Market Insights

Riding out the Policy Storm: A Guide to the Markets

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J.P. Morgan Asset Management
2Q 2025

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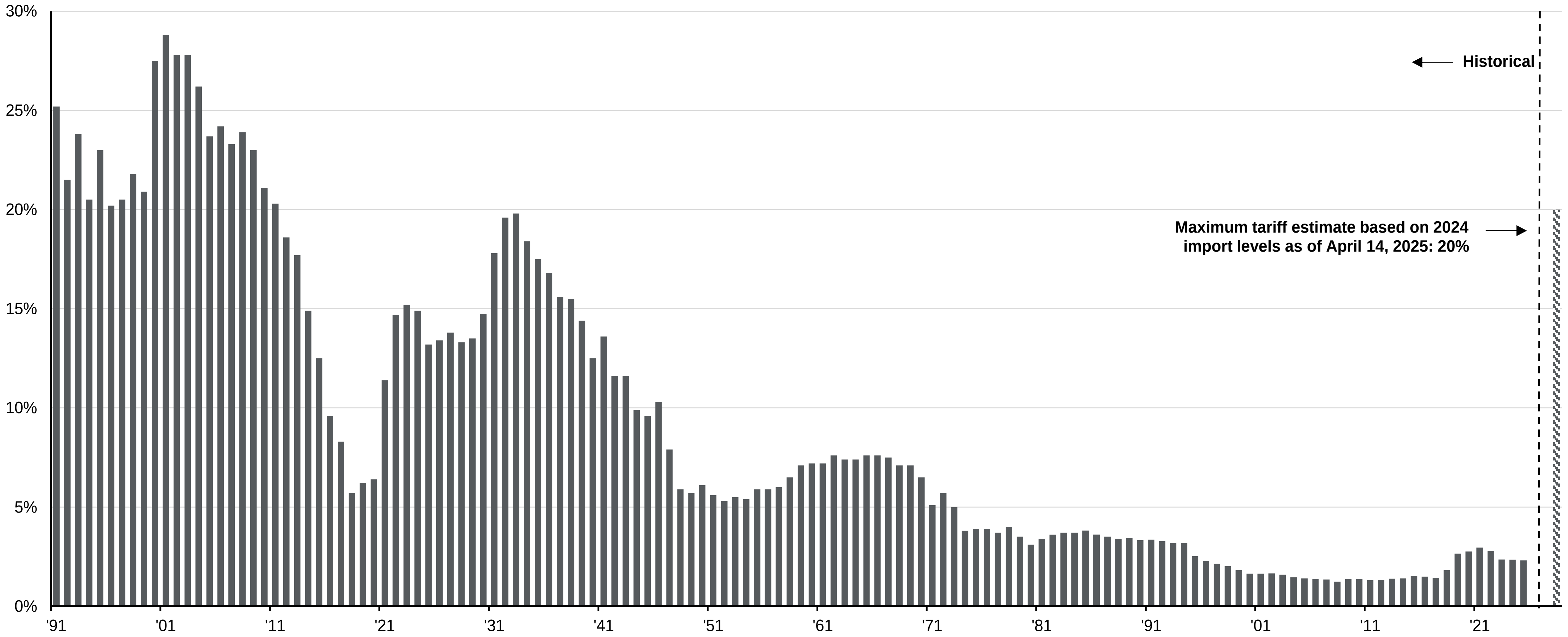
Agenda

- **The economy is being impacted by sharp changes in Washington policies**
- Even with a partial pivot on tariffs we still may be looking at U.S. and Global recessions
- Investment opportunities: The need to diversify concentrated portfolios

Tariffs have the potential to both reduce growth and increase inflation.

Average tariff rate on U.S. goods imports for consumption

Duties collected / value of total goods imports for consumption



Source: Tax Foundation, United States International Trade Commission, U.S. Department of Commerce, J.P. Morgan Asset Management.
Imports for consumption: goods brought into a country for direct use or sale in the domestic market. *Estimate is by the Tax Foundation as of October 2024 and assumes a 20% universal tariff as well as a 60% tariff on Chinese imports. May not be updated as of the latest announcements regarding tariffs and U.S. trade policy and is subject to change. Forecasts are based on current data and assumptions about future economic conditions. Actual results may differ materially due to changes in economic, market and other conditions.
Guide to the Markets – U.S. Data are as of April 17, 2025.

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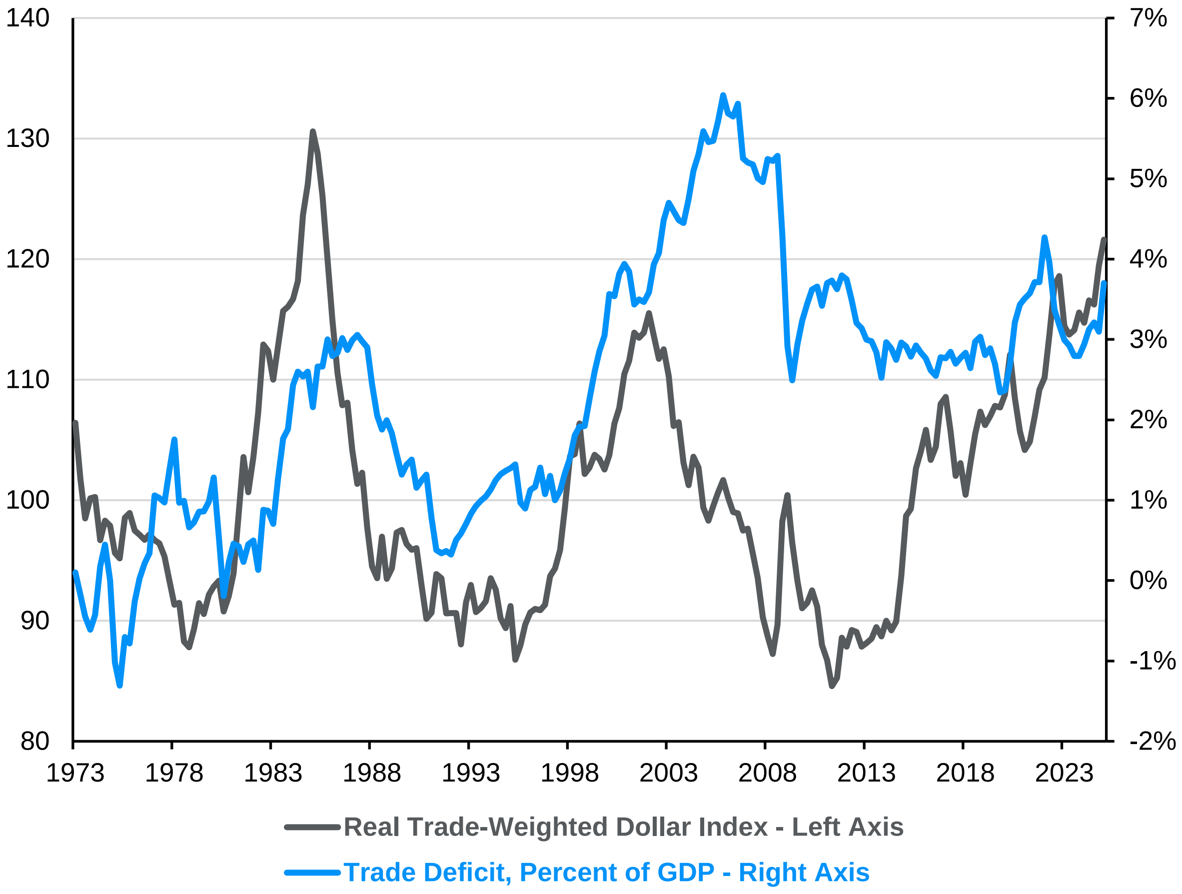
April 2nd tariff changes

Country	Tariff rate imposed on the U.S. (previous)	Tariff rate imposed by the U.S. (previous)	Estimated tariff rate (including currency and trade barriers)	Headline tariff rate imposed by the U.S. (new)
Mexico	**0.3%**	**0.3%**	**-**	**25%***
Canada	**0.1%**	**0.1%**	**-**	**25%***
China	**17.5%**	**11.0%**	**67%**	**145%****
European Union	**2.7%**	**1.3%**	**39%**	**10%**
Japan	**1.9%**	**1.5%**	**46%**	**10%**

Source: *25% applies to non-USCMA covered items, non-U.S. made auto and auto part content, and steel and aluminum imports from Mexico and Canada. Canadian and Mexican potash as well as Canadian energy imports only face a 10% tariff. **Not all Chinese imports will be subject to the 145% tariff, but this represents the 20% additional tariff announced before April 2nd plus the 125% reciprocal tariff. Section 301 tariffs outlined in 2018-2019 are will also be applied and vary by product (ranging between 7.5% and 100%). Therefore, the max rate applied to certain Chinese imports is 245%. The U.S. tariff rate (previous) is the most-favored nation trade-weighted average for 2023, sourced from the World Trade Organization, except for China, Mexico, and Canada. The estimate for China is from J.P. Morgan Economic Research. Mexico and Canada have a free-trade agreement with the U.S., so it is assumed that reciprocal tariffs apply. The U.S. tariff rate (previous) is from the U.S. International Trade Commission. The estimated tariff rate, including currency and trade barriers, is from a White House press release. The new headline U.S. tariff rate is from the White House press release, with estimates for Mexico and Canada based on Goldman Sachs Investment Research.
Data are as of April 4, 2025.

The U.S. has had a trade deficit since 1980 because the dollar has been too high, and the government has been running big budget deficits.

Real trade-weighted exchange rate and trade deficit



Macro 101:

(G-T) + (I-S) = (M-X)

Budget Deficit	Private Sector Investment Minus Saving	Trade Deficit

Where:
G = Government Spending
T = Revenue
I = Investment
S = Savings
M = Imports
X = Exports

Source: Federal Reserve, BEA, J.P. Morgan Asset Management.

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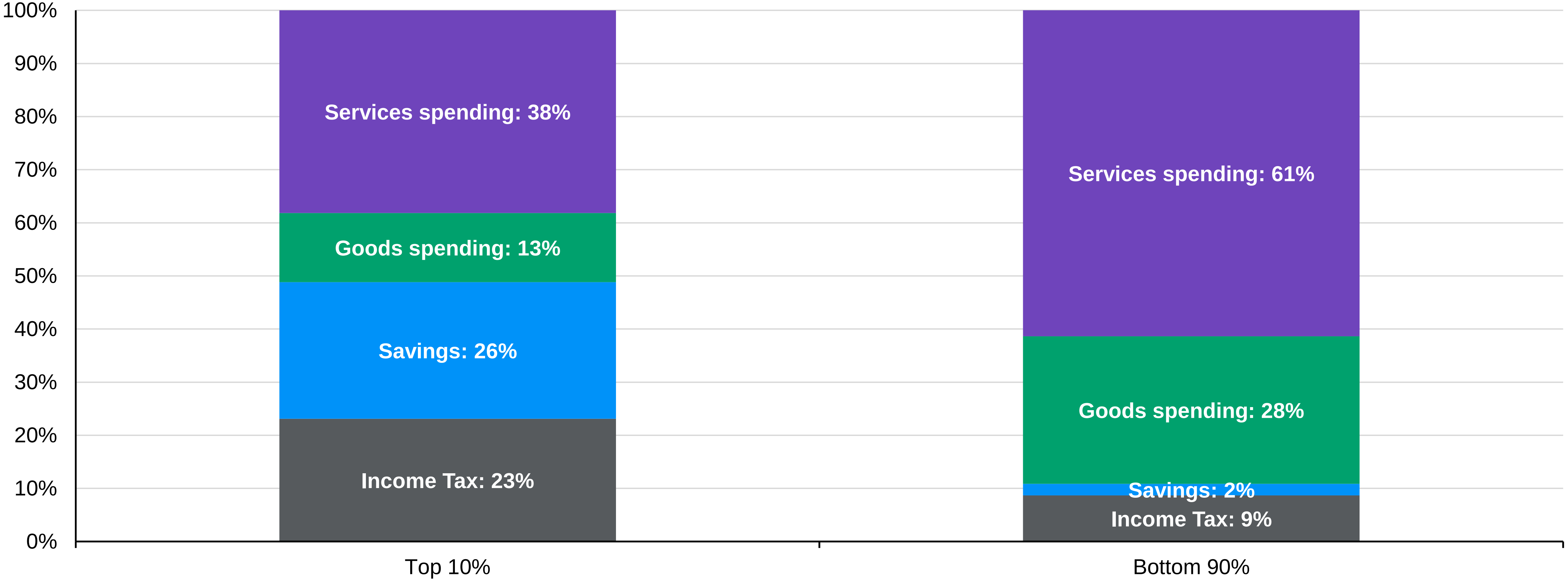
Lower and middle-income households devote a much greater share of income to goods, making tariffs a highly regressive form of taxation.

Allocation of pretax income by income level
2023



Source: Consumer Expenditure Surveys, J.P. Morgan Asset Management.

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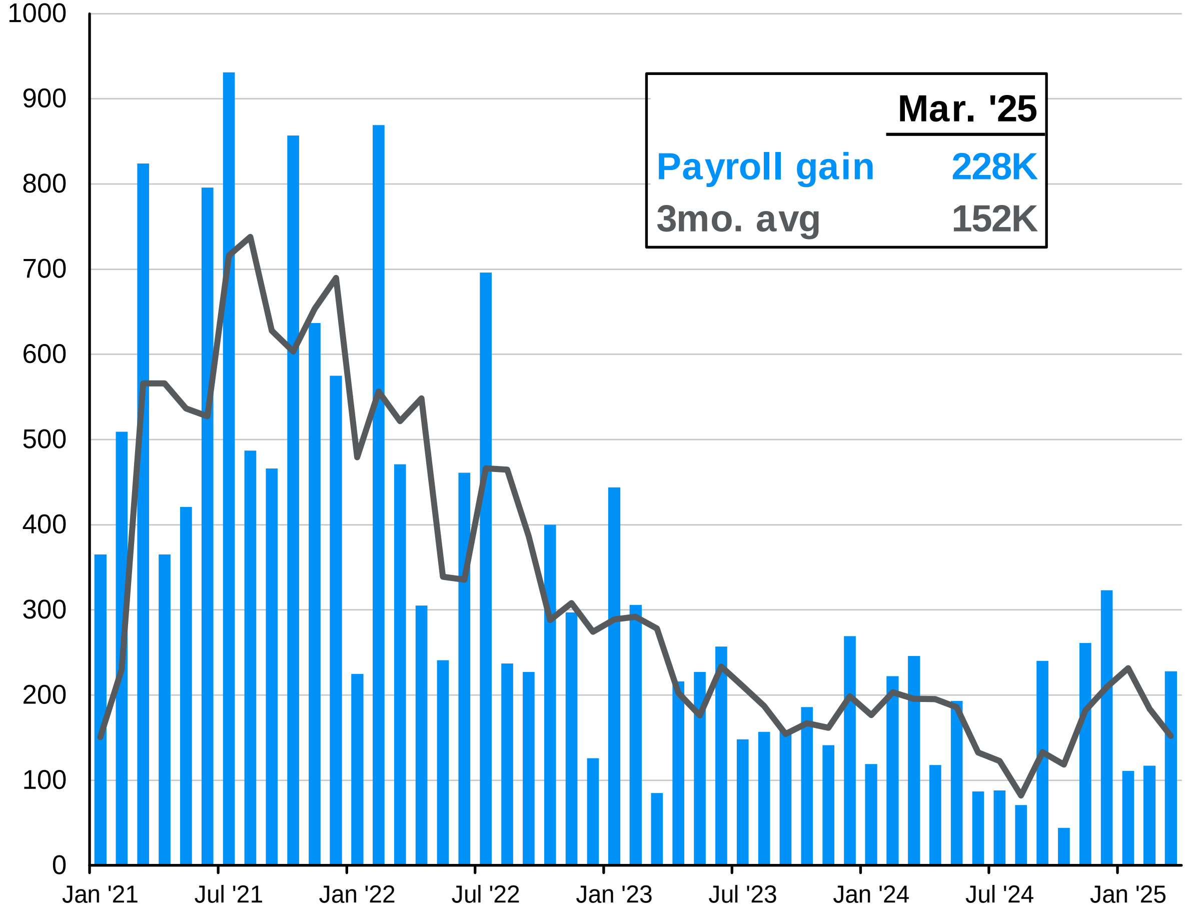
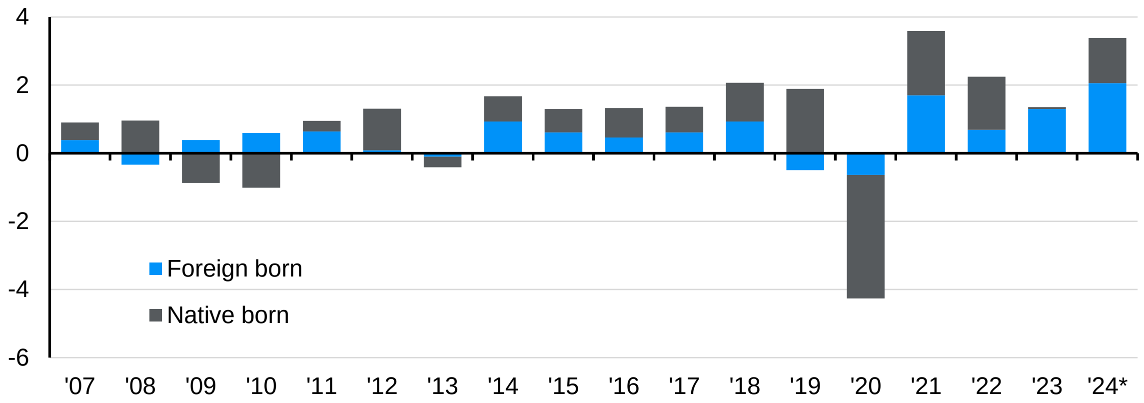
Economy

Immigration crackdowns could impact labor supply later in 2025 and into 2026.

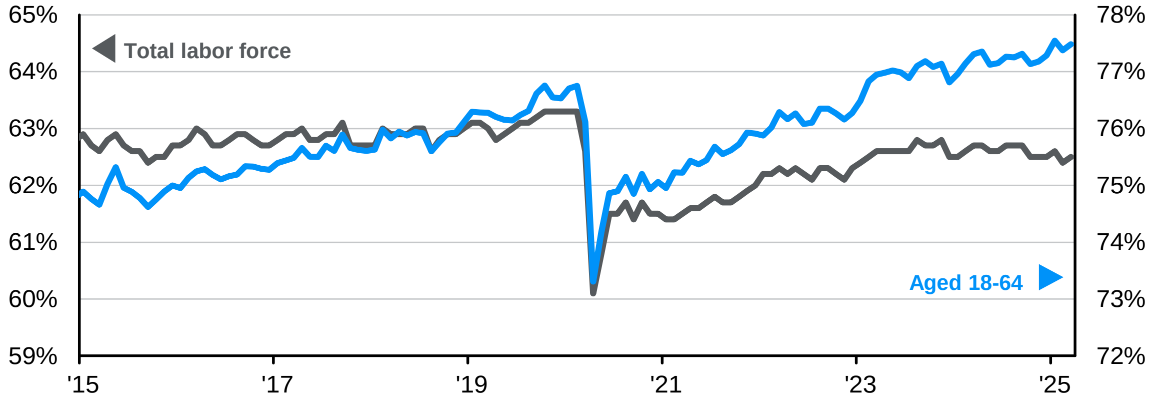
Nonfarm payroll gains
Month-over-month change and 3mo. moving average, SA



Labor force growth, native and immigrant contribution
Annual change as of January, aged 16+, millions*



Labor force participation
% of civilian noninstitutional population, SA



Source: BLS, FactSet, J.P. Morgan Asset Management.
Labor force data are sourced from the Current Population Survey, also known as the household survey, conducted by the BLS. This survey does not ask respondents about immigration status and may include undocumented workers, although it likely undercounts the undocumented population. *Annual change in the labor force calculated from January of each year. For example, the 2024 figures are calculated by subtracting the size of the labor force as of 1/31/2024 from the size of the labor force as of 1/31/2025.
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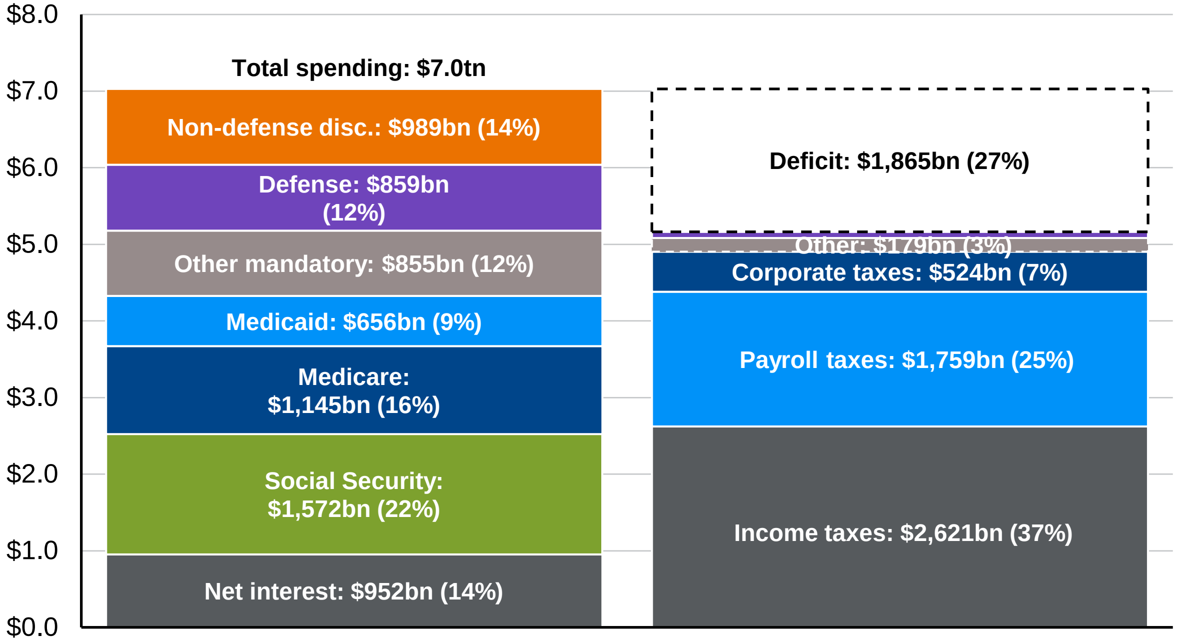
DOGE cuts could reduce demand in the short run but lower taxes in 2026 could bring fiscal stimulus.

The 2025 federal budget

USD Trillions

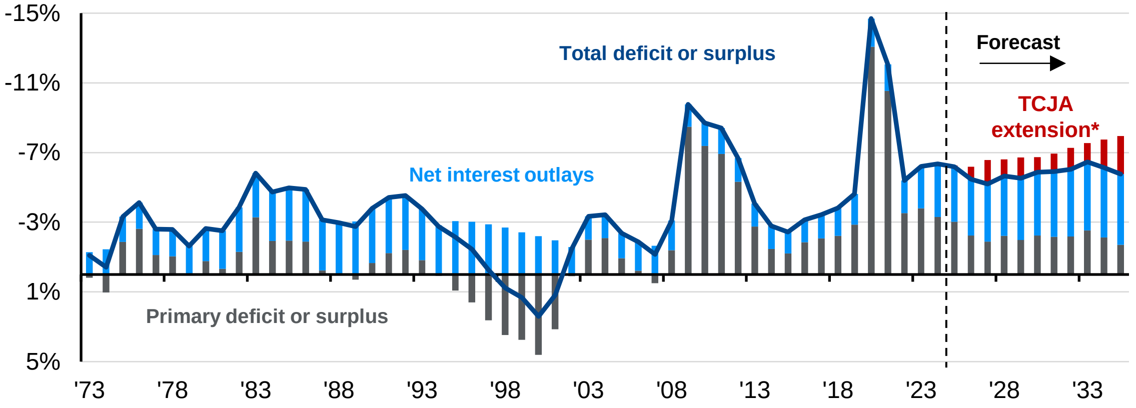


CBO's Baseline economic assumptions

	2025	'26-'27	'28-'29	'30-'35
Real GDP growth	2.2%	1.8%	1.8%	1.8%
10-year Treasury	4.1%	3.9%	3.9%	3.8%
Headline inflation (CPI)	2.3%	2.4%	2.3%	2.2%
Unemployment	4.2%	4.4%	4.4%	4.4%

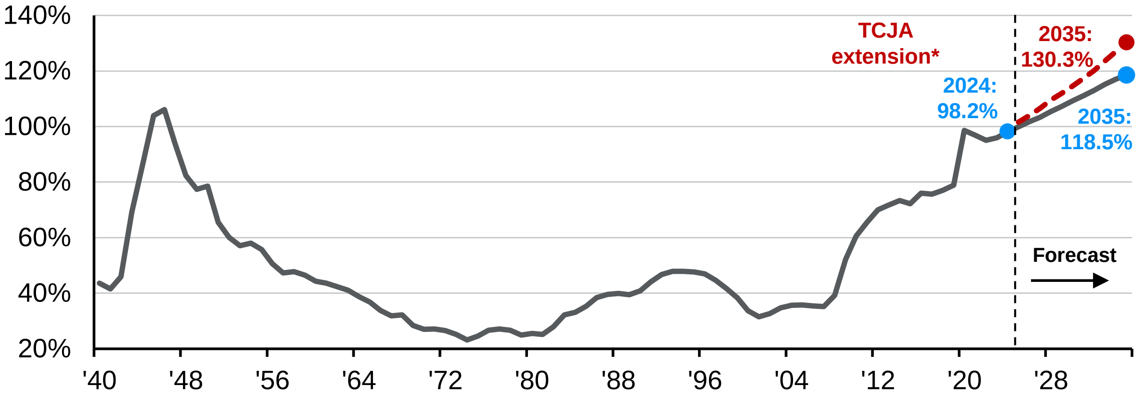
Federal deficit and net interest outlays

% of GDP, 1973-2034, CBO Baseline Forecast



Federal net debt (accumulated deficits)

% of GDP, 1940-2034, CBO Baseline Forecast, end of fiscal year



Source: CBO, J.P. Morgan Asset Management; (Left) Numbers may not sum to 100% due to rounding; (Top and bottom right) BEA, Treasury Department. Estimates are from the Congressional Budget Office (CBO) June 2024 An Update to the Budget Outlook: 2024 to 2034. "Other" spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Years shown are fiscal years. All CBO estimates are adjusted by JPMAM to reflect GDP revisions resulting from the 2024 annual update of the National Economic Accounts. *Adjusted by JPMAM to include estimates from the CBO May 2024 report "Budgetary Outcomes Under Alternative Assumptions About Spending and Revenues" on the extension of TCJA provisions. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

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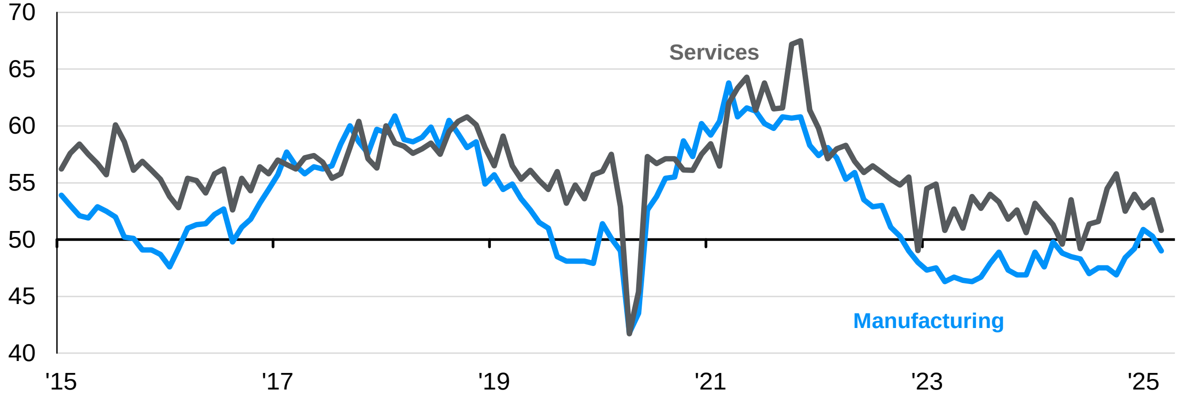
- Investment opportunities: The need to diversify concentrated portfolios

Survey data are beginning to slide.

Economy

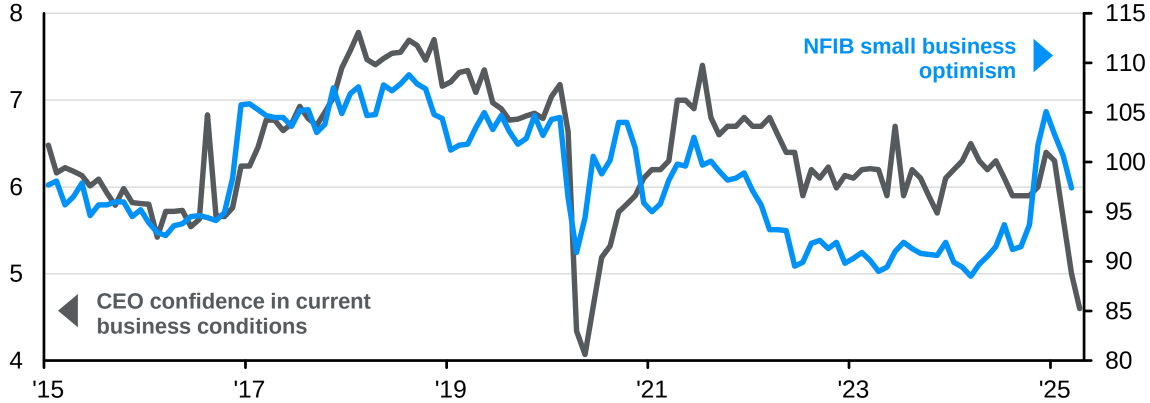
ISM manufacturing and services PMIs

Index value, below 50 = contraction, above 50 = expansion



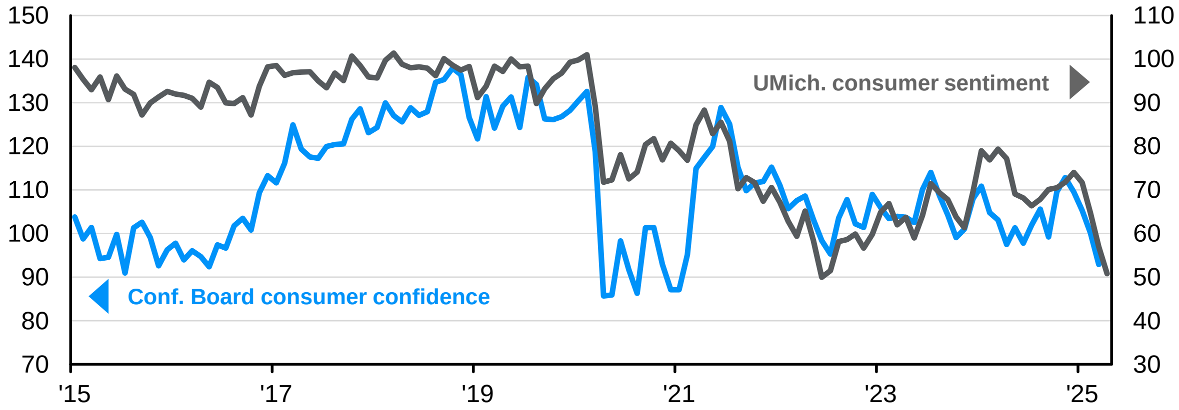
Business confidence

Index value



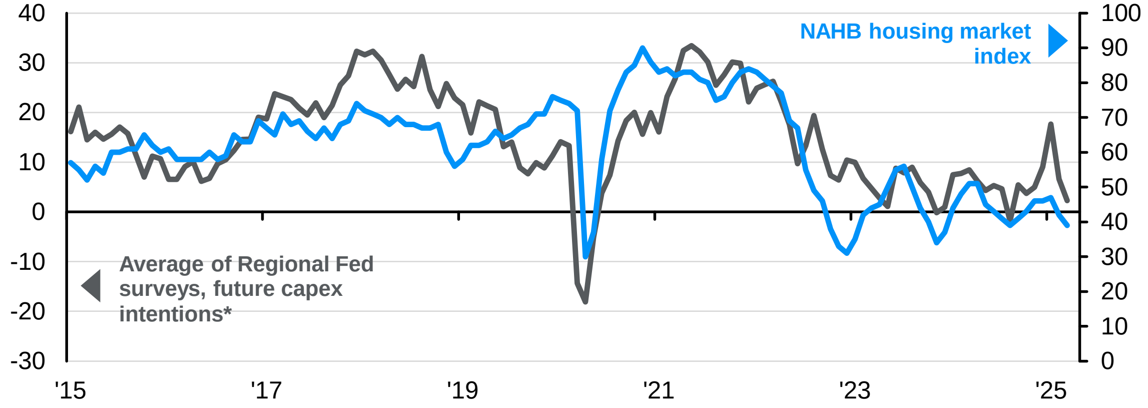
Consumer confidence

Index value



Capex intentions and homebuilder sentiment

Index value



Source: BLS, Chief Executive Group, Conference Board, Federal Reserve Bank of Chicago, Federal Reserve Bank of Dallas, Federal Reserve Bank of Kansas City, Federal Reserve Bank of Philadelphia, Federal Reserve Bank of New York, Federal Reserve Bank of Richmond, ISM, NFIB, University of Michigan, J.P. Morgan Asset Management. *Average includes the Chicago Fed, Philly Fed, Richmond Fed, Dallas Fed, Kansas City Fed and NY Fed manufacturing surveys of future capital expenditures.

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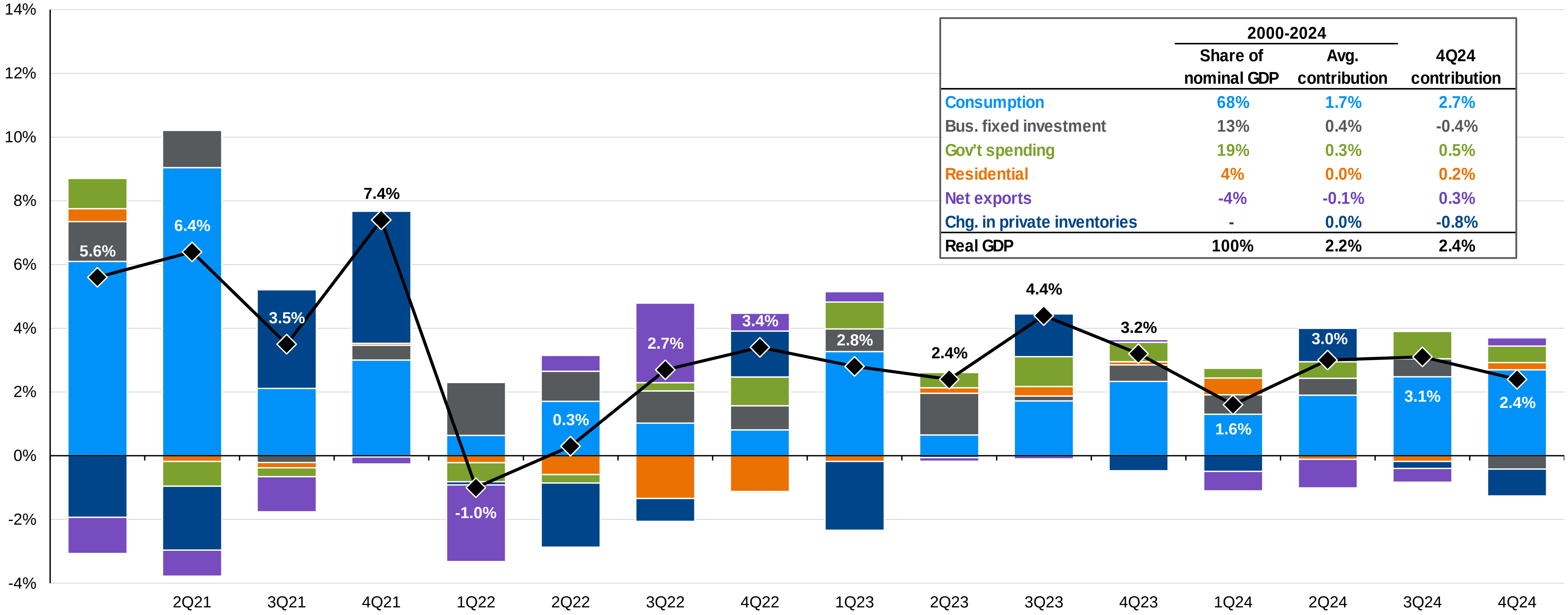
Growth was already slowing in early 2025…

Economy

Contributors to real GDP growth

Quarter-over-quarter, seasonally adjusted annualized rate



	2000-2024		
	Share of nominal GDP	Avg. contribution	4Q24 contribution
Consumption	68%	1.7%	2.7%
Bus. fixed investment	13%	0.4%	-0.4%
Gov't spending	19%	0.3%	0.5%
Residential	4%	0.0%	0.2%
Net exports	-4%	-0.1%	0.3%
Chg. in private inventories	-	0.0%	-0.8%
Real GDP	100%	2.2%	2.4%

Source: BEA, FactSet, J.P. Morgan Asset Management.
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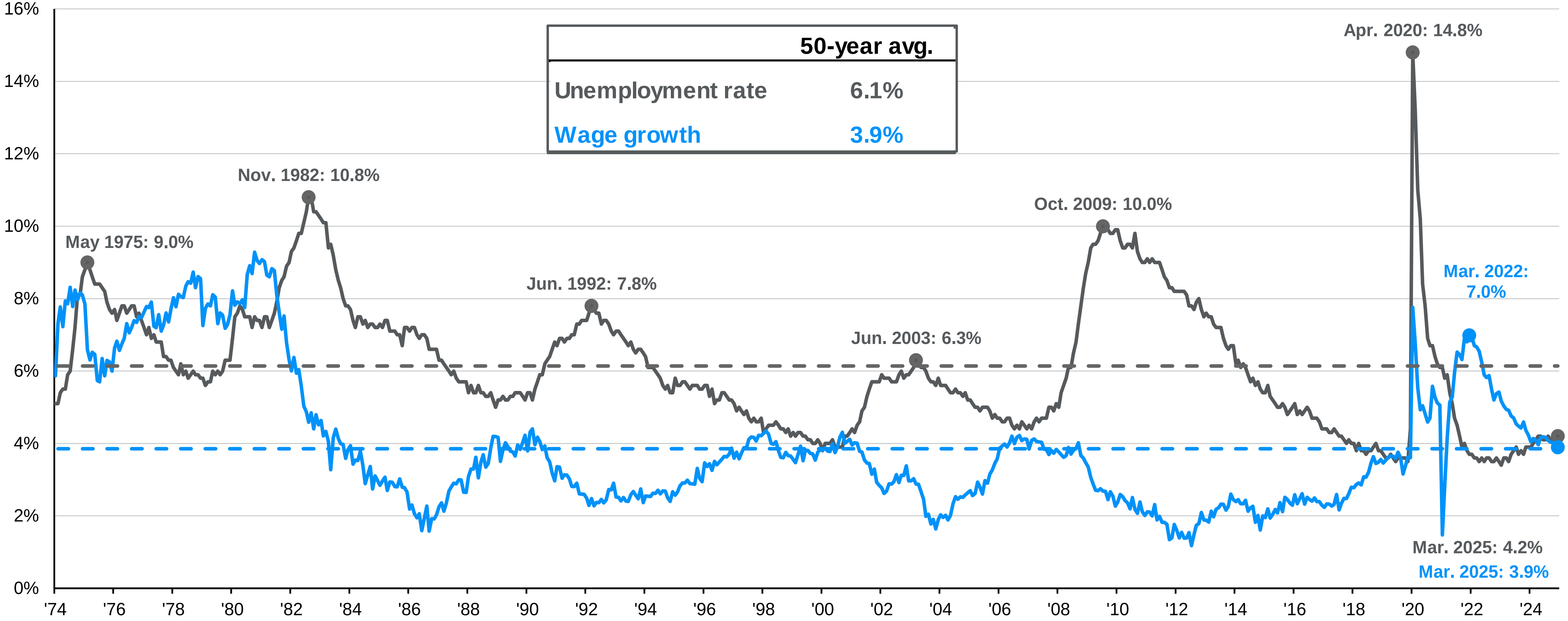
Economy

…although falling immigration could dampen impacts of stagnant job growth on the unemployment rate.

Civilian unemployment rate and year-over-year wage growth

Private production and non-supervisory workers, seasonally adjusted, percent



Source: BLS, FactSet, J.P. Morgan Asset Management. Private production and non-supervisory jobs represent just over 80% of total private nonfarm jobs.
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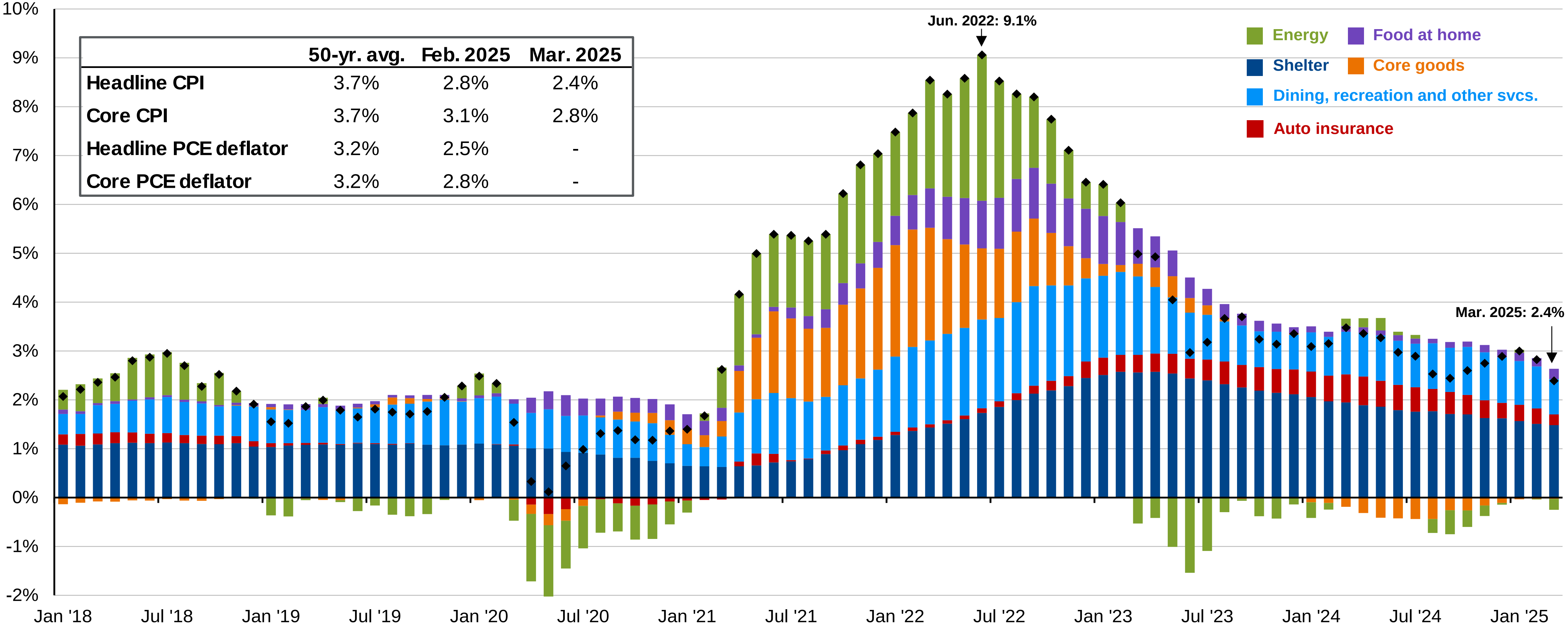
Economy

Inflation will likely remain above the Fed's 2% target due to tariffs in 2025 and fiscal stimulus in 2026.

Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted

	50-yr. avg.	Feb. 2025	Mar. 2025
Headline CPI	3.7%	2.8%	2.4%
Core CPI	3.7%	3.1%	2.8%
Headline PCE deflator	3.2%	2.5%	-
Core PCE deflator	3.2%	2.8%	-



Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages.
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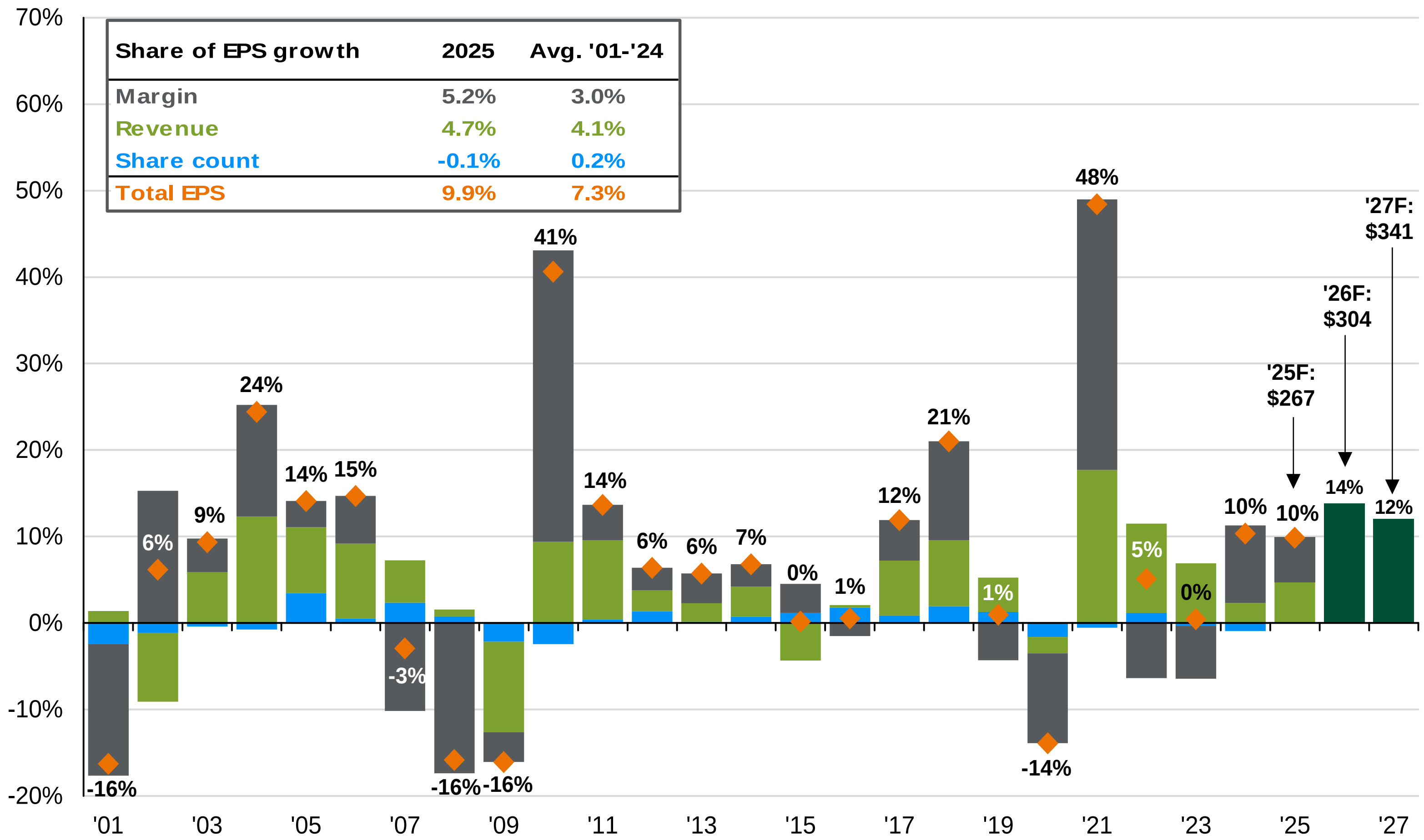
Profit growth is very dependent on overall economic growth and could falter in 2025.

S&P 500 year-over-year pro forma EPS growth

Annual growth broken into changes in revenue, profit margin and share count

Share of EPS growth	2025	Avg. '01-'24
Margin	5.2%	3.0%
Revenue	4.7%	4.1%
Share count	-0.1%	0.2%
Total EPS	9.9%	7.3%



S&P 500 profit margins

Quarterly earnings/sales

Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Historical EPS levels are based on annual pro forma earnings per share. *2024, 2025 and 2026 EPS growth are based on consensus analyst estimates for each calendar year. Past performance is not indicative of future returns.

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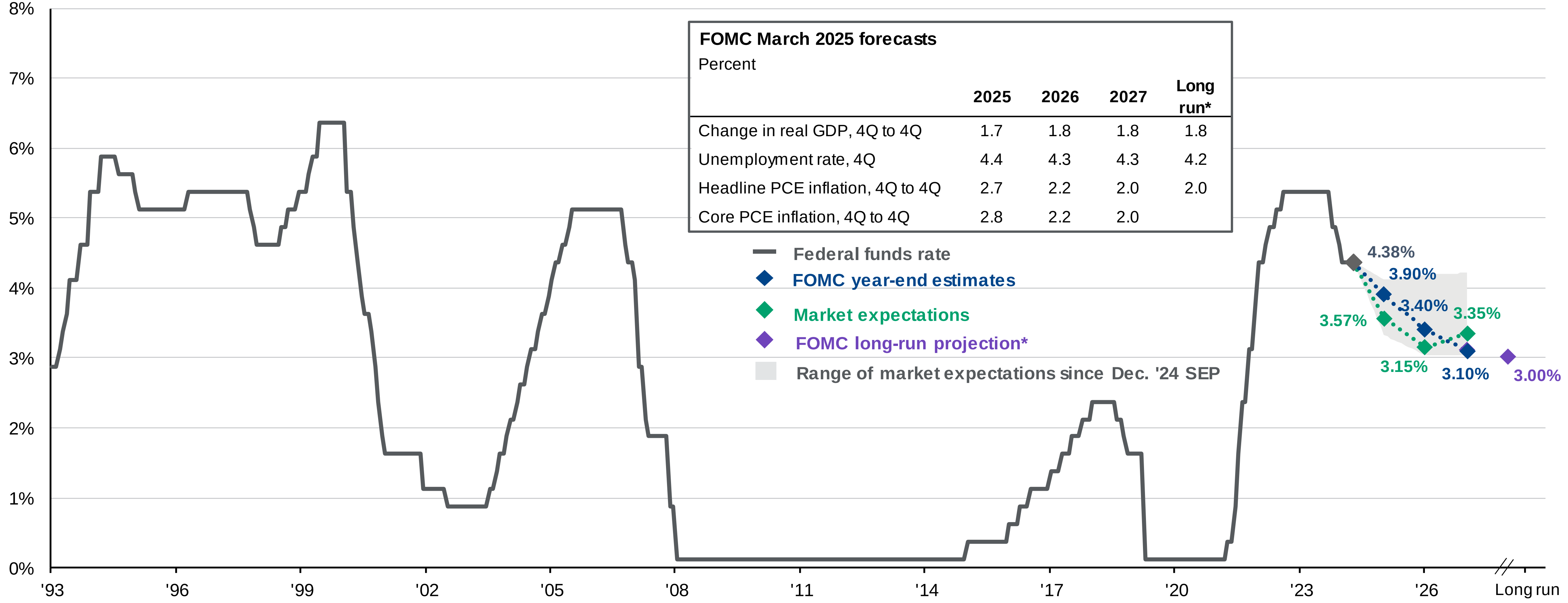
With further signs of weakness, the Fed could start cutting in May or June.

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



FOMC March 2025 forecasts

Percent

	2025	2026	2027	Long run*
Change in real GDP, 4Q to 4Q	1.7	1.8	1.8	1.8
Unemployment rate, 4Q	4.4	4.3	4.3	4.2
Headline PCE inflation, 4Q to 4Q	2.7	2.2	2.0	2.0
Core PCE inflation, 4Q to 4Q	2.8	2.2	2.0	

Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.
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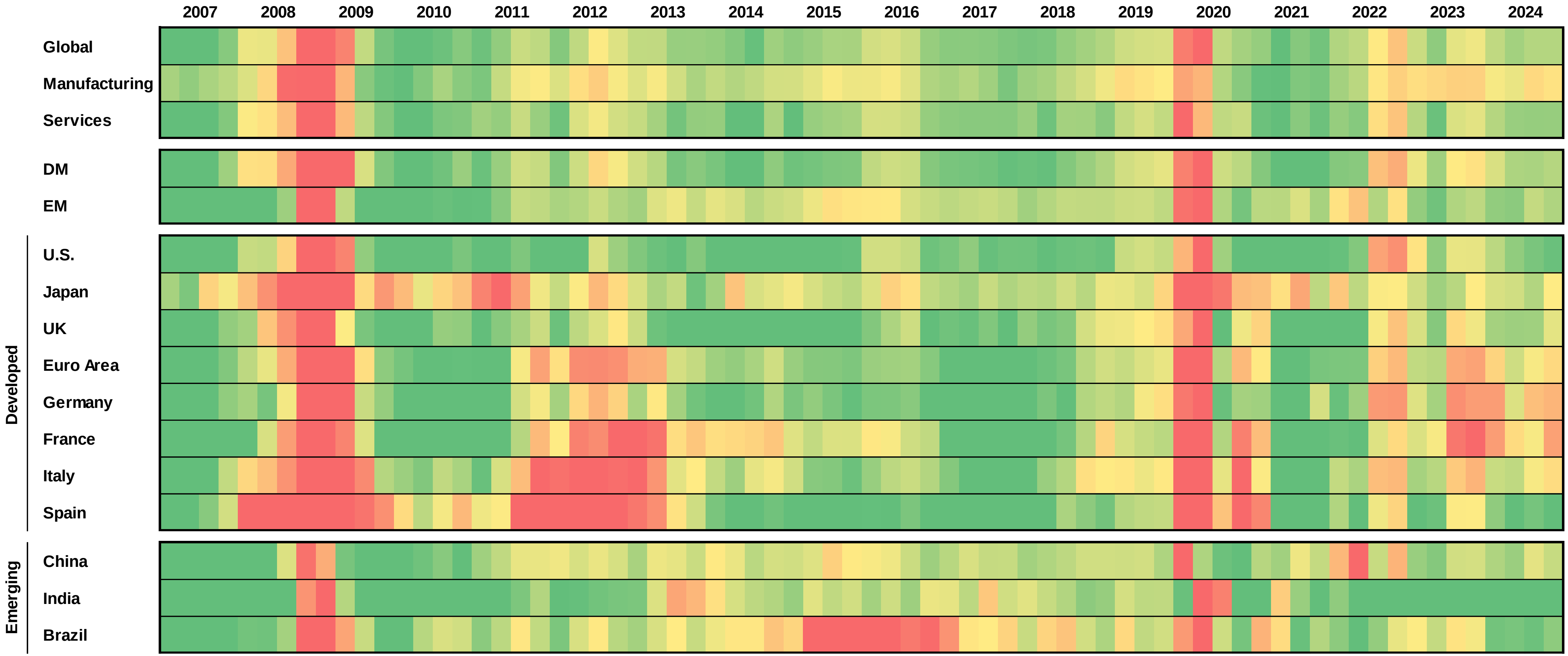
Tariff uncertainty is also slowing the global economy…

GTM | U.S. | 50

Global Composite (manufacturing & services combined) Purchasing Managers' Index, quarterly



	2025 Feb	2025 Mar
Global	51.5	52.1
Manufacturing	50.6	50.3
Services	51.5	52.7
DM	51.0	51.8
EM	52.4	52.6
U.S.	51.6	53.5
Japan	52.0	48.9
UK	50.5	51.5
Euro Area	50.2	50.9
Germany	50.4	51.3
France	45.1	48.0
Italy	51.9	50.5
Spain	55.1	54.0
China	51.5	51.8
India	58.8	59.5
Brazil	55.1	52.6

Source: J.P. Morgan Economic Research, Standard & Poor's, J.P. Morgan Asset Management.
The Composite PMI includes both manufacturing and services sub-indices. Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the period shown. Heatmap is based on quarterly averages, except for the two most recent figures, which are single month readings. Data for the U.S. are back-tested and filled in for 2007-2009. Data for Japan are back-tested and filled in for the first two quarters of 2007. DM and EM represent developed markets and emerging markets, respectively.
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…leaving the dollar's path from here uncertain.

The U.S. Dollar

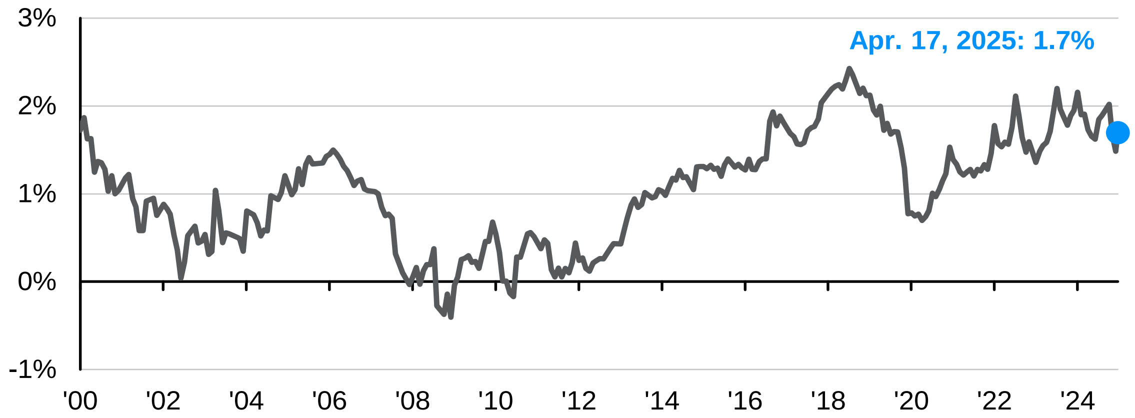
U.S. Dollar Index

The U.S. trade balance

Current account balance, % of GDP

Developed markets interest rate differentials

Difference between U.S. and international 10-year yields*



Source: FactSet, J.P. Morgan Asset Management; (Left) ICE; (Top right) BEA; (Bottom right) BIS.
Currencies in the DXY Index are: British pound, Canadian dollar, euro, Japanese yen, Swedish krona and Swiss franc. *Interest rate differential is the difference between the 10-year U.S. Treasury yield and a basket of the 10-year yields of each major trading partner (Australia, Canada, Eurozone, Japan, Sweden, Switzerland and UK). Weights in the basket are calculated using the 10-year average of total government bonds outstanding in each region.
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- **Investment opportunities: The need to diversify concentrated portfolios**

After super-strong gains in recent years, investors need to focus on risk as much as return in 2025.

2010–2024 Ann.	2010–2024 Vol.	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD
Large Cap 13.9%	Small Cap 20.6%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	REITs 41.3%	Comdty. 16.1%	Large Cap 26.3%	Large Cap 25.0%	DM Equity 6.8%
Small Cap 10.3%	EM Equity 17.9%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	EM Equity 18.7%	Large Cap 28.7%	Cash 1.5%	DM Equity 18.9%	Small Cap 11.5%	Comdty. 5.5%
REITs 9.4%	REITs 16.8%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap 18.4%	Comdty. 27.1%	High Yield -12.7%	Small Cap 16.9%	Asset Alloc. 10.0%	Fixed Income 2.0%
Asset Alloc. 7.2%	DM Equity 16.5%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. 10.6%	Small Cap 14.8%	Fixed Income -13.0%	Asset Alloc. 14.1%	High Yield 9.2%	High Yield 1.5%
High Yield 5.9%	Comdty. 16.1%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	DM Equity 8.3%	Asset Alloc. 13.5%	Asset Alloc. -13.9%	High Yield 14.0%	EM Equity 8.1%	Cash 1.3%
DM Equity 5.7%	Large Cap 15.1%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Fixed Income 7.5%	DM Equity 11.8%	DM Equity -14.0%	REITs 11.4%	Comdty. 5.4%	EM Equity 0.0%
EM Equity 3.4%	Asset Alloc. 10.4%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%	High Yield 1.0%	Large Cap -18.1%	EM Equity 10.3%	Cash 5.3%	REITs -1.1%
Fixed Income 2.4%	High Yield 9.4%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	EM Equity -19.7%	Fixed Income 5.5%	REITs 4.9%	Asset Alloc. -2.1%
Cash 1.2%	Fixed Income 4.7%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Comdty. -3.1%	Fixed Income -1.5%	Small Cap -20.4%	Cash 5.1%	DM Equity 4.3%	Large Cap -9.8%
Comdty. -1.0%	Cash 0.9%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%	EM Equity -2.2%	REITs -24.9%	Comdty. -7.9%	Fixed Income 1.3%	Small Cap -15.3%

Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.
Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg US Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/2008 to 12/31/2023. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns.
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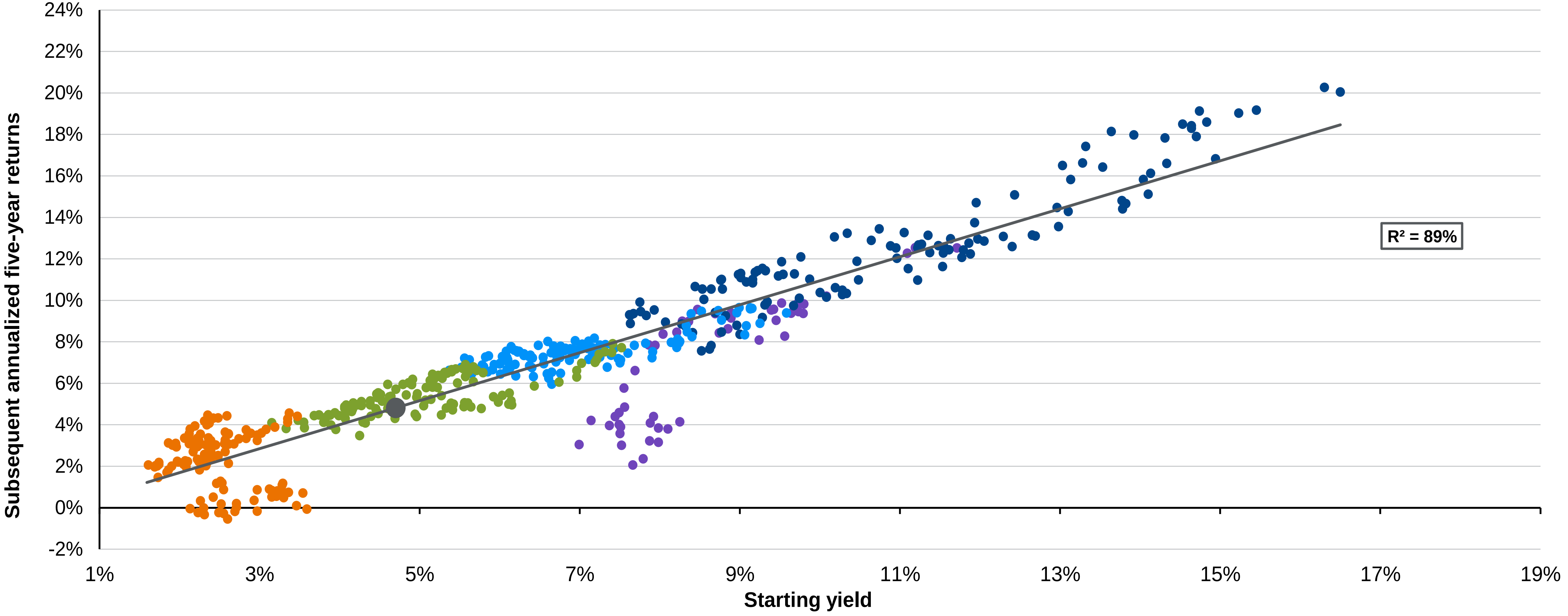
A painful few years for bond-holders should mean better fixed income returns going forward…

Fixed Income

Yield-to-worst and subsequent 5-year annualized returns

Bloomberg U.S. Aggregate Total Return Index



Source: Bloomberg, FactSet, J.P. Morgan Asset Management.
Returns are 60-month annualized total returns, measured monthly, beginning 1/31/1976. R^2 represents the percent of total variation in total returns that can be explained by yields at the start of each period.
Guide to the Markets – U.S. Data are as of April 17, 2025.

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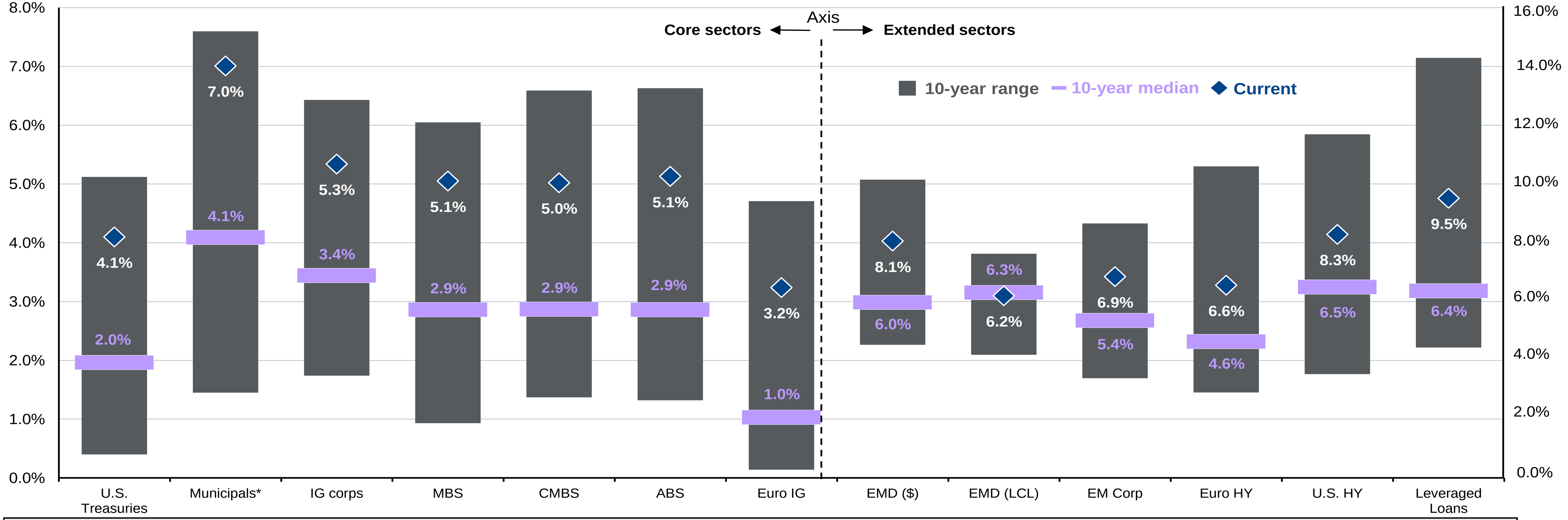
…particularly for those willing to invest beyond the benchmarks.

Yield-to-worst across fixed income sectors

Percent, past 10 years



	U.S. Treasuries	Municipals*	IG corps	MBS	CMBS	ABS	Euro IG	EMD ($)	EMD (LCL)	EM Corp	Euro HY	U.S. HY	Leveraged Loans
Weight in U.S. Agg.**	***45%***	***<1%***	***24%***	***25%***	***2%***	***<1%***	-	-	-	-	-	-	-

Source: Bloomberg, FactSet, J.P. Morgan Credit Research, J.P. Morgan Asset Management.
Indices used are Bloomberg except for ABS, emerging market debt and leveraged loans: ABS: J.P. Morgan ABS Index; CMBS: Bloomberg Investment Grade CMBS Index; EMD (USD): J.P. Morgan EMIGLOBAL Diversified Index; EMD (LCL): J.P. Morgan GBI-EM Global Diversified Index; EM Corp.: J.P. Morgan CEMBI Broad Diversified; Leveraged Loans: JPM Leveraged Loan Index; Euro IG: Bloomberg Euro Aggregate Corporate Index; Euro HY: Bloomberg Pan-European High Yield Index. Yield-to-worst is the lowest possible yield that can be received on a bond apart from the company defaulting and considers factors like call provisions, prepayments and other features that may affect the bonds' cash flows. *All sectors shown are yield-to-worst except for Municipals, which is based on the tax-equivalent yield-to-worst assuming a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8%. **Sectors shown may not exactly match all sectors represented in the Bloomberg U.S. Aggregate Index. Sector level weights are shown, and index constituents may not match.
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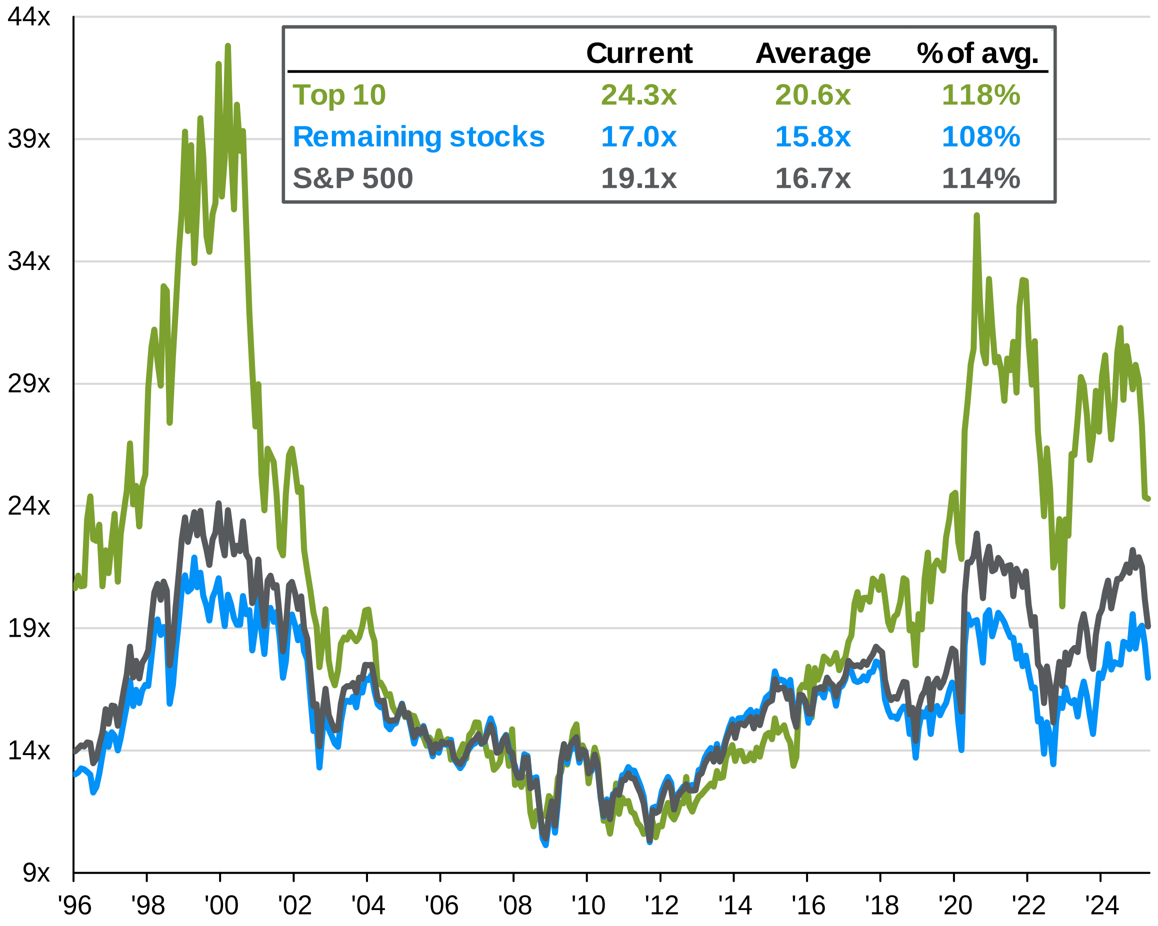
The U.S. equity market isn't too expensive…outside of mega caps.

P/E ratio of the top 10 and remaining stocks in the S&P 500

Next 12 months, 1996 - present



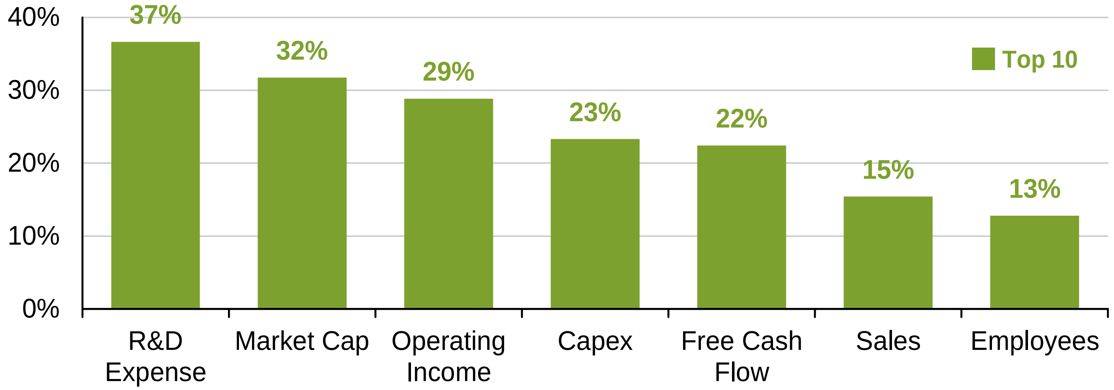
	Current	Average	% of avg.
Top 10	24.3x	20.6x	118%
Remaining stocks	17.0x	15.8x	108%
S&P 500	19.1x	16.7x	114%

Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500

Economic concentration in the S&P 500

% of S&P 500 metric, 2Q24



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. The top 10 S&P 500 companies are based on the 10 largest index constituents at the beginning of each quarter. As of 12/31/2024, the top 10 companies in the index were AAPL (7.6%), NVDA (6.6%), MSFT (6.3%), AMZN (4.1%), GOOGL/GOOG (4.0%), META (2.6%), TSLA (2.3%), AVGO (2.2%), BRK.B (1.7%) and JPM (1.4%). The remaining stocks represent the rest of the 492 companies in the S&P 500.
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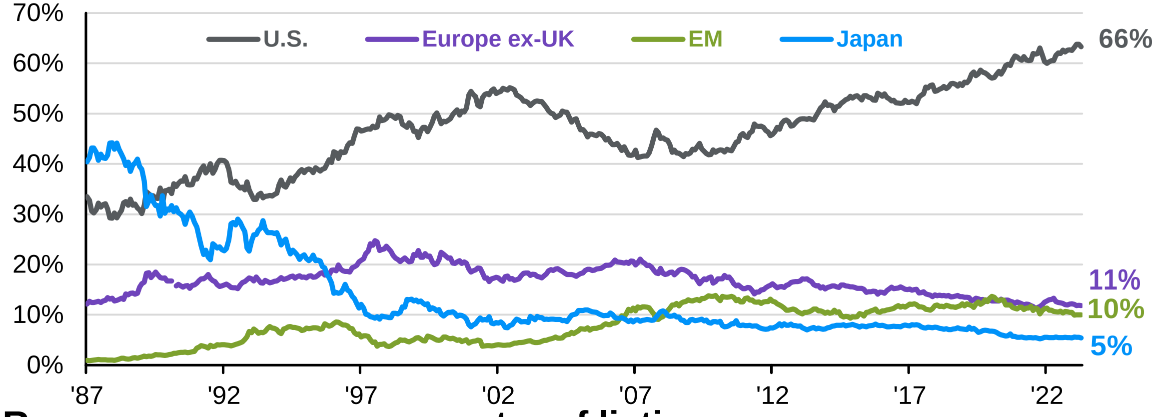
Global concentration in U.S. equities is at an extreme.

Returns	YTD 2025		2024		15-years	
	Local	USD	Local	USD	Ann.	Beta
Regions						
U.S. (S&P 500)	-	-9.8	-	25.0	13.2	1.0
AC World ex-U.S.	-1.3	4.6	13.2	6.1	5.4	1.0
EAFE	-1.4	7.0	11.8	4.3	6.2	1.0
Eurozone	2.8	12.6	10.3	3.4	6.3	1.2
Emerging markets	-0.9	0.1	13.7	8.1	3.4	1.0
Selected Countries						
Japan	-8.3	1.3	21.2	8.7	5.8	0.7
United Kingdom	2.8	8.6	9.5	7.5	5.6	1.0
France	-0.8	8.8	1.8	-4.6	6.7	1.2
Canada	-1.5	2.1	23.0	12.7	5.6	1.1
Germany	7.0	17.3	18.4	11.0	6.9	1.3
China	5.9	6.1	19.8	19.7	3.6	0.9
Taiwan	-16.7	-16.1	44.3	35.1	11.3	1.0
India	-1.6	-1.3	15.7	12.4	6.3	0.9
Brazil	6.3	11.2	-11.4	-29.5	-1.6	1.3

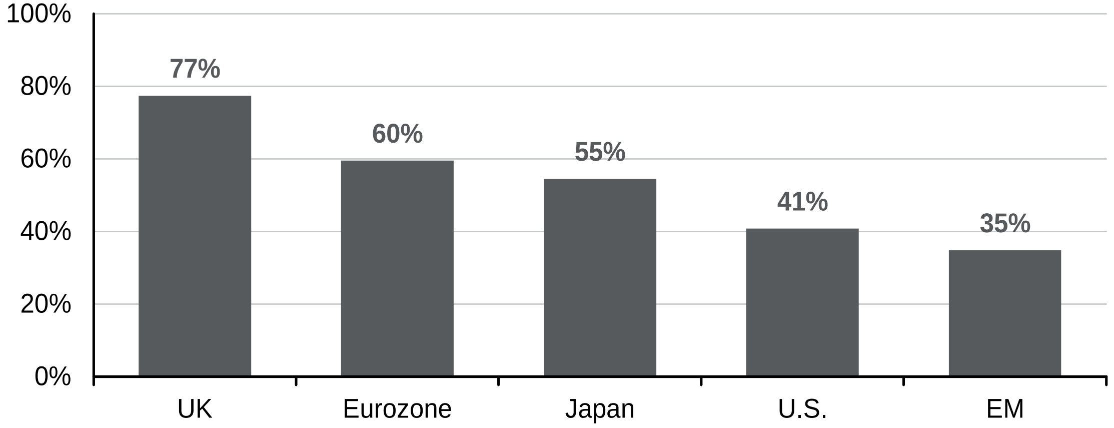
Share of global market capitalization

% weight in the MSCI All Country World Index, USD, monthly



Revenue exposure vs. country of listing

% of total revenue derived from foreign countries



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. (Left) All return values are MSCI Total Return Index (Gross) data. 15-year history based on USD returns. 15-year return and beta figures are calculated using a rolling 12-month time period ending with the previous month-end. Beta is for monthly returns relative to the MSCI All Country World Index. Annualized volatility is calculated as the standard deviation of quarterly returns multiplied by the square root of four. Chart is for illustrative purposes only. Please see disclosure page for index definitions. Past performance is not a reliable indicator of current and future results. (Bottom right) Revenue exposure data are as of the previous quarter-end.
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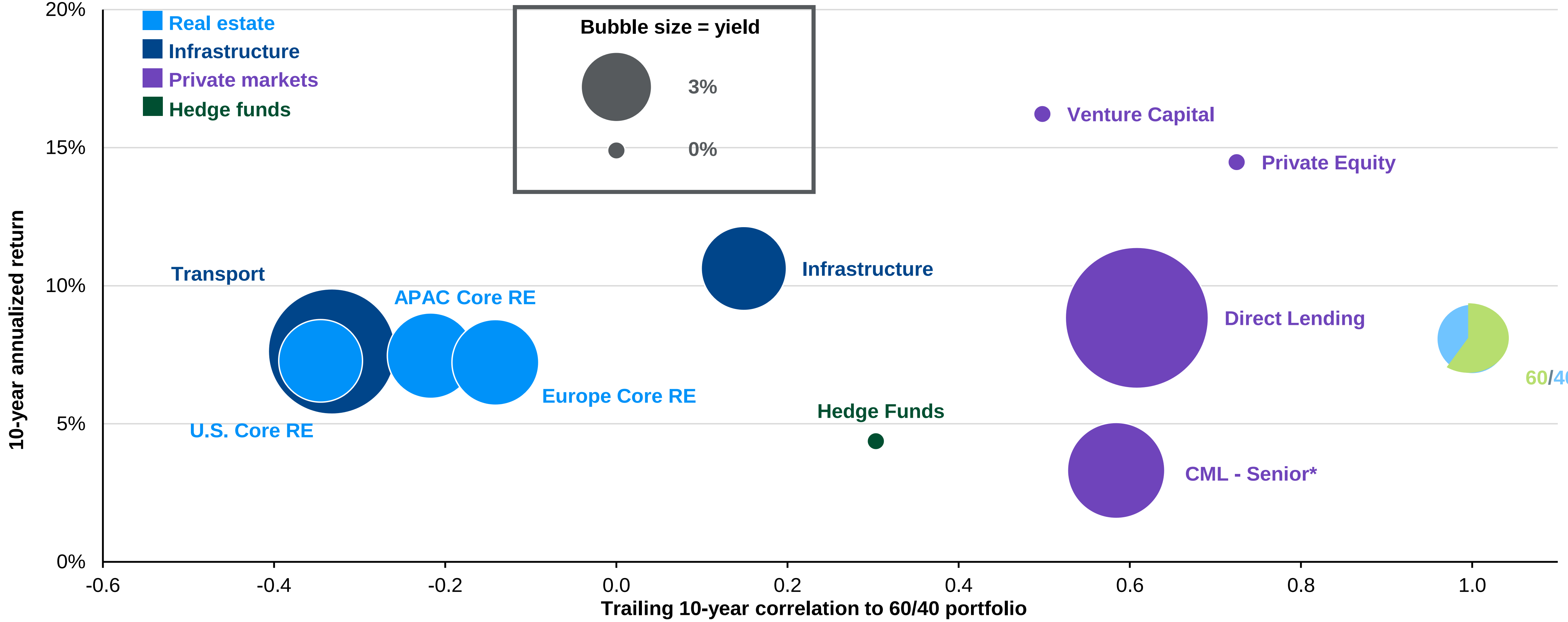
Alternatives

Investors should diversify both *with* alternatives and *within* alternatives.

Correlations, returns and yields

10-year correlations and 10-year annualized total returns, quarterly, 3Q14 – 3Q24



Source: Burgiss, Cliffwater, FactSet, Gilberto-Levy, HFRI, MSCI, NCREIF, J.P. Morgan Asset Management. Correlations are based on quarterly returns over the past 10 years from 3Q14-2Q24. A 60/40 portfolio is comprised of 60% stocks and 40% bonds. Stocks are represented by the S&P 500 Total Return Index. Bonds are represented by the Bloomberg U.S. Aggregate Total Return Index. 10-year annualized returns are calculated from 1Q14-4Q23. Indices and data used for alternative asset class returns and yields are as described on pages 12, 13 and 17 of the Guide to Alternatives. Yields are based on latest available data as described on page 10 of the Guide to Alternatives. *CML is commercial mortgage loans.

This slide comes from our Guide to Alternatives.

Guide to the Markets – U.S. Data are as of April 17, 2025.

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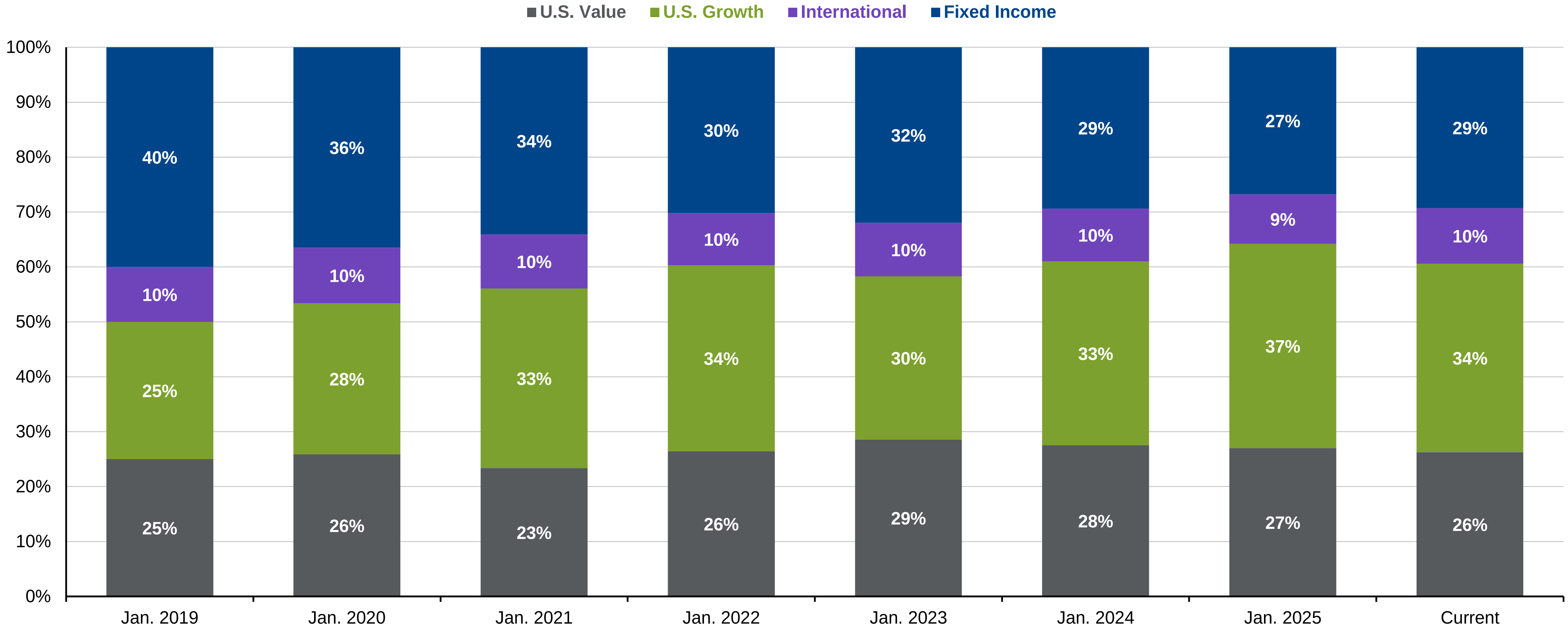
Beyond the economy and markets, investors should ensure they haven't passively drifted into a too-risky allocation.

60/40 portfolio composition by asset class

Start of 2019 to current, no rebalancing



Source: Bloomberg, FactSet, MSCI, Russell, Standard & Poor's, J.P. Morgan Asset Management. Standard asset allocation at the start of 2019 assumes 60% weight to global equities and 40% to U.S. fixed Income. U.S. Value: Equal-weighted Russell 1000 Value and Russell 2000 Value, U.S. Growth: Equal-weighted Russell 2000 Value and Russell 2000 Growth, International: MSCI ACWI ex-US, Fixed Income: 10% Bloomberg Global HY Index and 30% Bloomberg US Aggregate. Past performance is not indicative of future returns.
Guide to the Markets – U.S. Data are as of April 17, 2025.

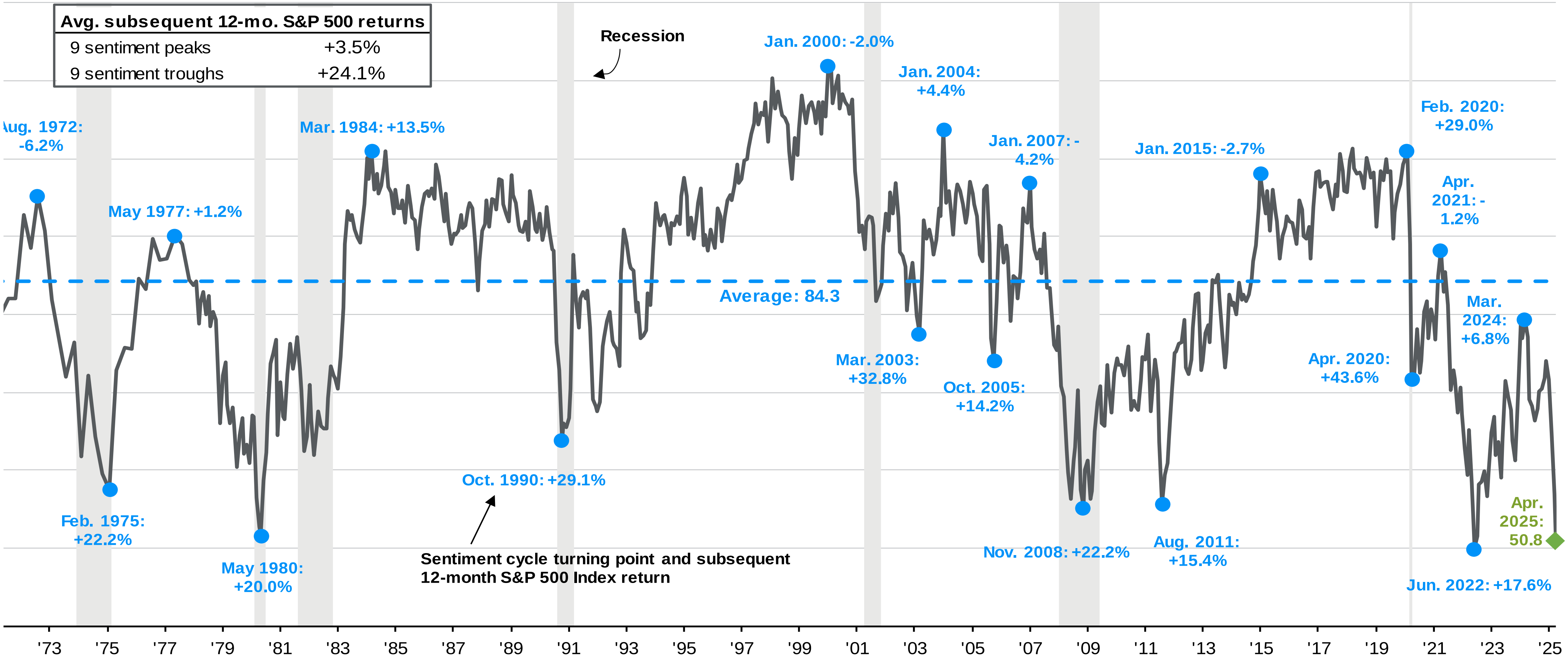
Economy

Stocks have tended to outperform in the year following a sentiment trough.

GTM | U.S. | 20

Consumer Sentiment Index and subsequent 12-month S&P 500 returns

Avg. subsequent 12-mo. S&P 500 returns	
9 sentiment peaks	+3.5%
9 sentiment troughs	+24.1%



Source: FactSet, Standard & Poor's, University of Michigan, J.P. Morgan Asset Management.
Peak is defined as the highest index value before a series of lower lows, while a trough is defined as the lowest index value before a series of higher highs. Subsequent 12-month S&P 500 returns are price returns only starting from the end of the month and excluding dividends. Past performance is not a reliable indicator of current and future results.
Guide to the Markets – U.S. Data are as of April 17, 2025.

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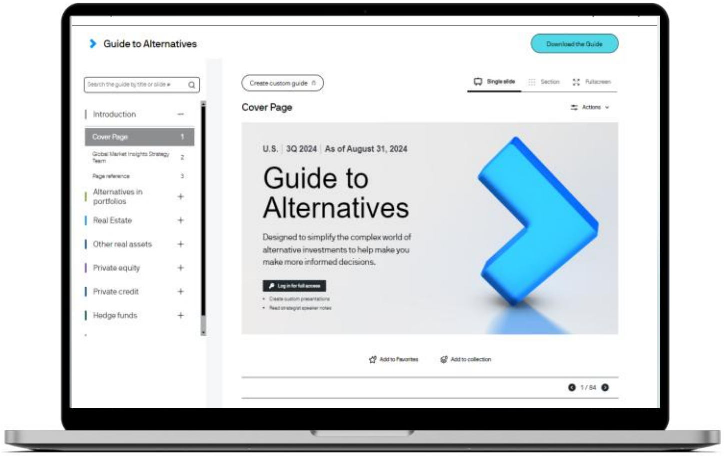

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J.P. Morgan Asset Management – Index definitions

All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

Equities:

The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue-chip U.S. stocks.

The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **MSCI EAFE Index(Europe, Australasia, Far East)**is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region.

The **Russell 1000 Index**® measures the performance of the 1,000 largest companies in the Russell 3000.

The **Russell 1000 Growth Index**® measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index**® measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index**® measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **Russell 2000 Growth Index**® measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index**® measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 3000 Index**® measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

The **Russell Midcap Index**® measures the performance of the 800 smallest companies in the Russell 1000 Index.

The **Russell Midcap Growth Index** ® measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

The **Russell Midcap Value Index** ® measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The **S&P 500 Index** focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

Fixed income:

The **Bloomberg 1-3 Month U.S. Treasury Bill Index** includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have $250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible.

The **Bloomberg Global High Yield Index** is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive. Until January 1, 2011, the index also included CMBS high yield securities.

The **Bloomberg Municipal Index**: consists of a broad selection of investment-grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market.

The **Bloomberg US Dollar Floating Rate Note (FRN) Index** provides a measure of the U.S. dollar denominated floating rate note market.

The **Bloomberg US Corporate Investment Grade Index** is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB or higher) by at least two ratings agencies, have at least one year to final maturity and have at least $250 million par amount outstanding. To qualify, bonds must be SEC-registered.

The **Bloomberg US High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.

The **Bloomberg US Mortgage Backed Securities Index** is an unmanaged index that measures the performance of investment grade fixed-rate mortgage backed pass-through securities of GNMA, FNMA and FHLMC.

The **Bloomberg US TIPS Index** consists of Inflation-Protection securities issued by the U.S. Treasury.

The **J.P. Morgan Emerging Market Bond Global Index(EMBI)**includes U.S. dollar denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities.

The **J.P. Morgan Domestic High Yield Index** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.

The **J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified)**is an expansion of the **J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI)**. The CEMBI is a market capitalization weighted index consisting of U.S. dollar denominated emerging market corporate bonds.

The **J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified)** tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. The index limits the exposure of some of the larger countries.

The **J.P. Morgan GBI EM Global Diversified** tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base.

The **U.S. Treasury Index** is a component of the U.S. Government index.

J.P. Morgan Asset Management – Definitions

Other asset classes:

The **Alerian MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for the asset class.

The **Bloomberg Commodity Index** and related sub-indices are composed of futures contracts on physical commodities and represents twenty two separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc

The **Cambridge Associates U.S. Global Buyout and Growth Index®** is based on data compiled from 1,768 global (U.S. & ex –U.S.) buyout and growth equity funds, including fully liquidated partnerships, formed between 1986 and 2013.

The **CS/Tremont Hedge Fund Index** is compiled by Credit Suisse Tremont Index, LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The Index uses the Credit Suisse/Tremont database, which tracks over 4500 funds, and consists only of funds with a minimum of US$50 million under management, a 12-month track record, and audited financial statements. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees and expenses. It is the exclusive property of Credit Suisse Tremont Index, LLC.

The **HFRI Monthly Indices (HFRI)** are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 4 main strategies, each with multiple sub strategies. All single-manager HFRI Index constituents are included in the HFRI Fund Weighted Composite, which accounts for over 2200 funds listed on the internal HFR Database.

The **NAREIT EQUITY REIT Index** is designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the NYSE, the American Stock Exchange or the NASDAQ National Market List.

The **NFI-ODCE**, short for NCREIF Fund Index -Open End Diversified Core Equity, is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted.

Definitions:

Investing in **alternative assets** involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested.

Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise.

Investments in **commodities** may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.

Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns.

Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

Investments in **emerging markets** can be more volatile. The normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

The price of **equity** securities may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time.

Equity market neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

Global macro strategies trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets.

International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations.

There is no guarantee that the use of **long and short positions** will succeed in limiting an investor's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Using long and short selling strategies may have higher portfolio turnover rates. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

Merger arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

Mid-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies. Historically, mid-cap companies' stock has experienced a greater degree of market volatility than the average stock.

Price to forward earnings is a measure of the price-to-earnings ratio (P/E) using forecasted earnings. **Price to book value** compares a stock's market value to its book value. **Price to cash flow** is a measure of the market's expectations of a firm's future financial health. **Price to dividends** is the ratio of the price of a share on a stock exchange to the dividends per share paid in the previous year, used as a measure of a company's potential as an investment.

Real estate investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

Relative Value Strategies maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

Small-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.

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J.P. Morgan Asset Management – Risks & disclosures

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Unless otherwise stated, all Data are as of November 20, 2024 or most recently available.

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