Building stronger portfolios

J.P. Morgan Asset Management UCITS ETFs

Making prudent asset allocation decisions is crucial to helping clients achieve their long-term goals. Our model portfolios framework is designed to help you build better portfolios in any market environment.

Asset allocation views	These are the firm's views on asset classes across various regions, which are revised regularly and are also the source of positioning within the J.P. Morgan Asset Management model portfolios.
Model portfolios	Asset allocation views are translated into a series of model portfolios to help investors make thoughtful, well-informed decisions in building and managing portfolios.
J.P. Morgan ETFs in practice	Explore an approach of how J.P. Morgan ETFs might be used in the model portfolios.

The experience and resources you need

J.P. Morgan's award-winning[1] Multi-Asset Solutions team has the experience and track record to help clients achieve consistent results in all market environments.

$263+bn
Global assets under management

50+yrs
Investment track record

105
Investment professionals

53
CFA charter holders

24
MBAs

8
PHDs

1
Objective: seeks to help clients meet their investment goals

Source: J.P. Morgan Asset Management; as of 31 December 2023.
[1] Asia Asset Management - Best Multi-Asset Manager 2023.

Asset allocation views

These asset allocation views are the result of a rigorous and disciplined process that integrates our qualitative insights and quantitative analysis. The research and investor teams examine, debate and challenge the views at the quarterly Strategy Summit, and meet regularly to ensure ongoing dialogue.

Global views

- An environment of moderating growth and inflation, policy rate cuts and continued low volatility supports a risk-on stance.
- Credit spreads have tightened in line with the rally in equity markets. But while the technical factors that drive equity markets look stretched, some of the key technical factors for credit — notably investor appetite for new supply — remain supportive.
- We continue to find attractive relative value and stock selection opportunities across equity markets and favor tilts toward high quality, cash compounding names.
- We maintain a modest overweight to equities along with a constructive view on duration and continue to find pockets of opportunity across the credit complex.

U.S. equities: All eyes on earnings

- As investors have repriced economic risk from looming recession to soft landing, the S&P 500 has rallied more than 1,000 points since October. We expect more modest earnings growth and valuation expansion but remain constructive on stocks over the intermediate term.
- We maintain our preference for U.S. large caps, which we expect will deliver better earnings growth than their non-U.S. peers.
- The recent broadening of market leadership away from the mega-cap technology sector is encouraging for both the long-run market trend and the potential for active alpha.
- We maintain our modest overweight to U.S. equities given higher quality earnings and strong cash flow generation.

Fixed income: Taking the extra credit

- Inflation is set to cool gradually, with headline CPI reaching the low 2s by year-end. This should in turn prompt the Fed to deliver two or three rate cuts this year, likely starting at the June meeting.
- If equity markets consolidate, credit spreads may widen a little; but new issues are attracting strong demand and requiring limited concessions to investors. This suggests that credit will probably hold up well in our core economic scenario. We continue to see opportunities in securitized credit and high yield.
- Although we do not foresee a reversion to negative stock-bond correlation, any dip in correlation will further strengthen diversification opportunities for asset allocators.
- We are neutral on duration due to potential range-bound trading.

Developed international and emerging market equities: Less optimistic over the near term

- Differences in policy timing and growth rates across the globe create meaningful relative value opportunities, as well as greater potential to capture security selection alpha via our end managers.
- We maintain our underweight position to International Developed driven by our outlook on Europe. While Europe offers some attractive stock selection opportunities, the region screens less well than some others.
- We maintain our neutral exposure to Emerging Markets (EM) equity driven by uncertainty around the sustainability of China's Q1 recovery and the strength of any further policy support.

Liquid alternatives: Flexible portfolio tools offer increased diversification

- With heightened volatility, equity alternatives can provide some upside participation while reducing downside risk although many long/short strategies have faced headwinds due to crowded positioning in mega cap tech names.
- Fixed income alternatives can help investors diversify credit and interest rate risk in a more challenging market environment and given the continued interest rate volatility we have shifted exposure from equity alternatives to fixed income alternatives.
- We maintain our allocation to core diversifiers, which can serve to dampen volatility.

Active allocation views

These asset class views apply to a 12- to 18-month horizon. Up/down arrows indicate a positive (▲) or negative (▼) change in view since the prior quarterly Strategy Summit. These views should not be construed as a recommended portfolio. This summary of our individual asset class views indicates strength of conviction and relative preferences across a broad-based range of assets but is independent of portfolio construction considerations.

● Underweight (UW) ● Neutral (N) ● Overweight (OW)

Asset class	Opportunity set	UW	N	OW	Change	Conviction	
Main asset classes	Equities	○	○	●		Moderate	Resilient and broadening growth support earnings, multiples look high but likely boosted by easier monetary conditions
Main asset classes	Duration	○	●	○	▼		Peak in yields behind us but sticky inflation is a risk; a shallow cutting cycle means yields may decline slowly; expect a tight range to hold
Main asset classes	Credit	○	○	●		Moderate	Carry attractive in base case and fading recession risks; not expecting much spread tightening
Main asset classes	Cash	●	○	○		High	Cash returns set to fall as cutting cycle begins; long-term USD rates likely closer to 3% than 5.5%
Preference by asset class – Equities	U.S. large cap	○	○	●		Moderate	Resilient nominal growth helps revenues, valuations supported by Fed cutting cycle; growth exposure a benefit; watch for momentum loss
Preference by asset class – Equities	U.S. small cap	○	●	○			Outlook improving as recession risk fades, but favor profitable firms with low leverage, given elevated financing rates
Preference by asset class – Equities	Europe	○	●	○	▲		Macro data stabilizing in Europe, but valuations and margins above pre-COVID levels
Preference by asset class – Equities	UK	○	●	○	▼		Cheap, defensive market with a positive gearing to commodities but has lacked a catalyst
Preference by asset class – Equities	Japan	○	○	●		Moderate	Room to run further, given solid nominal GDP growth, corporate governance reform driving up ROE and light positioning
Preference by asset class – Equities	China	●	○	○	▼	Low	Domestic growth and property sector remain weak, with limited signs of policy support or a convincing turn in earnings
Preference by asset class – Equities	EM ex-China	○	○	●	▲	Low	Improving due to better semiconductor cycle, with earnings outlook showing signs of bottoming; has started to price this in
Preference by asset class – Fixed income	U.S. Treasuries	○	●	○	▼		Yield curve likely to steepen as Fed cuts; UST 10y caught in a range, and with reduced recession risk the scope for a strong bond rally is limited
Preference by asset class – Fixed income	G4 ex-U.S. sovereigns	○	●	○			Non-U.S. duration exposure could benefit if growth remains soft and CBs cut more than expected; BoJ tightening may see JGB yields retest 100bps
Preference by asset class – Fixed income	EMD hard currency	○	●	○			Spreads near 350bps back to early 2022 levels; prefer carry in developed market IG, but EMD HY can tighten if growth improves
Preference by asset class – Fixed income	EMD local FX	○	○	●	▲	Low	Yields >6% are still elevated vs. early 2021 lows; room for FX appreciation based on narrowing rate and growth differentials
Preference by asset class – Fixed income	Corporate investment grade	○	●	○			Spreads are tight and show limited room for further decline; moderate benefit relative to all-in sovereign yields
Preference by asset class – Fixed income	Corporate high yield	○	○	●		High	Limited scope for spread tightening but fundamentals supportive; low recession risk should keep defaults in check, carry looks attractive
Preference by asset class – Currency	USD	○	●	○	▲		Growth and rate differentials may not narrow as much as expected, preventing material decline in USD
Preference by asset class – Currency	EUR	○	○	●		Low	Market pricing ECB policy to ease in line with Fed, bottoming growth and upside risk could lend support to EUR
Preference by asset class – Currency	JPY	○	●	○	▼		Modest strengthening of JPY plausible as macro improves and BoJ continues gradual policy normalization
Preference by asset class – Currency	CHF	●	○	○		Low	SNB leading DM central banks in the easing cycle; softer growth projections, and less intervention could lead to CHF weakness

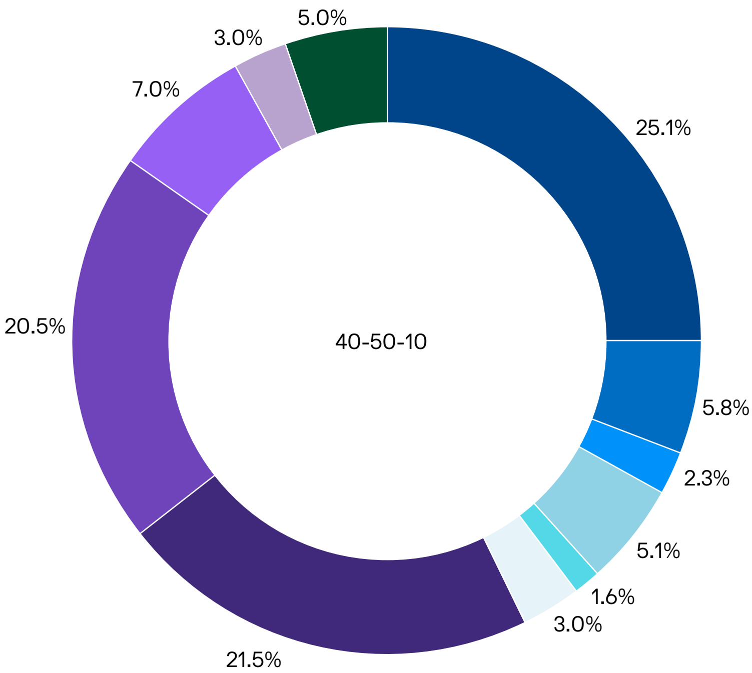
Source: J.P. Morgan Asset Management Multi-Asset Solutions; assessments are made using data and information up to March 2024.
For illustrative purposes only.

Diversification does not guarantee investment returns and does not eliminate the risk of loss. Diversification among investment options and asset classes may help to reduce overall volatility.

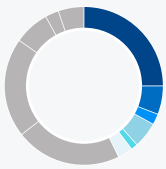
Model portfolios

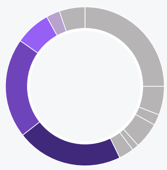
J.P. Morgan's strategic portfolio is based on a 40-50-10 equity-fixed income-cash mix and is updated quarterly based on the output from our Strategy Summit.

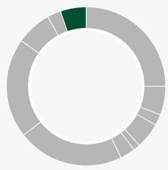
40-50-10 Model (as of September 2023)



Tactical shifts







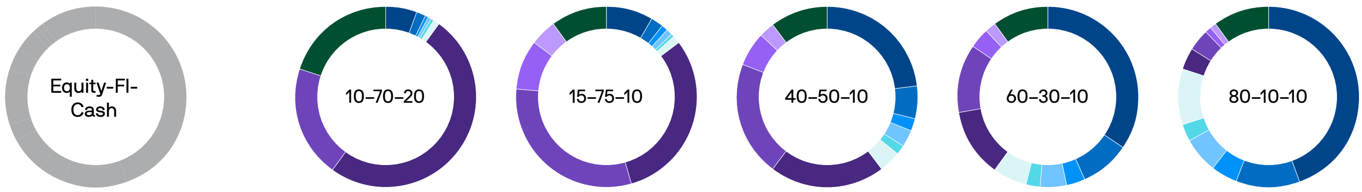
Equity	▲	
North America Equity	▲	2.0%
Europe ex UK Equity		
UK Equity		
Japan Equity	▲	2.0%
Asia Pacific ex Japan Equity		
Emerging Markets Equity	▼	-1.0%

Fixed income	▲	
Global Government Bonds	▲	1.0%
Global Corporate Bonds		
Global High Yield Bonds	▲	1.0%
Emerging Markets Debt		

Cash	▼	
Cash	▼	-5.0%

Regarding the tables above, up/down arrows indicate an overweight (▲) or underweight (▼) from our strategic model, which is updated annually.

Examples by risk profile



Allocations and shifts	Cautious Strategic†	Cautious Tactical shift	Conservative Strategic†	Conservative Tactical shift	Balanced Strategic†	Balanced Tactical shift	Growth Strategic†	Growth Tactical shift	High Growth Strategic†	High Growth Tactical shift
Equity	**10.0%**		**15.0%**		**40.0%**		**60.0%**		**80.0%**	
North America Equity	5.8%	*2.0%*	8.5%	*2.0%*	23.1%	*2.0%*	34.6%	*2.0%*	44.6%	*2.0%*
Europe ex UK Equity	1.5%	*0.0%*	2.2%	*0.0%*	5.8%	*0.0%*	8.8%	*0.0%*	11.5%	*0.0%*
UK Equity	0.5%	*0.0%*	1.0%	*0.0%*	2.3%	*0.0%*	3.5%	*0.0%*	4.6%	*0.0%*
Japan Equity	0.8%	*2.0%*	1.2%	*2.0%*	3.1%	*2.0%*	4.7%	*2.0%*	6.3%	*2.0%*
Asia Pacific ex Japan Equity	0.4%	*0.0%*	0.6%	*0.0%*	1.6%	*0.0%*	2.4%	*0.0%*	3.0%	*0.0%*
Emerging Markets Equity	1.0%	*-1.0%*	1.5%	*-1.0%*	4.0%	*-1.0%*	6.0%	*-1.0%*	10.0%	*-1.0%*
Fixed income	**70.0%**		**75.0%**		**50.0%**		***30.0%***		***10.0%***	
Global Government Bonds	31.4%	*1.0%*	19.3%	*1.0%*	12.9%	*1.0%*	7.7%	*1.0%*	2.5%	*1.0%*
Global Corporate Bonds	18.6%	*0.0%*	11.4%	*0.0%*	7.6%	*0.0%*	4.6%	*0.0%*	1.5%	*0.0%*
Global High Yield Bonds	16.0%	*1.0%*	24.6%	*1.0%*	16.4%	*1.0%*	9.8%	*1.0%*	3.2%	*1.0%*
Emerging Markets Debt	4.0%	*0.0%*	6.2%	*0.0%*	4.1%	*0.0%*	2.5%	*0.0%*	0.8%	*0.0%*
Cash	**20.0%**		**10.0%**		**10.0%**		**10.0%**		**10.0%**	
Cash	20.0%	*-5.0%*	10.0%	*-5.0%*	10.0%	*-5.0%*	10.0%	*-5.0%*	10.0%	*-5.0%*

Source: J.P. Morgan Asset Management Multi-Asset Solutions; assessments are made using data and information up to March 2024.
For illustrative purposes only.
† Strategic allocations shown in the left column for each model portfolio do not include this quarter's tactical shifts. The current allocation for a given model would equal the sum of the strategic allocation plus the tactical shift.

Equity-FI-Cash Allocations	10–70–20	15-75-10	40–50–10	60–30–10	80–10–10
Historical results/portfolio statistics (as of March 2024)**					
Historical results					
3-year returns (annualised)	-1.1%	-0.5%	1.8%	3.6%	5.1%
5-year returns (annualised)	1.6%	2.6%	5.1%	7.0%	8.8%
10-year returns (annualised)	2.7%	3.7%	5.6%	7.1%	8.5%
Portfolio statistics					
10-year volatility (annualised)[1]	4.1%	5.2%	7.2%	9.2%	11.3%
10-year historical drawdown[2]	-12.3%	-14.5%	-9.8%	-18.1%	-19.6%
10-year Sharpe ratio[3]	0.3	0.7	0.8	0.8	0.8

[1] Volatility is measured in standard deviation. Standard deviation for the model portfolio is a statistical estimate measuring how dispersed returns are around an average. Standard deviation is not meant to be a prediction of fund or model volatility, and actual volatility of any portfolio based in whole or in part on the models shown will vary and may be higher.
[2] A drawdown is the percentage change between a portfolio's peak and low prices in a given time period. The max historical drawdown is the largest drawdown since the inception of the portfolio.
[3] Sharpe ratio is a measure for calculating risk-adjusted return. It is the average return earned in excess of the risk-free rate per unit of volatility.

** Source: MSCI, Bloomberg, Barclays Capital, J.P. Morgan Asset Management Multi-Asset Solutions. North America Equity, Europe ex UK Equity, UK Equity, Japan Equity, Asia Pacific ex Japan Equity: MSCI World in USD Net Total Return Index. Emerging Markets Equity: MSCI Emerging Markets Net Total Return USD Index. US Government Bonds: Bloomberg US Treasury Total Return Unhedged USD Index. European Government Bonds: JPM EUR Government Bonds Index - USD hedged. US Corporate Bonds: Bloomberg Barclays US Corporate Bond Total Return Index in USD. European Corporate Bonds: Bloomberg Barclays EUR Corporate Bond Total Return Index USD hedged. Global High Yield Bonds: Bloomberg Barclays US High Yield 2% Issuer Cap Total Return Index Unhedged USD. Emerging Markets Debt: JPM Emerging Markets Bond Index USD-hedged. Cash: JP Morgan 3 Month Cash Index.

The model performance shown is hypothetical and for illustrative purposes only and does not represent the performance of a specific investment product. The performance presented does not reflect the deduction of expenses associated with a fund, such as investment management fees and fund expenses, including sales charges if applicable. Portfolio results and statistics are calculated based on the strategic asset allocation shown on this page and do not reflect the tactical asset allocation. Performance for periods longer than a year has been annualized using a geometric mean. Due to rounding, values may not total 100%. This information should not be relied upon as investment advice, research or a recommendation by J.P. Morgan Asset Management regarding the funds or the use of the model portfolios.

Example incorporating J.P. Morgan ETFs into the 40-50-10 model portfolio

In this section, the illustration shows how an investor might put the 40-50-10 model portfolio allocations into practice using J.P. Morgan ETFs. The allocations to J.P. Morgan ETFs listed below are not determined by the Multi-Asset Solutions team.

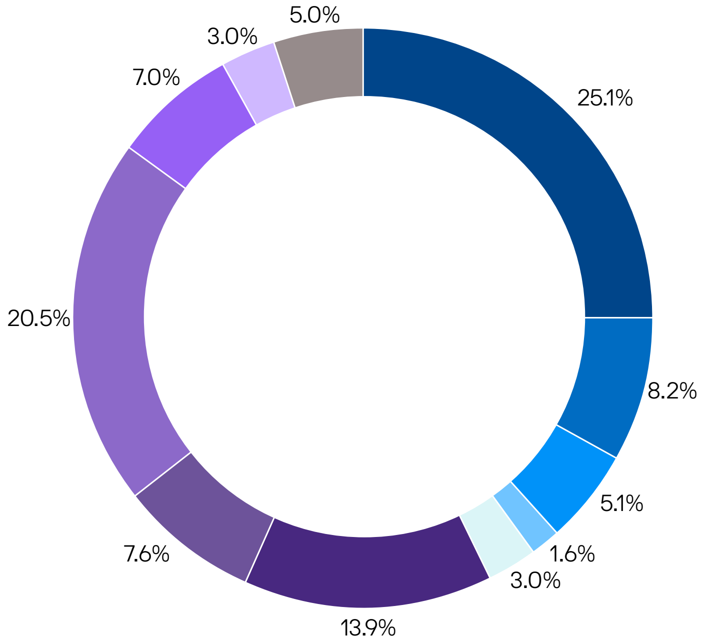
Traditional approach using building block funds, %

Liquid Alternatives

Liquid Alternatives
JARA JPMorgan Global Core Real Assets Limited

Fixed income

Global Government Bonds
BBTR J.P. Morgan BetaBuilders US Treasury Bond UCITS ETF
BBEG J.P. Morgan BetaBuilders EUR Government Bond UCITS ETF
Global Corporate Bonds
JPM Global Corporate Bond Fund
Global High Yield Bonds
JGHY J.P. Morgan Global High Yield Corporate Bond Multi-Factor UCITS ETF
Emerging Markets Debt
JPMB J.P. Morgan USD Emerging Markets Sovereign Bond UCITS ETF



Equity

North America Equity
BBUSA J.P. Morgan BetaBuilders U.S. Equity
Europe and UK Equity
BBEU J.P. Morgan BetaBuilders Europe
Japan Equity
BBJP J.P. Morgan BetaBuilders Japan
Asia Pacific ex Japan
BBAX J.P. Morgan BetaBuilders Developed Asia Ex-Japan
Emerging Markets Equity
JPEM J.P. Morgan Diversified Return Emerging Markets Equity

The allocations to J.P. Morgan ETFs listed are not determined by the Multi-Asset Solutions team. This information should not be relied upon as investment advice, research or a recommendation by J.P. Morgan Asset Management regarding (i) the Funds, (ii) the use or suitability of the J.P. Morgan Asset Management Model Portfolios or (iii) any security in particular. Only an investor and their financial advisor know enough about their circumstances to make an investment decision.

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