

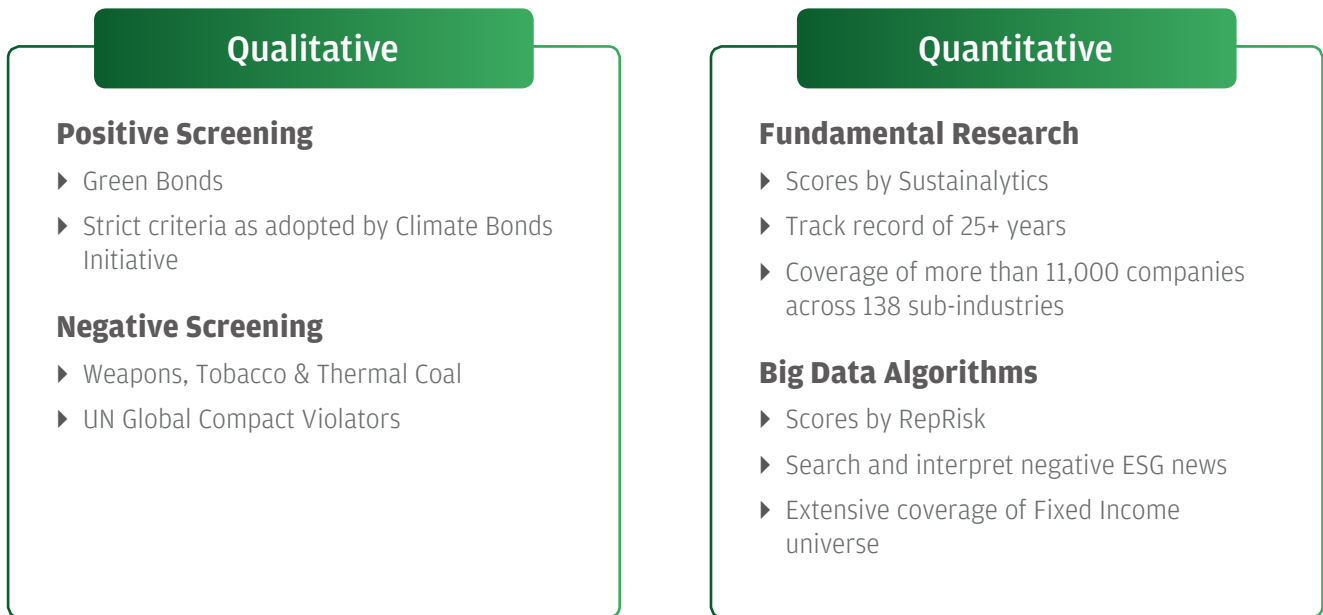


J.P. Morgan ESG Fixed Income Indices
Investing for the future

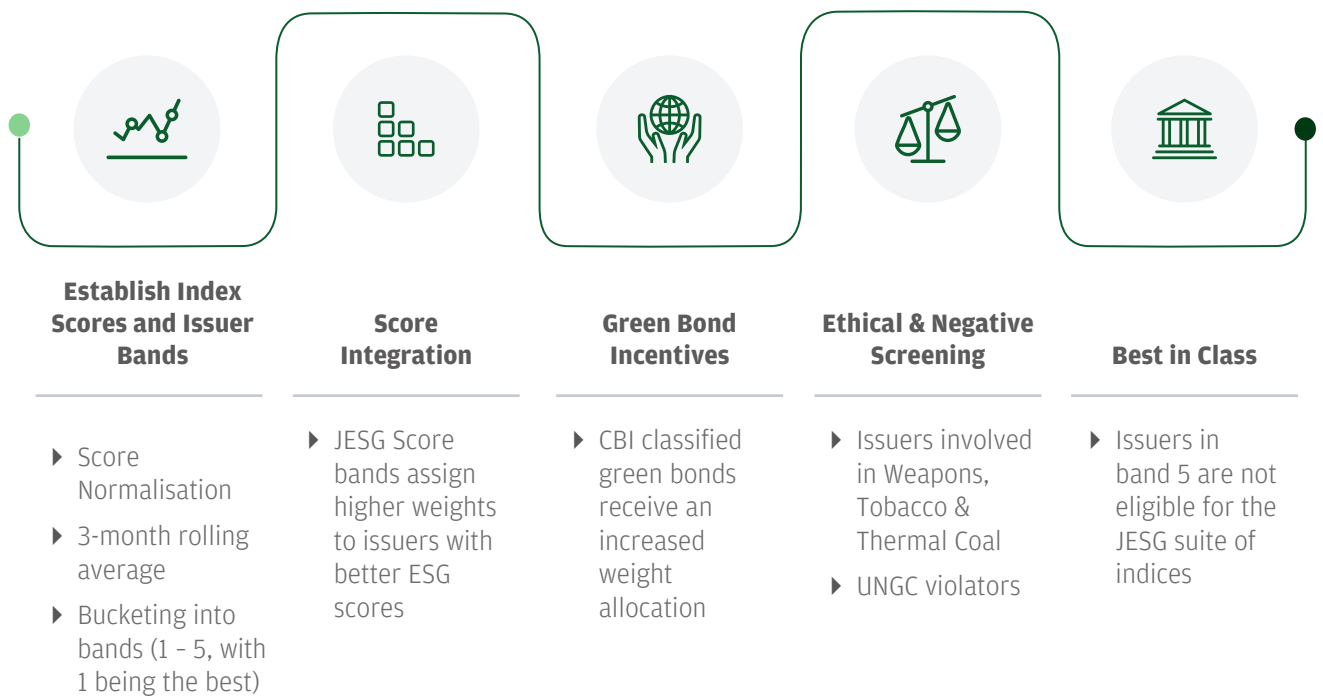
APRIL 2020

The **J.P. Morgan ESG suite of indices (JESG)** is a global fixed income index family that integrates Environmental, Social, and Governance factors in a composite benchmark. The JESG methodology uses a multidimensional approach, incorporating ESG integration, best-in-class, negative and positive screening into a single benchmark. JESG Scores are available for 173 countries and over 5,200 corporates. Our Index Specialists incorporate independent and reputable third party ESG vendor data into a proprietary methodology that allows us to rank close to 10,000 bonds daily.

J.P. Morgan ESG indices implement a balanced ESG overlay, using scores based on a combination of qualitative and quantitative approaches that select companies without deviating from the profile of the asset class.



Translating concepts into Products



J.P. Morgan's Index Research team recently published its JESG Q1 2020 Monitor which shows most JESG indices outperformed their respective baseline benchmarks over 1Q 2020. It highlights that despite the turbulence in the markets, asset under management for ESG indices continues to rise and is now close to US\$13 billion. In addition to our current JESG product suite, there are several others in the pipeline.

JESG Index Product Suite

JESG EMBI

The JESG EMBI builds on the popular J.P. Morgan EMBI Global Diversified Index (EMBI GD) to provide investors with an ESG benchmark that provides full coverage of the EM sovereign and quasi-sov asset class. In Q1 2020, issuers with higher JESG scores fared better than those with lower scores, boosting JESG EMBI performance.

“Responsible investing is now central to many of our clients’ investment strategies. J.P. Morgan is committed to strengthening the partnership with our clients to help integrate and facilitate ESG solutions into their investment process.”

Gloria Kim,
Global Head of Index Research

JESG GBI-EM

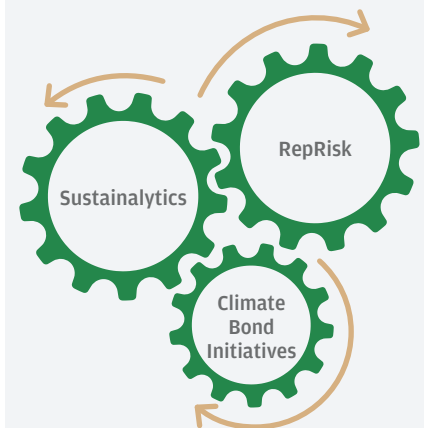
JESG GBI-EM offers an ESG tilt on the well-established local government GBI-EM Global Diversified index. JESG GBI-EM fared better than the baseline GBIEM GD in 1Q 2020 reversing the underperformance in 2019.

\$13
billion AUM

benchmarked against JESG indices so far

JESG CEMBI

The JESG CEMBI offers an ESG overlay to the widely followed J.P. Morgan CEMBI Broad Diversified Index. The baseline is the first comprehensive USD corporate emerging markets bond index. In Q1 2020, the JESG CEMBI outperformed the flagship CEMBI Broad Diversified.



JESG Global High Yield

JESG GHYCI is our first JESG index covering developed markets bonds showing that responsible investing via JESG criteria can be implemented without compromising performance. JESG GHYCI covers 80% of the \$2.5 trillion debt stock in the Developed Market and Emerging Market HY universe across USD, EUR and GBP.

J.P. Morgan Index Research also have established expertise in offering customized ESG index solutions.

Coming Soon

- ▶ New JESG products
- ▶ New ESG research publications
- ▶ Partnerships with leading ESG institutions
- ▶ New ESG capabilities and analytics
- ▶ Launch of new public website

JESG JACI

JESG JACI is the latest expansion to the JESG index suite and is the first of its kind for Asia Credit. In Q1 2020 this index offered the best relative performance among all comparable.

EM and DM fixed income indices, moving in lockstep to the baseline JACI index.

Historical performance of JESG indices are aligned to the baseline indices

| | GBI-EM | JESG GBI-EM | CEMBI BD | JESG CEMBI BD | EMBI GD | JESG EMBI GD | JACI | JESG JACI | GHYCI | JESG GHYCI |
|-----------------------|--------|-------------|----------|---------------|---------|--------------|-------|-----------|--------|------------|
| TR 2013 | -9.0% | -8.0% | -0.6% | -0.2% | -5.3% | -5.0% | -1.4% | -1.0% | 7.2% | 7.5% |
| TR 2014 | -5.7% | -6.1% | 5.0% | 4.1% | 7.4% | 8.8% | 8.3% | 8.3% | 0.8% | 0.8% |
| TR 2015 | -14.9% | -15.4% | 1.3% | 1.5% | 1.2% | 1.1% | 2.8% | 2.9% | -4.5% | -4.0% |
| TR 2016 | 9.9% | 9.6% | 9.7% | 8.9% | 10.2% | 8.8% | 5.8% | 5.5% | 15.3% | 15.0% |
| TR 2017 | 15.2% | 15.6% | 8.0% | 7.7% | 10.3% | 10.7% | 5.8% | 5.8% | 10.3% | 10.4% |
| TR 2018 | -6.2% | -5.9% | -1.7% | -1.4% | -4.3% | -3.8% | -0.8% | -0.9% | -3.4% | -3.7% |
| TR 2019 | 13.5% | 11.9% | 13.1% | 12.8% | 15.0% | 15.9% | 11.3% | 11.2% | 13.6% | 13.3% |
| YTD 2020 | -15.2% | -14.4% | -10.2% | -9.8% | -13.4% | -11.7% | -3.6% | -3.6% | -13.5% | -13.8% |
| Cum Return | -16.5% | -16.5% | 25.0% | 23.9% | 19.3% | 23.9% | 30.9% | 30.8% | 24.5% | 24.2% |
| Annualised Return | -2.5% | -2.5% | 3.1% | 3.0% | 2.5% | 3.0% | 3.8% | 3.8% | 3.1% | 3.0% |
| Annualised Volatility | 11.6% | 11.4% | 5.9% | 5.8% | 8.0% | 7.5% | 4.2% | 4.1% | 7.0% | 7.1% |
| Sharpe Ratio | -0.29 | -0.30 | 0.37 | 0.35 | 0.19 | 0.27 | 0.68 | 0.68 | 0.30 | 0.29 |

Fixed Income ESG Research Publications

JESG Q1 2020 Monitor

JESG indices fared better than conventional benchmarks in the recent turmoil

JESG Falling Angels & Rising Stars Index Monitor

Fallen angels in 2020 are outpacing 2019 by 2:1, while rising stars are lagging at a similar pace from a year ago

JESG 2019 Year in Review

JESG Indices sustained the track record of higher risk-adjusted returns and comparable absolute returns than the conventional bond indices

Where to find the JESG Product Suite?

DataQuery

jpmm.com (Research > Analytics > DataQuery > Indices > JESG > JPM ESG Index (JESG))

Morgan Markets

jpmm.com (Menu > Research & Commentary > Index > J.P. Morgan ESG Index (JESG)) Contains downloadable files of daily and historical country and instrument returns, statistics and compositions

For more information, please contact

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