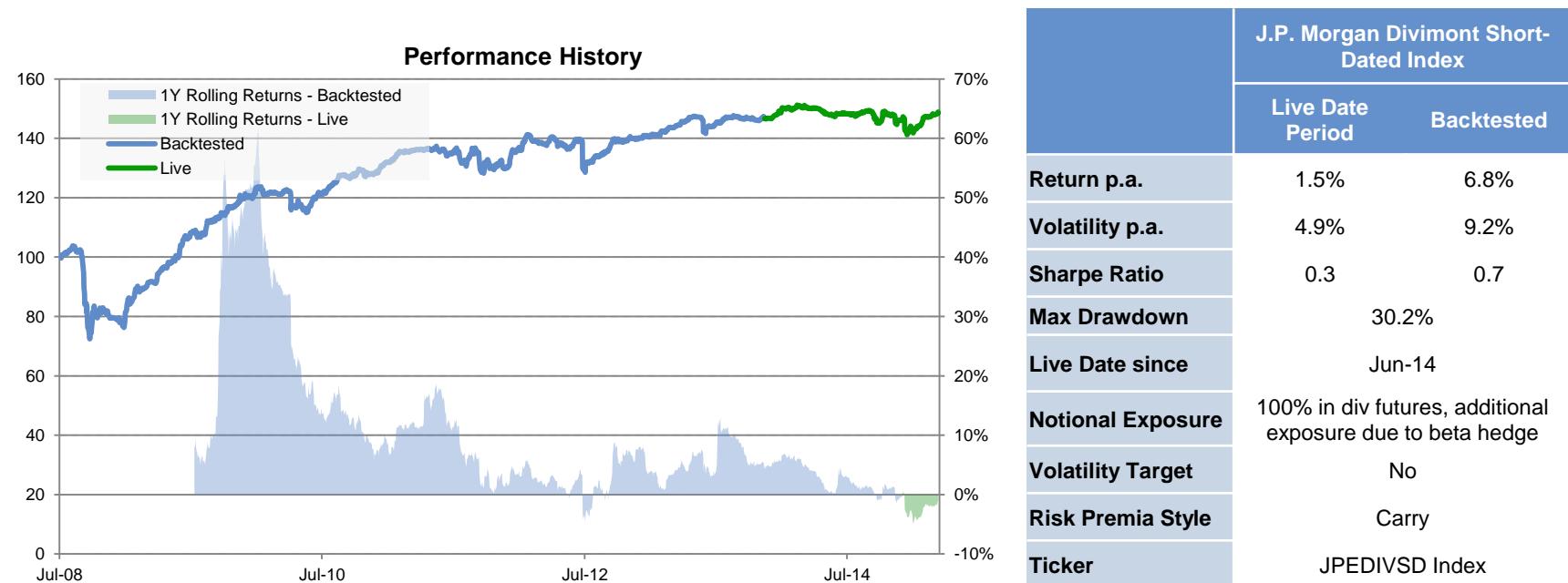
J.P. Morgan VIX Put Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ 2nd and 3rd month listed put options on the VIX Index ■ Strike is selected at 110% to relevant forward, subject to strike diversification mechanism
Allocation Methodology	<ul style="list-style-type: none"> ■ When the expected rolldown of the VIX futures curve is higher than the premium to be spent on the 110% strike put, the Index executes a new long put position ■ Diversification across strikes: No more than 10% notional in a single option ■ Daily trading: Daily initiation of positions for a premium of 0.2% of the Index Level (Maximum monthly loss of 4%)
Risk Management	<ul style="list-style-type: none"> ■ The long put execution floors the max drawdown expected from the strategy to the premium paid on the option ■ Daily execution and strike diversification mechanisms provide a smooth risk/return profiles
Additional Information	<ul style="list-style-type: none"> ■ Trading costs: Costs vary from 1.5% (VIX/VVIX : <20/<80) to 5% (VIX/VVIX: >70/>140) vega ■ Transparency :The VIX Put Strategy is constructed entirely from publicly available information, attempting to minimize the discretion involved in the calculation of Index level ■ Reference: Ruy Ribeiro, Marko Kolanovic, Davide Silvestrini, and Tony Lee, Risk Premia in Volatility Markets: Exploiting Volatility Spillover and Clustering (November 2012). Rules-Based Investment Strategies (November 2012)

J.P. Morgan Divimont Short Dated Index

Summary

- The J.P. Morgan DIVIMONT Short-Dated Index (the “Index”) is a fully transparent and directly investible strategy that references the returns of long/short exposure to Euro STOXX 50 dividend futures and the Euro STOXX 50 Index Futures tracker
- The Index aims to monetize the carry embedded in short dated dividends where analyst estimates (and realised dividends) tend to be higher than implied dividends. It offers an alternative to usual credit exposure with enhanced risk/return profile
- The Index takes a long exposure to the short-dated market neutral component by maintaining a 1 year rolling exposure to dividend futures, which is rebalanced every day between the nearest and second nearest dividend futures. The position is beta-hedged using Euro Stoxx 50 futures
- The Market Neutral feature allows to focus only on the absolute part of the dividends by removing the exposure to the underlying equity index



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

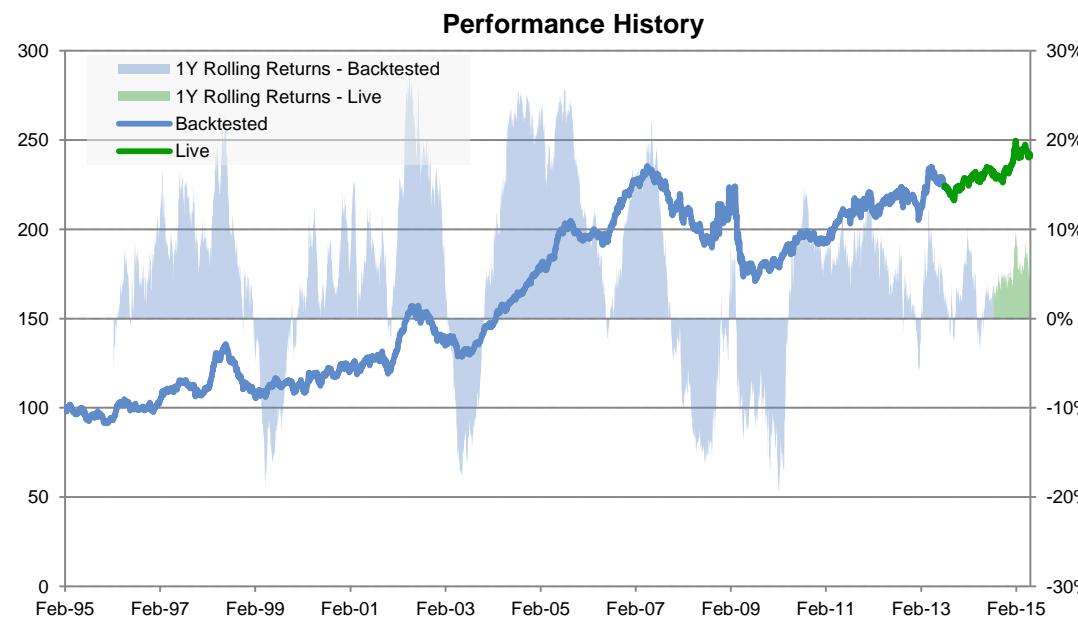
J.P. Morgan Divimont Short Dated Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> The J.P. Morgan Divimont Short-Dated Index references the returns of long / short exposure to Euro STOXX 50 dividend futures and the Euro STOXX 50 Index futures tracker. The Euro STOXX 50 Index future is used to beta-hedge the exposure to dividend futures
Allocation Methodology	<ul style="list-style-type: none"> To monetize the dividend risk premium embedded in the short-dated rolling dividend future, on a daily basis, the beta of this synthetic index is dynamically computed versus the Euro STOXX 50 Index An opposite position on the Euro STOXX 50 is initiated to mitigate this exposure
Risk Management	<ul style="list-style-type: none"> The daily rolling mechanism leads to a smoothed 1Y forward exposure and eliminates pin risk around expiry of dividend futures The daily beta-hedging mechanism reduces the directionality in the exposure to underlying spot movements
Additional Information	<ul style="list-style-type: none"> The embedded cost charged for rebalancing the dividend futures is 0.20% on the notional traded and 0.03% for the notional traded on Euro STOXX 50 futures Transparency: The Index is completely rules-based and systematic, based only on publicly available information, attempting to minimize the discretion involved in the calculation of Index levels Reference: Jules H. van Binsbergen, Michael W. Brandt, Ralph S.J. Koijen, On the Timing and Pricing of Dividends (August, 2010)

J.P. Morgan Equity Risk Premia Series – Low Beta Europe

Summary

- The J.P. Morgan Equity Risk Premia Series – *Low Beta Europe* Index aims to monetize the ‘Value’ premium in equities attributable to the beta of a stock. A lower beta may imply value in a company:
 - The Beta of a stock is calculated for 1 year
 - The index is a long/short basket comprised of 80 European stocks that are constituents of the MSCI Europe Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the Beta of a stock by its sector
 - The normalization process is used in order to minimize any bias across different sectors
 - The long leg comprises of the 40 lowest ranked stocks weighted equally; and the short leg comprises of the 40 highest ranked stocks
 - The weight of the short leg in the index is determined as the ratio of the Beta of the long leg to that of the short leg



J.P. Morgan Equity Risk Premia Series – Low Beta Europe		
	Live Period	Backtested
Return p.a.	4.4%	4.5%
Volatility p.a.	5.1%	8.7%
Sharpe Ratio	0.9	0.5
Max Drawdown		27.3%
Live Date since		Jul-13
Notional Exposure		100% long and <100% short
Volatility Target		No
Risk Premia Style		Low Beta
Ticker		JPLSLBEU Index

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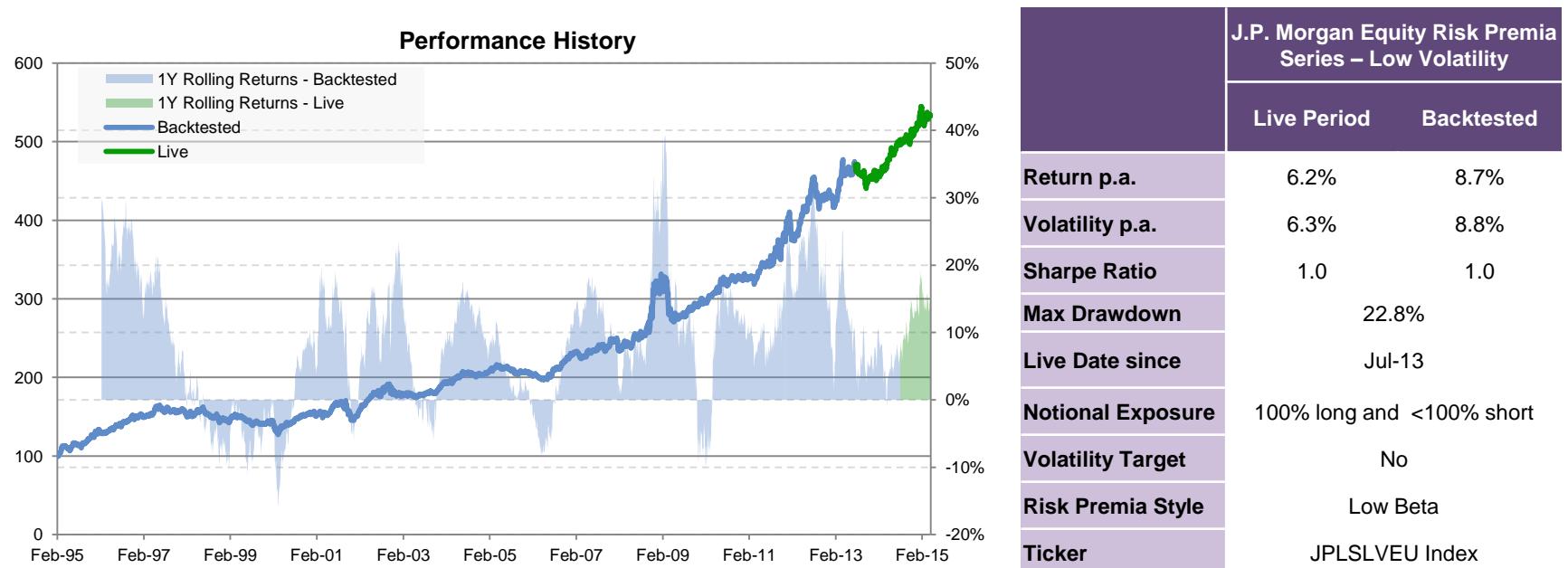
J.P. Morgan Equity Risk Premia Series – *Low Beta Europe*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European/US stocks ■ The ERP Low Beta Europe Index takes long exposure to 40 stocks from the MSCI Europe universe that have shown the least beta, and short exposure to 40 stocks that have shown the highest beta
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology. Additionally, the exposure of the short leg is limited to the ratio of the realized beta of the long leg to the short over the prior 1-year period, with the remaining position funded through cash
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta. Geographical diversification across European markets provides for a smooth harvesting of the premium in low beta stocks
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – Low Volatility Europe

Summary

- The J.P. Morgan Equity Risk Premia Series – *Low Volatility Europe* Index aims to monetize the ‘Value’ premium in equities attributable to the volatility of a stock. A lower volatility may imply value in a company:
 - The Volatility of a stock is calculated as the 90 day standard deviation of its price
 - The index is a long/short basket comprised of 80 European stocks that are constituents of the MSCI Europe Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the Volatility of a stock by its sector
 - The normalization process is used in order to minimize any bias across different sectors
 - The long leg comprises of the 40 lowest ranked stocks weighted equally; and the short leg comprises of the 40 highest ranked stocks. The weight of the short leg in the index is determined as the ratio of the 90 day volatility of the long leg to that of the short leg



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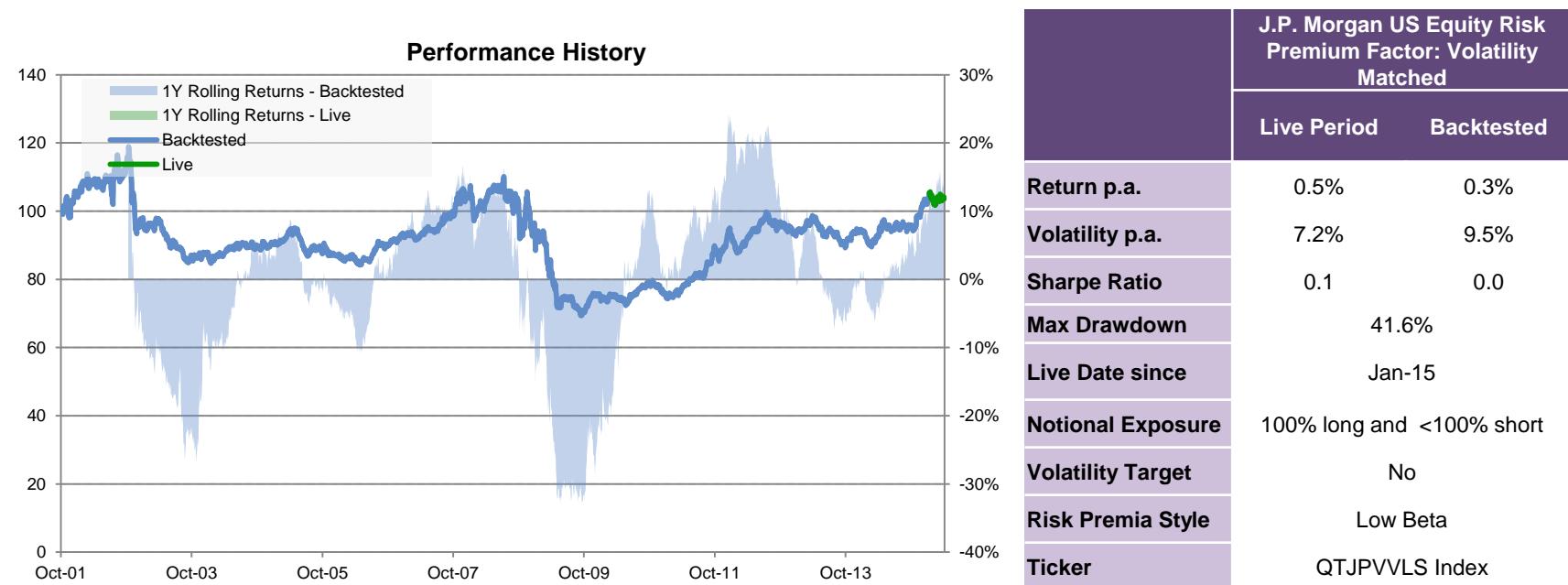
J.P. Morgan Equity Risk Premia Series – *Low Volatility Europe*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European/US stocks ■ The ERP Low Volatility Europe Index takes long exposure to 40 stocks from the MSCI Europe universe that have shown the least price-volatility over the prior 90 day period, and short exposure to 40 stocks that have shown the highest price-volatility
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology. Additionally, the exposure of the short leg is limited to the ratio of the realised volatility of the long leg to the short over the prior 90-day period, with the remaining position funded through cash
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta. Geographical diversification across European markets provides for a smooth harvesting of the premium in low volatility stocks
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – Low Volatility US

Summary

- The J.P. Morgan Equity Risk Premia Series – *Low Volatility US* Index aims to monetize the ‘Value’ premium in equities attributable to the volatility of a stock. A lower volatility may imply value in a company:
 - The Volatility of a stock is calculated as the 90 day standard deviation of its price
 - The index is a long/short basket comprised of 80 US stocks that are constituents of the FTSE US Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the Volatility of a stock by its sector
 - The normalization process is used in order to minimize any bias across different sectors
 - The long leg comprises of the 40 lowest ranked stocks weighted equally; and the short leg comprises of the 40 highest ranked stocks
 - The weight of the short leg in the index is determined as the ratio of the 90 day volatility of the long leg to that of the short leg



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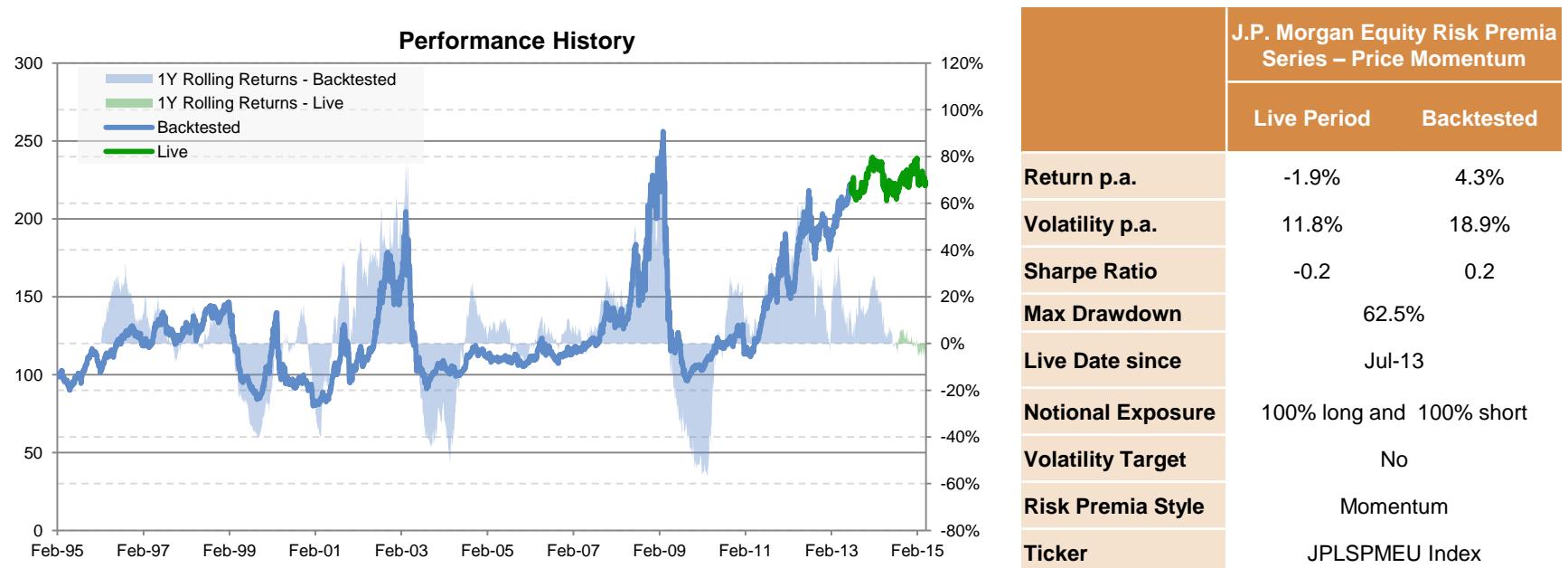
J.P. Morgan Equity Risk Premia Series – *Low Volatility US*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European / US stocks ■ The ERP Low Volatility Index takes long exposure to 40 stocks from the FTSE US universe that have shown the least price-volatility over the prior 90 day period, and short exposure to 40 stocks that have shown the highest price-volatility
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology. Additionally, the exposure of the short leg is limited to the ratio of the realised volatility of the long leg to the short over the prior 90-day period, with the remaining position funded through cash
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta.
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – *Price Momentum Europe*

Summary

- The J.P. Morgan Equity Risk Premia Series – *Price Momentum Europe* Index aims to monetize the ‘Momentum’ premium in equities attributable to the total returns of a stock - the 1 year return of the stock with dividends re-invested. Higher total return may imply momentum in the stock:
 - Price momentum in a stock is determined from the 1 year total return of that stock
 - The index is a long/short basket comprised of 80 European stocks that are constituents of the MSCI Europe Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the total return of a stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



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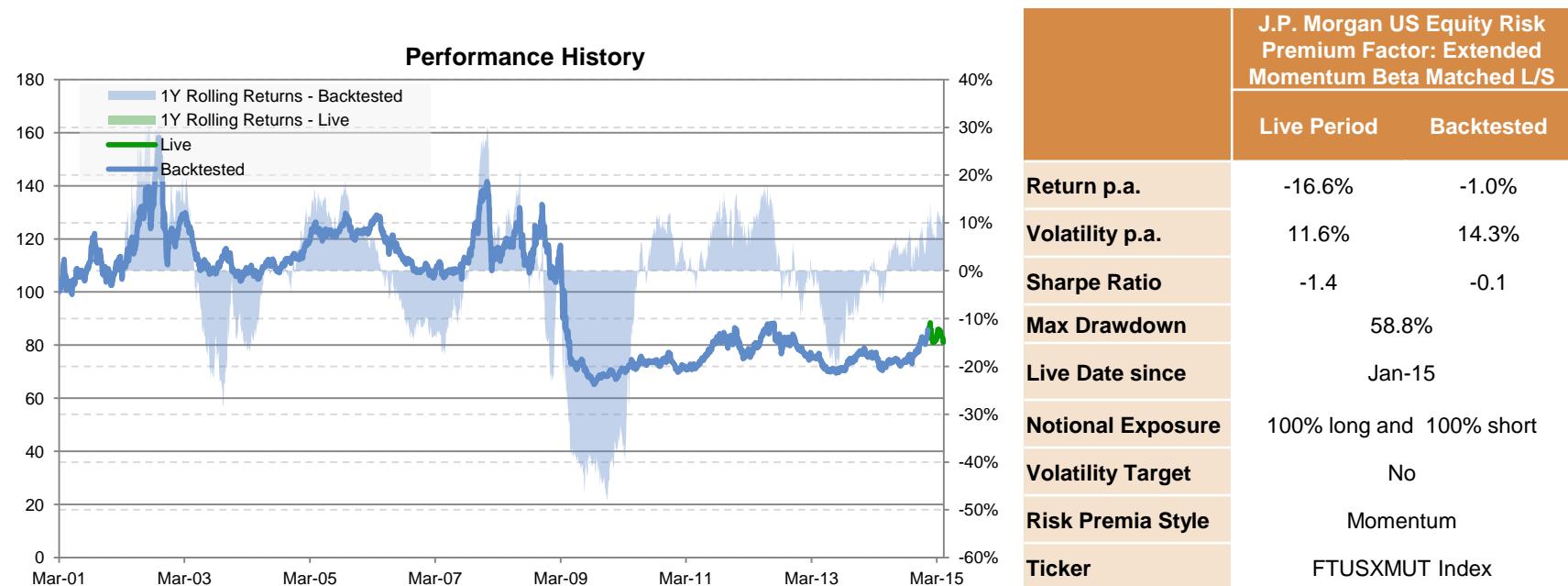
J.P. Morgan Equity Risk Premia Series – *Price Momentum Europe*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European/US stocks ■ The ERP Price Momentum Europe Index takes long exposure to 40 stocks from the MSCI Europe universe that have the highest 12 month historic total returns, and short exposure to 40 stocks having the least such quantity
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – *Extended Price Momentum US*

Summary

- The J.P. Morgan Equity Risk Premia Series – *Extended Price Momentum US* Index aims to monetize the ‘Momentum’ premium in equities attributable to the total returns of a stock - the difference of 1 year total return to 1 month total return of the stock divided by volatility. Higher factor may imply momentum in the stock:
 - Factor used for rebalancing is determined as the difference of 1 year total return to 1 month total return of a stock divided by volatility
 - The index is a long/short basket comprised of 80 US stocks that are constituents of the FTSE US Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the factor mentioned above by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



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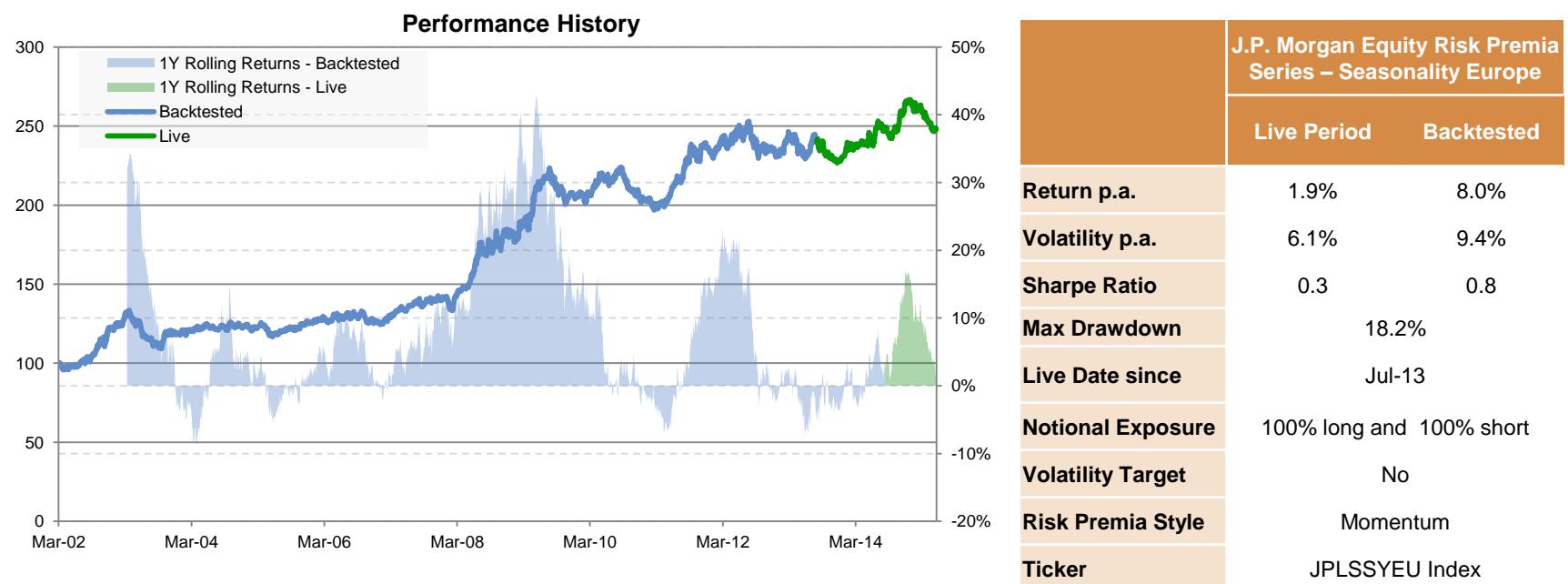
J.P. Morgan Equity Risk Premia Series – *Extended Price Momentum US*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into US / European stocks ■ The ERP Extended Price Momentum US Index takes long exposure to 40 stocks from the FTSE US universe that have the highest difference of 12 month historic total return to 1 month total return divided by volatility, and short exposure to 40 stocks having the least such factor
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – Seasonality Europe

Summary

- The J.P. Morgan Equity Risk Premia Series – *Seasonality Europe* Index aims to monetize the ‘Seasonality’ premium in equities attributable to the historical seasonality patterns of a stock, measured by the number of times the stock has outperformed the reference index in a given month:
 - The index is a long/short basket comprised of 80 European stocks that are constituents of the MSCI Europe Index
 - The constituent stocks of the index are selected monthly on the basis of Seasonality Hit Rate calculated as the number of times the stock has outperformed MSCI Europe Net Total Return Index divided by the total number of observations
 - The long leg comprises of the 40 highest ranked stocks weighted equally (which have high hit rate); and the short leg comprises of the 40 least ranked stocks (which have low hit rate)



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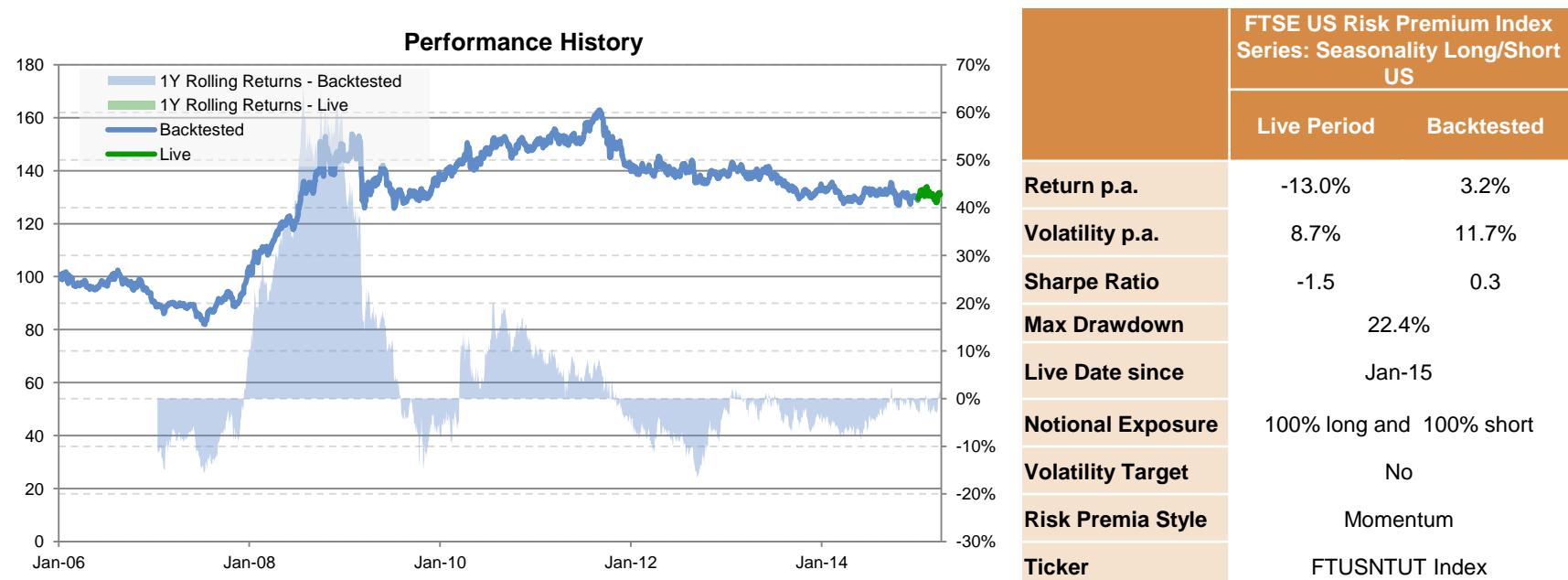
J.P. Morgan Equity Risk Premia Series – *Seasonality Europe*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European / US stocks ■ The ERP Seasonality Europe Index takes long exposure to 40 stocks from the MSCI Europe universe that have outperformed the MSCI Europe Net Total Return index most number of times, and short exposure to 40 stocks having the least outperformance over the upcoming month
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – Seasonality US

Summary

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 - The constituent stocks of the index are selected monthly on the basis of Seasonality Hit Rate calculated as the number of times the stock has outperformed FTSE US Index divided by the total number of observations
 - The long leg comprises of the 40 highest ranked stocks weighted equally (which have high hit rate); and the short leg comprises of the 40 least ranked stocks (which have low hit rate)



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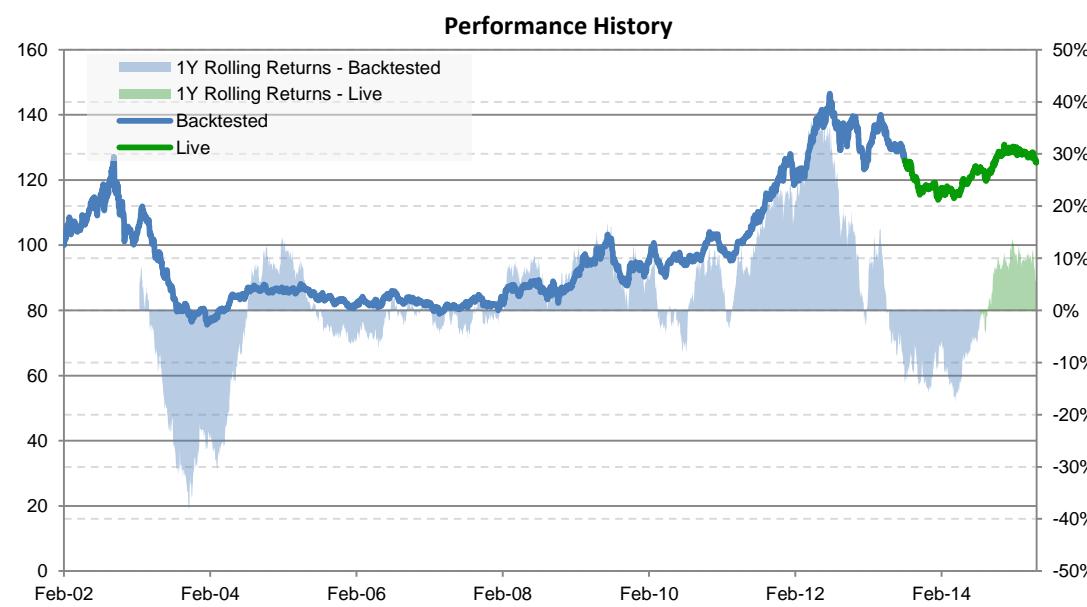
J.P. Morgan Equity Risk Premia Series – Seasonality US

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European / US stocks ■ The ERP Seasonality US Index takes long exposure to 40 stocks from the FTSE US universe that have outperformed the reference index most number of times, and short exposure to 40 stocks having the least outperformance over the upcoming month
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – ROE Europe

Summary

- The J.P. Morgan Equity Risk Premia Series – *ROE Europe* Index aims to monetize the ‘Quality’ premium in equities attributable to the Return on Equity of a stock. Higher ROE may imply quality in the stock:
 - Return on Equity is calculated as the ratio between the net income of the company and the shareholder’s equity
 - The index is a long/short basket comprised of 80 European stocks that are constituents of the MSCI Europe Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the ROE of a stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



J.P. Morgan Equity Risk Premia Series – ROE Europe	
Live Period	Backtested
Return p.a.	-0.7% 2.1%
Volatility p.a.	6.5% 9.5%
Sharpe Ratio	-0.1 0.2
Max Drawdown	40.6%
Live Date since	Jul-13
Notional Exposure	100% long and 100% short
Volatility Target	No
Risk Premia Style	Momentum
Ticker	JPLSROEU Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

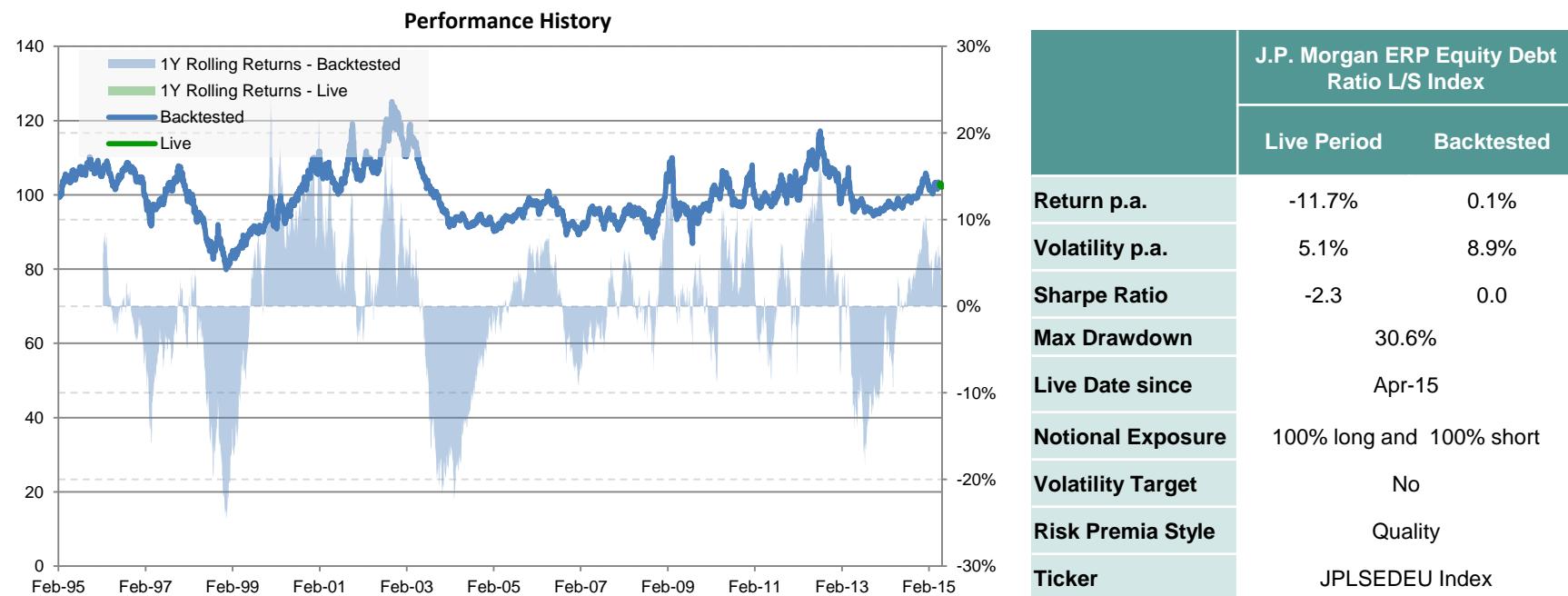
J.P. Morgan Equity Risk Premia Series – *ROE Europe*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European/US stocks ■ The ERP ROE Europe Index takes long exposure to 40 stocks from the MSCI Europe universe that have the highest normalized ROE, and short exposure to 40 stocks having the least such quantity
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – *Equity Debt Europe*

Summary

- The J.P. Morgan Equity Risk Premia Series – *Equity Debt Europe* Index aims to monetize the ‘Quality’ premium in equities through the use of Equity to Debt of a company. High Equity to Debt may imply quality in the stock:
 - Equity to debt is calculated as the ratio of historical total shareholders’ equity to historical total liabilities
 - The index is a long/short basket comprised of 80 European stocks that are constituents of the MSCI Europe Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the Equity to Debt of a stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

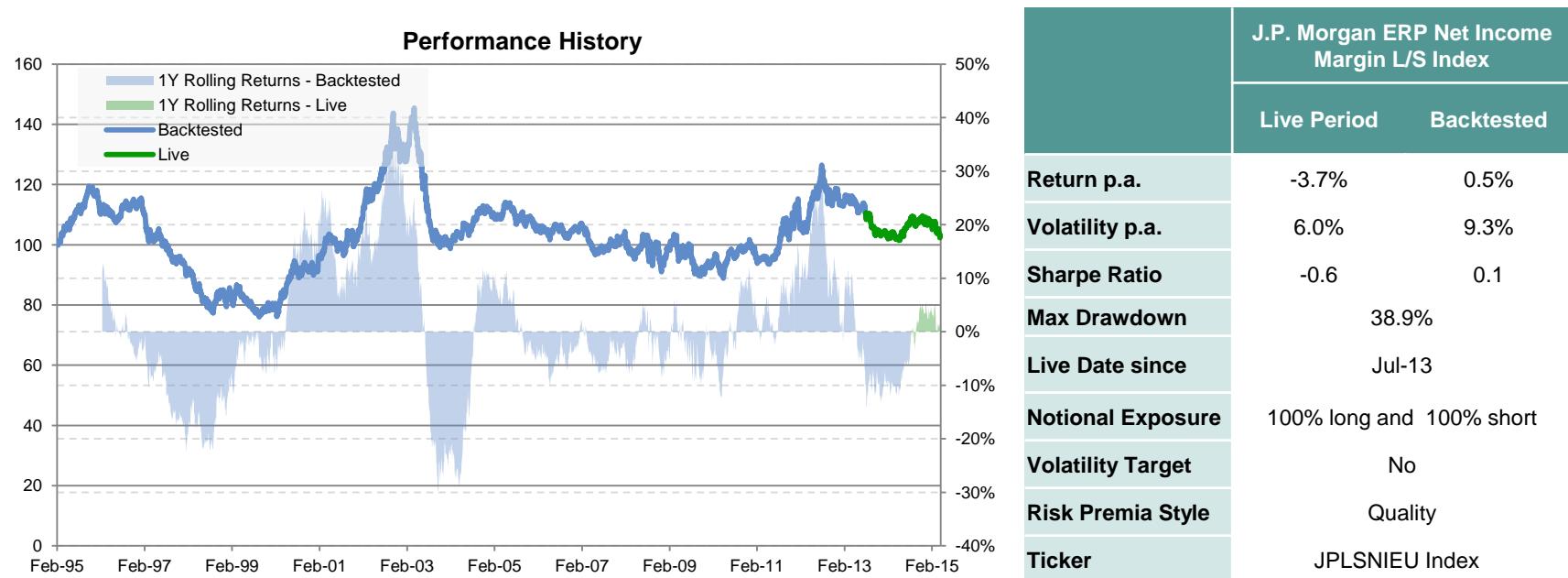
J.P. Morgan Equity Risk Premia Series – *Equity Debt Europe*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European/US stocks ■ The ERP Equity to Debt Europe Index takes long exposure to 40 stocks from the MSCI Europe universe that have the highest normalized Equity to Debt ratio, and short exposure to 40 stocks having the least such quantity
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta. Geographical diversification across European markets provides for a smooth harvesting of the premium in high Equity to Debt stocks
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – Net Income Margin Europe

Summary

- The J.P. Morgan Equity Risk Premia Series – *Net Income Margin Europe* Index aims to monetize the ‘Quality’ premium in equities attributable to the Net Income Margin of a stock. Higher Net Income Margin may imply quality in the stock:
 - Net Income Margin is the ratio between the profit and the total revenue of the company
 - The index is a long/short basket comprised of 80 European stocks that are constituents of the MSCI Europe Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the Net Income Margin of the stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

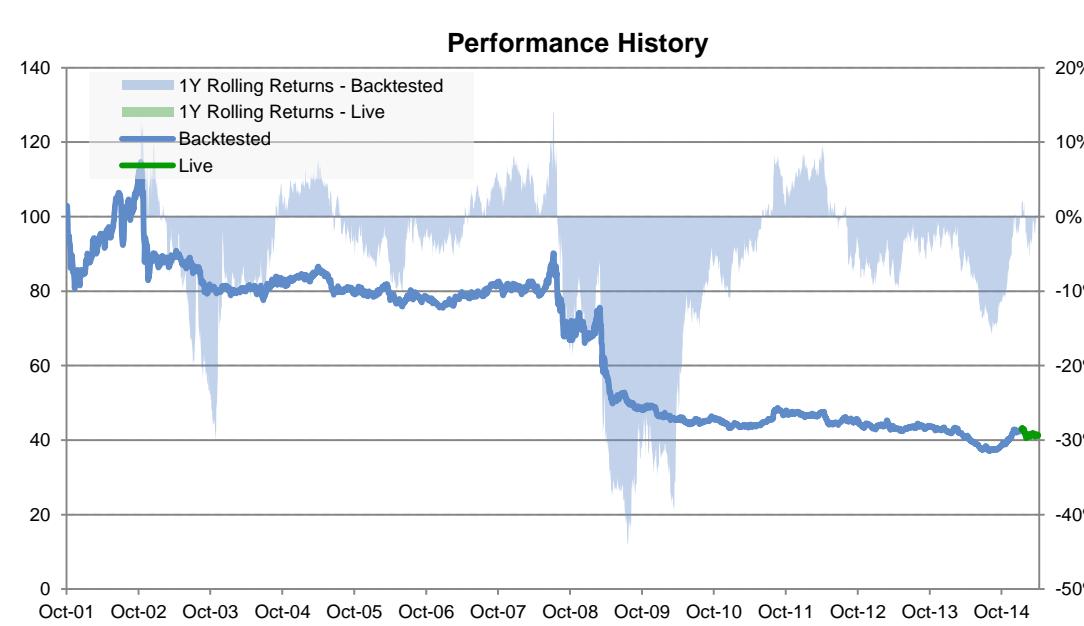
J.P. Morgan Equity Risk Premia Series – *Net Income Margin Europe*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European/US stocks ■ The ERP Net Income Margin Europe Index takes long exposure to 40 stocks from the MSCI Europe universe that have the highest normalized net income margin, and short exposure to 40 stocks having the least such quantity
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta. Geographical diversification across European markets provides for a smooth harvesting of the premium in high net income margin stocks
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – ROE US

Summary

- The J.P. Morgan Equity Risk Premia Series – *ROE US* Index aims to monetize the ‘Quality’ premium in equities attributable to the Return on Equity of a stock. Higher ROE may imply quality in the stock:
 - Return on Equity is calculated as the ratio between the net income of the company and the shareholder’s equity
 - The index is a long/short basket comprised of 80 US stocks that are constituents of the FTSE US Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the Return on Equity of a stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



J.P. Morgan US Equity Risk Premium Factor: ROE Beta Matched L/S (ER)	
Live Period	Backtested
Return p.a.	-11.6% -6.2%
Volatility p.a.	10.7% 11.5%
Sharpe Ratio	-1.1 -0.5
Max Drawdown	67.7%
Live Date since	Jan-15
Notional Exposure	100% long and 100% short
Volatility Target	No
Risk Premia Style	Quality
Ticker	QTJPEBLS Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

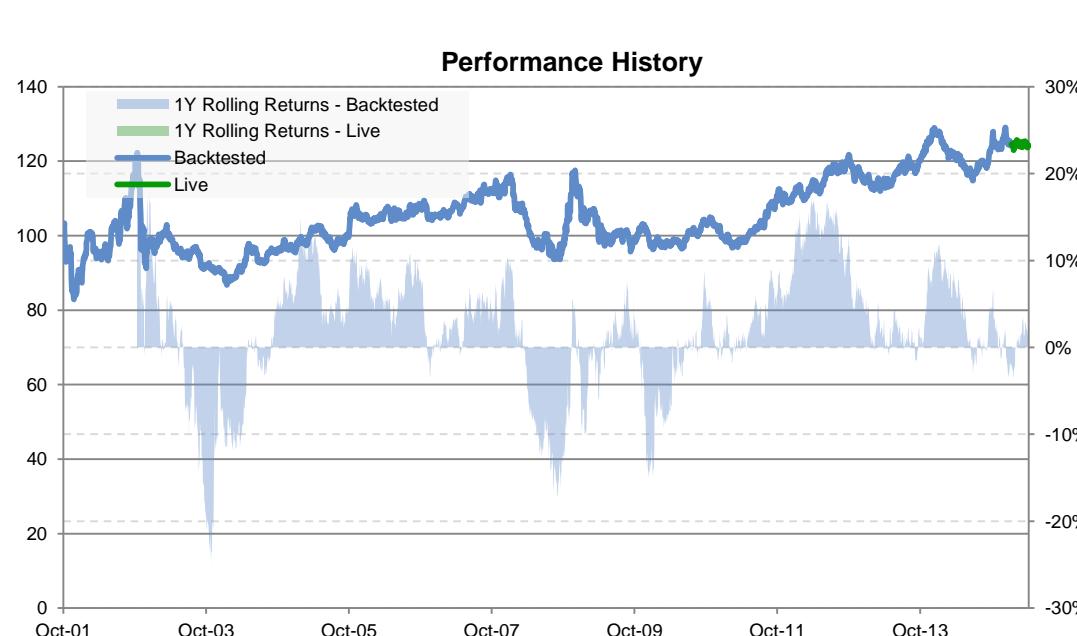
J.P. Morgan Equity Risk Premia Series – *ROE US*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European/US stocks ■ The ERP ROE US Index takes long exposure to 40 stocks from the FTSE US universe that have the highest normalized ROE, and short exposure to 40 stocks having the least such quantity
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – FCF / IC US

Summary

- The J.P. Morgan Equity Risk Premia Series – FCF / IC US Index aims to monetize the ‘Quality’ premium in equities attributable to the ratio between free cash flow and invested capital:
 - The factor used for rebalancing is calculated as the ratio between the free cash flow and the invested capital
 - The index is a long/short basket comprised of 80 US stocks that are constituents of the FTSE US Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the FCF/IC of a stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



J.P. Morgan US Equity Risk Premium Factor: FCF/IC Beta Matched L/S (ER)		
Live Period	Backtested	
Return p.a.	1.6%	1.6%
Volatility p.a.	6.3%	9.9%
Sharpe Ratio	0.3	0.2
Max Drawdown		29.1%
Live Date since		Jan-15
Notional Exposure	100% long and 100% short	
Volatility Target	No	
Risk Premia Style	Quality	
Ticker	QTJPIBLS Index	

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

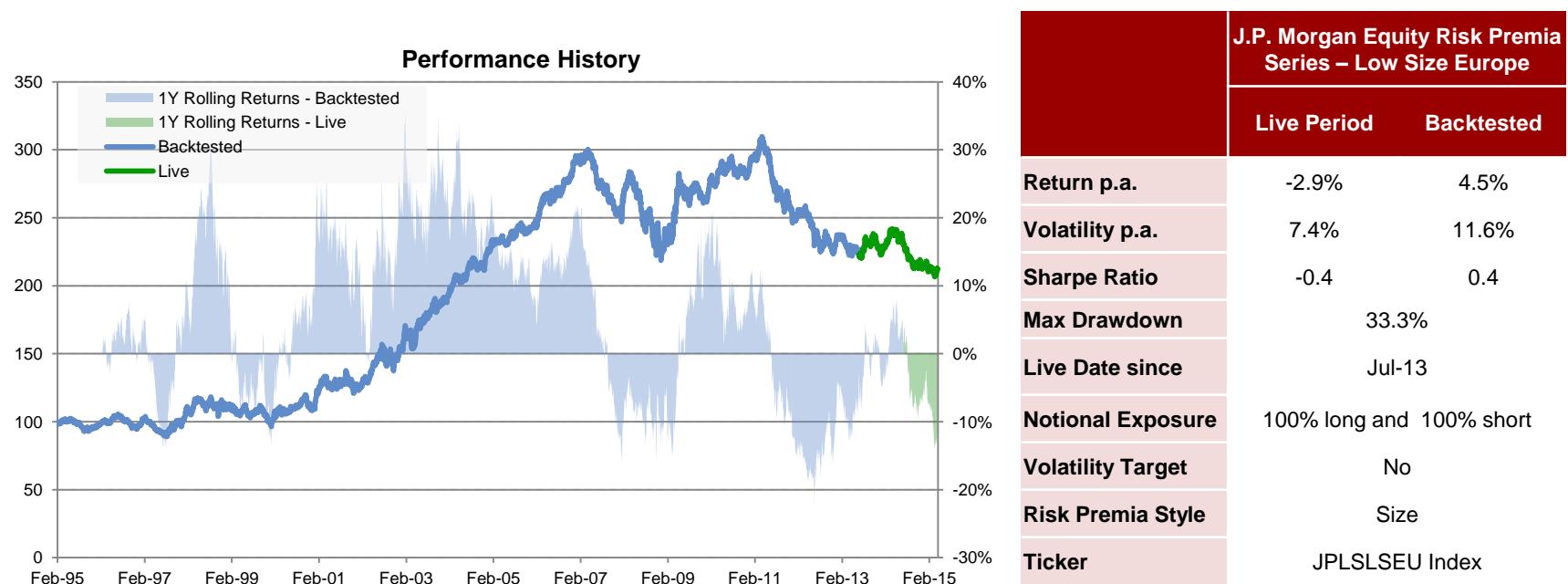
J.P. Morgan Equity Risk Premia Series – FCF / IC US

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European/US stocks ■ The ERP FCF/IC US Index takes long exposure to 40 stocks from the FTSE US universe that have the highest normalized FCF/IC, and short exposure to 40 stocks having the least such quantity
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia Series – Low Size Europe

Summary

- The J.P. Morgan Equity Risk Premia Series – *Low Size Europe* Index aims to generate returns by selecting stocks based on market capitalization. A lower size firm may be undervalued and hence might be better placed to create good returns in the future:
 - The market capitalization is used as a factor for rebalancing
 - The index is a long/short basket comprised of 80 European stocks that are constituents of the MSCI Europe Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the market capitalization of a stock by the total market capitalization of its sector
 - The normalization process is used in order to minimize any bias across different sectors
 - The long leg comprises of the 40 lowest ranked stocks weighted equally; and the short leg comprises of the 40 highest ranked stocks



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

J.P. Morgan Equity Risk Premia Series – Low Size Europe

Details

Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European / US stocks ■ The ERP Low Size Europe Index takes long exposure to 40 stocks from the MSCI Europe universe that have the least market capitalization on rebalancing selection date, and short exposure to 40 stocks that have the highest market capitalization
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta. Geographical diversification across European markets provides for a smooth harvesting of the premium in low size stocks
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research.

J.P. Morgan Equity Risk Premia Series – Low Size US

Summary

- The J.P. Morgan Equity Risk Premia Series – *Low Size US* Index aims to generate returns by selecting stocks based on market capitalization. A lower size firm may be undervalued and hence might be better placed to create good returns in the future :
 - The market capitalization is used as a factor for rebalancing
 - The index is a long/short basket comprised of 80 US stocks that are constituents of the FTSE US Index
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the market capitalization of a stock by the total market capitalization of its sector
 - The normalization process is used in order to minimize any bias across different sectors
 - The long leg comprises of the 40 lowest ranked stocks weighted equally; and the short leg comprises of the 40 highest ranked stocks



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

J.P. Morgan Equity Risk Premia Series – Low Size US

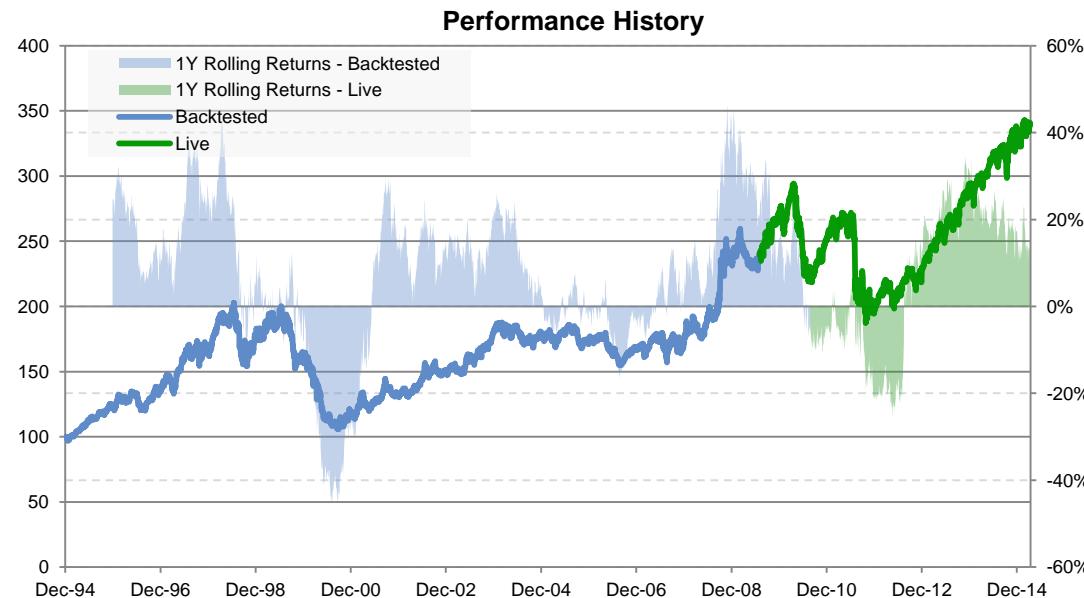
Details

Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European / US stocks ■ The ERP Low Size US Index takes long exposure to 40 stocks from the FTSE US universe that have the lowest market capitalization on rebalancing selection date, and short exposure to 40 stocks that have the highest market capitalization
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The data used for index calculation is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Momentum US Index

Summary

- J.P. Morgan Equity Momentum US Index aims to profit from the tendency of US equity market to trend (either up or down) for sustained periods, by going long the market when an upward trend is identified and short the market when a downward trend is identified
- If the recently observed tendency is sustained and the market continues to follow the identified trend, the strategy returns positive performance
- The index has the potential to perform equally well in both bull and bear markets
- The strategy is harnessed using 5 and 260 day moving average prices for the J.P. Morgan US Equity Futures Tracker
 - A long position in the underlying is implemented if the 5 day average is greater than the 260 day average
 - A short position in the underlying is implemented if the 5 day average falls beneath the 260 day average
 - Positions can be rebalanced potentially daily depending on market conditions



JPMorgan Equity Momentum US Index	
Live Period	Backtested
Return p.a.	6.1% 6.3%
Volatility p.a.	16.5% 15.3%
Sharpe Ratio	0.4 0.4
Max Drawdown	47.9%
Live Date since	Aug-09
Notional Exposure	Variable
Volatility Target	No
Risk Premia Style	Trend
Ticker	AIJPMEUU Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

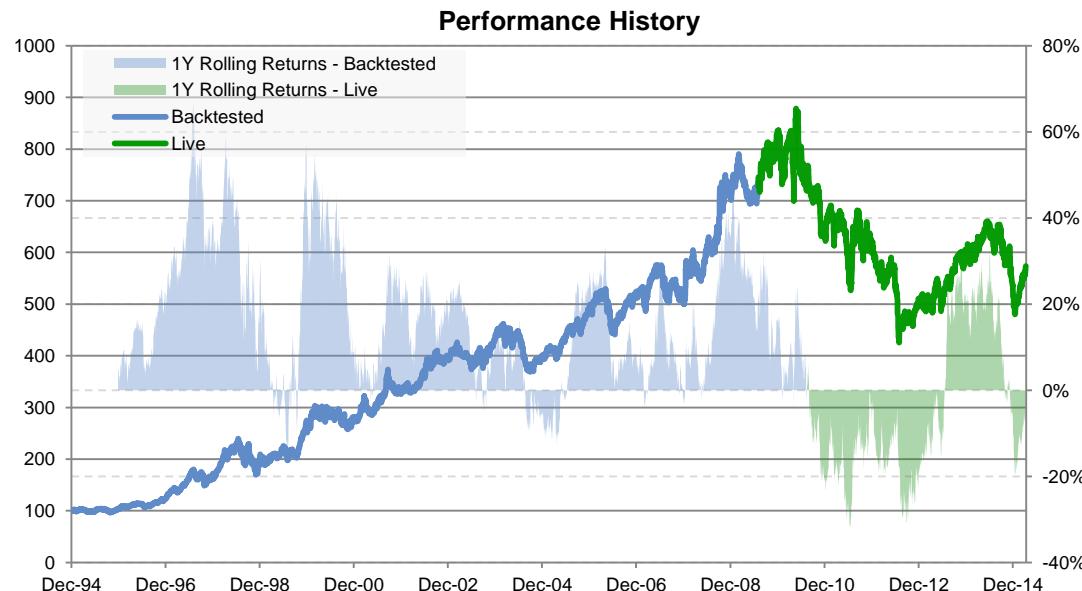
J.P. Morgan Equity Momentum US Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The underlying for J.P. Morgan Equity Momentum US is J.P. Morgan US Equity Futures Tracker ■ J.P. Morgan US Equity Futures Tracker tracks the return of a long position in the (quarterly) front month futures contract of the relevant underlying index. Positions are rolled, typically one week before expiry
Allocation Methodology	<ul style="list-style-type: none"> ■ The long/short positions are rebalanced potentially daily ■ The index goes long or short the J.P. Morgan US Equity Futures Tracker if the 5 day average is greater or falls beneath the 260 day average, respectively
Risk Management	<ul style="list-style-type: none"> ■ The index is a systematic strategy aiming to capitalize on momentum in US Equities ■ Daily potential rebalancing ensures any short term momentum is also captured in the strategy
Additional Information	<ul style="list-style-type: none"> ■ The index has index calculation fees of 0.20% p.a embedded in it and a rebalance fee of 0.1% ■ Transparency: Equity Momentum indices can be fully replicated using publicly available data sources ■ Live Date period: The underlying mean reversion indices were launched in August 2009

J.P. Morgan Equity Momentum Europe Index

Summary

- J.P. Morgan Equity Momentum Europe Index aims to profit from the tendency of Europe equity market to trend (either up or down) for sustained periods, by going long the market when an upward trend is identified and short the market when a downward trend is identified
- If the recently observed tendency is sustained and the market continues to follow the identified trend, the strategy returns positive performance
- The index has the potential to perform equally well in both bull and bear markets.
- The strategy is harnessed using 5 and 260 day moving average prices for the J.P. Morgan Europe Equity Futures Tracker
 - A long position in the underlying is implemented if the 5 day average is greater than the 260 day average
 - A short position in the underlying is implemented if the 5 day average falls beneath the 260 day average
 - Positions can be rebalanced potentially daily depending on market conditions



JPMorgan Equity Momentum Europe Index	
Live Period	Backtested
Return p.a.	-5.6% 15.0%
Volatility p.a.	19.9% 17.6%
Sharpe Ratio	-0.3 0.8
Max Drawdown	51.6%
Live Date since	Aug-09
Notional Exposure	Variable
Volatility Target	No
Risk Premia Style	Trend
Ticker	AIJPMEEE Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

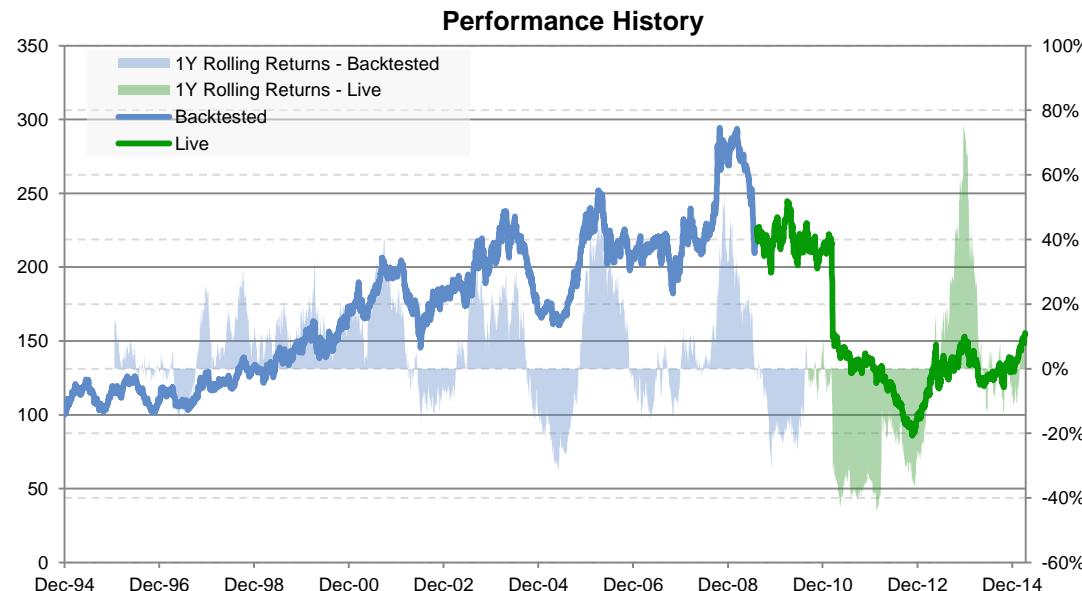
J.P. Morgan Equity Momentum Europe Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The underlying for J.P. Morgan Equity Momentum Europe is J.P. Morgan Europe Equity Futures Tracker ■ J.P. Morgan Europe Equity Futures Tracker tracks the return of a long position in the (quarterly) front month futures contract of the relevant underlying index. Positions are rolled, typically one week before expiry
Allocation Methodology	<ul style="list-style-type: none"> ■ The long/short positions are rebalanced potentially daily ■ The index goes long or short the J.P. Morgan Europe Equity Futures Tracker if the 5 day average is greater or falls beneath the 260 day average, respectively
Risk Management	<ul style="list-style-type: none"> ■ The index is a systematic strategy aiming to capitalize on momentum in European Equities ■ Daily potential rebalancing ensures any short term momentum is also captured in the strategy
Additional Information	<ul style="list-style-type: none"> ■ The index has index calculation fees of 0.20% p.a embedded in it and a rebalance fee of 0.1% ■ Transparency: Equity Momentum indices can be fully replicated using publicly available data sources ■ Live Date period: The underlying mean reversion indices were launched in August 2009

J.P. Morgan Equity Momentum Japan Index

Summary

- J.P. Morgan Equity Momentum Japan Index aims to profit from the tendency of Japanese equity market to trend (either up or down) for sustained periods, by going long the market when an upward trend is identified and short the market when a downward trend is identified
- If the recently observed tendency is sustained and the market continues to follow the identified trend, the strategy returns positive performance
- The index has the potential to perform equally well in both bull and bear markets.
- The strategy is harnessed using 5 and 260 day moving average prices for the J.P. Morgan Japanese Equity Futures Tracker
 - A long position in the underlying is implemented if the 5 day average is greater than the 260 day average
 - A short position in the underlying is implemented if the 5 day average falls beneath the 260 day average
 - Positions can be rebalanced potentially daily depending on market conditions



J.P. Morgan Equity Momentum Japan Index		
Live Date Period	Backtested	
Return p.a.	-6.5%	5.7%
Volatility p.a.	21.8%	18.3%
Sharpe Ratio	-0.3	0.3
Max Drawdown		70.9%
Live Date since		Aug-09
Notional Exposure		Variable
Volatility Target		No
Risk Premia Style		Trend
Ticker		AJPMEJJ Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

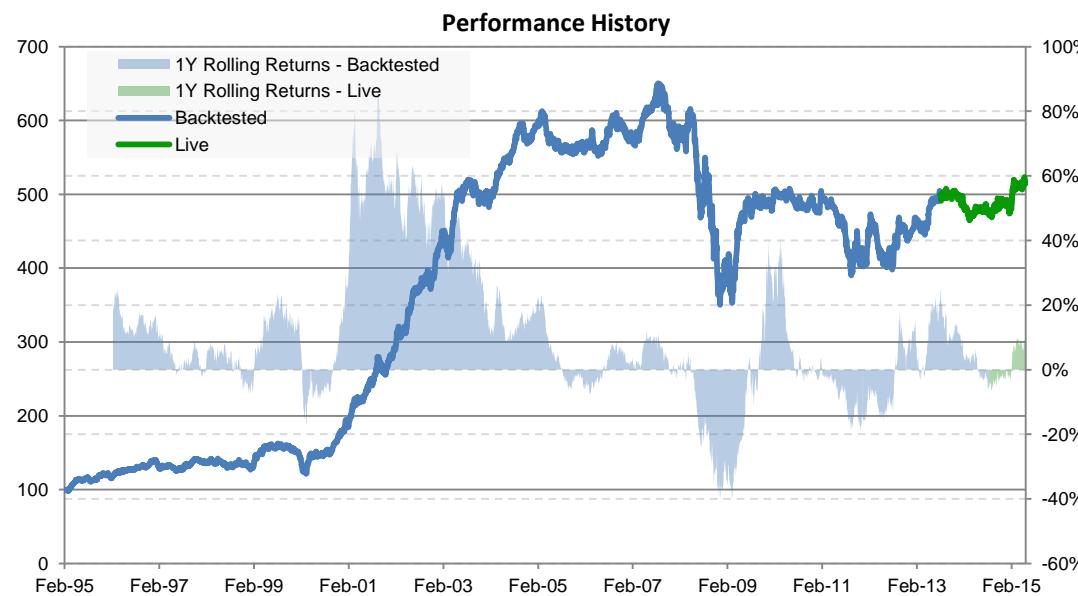
J.P. Morgan Equity Momentum Japan Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The underlying for J.P. Morgan Equity Momentum Japan is J.P. Morgan Japanese Equity Futures Tracker ■ J.P. Morgan Japanese Equity Futures Tracker tracks the return of a long position in the (quarterly) front month futures contract of the relevant underlying index. Positions are rolled, typically one week before expiry.
Allocation Methodology	<ul style="list-style-type: none"> ■ The long/short positions are rebalanced potentially daily ■ The index goes long or short the J.P. Morgan Japanese Equity Futures Tracker if the 5 day average is greater or falls beneath the 260 day average, respectively
Risk Management	<ul style="list-style-type: none"> ■ The index is a systematic strategy aiming to capitalize on momentum in Japanese Equities ■ Daily potential rebalancing ensures any short term momentum is also captured in the strategy
Additional Information	<ul style="list-style-type: none"> ■ The index has index calculation fees of 0.20% p.a embedded in it and a rebalance fee of 0.1% ■ Transparency: Equity Momentum indices can be fully replicated using publicly available data sources. ■ Live Date period: The underlying mean reversion indices were launched in August 2009.

J.P. Morgan Equity Risk Premia – *Earnings Yield Europe*

Summary

- The J.P. Morgan Equity Risk Premia Series – *Earnings Yield Europe* Index aims to monetize the 'Value' premium in equities attributable to the Earnings Yield of a stock and measures the earnings of a company per dollar invested in the stock. Higher Earnings Yields may imply a stronger company:
 - Earnings Yield of a company is calculated as the ratio of the consensus estimates of future earnings per share of the stock for next unreported fiscal year divided by the price
 - The index is a long/short basket comprised of 80 European stocks (40 long and 40 short in Europe) that are constituents of the MSCI Europe
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the Earnings Yield of a stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



J.P. Morgan Equity Risk Premia – <i>Earnings Yield Europe</i>	
Live Date Period	Backtested
Return p.a.	1.9% 9.1%
Volatility p.a.	6.9% 12.1%
Sharpe Ratio	0.3 0.7
Max Drawdown	46.1%
Live Date since	Jul-13
Notional Exposure	100% long and 100% short
Volatility Target	No
Risk Premia Style	Value
Ticker	JPLSEYEU Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

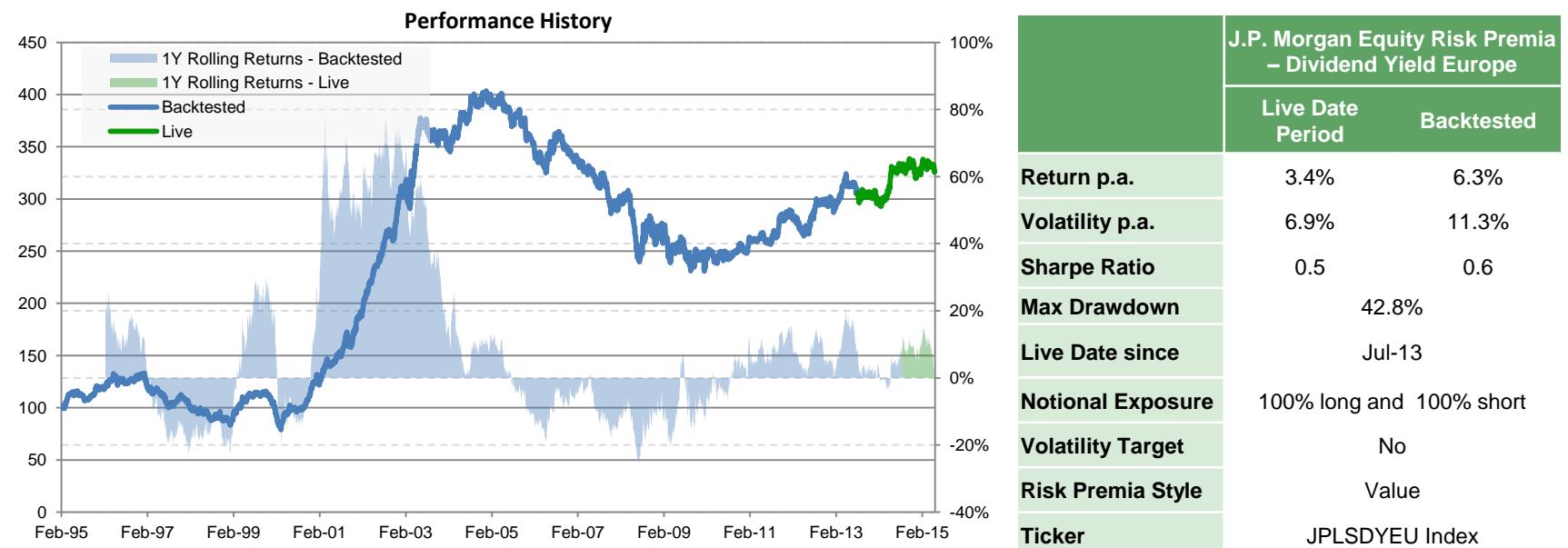
J.P. Morgan Equity Risk Premia – *Earnings Yield Europe*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European / US stocks ■ The ERP Earnings Yield Europe Index takes long exposure to 40 stocks from the MSCI Europe universe that have the highest ratio between the consensus estimates of earnings per share for the next unreported fiscal year divided by the price, and short exposure to 40 stocks having the least such ratio
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information sourced from the most recent analyst consensus estimates ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta. Geographical diversification across European markets provides for a smooth harvesting of the premium in high earnings yield stocks
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The fundamental data is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia – *Dividend Yield Europe*

Summary

- The J.P. Morgan Equity Risk Premia Series – *Dividend Yield Europe* Index aims to monetize the 'Value' premium in equities attributable to the Dividend Yield of a. Higher Dividend Yields may imply a stronger company:
 - Dividend Yield of a company is calculated as the ratio of the consensus estimates of dividends earnings for the next unreported fiscal year divided by the price
 - The index is a long/short basket comprised of 80 European stocks (40 long and 40 short in Europe) that are constituents of the MSCI Europe
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the Dividend Yield of a stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

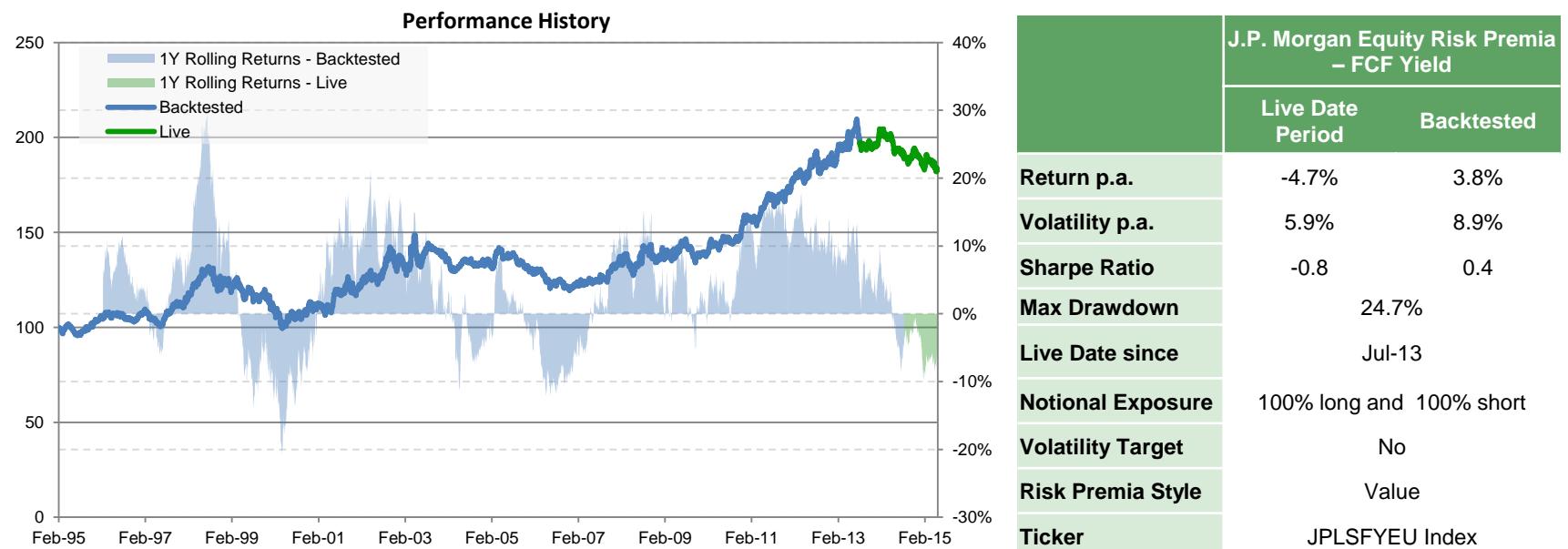
J.P. Morgan Equity Risk Premia – *Dividend Yield Europe*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European / US stocks ■ The ERP Dividend Yield Europe Index takes long exposure to 40 stocks from the MSCI Europe universe that have the highest ratio between the consensus estimates of dividends earnings for the next unreported fiscal year divided by the price, and short exposure to 40 stocks both having the least such ratio
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information sourced from the most recent analyst consensus estimates ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta. Geographical diversification across European markets provides for a smooth harvesting of the premium in high dividend yielding stocks
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The fundamental data is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia – FCF Yield Europe

Summary

- The J.P. Morgan Equity Risk Premia Series – *FCF Yield Europe* Index aims to monetize the ‘Value’ premium in equities attributable to the FCF Yield of a stock - measures the cash that company is able to generate from its operations after setting aside the money needed to maintain or expand its asset base. Higher FCF Yields may imply a stronger company:
 - FCF Yield of a company is calculated as the ratio of the latest reported Free Cash Flow divided by the price of the Eligible Stock
 - The index is a long/short basket comprised of 80 European stocks (40 long and 40 short) that are constituents of the MSCI Europe
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the FCF Yield of a stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

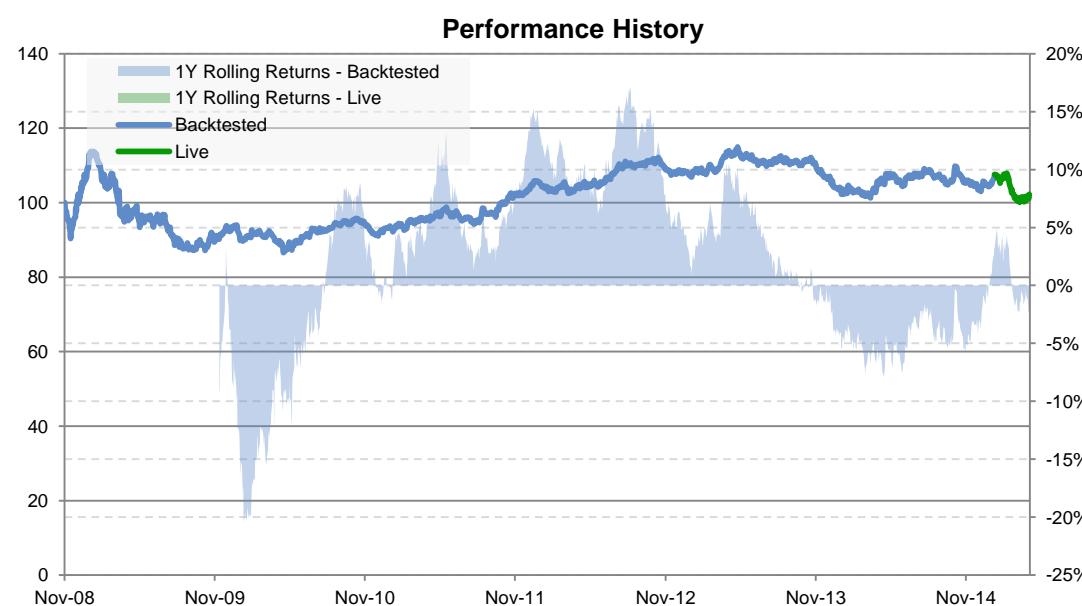
J.P. Morgan Equity Risk Premia – *FCF Yield Europe*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European / US stocks ■ The ERP FCF Yield Europe Index takes long exposure to 40 stocks from the MSCI Europe universe that have the highest ratio of the last reported free cash flow divided by the price, and short exposure to 40 stocks having the least such ratio
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The fundamental data is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia – *Dividend Yield US*

Summary

- The J.P. Morgan Equity Risk Premia Series – *Dividend Yield US* Index aims to monetize the ‘Value’ premium in equities attributable to the Dividend Yield of a stock. Higher Dividend Yields may imply a stronger company:
 - Dividend Yield of a company is calculated as the ratio of the consensus estimates of dividends earnings for the next unreported fiscal year divided by the price
 - The index is a long/short basket comprised of 80 US stocks (40 long and 40 short) that are constituents of the FTSE US
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the Dividend Yield of a stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



J.P. Morgan Equity Risk Premia – Dividend Yield US		
	Live Date Period	Backtested
Return p.a.	-17.3%	0.9%
Volatility p.a.	7.5%	9.1%
Sharpe Ratio	-2.3	0.1
Max Drawdown	23.9%	
Live Date since	Jan-15	
Notional Exposure	100% long and 100% short	
Volatility Target	No	
Risk Premia Style	Value	
Ticker	QTJPWBLS Index	

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

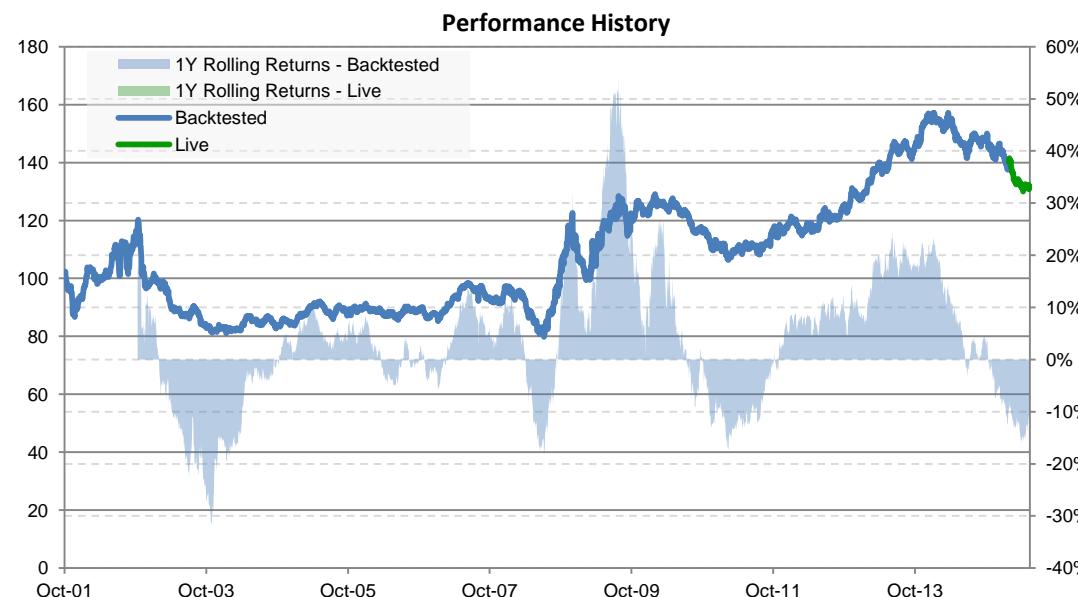
J.P. Morgan Equity Risk Premia – *Dividend Yield US*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European / US stocks ■ The ERP Dividend Yield US Index takes long exposure to 40 stocks from the FTSE US universe that have the highest ratio between the consensus estimates of dividends earnings for the next unreported fiscal year divided by the price, and short exposure to 40 stocks both having the least such ratio
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information sourced from the most recent analyst consensus estimates ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The fundamental data is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia – FCF Yield US

Summary

- The J.P. Morgan Equity Risk Premia Series – FCF US Index aims to monetize the ‘Value’ premium in equities attributable to the FCF Yield of a stock - common valuation metric and measures the cash that company is able to generate from its operations after setting aside the money needed to maintain or expand its asset base. Higher FCF Yields may imply a stronger company:
 - FCF Yield of a company is calculated as the ratio of the latest reported Free Cash Flow divided to the price of the Eligible Stock
 - The index is a long/short basket comprised of 80 US stocks (40 long and 40 short) that are constituents of the FTSE US
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the FCF Yield of a stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



J.P. Morgan Equity Risk Premia – FCF Yield US		
Live Date Period	Backtested	
Return p.a.	-16.6%	2.5%
Volatility p.a.	7.5%	11.2%
Sharpe Ratio	-2.2	0.2
Max Drawdown		33.6%
Live Date since		Jan-15
Notional Exposure	100% long and 100% short	
Volatility Target	No	
Risk Premia Style	Value	
Ticker	QTJPFBLS Index	

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

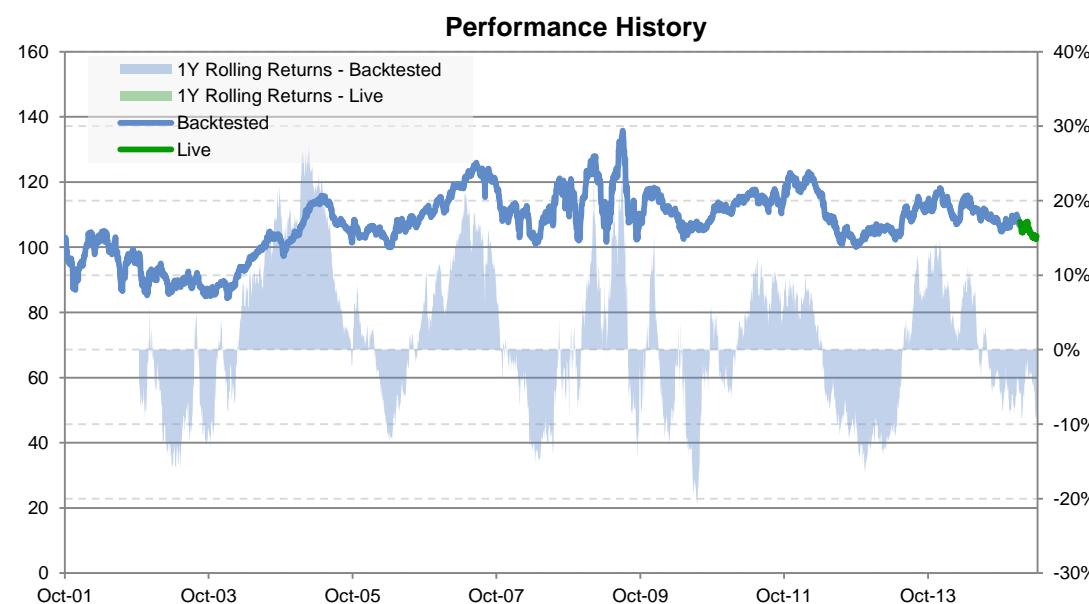
J.P. Morgan Equity Risk Premia – FCF Yield US

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European / US stocks ■ The ERP FCF Yield US Index takes long exposure to 40 stocks from the FTSE US universe that have the highest ratio of the last reported free cash flow divided by the price, and short exposure to 40 stocks having the least such ratio
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The fundamental data is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan Equity Risk Premia – *Earnings Yield US*

Summary

- The J.P. Morgan Equity Risk Premia Series – *Earnings Yield US* Index aims to monetize the ‘Value’ premium in equities attributable to the Earnings Yield of a stock - common valuation metric and measures the earnings of company per dollar invested in the stock . Higher Earnings Yields may imply a stronger company:
 - Earnings Yield of a company is calculated as the ratio of the consensus estimates of future earnings per share of the stock for next unreported fiscal year divided by the price
 - The index is a long/short basket comprised of 80 US stocks (40 long and 40 short) that are constituents of the FTSE US
 - The constituent stocks of the index are selected monthly on the basis of a Z-score derived by normalizing the Earnings Yield of a stock by its sector
 - The normalisation process is used in order to minimise any bias across different sectors
 - The long leg comprises of the 40 highest ranked stocks weighted equally; and the short leg comprises of the 40 least ranked stocks



J.P. Morgan Equity Risk Premia – Earnings Yield Europe		
Live Date Period	Backtested	
Return p.a.	3.7%	0.3%
Volatility p.a.	9.4%	13.0%
Sharpe Ratio	0.4	0.0
Max Drawdown		26.2%
Live Date since		Jan-15
Notional Exposure	100% long and 100% short	
Volatility Target	No	
Risk Premia Style	Value	
Ticker	QTJPPBLS Index	

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

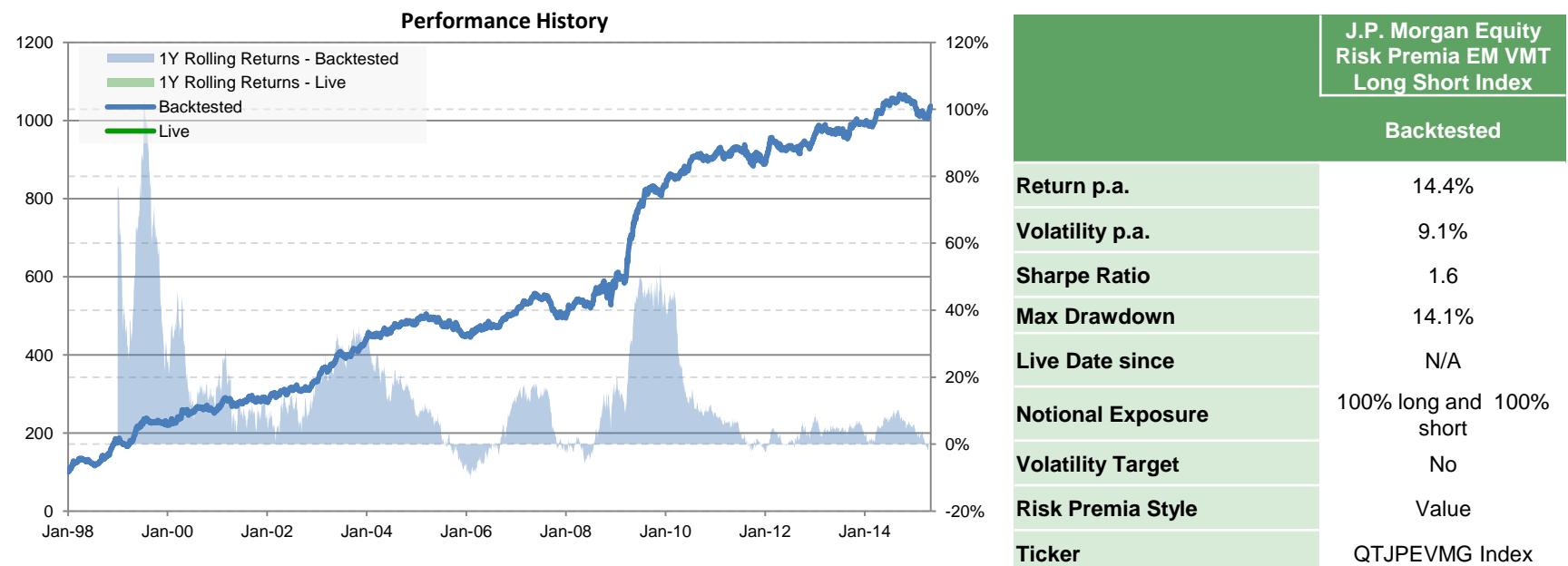
J.P. Morgan Equity Risk Premia – *Earnings Yield US*

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Equity Risk Premia Series of indices are market neutral risk premia strategies taking long / short exposure into European / US stocks ■ The ERP Earnings Yield US Index takes long exposure to 40 stocks from the FTSE US universe that have the highest ratio between the consensus estimates of earnings per share for the next unreported fiscal year divided by the price, and short exposure to 40 stocks having the least such ratio
Allocation Methodology	<ul style="list-style-type: none"> ■ The index is rebalanced on a monthly basis, based on the latest available information sourced from the most recent analyst consensus estimates ■ The allocation is based on sector-normalised ranking to eliminate any sector and industry specific biases in the reported numbers ■ The exposure taken is equal among all the stocks selected through the allocation methodology
Risk Management	<ul style="list-style-type: none"> ■ The selection is sector-neutral, eliminating the risk of concentration into one sector / industry ■ The long/short positioning reduces the exposure to market beta
Additional Information	<ul style="list-style-type: none"> ■ The index has embedded trading cost of 4bps per delta traded and a flat 1% cost for borrow, funding and balance sheet utilisation ■ Transparency: The fundamental data is sourced completely from publicly available information, attempting to minimize the discretion involved in the calculation of Index levels ■ Reference: Dion, Marco, Shaikh, Viqar, Pessaris, Angelo et alia, "Factor Reference Book – Europe" (May 2012). J.P. Morgan Europe Equity Research

J.P. Morgan EM Value Minus Trash Index

Summary

- The Value Minus Trash Index aims to select emerging market stocks based on Value and Quality metrics. The Index combines the two factor metrics in order to pick stocks that score well on both Value and Quality; and is based on the following factors:
 - Holistic Value (50%) – Price-to-book, Forward P/E and Price-to-Cash Flow
 - DuPont ROE (25%) – Net income margin, Asset turnover and Gearing ratio
 - Earnings Certainty (25%) – Spread between forecast EPS and realised
- The Index presented here tracks a portfolio of the top decile of stocks (~80-90 in number) selected from MSCI Emerging Markets Index universe. The selection is Country Neutral, and done on a monthly basis, with the exposure being equally weighted across the selected stocks
- The Index is in Long Short format, with the Long leg being an equal weighted basket of the selected stocks and the Short leg being MSCI Net TR Emerging Markets Index in USD



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

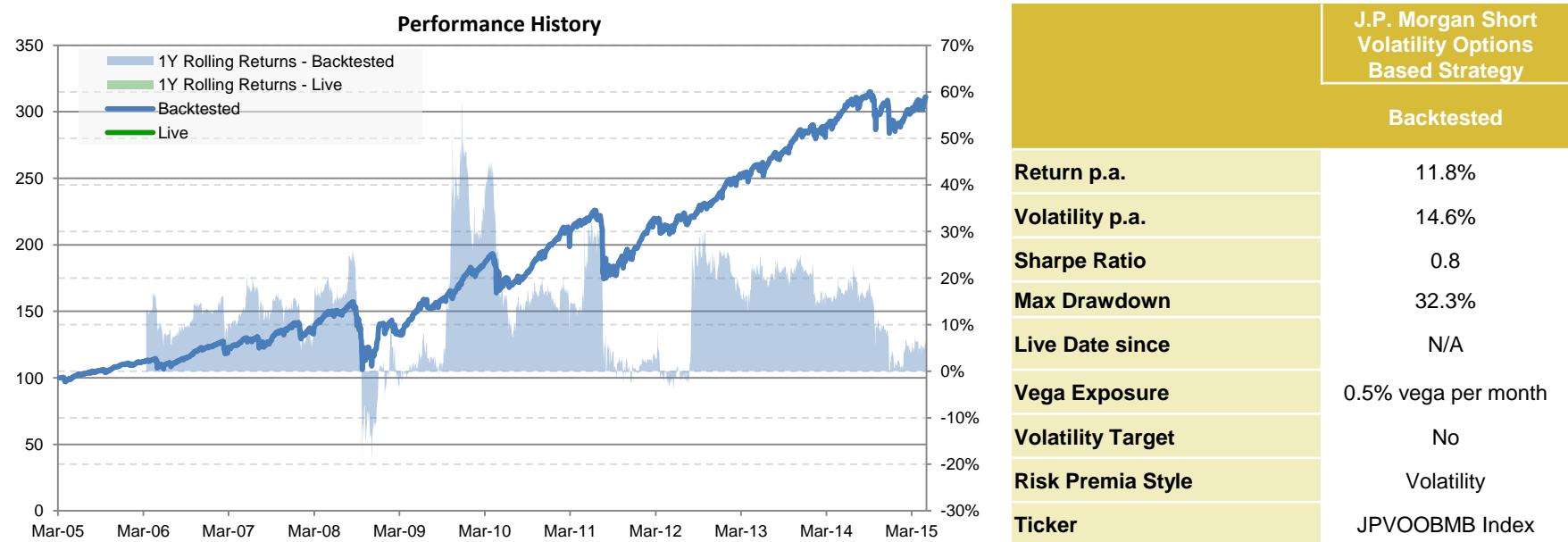
J.P. Morgan EM Value Minus Trash Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The Index presented here tracks a portfolio of the top decile of stocks (~80-90 in number) selected from MSCI Emerging Markets Index universe, versus the benchmark – MSCI EM NetTR Index ■ The selection is based on the following factor metrics: Price-to-book, Forward P/E, Price-to-Cash Flow, Net income margin, Asset turnover, Gearing ratio and Earnings Certainty (the spread between forecast EPS and realised)
Allocation Methodology	<ul style="list-style-type: none"> ■ The selection for the long leg is done monthly, and is based on an improvement of QARP (Quality at a Reasonable Price) by introducing 'holistic value' (multi-factor model of Forward P/E, Price to Book and Price to Cash Flow), improved Quality (multi-factor model of Net Margin, Asset Turnover and Gearing) and earnings certainty ■ The Index is in Long Short format, with the Long leg being an equal weighted basket of the selected stocks and the Short leg being MSCI Net TR Emerging Markets Index in USD
Risk Management	<ul style="list-style-type: none"> ■ The selection is based on a multi-factor quantitative model, which mitigates the risk of concentration into one risk factor. The selection is also on a diverse set of stocks (top decile, ~80-90 in number) ■ The long / short exposure eliminates directional exposure to emerging markets ■ The long basket is normalized to be country neutral to mitigate risk concentration in any one EM country
Additional Information	<ul style="list-style-type: none"> ■ The index has trading cost (depending on the country of listing for stocks) and 0.80% cost for funding and balance sheet utilisation ■ Reference – “Sorting through the Trash, Quality at Reasonable Price in Asia” (November 2014). J.P. Morgan Asia Pacific Equity Research

J.P. Morgan Short Volatility Options Based Strategy

Summary

- The J.P. Morgan Options Based Volemont Strategy is a **fully transparent and directly investable systematic index referencing options on the S&P 500 Index and the Euro STOXX 50 Index**
- The strategy aims to monetize the Equity volatility risk premium by initiating, on a daily basis, short 95/105 strangles:
 - On each day, short strangle positions on SX5E and SPX are initiated for 2.5bps of vega of the prevailing strategy level (same notional on calls and puts, vega split equally between SPX and SX5E) on the 2nd nearest expiry
 - A systematic delta-hedge on the underlying index is implemented
 - This gives the investors access to the implied-to-realised spread of volatility, allowing them to benefit from situations where implied volatility is higher than the subsequent realised volatility of the index
- The strategy implements an enhanced delta-hedging mechanism, aiming at benefiting from short-term Equity mean-reversion by using a 5-day moving average of the underlying as an input in the Black Scholes delta formula



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

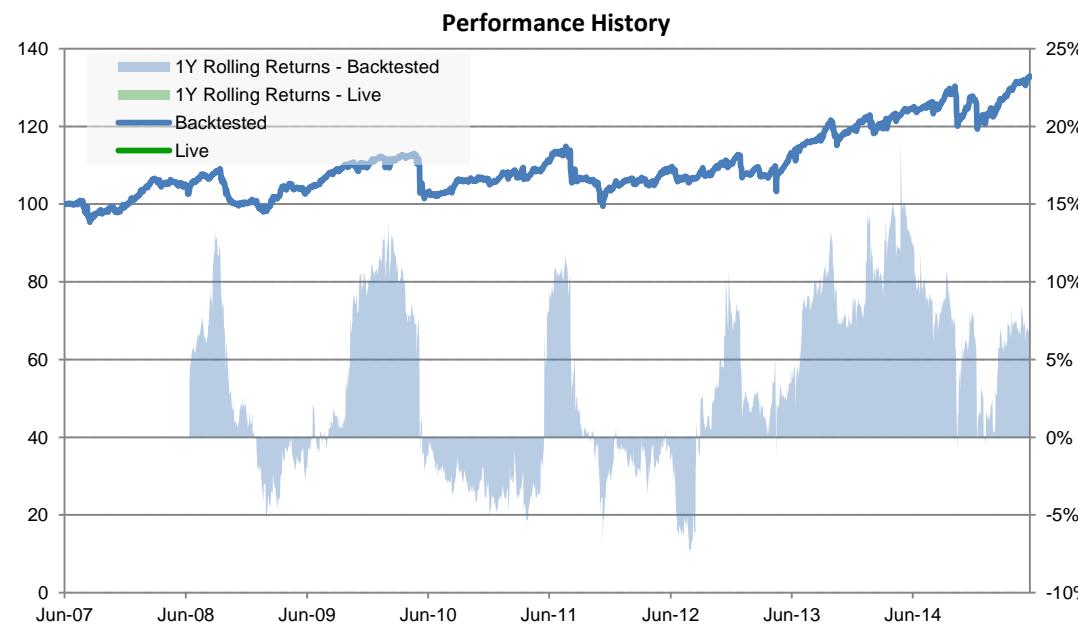
J.P. Morgan Short Volatility Options Based Strategy

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Options Based Volemont Strategy takes short volatility exposure on two major global equity indices - the S&P 500 and the Euro STOXX 50 ■ This strategy is implemented through the daily initiation of 95/105 strangles, using listed option strikes corresponding to 2nd nearest expiries
Allocation Methodology	<ul style="list-style-type: none"> ■ New positions are initiated daily on 95/105 strangles for 2.5bps of vega of the prevailing strategy level, referencing the second nearby listed expiry ■ The delta hedge mechanism is tailored to capture mean reversion in the underlying equity indices, which is historically more pronounced in stressed markets ■ Delta hedging is carried out on a daily basis based on the short term moving average of the underlying cash index
Risk Management	<ul style="list-style-type: none"> ■ Historically, mean reversion in equities has been observed to be more predominant in turbulent markets, while the short volatility exposure is expected to perform well in normal markets. Combination of these complementary risk-return profiles provides a smoothed risk-return profile ■ Daily execution of strangle positions with formulaic delta hedging to eliminate pin and timing risk
Additional Information	<ul style="list-style-type: none"> ■ The index has 3bps net delta charge and vega cost of 0.3% (for VIX/VSTOXX < 20) to 3% (for VIX/VSTOXX > 60) ■ Transparency : The Options Based Volemont Strategy is constructed entirely from publicly available information, attempting to minimize the discretion involved in the calculation of Strategy levels ■ Reference: Ribeiro, Ruy, Kolanovic, Marko, Silvestrini, Davide and Tony Lee, "Risk Premia in Volatility Markets: Exploiting Volatility Spillover and Clustering" (November 2012). <i>J.P. Morgan Rule-based Investment Strategies No.75</i>

J.P. Morgan I-Volemont Series 2 Index

Summary

- The J.P. Morgan I-Volemont Strategy is a **fully transparent and directly investable systematic index referencing futures contracts and options on VIX**
- The J.P. Morgan I-Volemont Strategy aims at monetizing the **spread between the implied and realized volatility** of the VIX options as well as the mean reversion observed in the VIX futures contract
- To do so, the I-Volemont Strategy is initiating on a daily basis short positions on a 100%/100% straddle on the VIX futures contract
- On a daily basis, these short options positions are delta-hedged using fully transparent formula
- The delta-hedge methodology is defined to benefit from the empirically observed mean reversion of the VIX futures contract



J.P. Morgan I-Volemont Series 2 Gross Index	
Backtested	
Return p.a.	3.6%
Volatility p.a.	7.7%
Sharpe Ratio	0.5
Max Drawdown	13.5%
Live Date since	N/A
Notional Exposure	1% vega p.a.
Volatility Target	No
Risk Premia Style	Volatility
Ticker	JPVOLVLG Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

J.P. Morgan I-Volemont Series 2 Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ VIX options – 100% calls and 100% puts, with a weighted average position across 2nd and 3rd nearest expiries ■ VIX futures to delta hedge
Allocation Methodology	<ul style="list-style-type: none"> ■ The short call position is targeting a strike of 100% of the relevant future level with the strike diversification methodology ■ The short put position is targeting a strike of 100% of the relevant future level with the strike diversification methodology ■ The positions are delta hedged with reference to the moving average of spot, aiming to also monetise mean reversion
Risk Management	<ul style="list-style-type: none"> ■ Daily execution of positions to mitigate pin risk ■ The strike diversification mechanism splits the exposure to a broad range of strikes and ensures a gamma cap ■ The delta-hedging mechanism tailored to monetise mean reversion provides a complementary exposure as it is negatively correlated to realised volatility levels
Additional Information	<ul style="list-style-type: none"> ■ Costs vary from 1.5 (VIX/VVIX : <20/<80) to 5 (VIX/VVIX: >70/>140) vega on options. Delta Costs vary from 0.025 to 0.2 per unit of future traded depending on VIX level (<15 to >70) for VIX futures ■ Transparency : The Volemont Strategy is constructed entirely from publicly available information, attempting to minimize the discretion involved in the calculation of Strategy levels ■ Reference: Ruy Ribeiro, Marko Kolanovic, Davide Silvestrini, and Tony Lee, Risk Premia in Volatility Markets: Exploiting Volatility Spillover and Clustering (November 2012). Rules-Based Investment Strategies (November 2012)

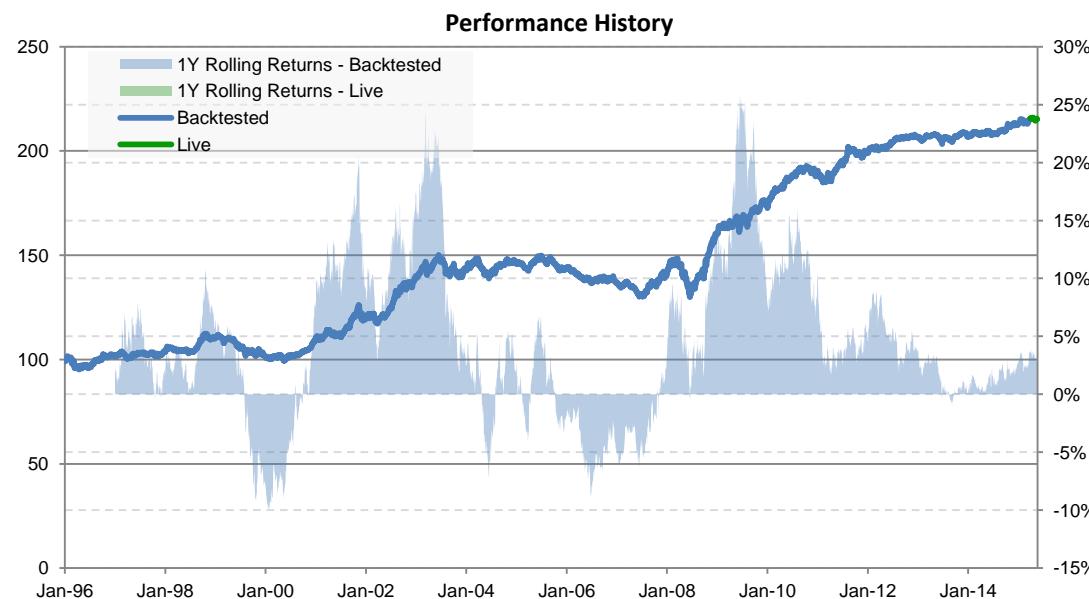
Agenda

	Page
Executive Summary	2
Equity	4
Rates	61
FX	78
Commodities	99
Credit	120

J.P. Morgan MAST B3 (USD,EUR,GBP)

Summary

- The MAST B3 index seeks to capture the term premium in a diversified manner by systematically taking long exposure to the 3m rate 12m fwd on the USD, EUR and GBP yield curves. It benefits from the premium priced in the 12M forward 3M rate vs. current 3M cash rate
- The MAST B3 index is a monthly rolling diversified basket that takes 2x exposure to each of the three USD, EUR and GBP original MAST strategies
- Historical analysis has suggested that the risk-return relationship along the short-end of the yield curve is not a linear function of maturity, duration or volatility
- The 3m rate 12m fwd on the money market end of the yield curve has been identified as having the greatest historical return-to-risk ratio (Sharpe)



J.P. Morgan MAST B3 (USD,EUR,GBP)		
Live Date Period	Backtested	
Return p.a.	-1.3%	4.1%
Volatility p.a.	1.7%	4.8%
Sharpe Ratio	-0.8	0.8
Max Drawdown		13.5%
Live Date since		Mar-15
Notional Exposure	200% in each of the three sub-Indices; 600% total	
Volatility Target	No	
Risk Premia Style	Carry	
Ticker	JPMSEB3B Index	

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

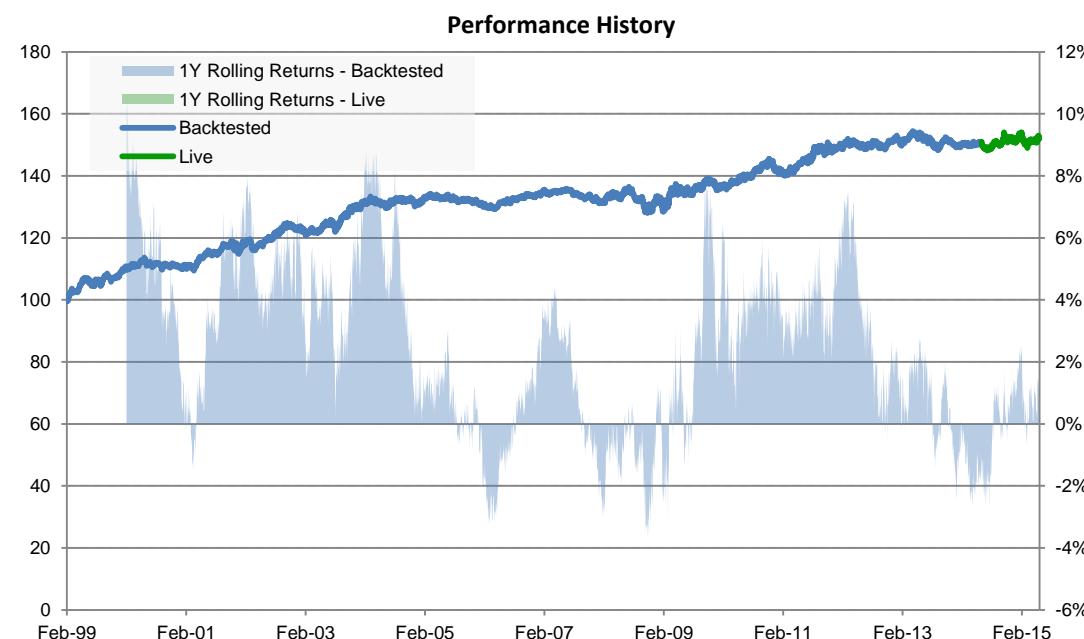
J.P. Morgan MAST B3 (USD,EUR,GBP)

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The MAST B3 index is invested into the following : <ul style="list-style-type: none"> ■ EUR 12M forward 3M cash rate – MAST EUR – JPMSE31P Index ■ USD 12M forward 3M cash rate – MAST USD – JPMSU31P Index ■ GBP 12M forward 3M cash rate – MAST GBP – JPMMSG31P Index
Allocation Methodology	<ul style="list-style-type: none"> ■ The Index takes a 2X leveraged exposure to each of the three underlying MAST strategies ■ Each of the MAST strategies tracks a rolling long exposure to the respective 5th money market contract ■ The exposure is equally split among the three; providing for diversification
Risk Management	<ul style="list-style-type: none"> ■ Geographical diversification across three developed markets (US, Europe and the UK) leads to a smoothed risk profile
Additional Information	<ul style="list-style-type: none"> ■ Transaction costs embedded: 0.005% for USD, EUR and 0.01% for GBP (1 tick for each) ■ Transparency: The index can be fully replicated using publicly available data

J.P. Morgan CarryMax Futures-6 Index

Summary

- The J.P. Morgan CarryMax Futures-6 is a cross currency carry strategy that seeks to benefit from differentials in the yield of government bond futures in 6 different countries
- The index seeks to capture returns from government bond futures in 6 different countries in a market neutral manner by allocating long exposure to the futures of the 2 markets with the highest levels of implied carry (the difference between 10y rate and cash rate), and short swap exposure to the futures of the 2 markets with the lowest levels of implied carry
- The strategy operates on a currency neutral basis so is only exposed to changes in relative levels of carry, and not FX rates



J.P. Morgan CarryMax Futures-6 Index		
Live Date period	Backtested	
Return p.a.	0.7%	2.7%
Volatility p.a.	5.1%	5.5%
Sharpe Ratio	0.1	0.5
Max Drawdown		6.2%
Live Date since		May-14
Notional Exposure	100% to long, 100% to short	
Volatility Target	No	
Risk Premia Style	Carry	
Ticker	JCMXF6US Index	

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

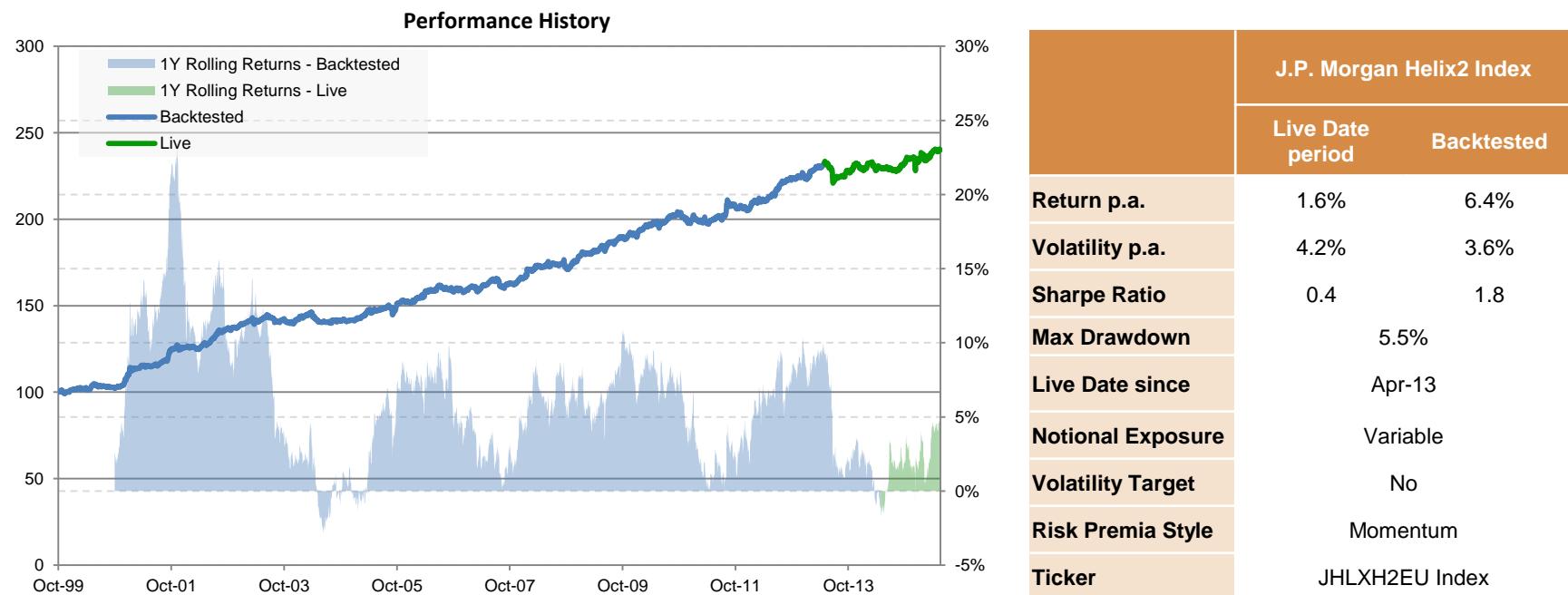
J.P. Morgan CarryMax Futures-6 Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> The universe of government bond futures trackers consists of; UST 10y Notes, Sterling 10y Gilts, 10y JGBs, Bunds, Australian Long Bond Futures and Canadian Long Bond futures
Allocation Methodology	<ul style="list-style-type: none"> The J.P. Morgan CarryMax Futures-6 Index is a cross currency carry (the difference between 10y rate and cash rate) strategy that seeks to capture carry related returns from a universe of 6 different countries On a monthly basis 50% long exposure is allocated to each of the futures trackers of the 2 markets from the universe with the highest levels of implied 10y carry and 50% short exposure is allocated to each of the futures trackers of the 2 markets with the lowest levels of implied 10y carry
Risk Management	<ul style="list-style-type: none"> The positions are long short, eliminating a duration bias to the strategy Each long and short position is split across two markets leading to a diversified carry exposure
Additional Information	<ul style="list-style-type: none"> The index is calculated off mid exchange close future prices and there are no costs or fees included; but additional entry, exit and on-going access and roll costs will be applied to transactions linked to the index The strategy operates on a currency converted basis so is exposed to changes in the relative levels of carry and not FX rates. The index can be fully replicated using publicly available data Panigirtzoglou, Nikolaos, "A cross-market bond carry strategy" (March 2006). <i>J.P. Morgan Research</i>

J.P. Morgan Helix2 Index

Summary

- The J.P. Morgan Helix2 Index is a rule-based strategy which seeks to take advantage of trends in short term interest rate markets by identifying and participating in periods price momentum in the front Euribor interest rate futures and the front four Eurodollar interest rate futures
- Helix2 is composed of a volatility targeted basket that provides dynamic long and/or short exposure to the Euribor and Eurodollar futures contracts, and seeks to benefit from diversification by applying the momentum strategies independently to the 8 underlying futures markets across 2 currencies
- The index was launched in May 2009



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the live date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

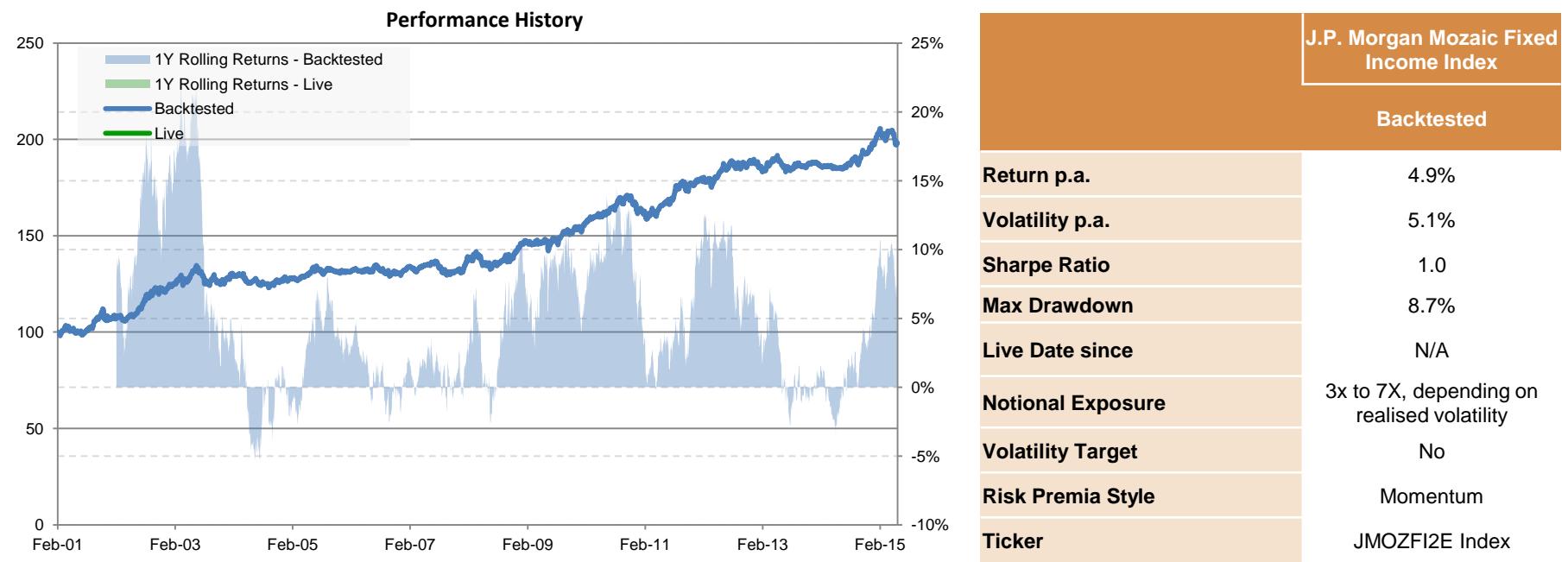
J.P. Morgan Helix2 Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Helix2 Index can take a long, short or neutral exposure to the front four Euribor and futures tracker indices ■ Eurodollar Futures Trackers: JFLFUS1U, JFLFUS2U, JFLFUS3U, JFLFUS4U ■ Euribor Futures Trackers: JLFEU1U, JLFEU2U, JLFEU3U, JLFEU4U
Allocation Methodology	<ul style="list-style-type: none"> ■ The Index can be synthetically long or short the underliers, switching between long and short exposure can happen on any day but is subject to a minimum hold period ■ In periods of high realised volatility an exponentially weighted moving average of daily returns of each future is used to determine the long or short allocation, and in periods of low volatility a simple moving average of daily returns is used, in both cases positive moving average means a long allocation to the future otherwise short ■ The resulting 8 sub strategies are combined into a single equally weighted volatility targeted basket
Risk Management	<ul style="list-style-type: none"> ■ The positions are long short, eliminating a duration bias to the strategy ■ Each long and short position is split across Euribor and Eurodollar markets leading to a diversified exposure
Additional Information	<ul style="list-style-type: none"> ■ Transparency: The index can be fully replicated using publicly available data ■ Salford, Gianluca, "Euro Fixed Income Momentum Strategy" (November 2006). J.P. Morgan Research Investment Strategies No.27

J.P. Morgan Mozaic Fixed Income

Executive Summary

- The J.P. Morgan Mozaic Fixed Income Series 2 Index is a EUR denominated rule-based strategy that seeks to benefit from price momentum in interest rate futures by taking long and/or short exposure to a basket of money market and government bond futures selected on the basis of recent relative return outperformance
- The Index uses a risk-adjusted momentum algorithm to, on a monthly basis, dynamically allocate long, neutral or short exposure to up to 8 constituents from a universe of 19 interest rate futures profit and loss trackers across geographies and maturities
- The Index exposure is dynamically determined targeting a 7.5% volatility in each underlying position. The positions are equal weighted in terms of realised volatility



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

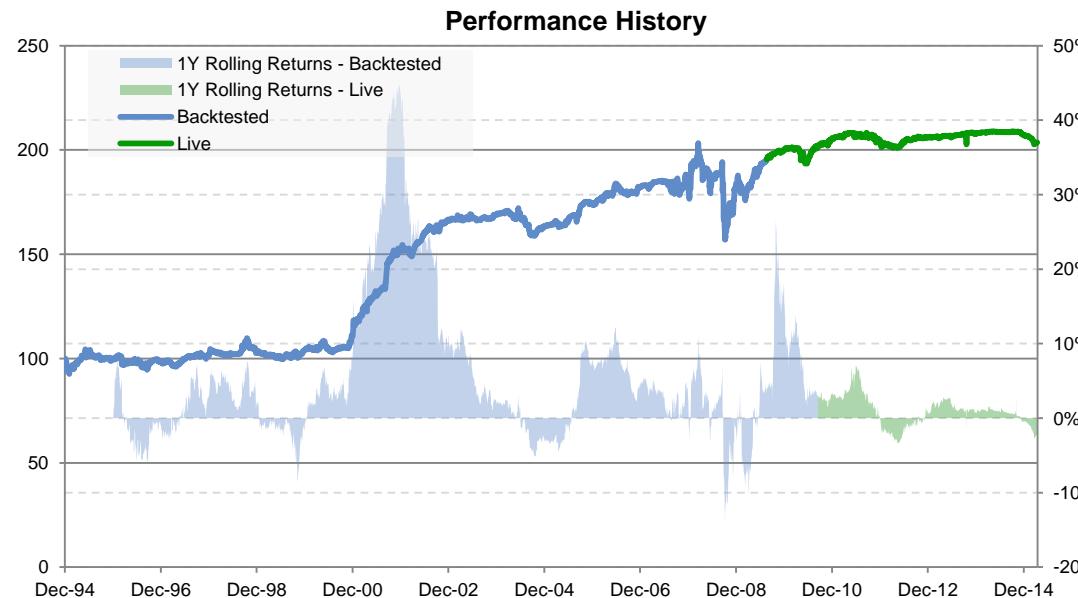
J.P. Morgan Mozaic Fixed Income

Key Features	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ 19 excess return futures based pnl trackers consisting of Government Bond futures and Money Market interest rate futures: <ul style="list-style-type: none"> ■ Government Bond futures trackers: UST 10y, UST 5y, UST 2y, Bunds, Bobls, Schatz, GILT 10Y, JGB 10y, AUD 10y, CAD 10y; ■ Money Market futures trackers; the 3rd, 4th and 5th Eurodollar futures contracts; the 3rd, 4th and 5th short Sterling futures contracts and the 3rd, 4th and 5th Euribor futures contracts
Allocation Methodology	<ul style="list-style-type: none"> ■ Selection: Momentum based selection of 8 underlyings – including Long and Short positions ■ Lookback window: 12M lookback window ■ Risk adjustment: Exposure to each constituent is scaled to limit volatility at the target 7.5%
Risk Management	<ul style="list-style-type: none"> ■ The exposure is diversified through long / short positioning as well as across 8 underlyings ■ The volatility targeting mechanism is an effective way to limit the exposure to more volatile underlyings
Additional Information	<ul style="list-style-type: none"> ■ The index contains transaction costs embedded ■ Transparency: The index can be fully replicated using publicly available data ■ Reference: Loeys, Jan, "Exploiting Cross-Market Momentum" (February 2006). J.P. Morgan Research Investment Strategies No.14

J.P. Morgan Money Market Momentum US Index

Summary

- J.P. Morgan Money Market Momentum US Index aims to profit from the tendency of US Money Market to trend (either up or down) for sustained periods, by going long the market when an upward trend is identified and short the market when a downward trend is identified
- If the recently observed tendency is sustained and the market continues to follow the identified trend, the strategy returns positive performance
- The index has the potential to perform equally well in both bull and bear markets
- The strategy is harnessed using 5 and 260 day moving average prices for the J.P. Morgan US Money Market Futures Tracker
 - A long position in the underlying is implemented if the 5 day average is greater than the 260 day average
 - A short position in the underlying is implemented if the 5 day average falls beneath the 260 day average
 - Positions can be rebalanced potentially daily depending on market conditions



J.P. Morgan Money Market Momentum US Index	
Live Date Period	Backtested
Return p.a.	0.6% 4.7%
Volatility p.a.	2.7% 6.5%
Sharpe Ratio	0.2 0.7
Max Drawdown	22.7%
Live Date since	Aug-09
Notional Exposure	Variable
Volatility Target	No
Risk Premia Style	Trend
Ticker	AIJPMMUU Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

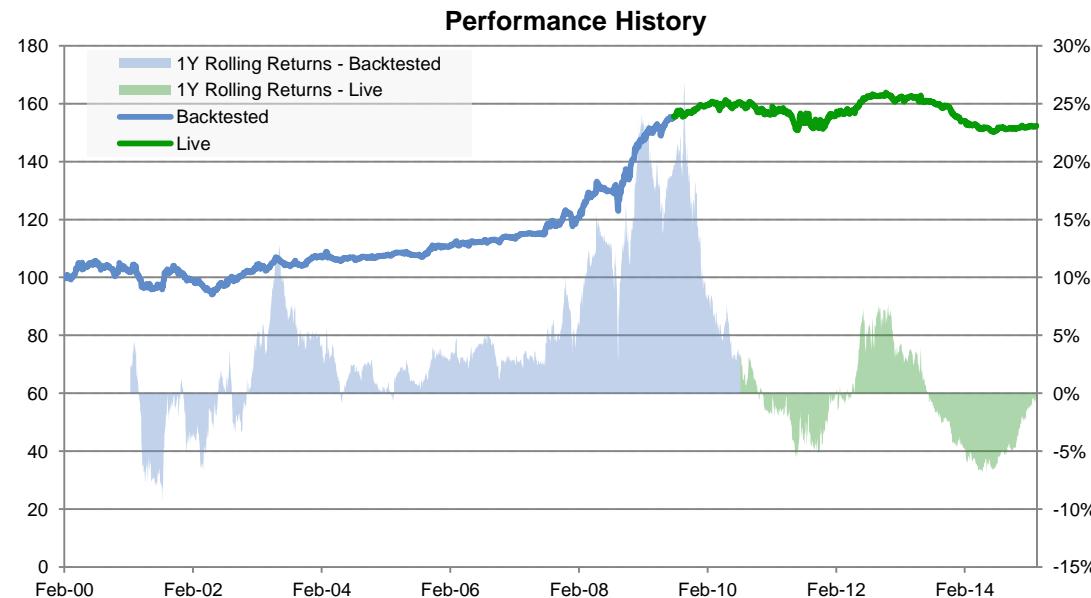
J.P. Morgan Money Market Momentum US Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The underlying for J.P. Morgan Money Market Momentum US Index is J.P. Morgan US Money Market Futures Tracker ■ J.P. Morgan US Money Market Futures Tracker tracks the return of a long position in the front month futures contract in the relevant currency. Positions are rolled, typically one week before expiry
Allocation Methodology	<ul style="list-style-type: none"> ■ The positions in the underlying indices are rebalanced potentially daily ■ The index goes long or short the J.P. Morgan US Money Market Futures Tracker if the 5 day average is greater or falls beneath the 260 day average, respectively
Risk Management	<ul style="list-style-type: none"> ■ The index is a systematic strategy aiming to capitalize on momentum in US Money Market ■ Daily potential rebalancing ensures any short term momentum is also captured in the strategy
Additional Information	<ul style="list-style-type: none"> ■ The index has index calculation fees of 0.04% p.a embedded in it and a rebalance fee of 0.02% ■ Transparency: Money Market Momentum indices can be fully replicated using publicly available data sources. ■ Live Date period: The underlying mean reversion indices were launched in August 2009

J.P. Morgan Money Market Momentum Europe Index

Summary

- J.P. Morgan Money Market Momentum Europe Index aims to profit from the tendency of Europe Money Market to trend (either up or down) for sustained periods, by going long the market when an upward trend is identified and short the market when a downward trend is identified
- If the recently observed tendency is sustained and the market continues to follow the identified trend, the strategy returns positive performance
- The index has the potential to perform equally well in both bull and bear markets
- The strategy is harnessed using 5 and 260 day moving average prices for the J.P. Morgan Europe Money Market Futures Tracker
 - A long position in the underlying is implemented if the 5 day average is greater than the 260 day average
 - A short position in the underlying is implemented if the 5 day average falls beneath the 260 day average
 - Positions can be rebalanced potentially daily depending on market conditions



J.P. Morgan Money Market Momentum Europe Index	
Live Date Period	Backtested
Return p.a.	-0.4% 4.8%
Volatility p.a.	3.0% 4.7%
Sharpe Ratio	-0.1 1.0
Max Drawdown	11.0%
Live Date since	Aug-09
Notional Exposure	Variable
Volatility Target	No
Risk Premia Style	Trend
Ticker	AIJPMME Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

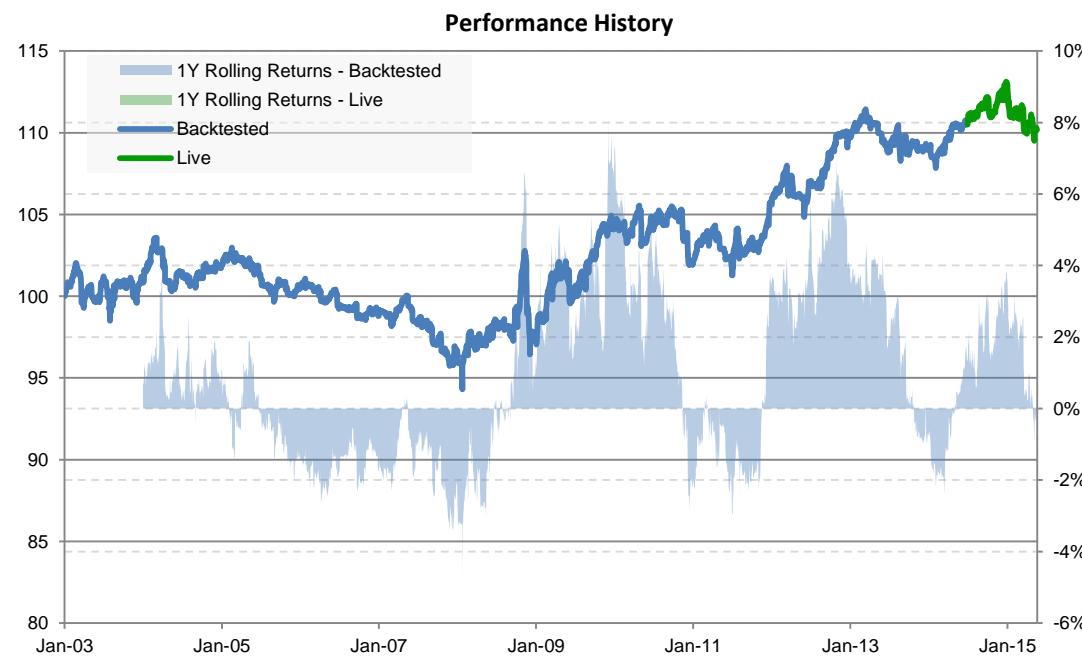
J.P. Morgan Money Market Momentum Europe Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The underlying for J.P. Morgan Money Market Momentum Europe Index is J.P. Morgan Europe Money Market Futures Tracker ■ J.P. Morgan Europe Money Market Futures Tracker tracks the return of a long position in the front month futures contract in the relevant currency. Positions are rolled, typically one week before expiry
Allocation Methodology	<ul style="list-style-type: none"> ■ The positions in the underlying indices are rebalanced potentially daily ■ The index goes long or short the J.P. Morgan Europe Money Market Futures Tracker if the 5 day average is greater or falls beneath the 260 day average, respectively
Risk Management	<ul style="list-style-type: none"> ■ The index is a systematic strategy aiming to capitalize on momentum in Europe Money Market ■ Daily potential rebalancing ensures any short term momentum is also captured in the strategy
Additional Information	<ul style="list-style-type: none"> ■ The index has index calculation fees of 0.04% p.a embedded in it and a rebalance fee of 0.02% ■ Transparency: Money Market Momentum indices can be fully replicated using publicly available data sources ■ Live Date period: The underlying mean reversion indices were launched in August 2009

JP Morgan Sigma Beta Multiplicative 10Y US TSY Option Vol in USD

Summary

- Historically, implied volatility has tended to be higher than realised volatility for UST 10y Note futures
- The SIGMA^{Beta} index seeks to monetise the difference between implied and realised volatility via a fixed short position in 1m atm struck option straddles on UST 10y Note futures. The options straddles are held to maturity and accompanied by a simple delta hedge position in UST 10y Note futures
- The Index is USD denominated but could be offered denominated into other currencies



SIGMA Beta	
Live Date period	Backtested
Return p.a.	-0.3% 0.9%
Volatility p.a.	2.7% 3.1%
Sharpe Ratio	-0.1 0.3
Max Drawdown	9.0%
Live Date since	Jun-14
Leverage	No
Volatility Target	No
Risk Premia Style	Volatility
Ticker	JVOLTS4U Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the live date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

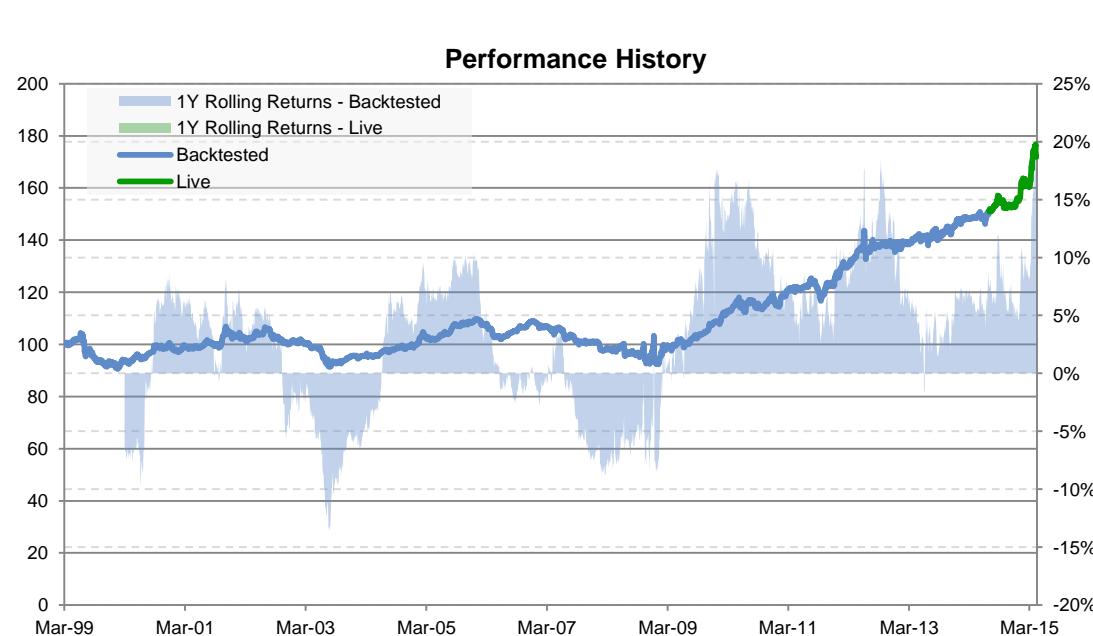
JP Morgan Sigma Beta Multiplicative 10Y US TSY Option Vol in USD

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan SIGMA^{Beta} Index takes exposure to the front UST 10y Note futures and 1m expiry atm struck call and put option on the front UST 10y Note future
Allocation Methodology	<ul style="list-style-type: none"> ■ Each month takes a short position in UST 10y Note atm struck 1m expiry option straddles that are held to maturity ■ Accompanying the option position is a simple BS delta hedge that periodically rebalances
Risk Management	<ul style="list-style-type: none"> ■ Historically, difference between implied volatility and realized volatility have been observed in markets. The short volatility exposure is expected to perform well in normal markets
Additional Information	<ul style="list-style-type: none"> ■ Transaction costs: 0.3 vega and 1 tick on delta. A 0.50% pa fixed access fee is applied on a daily basis on the index ■ Transparency: The index can be fully replicated using publicly available data

J.P. Morgan VOLT^{NS}

Summary

- A classic forward volatility carry strategy that seeks to take advantage of the term structure of implied volatility via a short position in 1y options on €10y swaps and a long position in 10y options on €10y swaps
- The J.P. Morgan VOLT^{NS} strategy incorporates a number of drivers of value that contribute to its performance, including:
 - Positive Carry from rolling up and down the swaption surface
 - Short Gamma with so benefits from being long theta
 - Generally mildly net long implied volatility, which can provide positive returns when volatility increases in times of stress
 - Benefits from Volatility Beta which can cushion losses from long vega position when volatility decreases



JP Morgan EUR VOLT Basket Series A Index	
Live Date period	Backtested
Return p.a.	18.1% 2.7%
Volatility p.a.	7.1% 5.9%
Sharpe Ratio	2.5 0.5
Max Drawdown	15.8%
Live Date since	Jul-14
Leverage	No
Volatility Target	No
Risk Premia Style	Volatility
Ticker	JVOLEV2E Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the live date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

J.P. Morgan VOLT^{NS}

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ EUR 1y10y interest rate swaption straddle pnl tracker index, rolled and struck atm each month ■ EUR 10y10y interest rate swaption straddle pnl tracker index, rolled and struck atm each month
Allocation Methodology	<ul style="list-style-type: none"> ■ Basket of long 14x exposure to €10y10y tracker index vs short 14x exposure to €1y10y tracker index ■ Basket rolls on a monthly basis
Risk Management	<ul style="list-style-type: none"> ■ A volatility target mechanism is used to target risk equivalence between the long 10y10y and short 1y10y positions by scaling exposure to them as a function of their recent realised volatility. This has delivered an average historic exposure ratio of 1.2 units of long 10y10y exposure to each 1 unit of short exposure to 1y10y. As a result the strategy is generally net long implied volatility, and this can provide positive returns when volatility increases in times of stress
Additional Information	<ul style="list-style-type: none"> ■ Embedded transaction costs for each roll are determined for each underlying as a function of the net delta and of the net daily basis point swaption volatility on the resulting position changes and are included in the calculated index level ■ Transparency: The index is based on information relating to certain OTC swaption instruments, this information (including values) are sourced from J.P. Morgan's official close of business marks and models ■ Live Date period: The index was launched in July 2014, and is a simplified version of an earlier iteration that was launched in September 2012

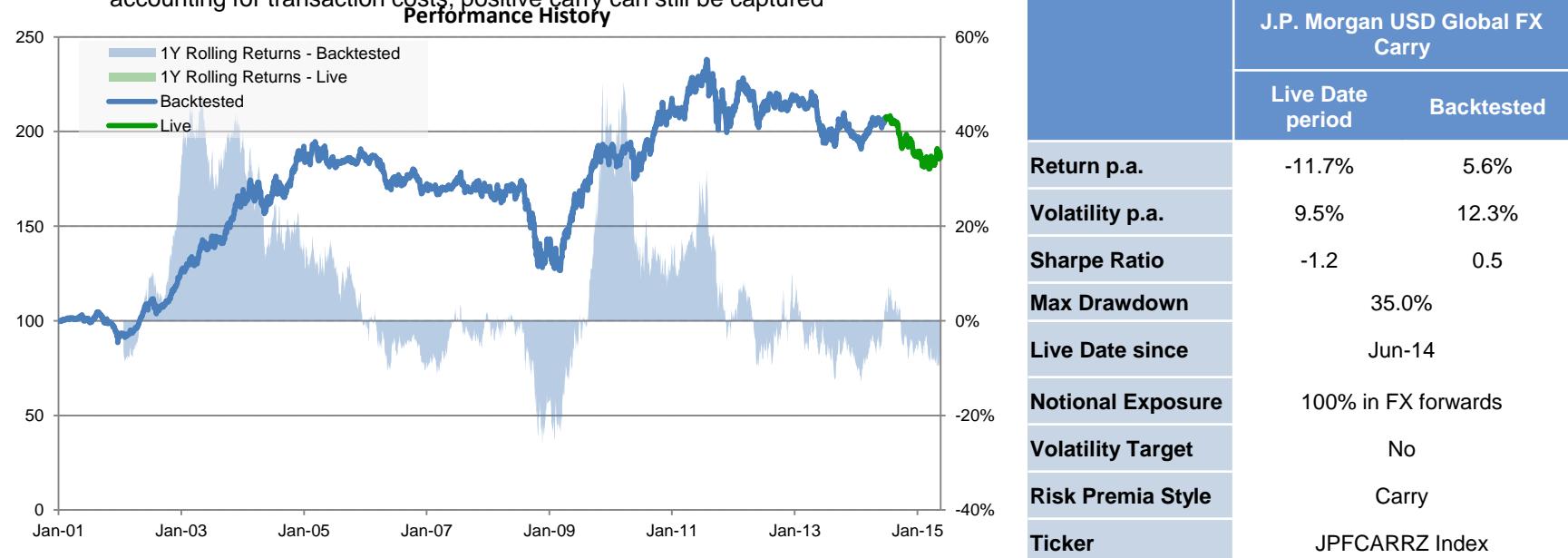
Agenda

	Page
Executive Summary	2
Equity	4
Rates	61
FX	78
Commodities	99
Credit	120

J.P. Morgan USD Global FX Carry

Summary

- The J.P. Morgan USD Global FX Carry Index (JPFCARRU <Index> on Bloomberg) (the “Index”) is a fully transparent and directly investable strategy that references the level of FX spot and FX Forwards for 8 major currency pairs: AUD/USD, USD/CAD, USD/CHF, USD/DKK, USD/NOK, NZD/USD, USD/SEK, USD/ZAR
- The Index aims to monetize the rate differential (or “carry”) between the highest yielding currencies and the lowest yielding ones whilst mitigating for potential drawdowns through diversification and selection of pairs based on a risk adjusted measure
- Each Index business day, the Index may initiate three synthetic 1-month FX forward positions (“synthetic forwards”) in three of the eight currency pairs according to the observed carry signal (a measure of the differential between FX spots and FX forwards scaled by the realized volatility of the spot FX¹):
 - On a given date, rank the currency pairs by their respective carry signals
 - Initiate FX Forward positions in the top-3 ranked pairs. No threshold imposed: Strategy will trade in the top 3 pairs as long as, once accounting for transaction costs, positive carry can still be captured



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the live date are based on historical backtest . Please refer to the backtesting disclaimer at the beginning of this presentation.

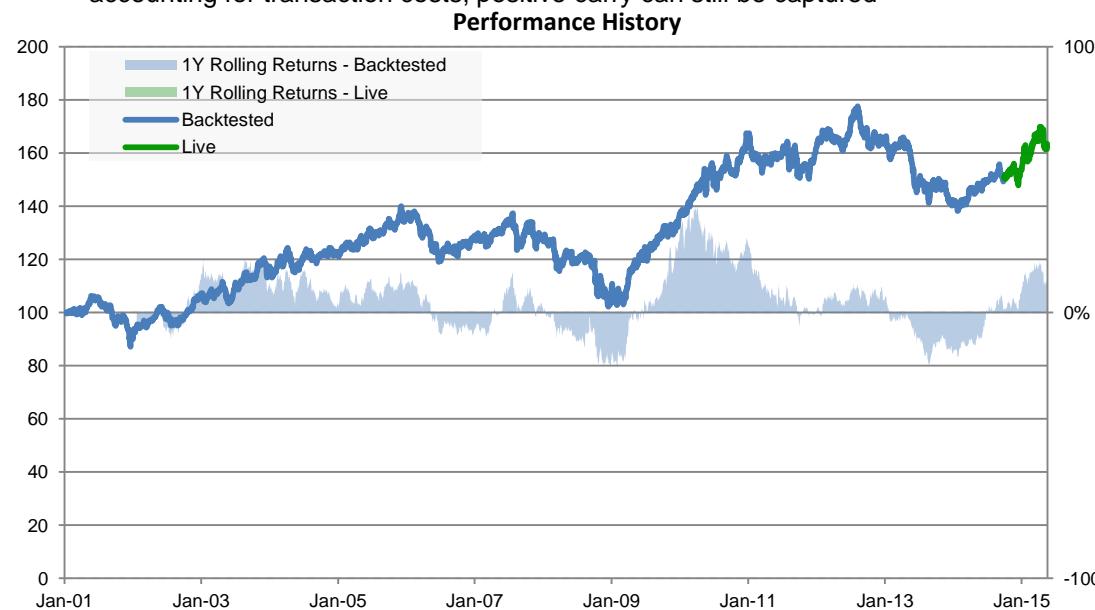
J.P. Morgan USD Global FX Carry

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan USD Global FX Carry Index references the eight major currency pairs: AUD/USD, USD/CAD, USD/CHF, USD/DKK, USD/NOK, NZD/USD, USD/SEK, USD/ZAR ■ Exposure is taken to 1-month FX synthetic forward positions every index business day
Allocation Methodology	<ul style="list-style-type: none"> ■ The Index initiates daily synthetic 1-Month Forward positions with equal weight on the three currency pairs that exhibit the highest risk adjusted carry, deemed as the 'Carry to Risk' ratio ■ Synthetic One-Month Forward positions referenced by the Index are initiated daily at 4pm London time based on the WM 1-month forward fixes ■ The USD notional of the synthetic FX forwards is set to 5% of the prevailing strategy level divided equally by the number of currency pairs selected
Risk Management	<ul style="list-style-type: none"> ■ The position in the index is split across up to three markets leading to diversification. Daily execution with 1M maturities provides smoothed risk profiles across a range of maturities ■ The exposure is split across FX positions in USD, reducing the exposure to directional movements on the funding currency
Additional Information	<ul style="list-style-type: none"> ■ Transaction costs of 0.04% to 0.12% are embedded in each forward trade (based on realized volatility <10% to >30%) ■ Transparency : The index levels are fully determined from externally published fixings. The historical positioning was mostly evenly split between ZAR, NZD and AUD for the last 4 years ■ Research on carry-to-risk mechanism: <ul style="list-style-type: none"> ■ Caglayan, Mustafa, "Carry-to-Risk Investment in Currency Markets" (October 2005). <i>Global Currency & Commodity Research</i>

J.P. Morgan EUR Global FX Carry

Summary

- The J.P. Morgan EUR Global FX Carry Index (JPFCAREZ <Index> on Bloomberg) (the “Index”) is a fully transparent and directly investable strategy that references the level of FX spot and FX Forwards for 6 major currency pairs: EUR/AUD, EUR/CAD, EUR/NOK, EUR/NZD, EUR/SEK, EUR/ZAR
- The Index aims to monetize the rate differential (or “carry”) between the highest yielding currencies and the lowest yielding ones whilst mitigating for potential drawdowns through diversification and selection of pairs based on a risk adjusted measure
- Each Index business day, the Index may initiate three synthetic 1-month FX forward positions (“synthetic forwards”) in three of the eight currency pairs according to the observed carry signal (a measure of the differential between FX spots and FX forwards scaled by the realized volatility of the spot FX¹):
 - On a given date, rank the currency pairs by their respective carry signals
 - Initiate FX Forward positions in the top-3 ranked pairs. No threshold imposed: Strategy will trade in the top 3 pairs as long as, once accounting for transaction costs, positive carry can still be captured



JP Morgan EUR Global FX Carry (G)		
Live Date period	Backtested	
Return p.a.	14.4%	3.0%
Volatility p.a.	10.3%	9.9%
Sharpe Ratio	1.4	0.3
Max Drawdown		27.0%
Live Date since		Sep-14
Notional Exposure		100% in FX forwards
Volatility Target		No
Risk Premia Style		Carry
Ticker	JPFCAREZ Index	

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

J.P. Morgan EUR Global FX Carry

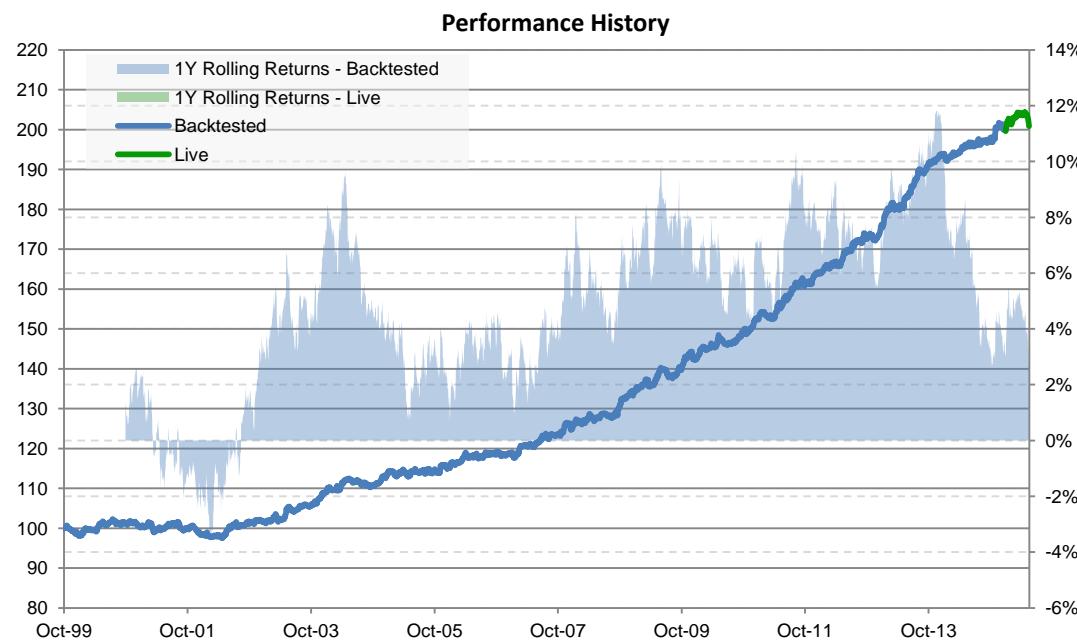
Details

Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan EUR Global FX Carry Index references six major currency pairs: EUR/AUD, EUR/CAD, EUR/NOK, EUR/NZD, EUR/SEK, EUR/ZAR ■ Exposure is taken to 1-month FX synthetic forward positions, potentially on every index business day
Allocation Methodology	<ul style="list-style-type: none"> ■ The index initiates daily synthetic 1-Month Forward positions with equal weight on the three currency pairs against the funding currency (EUR) that exhibit the highest risk adjusted carry, deemed as the 'Carry to Risk' ratio measured as the FX spots vs forward spread scaled by the spot realized volatility ■ Synthetic One-Month Forward positions referenced by the Index are initiated daily at 4pm London time based on the WM 1-month forward fixes
Risk Management	<ul style="list-style-type: none"> ■ The position in the index is split across up to three markets leading to diversification. Daily execution with 1M maturities provides smoothed risk profiles across a range of maturities ■ The exposure is split across FX positions in EUR, reducing the exposure to directional movements on the funding currency
Additional Information	<ul style="list-style-type: none"> ■ Transaction costs of 0.04% to 0.12% are embedded in each forward trade (based on realized volatility <10% to >30%) ■ Transparency : The index levels are fully determined from externally published fixings ■ Research on carry-to-risk mechanism: <ul style="list-style-type: none"> ■ Caglayan, Mustafa, "Carry-to-Risk Investment in Currency Markets" (October 2005). <i>Global Currency & Commodity Research</i>

J.P. Morgan FX Trends

Summary

- The FX Trends Index is a diversified equally weighted basket of Mean Reversion and Momentum sub indices on 7 major FX rates
- The Mean Reversion and Momentum sub indices seek to benefit from, respectively, range trading mean reverting types of trends and momentum based trends in the relevant FX rates
- To benefit from increased diversification the exposure of the basket to each sub strategy is rebalanced each month with an evenly split allocation to all the underliers. The resulting basket is then subject to a 4% volatility target to get the J.P. Morgan FX Trends Index
- The even allocation split attempts to ensure that the resulting FX Trends Index is neutral in terms of strategy type by taking exposure to both Mean Reversion and Momentum strategies at the same time



	J.P. Morgan FX Trends	
	Live Date period	Backtested
Return p.a.	1.6%	4.6%
Volatility p.a.	2.3%	2.6%
Sharpe Ratio	0.7	1.8
Max Drawdown		4.6%
Live Date since		Dec-14
Notional Exposure		50% on average
Volatility Target		No
Risk Premia Style		Momentum
Ticker	JTRDFXB2 Index	

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

J.P. Morgan FX Trends

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ FX Spot and Tomorrow/Next FX Forwards are used to construct FX Tracker indices for 7 FX Rates, including; EURUSD, USDGBP, USDCAD, USDCHF, USDJPY, USDAUD and USDNZD
Allocation Methodology	<ul style="list-style-type: none"> ■ The sub indices monitor directional trends in the underlying FX trackers over specified observation windows and use these as signals to try and position to benefit from subsequent mean reversion or momentum in the value of the relevant FX rate as applicable. Minimum hold periods, stop loss and cut out features are also included ■ The Mean Reversion and Momentum strategy for each underlying is combined into a vol targeted basket for that FX rate, and each of the 7 baskets is then combined into a single final basket to get the FX Trends index
Risk Management	<ul style="list-style-type: none"> ■ Exposure is split across the seven underlyings, reducing concentration in any one market ■ The ability to take positions based on both momentum and mean reversion patterns leads to a complementary risk-return profiles
Additional Information	<ul style="list-style-type: none"> ■ Index run at mid close prices with trading costs deducted as flat 40bps p.a. fee from the index ■ Transparency: The underlying indices are calculated from publicly available WMCO FX Spot and Tomorrow/Next FX Forward rates

J.P. Morgan Momentum FX Index Series (USD/EUR)

Summary

- J.P. Morgan Momentum FX Index (USD/EUR) aims to profit from the tendency of USD/EUR to trend (either up or down) for sustained periods, by going long the pair when an upward trend is identified and short the market when a downward trend is identified
- If the recently observed tendency is sustained and the market continues to follow the identified trend, the strategy returns positive performance
- The strategy is harnessed using 5 and 260 day moving averages on the carry adjusted currency level of USD/EUR
 - A long position in the underlying is implemented if the 5 day average is greater than the 260 day average
 - A short position in the underlying is implemented if the 5 day average falls beneath the 260 day average
 - Positions can be rebalanced potentially daily depending on market conditions



JPMorgan Momentum FX EURUSD Index	
Live Date period	Backtested
Return p.a.	-1.8% 5.1%
Volatility p.a.	9.5% 9.8%
Sharpe Ratio	-0.2 0.5
Max Drawdown	37.3%
Live Date since	Aug-09
Notional Exposure	Variable
Volatility Target	No
Risk Premia Style	Trend
Ticker	AIJPMF1U Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

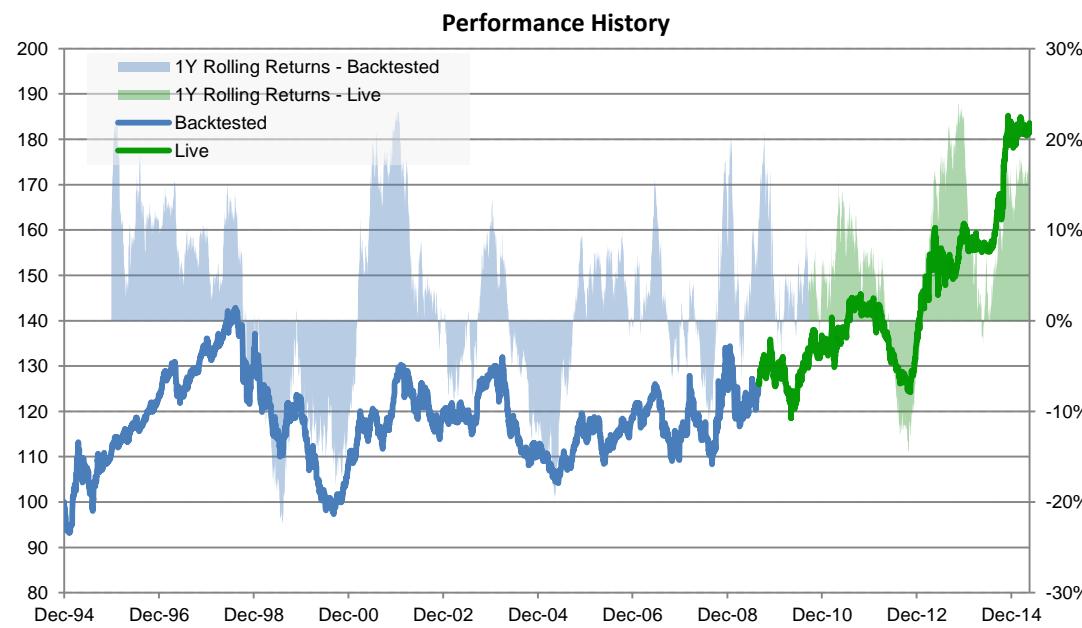
J.P. Morgan Momentum FX Index Series (USD/EUR)

Details	
Universe of Underlying Assets	<ul style="list-style-type: none">■ The underlying for J.P. Morgan Momentum FX Index (USD/EUR) is FX Spots and forwards
Allocation Methodology	<ul style="list-style-type: none">■ The positions in the underlying indices are rebalanced potentially daily■ The index goes long or short USD/EUR if the 5 day average is greater or less than the 260 day average, respectively
Risk Management	<ul style="list-style-type: none">■ The index is a systematic strategy aiming to capitalize on momentum in USD/EUR Foreign Exchange Market■ Daily potential rebalancing ensures any short term momentum is also captured in the strategy
Additional Information	<ul style="list-style-type: none">■ Notional Adjustment factor of 0.30% is applied for EUR forwards■ Transparency: FX Momentum indices can be fully replicated using publicly available data sources.

J.P. Morgan Momentum FX Index Series (USD/JPY)

Summary

- J.P. Morgan Momentum FX Index (USD/JPY) aims to profit from the tendency of USD/JPY to trend (either up or down) for sustained periods, by going long the pair when an upward trend is identified and short the market when a downward trend is identified
- If the recently observed tendency is sustained and the market continues to follow the identified trend, the strategy returns positive performance
- The strategy is harnessed using 5 and 260 day moving averages on the carry adjusted currency level of USD/JPY
 - A long position in the underlying is implemented if the 5 day average is greater than the 260 day average
 - A short position in the underlying is implemented if the 5 day average falls beneath the 260 day average
 - Positions can be rebalanced potentially daily depending on market conditions



JPMorgan Momentum FX USDJPY Index	
Live Date period	Backtested
Return p.a.	6.8% 1.6%
Volatility p.a.	9.6% 10.7%
Sharpe Ratio	0.7 0.2
Max Drawdown	31.9%
Live Date since	Aug-09
Notional Exposure	Variable
Volatility Target	No
Risk Premia Style	Trend
Ticker	AIJPMF2U Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

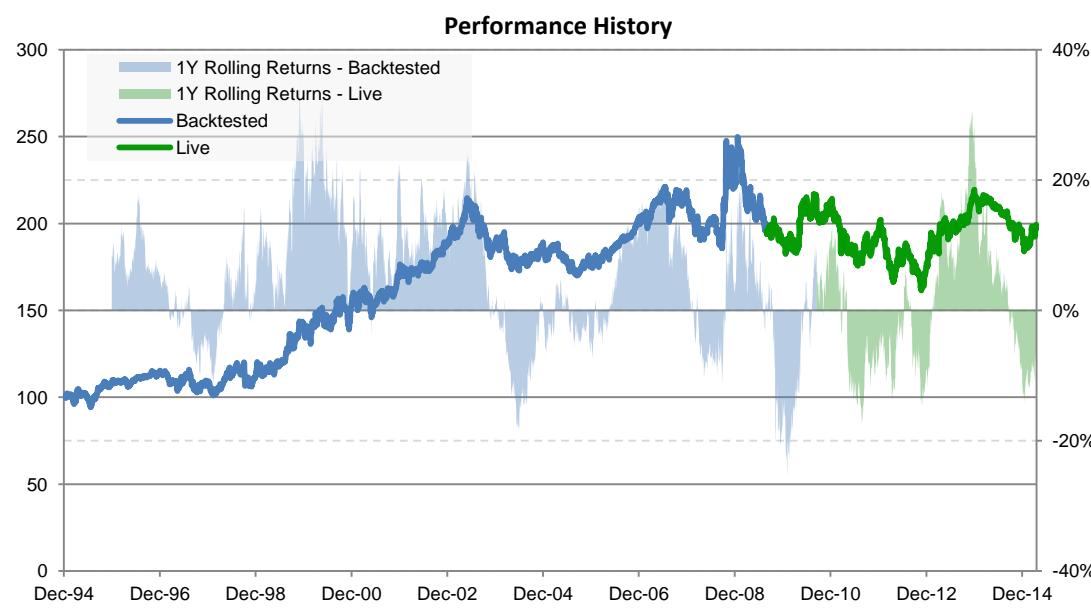
J.P. Morgan Momentum FX Index Series (USD/JPY)

Details	
Universe of Underlying Assets	<ul style="list-style-type: none">■ The underlying for J.P. Morgan Momentum FX Index (USD/JPY) is FX Spots and forwards
Allocation Methodology	<ul style="list-style-type: none">■ The positions in the underlying indices are rebalanced potentially daily■ The index goes long or short USD/JPY if the 5 day average is greater or less than the 260 day average, respectively
Risk Management	<ul style="list-style-type: none">■ The index is a systematic strategy aiming to capitalize on momentum in USD/JPY Foreign Exchange Market■ Daily potential rebalancing ensures any short term momentum is also captured in the strategy
Additional Information	<ul style="list-style-type: none">■ Notional Adjustment factor of 0.30% is applied for JPY forwards■ Transparency: FX Momentum indices can be fully replicated using publicly available data sources

J.P. Morgan Momentum FX Index Series (EUR/JPY)

Summary

- J.P. Morgan Momentum FX Index (EUR/JPY) aims to profit from the tendency of EUR/JPY to trend (either up or down) for sustained periods, by going long the pair when an upward trend is identified and short the market when a downward trend is identified
- If the recently observed tendency is sustained and the market continues to follow the identified trend, the strategy returns positive performance
- The strategy is harnessed using 5 and 260 day moving averages on the carry adjusted currency level of EUR/JPY
 - A long position in the underlying is implemented if the 5 day average is greater than the 260 day average
 - A short position in the underlying is implemented if the 5 day average falls beneath the 260 day average
 - Positions can be rebalanced potentially daily depending on market conditions



JPMorgan Momentum FX EURJPY Index	
Live Date period	Backtested
Return p.a.	0.1% 4.7%
Volatility p.a.	12.2% 12.3%
Sharpe Ratio	0.0 0.4
Max Drawdown	35.4%
Live Date since	Aug-09
Notional Exposure	Variable
Volatility Target	No
Risk Premia Style	Trend
Ticker	AIJPMF3U Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

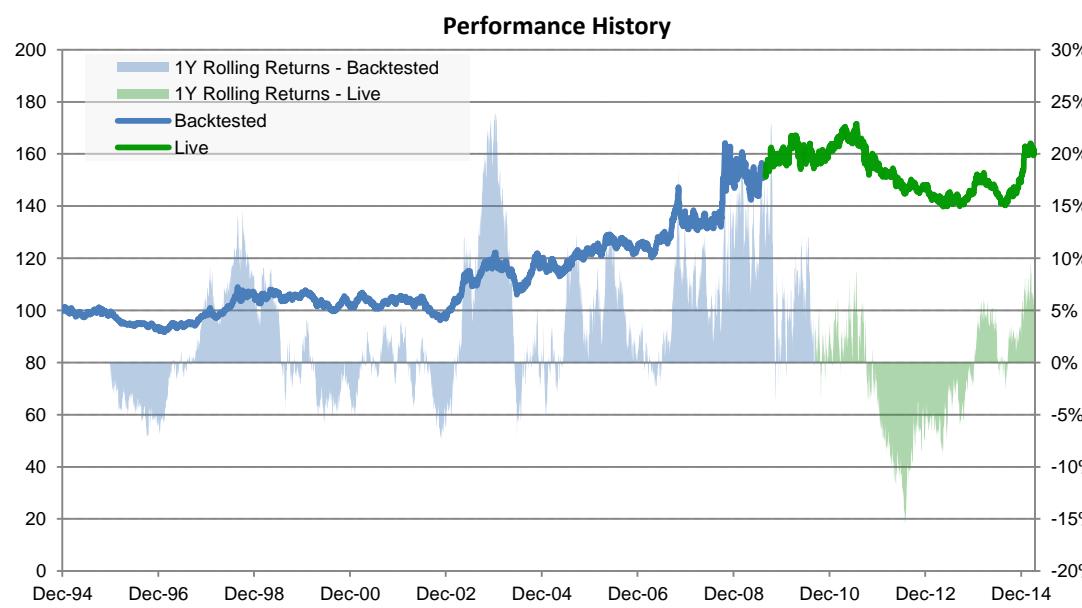
J.P. Morgan Momentum FX Index Series (EUR/JPY)

Details	
Universe of Underlying Assets	<ul style="list-style-type: none">■ The underlying for J.P. Morgan Momentum FX Index (EUR/JPY) is FX Spots and forwards
Allocation Methodology	<ul style="list-style-type: none">■ The positions in the underlying indices are rebalanced potentially daily■ The index goes long or short EUR/JPY if the 5 day average is greater or less than the 260 day average, respectively
Risk Management	<ul style="list-style-type: none">■ The index is a systematic strategy aiming to capitalize on momentum in EUR/JPY Foreign Exchange Market■ Daily potential rebalancing ensures any short term momentum is also captured in the strategy
Additional Information	<ul style="list-style-type: none">■ Notional Adjustment factor of 0.20% is applied for EUR and JPY forwards■ Transparency: FX Momentum indices can be fully replicated using publicly available data sources.

J.P. Morgan Momentum FX Index Series (USD/CAD)

Summary

- J.P. Morgan Momentum FX Index (USD/CAD) aims to profit from the tendency of USD/CAD to trend (either up or down) for sustained periods, by going long the pair when an upward trend is identified and short the market when a downward trend is identified
- If the recently observed tendency is sustained and the market continues to follow the identified trend, the strategy returns positive performance
- The strategy is harnessed using 5 and 260 day moving averages on the carry adjusted currency level of USD/CAD
 - A long position in the underlying is implemented if the 5 day average is greater than the 260 day average
 - A short position in the underlying is implemented if the 5 day average falls beneath the 260 day average
 - Positions can be rebalanced potentially daily depending on market conditions



JPMorgan Momentum FX USDCAD Index	
Live Date period	Backtested
Return p.a.	1.0% 2.9%
Volatility p.a.	8.9% 8.5%
Sharpe Ratio	0.1 0.3
Max Drawdown	18.6%
Live Date since	Aug-09
Notional Exposure	Variable
Volatility Target	No
Risk Premia Style	Trend
Ticker	AIJPMF4U Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

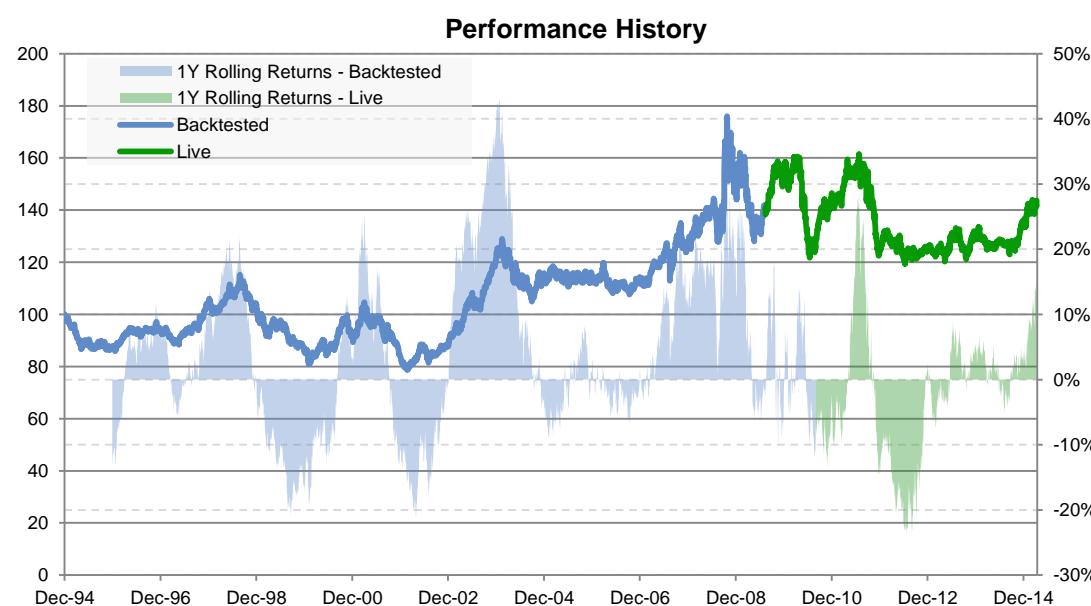
J.P. Morgan Momentum FX Index Series (USD/CAD)

Details	
Universe of Underlying Assets	<ul style="list-style-type: none">■ The underlying for J.P. Morgan Momentum FX Index (USD/CAD) is FX Spots and forwards
Allocation Methodology	<ul style="list-style-type: none">■ The positions in the underlying indices are rebalanced potentially daily■ The index goes long or short USD/CAD if the 5 day average is greater or less than the 260 day average, respectively
Risk Management	<ul style="list-style-type: none">■ The index is a systematic strategy aiming to capitalize on momentum in USD/CAD Foreign Exchange Market■ Daily potential rebalancing ensures any short term momentum is also captured in the strategy
Additional Information	<ul style="list-style-type: none">■ Notional Adjustment factor of 0.30% is applied for CAD forwards■ Transparency: FX Momentum indices can be fully replicated using publicly available data sources

J.P. Morgan Momentum FX Index Series (USD/AUD)

Summary

- J.P. Morgan Momentum FX Index (USD/AUD) aims to profit from the tendency of USD/AUD to trend (either up or down) for sustained periods, by going long the pair when an upward trend is identified and short the market when a downward trend is identified
- If the recently observed tendency is sustained and the market continues to follow the identified trend, the strategy returns positive performance
- The strategy is harnessed using 5 and 260 day moving averages on the carry adjusted currency level of USD/AUD
 - A long position in the underlying is implemented if the 5 day average is greater than the 260 day average
 - A short position in the underlying is implemented if the 5 day average falls beneath the 260 day average
 - Positions can be rebalanced potentially daily depending on market conditions



JPMorgan Momentum FX AUDUSD Index	
Live Date period	Backtested
Return p.a.	0.2% 2.4%
Volatility p.a.	11.6% 12.8%
Sharpe Ratio	0.0 0.2
Max Drawdown	32.1%
Live Date since	Aug-09
Notional Exposure	Variable
Volatility Target	No
Risk Premia Style	Trend
Ticker	AIJPMF5U Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

J.P. Morgan Momentum FX Index Series (USD/AUD)

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The underlying for J.P. Morgan Momentum FX Index (USD/AUD) is FX Spots and forwards
Allocation Methodology	<ul style="list-style-type: none"> ■ The positions in the underlying indices are rebalanced potentially daily ■ The index goes long or short USD/AUD if the 5 day average is greater or less than the 260 day average, respectively
Risk Management	<ul style="list-style-type: none"> ■ The index is a systematic strategy aiming to capitalize on momentum in USD/AUD Foreign Exchange Market ■ Daily potential rebalancing ensures any short term momentum is also captured in the strategy
Additional Information	<ul style="list-style-type: none"> ■ Notional Adjustment factor of 0.40% is applied for AUD forwards ■ Transparency: FX Momentum indices can be fully replicated using publicly available data sources

J.P. Morgan Momentum FX Index Series (EUR/GBP)

Summary

- J.P. Morgan Momentum FX Index (EUR/GBP) aims to profit from the tendency of EUR/GBP to trend (either up or down) for sustained periods, by going long the pair when an upward trend is identified and short the market when a downward trend is identified
- If the recently observed tendency is sustained and the market continues to follow the identified trend, the strategy returns positive performance
- The strategy is harnessed using 5 and 260 day moving averages on the carry adjusted currency level of EUR/GBP
 - A long position in the underlying is implemented if the 5 day average is greater than the 260 day average
 - A short position in the underlying is implemented if the 5 day average falls beneath the 260 day average
 - Positions can be rebalanced potentially daily depending on market conditions



JPMorgan Momentum FX EURGBP Index	
Live Date period	Backtested
Return p.a.	-1.0% 1.5%
Volatility p.a.	7.7% 7.8%
Sharpe Ratio	-0.1 0.2
Max Drawdown	35.7%
Live Date since	Aug-09
Notional Exposure	Variable
Volatility Target	No
Risk Premia Style	Trend
Ticker	AIJPMF6U Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

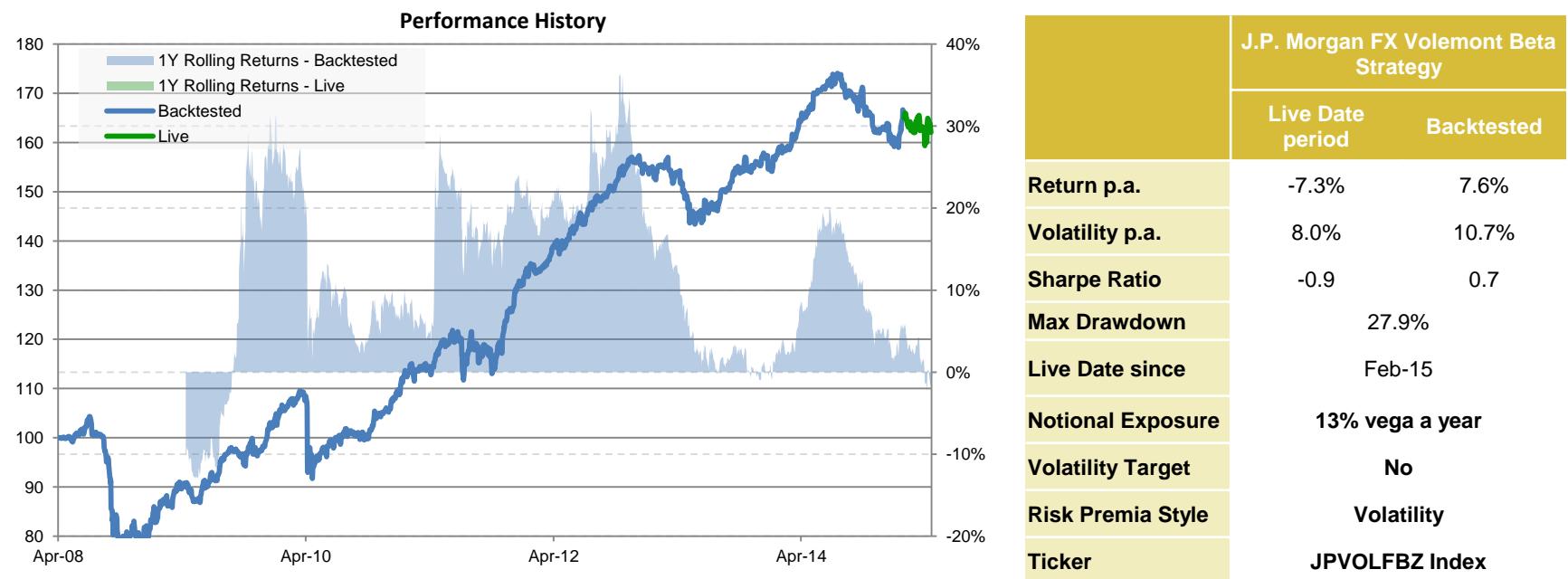
J.P. Morgan Momentum FX Index Series (EUR/GBP)

Details	
Universe of Underlying Assets	<ul style="list-style-type: none">■ The underlying for J.P. Morgan Momentum FX Index (EUR/GBP) is FX Spots and forwards
Allocation Methodology	<ul style="list-style-type: none">■ The positions in the underlying indices are rebalanced potentially daily■ The index goes long or short EUR/GBP if the 5 day average is greater or less than the 260 day average, respectively
Risk Management	<ul style="list-style-type: none">■ The index is a systematic strategy aiming to capitalize on momentum in global Foreign Exchange Markets■ Daily potential rebalancing ensures any short term momentum is also captured in the strategy
Additional Information	<ul style="list-style-type: none">■ Notional Adjustment factor of 0.20% is applied for EUR and GBP forwards■ Transparency: FX Momentum indices can be fully replicated using publicly available data sources

J.P. Morgan FX Volemont Beta 5 Currencies Strategy

Summary

- The J.P. Morgan FX Volemont Beta 5 (the “Strategy”) is a fully transparent and directly investable index strategy that monetizes the level of implied versus realized volatility across futures markets in five major currency pairs: EUR/USD, GBP/USD, AUD/USD, USD/JPY and USD/CAD
- The Strategy aims to monetize any positive difference (or “carry”) between implied and realized volatility through short futures option exposure, whilst mitigating potential drawdowns through diversification
- Each Strategy business day, the Strategy initiates a short synthetic straddle positions via futures options (“synthetic straddles”) in each one of the five currency pairs
- The positions are delta-hedged on a daily basis



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

J.P. Morgan FX Volemont Beta 5 Currencies Strategy

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan FX Volemont Beta 5 Strategy monetizes the level of implied versus realized volatility across futures markets in five major currency pairs: EUR/USD, GBP/USD, AUD/USD, USD/JPY, and USD/CAD ■ The Index references quarterly CME expiry options in the underlying assets
Allocation Methodology	<ul style="list-style-type: none"> ■ Each day the Strategy synthetically trades five straddles, on listed strikes that span the settlement futures price ■ Notionals for the straddles are weighted by how close each strike is to the settlement futures price so that the choice of synthetic straddles are not too sensitive to the specific level of the settlement futures price ■ The Strategy chooses the quarterly CME expiration that is closest to the trade date while still being at least 1m in the future
Risk Management	<ul style="list-style-type: none"> ■ Daily execution to mitigate inherent pin risk and delta hedging to eliminate directional exposure ■ Position is split equally across five markets, leading to geographical diversification
Additional Information	<ul style="list-style-type: none"> ■ Transaction costs are 0.25 volatility points at 12 volatility to 1.5 volatility points from mid at 25 volatility ■ Transparency : The FX Volemont Short Neutral Strategy is constructed entirely from publicly available information, removing any discretion involved in the calculation of Strategy levels ■ Reference: Ruy Ribeiro, Marko Kolanovic, Davide Silvestrini, and Tony Lee, Risk Premia in Volatility Markets: Exploiting Volatility Spillover and Clustering (November 2012). Rules-Based Investment Strategies (November 2012)

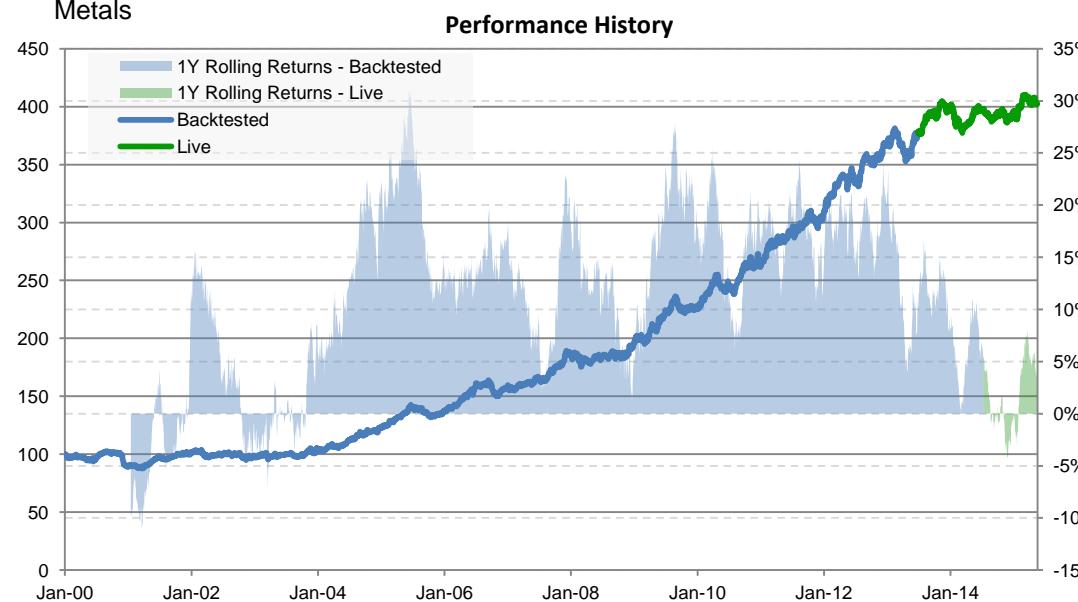
Agenda

	Page
Executive Summary	2
Equity	4
Rates	61
FX	78
Commodities	99
Credit	120

J.P. Morgan Backwardation Alpha Index

Summary

- For each sector, the Backwardation Alpha Index is long the relevant JPMorgan Backwardation Sector Index and short the corresponding DJUBS Sector Index
- For the long leg, within each of the JPMorgan Backwardation sectors, the commodities are ranked once a month, based on their respective 'backwardation level'
 - Backwardation level will be regarded as negative for commodities in Contango
- The Backwardation index sectors provide an equally weighted exposure to the:
 - 3 commodities with the highest backwardation levels for the energy sector
 - 2 commodities with the highest backwardation levels for the base metals sector
 - 3 commodities with the highest backwardation levels for the agriculture sector
- The Backwardation Alpha Index rebalances monthly to DJUBS weights, grossed up to account for the exclusion of Livestock and Precious Metals



	J.P. Morgan Backwardation Alpha Index	
	Live Date period	Backtested
Return p.a.	3.5%	10.3%
Volatility p.a.	5.8%	8.0%
Sharpe Ratio	0.6	1.3
Max Drawdown		14.3%
Live Date since		Jun-13
Leverage		No
Volatility Target		No
Risk Premia Style		Carry
Ticker	JBACADJE Index	

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the live date are based on historical backtest. The period displayed on the chart relates to Jan '00 to Jan '15. The Sub-Index is an excess return index in USD. Please refer to the backtesting disclaimer at the beginning of this presentation.

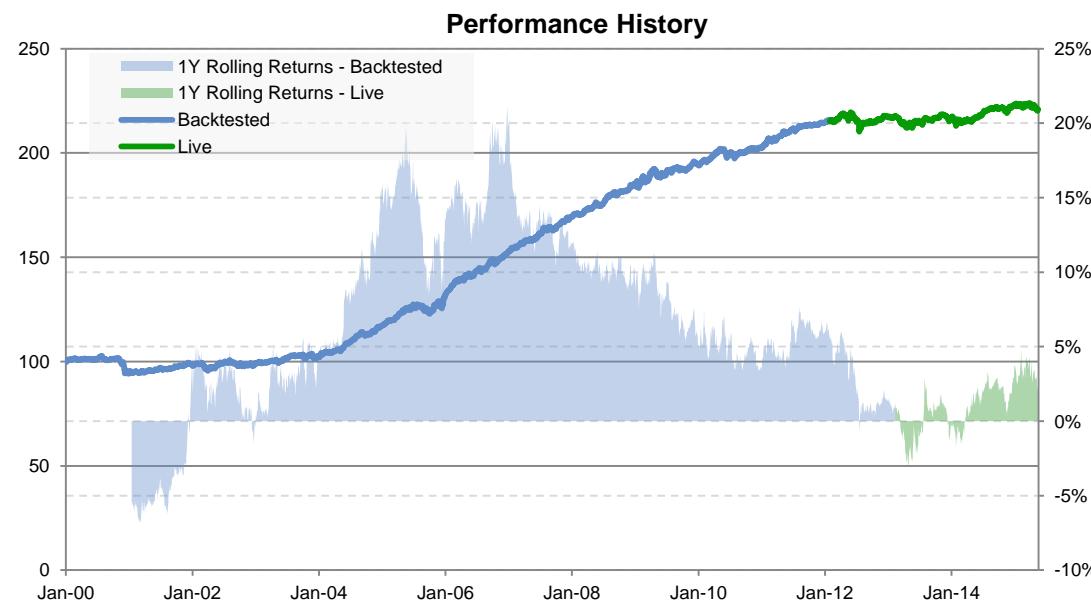
J.P. Morgan Backwardation Alpha Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ For each sector, the Backwardation Alpha Index is long the relevant JPMorgan Backwardation Sector Index and short the corresponding DJUBS Sector Index ■ Synthetic exposure is provided through the Contag single commodity indices for energy and base metals, and the Seasonal Roll indices for Agriculture
Allocation Methodology	<ul style="list-style-type: none"> ■ The backwardation level for seasonal commodities is calculated based on the slope of the futures curve between the future contract for the new month and the future contract expiring one year later ■ Otherwise, the backwardation level is measured by reference to the slope between the future contracts for the new month and the futures contracts for three months later (DJUBS schedule) ■ Synthetic exposure is provided through the Contag single commodity indices for energy and base metals, and the Seasonal Roll indices for Agriculture
Trading costs	<ul style="list-style-type: none"> ■ The published level is gross of replication fees
Additional Information	<ul style="list-style-type: none"> ■ Research : <ul style="list-style-type: none"> ■ Ruy Ribeiro, "Profiting from slide in commodity curves" (April 2009). <i>Global Asset Allocation & Alternative Investments</i>. ■ Jennie Byun, Gerald Tan, John Normand, and Katherine Spector. "Introducing the JPMorgan Commodity Curve Index (JPMCCI)". <i>Global Commodity Research</i>.

J.P. Morgan Alpha Select

Summary

- Alpha Select is a long / short, beta neutral, rules-based commodity index. It is a **curve slide strategy** (often called “curve” or “curve carry”) which seeks to generate steady absolute returns
- It is **long the roll-enhanced BCOM Beta Select Index, short the BCOM Index benchmark**
- BCOM Beta Select uses selected enhancements per commodity sector and seeks to mitigate negative carry and to maximize return, based on historical comparisons of various enhancement strategies
- Strategic benefit of BCOM Beta Select – holding deferred points on the curve increases tenor, aiming to improve returns and reduce volatility
- The respective enhancements for each sector are fundamentally grounded and tested for robustness
- Alpha Select is rebalancing monthly to equal dollar notional and is not leveraged



J.P. Morgan Alpha Select	
Live Date period	Backtested
Return p.a.	0.8% 6.6%
Volatility p.a.	2.7% 3.5%
Sharpe Ratio	0.3 1.9
Max Drawdown	8.3%
Live Date since	Jan-12
Leverage	No
Volatility Target	No
Risk Premia Style	Carry
Ticker	JMABDJSE Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the live date are based on historical backtest. The period displayed on the chart relates to Dec '99 to Jan'15. The Sub-Index is an excess return index in USD. Please refer to the backtesting disclaimer at the beginning of this presentation.

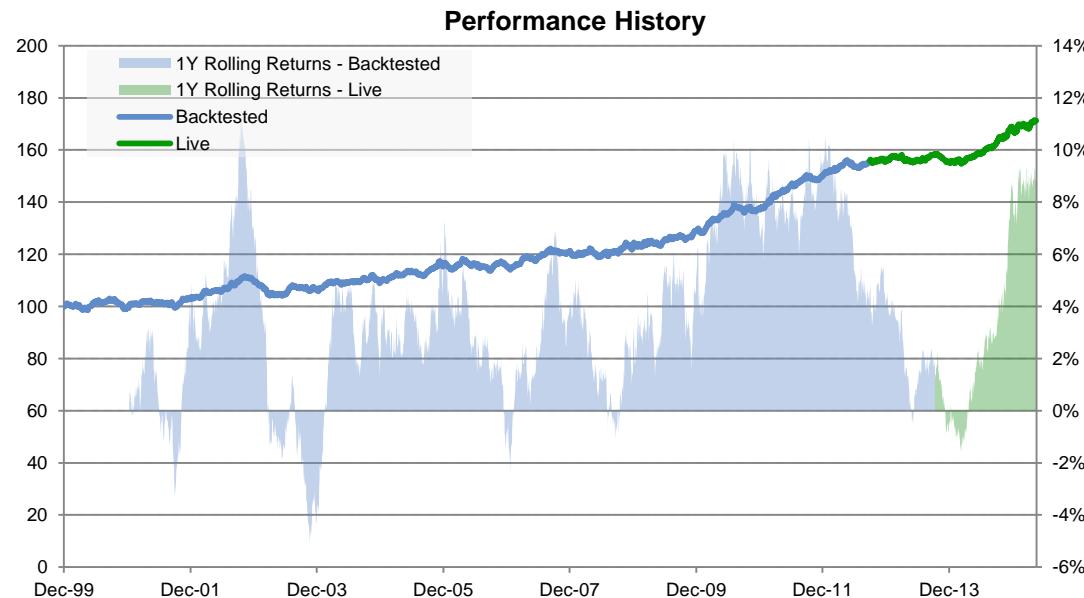
J.P. Morgan Alpha Select

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ For each commodity, Alpha Select is long the relevant BCOM Beta Select component and short the corresponding BCOM single commodity index ■ Synthetic exposure on the long leg is provided through the J.P. Morgan Contag single commodity indices for energy, precious and base metals, Seasonal Roll indices for Agriculture and J.P. Morgan Commodity Curve Indices ex Front Month for Livestock
Allocation Methodology	<ul style="list-style-type: none"> ■ Energy: Contag (Dynamic – attempts to respond to energy curve as it changes shape) ■ Base Metals: Contag (Dynamic – attempts to respond to metals curve as it changes shape) ■ Precious Metals: Contag (Not deferring, rolls 1-10) ■ Agriculture: Seasonal (Takes advantage of seasonal trends and liquidity) ■ Livestock: JPM CCI x FM (Allocates investment across the futures curve except for the front month based on Open Interest)
Trading costs	<ul style="list-style-type: none"> ■ The published level is gross of replication fees
Additional Information	<ul style="list-style-type: none"> ■ Research : <ul style="list-style-type: none"> ■ Ruy Ribeiro, “Profiting from slide in commodity curves” (April 2009). Global Asset Allocation & Alternative Investments. ■ Jennie Byun, Gerald Tan, John Normand, and Katherine Spector. “Introducing the JPMorgan Commodity Curve Index (JPMCCI)”. Global Commodity Research.

J.P. Morgan Seasonal Spreads Portfolio

Summary

- The J.P. Morgan Seasonal Spreads Portfolio (“SSP”) is a relative value alpha strategy that seeks to generate returns from a variety of **fundamental spreads** in the market and includes a layer of portfolio management techniques that seek to enhance the overall performance through increased diversification and reduction of concentrated risks
- Main features:
 - Invests monthly in 27 pairs of S&P GSCI ER indices
 - Rebalances monthly to market-neutral weights on an aggregate basis
 - Applies a risk overlay that limits individual commodity exposures and re-distributes excess risk proportionally among the other components
 - Exhibits a close to zero historic hypothetical correlation to other asset classes, commodities and to commodity curve alpha



	J.P. Morgan Seasonal Spreads Portfolio	
	Live Date period	Backtested
Return p.a.	3.6%	3.5%
Volatility p.a.	2.6%	3.2%
Sharpe Ratio	1.4	1.1
Max Drawdown		6.8%
Live Date since	Sep-12	
Leverage	No	
Volatility Target	No	
Risk Premia Style	Values	
Ticker	JMABSSPE Index	

J.P. Morgan Seasonal Spreads Portfolio

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The strategy allocates to 27 fundamental cross-commodity spreads ■ The Fundamental spreads can reflect input-output relations (e.g. WTI and Gasoline), or commodities that can be used as substitutes (e.g. Corn and Wheat)
Allocation Methodology	<ul style="list-style-type: none"> ■ Simulate historical spread positions using S&P GSCI spot indices ■ The spread only contains the data from the relevant month to determine weights for such month (e.g. to calculate weights for June, a spread series with S&P GSCI spot data over all historical Junes is created as a string) ■ If the spread cumulative performance line of best fit has a positive slope, the relevant long-commodity gets a positive vote, while the relevant short-commodity a negative vote and vice versa
Trading costs	<ul style="list-style-type: none"> ■ The published index level is gross of replication fees
Additional Information	<ul style="list-style-type: none"> ■ Research: Commodity Markets Outlook and Strategy, Seasonal spreads at the cyclical crossroads, Fenton, J.P. Morgan research, Nov 12

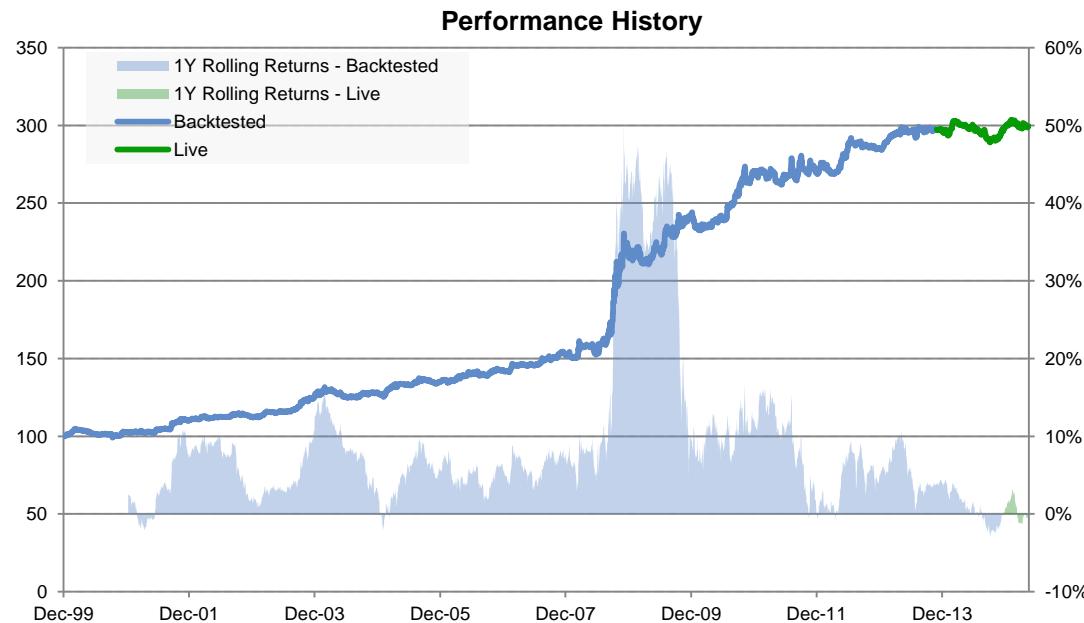
J.P. Morgan Compendium

Summary

The **J.P. Morgan Compendium** is a value-seeking absolute return strategy that attempts to capture commodity price movements driven by fundamental and macroeconomic signals. The methodology is based on two equally weighted fundamental-based offerings, **Harbour** and **Multi-Polaris**, allowing flexibility in the strategy's investment conviction

Main features:

- Utilizes **140 unique indicators** from macro, sector or fundamental sources
- Exposure to **16 liquid and non-correlated commodities** from the S&P GSCI universe
- Rebalances daily / weekly / monthly, depending on the frequency of the underlying indicators
- Signals are implemented over 3 business days to minimize market impact



	J.P. Morgan Compendium	
	Live Date period	Backtested
Return p.a.	0.5%	8.1%
Volatility p.a.	2.9%	6.9%
Sharpe Ratio	0.2	1.2
Max Drawdown		8.7%
Live Date since		Nov-13
Leverage		No
Volatility Target		No
Risk Premia Style		Carry
Ticker		JCOPC Index

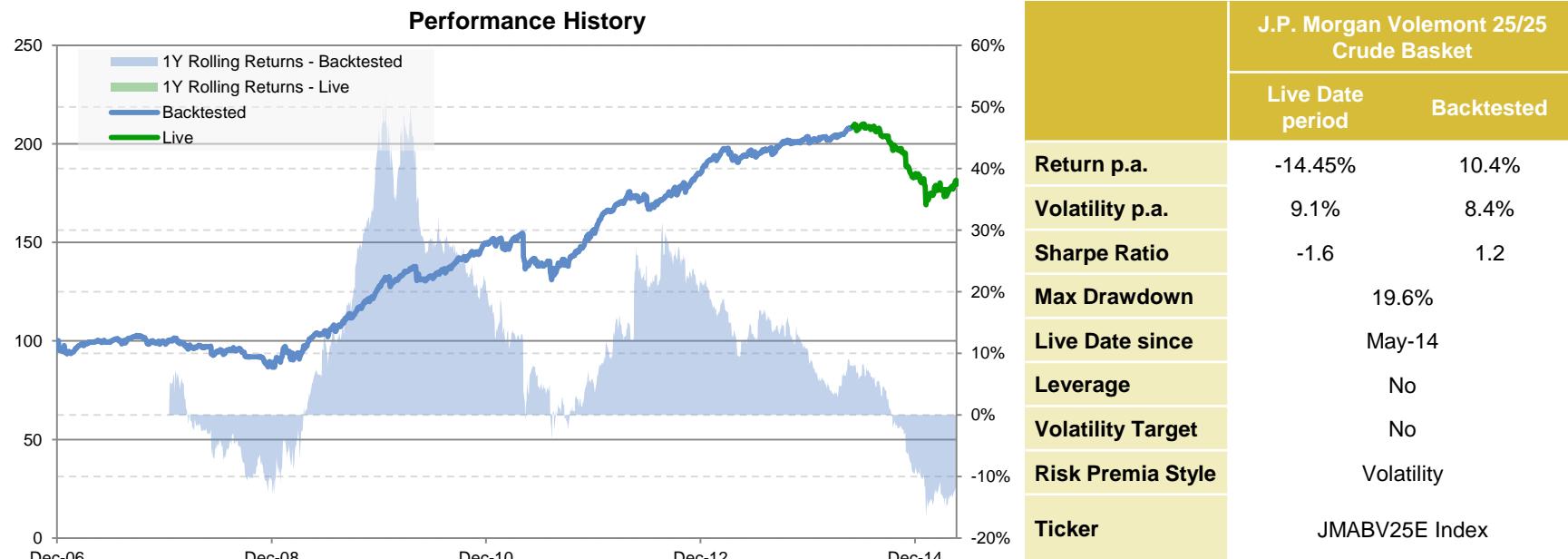
J.P. Morgan Compendium

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The strategy is based on 16 liquid and non-correlated commodities, positions are implemented using J.P. Morgan's Front Month Indices (Five base metals, three petroleum, three grains, three softs, and two livestock assets) ■ The set of indicators contains 140 macro, sector and fundamental signals that are used to create conviction scores for the two sub-strategies of Compendium: Harbour and Multi-Polaris
Allocation Methodology	<ul style="list-style-type: none"> ■ Harbour displays an investment logic during normal times, and derives signals from a comparison between the current level of the indicator, and its historical moving average ■ Multi-Polaris is only implemented during extreme times based on a historical percentile ranking of indicators ■ Drivers are categorized as macroeconomic (for all commodities), sector (specific to a commodity sector), or fundamental (applied only to such commodity). These three driver categories are equally weighted (1/3rd of index notional allocation) in each of the two sub-strategies, which are in turn equally weighted
Trading costs	<ul style="list-style-type: none"> ■ The published index level is gross of replication fees
Additional Information	<ul style="list-style-type: none"> ■ Compendium Manual: Explanation and logic of each of the 140 indicators ■ The look-back windows for each signals is dependent on the frequency of publication of such signal (daily, weekly or monthly)

J.P. Morgan Volemont 25/25 Crude Basket

Summary

- The J.P. Morgan Volemont 25/25 Crude Basket is an equally weighted basket of the J.P. Morgan Crude Volemont Strategies (WTI Volemont, Brent Volemont, WTI Volemont 3M and Brent Volemont 3M)
- The J.P. Morgan Crude Volemont Strategies seek to extract value from the premium between implied volatility and realised volatility in WTI Crude Oil and Brent Crude Oil in a systematic, rules based manner
- The Strategies provide a synthetic exposure that replicates the result of:
 - On a daily basis, selling WTI or Brent Crude Oil at-the-money straddles (call and put options at the same strike price), respectively, and delta hedging these daily at the close
 - Implementing an algorithmic risk control switch (Risk Overlay) which suspends the sale of straddles at times of deemed market stress, aiming to improve the risk-return characteristics of the Strategy
- The Strategy utilises a transparent approach using readily available information sources, referencing NYMEX WTI Crude Oil and ICE Brent Crude Oil listed options



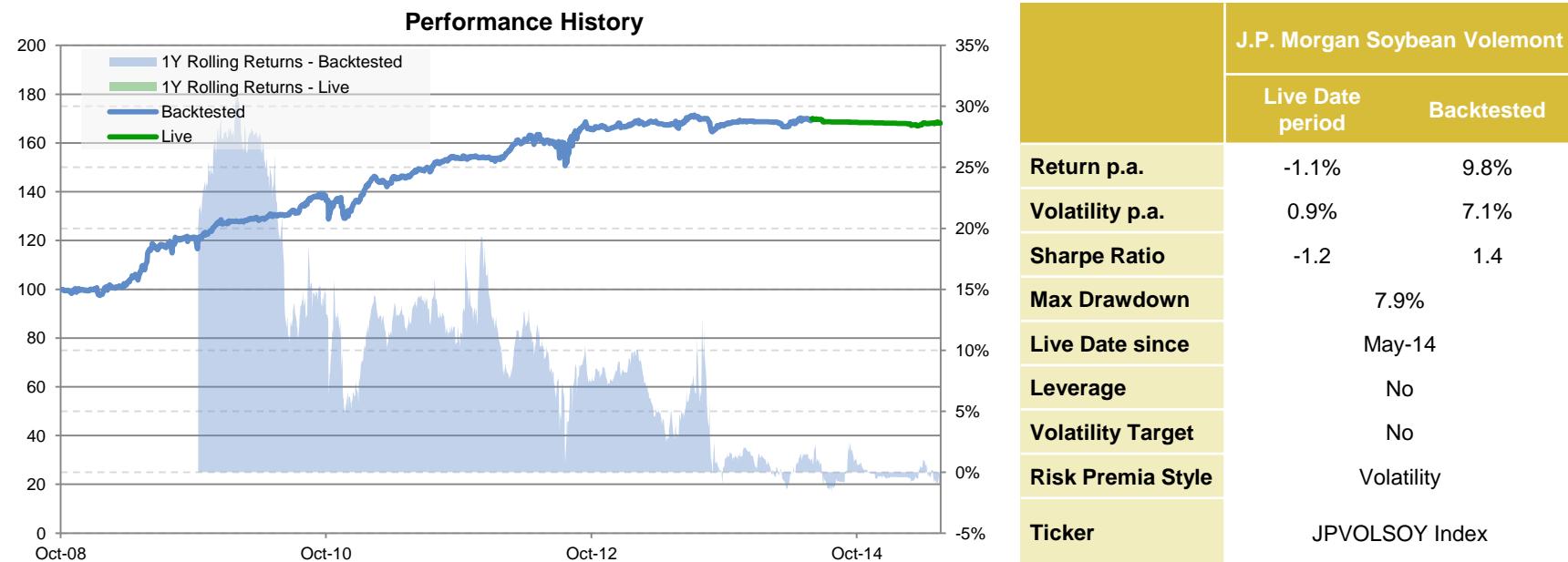
J.P. Morgan Volemont 25/25 Crude Basket

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ Market participants have historically been willing to pay a volatility premium of implied vs. realized volatility for protection against both upside and downside price moves in Crude Oil ■ The Strategies synthetically sell ATM delta-hedged straddles of Crude oil on a daily basis with the aim to extract this risk premium
Allocation Methodology	<ul style="list-style-type: none"> ■ Selling an ATM straddle of second and third nearby listed options on a daily basis at the close, and holding to expiry ■ Daily delta-hedging of the existing option portfolio at the market settlement in order to capture the volatility premium ■ Building short exposure to a basket of straddles with different strikes in order to mitigate dependency on a single strike ■ Suspending such daily sale on any given day where the macro Risk Overlay is deemed “Risk Off”
Trading costs	<ul style="list-style-type: none"> ■ Whenever the strategy changes exposure to the WTI Crude Oil futures contracts, a Delta Adjustment cost of 0.015% is applied to the absolute change in the exposure, once netted for physical settlement upon option expiry ■ The replication cost are factored in the calculation of Options prices as: Replication Cost = Black and Scholes VegaXVega Spread; where the Vega Spread varies between 0.8 and 1.5, as a function of the relevant implied Volatility Index (OIV <Index for WTI and the J.P. Morgan Brent Crude Implied ATM 30d Volatility Strategy for Brent) ■ The published levels are net of 75 bps management fee p.a.
Additional Information	<ul style="list-style-type: none"> ■ Transparency of replication: The Crude Oil Volemont Basket is constructed entirely from publicly available information, attempting to minimize the discretion involved in the calculation of Strategy levels ■ Reference: Ruy Ribeiro, Marko Kolanovic, Davide Silvestrini, and Tony Lee, Risk Premia in Volatility Markets: Exploiting Volatility Spillover and Clustering (November 2012). Rules-Based Investment Strategies (November 2012)

J.P. Morgan Soybean Volemont

Summary

- The **J.P. Morgan Soybean Volemont Strategy** seeks to extract value from the premium between implied and realised volatility in Soybean futures in a systematic, rules based manner. Specifically, the Strategy is designed to monetize the premium in the call skew inherent in the market (due to weather and overall supply risks). It references CBOT Soybean listed call options
- The Strategy provides a synthetic exposure that replicates the result of:
 - On a daily basis, selling 25 and 10 delta listed calls (in equal vega amounts) to the second or first nearby futures options contract, until 30 calendar days before its expiry, subject to a strike diversification overlay (the 'Gamma Limit')
 - Delta hedging the synthetic option portfolio daily at the close
- The strategy applies a Risk Overlay which suspends the sale of options at times when the call skew is less than 0.5%, aiming to improve the risk-return characteristics of the Strategy



Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the live date are based on historical backtest. The period displayed on the chart relates to Oct '08 to Jan '15. Please refer to the backtesting disclaimer at the beginning of this presentation.

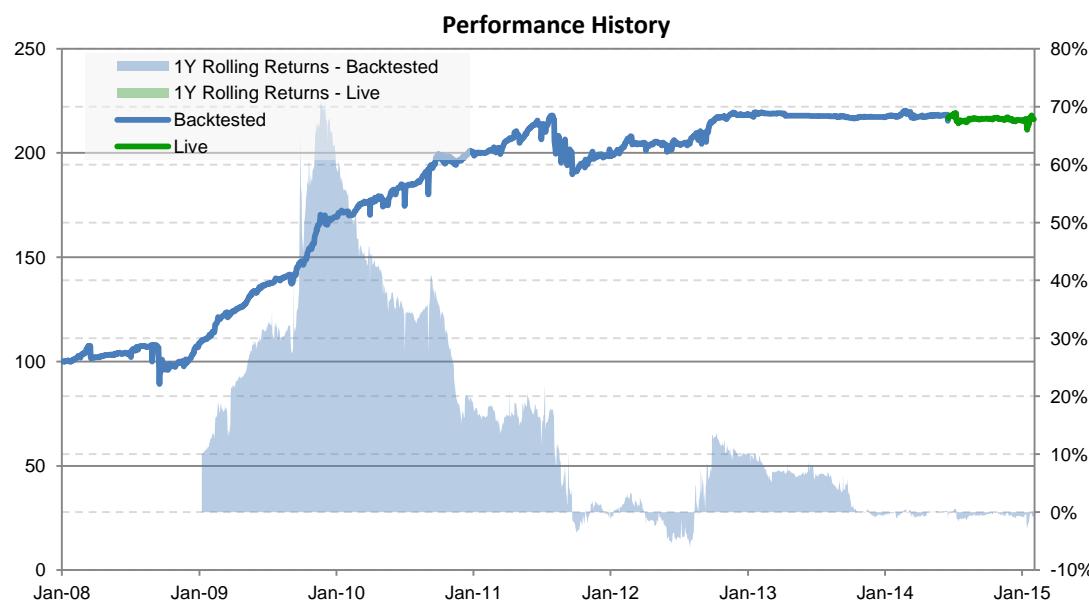
J.P. Morgan Soybean Volemont

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The Strategy references CBOT Soybean listed call options ■ The Strategy synthetically sells the second or first nearby standard options on a daily basis and holds these to maturity. The average synthetic holding period is 2 months (3 months when beginning to build the exposure, 1 month when stopping to build the exposure and switching to the next second nearby standard option). Soybean futures are used to daily delta-hedge the synthetic option portfolio
Allocation Methodology	<ul style="list-style-type: none"> ■ Strikes are selected at close of business on a daily basis, choosing the closest eligible listed call option to the 25% delta and 10% delta strikes, applying a strike diversification overlay (the 'Gamma Limit') ■ If the call skew (i.e. difference in volatility of a given call strike and the ATM volatility) is less than 0.5%, the strategy will not initiate a new position on the respective strike for this given day ■ There is a nominal target of 50bps of vega on the strategy notional, which means that, all other things being equal, a change of 1% in implied vol aims to result in a change of 50bps in the strategy level
Trading costs	<ul style="list-style-type: none"> ■ Whenever the strategy changes exposure to Soybeans futures contracts, a Delta Adjustment cost of 0.05% is applied to the absolute change in the exposure, once netted for physical settlement upon option expiry ■ The replication cost are factored in the calculation of Options prices as: Replication Cost = Black and Scholes VegaXVega Spread; where the Vega Spread varies linearly between 1.2 and 2.25, as a function of the J.P. Morgan Soybean Implied 25Δ 10Δ 60d Volatility Strategy ■ The published levels are net of 75 bps management fee p.a.
Additional Information	<ul style="list-style-type: none"> ■ Transparency of replication: The Soybean Volemont Strategy level can be fully calculated from readily available information sources and strategy rules which are available upon request ■ Reference: Ruy Ribeiro, Marko Kolanovic, Davide Silvestrini, and Tony Lee, <i>Risk Premia in Volatility Markets: Exploiting Volatility Spillover and Clustering</i> (November 2012). Rules-Based Investment Strategies (November 2012)

J.P. Morgan Gold Futures Volemont

Summary

- The **J.P. Morgan Gold Futures Volemont Strategy** seeks to extract value from the premium between implied and realised volatility in Gold Futures futures in a systematic, rules based manner. Specifically, the Strategy is designed to monetize the premium in the call skew inherent in the market. It references COMEX Gold listed call options.
- The Strategy provides a synthetic exposure that replicates the result of:
 - On a daily basis, selling 25 and 10 delta listed calls (in equal vega amounts) to the second nearby serial option contract, subject to a strike diversification overlay (the 'Gamma Limit')
 - Delta hedging the synthetic option portfolio daily at the close
- The strategy applies a Risk Overlay which suspends the sale of options at times when the call skew is less than 0%, aiming to improve the risk-return characteristics of the Strategy



J.P. Morgan Gold Futures Volemont	
Live Date period	Backtested
Return p.a.	0.6% 12.6%
Volatility p.a.	4.5% 12.0%
Sharpe Ratio	0.1 1.0
Max Drawdown	17.4%
Live Date since	19 th June 2014
Leverage	No
Volatility Target	No
Risk Premia Style	Volatility
Ticker	JPVOLGCS Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the live date are based on historical backtest. The period displayed on the chart relates to Jan '08 to Jan'15. Please refer to the backtesting disclaimer at the beginning of this presentation.

J.P. Morgan Gold Futures Volemont

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The Strategy references COMEX Gold listed call options ■ The Strategy synthetically sells the second nearby listed serial options on a daily basis and holds these to maturity. This equates to an average synthetic holding period of 1.5 months (2 months when beginning to build the exposure, 1 month when stopping to build the exposure and switching to the next second nearby listed option). Comex Gold futures are used to daily delta-hedge the synthetic option portfolio.
Allocation Methodology	<ul style="list-style-type: none"> ■ Strikes are selected at close of business on a daily basis, choosing the closest eligible listed call to the 25% delta and 10% delta strike points, and applying a strike diversification overlay (the 'Gamma Limit') ■ If the call skew (i.e. difference in implied volatility of a given call strike and the ATM volatility) is less than 0%, the strategy will not initiate a new position on the respective strike for this given day ■ There is a nominal target of 50bps of vega on the strategy notional, which means that, all other things being equal, a change of 1% in implied vol aims to result in a change of 50bps in the strategy level
Trading costs	<ul style="list-style-type: none"> ■ Whenever the strategy changes exposure to Gold futures contracts, a Delta Adjustment cost of 0.015% is applied to the absolute change in the exposure, once netted for physical settlement upon option expiry ■ The replication cost are factored in the calculation of Options prices as: Replication Cost = Black and Scholes VegaXVega Spread; where the Vega Spread varies linearly between 0.5 and 1.5, as a function of the J.P. Morgan Gold Futures Implied 25Δ 10Δ 30d Volatility Strategy ■ The published levels are net of 50 bps management fee p.a.
Additional Information	<ul style="list-style-type: none"> ■ Transparency of replication: The Gold Futures Volemont Strategy level can be fully calculated from readily available information sources and strategy rules which are available upon request ■ Reference: Ruy Ribeiro, Marko Kolanovic, Davide Silvestrini, and Tony Lee, <i>Risk Premia in Volatility Markets: Exploiting Volatility Spillover and Clustering</i> (November 2012). Rules-Based Investment Strategies (November 2012)

J.P. Morgan Optimax Market Neutral

Summary

- J.P. Morgan Optimax Market Neutral is a rule-based strategy that:
 - Allocates across 24 commodities using efficient portfolio optimisation based on Markowitz, maximising return for a given volatility
 - Combines momentum with active risk management and is market-neutral, i.e. will provide no net exposure as of each rebalancing
 - Rebalances allocations monthly
- The Markowitz allocation algorithm is applied to construct the optimal market-neutral portfolio with:
 - Sector net exposure capped at $\pm 20\%$, Single commodity net exposure capped at $\pm 10\%$, no net long or short exposure
 - Gross exposure capped at 100%
 - Target volatility 5%



J.P. Morgan Optimax Market Neutral	
Live Date period	Backtested
Return p.a.	-0.9% 5.5%
Volatility p.a.	5.5% 5.5%
Sharpe Ratio	-0.2 1.0
Max Drawdown	18.1%
Live Date since	May-08
Leverage	No
Volatility Target	No
Risk Premia Style	Momentum
Ticker	CMDTOMER Index

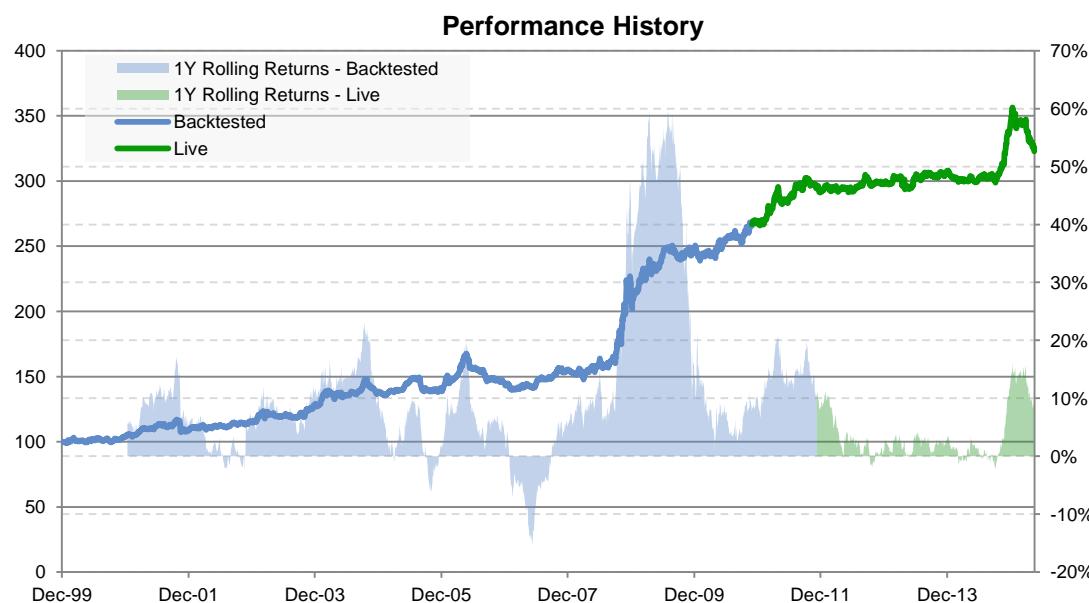
J.P. Morgan Optimax Market Neutral

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The allocation is made among the 24 S&P GSCI Single Commodity Excess Return Indices
Allocation Methodology	<ul style="list-style-type: none"> ■ Markowitz optimization algorithm ■ Sector net exposure is capped at $\pm 20\%$, Single commodity net exposure capped at $\pm 10\%$, no net long or short exposure ■ Gross exposure capped at 100% ■ Target volatility 5%
Trading costs	<ul style="list-style-type: none"> ■ The published index level is net of 96 bps p.a
Additional Information	<ul style="list-style-type: none"> ■ Research : <ul style="list-style-type: none"> ■ “JPMorgan Investment Strategies No. 25: Momentum in Commodities” (Ruy Ribeiro, 19 September 2006) ■ “JPMorgan Investment Strategies No. 40: Optimizing Commodities Momentum” (Ruy Ribeiro, 29 April 2008)”

J.P. Morgan Fast 16 Continuum

Summary

- The J.P. Morgan Continuum Framework is a synthetic state-of-the-art **technical trading strategy** that seeks to adjust its trading approach to different market regimes
- Continuum employs innovative regime monitoring indicators to identify **Trending** and **Range bound** market environments and adapts its synthetic allocation rules accordingly
- The strategy is based on technical price momentum, where trading signals are driven by two sets of Moving Averages
- The **Fast 16 Continuum** methodology is applied independently to **16 single commodity S&P GSCI Indices**
- Accordingly, the Index consists of long or short positions of up to 6.25% each in the universe of 16 liquid commodities, and rebalances to its target weights each month end



	J.P. Morgan Fast 16 Continuum	
	Live Date period	Backtested
Return p.a.	4.4%	9.4%
Volatility p.a.	5.3%	8.6%
Sharpe Ratio	0.8	1.1
Max Drawdown		16.6%
Live Date since		Nov-10
Leverage		No
Volatility Target		No
Risk Premia Style		Momentum
Ticker		JMAB053E Index

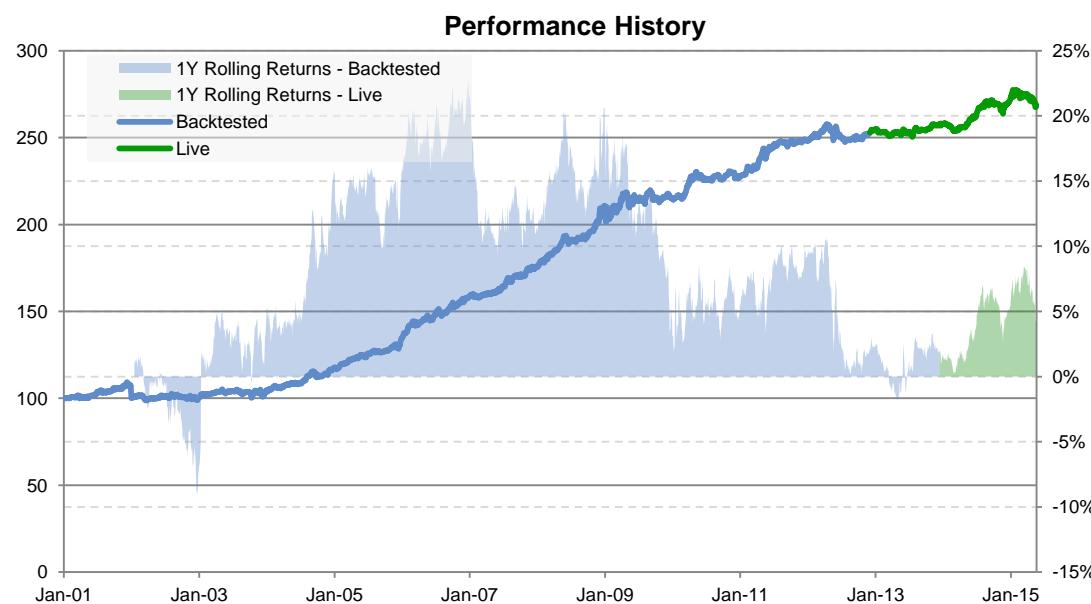
J.P. Morgan Fast 16 Continuum

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The Fast 16 Continuum methodology is applied independently to 16 single commodity S&P GSCI Indices: <ul style="list-style-type: none"> ■ Base Metals (Aluminium, Copper, Lead, Nickel, Zinc) ■ Energy (WTI, Brent, Gasoil, Heating Oil, Gasoline) ■ Precious (Gold, Silver) ■ Agriculture (Soybeans, Cotton, Sugar) ■ Livestock (Live Cattle)
Allocation Methodology	<ul style="list-style-type: none"> ■ In a trending regime, when a fast moving average crosses a slow moving average from below, the Moving Average Crossover rule indicates a long signal. Conversely when the fast moving average crosses from above a short signal is indicated ■ In a range-bound regime, the intuition is that the underlying will tend to revert to a longer term mean. The trading signal indicated by the Moving Average Crossover rule is the opposite of the trending regime
Trading costs	<ul style="list-style-type: none"> ■ The published index level is gross of replication fees
Additional Information	<ul style="list-style-type: none"> ■ Continuum uses volume-weighted moving averages in order to give additional importance to the price movement information obtained on trading days with higher volume ■ Continuum determines the optimal pair of moving averages based on historical patterns during the respective Calibration Period and defines the nature of the regime which can be either Trending or Range bound

J.P. Morgan Ranked Alpha

Summary

- **Ranked Alpha selects the top 10 best performing curve strategies over the last 21 days**
- Universe for the long selection consists of 40 component strategies across 25 commodities:
 - 1 or 2 strategies per commodity
 - J.P. Morgan Commodity Curve ex-Front Month indices ('JPMCCI xFM') for all commodities
 - J.P. Morgan Contag indices for metals and energy commodities, and J.P. Morgan Seasonal Strategies for selected higher liquidity commodities within the agriculture and livestock sectors
- Universe for the short selection: BCOM equivalent sub-indices (S&P GSCI for Kansas Wheat)
- Long and short positions are notional matched, and rebalance over the last 3 business days of the month
- Allocation is 10% per component strategy, with a 20% maximum weight for each commodity; less liquidity commodities have a 10% weight cap



J.P. Morgan Ranked Alpha	
Live Date period	Backtested
Return p.a.	2.5% 8.1%
Volatility p.a.	3.1% 5.2%
Sharpe Ratio	0.8 1.6
Max Drawdown	9.6%
Live Date since	Nov-12
Leverage	No
Volatility Target	No
Risk Premia Style	Momentum
Ticker	JMABRA1E Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the live date are based on historical backtest. The period displayed on the chart relates to Jan '01 to Jan'15. Please refer to the backtesting disclaimer at the beginning of this presentation.

J.P. Morgan Ranked Alpha

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ Universe for the long selection consists of 40 component strategies across 25 commodities: <ul style="list-style-type: none"> ■ JPM CCI xFM for all commodities ■ Contag for metals and energy commodities, Seasonal for selected higher liquidity commodities within the agriculture and livestock sectors ■ Universe for the short selection: <ul style="list-style-type: none"> ■ BCOM equivalent sub-indices (S&P GSCI for Kansas Wheat)
Allocation Methodology	<ul style="list-style-type: none"> ■ Ranked Alpha selects the 10 best performing curve alpha strategies over the last 21 days ■ Long and short positions are notional matched ■ 10% per strategy, 20% maximum weight for each commodity; less liquidity commodities have a 10% weight cap ■ Rebalance over the last 3 business days of the month
Trading costs	<ul style="list-style-type: none"> ■ The published level is gross of replication fees
Additional Information	<ul style="list-style-type: none"> ■ Literature and Research: <ul style="list-style-type: none"> ■ <i>Momentum in Commodity Futures Markets</i>, Miffre and Rallis, 06; ■ <i>Momentum in Commodities</i>, Ribeiro et al., J.P. Morgan research, Sep 06

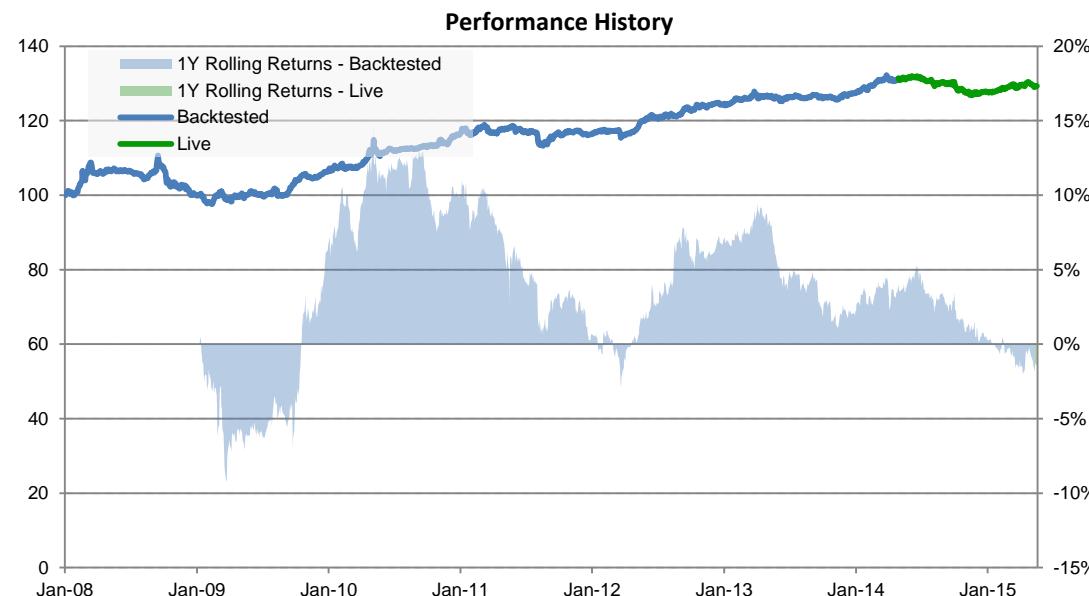
Agenda

	Page
Executive Summary	2
Equity	4
Rates	61
FX	78
Commodities	99
Credit	120

J.P. Morgan Europe Credit Compression

Summary

- The J.P. Morgan Europe Credit Compression tracks the **relative performance** of European Xover vs. European IG credit indices
- Effective tracking of the relative performance of European Crossover and IG credits using dynamic exposure to iTraxx Xover and Main determined by the relative volatility of the two
- Exposure to **long** iTraxx Xover and **short** iTraxx Main, both volatility controlled at 5%, which adjusts for the different risk profiles of a outright position in the two components
- Relative **exposure is daily adjusted dynamically**, typically leading to higher notional exposure to iTraxx Main
- The Indices are constructed to be simple strategies on **Markit Excess Return Indices**:
 - Price-based index that tracks the performance of the respective CDS index series
 - Simple rules to deal with credit events, rolls and coupons and transparent 3rd party fixings



J.P. Morgan Europe Credit Compression		
Live Date Period	Backtested	
Return p.a.	-1.4%	4.4%
Volatility p.a.	2.5%	4.2%
Sharpe Ratio	-0.6	1.0
Max Drawdown		11.8%
Live Date since		Apr-14
Notional Exposure	Average ~5X on Main, 1X on Crossover	
Volatility Target	No	
Risk Premia Style	Value	
Ticker	JCRERVC2 Index	

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

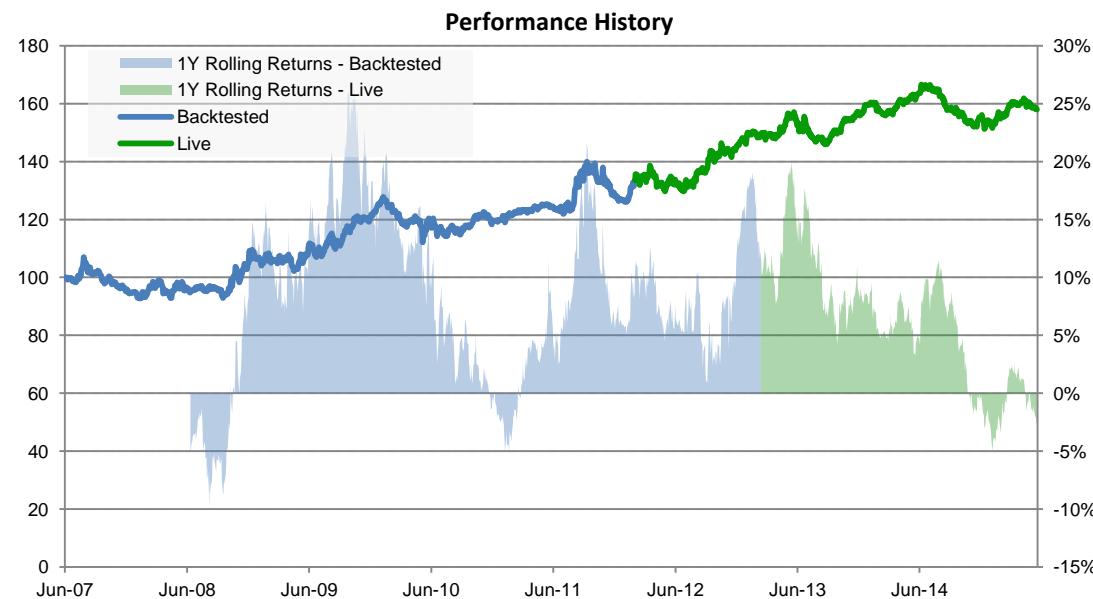
J.P. Morgan Europe Credit Compression

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> The strategy effectively tracks the relative performance of the credit indices (instead of the market beta) by using dynamic exposure to iTraxx Xover (Markit iTraxx Europe Crossover 5-year ER Index) and Main (Markit iTraxx Europe Main 5-year ER Index) determined by the relative volatility of the two Relative exposure is dynamically adjusted up to daily, typically leading to a higher notional exposure to iTraxx Main
Allocation Methodology	<ul style="list-style-type: none"> Long leg: 2X exposure on J.P. Morgan Europe Crossover (Xover) Risk Control Carry Index; i.e. iTraxx Europe Xover 5Y Excess Return Index, volatility controlled at 5% Short leg: 2X exposure on J.P. Morgan Europe Main Risk Control Carry Index; i.e. iTraxx Europe Main 5Y Excess Return Index, volatility controlled at 5%
Risk Management	<ul style="list-style-type: none"> The volatility scaling aims to beta neutralize the two indices, leaving a positive carry and potential further performance coming from compression The exposure is long short, aiming to reduce the directional exposure to credit markets
Additional Information	<ul style="list-style-type: none"> The trading cost embedded is 10bps on index roll. Itraxx Main 0.5bps p.a. to mid. Crossover 3bps p.a. to mid Transparency: The index can be replicated fully using publically available information

J.P. Morgan Credit Europe Crossover Momentum Index

Summary

- J.P. Morgan Credit Europe Crossover Momentum Index tracks trending behavior of the current on-the-run iTraxx Europe Crossover 5Y index CDS
- Momentum strategies on credit are short risk during crisis and long risk during recovery or a period of sustained rally
- These indices are constructed as simple strategies on Markit Excess Return indices
 - Price based index that tracks the performance of the respective CDS index series
 - Transparent third-party fixings
 - Automatically deals with credit events, rolls & coupons
- Strategy checks for signal on each business day so momentum may switch direction up to daily and executed over following 8 trading days



J.P. Morgan Credit Europe Crossover Momentum Index	
Live Date period	Backtested
Return p.a.	5.6% 6.1%
Volatility p.a.	6.9% 9.7%
Sharpe Ratio	0.8 0.6
Max Drawdown	13.3%
Live Date since	Jan-12
Notional Exposure	100% to underlying markit index
Volatility Target	No
Risk Premia Style	Trend
Ticker	JCREMOXO Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

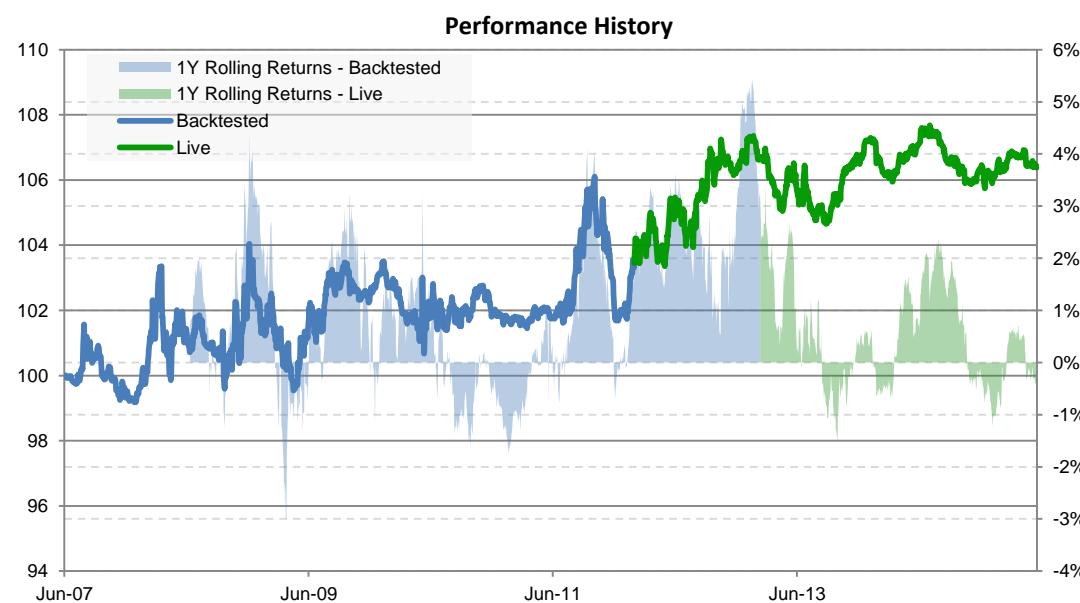
J.P. Morgan Credit Europe Crossover Momentum Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Credit Europe Crossover Momentum Index tracks trending behavior of the current on-the-run iTraxx Europe Crossover 5Y index CDS
Allocation Methodology	<ul style="list-style-type: none"> ■ Strategy responds to the recent performance of the underlying index, taking a long exposure to the underlying if there has been a recent outperformance, and short exposure if underperformance. It compares the simple average of the underlying index over a short period (1 week) to that over a longer period (10 weeks) <ul style="list-style-type: none"> ■ If Short Term Average > Long Term Average Then Momentum is adjusted long credit ■ If Short Term Average < Long Term Average Then Momentum is adjusted short credit
Risk Management	<ul style="list-style-type: none"> ■ The ability to take both long and short positions reduces overall directional impact over the long term ■ The signal to pick the position is relatively reactive to short term trends in the market, which is typical of credit markets ■ The momentum strategy on credit are short risk during crisis and long risk during recovery or a period of sustained rally
Additional Information	<ul style="list-style-type: none"> ■ The trading cost embedded is 0.2% on each exposure change ■ Transparent 3rd party calculation: The strategy was launched in 2012 with Markit as Calculation Agent ■ The strategy was launched in 2012 with Markit as Calculation Agent

J.P. Morgan Credit Europe Main Momentum Index

Summary

- J.P. Morgan Credit Europe Main Momentum Index tracks trending behavior of the European IG CDS market
- Momentum strategies on credit are short risk during crisis and long risk during recovery or a period of sustained rally
- Strategy responds to the recent performance of the underlying index, taking a long exposure to the underlying if there has been a recent outperformance, and short exposure if underperformance. It compares the simple average of the underlying index over a short period (1 week) to that over a longer period (10 weeks)
 - If Short Term Average > Long Term Average Then Momentum is adjusted long credit
 - If Short Term Average < Long Term Average Then Momentum is adjusted short credit
- Strategy checks for signal on each business day so momentum may switch direction up to daily and executed over following 8 trading days



J.P. Morgan Credit Europe Main Momentum Index	
Live Date period	Backtested
Return p.a.	0.9% 0.7%
Volatility p.a.	2.0% 3.2%
Sharpe Ratio	0.4 0.2
Max Drawdown	4.3%
Live Date since	Jan-12
Notional Exposure	100% to underlying index
Volatility Target	No
Risk Premia Style	Trend
Ticker	JCREMOEU Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

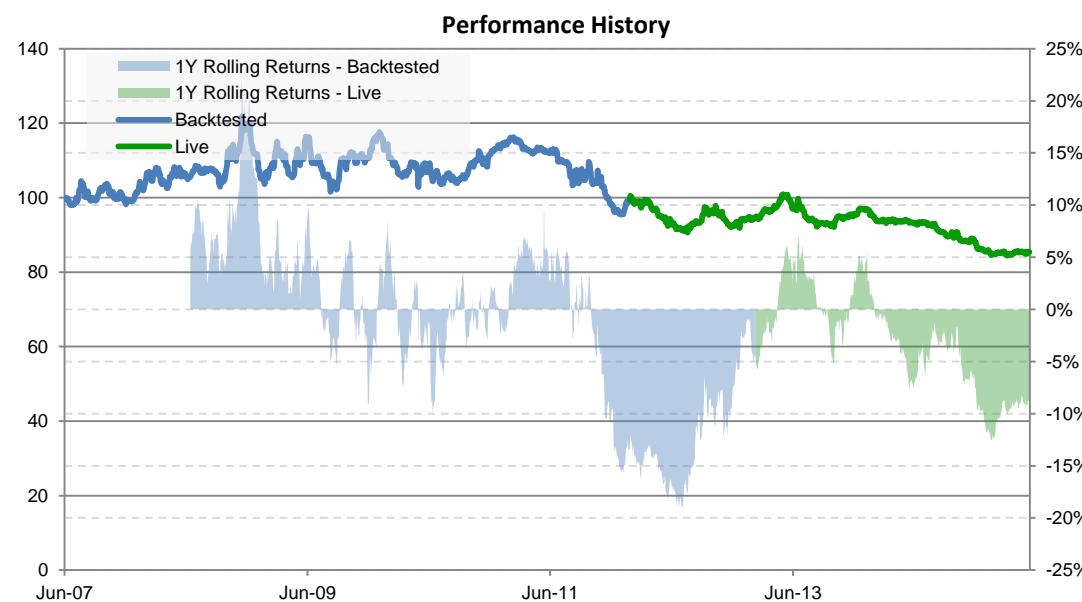
J.P. Morgan Credit Europe Main Momentum Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Credit Europe Main Momentum Index takes long or short exposure on the European IG CDS market
Allocation Methodology	<ul style="list-style-type: none"> ■ Strategy responds to the recent performance of the underlying index, taking a long exposure to the underlying if there has been a recent outperformance, and short exposure if underperformance. It compares the simple average of the underlying index over a short period (1 week) to that over a longer period (10 weeks) <ul style="list-style-type: none"> ■ If Short Term Average > Long Term Average Then Momentum is adjusted long credit ■ If Short Term Average < Long Term Average Then Momentum is adjusted short credit
Risk Management	<ul style="list-style-type: none"> ■ The ability to take both long and short positions reduces overall directional impact over the long term ■ The signal to pick the position is relatively reactive to short term trends in the market, which is typical of credit markets ■ The momentum strategy on credit are short risk during crisis and long risk during recovery or a period of sustained rally
Additional Information	<ul style="list-style-type: none"> ■ The trading cost embedded is 0.05% on each exposure change ■ The momentum strategy on credit are short risk during crisis and long risk during recovery or a period of sustained rally ■ The strategy was launched in 2012 with Markit as Calculation Agent

J.P. Morgan Credit NA HY Momentum Index

Summary

- J.P. Morgan Credit NA HY Momentum Index tracks trending behavior in the US HY CDS market
- Momentum strategies on credit are short risk during crisis and long risk during recovery or a period of sustained rally
- Strategy responds to the recent performance of the underlying index, taking a long exposure to the underlying if there has been a recent outperformance, and short exposure if underperformance. It compares the simple average of the underlying index over a short period (1 week) to that over a longer period (10 weeks)
 - If Short Term Average > Long Term Average Then Momentum is adjusted long credit
 - If Short Term Average < Long Term Average Then Momentum is adjusted short credit
- Strategy checks for signal on each business day so momentum may switch direction up to daily and executed over following 8 trading days



J.P. Morgan Credit NA HY Momentum Index	
Live Date period	Backtested
Return p.a.	-4.4% -0.2%
Volatility p.a.	5.5% 9.9%
Sharpe Ratio	-0.8 0.0
Max Drawdown	30.7%
Live Date since	Jan-12
Notional Exposure	100% to underlying index
Volatility Target	No
Risk Premia Style	Trend
Ticker	JCREMOHY Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

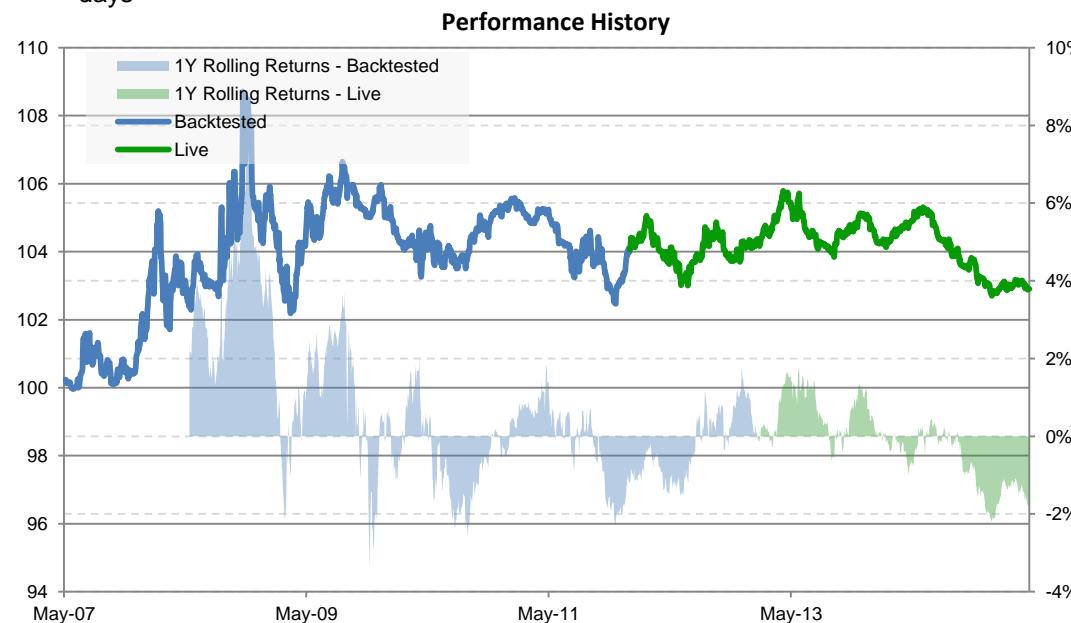
J.P. Morgan Credit NA HY Momentum Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Credit NA HY Momentum Index tracks trending behavior in the US HY CDS market
Allocation Methodology	<ul style="list-style-type: none"> ■ Strategy responds to the recent performance of the underlying index, taking a long exposure to the underlying if there has been a recent outperformance, and short exposure if underperformance. It compares the simple average of the underlying index over a short period (1 week) to that over a longer period (10 weeks) <ul style="list-style-type: none"> ■ If Short Term Average > Long Term Average Then Momentum is adjusted long credit ■ If Short Term Average < Long Term Average Then Momentum is adjusted short credit
Risk Management	<ul style="list-style-type: none"> ■ The ability to take both long and short positions reduces overall directional impact over the long term ■ The signal to pick the position is relatively reactive to short term trends in the market, which is typical of credit markets ■ The momentum strategy on credit are short risk during crisis and long risk during recovery or a period of sustained rally
Additional Information	<ul style="list-style-type: none"> ■ The trading cost embedded is 0.2% on each exposure change ■ The momentum strategy on credit are short risk during crisis and long risk during recovery or a period of sustained rally ■ The strategy was launched in 2012 with Markit as Calculation Agent

J.P. Morgan Credit NA IG Momentum Index

Summary

- J.P. Morgan Credit NA IG Momentum Index tracks trending behavior in the credit default swap index – the Markit CDX NA IG 5 Year Excess Return Index
- Momentum strategies on credit are short risk during crisis and long risk during recovery or a period of sustained rally
- Strategy responds to the recent performance of the underlying index, taking a long exposure to the underlying if there has been a recent outperformance, and short exposure if underperformance. It compares the simple average of the underlying index over a short period (1 week) to that over a longer period (10 weeks)
 - If Short Term Average > Long Term Average Then Momentum is adjusted long credit
 - If Short Term Average < Long Term Average Then Momentum is adjusted short credit
- Strategy checks for signal on each business day so momentum may switch direction up to daily and executed over following 8 trading days



J.P. Morgan Credit NA IG Momentum Index	
Live Date period	Backtested
Return p.a.	-0.34% 0.9%
Volatility p.a.	1.3% 3.3%
Sharpe Ratio	-0.3 0.3
Max Drawdown	6.0%
Live Date since	Jan-12
Notional Exposure	100% to underlying index
Volatility Target	No
Risk Premia Style	Trend
Ticker	JCREMOIG Index

Source: J.P. Morgan, Bloomberg. Past performance is no guarantee of future performance. Data prior to the Live Date date are based on historical backtest. Please refer to the backtesting disclaimer at the beginning of this presentation.

J.P. Morgan Credit NA IG Momentum Index

Details	
Universe of Underlying Assets	<ul style="list-style-type: none"> ■ The J.P. Morgan Credit NA IG Momentum Index takes long or short exposure on the Markit CDX NA IG 5 Year Excess Return Index. The strategy aims to track the trending behaviour in the CDX Index
Allocation Methodology	<ul style="list-style-type: none"> ■ Strategy responds to the recent performance of the underlying index, taking a long exposure to the underlying if there has been a recent outperformance, and short exposure if underperformance. It compares the simple average of the underlying index over a short period (1 week) to that over a longer period (10 weeks) <ul style="list-style-type: none"> ■ If Short Term Average > Long Term Average Then Momentum is adjusted long credit ■ If Short Term Average < Long Term Average Then Momentum is adjusted short credit
Risk Management	<ul style="list-style-type: none"> ■ The ability to take both long and short positions reduces overall directional impact over the long term ■ The signal to pick the position is relatively reactive to short term trends in the market, which is typical of credit markets. ■ The momentum strategy on credit are short risk during crisis and long risk during recovery or a period of sustained rally
Additional Information	<ul style="list-style-type: none"> ■ The trading cost embedded is 0.05% on each exposure change ■ The momentum strategy on credit are short risk during crisis and long risk during recovery or a period of sustained rally ■ The strategy was launched in 2012 with Markit as Calculation Agent