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Mahdis Sadeghi, Portfolio Manager
Dhruv Jindal, Investment Analyst

Return on Investment

Current Share Price	\$139.40
Target Price	\$146.00
Dividend Yield	2.6%
Holding Period Return	7%
Conviction Rating	2

Market Profile

52-Week Range	\$97.11 - \$139.40
Shares Outstanding (mm)	3,136.49
Average 30-Day Volume (mm)	11.1
Market Capitalization (US\$B)	\$437
Beta (5-Year Monthly)	1.11

Metrics	2020E	2021E	2022E
Net Interest Income (US\$B)	\$69	\$73	\$78
Net Income (US\$B)	\$41	\$43	\$45
EPS	\$11.68	\$12.31	\$12.99
P/E	12.3x	11.4x	11.0x
P/B	1.7x	1.6x	1.5x
BVPS	\$87.95	\$95.41	\$102.71

Trading Performance (Indexed to \$100)

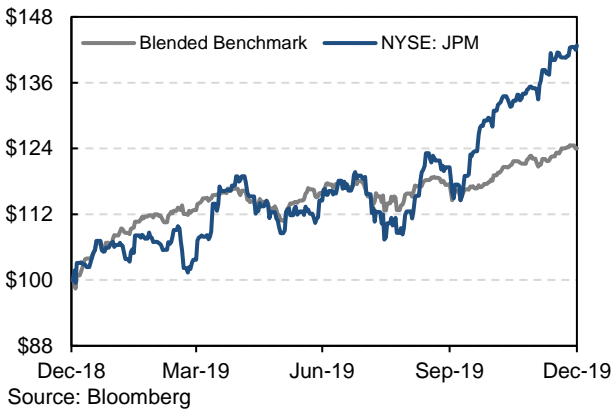
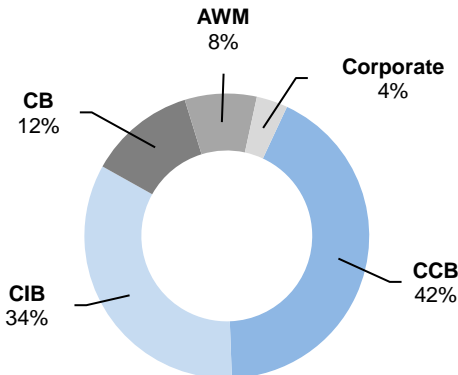


Figure 1: FY2018 Net Income Breakdown



Source: Bloomberg, Company Filings

Business Description

JPMorgan Chase (NYSE: JPM) is a leading global financial services firm with \$2.8 trillion in assets and a presence in over 100 countries. The Company's business segments include Consumer and Community Banking (CCB, 47% FY2018 of revenue, 12% growth YoY), Corporate and Investment Banking (CIB, 33% of FY2018 revenue, 5% growth YoY), Commercial Banking (CB, 8% of FY2018 revenue, 5% growth YoY), and Asset and Wealth Management (AWM, 12% of FY2018 revenue, 2% growth YoY). JPM is the largest U.S. bank by market capitalization in comparison to its peers, Citigroup (NYSE: C), Bank of America (NYSE: BAC), Morgan Stanley (NYSE: MS), and Wells Fargo (NYSE: WFC), and is the sixth largest global bank by asset size.

Industry Analysis

JPM competes closely with BAC, C, and WFC in the U.S. Domestically, JPM holds a market share of 14% in investment banking and securities, 9% in commercial banking, and 11% in retail banking. Although JPM populates a market share minority, it is one of the single banks. Given the high threat of substitution in the industry, JPM competes on quality and product variety, as well as services, transaction execution, innovation, reputation, and price. Commercial banking products, such as loans, are interest sensitive whereby an increase in the overnight rate will result in increased profitability due to a wider spread between interest earned and paid. Offering a broader range of services allows JPM to offset the low-interest rate environment in the U.S. by diversifying into products that are less interest-sensitive. Through product diversification, JPM has been able to sustain and increase its profitability throughout the current low rate environment.

Management & Governance

James Dimon (Chairman & CEO): James Dimon has an extensive history with the Company, having joined as CEO in 2005. Before joining JPM, he was President and CEO of Bank One Corporation, which merged with the Company in 2005. Dimon's strong leadership throughout the 2008 financial crisis and onward has driven JPM's increasingly strong payout ratio.

Douglas Petno (CEO, Commercial Banking): Douglas Petno has been with the firm for over 29 years. He became CEO of Commercial Banking in 2012. Prior to his current role, he was Global Head of the Natural Resources Investment Banking Group.

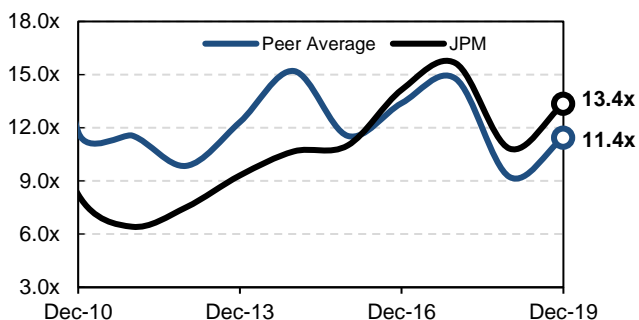
Daniel Pinto (CEO of Corporate & Investment Bank, Co-President & COO): Daniel Pinto has spent his career at JPM and its predecessor companies. In 2018, he was named Co-President and COO of the Company, and has been the Corporate and Investment Bank CEO since 2014.

The CPMT acknowledges JPM's historical track record and believes it will continue into the future. The Company's demonstrated ability to successfully navigate the global financial crisis and deliver record returns contributes to the Fund's views of management as a positive investment factor. Insider ownership accounts for 0.4% of shares outstanding, but this is neutral given JPM's large market capitalization.

Balance Sheet & Capital Adequacy

JPM's balance sheet indicates strength in the following ways: firstly, the Tier 1 Common Equity ratio, a measure of financial strength from a regulator's point of view, has increased 47% from 12% (cont'd)

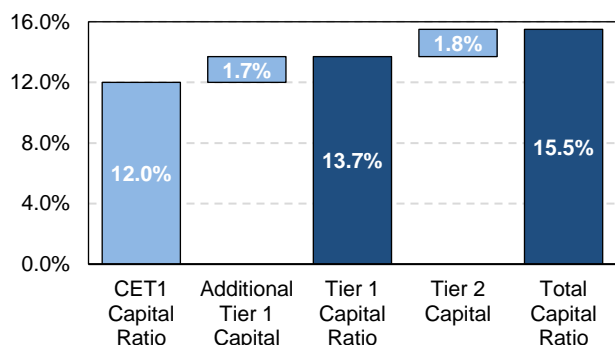
Figure 2: JPM P/E vs Peer Average



Peers: MS, BAC, C, WFC

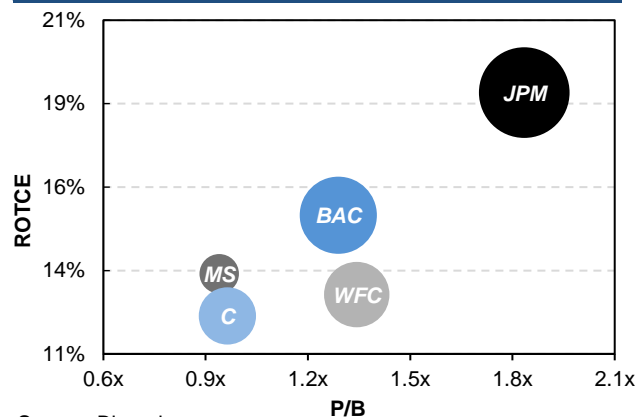
Source: Bloomberg

Figure 3: FY2018 Capital Ratio Waterfall



Source: Company Filings

Figure 4: P/B vs ROTCE (Return on Tangible Common Equity)



Source: Bloomberg

Figure 5: Comparable Companies Table

Bank	Market Data		Valuation Metrics					2020E Valuation	
	Price (US\$/sh)	Market Cap (US\$B)	LTM EPS (US\$/sh)	BVPS (US\$/sh)	ROE ⁽¹⁾ (%)	Div. Yield (%)	Div. Payout (%)	P/E (x)	P/BV (x)
Citigroup	\$79.89	\$174	\$8.36	\$82.90	5.1%	2.7%	23.6%	8.6x	1.0x
Bank of America	\$35.22	\$317	\$2.77	\$27.32	9.5%	2.3%	24.1%	10.9x	1.3x
Morgan Stanley	\$51.12	\$827	\$5.20	\$45.49	9.3%	2.9%	26.4%	8.9x	1.1x
Wells Fargo	\$53.80	\$228	\$4.04	\$40.05	11.2%	3.9%	84.2%	11.3x	1.3x
JPMorgan Chase	\$139.40	\$437	\$10.44	\$75.98	12.7%	2.7%	34.9%	12.3x	1.7x
Average					9.6%	2.9%	38.6%	10.4x	1.3x
Median					9.5%	2.7%	26.4%	10.9x	1.3x

(1) ROE is a three-year average

Source: Bloomberg, Company Filings

in 2015 to 17% in 2018. This is a significant improvement and demonstrates the level of balance sheet adequacy JPM possesses. Next, Tier 1 Leverage has remained consistent around 8% since 2015 (JPM's regulatory minimum requirement is 4%). Lastly, deposits have increased 22% from 2015 to \$1.6B. All three of these metrics trend positively, indicating that JPM's balance sheet is not only healthy, but also continues to strengthen.

Valuation

The CPMT values JPM's share price at \$146 through a dividend discount model (75% weight) and a peer group median P/BV and P/E (25% weight), implying a 6% upside using modest assumptions.

JPM has historically traded at a premium to peers. The CPMT believes this premium is warranted given JPM's historically consistent nature of the premium (on a P/BV and P/E basis), strong balance sheet, dividend, and superior competitive positioning. JPM's forward P/E and P/BV ratios are 13.4x and 1.8x, respectively, both slightly above peer group medians of 10.9x and 1.3x. These metrics' consistencies speak to JPM's track record of value generation, proven by its 13% LTM Q3 2019 ROE (up 33% since FY2015). JPM's current dividend payout ratio of 35% appears favorable in comparison to the peer median of 26%. Given JPM's superior organic earnings growth, consistent relative valuation, and competitive positioning in the overall market, the CPMT deems JPM's valuation to be sufficiently attractive.

Portfolio Fit, Investment Thesis & Risks

Over the past year, U.S. banks have significantly outperformed Canadian banks, partly due to favourable U.S. fiscal policy. Over 2018, Canadian banks returned 17%, whereas U.S. banks returned 30%. Given the difference in performance, the CPMT has reconsidered its bank positions. The CPMT's banking portfolio is Canadian-focused with Toronto-Dominion Bank (TSX: TD) and the Bank of Nova Scotia (TSX: BNS) as the current holdings. TD has significant exposure to the U.S., but JPM offers the same U.S. exposure with the added benefits of international diversification and larger market share. Diversification is advantageous as it shields the top line from overexposure to lone risks.

The CPMT gives JPM a buy rating because its geographic and product diversity, dominant market share, and strong management differentiate the name from its peers and from current CPMT bank holdings. Although JPM trades at a high valuation, the CPMT believes the premium is justified due to the Company's quality. Additionally, JPM pays an attractive dividend supplementing the holding period return.

Risks include a potential unfavorable shift in political or regulatory environment impacting banking legislation or taxes, a significant increase in consumer debt levels, and a generally weak market.