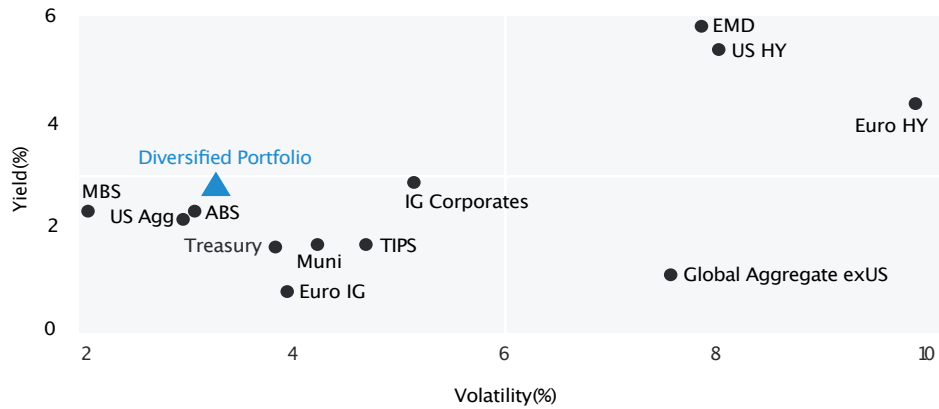


Increase yield and reduce risk through diversification

Allocating to non-core sectors may help investors increase yield, but higher yield often comes with higher risk and higher correlation to equities. Diversification across fixed income sectors helps to manage risk and improve portfolio performance.

Adding non-core sectors may increase yield



- Allocations to non-core sectors can enhance yield, but increased volatility must be managed
- A diversified portfolio may enhance yield and mitigate overall portfolio risk

Source: Bloomberg Barclays, J.P. Morgan Asset Management. Past performance is not indicative of future returns. Yield as of 12/31/21. Volatility from 12/29/08 to 12/31/21. See below for index descriptions.

Diversification may help deliver a smoother ride for investors

Fixed income sector returns and volatility (%)

														2009–2021	
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Ann.	Vol.	
Euro HY 86.7	Euro HY 16.2	TIPS 13.6	Euro HY 28.5	Euro HY 9.9	EMD 7.4	Euro HY 2.9	U.S. HY 17.1	EMD 10.3	ABS 2.7	EMD 15.0	TIPS 11.0	TIPS 6.0	U.S. HY 7.3	Euro HY 9.9	
U.S. HY 58.2	U.S. HY 15.1	U.S. Agg 7.8	EMD 17.4	U.S. HY 7.4	Euro HY 7.0	EMD 12	EMD 10.2	U.S. HY 7.5	Ultra-Short 1.9	U.S. HY 14.3	U.S. Agg 7.5	U.S. HY 5.3	Euro HY 7.1	U.S. HY 8.0	
EMD 29.8	EMD 12.2	EMD 7.3	U.S. HY 15.8	Ultra-Short 0.1	U.S. Agg 6.0	U.S. Agg 0.5	Euro HY 6.5	Euro HY 6.2	U.S. Agg 0.0	Euro HY 12.3	U.S. HY 7.1	Euro HY 4.2	EMD 6.0	EMD 7.9	
ABS 24.7	Diversified Portfolio 7.9	Diversified Portfolio 7.0	Diversified Portfolio 7.7	Diversified Portfolio -0.2	Diversified Portfolio 5.0	ABS 0.2	Diversified Portfolio 4.9	Diversified Portfolio 4.5	Diversified Portfolio -0.2	Diversified Portfolio 8.9	Diversified Portfolio 6.1	ABS 1.1	Diversified Portfolio 6.0	TIPS 4.7	
Diversified Portfolio 20.8	U.S. Agg 6.5	ABS 5.1	U.S. Agg -2.0	ABS -0.3	TIPS 3.6	Diversified Portfolio 0.2	TIPS 4.7	U.S. Agg 3.5	TIPS -1.3	U.S. Agg 8.7	EMD 5.3	Diversified Portfolio 0.7	ABS 4.7	Diversified Portfolio 3.3	
TIPS 11.4	TIPS 5.9	U.S. HY 5.0	U.S. Agg 4.2	U.S. Agg -2.0	U.S. HY 2.5	Ultra-Short 0.1	U.S. Agg 2.6	TIPS 3.0	U.S. HY -2.1	TIPS 8.4	ABS 3.4	Ultra-Short 0.0	TIPS 4.2	ABS 3.1	
U.S. Agg 5.9	ABS 5.9	Ultra-Short 0.1	ABS 3.7	EMD -5.3	ABS 1.7	TIPS -1.4	ABS 2.0	ABS 3.0	Euro HY -3.6	ABS 3.8	Euro HY 1.8	U.S. Agg -1.5	U.S. Agg 3.6	U.S. Agg 3.0	
Ultra-Short 0.2	Ultra-Short 0.2	Euro HY -2.4	Ultra-Short 0.1	TIPS -8.6	Ultra-Short 0.1	U.S. HY -4.5	Ultra-Short 0.3	Ultra-Short 0.9	EMD -4.3	Ultra-Short 2.3	Ultra-Short 0.7	EMD -4.8	Ultra-Short 0.6	Ultra-Short 0.2	

Source: Bloomberg Barclays, J.P. Morgan Asset Management. Fixed income sectors shown above are represented by: U.S. Agg: Bloomberg Barclays U.S. Aggregate Bond Index; Treasury: Bloomberg Barclays Global U.S. Treasury Index; Investment Grade Corporates: Bloomberg Barclays U.S. Aggregate Credit-Corporate-Investment Grade Index; Muni: Bloomberg Barclays Municipal Bond 10-Year Index; Ultra-Short: Bloomberg Barclays U.S. Treasury Bellwethers-3-Month Index; TIPS: Bloomberg Barclays Global Inflation-Linked-U.S. TIPS Index; ABS: J.P. Morgan Asset-Backed Securities Index; Global Aggregate ex-U.S.: Bloomberg Barclays Global Aggregate ex-U.S. Bond Index; EMD: J.P. Morgan EMBI Global Diversified Index; U.S. HY: Bloomberg Barclays U.S. Aggregate Credit-Corporate-High Yield (1983) Index; Euro HY: Bloomberg Barclays Pan-European High Yield Index. The Diversified Portfolio assumes annual rebalancing across the following weights: 35% U.S. Agg; 15% HY; 5% MBS; 5% TIPS; 5% EMD; 10% Muni; 5% Treasury; 5% Ultra-Short; 5% Euro IG; 5% Euro HY; and 5% ABS. Annualized return and volatility from 12/31/08 to 12/31/21. Past performance is not indicative of future returns.