Global Macro and Market Theme

September saw investors grapple with continued political uncertainty, ensuing turbulence in fixed income markets, and a shock to global oil production due to a drone strike in Saudi Arabia. Overall, however, the month was positive for risk assets. Equities outperformed bonds, high yield beat investment grade and hedge fund indices moved mostly lower.

In the US, the House of Representatives initiated an impeachment inquiry. Meanwhile in the UK, the Brexit saga dragged on with parliament passing legislation forcing the government to ask for an extension if it can't agree a deal with the EU. The Prime Minister then suspended parliament but the move was promptly ruled unlawful and reversed. Despite all this turmoil, global economic data beat pessimistic expectations and propelled stock markets higher. Japanese stocks led the way and closed the month up 4.0% in dollar terms. Europe returned 2.7% and beat both Emerging Markets and the S&P 500.

Several central banks across developed and emerging markets cut interest rates in September. The Federal Reserve, for example, reduced its key policy rate by 25bps and left the door open to further easing. Also in the US, policymakers had to intervene after the rate on overnight repos soared amidst an illiquid period in which corporate tax payments and Treasury issuance had used up significant levels of cash at dealer banks. Against this backdrop, both the US and the global aggregate bond indexes closed the month down 0.5%, outperforming US TIPS, which lost 1.4%.

Hedge funds posted - on average - negative results for the month, with the HFRI FoF Diversified down 0.7%. Relative Value managers fared the best (HFRI Relative Value, +0.8%) while Macro strategies lagged (HFRI Macro, -2.2%). Meanwhile, oil prices surged the most on record after an attack on Saudi oil facilities disrupted production, raised geopolitical tensions and contributed to a 1.2% rise in the Bloomberg Commodities index.
Important Information
Calculation Methodology in this Report

From time to time, we make enhancements to the systems that generate this performance report. Updates that went into effect on December 8, 2017 may result in changes to performance data and other presentations in this report.

Performance
Past performance does not guarantee future results. You could get back less than you invest. Returns for periods greater than one year are annualized, and returns for periods less than one year are not annualized. Percentages may not add to 100% due to rounding. Performance reflects time-weighted rates of return.

"Gross of Fees" returns reflect fees paid by any funds in which the selected accounts invest (i.e., fees embedded in the valuation of underlying funds) and certain transaction costs. As well as those fees, Net of Fees returns reflect the advisory fees paid to J.P. Morgan for the services it provides in any investment management accounts and advisory accounts, and any additional product fees for investment vehicles in these accounts, based in each case on the total market value of managed assets in the account. Net of Fees returns might not include certain miscellaneous fees or expenses in any type of account. Net of Fees returns would be lower if they reflected all fees and expenses. Please see your account statement for all fees charged to your account.

Returns shown for asset classes and Separately Reported Investments do not reflect the deduction of any fees or expenses, other than embedded fund-level fees and certain transaction costs. These returns would be lower if they reflected all fees and expenses. If this report includes Separately Reported Investments, they are included in the Total Portfolio, and this section also shows the Total Portfolio less Separately Reported Investments.

The Inception Date is generally the last day of the month in which the account was opened or in which the index was established (except that, for indices established before the portfolio's Inception Date, the Inception Date shown for the index is instead the portfolio's Inception Date).

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To calculate the performance in this report, we may value an asset using one of our own pricing models or an external pricing service. Its resulting value could be based on, among other things, estimates and assumptions about relevant future market conditions, which are subject to change without notice. The values used for this report may differ from those in other documents, such as statements and performance reports, because of, e.g., updated pricing, late posted trades and income accruals.

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Investment strategies are selected from both J.P. Morgan and third-party asset managers and are subject to a review process by J.P. Morgan’s manager research teams. From this pool of strategies, J.P. Morgan’s portfolio construction teams select those strategies it believes fit its asset allocation goals and forward looking views in order to meet the portfolio’s investment objective.

As a general matter, we prefer J.P. Morgan managed strategies. We expect the proportion of J.P. Morgan managed strategies will be high (in fact, up to 100%) in strategies such as, for example, cash and high-quality fixed income, subject to applicable law and any account-specific considerations.

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Indices are unmanaged. They do not reflect management fees, transaction costs or other expenses, and assume reinvestment of dividends and interest. An individual cannot invest directly in an index. Past performance of any index does not guarantee future results.

Your Benchmark is comprised of one or more indices. If index data is not available throughout a period, a return for that index and the Benchmark cannot be calculated for the period (n/a). If this report covers only accounts opened under a single Discretionary Portfolio Mandate, your Benchmark is based on the Strategic Asset Allocation in your Discretionary Portfolio Mandate. If this report covers only accounts forming part of a single Holistic Group, your Benchmark is the custom blended benchmark that you and your J.P. Morgan representative have agreed to show for informational purposes. It might not be a meaningful comparison to your Holistic Group returns. Your Holistic Group is not managed by J.P. Morgan as a collective group of accounts or with reference to your Benchmark, and we have
Accounts Included in this Report

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- investment management accounts or advisory accounts managed by JPMorgan Chase Bank, N.A.
- custody accounts held at JPMorgan Chase Bank, N.A., and in which you make all decisions on which securities and other assets to buy and sell, subject to any applicable appropriateness standards and documentation or other requirements.
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“MND” indicates accounts grouped together under the same Discretionary Portfolio Mandate.

Separately Reported Investments: Client investments in JPM Accounts for which we are reporting performance, but are presented separately because they have unique characteristics.

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