

International Equities

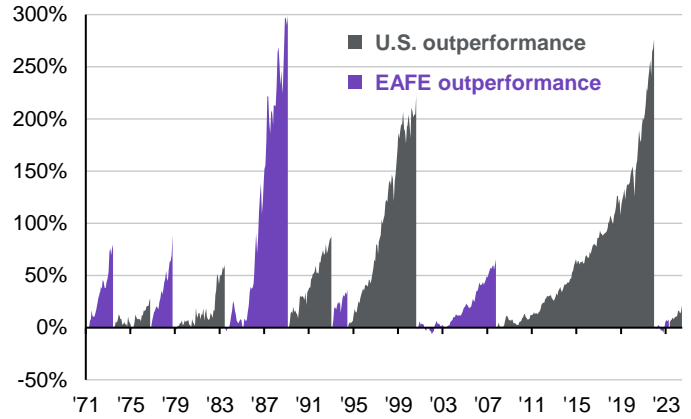
Is now the time to invest outside the U.S.?

U.S. market outperformance is cyclical

Given recent global equity dynamics, it can feel like the U.S. is the only market capable of delivering strong, sustainable returns. However, history shows that U.S. equity outperformance compared to other markets around the world is cyclical, and there have been a number of instances, including in the last 20 years, when foreign markets durably outperform. In other words, just because U.S. markets work now doesn't mean they always will.

Source: FactSet, MSCI, J.P. Morgan Asset Management. Regime change determined when cumulative outperformance peaks and is not reached again in the subsequent 12-month period. Data are as of September 30, 2024. On the Bench, page 46.

MSCI EAFE and MSCI USA relative performance
U.S. dollar, total return, cumulative outperformance

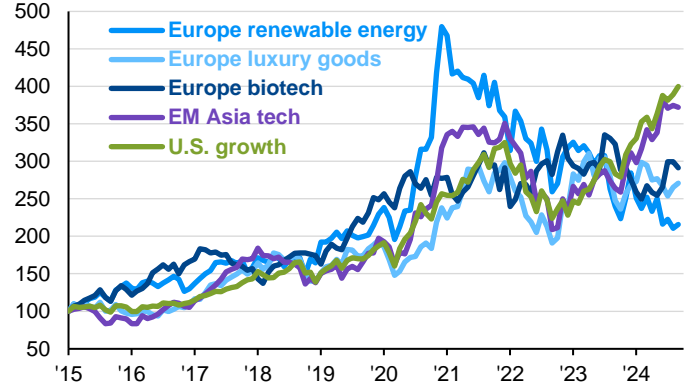


Secular international trends result in competitive advantages for certain sectors

Long-term secular themes are developing around the world, resulting in competitive advantages for foreign markets in certain sectors. For example, renewable resources benefit from a push toward European energy independence; and in the emerging world, investment in artificial intelligence will drive appetite for semiconductors. Many U.S.-focused investors would be surprised to know that these themes, and others, have kept up pace with U.S. markets.

Source: Bloomberg, Russell, Societe Generale, FactSet, MSCI, J.P. Morgan Asset Management. Data are as of September 30, 2024. Guide to the Markets, page 51.

International growth sectors vs. U.S. growth
Jan. 2015 = 100, total return, U.S. dollars

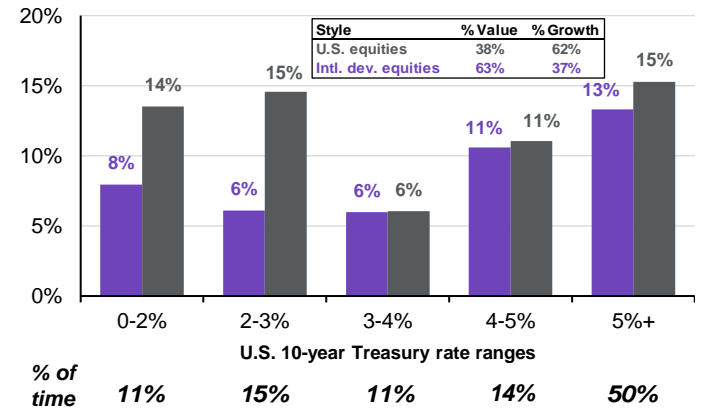


A changing rate environment could be a catalyst for international markets

While international equities have long been primed for strong performance, there was no catalyst to jump start this process. Now, this seems to have changed. Because U.S. markets are more growth-oriented, they benefit from a low interest rate environment, drawing investor dollars away from international opportunities. Today, U.S. rates are much higher and not expected to fall back to zero, leveling the playing field for foreign markets.

Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. Data are as of September 30, 2024. Guide to the Markets, page 49.

Equity performance in different interest rate environments
Ann. total return by 10-yr Treasury rate ranges, USD, 1979 - present



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