1Q 2024

Quarterly DC Review

J.P.Morgan
ASSET MANAGEMENT

01

Legislative Update

Key SECURE Act 2.0 Provisions Becoming Effective

PROVISION	APPLICABILITY	BECOMING EFFECTIVE[1]
Permit matching contributions on behalf of employees who are repaying student loans	401(k), 403(b), 457(b) and SIMPLE IRA plans	2024
Exempt in-plan Roth accounts from lifetime RMDs	401(k), 403(b) and 457(b) plans	2024
Create "starter 401(k)" plans	401(k) and 403(b) plans	2024
Create in-plan emergency savings accounts	401(k), 403(b) and 457(b) plans	2024
Permit certain rollovers from 529 accounts to Roth IRAs	529 plans	2024
Require new plans to include auto enrollment and auto escalation[2]	401(k) and private sector 403(b) plans	2025[3]
Increase the catch-up amount for individuals aged 60, 61, 62 and 63	401(k), 403(b), 457(b) plans and SIMPLE IRA plans	2025

[1]To make this chart more easily understood, the effective dates assume a calendar year plan and calendar tax years because those are the most common years for plans, individuals and plan sponsors. [2]Indicates a mandatory provision. [3]While the requirements that new 401(k) and private sector 403(b) plans begin automatically enrolling their eligible employees, that provision applies to any new 401(k) or private sector 403(b) plan established on or after December 29, 2022.

Key SECURE Act 2.0 Provisions Becoming Effective

PROVISION	APPLICABILITY	BECOMING EFFECTIVE[1]
Require long-term part-time employees to defer into plans sooner by reducing the waiting period from 3 years to 2 years[2]	401(k) and private sector 403(b) plans	2025 Note that the first SECURE Act required that long-term part-time employees be allowed to defer beginning in 2024
Create a retirement savings lost and found	Defined contribution and defined benefit plans	To be developed before 2025
Require catch-up contributions to be made on an after-tax Roth basis[2]	401(k), 403(b) and 457(b) plans	2026 Note that this provision was administratively extended from an earlier effective date
Replace the Saver's Credit with the Saver's Match	IRAs, 401(k), 403(b), 457(b) and SIMPLE IRA plans	2027

[1]To make this chart more easily understood, the effective dates assume a calendar year plan and calendar tax years because those are the most common years for plans, individuals and plan sponsors. [2]Indicates a mandatory provision.

SECURE Act 2.0 Technical Corrections

Draft legislation introduced December 6, 2023 by Republican and Democratic Leaders of House and Senate Retirement Policy Committees

Auto Enrollment (Section 101)

- This is primarily a date correction, stating that the first year for a maximum contribution of 10% in auto-enrollment plans will apply to plan years before January 1, 2026 and not January 1, 2025.

Restoring Catch-Up Contributions (Section 603)

- Significant technical error in Section 603 of SECURE 2.0 eliminated all catch-up contributions beginning in 2024. The IRS announcement in August 2023 allowed for delay of this policy for the duration of 2024 to give Congress time to revise the law.

IRS Already Delayed Implementation of the Mandatory Roth Catch-Up Contributions for Employer-Sponsored Plans to 2026 (Notice 2023-62)

- All catch-up contributions to 401(k), 403(b) and 457(b) plans must be Roth contributions.
- Applies to all taxpayers *except* when prior year wages did not exceed $145,000.
- IRS clarified that individuals without FICA wages are not subject to this new requirement.

Higher Catch-Up Contribution Limit for Age 60, 61, 62, 63 (Section 109)

- Clarifies that the catch-up contribution limit for participants in plans other than a SEP or SIMPLE IRA is based on the catch-up contribution limit effective in 2025 (not 2024).

SECURE Act 2.0 Technical Corrections (cont.)

Draft legislation introduced December 6, 2023 by Republican and Democratic Leaders of House and Senate Retirement Policy Committees

SIMPLE and SEP Roth IRAs (Section 601)

- Clarifies that SECURE 2.0 did not intentionally repeal the contribution limit for SIMPLE and SEP IRAs.
- Clarifies that Roth SIMPLE and SEP IRAs are subject to SIMPLE and SEP contribution limits (not Roth IRA limits).

Coverage for Part-Time Workers (Section 125)

- Clarifies rules for part-time workers in a 403(b) plan. Those workers should use the rules that already determine eligibility for full-time workers in their 403(b) plan.

Student Loan Payment Matching Contributions (Section 110)

- Applies conforming rules to matching contributions for student loans for 401(k), 403(b) and 457(b) plans.
- Employees must certify their student loan payments to the employer making the matching contributions. There were previously questions about who was responsible for tracking the student loan payments.

SECURE Act 2.0 IRS Guidance

IRS issued Notice 2024-2 in December 2023 to address confusion in the SECURE Act 2.0 law

Automatic Enrollment (Section 101)

- SECURE Act 2.0 included auto-enrollment provisions for plans established after December 29, 2022. Auto-enrollment had to begin by 2025. This clarifies a few aspects of the new rule.
- Establishment refers to the date the plan terms providing for 401(k) deferrals are adopted.
- If there is a merger between two single employer plans, there is no change to the treatment of the ongoing plan for the purposes of the Automatic Enrollment rule. The auto-enrollment rule was designed to apply to new plans, not existing plans.
- 403(b) plans are exempt from auto-enrollment as long as the plan was established before December 29, 2022.

New Incentives for Small Employers to Create a Plan (Section 113)

- SECURE Act 2.0 authorized de minimis financial incentives for employees who elect to participate in the plan. This new guidance clarifies the new rule.
- There is a $250 value limit on incentives.
- The incentive is only available to employees not currently participating in the plan without an existing election to defer.
- Matching contributions cannot qualify as de minimis incentives.

Amendment Deadlines

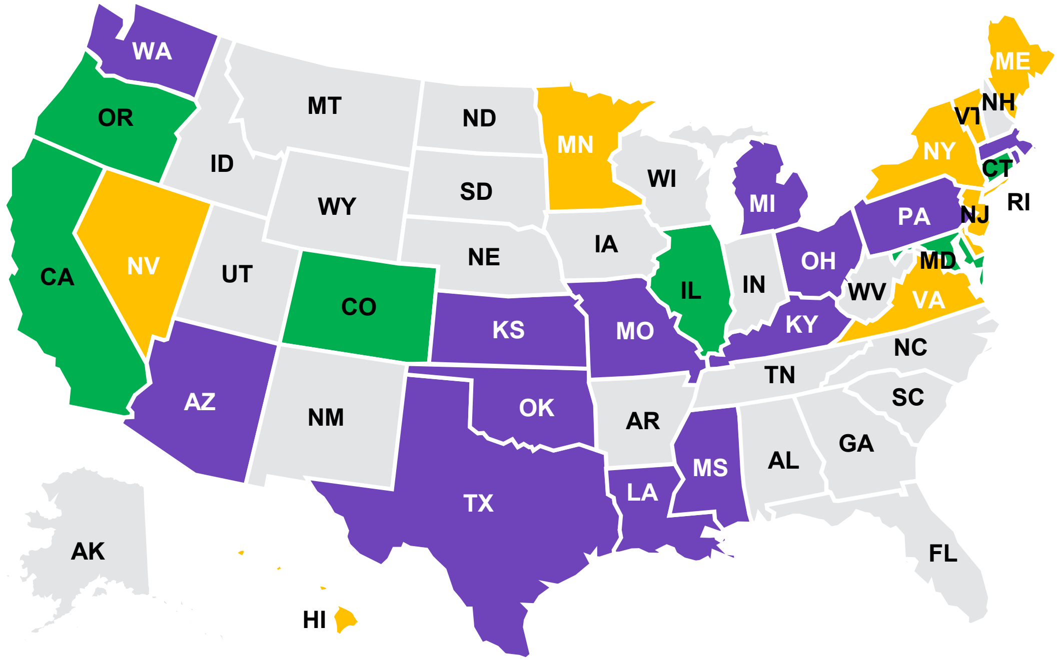
- There is a list of new deadlines for adoption of amendments related to the SECURE Act 2.0 for both required and discretionary changes. Non-governmental qualified plans must be amended by December 31, 2026. There is a longer timeline for collective bargaining plans.

State Legislation Mandating Retirement Plans

Legislation introduced in the current or prior session.

Legislation passed.
Program has launched.

Legislation passed.
Program under construction.



Source: Data gathered from individual state retirement plan mandate sources as well as the legislative websites for individual states, as of July 2023.

Department of Labor Fiduciary Rule Hearings

Comment period ended January 2. DOL hearings were scheduled December 12-14

View from the Administration

- Colors the retirement advice industry with the Biden Administration's "Junk Fees" narrative.
- Rule needs modernization because retirement savers are now making their own financial decisions.
- This is not a repeat of the 2016 proposal because it only covers relationships of trust and confidence and the lack of a contract rule.
- Support for the rule from AFL-CIO, Consumer Federation of America, Better Markets.

View from the retirement industry

- We want bipartisan policies to expand retirement savings opportunities.
- The rulemaking was unnecessary.
- This proposal is nearly identical to the 2016 rule that was already vacated by the Fifth Circuit in *Chamber of Commerce v. Department of Labor.*

Arguments against the broader proposed rule

- Rollover recommendations expand the fiduciary universe.
- "Hire Me" conversations and RFPs could be considered ERISA fiduciary advice.
    - Sales vs. fiduciary advice is fuzzy.
- The DOL does not differentiate between retail investors and sophisticated investors.

Department of Labor Fiduciary Rule – Next Steps

Looking ahead to 2024 for the fiduciary rule

Rejection of Extension

- The DOL is rushing through this rulemaking. There was a 60-day comment period that included 3 days of hearings before the January 2 deadline for written comments. All requests for an extension were rejected.
- More than 13,000 written comments were sent to the DOL before the December holidays.

Congressional Hearings and Letters Will Bring Additional Oversight

- There will be a January 10th hearing before the Capital Markets Subcommittee of the House Financial Services Committee.
- Additional interest is expected from the Education & Workforce Committee.
- Recent letters to Acting Secretary Su from Republicans and Democrats in both chambers highlight concerns about the process behind the DOL fiduciary rule.

Congressional Review Act

- Congress has the power to use the Congressional Review Act to reject a final rule.
- A joint resolution disapproving an agency's final rule can be filed 60 days from the time the rule is finalized.
- Current agency leaders will prioritize a CRA deadline under a divided Congress and Biden White House instead of risking a vote in 2025.

02

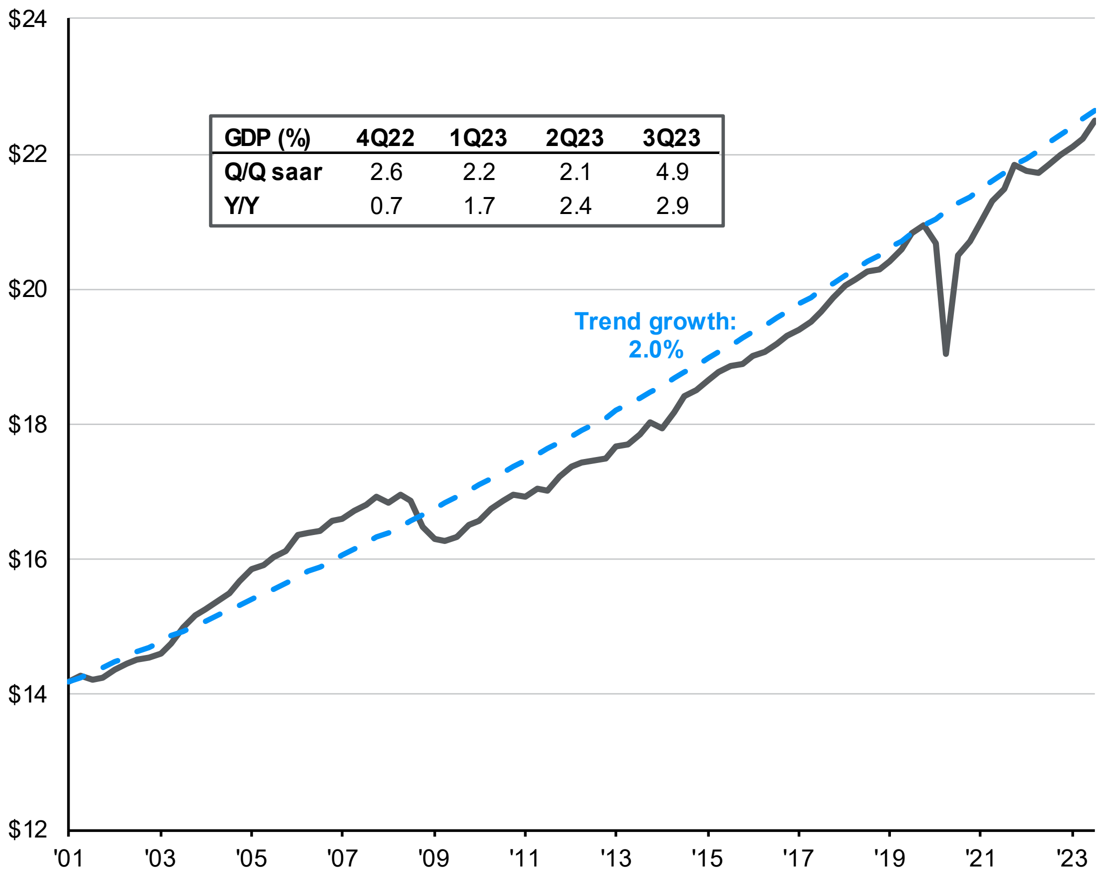
Market and Economic Update

Market Insights

Economic growth and the composition of GDP

Real GDP

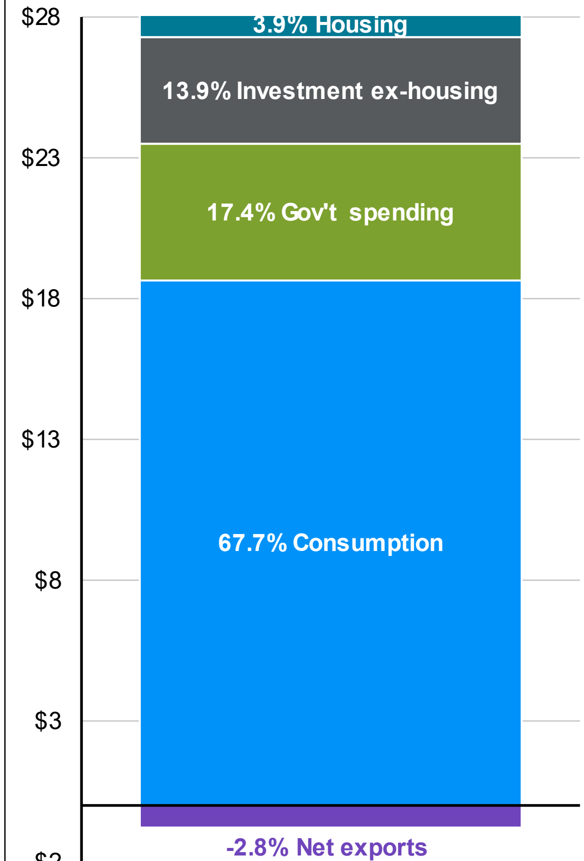
Trillions of chained (2017) dollars, seasonally adjusted at annual rates



GDP (%)	4Q22	1Q23	2Q23	3Q23
Q/Q saar	2.6	2.2	2.1	4.9
Y/Y	0.7	1.7	2.4	2.9

Components of GDP

3Q23 nominal GDP, USD trillions



Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19.
Guide to the Markets – U.S. Data are as of December 31, 2023.

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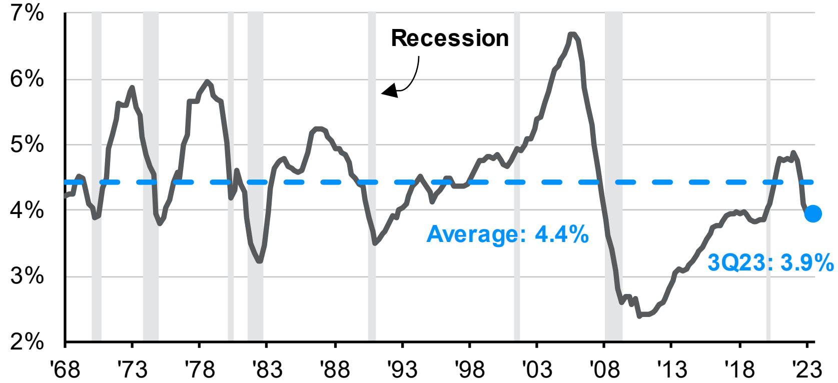
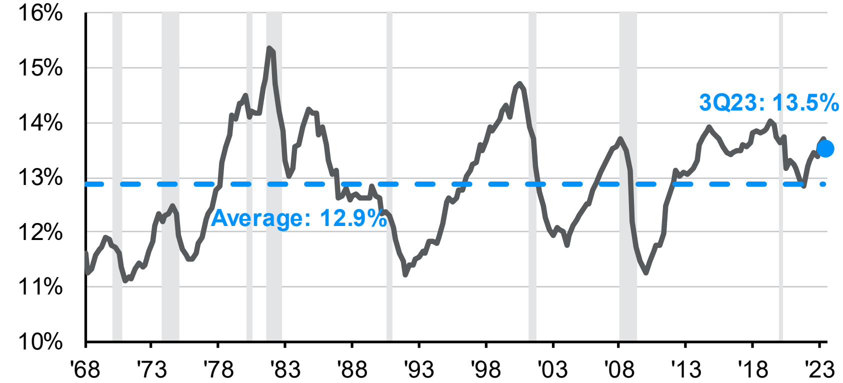
Cyclical sectors

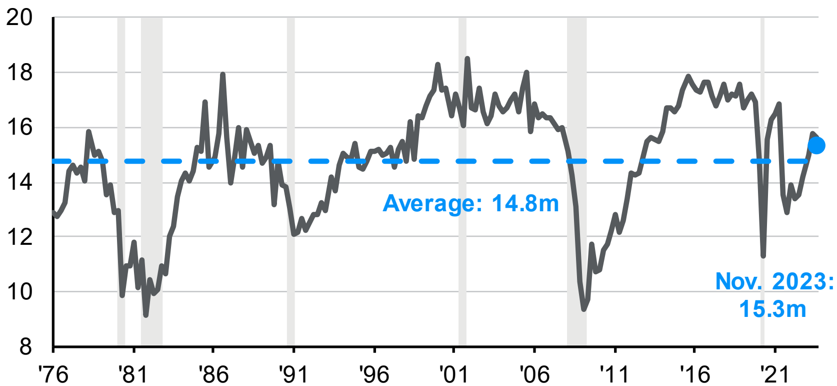
Residential investment as a % of GDP
Quarterly, seasonally adjusted



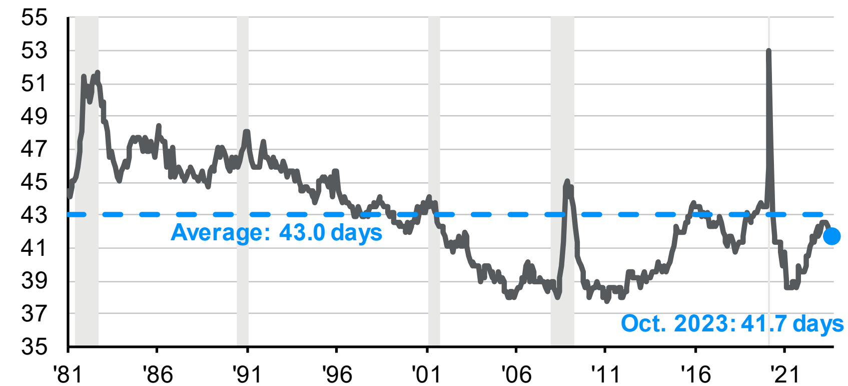
Business fixed investment as a % of GDP
Quarterly, seasonally adjusted



Light vehicle sales
Mil vehicles, seasonally adjusted ann. rate



Total business inventory/sales ratio
Days of sales, monthly, seasonally adjusted



Source: BEA, Census Bureau, FactSet, J.P. Morgan Asset Management. Data for light vehicle sales is quarterly apart from the latest monthly data point.
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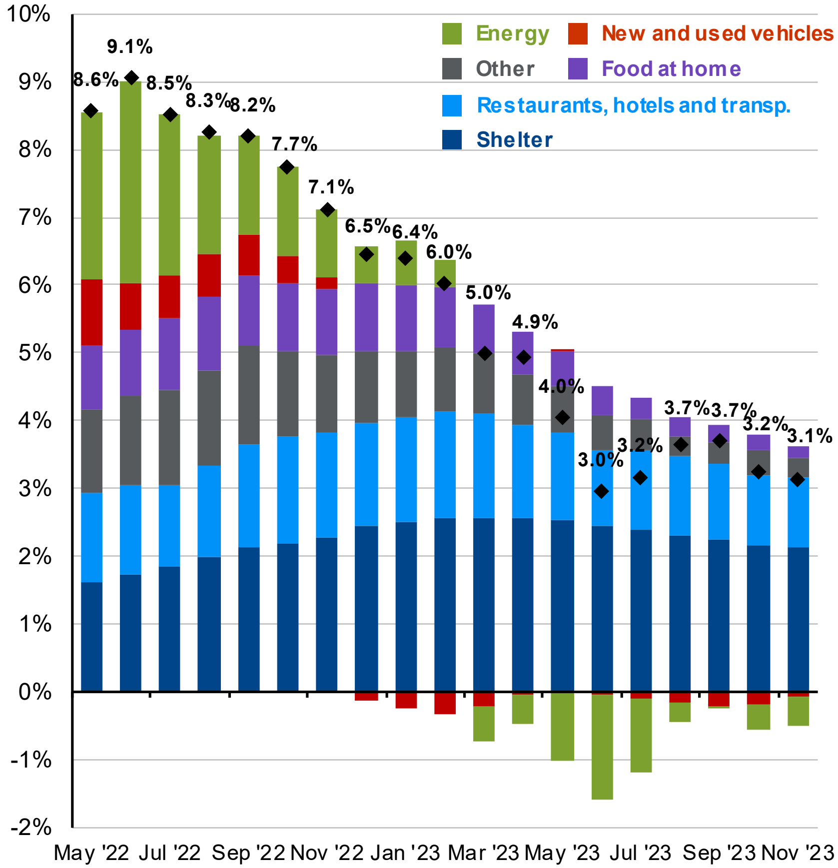
Economy

Inflation components

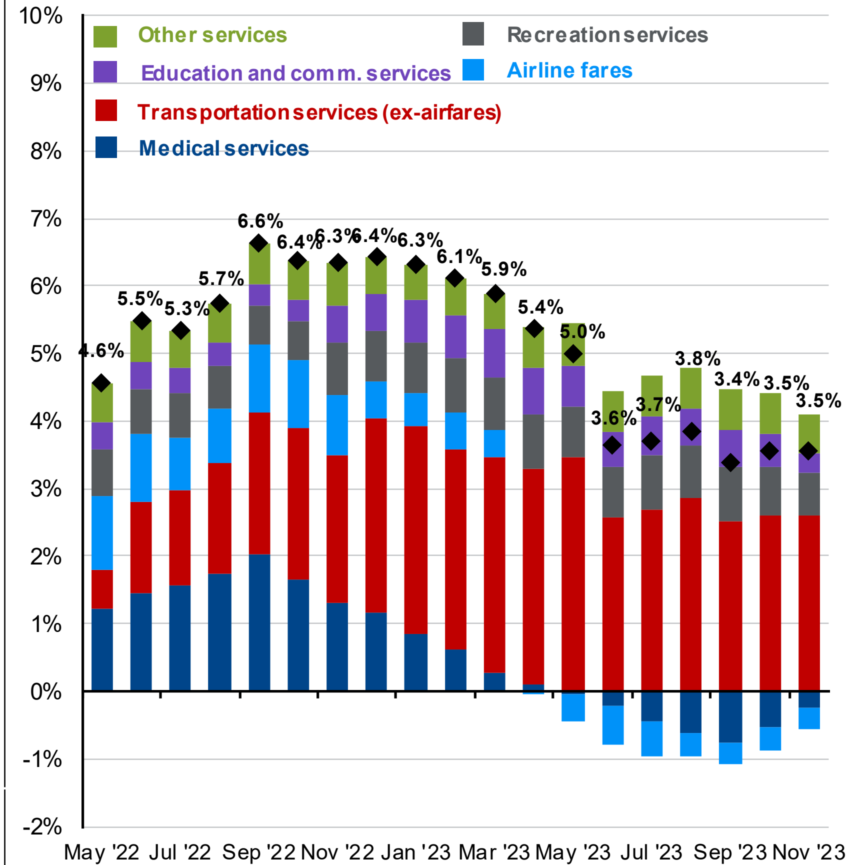
Contributors to headline CPI inflation

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



Contributors to core services ex-shelter CPI inflation*

Contribution to y/y % change in custom CPI index, non-seasonally adj.



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. *Core services ex-shelter CPI is a custom index using CPI components created by J.P. Morgan Asset Management. (Left) "Shelter" includes owners' equivalent rent and rent of primary residence; "Other" primarily reflects household furnishings, apparel, education and communication services, medical care services and other personal services. (Right) "Transportation services" primarily includes leased cars and trucks, motor vehicle insurance and motor vehicle maintenance and repair. Airline fares are broken out from transportation services.

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Economic scorecard

GTM | U.S. | OTB

Growth	The economy grew at an impressive 4.9% annualized rate in 3Q23, a sharp acceleration compared to 2Q23. Consumption was the largest contributor, growing 3.1%. Private investment and government spending also looked strong, growing at annual rates of 10% and 5.8%, respectively. These gains were partially offset by weaker equipment spending, which fell 4.4% after rebounding in the second quarter. The impressive expansion in 3Q23 was likely a one-off occurrence and growth looks set to moderate in 4Q23, with our models calling for 1.5% growth. While a soft landing seems probable for 2024, a number of headwinds could challenge a slower-moving economy.
Jobs	The labor market has continued to add jobs at a healthy pace, but its strength is gradually normalizing. Despite falling job openings, the unemployment rate eased to 3.7% in November and has remained at 4% or below since December 2021. While tight labor markets may spark increased immigration or more labor force participation, slow labor force growth should keep the unemployment rate stable absent a recession. Elsewhere, cooling labor market conditions are evident in private sector wages, which have moderated to 4.0% y/y in November, down from a peak of 5.9%. Overall, the labor market still looks strong and the risk of a recession in 2024 is low. That said, as businesses reel back hiring efforts amidst a slowing economy, the labor market should continue to move into balance.
Profits	Earnings growth moderated in 3Q23, with S&P 500 operating EPS rising 3.7% y/y and falling 4.8% q/q. Revenue growth was the largest contributor, adding 4.0%, while contracting margins helped pare back gains. Importantly, downbeat management commentary suggests a challenged business environment ahead. In fact, expectations for double digit earnings growth in 2024 seem too optimistic, especially as easing inflation limits revenue growth and slower to fall input costs make margin expansion more difficult. As expectations fall to reflect a slower moving economy, investors should focus on finding high-quality companies with sustainable earnings and strong balance sheets.
Inflation	Inflation has steadily fallen to more manageable levels, with headline CPI easing to 3.1% y/y in November. A look across the underlying components suggests this downtrend should continue. Core goods prices have trended lower as supply chain disruptions continued to abate. Elsewhere, energy and food prices provided important sources of disinflation amidst slowing demand and should continue to do so barring any unexpected shocks. Shelter inflation has also eased, reflecting the rollover in market rents. Core services ex-housing PCE inflation, the Fed's focus measure of inflation, has remained elevated due to stickier transportation services costs. Still, services prices should soon decline to reflect easing wage pressures and cooling consumer demand, and 2% inflation by the middle of 2024 appears in reach.
Rates	After delivering 525 bps of cumulative rate hikes since the beginning of 2022, the Federal Reserve is likely at the end of its rate hiking cycle. At their December meeting, the Fed left the federal funds rate unchanged at 5.25% to 5.50% and suggested that progress on inflation and easing labor market conditions limit the need for further tightening. The Fed's "dot plot" showed that the median committee member expects a revised down year-end federal funds rate of 4.6% in 2024, implying three cuts next year, while inflation forecasts out to 2025 were revised down without material revisions to growth or employment forecasts. As focus shifts from policy tightening to policy easing, the Fed looks set to cut rates at a moderate pace next year. That said, the extent of rate cuts will largely depend on whether the U.S. stumbles into a recession.
Risks	▪ Rate cuts may not occur as quickly as the market expects, presenting challenges to both stocks and bonds. ▪ A slow-moving economy is highly vulnerable to any kind of shock. ▪ Elevated valuations in some parts of the market may lead to volatility and market corrections.
Investment Opportunities	▪ Despite the recent bond market rally, fixed income still offers attractive yields and protection against an economic downturn. ▪ Solid profit growth and reasonable valuations will be crucial in determining equity winners in a higher rate environment. ▪ Long-term growth prospects, a falling dollar and wide valuation discounts support international equities.

Source: Standard & Poor's, FRB, BLS, BEA, J.P. Morgan Asset Management. Direction of thumbs up/down corresponds to the general impact on economic conditions and investor portfolios. Opinions, estimates, forecasts and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information contained in this commentary has been obtained from sources that are reliable. This presentation is for information purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.
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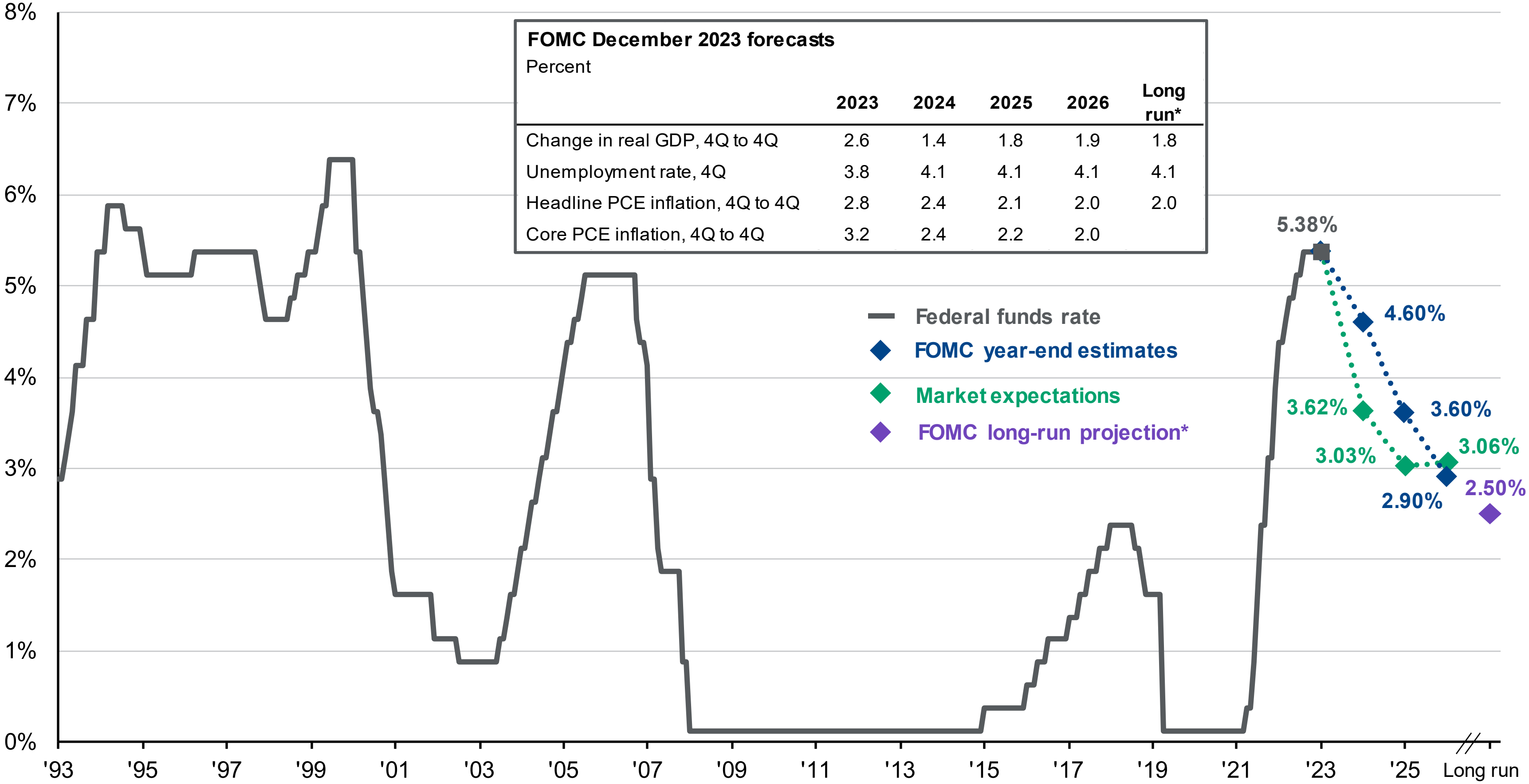
The Fed and interest rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



FOMC December 2023 forecasts

Percent

	2023	2024	2025	2026	Long run*
Change in real GDP, 4Q to 4Q	2.6	1.4	1.8	1.9	1.8
Unemployment rate, 4Q	3.8	4.1	4.1	4.1	4.1
Headline PCE inflation, 4Q to 4Q	2.8	2.4	2.1	2.0	2.0
Core PCE inflation, 4Q to 4Q	3.2	2.4	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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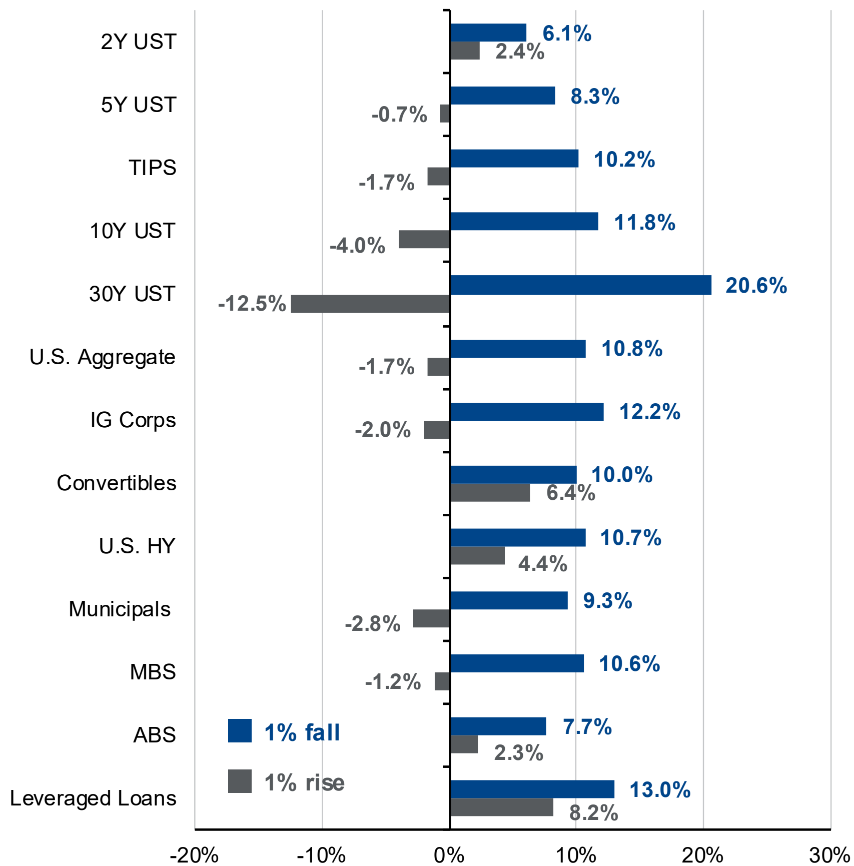
Fixed income market dynamics

U.S. Treasuries	Yield 12/31/2023	Yield 12/31/2022	Return 2023	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
2-Year	4.23%	4.41%	3.65%	2 years	0.75	0.00
5-Year	3.84%	3.99%	3.93%	5	0.94	-0.02
TIPS	4.24%	4.38%	3.90%	7.1	0.68	0.32
10-Year	3.88%	3.88%	3.21%	10	1.00	-0.06
30-Year	4.03%	3.97%	1.93%	30	0.93	-0.09
Sector						
U.S. Aggregate	4.53%	4.68%	5.53%	8.5	0.87	0.26
IG Corps	5.06%	5.42%	8.52%	10.8	0.58	0.48
Convertibles	7.88%	7.58%	13.92%	-	-0.10	0.86
U.S. HY	7.59%	8.96%	13.44%	4.9	-0.03	0.72
Municipals	3.22%	3.55%	6.40%	13.3	0.62	0.22
MBS	4.68%	4.71%	5.05%	7.5	0.77	0.24
ABS	5.65%	5.89%	7.05%	3.7	0.01	0.03
Leveraged Loans	10.59%	11.41%	13.17%	2.4	-0.30	0.52

Impact of a 1% rise or fall in interest rates

Total return, assumes a parallel shift in the yield curve



Source: Bloomberg, FactSet, Standard & Poor's, U.S. Treasury, J.P. Morgan Asset Management. Sectors shown above are provided by Bloomberg unless otherwise noted and are represented by – U.S. Aggregate; MBS: U.S. Aggregate Securitized - MBS; ABS: J.P. Morgan ABS Index; IG Corporates: U.S. Corporates; Municipals: Muni Bond; High Yield: Corporate High Yield; Leveraged Loans: J.P. Morgan Leveraged Loan Index; TIPS: Treasury Inflation-Protected Securities; Convertibles: U.S. Convertibles Composite. Convertibles yield is as of most recent month-end and is based on U.S. portion of Bloomberg Global Convertibles Index. Yield and return information based on bellwethers for Treasury securities. Sector yields reflect yield-to-worst. Correlations are based on 15-years of monthly returns for all sectors. Past performance is not indicative of future results.

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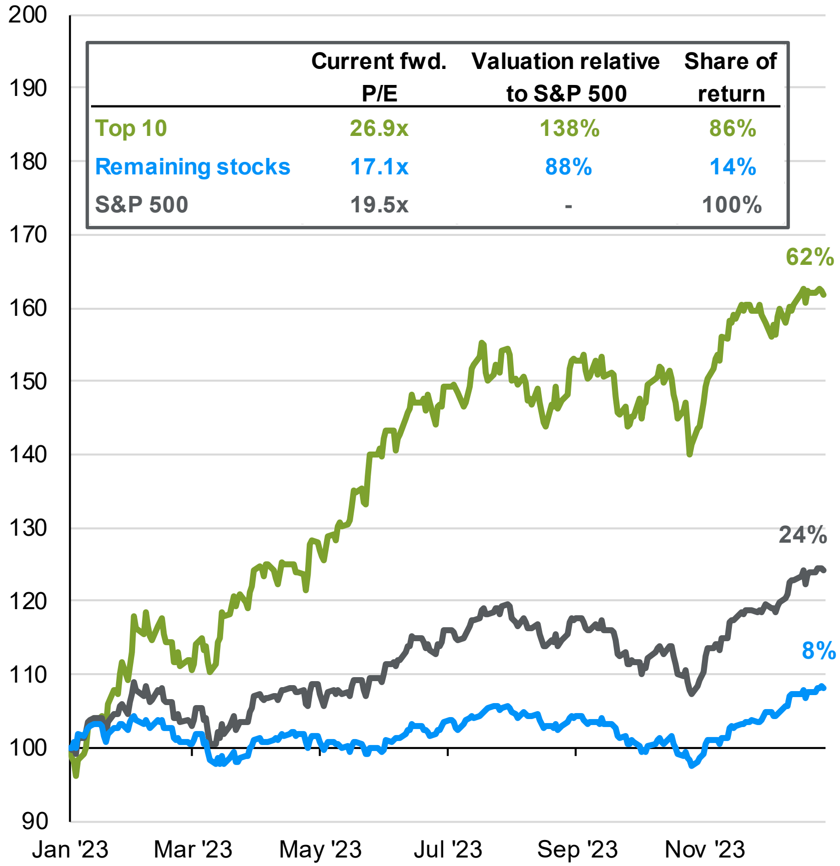
S&P 500: Index concentration

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

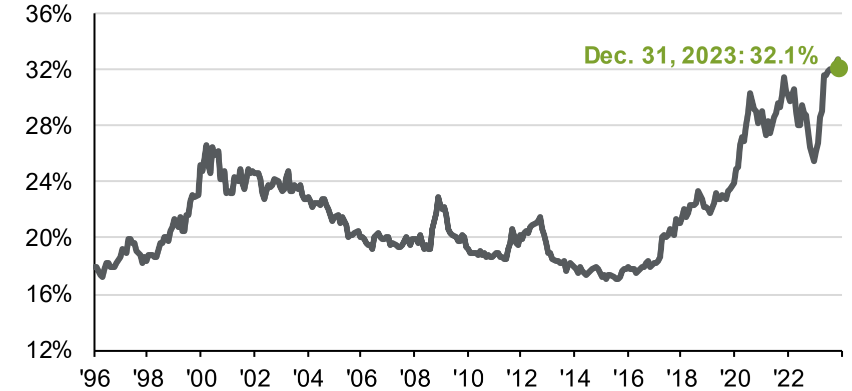
Indexed to 100 on 1/1/2023, price return, top 10 held constant



	Current fwd. P/E	Valuation relative to S&P 500	Share of return
Top 10	26.9x	138%	86%
Remaining stocks	17.1x	88%	14%
S&P 500	19.5x	-	100%

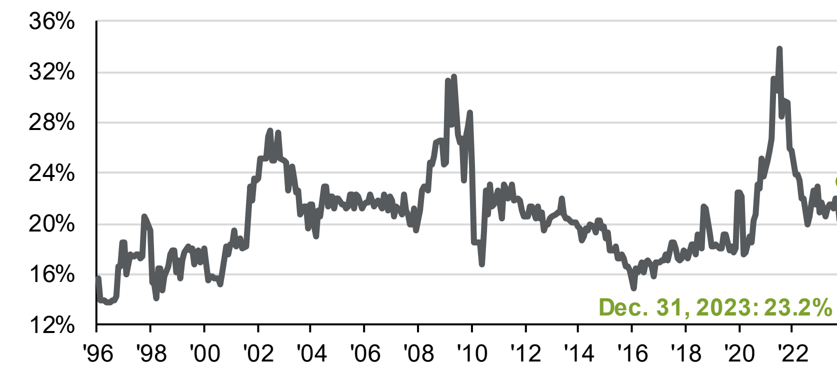
Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



Earnings contribution of the top 10 in the S&P 500

Based on last 12 months' earnings



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
(Left) The top 10 companies used for this analysis are held constant and represent the S&P 500's 10 largest index constituents at the start of 2023. The top 10 stocks are: AAPL, MSFT, AMZN, NVDA, GOOGL, BRK.B, GOOG, META, XOM, UNH, and TSLA. The remaining stocks represent the rest of the 494 companies in the S&P 500. (Right) The top 10 companies used for these two analyses are updated monthly and are based on the 10 largest index constituents at the beginning of each month. As of 12/31/2023, the top 10 companies in the index were AAPL (7.0%), MSFT (6.9%), AMZN (3.5%), NVDA (3.0%), GOOGL (2.1%), META (2.0%), GOOG (1.8%), TSLA (1.8%), BRK.B (1.6%), AVGO (1.2%) and JPM (1.2%).
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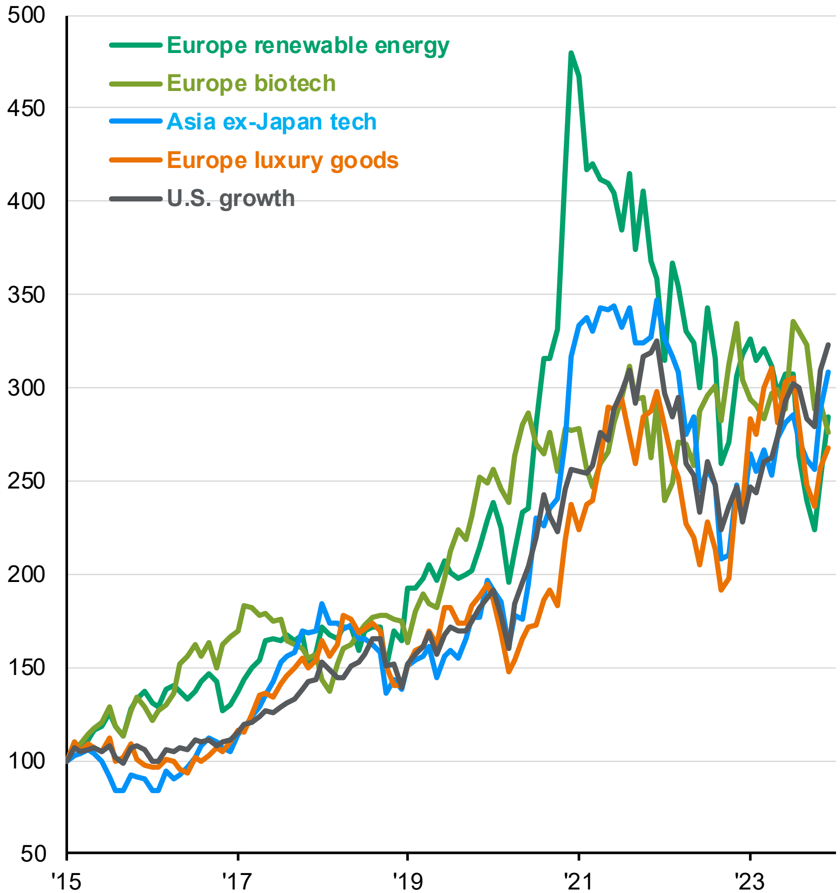
Secular international trends

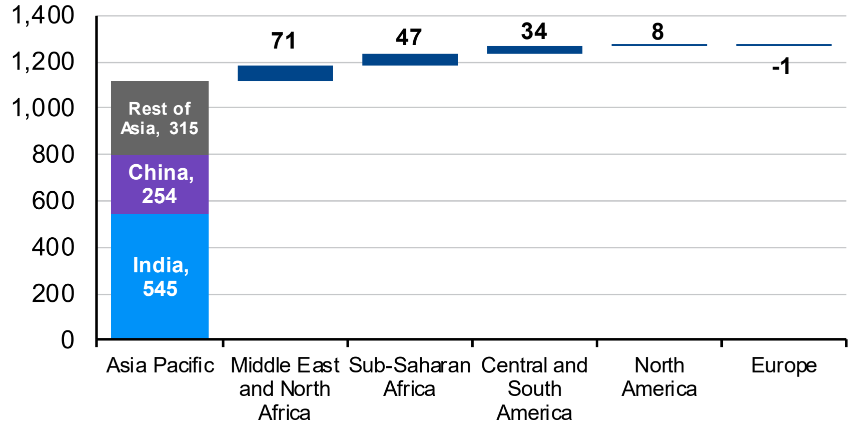
International growth sectors vs. U.S. growth

Total return, U.S. dollars, Jan. 2015 = 100



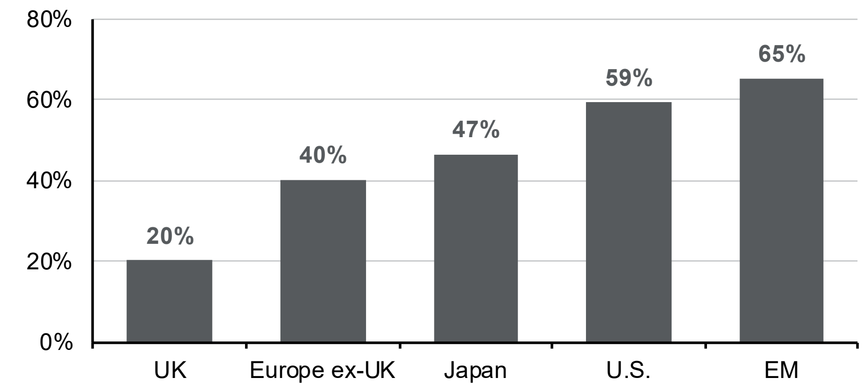
Regional contribution to middle class growth: 2024 to 2030

Millions of people



Revenue exposure vs. country of listing

% of total revenue from home countries



Source: J.P. Morgan Asset Management. (Left) Bloomberg, FactSet, MSCI, Russell, Societe Generale. Asia tech ex-Japan: MSCI AC Asia ex-Japan Information Technology Index, European Luxury Goods: MSCI Europe Textiles Apparel and Luxury Goods Index, U.S. Growth: Russell 1000 Growth Index, European renewable energy: Societe Generale European Renewable Energy Index, Europe biotech: MSCI Europe Biotechnology Index. (Top right) Brookings Institution. Estimates for regional contribution are from Kharas, Homi. The Unprecedented Expansion of the Global Middle Class, An Update. Brookings Institution, 2017. Middle class is defined as households with per capita incomes between USD 11 and USD 110 per person per day in 2011 PPP terms. 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. (Bottom right) Revenue exposure data is as of the previous quarter-end.
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Asset class returns

2009-2023 Ann.	2009-2023 Vol.	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Large Cap 14.0%	Small Cap 21.9%	Fixed Income 5.2%	EM Equity 79.0%	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%
Small Cap 11.3%	REITs 21.2%	Cash 1.8%	High Yield 59.4%	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%
REITs 10.9%	EM Equity 20.3%	Asset Alloc. -25.4%	DM Equity 32.5%	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%
High Yield 8.6%	DM Equity 18.4%	High Yield -26.9%	REITs 28.0%	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%
Asset Alloc. 8.1%	Comdty. 16.6%	Small Cap -33.8%	Small Cap 27.2%	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%
DM Equity 7.4%	Large Cap 16.1%	Comdty. -35.6%	Large Cap 26.5%	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%
EM Equity 6.9%	High Yield 11.5%	Large Cap -37.0%	Asset Alloc. 25.0%	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%
Fixed Income 2.7%	Asset Alloc. 11.5%	REITs -37.7%	Comdty. 18.9%	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%
Cash 0.8%	Fixed Income 4.5%	DM Equity -43.1%	Fixed Income 5.9%	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%
Comdty. -0.2%	Cash 0.7%	EM Equity -53.2%	Cash 0.1%	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%

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 12/31/2007 to 12/31/2022. 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.
Guide to the Markets – U.S. Data are as of December 31, 2023.

J.P.Morgan
ASSET MANAGEMENT

Key takeaways

1. The U.S. economy is facing several structural challenges, including a large fiscal drag and a decline in home building activity. Still, extreme tightness in the labor market has helped to prevent the U.S. from slipping into a recession, and even now a recession is not inevitable. In addition, inflation is very clearly cooling. The general macro outlook is reasonably good.

2. The outlook for Fed policy has crystalized. Clear evidence of a slowing economy and cooling inflation have likely pushed the Fed into the “pause” part of this hiking cycle. While it is difficult to predict when the Fed will start to cut and by how much it will cut, bond investors will be encouraged that rates should move lower this year.

3. The U.S. equity market has surged from its October 2022 lows, but the recovery has been narrow, focused on growthy and tech-related names, and driven by multiple expansion. Moreover, earnings estimates continue to look too optimistic. Overseas, however, a period of outperformance has emerged, but questions exist on how long it will last.

4. 2023 was a bumpy ride and there are no guarantees for 2024, and that is an excellent reminder that sticking to a plan during volatile moments works. Looking forward, much is still unpredictable. Investors should remember that global, diversified portfolios can protect against uncertainty and take advantage of opportunities.

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.

J.P. Morgan Asset Management – Risks & disclosures

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Unless otherwise stated, all data are as of December 31, 2023 or most recently available.

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