



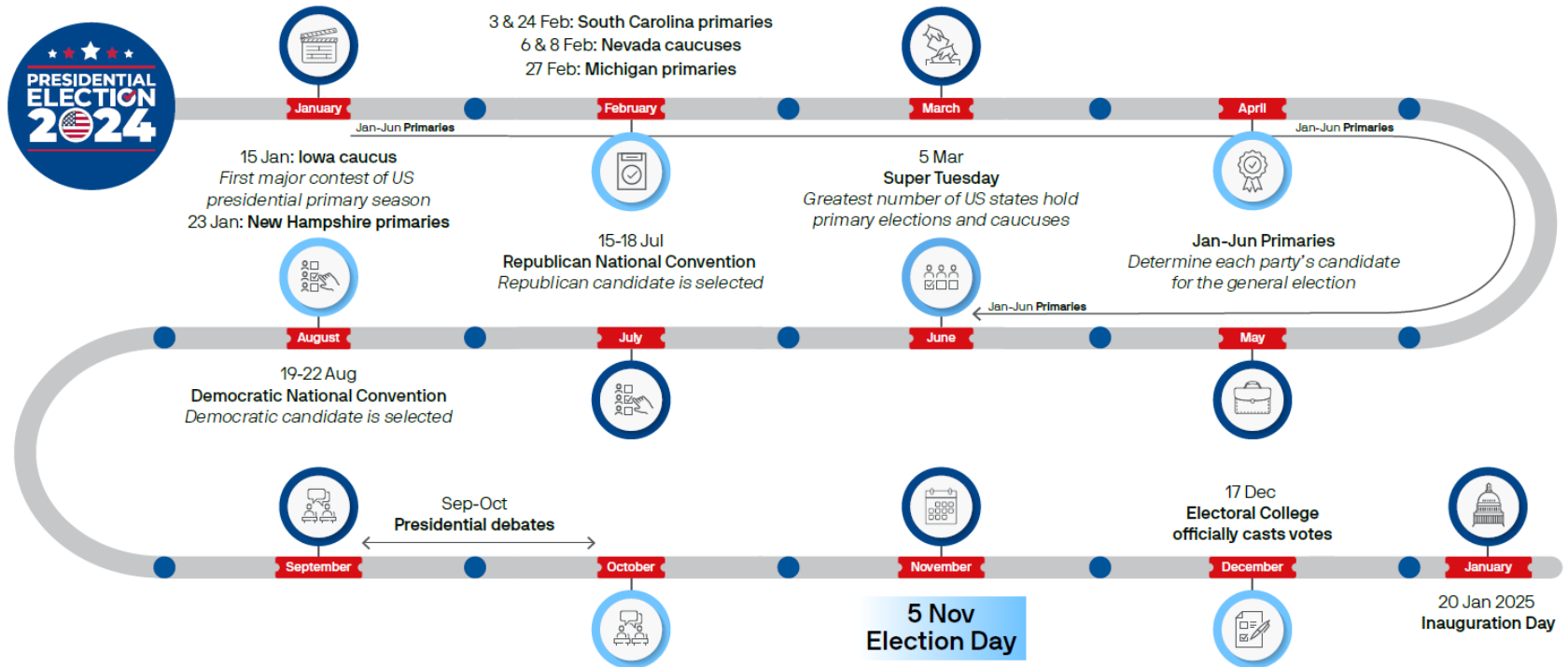
Investing in an election year

September 30, 2024





The 2024 Election timeline



Source: 270twin, National Conference of State Legislatures, J.P. Morgan Asset Management. Data are as of September 30, 2024.

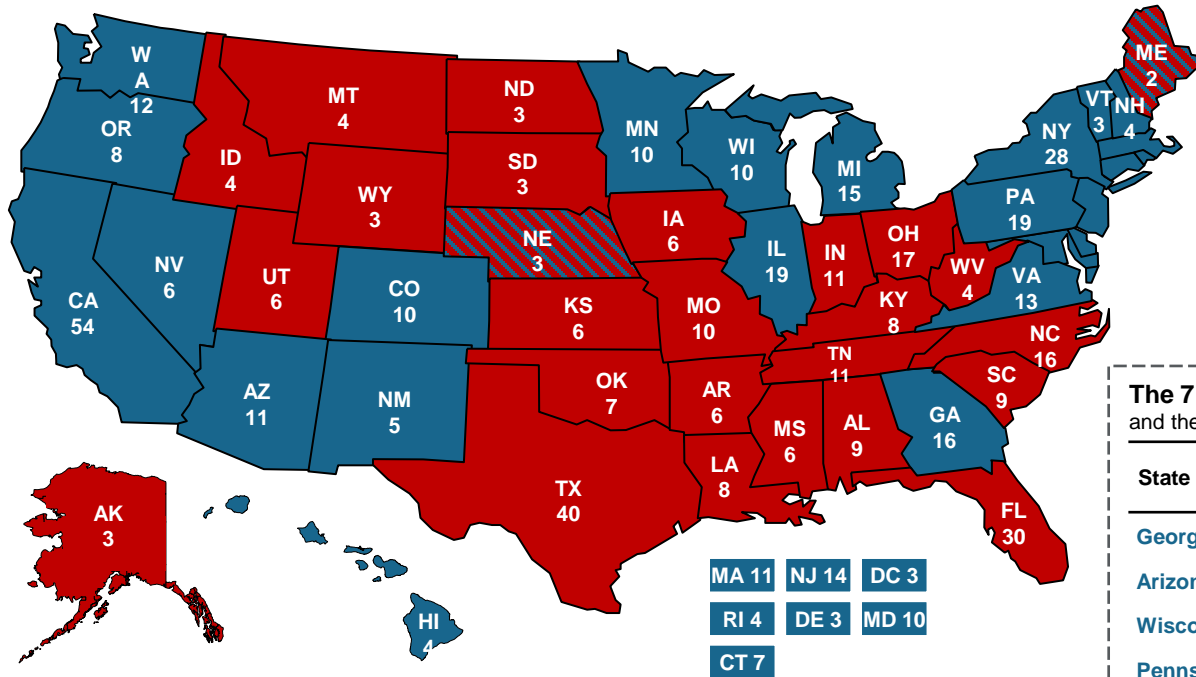


Only a few states typically determine the presidency.

2020 Electoral College

232 Republicans

306 Democrats



The 7 key battleground states for 2024 and their outcomes in the 2020 election

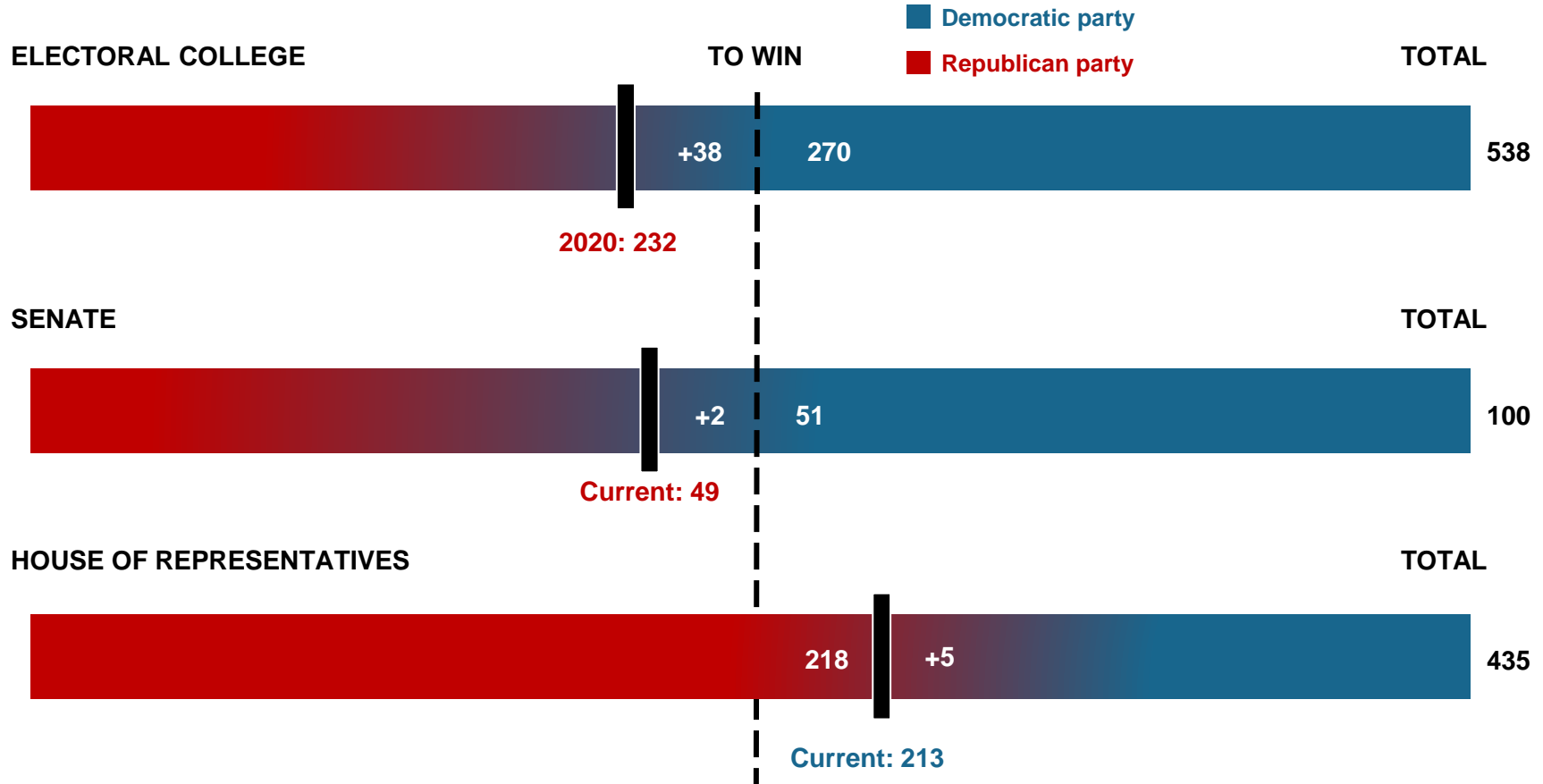
State	Spread (%)	Spread (votes)	Electoral votes
Georgia	0.24%	11,779	16
Arizona	0.30%	10,457	11
Wisconsin	0.63%	20,682	10
Pennsylvania	1.17%	80,555	20
North Carolina	1.34%	74,483	15
Nevada	2.39%	33,596	6
Michigan	2.78%	154,188	16

Source: 270towin, CNN, Politico, J.P. Morgan Asset Management. Maine and Nebraska allocate electoral votes based on the popular vote attained by each candidate. Colors refer to winner of 2020 election, but numbers represented 2024 electoral college votes available. Data are as of September 30, 2024.



The battle for both houses of Congress will be tight.

Votes or seats in the Electoral College, Senate, and House of Representatives



Source: 270towin, J.P. Morgan Asset Management. The Senate currently consists of 48 Democrats, 49 Republicans, and 3 Independents that vote with the Democrats. Currently, the House of Representatives consists of 218 Republicans, 213 Democrats, and 4 vacant seats due to retirement. Data are as of September 30, 2024.



Assessing potential policy proposals



Potential Harris stance

Potential Trump stance

Taxes	Extension of the TCJA outside of households making \$400K+. Potential tax hikes for corporations, restore child tax credit and new housing tax incentives.	Make the expiring provisions permanent. Further reduce corporate tax rate. Consider replacing personal income taxes with increased tariffs.
Trade	Maintain status quo of “tough on China” with an emphasis on targeted tariffs, such as steel and aluminum from China.	Impose a universal baseline tariff of 10% on all U.S. imports. Impose a 60% tariff on U.S. imports from China.
Immigration	Continue to pair legal pathways for migrants with some stricter deterrence measures.	Much stricter immigration measures, including an effort to deport asylum seekers to other countries.
Energy	Continue to invest in clean energy manufacturing, reduce emissions and increase energy efficiency. Consider raising taxes on fossil fuel industry.	Bolster U.S. energy independence with greater domestic production of oil and gas. Roll back some environmental regulations and incentives.
Defense	Steady emphasis on alliances and multilateralism.	Push for more self-reliance from NATO. Increase pressure on allies to bolster defense spending.
Healthcare	Protect and build on the Affordable Care Act (ACA). Continued focus on lowering drug prices with Medicare enabled to negotiate more.	Sought to repeal and replace ACA during tenure, could curtail subsidies expiring at year-end 2025. Continue efforts on price transparency.
Regulation	Continue Biden’s antitrust enforcement efforts and focus on reducing monopolies, with continued support for traditional energy and bank regulation.	Less focus on energy and banks, and potentially more accommodative to tech M&A, but continued support for regulating Big Tech.
Monetary Policy	Hands off approach to the Federal Reserve.	More interventionist approach to the Federal Reserve.

Source: Tax Foundation, WSJ, J.P. Morgan Asset Management. Commentary is for illustrative purposes only and is not intended as a comprehensive guide to each candidate’s policy positions. Policy guidance is subject to change. Data are as of September 30, 2024.



Taxes will be the key fiscal policy issue.

Harris stance

- **Corporate taxes:** Raise to 28% from 21% (pre-TCJA rate was 35%).
- **Personal income taxes:** Revert top marginal tax rate to 39.6% for single filers making \$400K+ (\$450K for joint); extend expiring tax cuts for all other filers.
- **SALT:** No stated policy but Dem. party leaders have opposed the cap on deductions which is due to expire with TCJA.
- **Capital gains:** Supports an increase in the all-in rate to 33%, with the capital rate rising to 28% from 20% and the tax on investment income rising to 5% from 3.8%.
- **Child Tax Credit:** Make Child Tax Credit permanent (\$3,600 per child) and new \$6,000 credit for newborns.
- **Other:** \$25K downpayment support for 1st time homebuyers; extension of health insurance premium tax credit; expand Earned Income Tax Credit; exempt tips from the income tax; enhance startup expense tax deduction to \$50K; other housing supports.

Trump stance

- **Corporate taxes:** Lower tax rate further from 21% to 15%.
- **Tariffs:** Impose 60% tariff on China imports, universal 10% baseline tariff on imports
- **Personal income taxes:** Make expiring tax cuts permanent.
- **SALT:** Raise the cap on state/local taxes that are deductible on federal returns.
- **Capital gains:** Unaffected by TCJA.
- **Eliminate taxes on Social Security benefits** for all individuals.
- **Extend the business tax provisions** of the TCJA, making permanent the 100% bonus depreciation that was available for the first five years of TCJA.
- **Repeal clean energy subsidies** in the IRA, with EV tax credits most at risk

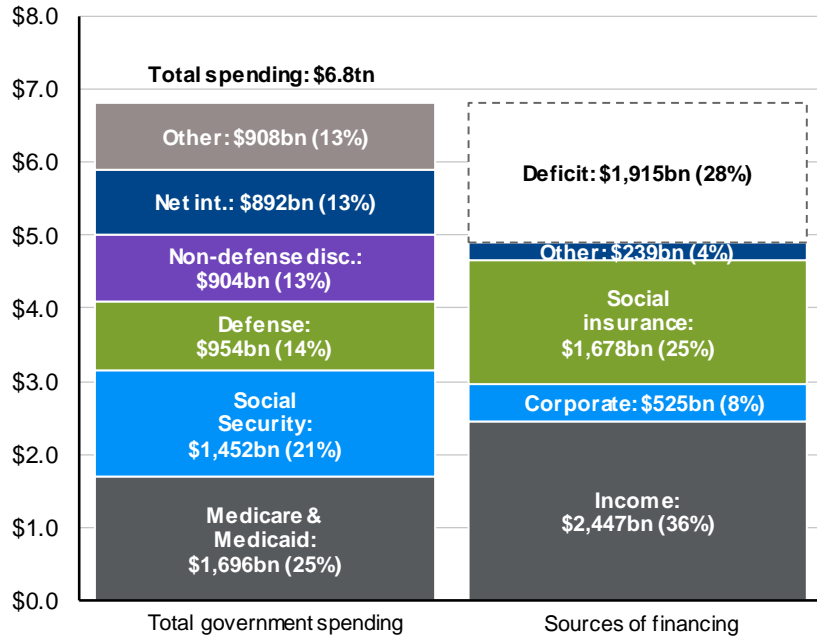
Source: Campaign websites, press reports, Congressional Budget Office, Penn Wharton Budget Model, J.P. Morgan Asset Management. Commentary is for illustrative purposes only and is not intended as a comprehensive guide to each candidate's policy positions. Policy guidance is subject to change. Data are as of September 30, 2024.



In either election outcome, deficits will widen.

The 2024 federal budget

USD trillions

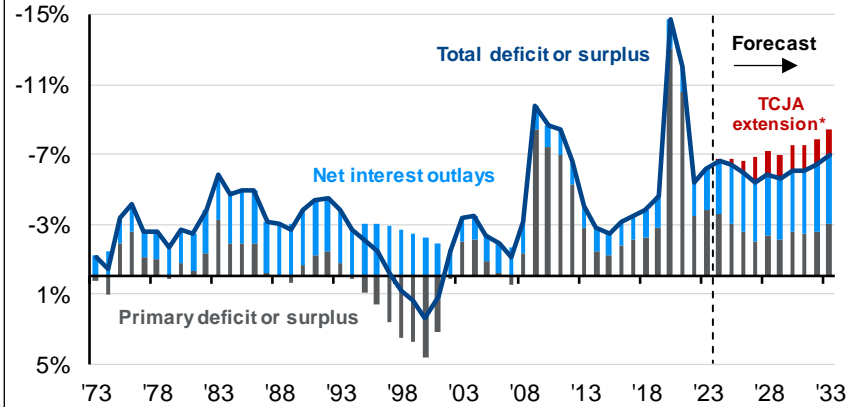


CBO's Baseline economic assumptions

	2024	'25-'26	'27-'28	'29-'34
Real GDP growth	2.9%	2.0%	1.7%	1.8%
10-year Treasury	4.5%	4.0%	3.6%	4.0%
Headline inflation (CPI)	3.2%	2.4%	2.2%	2.2%
Unemployment	3.8%	4.0%	4.3%	4.5%

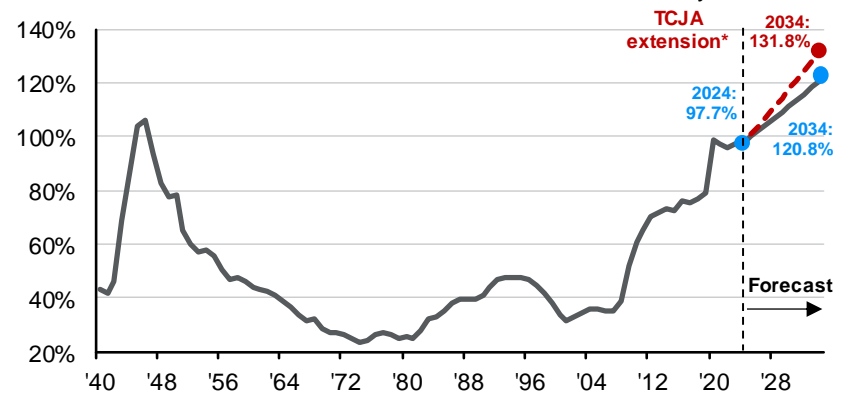
Federal deficit and net interest outlays

% of GDP, 1973-2034, CBO Baseline Forecast



Federal net debt (accumulated deficits)

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



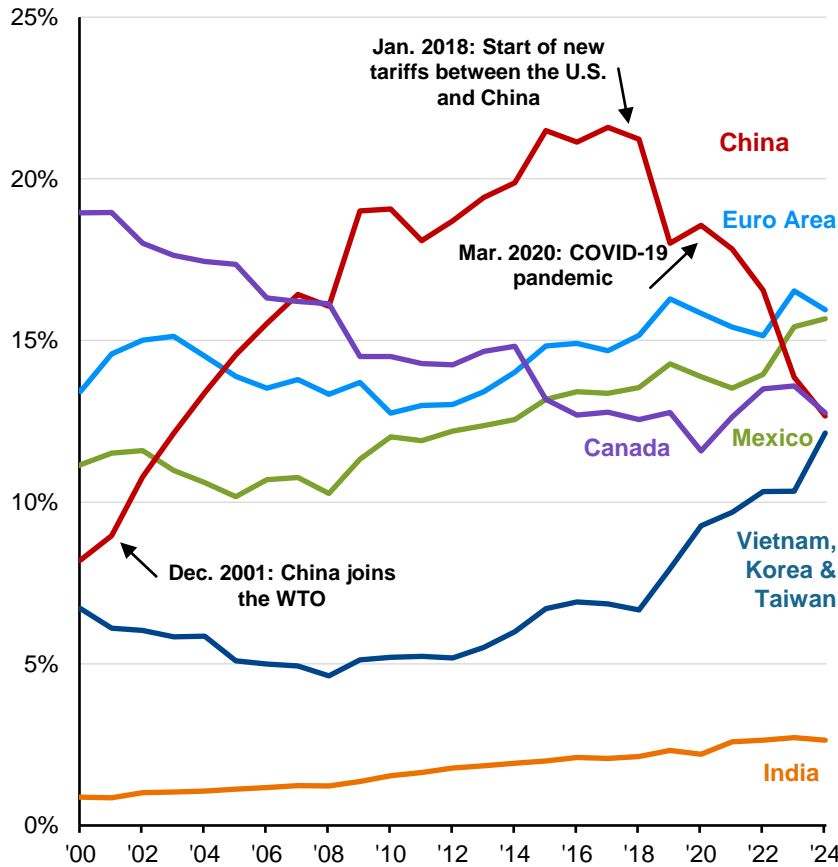
Source: CBO, J.P. Morgan Asset Management; (Left) Numbers may not sum to 100% due to rounding; (Top and bottom right) BEA, Treasury Department. Estimates are from the Congressional Budget Office (CBO) June 2024 An Update to the Budget Outlook: 2024 to 2034. "Other" spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Years shown are fiscal years. *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. Guide to the Markets – U.S. Data are as of September 30, 2024.



Supply chain reorganization will continue.

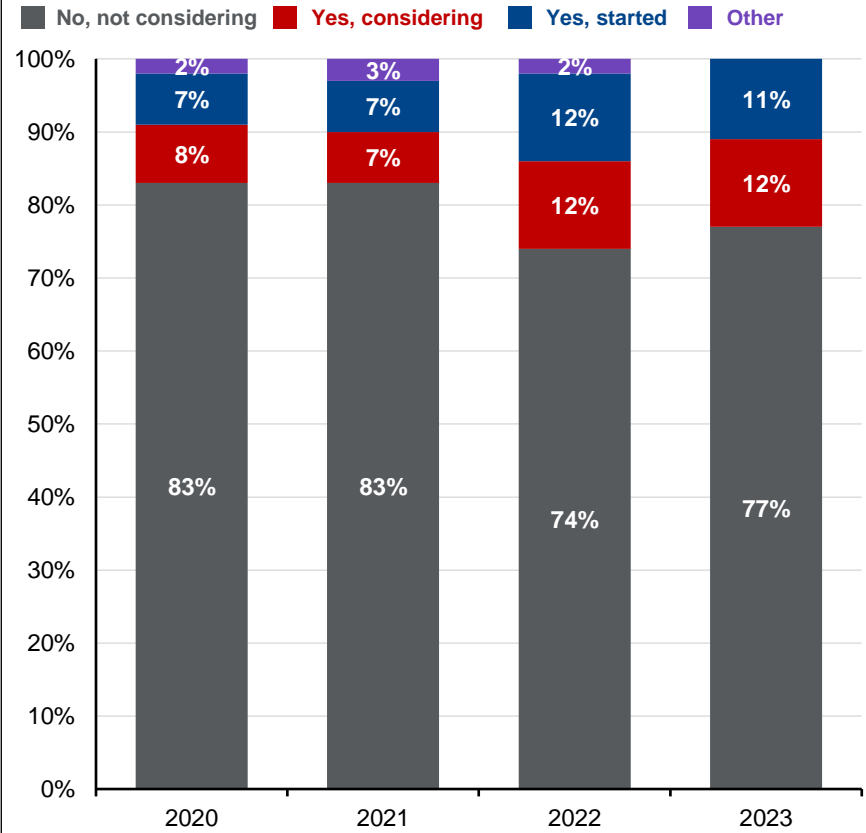
U.S. goods imports by location

% of total goods imports, annual and YTD 2024



Plans to relocate out of China

Is your company considering, or has it already begun relocating manufacturing or sourcing outside of China?*



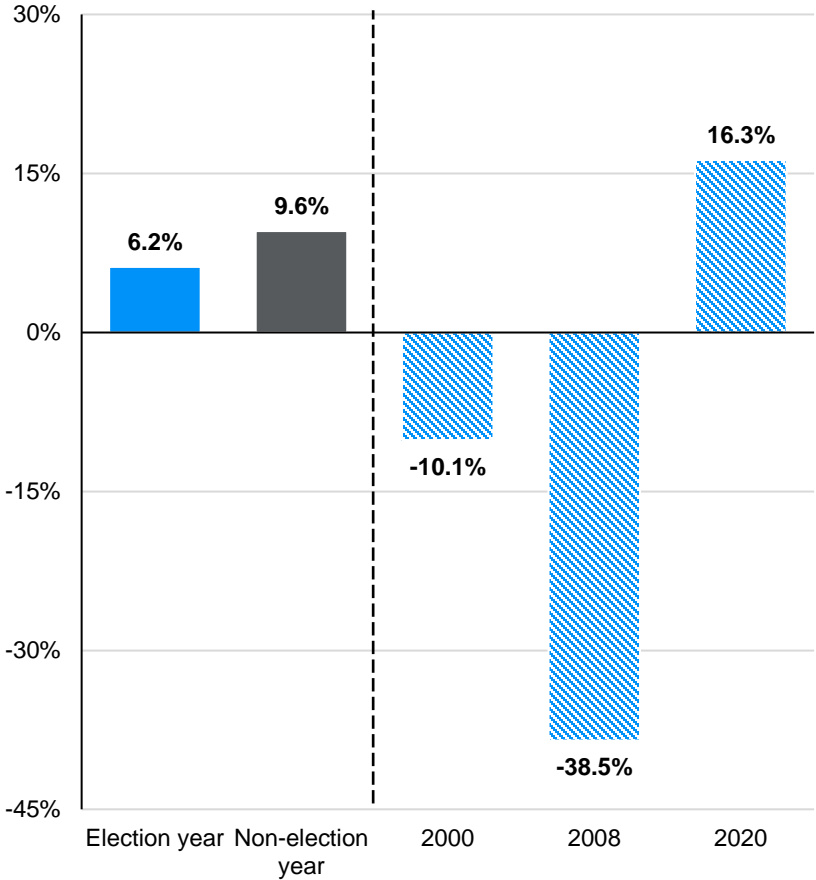
Source: J.P. Morgan Asset Management; (Left) FactSet, U.S. Census Bureau. WTO = World Trade Organization. (Right) The American Chamber of Commerce in China 2024 China Business Climate Survey Report. *Survey conducted yearly between 2020-2023. Extended answers: 1) No, we are not considering relocating manufacturing or sourcing out of China, 2) Yes, we are considering relocating but have not taken active steps to relocate manufacturing or sourcing outside China yet, 3) Yes, we have started the process of relocating manufacturing or sourcing outside of China, 4) Other.

Guide to Investing in Asia. Data are as of September 30, 2024.

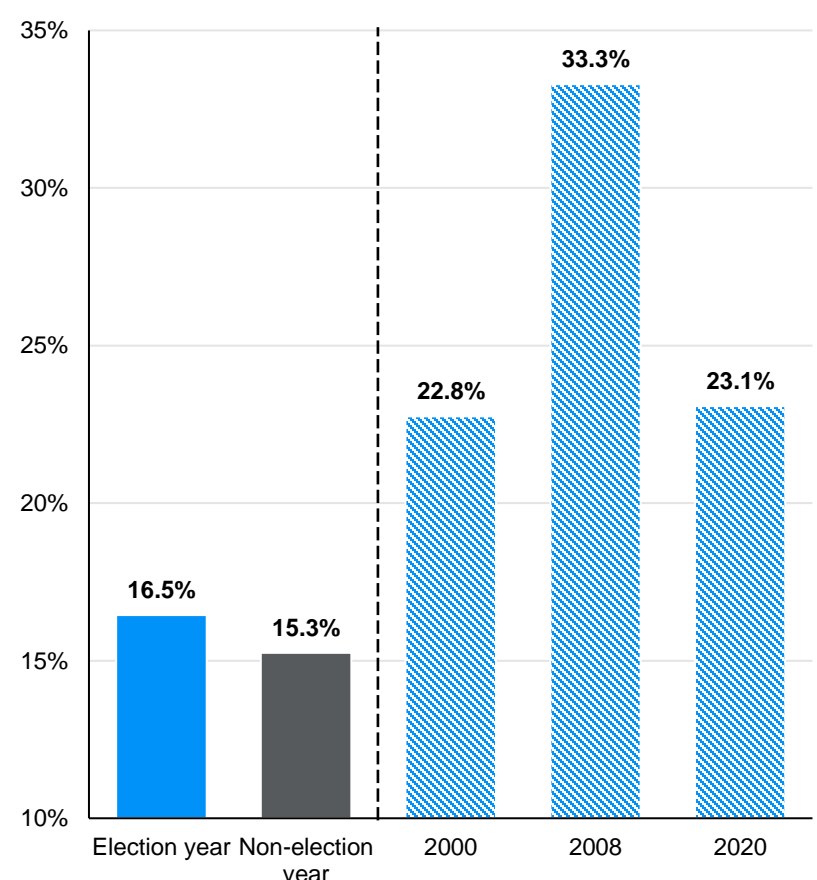


Past performance indicates little about future results.

Returns during election, non-election years
S&P 500 price index, average return, 1932 – 2023



S&P 500 realized volatility
S&P 500 price index, 52-week standard deviation, 1932 – 2023



Source: Standard & Poor's, FactSet, J.P. Morgan Asset Management. Election years are presidential election years. Data are as of September 30, 2024.

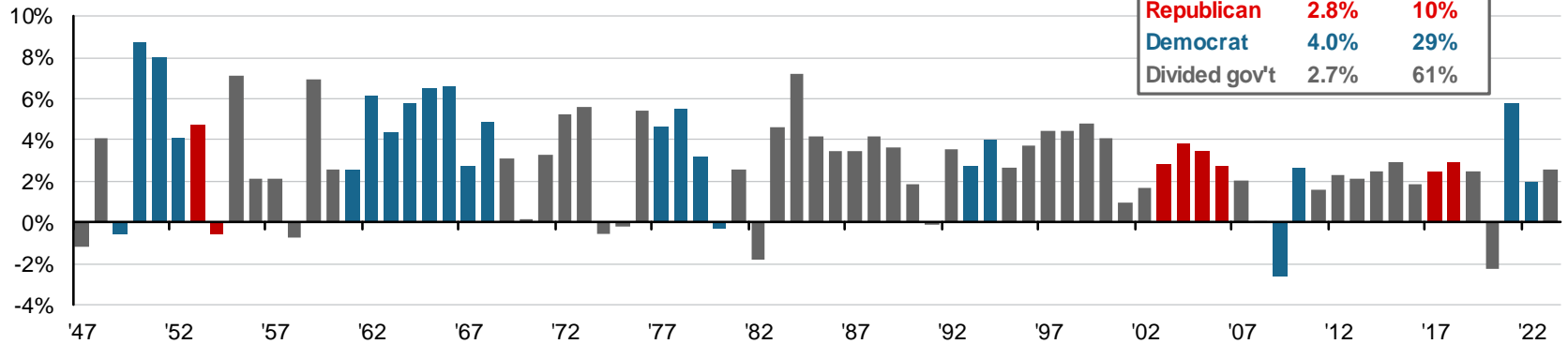


The economy and markets tend to fare well under all government configurations.

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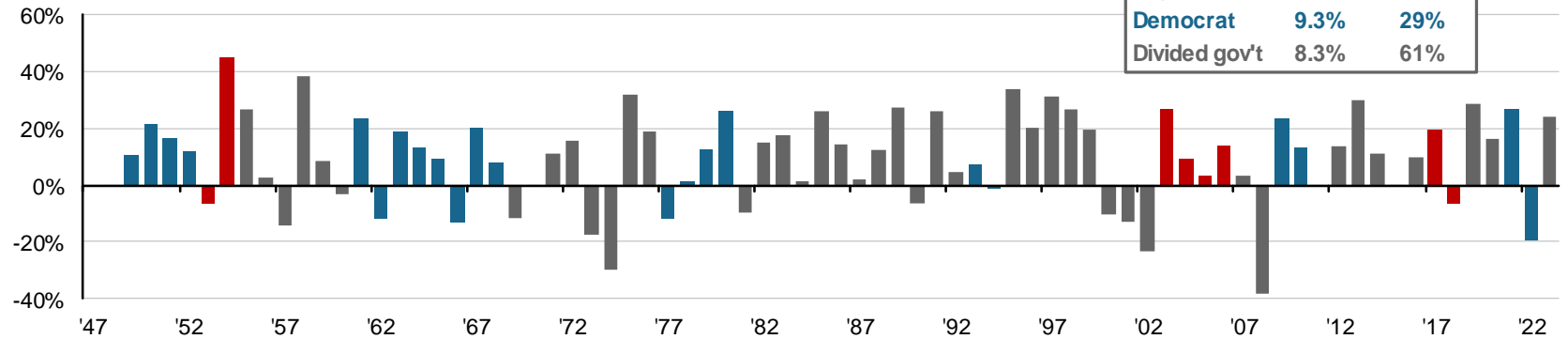
Real GDP

Year-over-year % change, annual



S&P 500 Price Index

Calendar year returns



Investing Principles

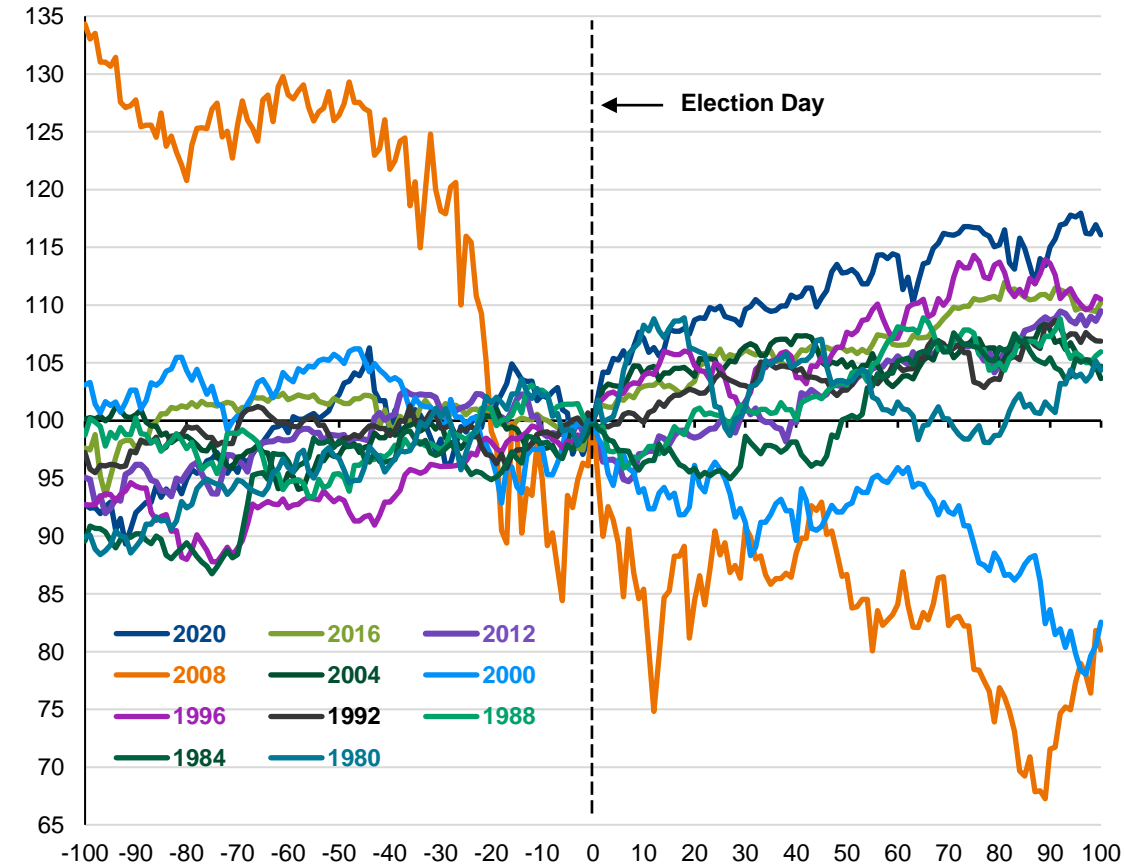
Source: BEA, Standard & Poor's, FactSet, J.P. Morgan Asset Management. Data is calendar year. Guide to the Markets – U.S. Data are as of September 30, 2024.



Markets don't like uncertainty; elections almost always reduce it.

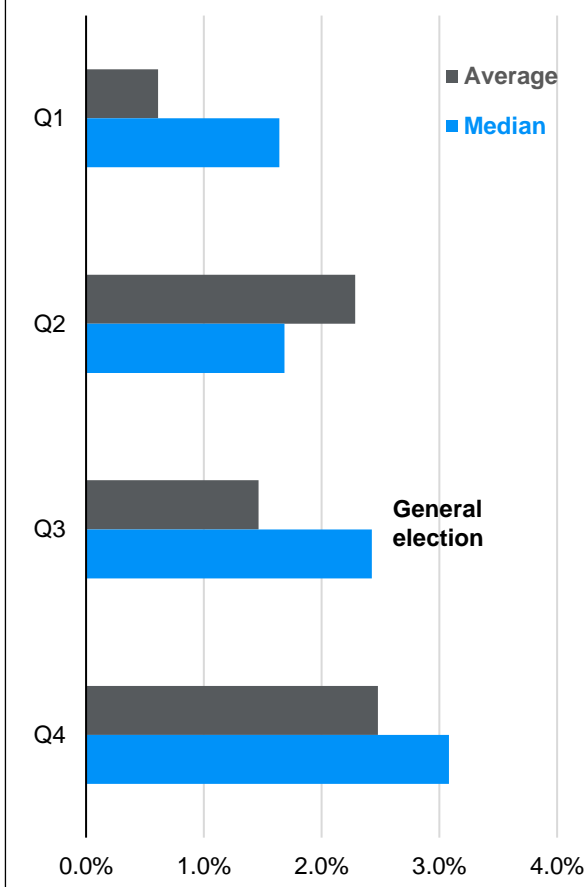
S&P 500 Price index 100 days prior to and following a presidential election

Election Day = 0, 1980-2020



Quarterly returns during election years

S&P 500 price index, 1936-2020*



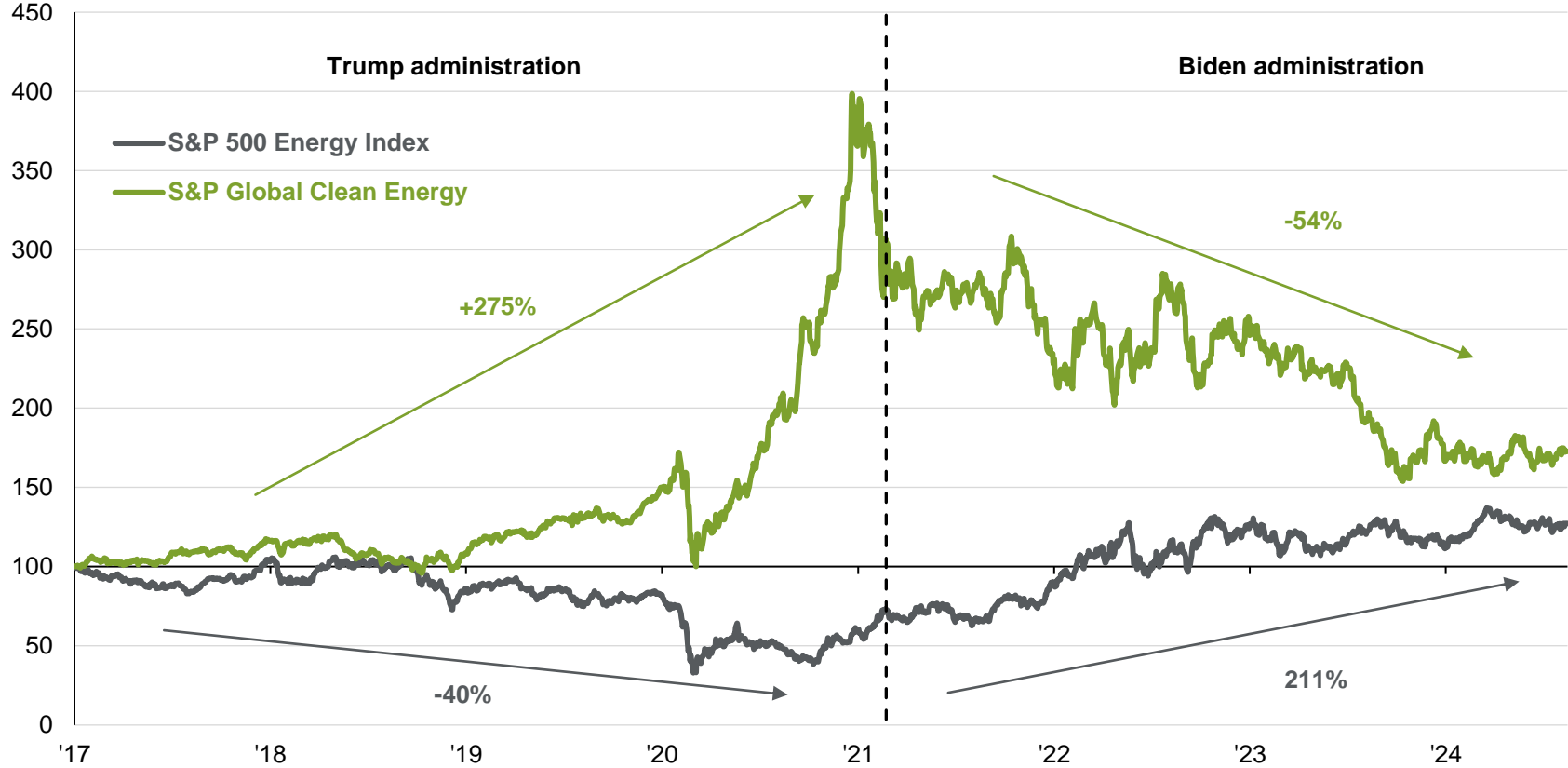
Source: Standard & Poor's, FactSet, J.P. Morgan Asset Management. *Average and median quarterly returns for the S&P 500 across the 22 presidential election years from 1936 through 2020. Data are as of September 30, 2024.



Policy agendas can have little bearing on sector performance.

Traditional and renewable energy performance

Indexed to 100 on 1/20/2017

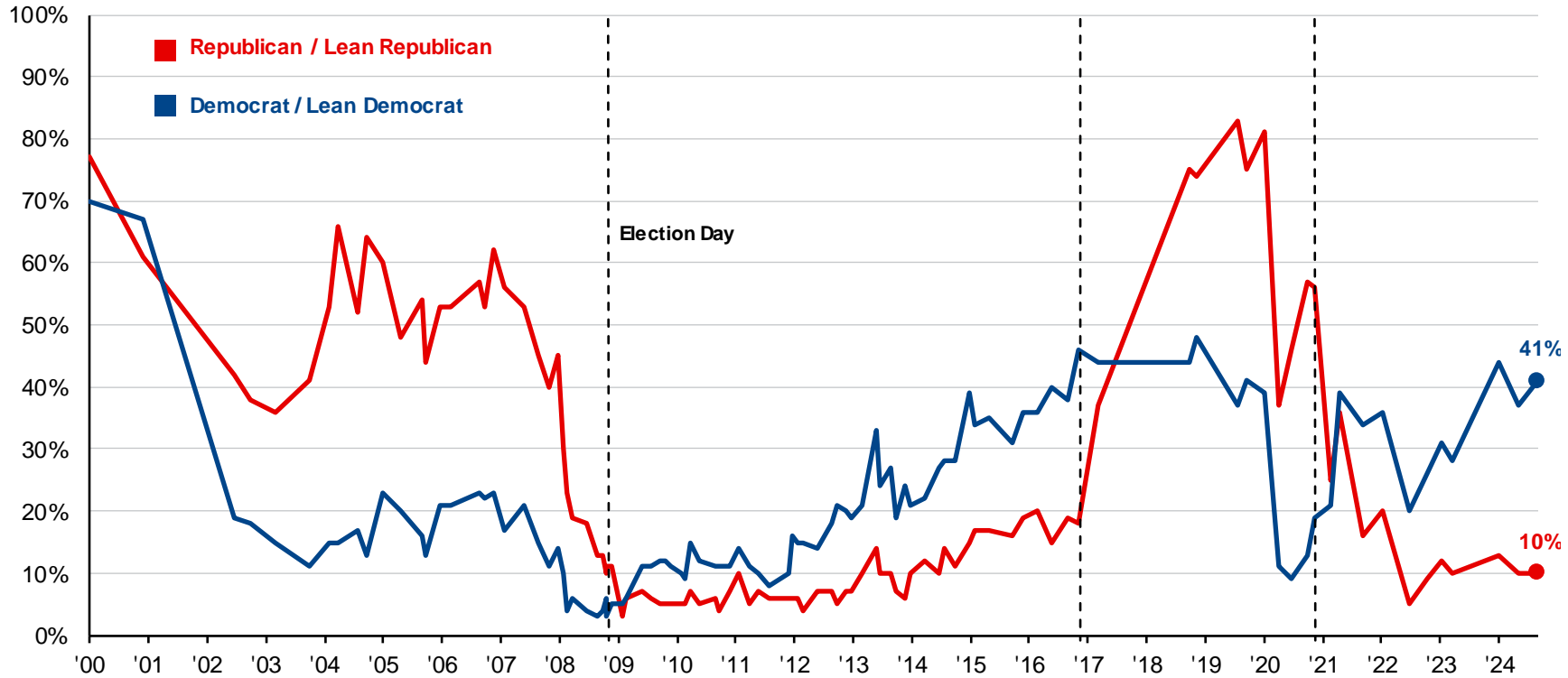


Source: FactSet, J.P. Morgan Asset Management. Data are as of September 30, 2024.



Don't let how you feel about politics overrule how you think about investing.

Percentage of Republicans and Democrats who rate national economic conditions as excellent or good



Administration	Bush	Obama	Trump	Biden
Dates in office	Jan '01 – Jan '09	Jan '09 – Jan '17	Jan '17 – Jan '21	Jan '21 – Today
S&P 500 return	-4.5%	16.3%	16.0%	13.2%
Real GDP growth	1.9%	2.2%	1.8%	3.1%

Source: Pew Research Center, J.P. Morgan Asset Management. The survey was last conducted in September 2024, "White Protestants and Catholics support Trump, but voters in other U.S. religious groups prefer Harris." Pew Research Center asks the question: "Thinking about the nation's economy, How would you rate economic conditions in this country today... as excellent, good, only fair, or poor?". S&P 500 returns are average annualized total returns between presidential inauguration dates and are updated monthly. Real GDP growth are average annualized GDP growth rates.

Guide to the Markets – U.S. Data are as of September 30, 2024.



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