

TOP OPPORTUNISTIC INVESTMENT THEMES FOR 1Q 2012

Global Investment Opportunities Group
J.P. Morgan Private Bank

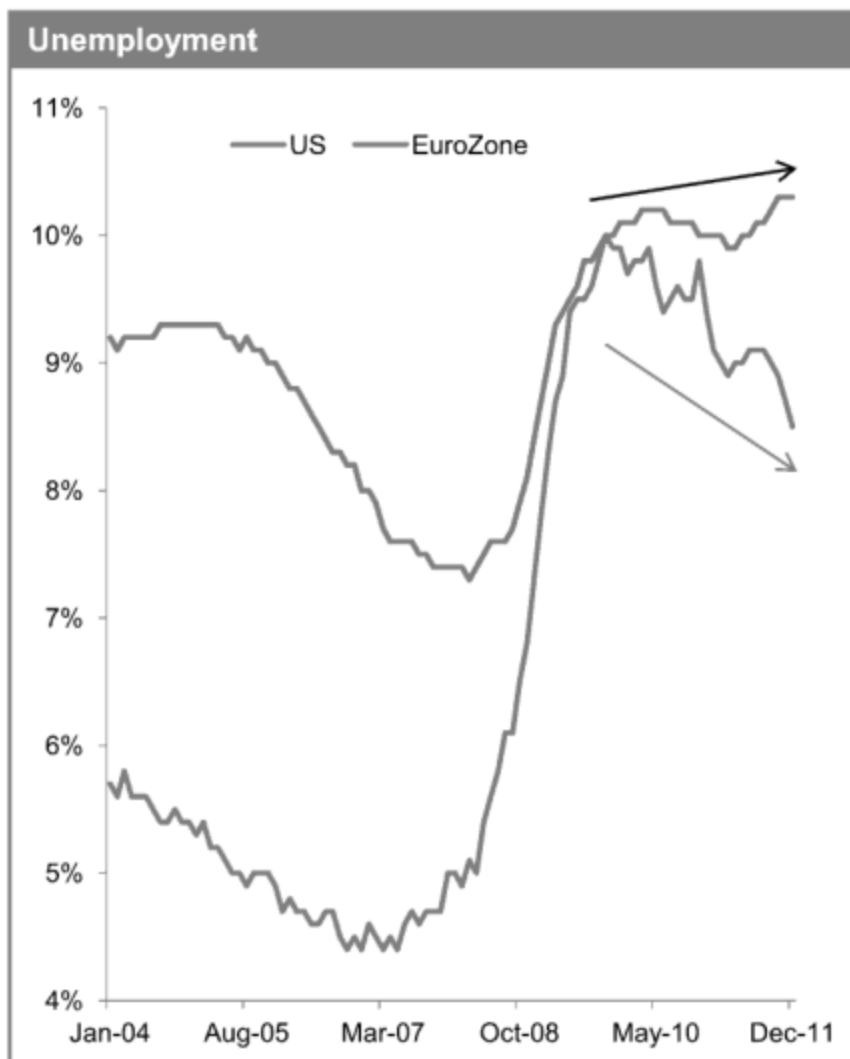
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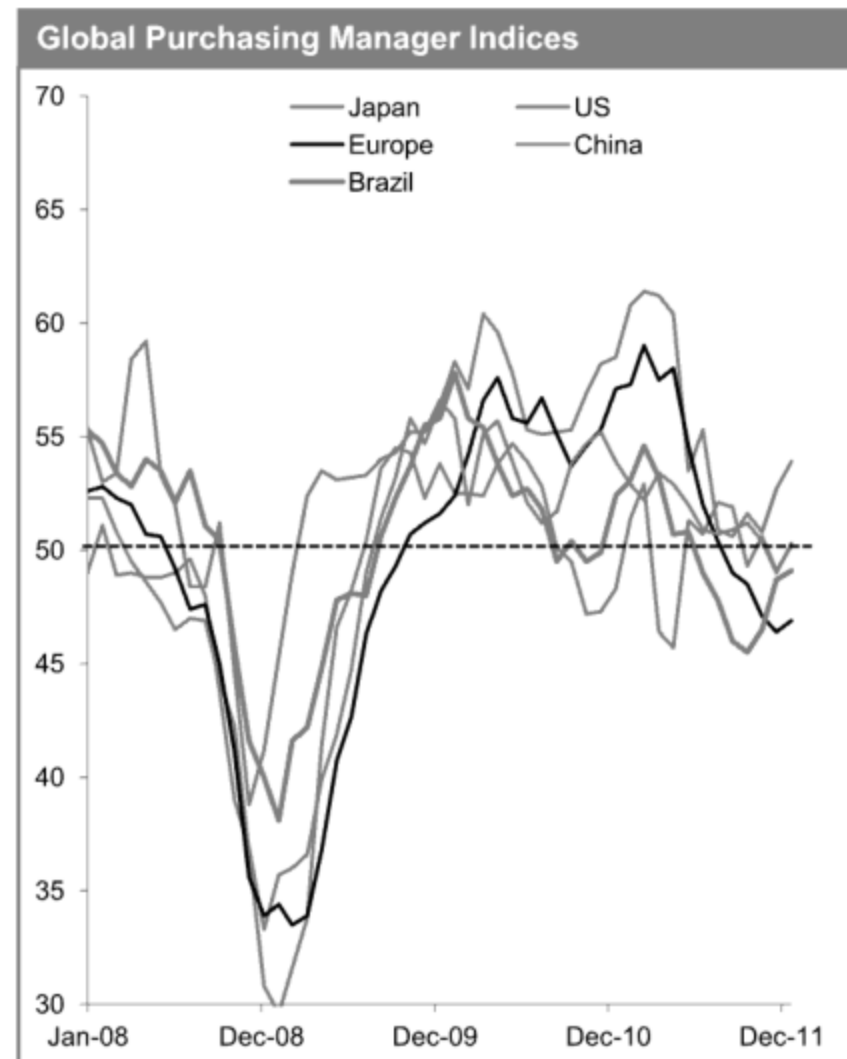
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Global Growth At A Turning Point



Source: Bloomberg
As of: 1/12/11



Source: Bloomberg
As of: 1/9/12

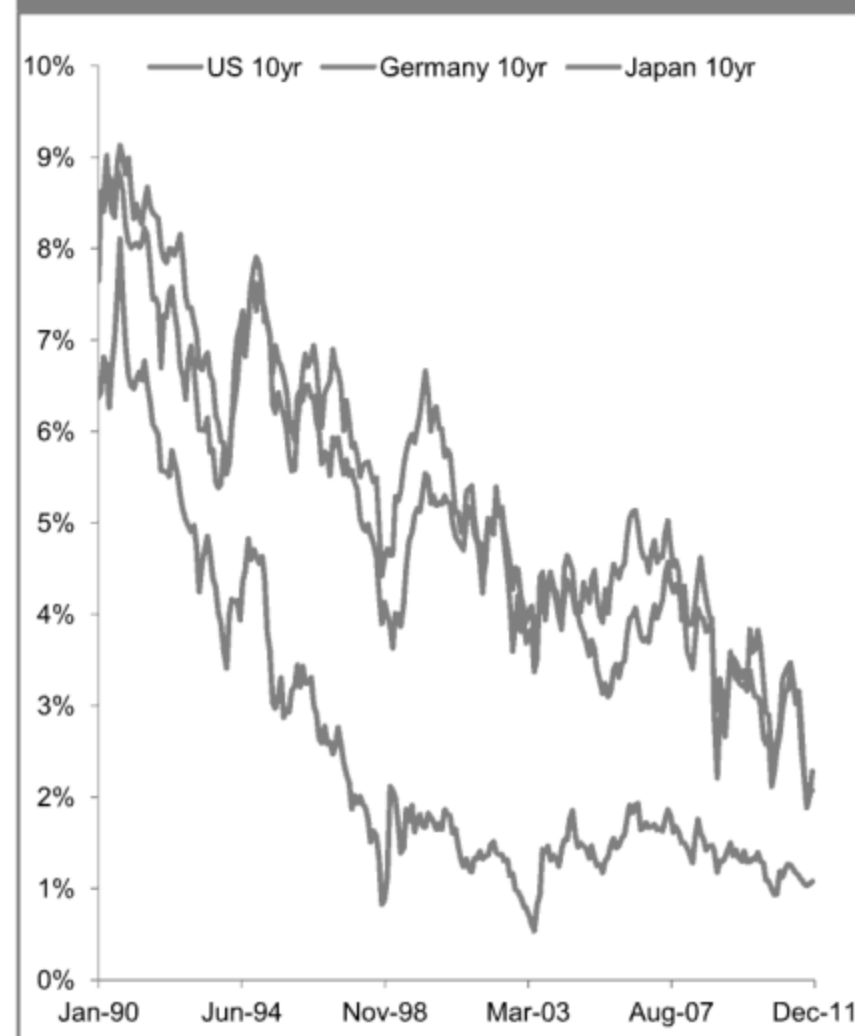
Markets Are Pricing In A Lot Of Bad News

Equity Valuations Troughing



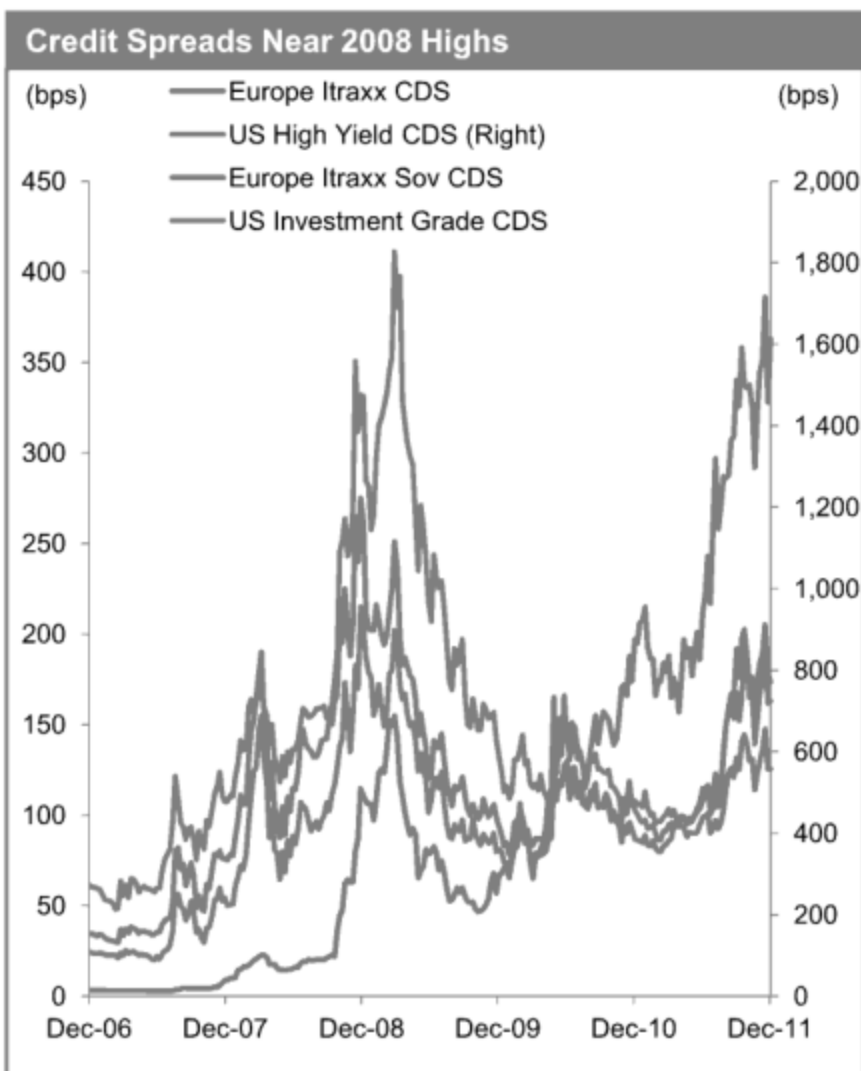
Source: Factset, Bloomberg, As of 12/30/11

Global Rates at Historic Lows



Source: Bloomberg, As of 12/30/11

Markets Are Pricing In A Lot Of Bad News (con't)...



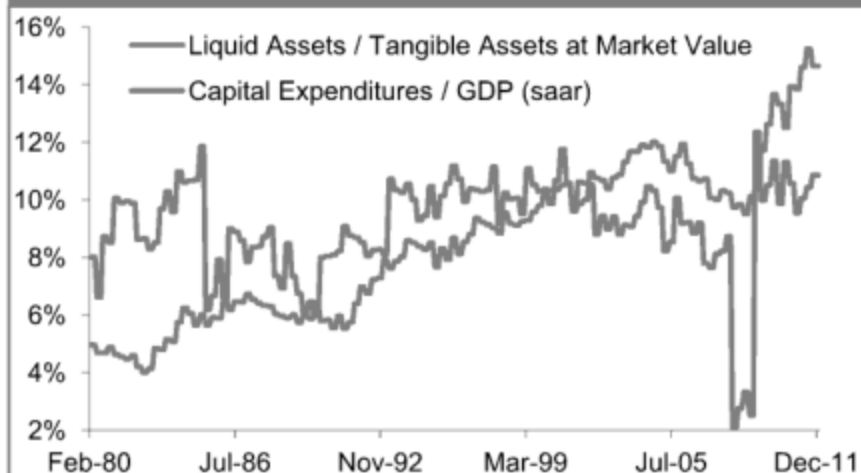
Source: DataQuery, As of 12/30/11



Source: Bloomberg, As of 12/30/11

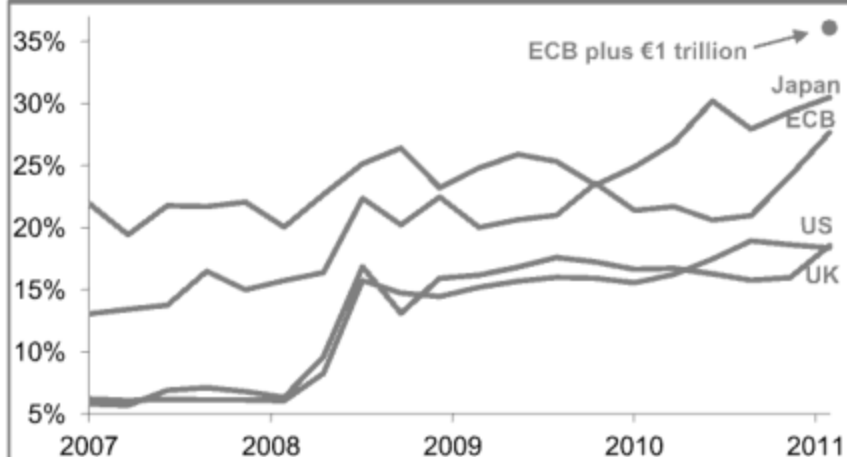
...But This Is Not 2008

Strong Cash Balances & CapEx



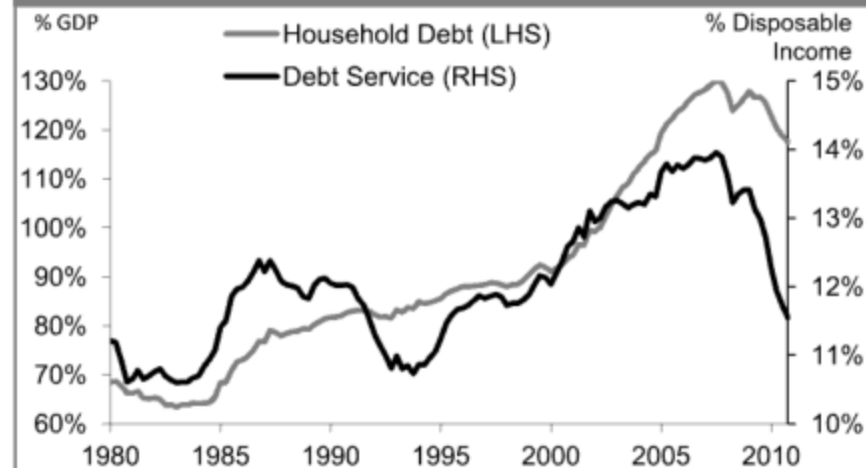
Source: Bloomberg

Central Bank Balance Sheets (% of GDP)



Sources: FRB, BEA, ECB, Eurostat, BoE, Office for National Statistics, BoJ, Cabinet Office. Data as of Q4 2011.

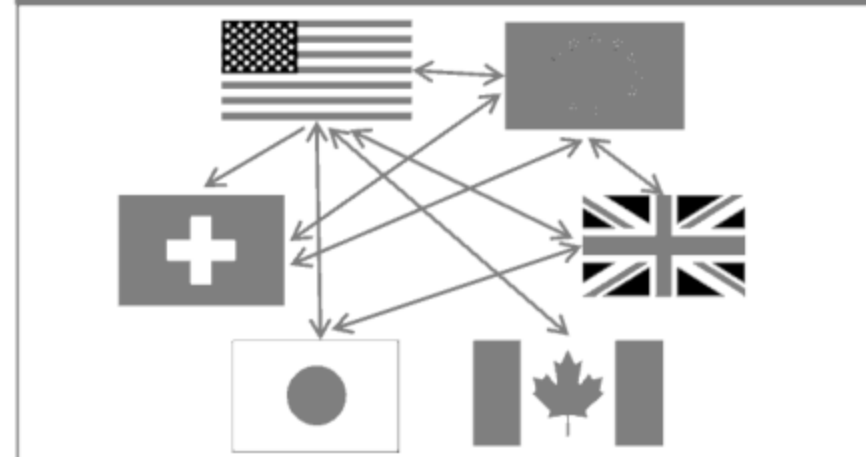
U.S. Households Deleveraging



Source: Federal Reserve, Bureau of Economic Analysis, As of 12/30/11

Note: Debt Service is Debt payments as % of disposable personal income

Coordinated Policy Efforts. . .The Lines Are Open

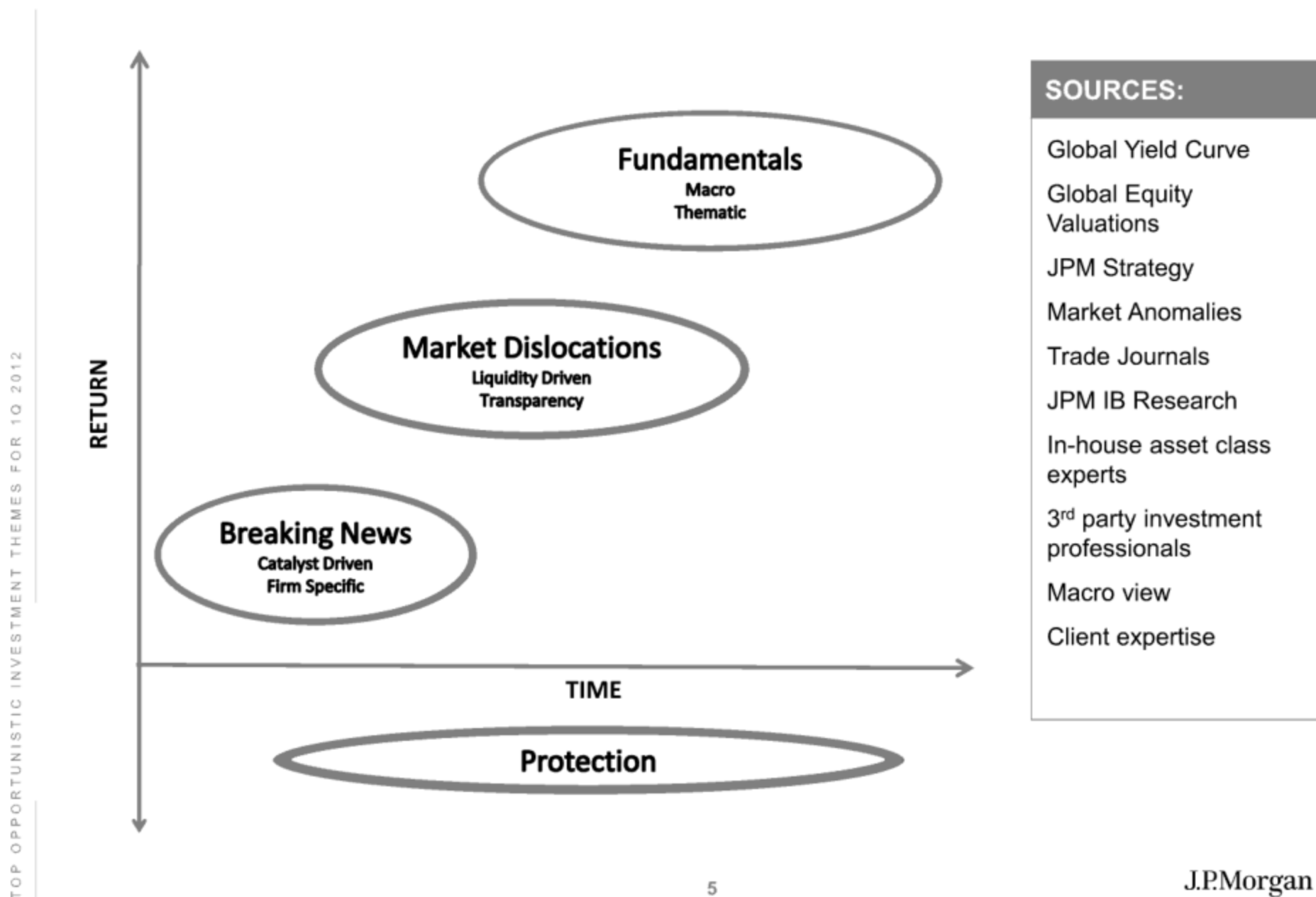


Source: Federal Reserve Bank, ECB

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GIO: Approach to Absolute Return Investing

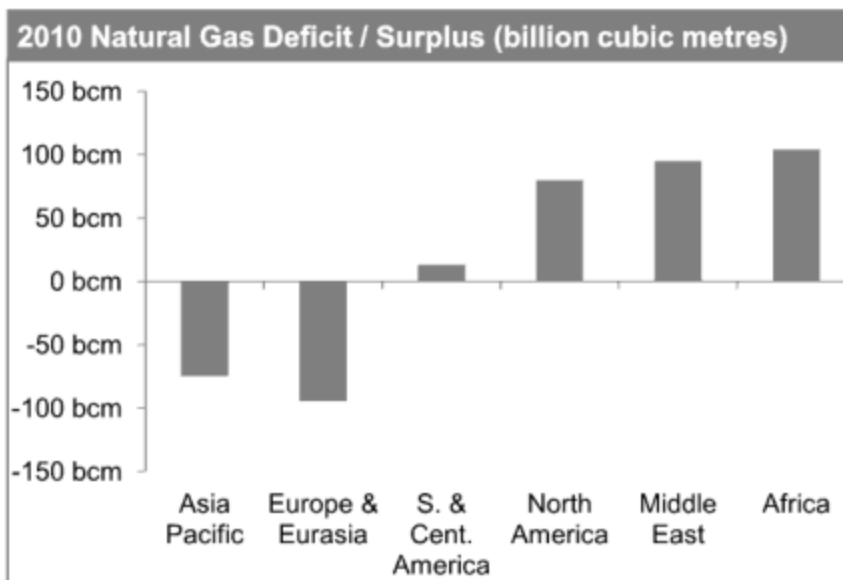
We are asset class agnostic



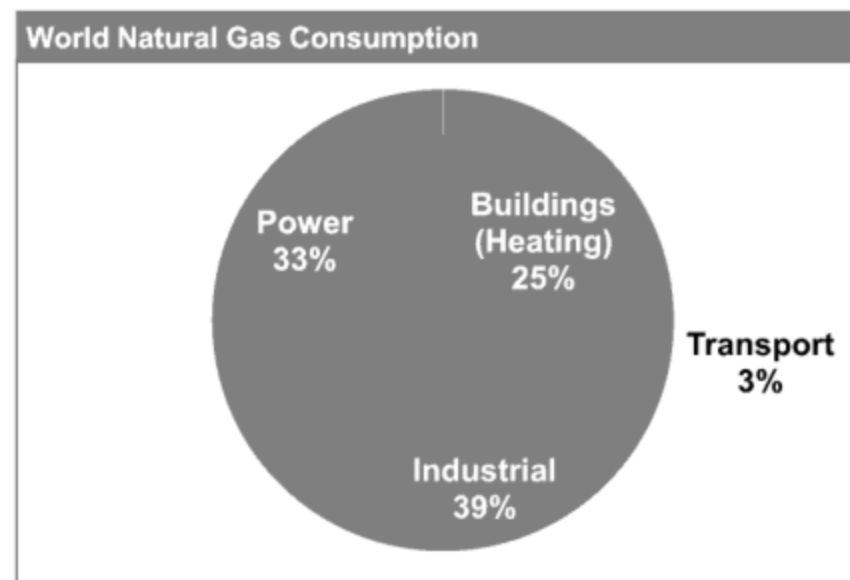
Investment Opportunities

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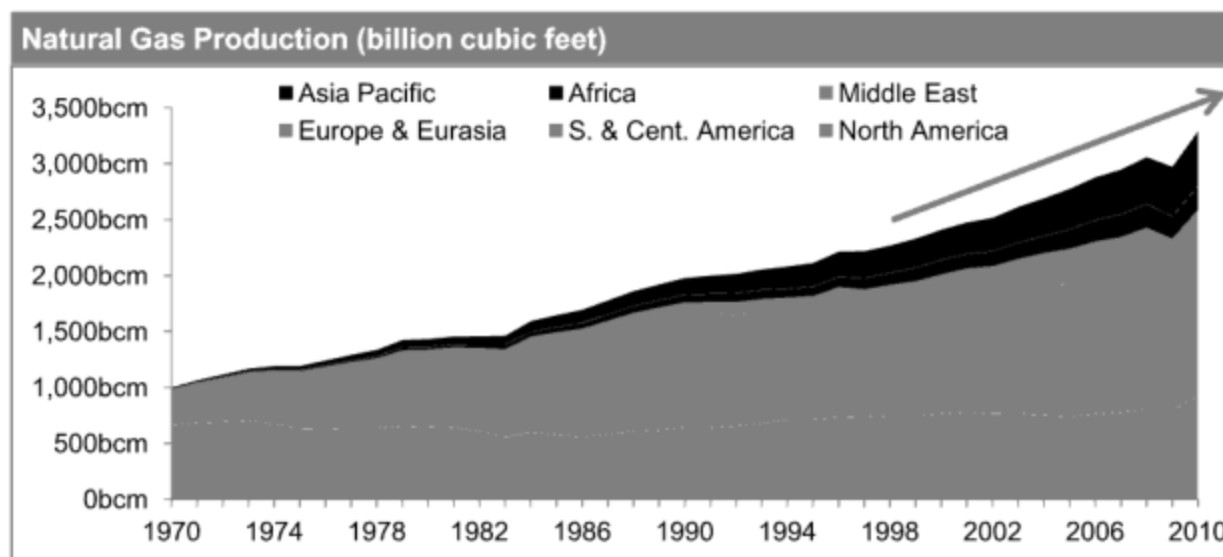
Globalization of Natural Gas



Source: BP Statistical Review, IEA Gas Scenario
Note: North America includes US Domestic Supply Stored



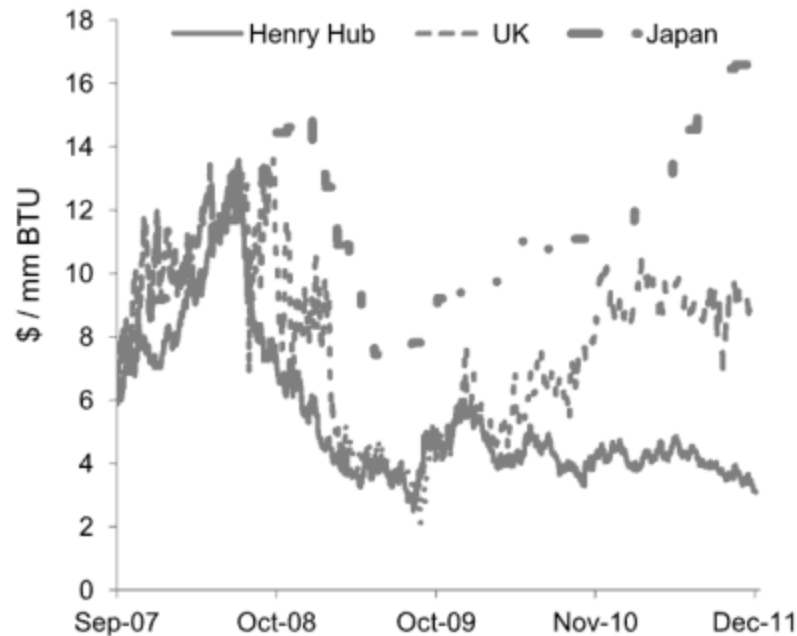
Source: International Energy Outlook, EIA, Sept 2011



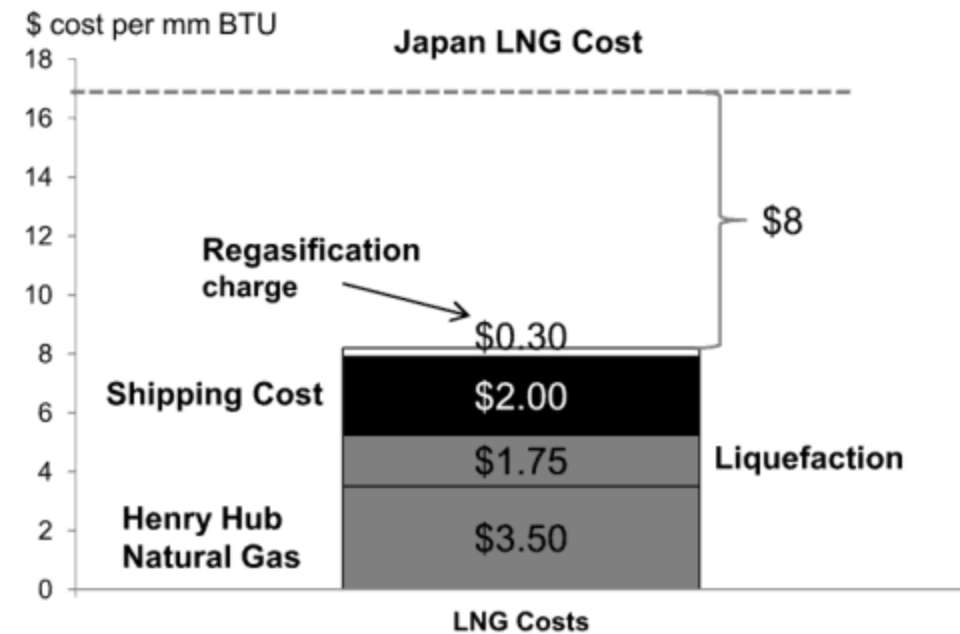
Source: BP Statistical Review 2011

Globalization of Natural Gas

High North American vs. International Natural Gas Prices



Current Gas Prices Supportive of LNG Transport



Trades

Longer Term	Liquefaction	E&C firms focused on global energy projects
	Pipelines	MLPs
	Exploration & Production	LNG sites/investments or shale investments near liquefaction sites
Short Term	End Users	Fertilizer and Chemical Companies

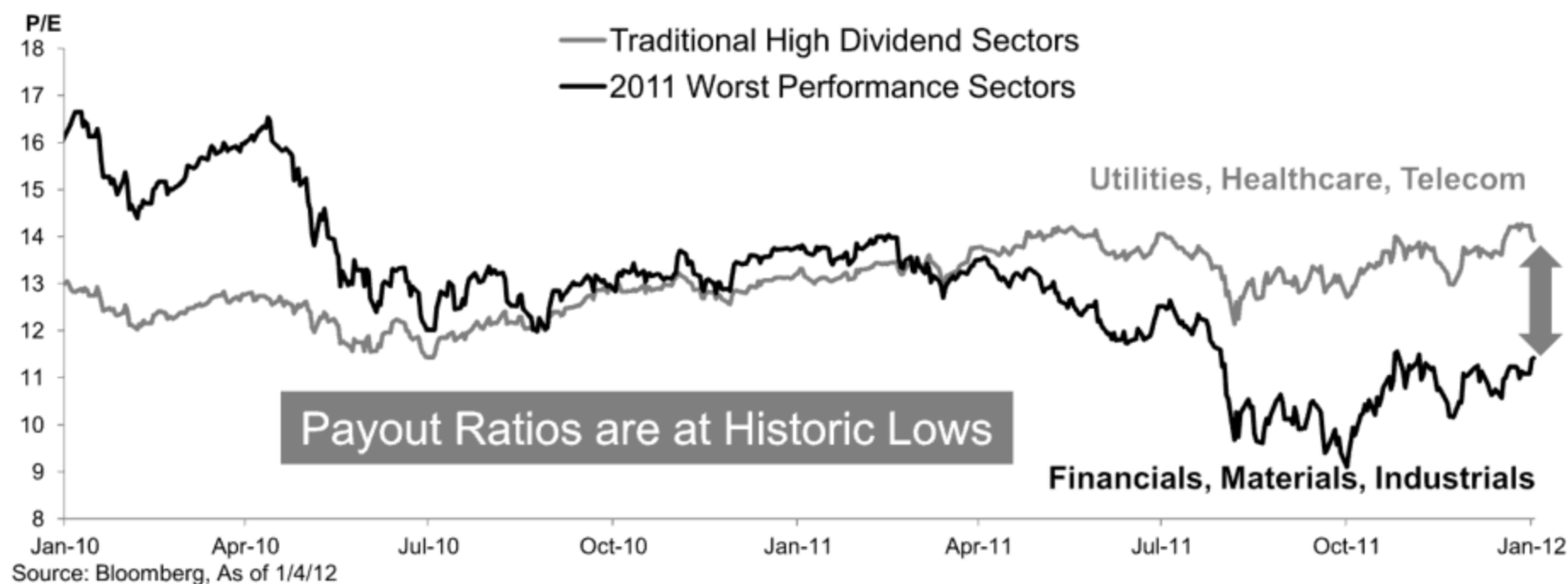
Source: JPMorgan, Alliance Bernstein, Guggenheim Research, Cheniere Energy, Data as of: 12/30/11

Dislocation: Searching for Cheap Income

Criteria

- S&P 500 Sectors that declined in 2011
- Stocks that declined in 2011
- Dividend Yield above the S&P 500
- Payout Ratio < 50%
- Market Cap > \$10b
- P/E Ratio < Sector Average

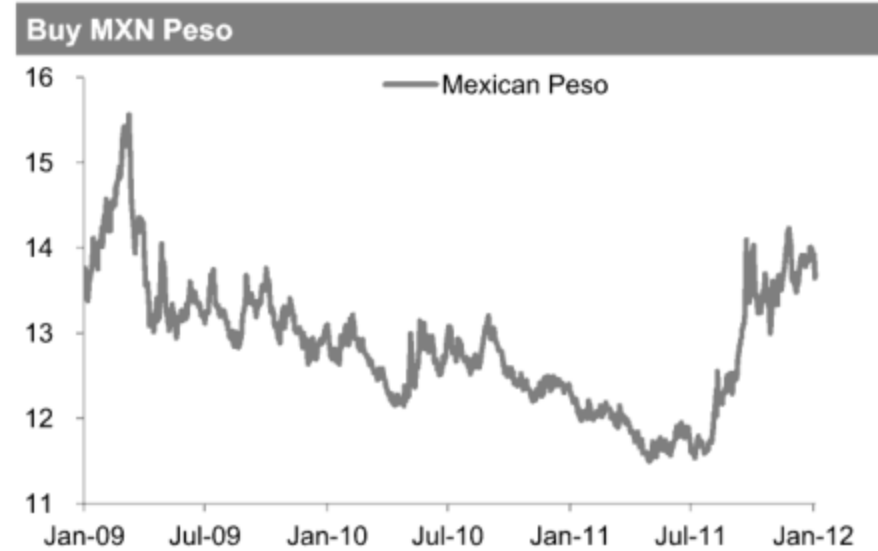
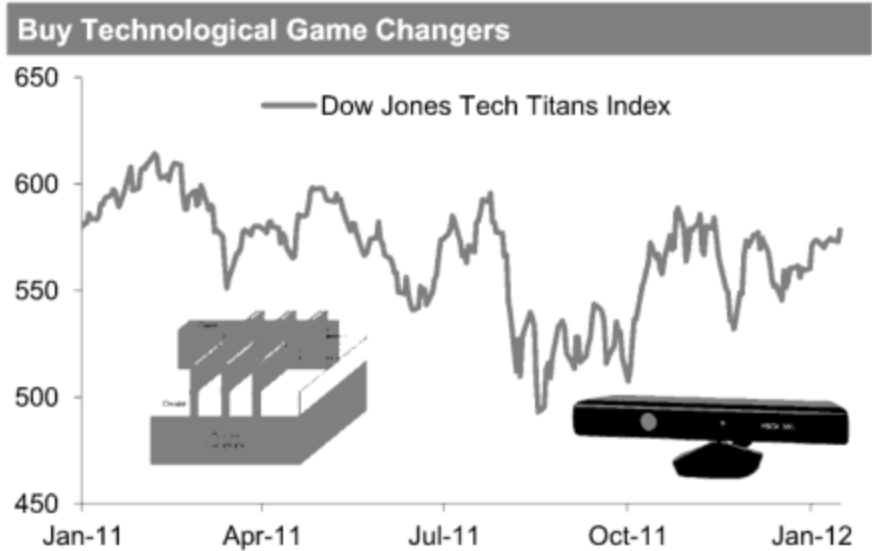
Rotation in Sector Valuations



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Tactical Trading Opportunities

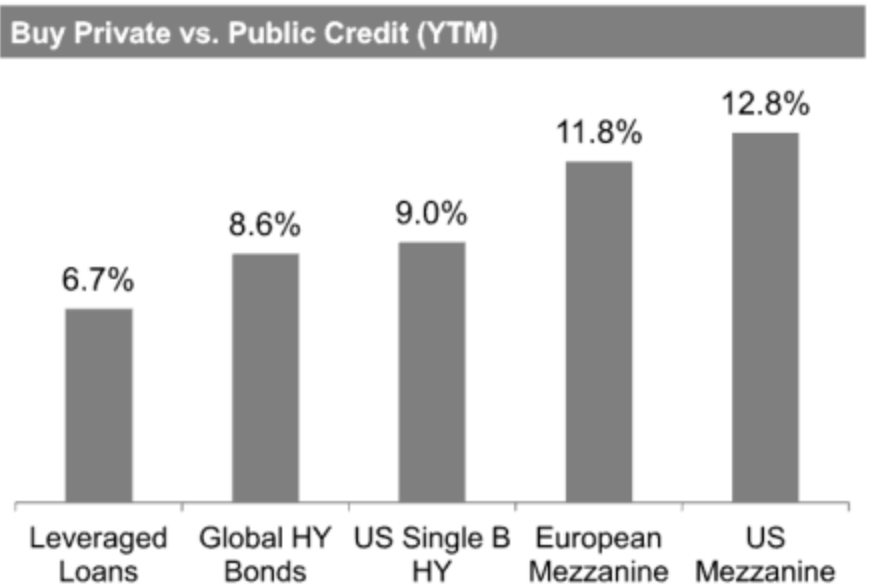
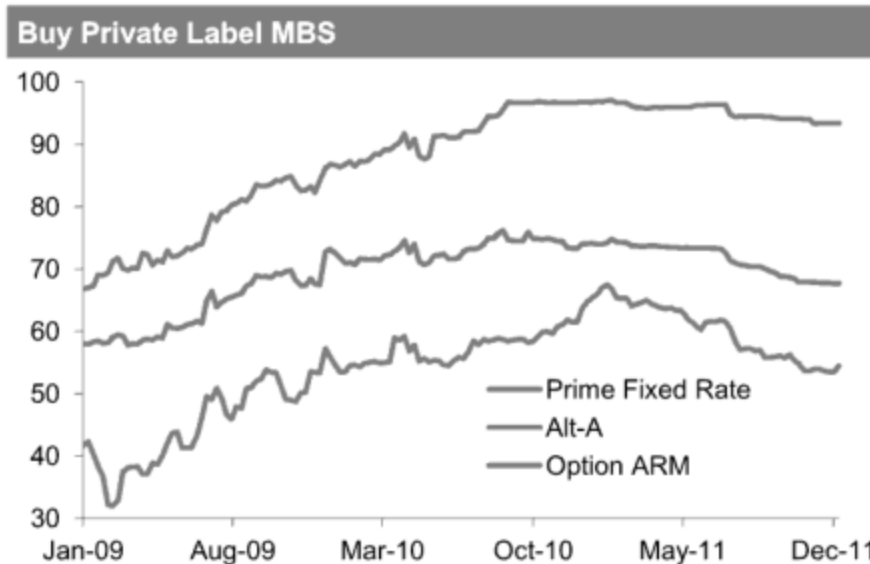
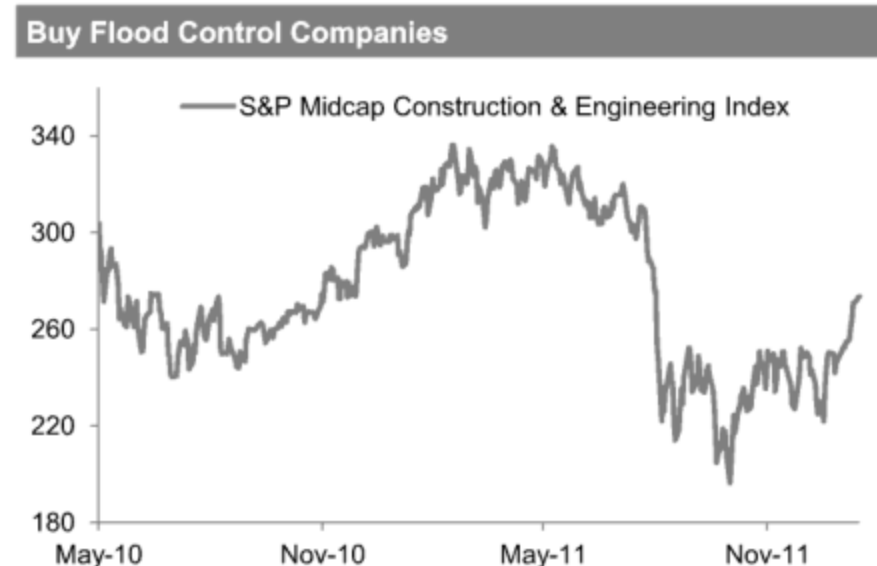
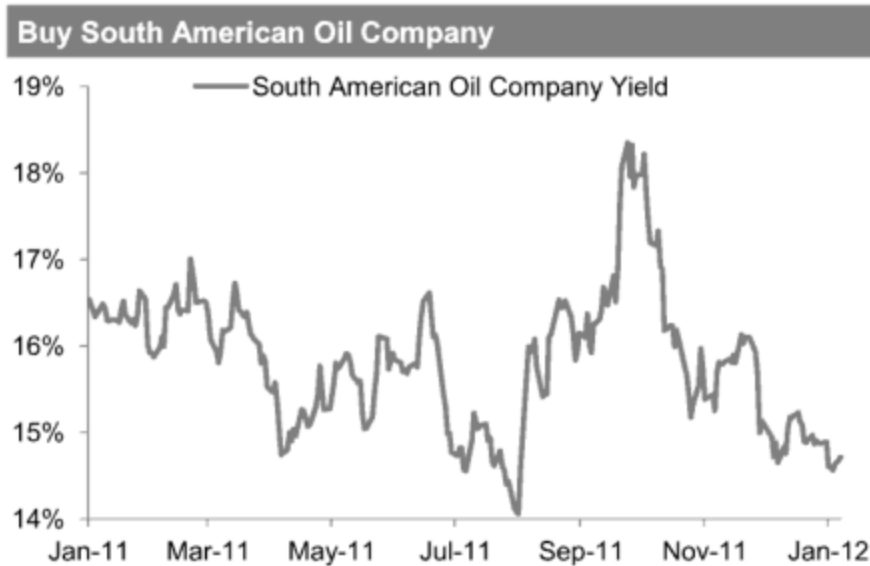
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Source: Bloomberg, J.P. Morgan

Tactical Trading Opportunities

TOP OPPORTUNISTIC INVESTMENT THEMES FOR 1Q 2012



Source: Bloomberg, JPMorgan, S&P LCD, LCD European Mezzanine Review, Highbridge Principal Strategies, As of 1/4/12

Wildcard: Middle East



Source: Bloomberg, Data as of 1/6/12

Protection Ideas

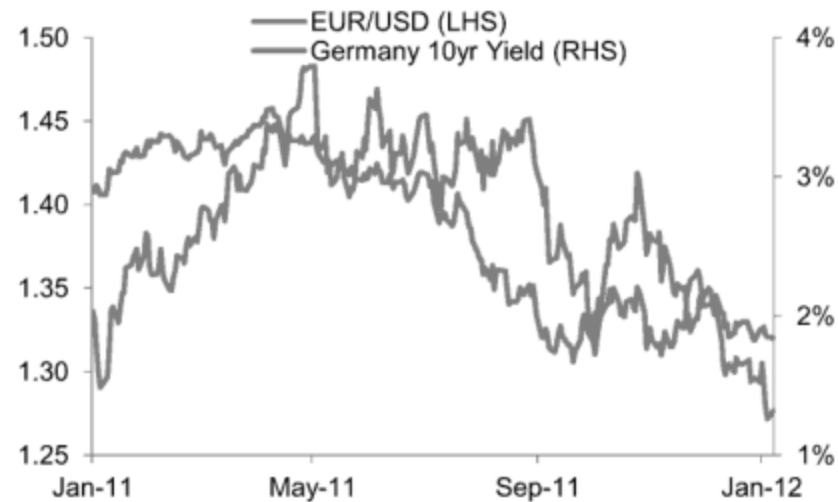
Gold



VIX



EUR / German 10yr Rates



Long AUD Rates



Source: All data from Bloomberg, As of 1/9/12

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Definition of Indices

S&P 500 Index - The S&P 500 is a capitalization-weighted index of 500 stocks from a broad range of industries. The component stocks are weighted according to the total market value of their outstanding shares. The impact of a component's price change is proportional to the issue's total market value, which is the share price times the number of shares outstanding. "S&P 500" is a trademark of Standard and Poor's Corporation.

Hang Seng - The Hang Seng Index is a free-float capitalization-weighted index of a selection of companies from the Stock Exchange of Hong Kong.

EuroStoxx 50 – The Euro Stoxx 50 Index is a free-float market capitalization-weighted index of 50 European blue-chip stocks from those countries participating in the EMU.

European Itraxx – Itraxx Europe index comprises 125 equally weighted CDS on investment grade European corporate entities.

Barclays Aggregate Bond Fund - The Barclays Aggregate Bond Fund is a market capitalization-weighted index, of U.S. traded investment grade bonds including Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in the U.S.

London Interbank Offered Rate - daily reference rate at which banks borrow unsecured funds from banks in the London wholesale money market. It is set daily by the British Bankers' Association.

Commercial Paper – money market security with a fixed maturity of 270 days or less. It is sold by banks and corporations for short term financing needs.

JPMorgan Domestic High Yield Bond Index – index tracking U.S. high yield bond securities selected by J.P.Morgan.

JPMorgan US Liquid Index (JULI) – index tracking U.S. high grade bond securities selected by J.P.Morgan.

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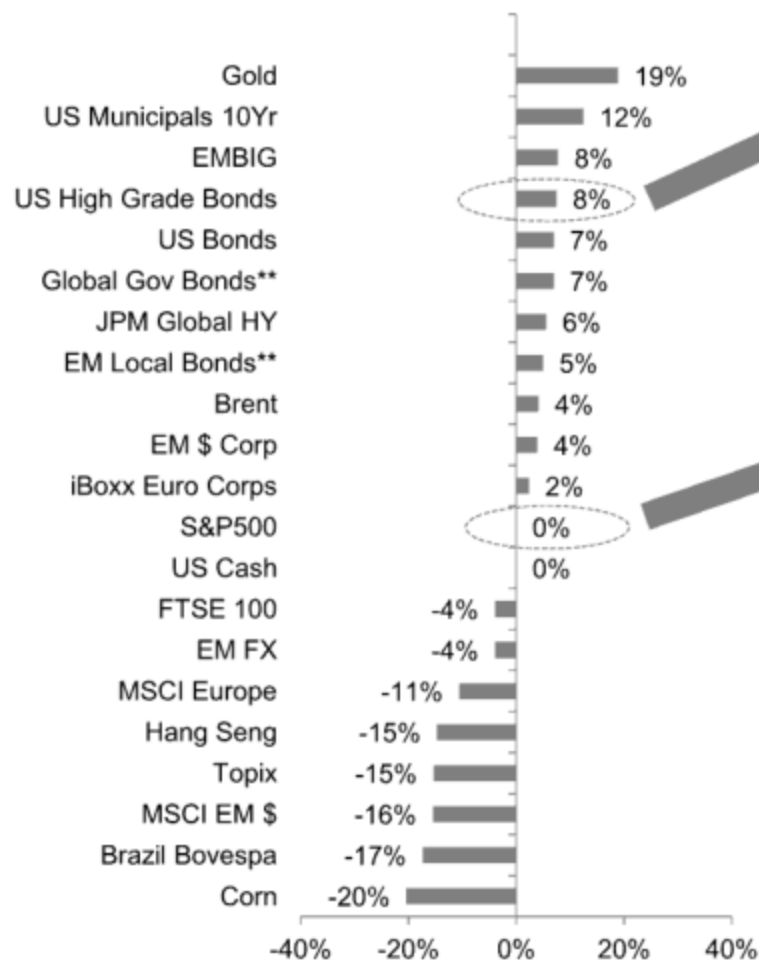
Past performance is not a reliable indicator of comparable future returns and investors may get back less than the amount invested.

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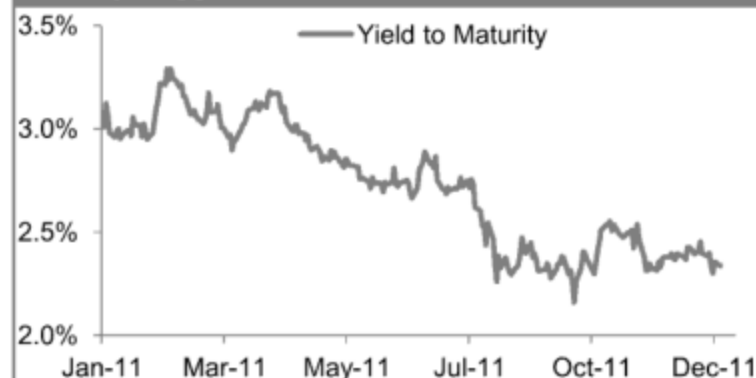
Market Snap-Shot

Global YTD Returns (As of 12/30/11)



Source: J.P. Morgan, Bloomberg. Returns in USD. **Hedged into USD. Euro Fixed Income is Iboxx Overall Index. US HG, HY, EMBIG and EM \$ Corp are JPM indices. EM FX is ELMI+ in \$.

Barclays Agg Index



S&P 500 Sector Performance

Utilities	14.8%
Consumer Staples	10.5%
Health Care	10.2%
Consumer Discretionary	4.4%
Energy	2.8%
Information Technology	1.3%
Telecommunication Services	0.8%
S&P 500	0.0%
Industrials	-2.9%
Materials	-11.6%
Financials	-18.4%

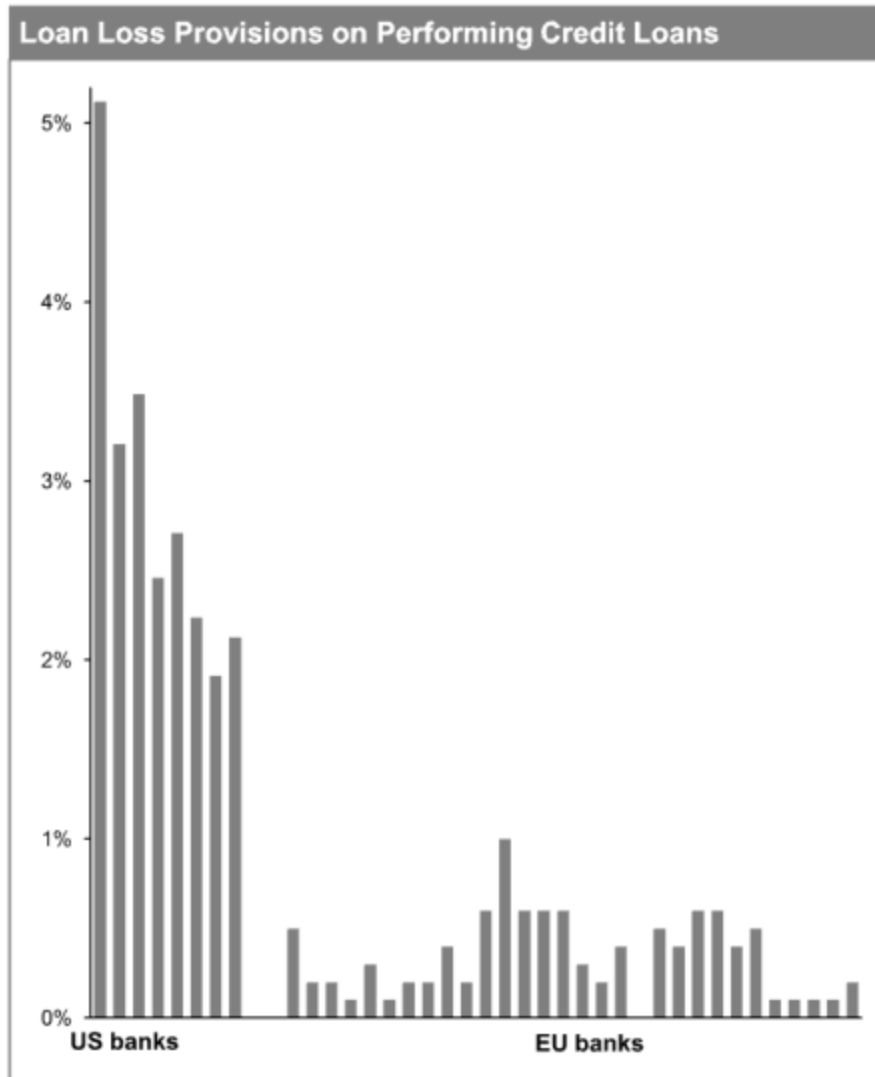
S&P 500 YTD Market Return Distribution

	Price Return	Total Return
# Positive	237	247
# Negative	263	253

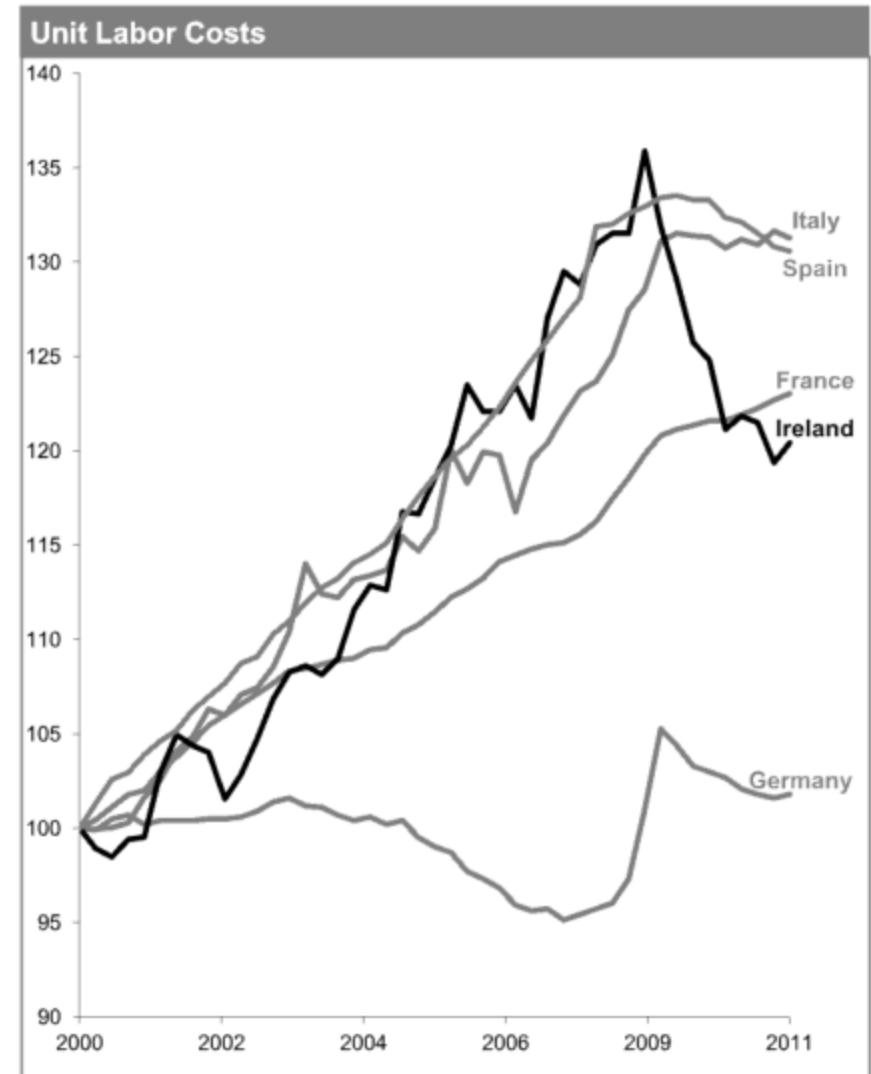
Source: Bloomberg, through 12/30/11

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Loan Loss Provisions and Unit Labor Costs



Source: European Banking Authority, US 10-Ks. Data as of Dec '10



Source: OECD, Note: index, 1Q00, sa