CELEBRATING

20

Y E A R S

Guide to the Markets®

U.S. | 2Q 2024
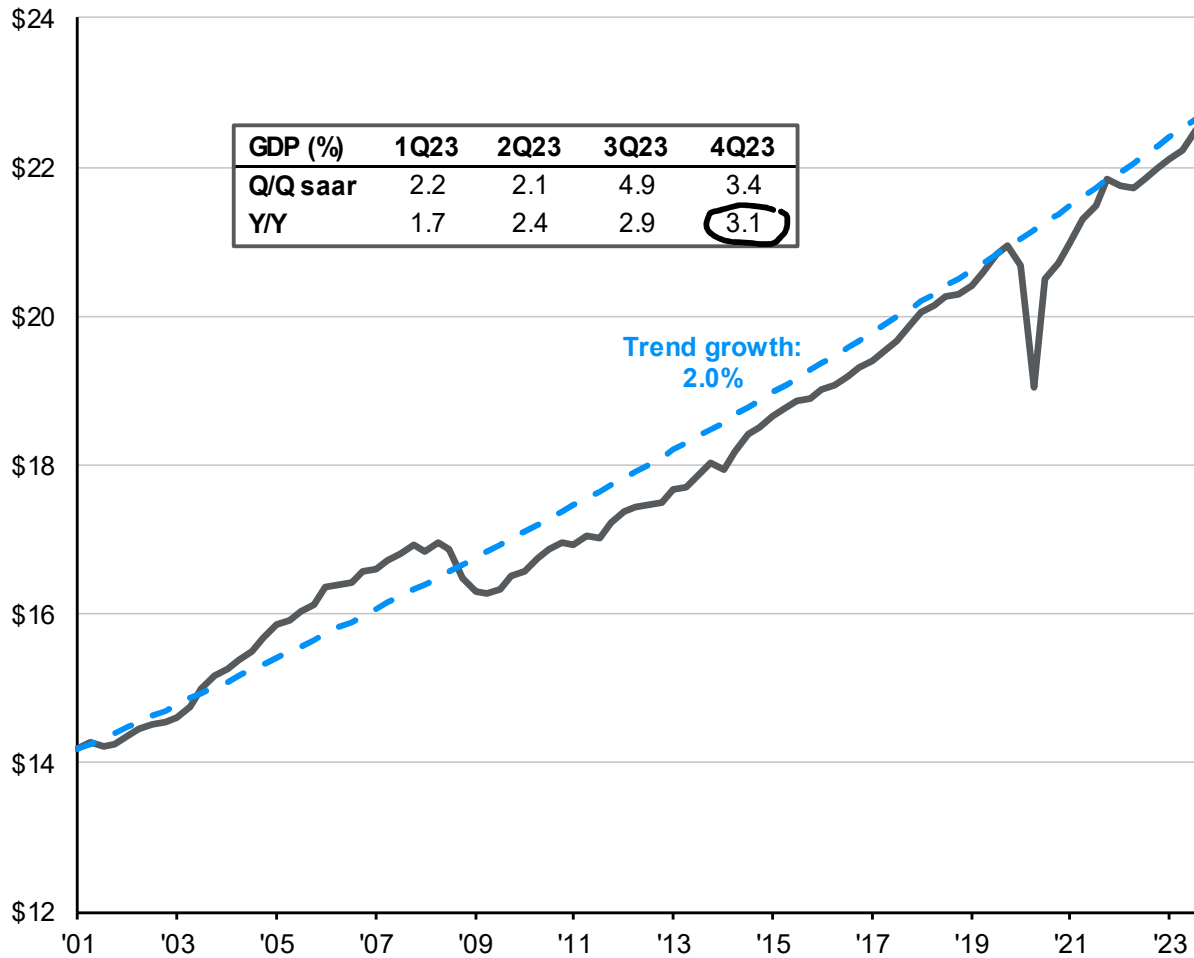
As of March 31, 2024

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Economic growth and the composition of GDP

Economy

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

GDP (%)	1Q23	2Q23	3Q23	4Q23
Q/Q saar	2.2	2.1	4.9	3.4
Y/Y	1.7	2.4	2.9	3.1

Trend growth: 2.0%

Components of GDP
4Q23 nominal GDP, USD trillions

- 3.9% Housing
- 13.8% Investment ex-housing
- 17.4% Gov't spending
- 67.7% Consumption
- -2.8% Net exports
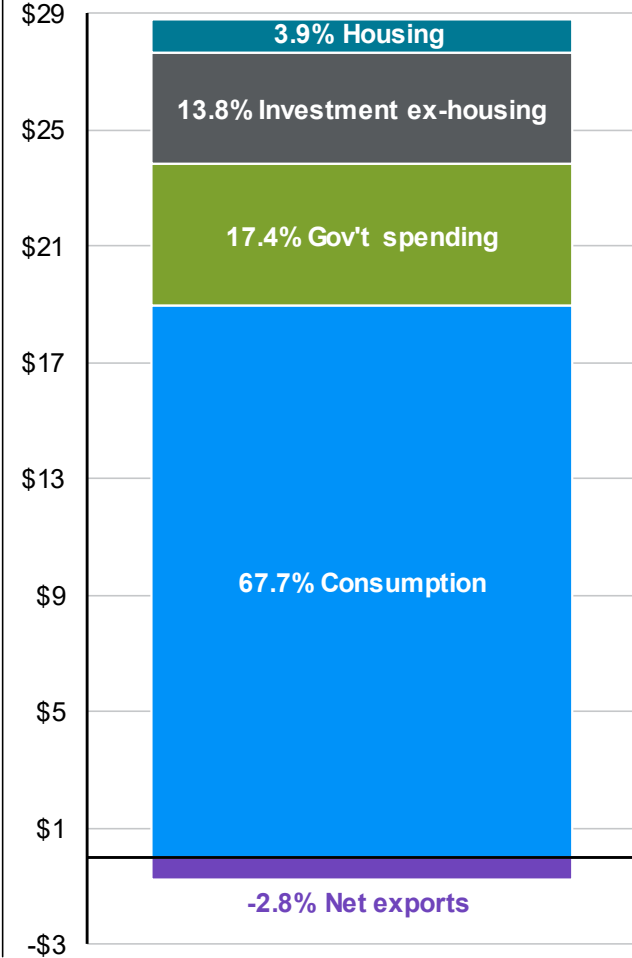
Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19.
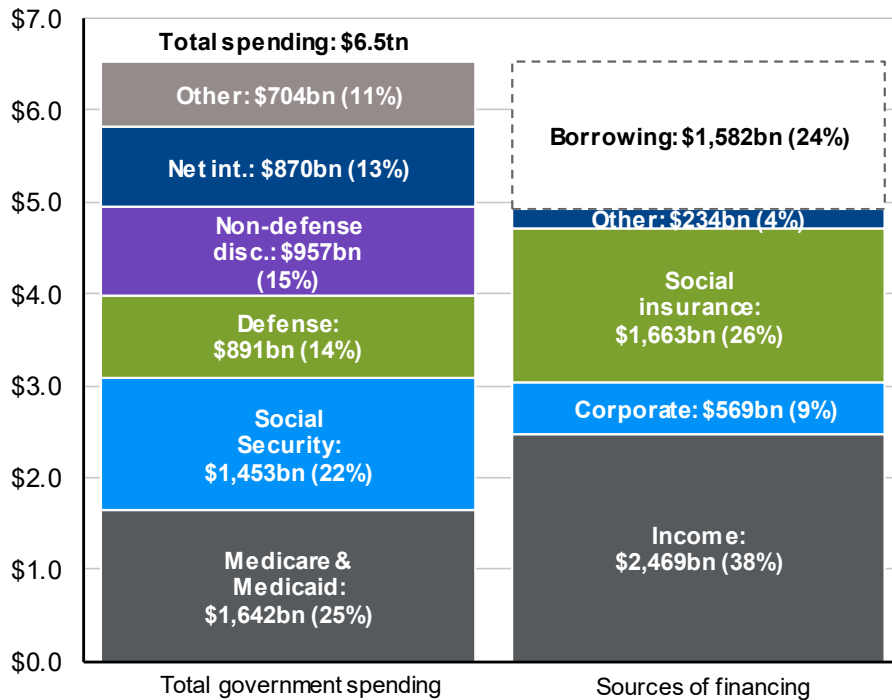*Guide to the Markets – U.S.* Data are as of March 31, 2024.

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Economy

The 2024 federal budget
USD trillions

CBO's Baseline economic assumptions

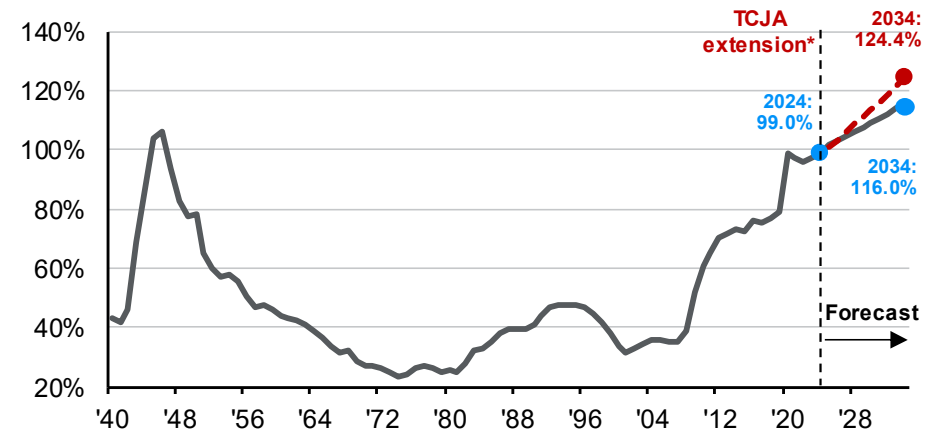|	2024	'25-'26	'27-'28	'29-'34
Real GDP growth	1.8%	2.1%	2.1%	1.9%
10-year Treasury	4.6%	4.3%	3.8%	4.1%
Headline inflation (CPI)	2.6%	2.4%	2.2%	2.2%
Unemployment	4.2%	4.4%	4.4%	4.5%

Federal deficit and net interest outlays
% of GDP, 1973-2034, CBO Baseline Forecast
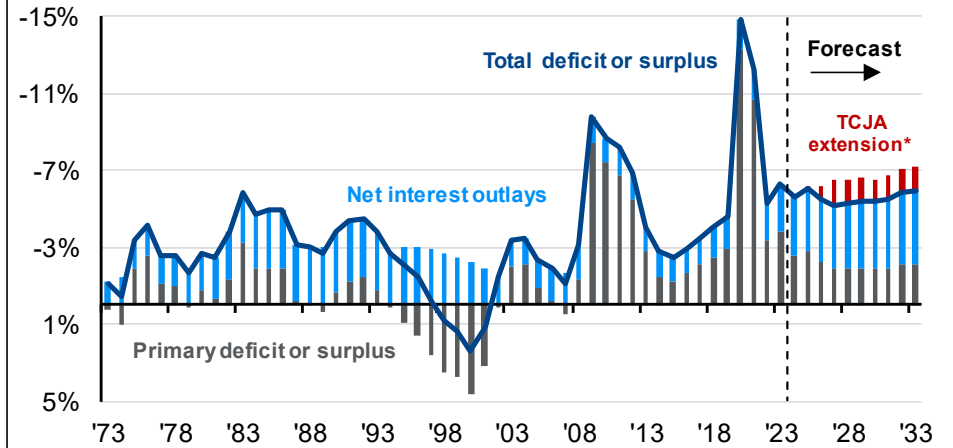
Federal net debt (accumulated deficits)
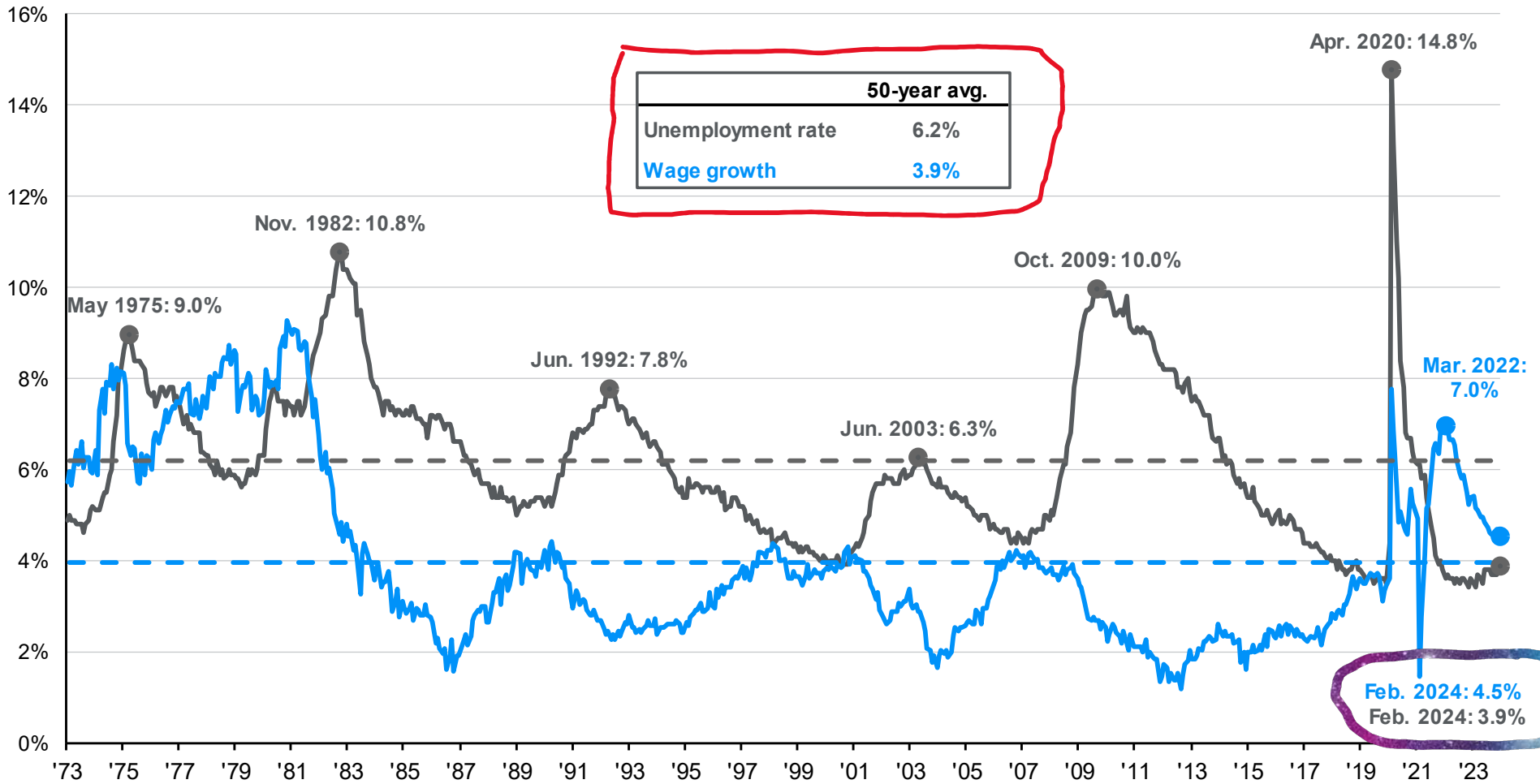% of GDP, 1940-2034, CBO Baseline Forecast, end of fiscal year

Source: CBO, J.P. Morgan Asset Management; (Top and bottom right) BEA, Treasury Department. Estimates are from the Congressional Budget Office (CBO) February 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 2023 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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Economy

Civilian unemployment rate and year-over-year wage growth
Private production and non-supervisory workers, seasonally adjusted, percent

	50-year avg.
Unemployment rate	**6.2%**
Wage growth	**3.9%**

Apr. 2020: 14.8%

Nov. 1982: 10.8%

Oct. 2009: 10.0%

May 1975: 9.0%

Jun. 1992: 7.8%

Mar. 2022: 7.0%

Jun. 2003: 6.3%

Feb. 2024: 4.5%
Feb. 2024: 3.9%

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Economy

JOLTS job openings*
Total job openings, thousands, seasonally adjusted

Recession

Mar. 2022:
12,182

Jan. 2024:
8,863

JOLTS quits
Total nonfarm quits, thousands, seasonally adjusted

Jan. 2024: 3,385
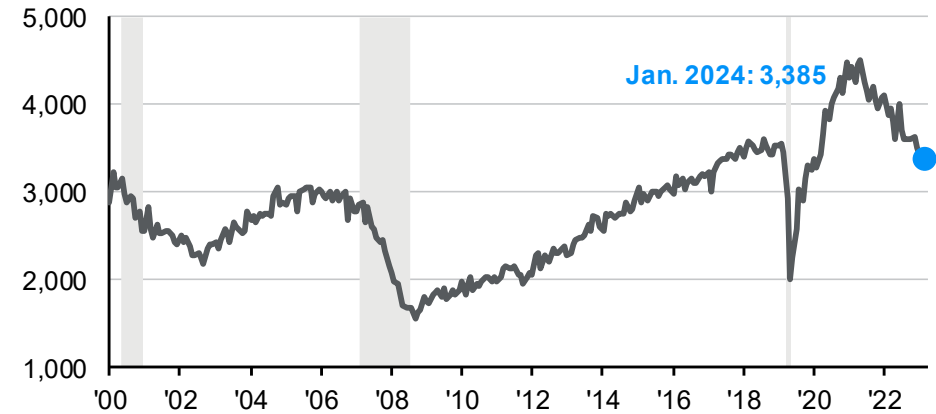
JOLTS layoffs
Total nonfarm layoffs, thousands, seasonally adjusted

Jan. 2024: 1,572
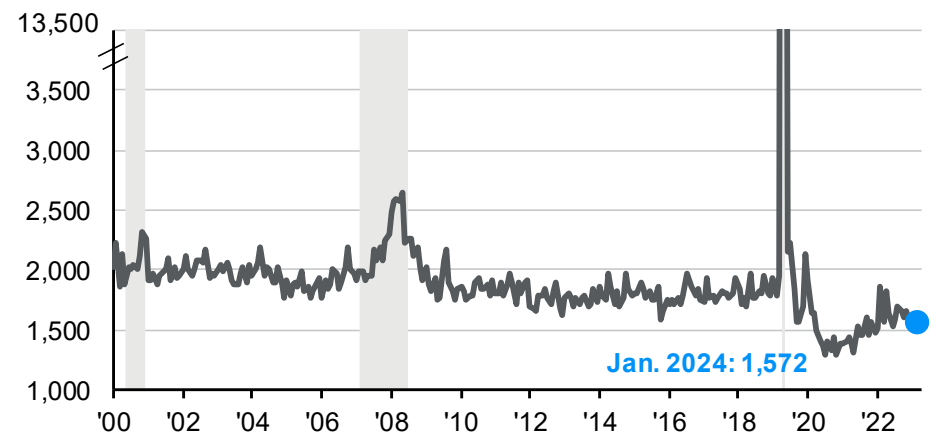
Source: U.S. Department of Labor, J.P. Morgan Asset Management. *JOLTS job openings from February 1974 to November 2000 are J.P. Morgan Asset Management estimates.
Guide to the Markets – U.S. Data are as of March 31, 2024.

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Economy

CPI and core CPI
% change vs. prior year, seasonally adjusted

	50-yr. avg.	Jan. 2024	Feb. 2024
Headline CPI	**3.8%**	**3.1%**	**3.2%**
Core CPI	**3.9%**	**3.9%**	**3.8%**
Food CPI	3.7%	2.6%	2.2%
Energy CPI	4.3%	-4.3%	-1.7%
Headline PCE deflator	3.3%	2.4%	2.5%
Core PCE deflator	3.3%	2.9%	2.8%

Recession

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Economy

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

Legend: Energy, Core goods, Shelter, Food at home, Dining, recreation and other svcs., Auto insurance
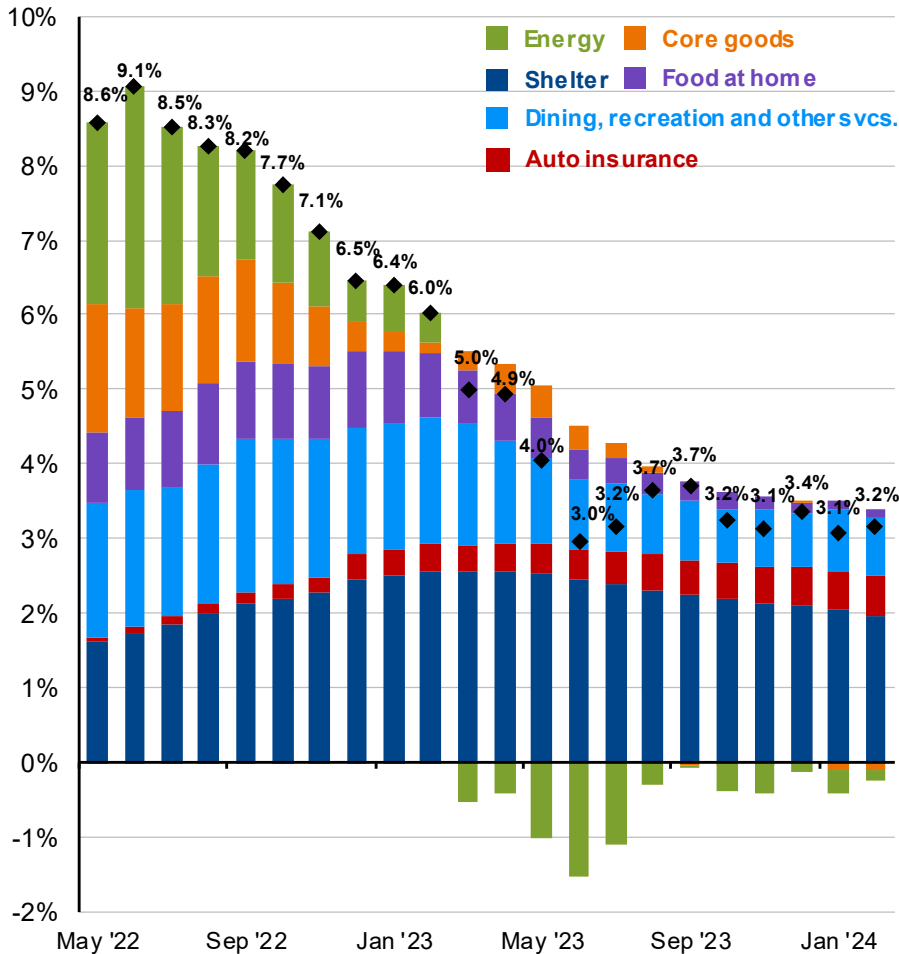
Contributors to core services ex-shelter CPI inflation*
Contribution to y/y % change in custom CPI index, non-seasonally adj.

Legend: Other services, Recreation services, Education and comm. services, Medical services, Auto insurance, Other transportation services
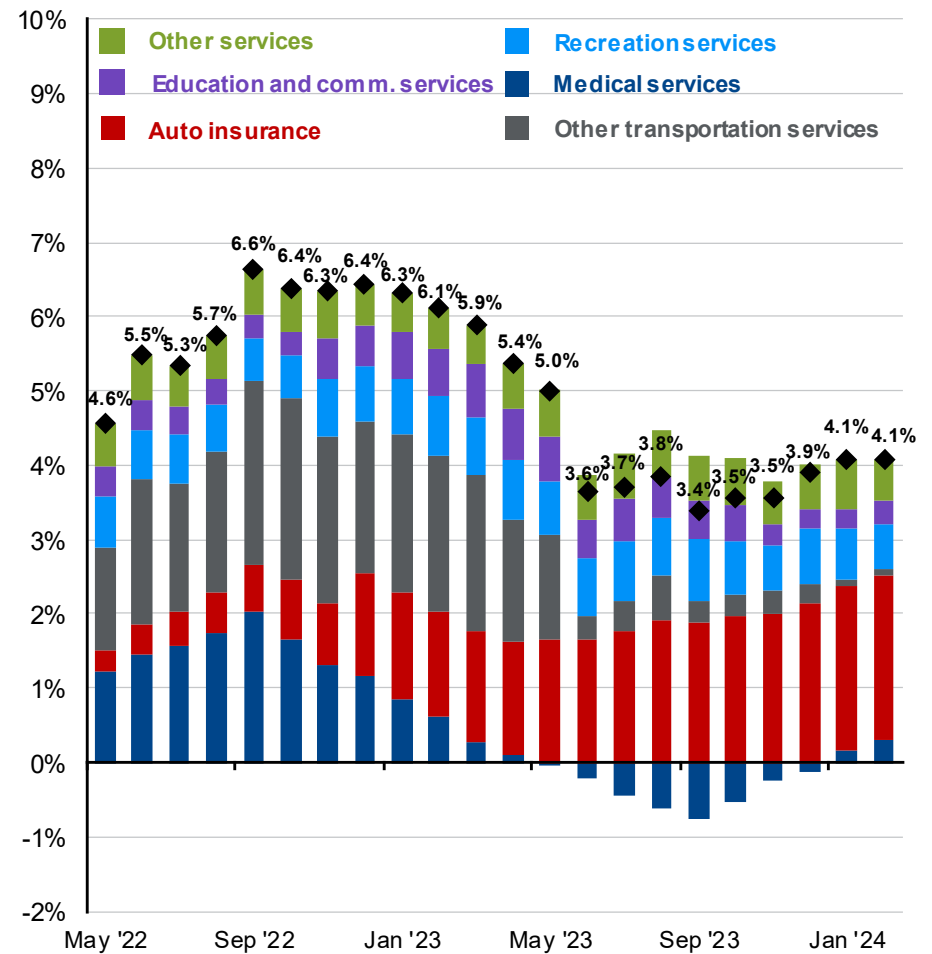
Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. *Core services ex-shelter CPI is a custom index using CPI components created by J.P. Morgan Asset Management. (Left) "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. *Guide to the Markets – U.S.* Data are as of March 31, 2024.

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

Economy

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

Recession

Jan. 2000: -2.0%

Jan. 2004: +4.4%

Aug. 1972: -6%

Mar. 1984: +13.5%

Jan. 2007: -4.2%

Jan. 2015: -2.7%

Feb. 2020: +29.0%

May 1977: +1.2%

Apr. 2021: -1.2%

Average: 84.7

Mar. 2024: 79.4

Mar. 2003: +32.8%

Feb. 1975: +22%

Oct. 2005: +14.2%

Apr. 2020: +43.6%

Oct. 1990: +29.1%

May 1980: +20.0%

Nov. 2008: +22.2%

Aug. 2011: +15.4%

Sentiment cycle turning point and subsequent 12-month S&P 500 Index return

Jun. 2022: +17.6%

'71 '73 '75 '77 '79 '81 '83 '85 '87 '89 '91 '93 '95 '97 '99 '01 '03 '05 '07 '09 '11 '13 '15 '17 '19 '21 '23

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Asset class returns

2009-2023 Ann.	Vol.	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Large Cap 14.0%	Small Cap 21.9%	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%	Large Cap 10.6%
Small Cap 11.3%	REITs 21.2%	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%	DM Equity 5.8%
REITs 10.9%	EM Equity 20.3%	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%	Small Cap 5.2%
High Yield 8.6%	DM Equity 18.4%	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%	Large Cap 21.8%	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. 4.2%
Asset Alloc. 8.1%	Comdty. 16.6%	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%	Comdty. 2.2%
DM Equity 7.4%	Large Cap 16.1%	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 2.2%
EM Equity 6.9%	High Yield 11.5%	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%	High Yield 2.1%
Fixed Income 2.7%	Asset Alloc. 11.5%	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 1.3%
Cash 0.8%	Fixed Income 4.5%	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%	Fixed Income -0.8%
Comdty. -0.2%	Cash 0.7%	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%	REITs -1.3%

Investing Principles

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 12/31/2009 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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S&P 500 Index at inflection points

S&P 500 Price Index

Characteristic	3/24/2000	10/9/2007	2/19/2020	1/3/2022	3/31/2024
Index Level	1,527	1,565	3,386	4,797	5,254
P/E Ratio (fwd.)	25.2x	15.1x	19.2x	21.4x	21.0x
Dividend Yield	1.4%	1.9%	1.9%	1.3%	1.4%
10-yr. Treasury	6.2%	4.7%	1.6%	1.6%	4.2%

Mar. 31, 2024
P/E (fwd.) = 21.0x
5,254

Jan. 3, 2022
P/E (fwd.) = 21.4x
4,797

Feb. 19, 2020
P/E (fwd.) = 19.2x
3,386

Oct. 12, 2022
P/E (fwd.) = 15.7x
3,577

+114%
-25%
+47%

Mar. 24, 2000
P/E (fwd.) = 25.2x
1,527

Oct. 9, 2007
P/E (fwd.) = 15.1x
1,565

Mar. 23, 2020
P/E (fwd.) = 13.3x
2,237

+401%
-34%

+106%
-49%
+101%
-57%

Dec. 31, 1996
P/E (fwd.) = 15.9x
741

Oct. 9, 2002
P/E (fwd.) = 14.1x
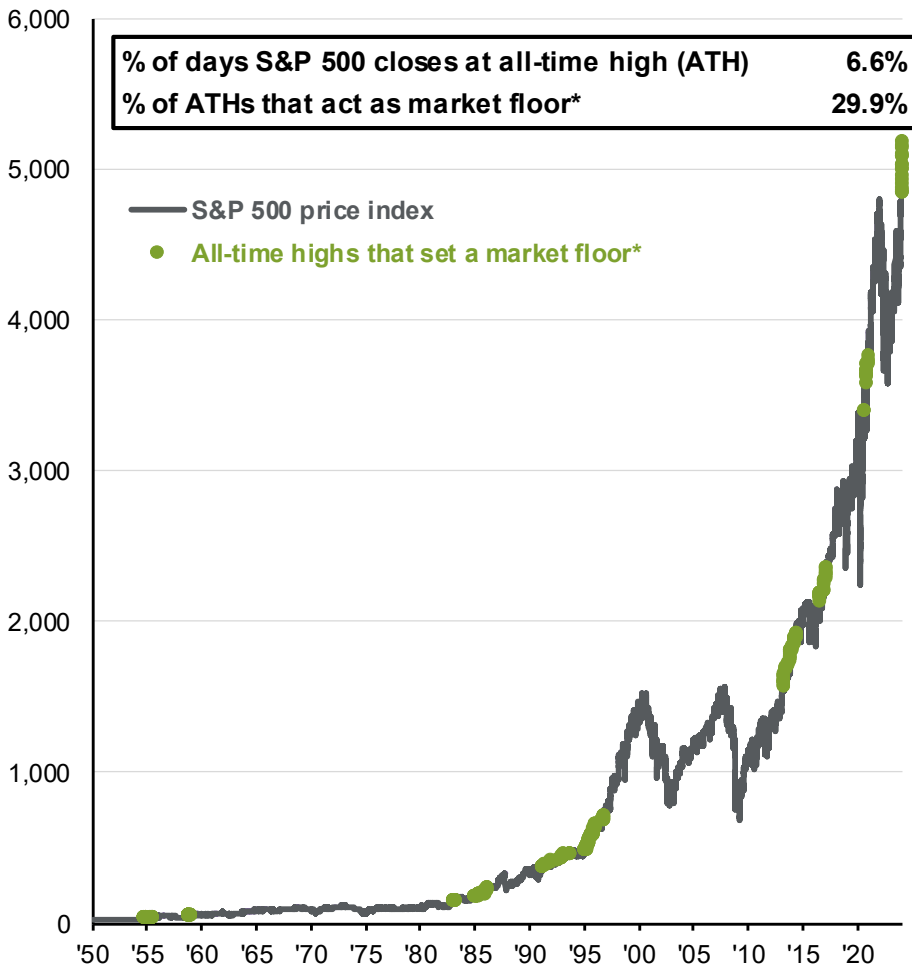777

Mar. 9, 2009
P/E (fwd.) = 10.4x
677

Source: Compustat, FactSet, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management.
Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price-to-earnings ratio is a bottom-up calculation based on IBES estimates and FactSet estimates since January 2022. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns.
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Equities

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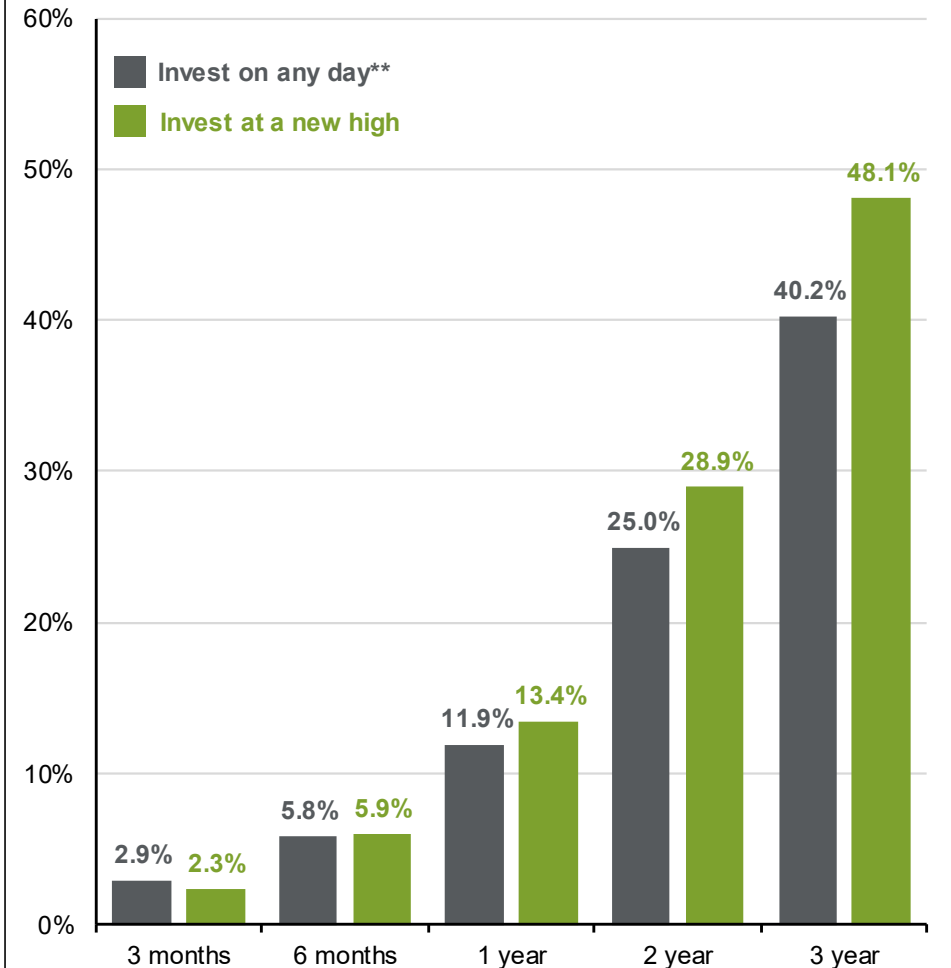ASSET MANAGEMENT

Investing at all-time highs

All-time highs and market floors
S&P 500 price index, daily, 1950 - today

% of days S&P 500 closes at all-time high (ATH)	6.6%
% of ATHs that act as market floor*	29.9%

—— S&P 500 price index

● **All-time highs that set a market floor***

Average cumulative S&P 500 total returns
Jan. 1, 1988 - Dec. 31, 2023

■ **Invest on any day****
■ **Invest at a new high**

	3 months	6 months	1 year	2 year	3 year
Invest on any day	2.9%	5.8%	11.9%	25.0%	40.2%
Invest at a new high	2.3%	5.9%	13.4%	28.9%	48.1%

Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
(Left) *Market floor is defined as an all-time high from which the market never fell more than 5%. (Right) **"Invest on any day" represents average of forward returns for the entire time period whereas "Invest at a new high" represents average of rolling forward returns calculated from each new S&P 500 high for the subsequent 3-months, 6-months, 1-year, 2-year and 3-year intervals, with data starting 1/1/1988 through 12/31/2023.
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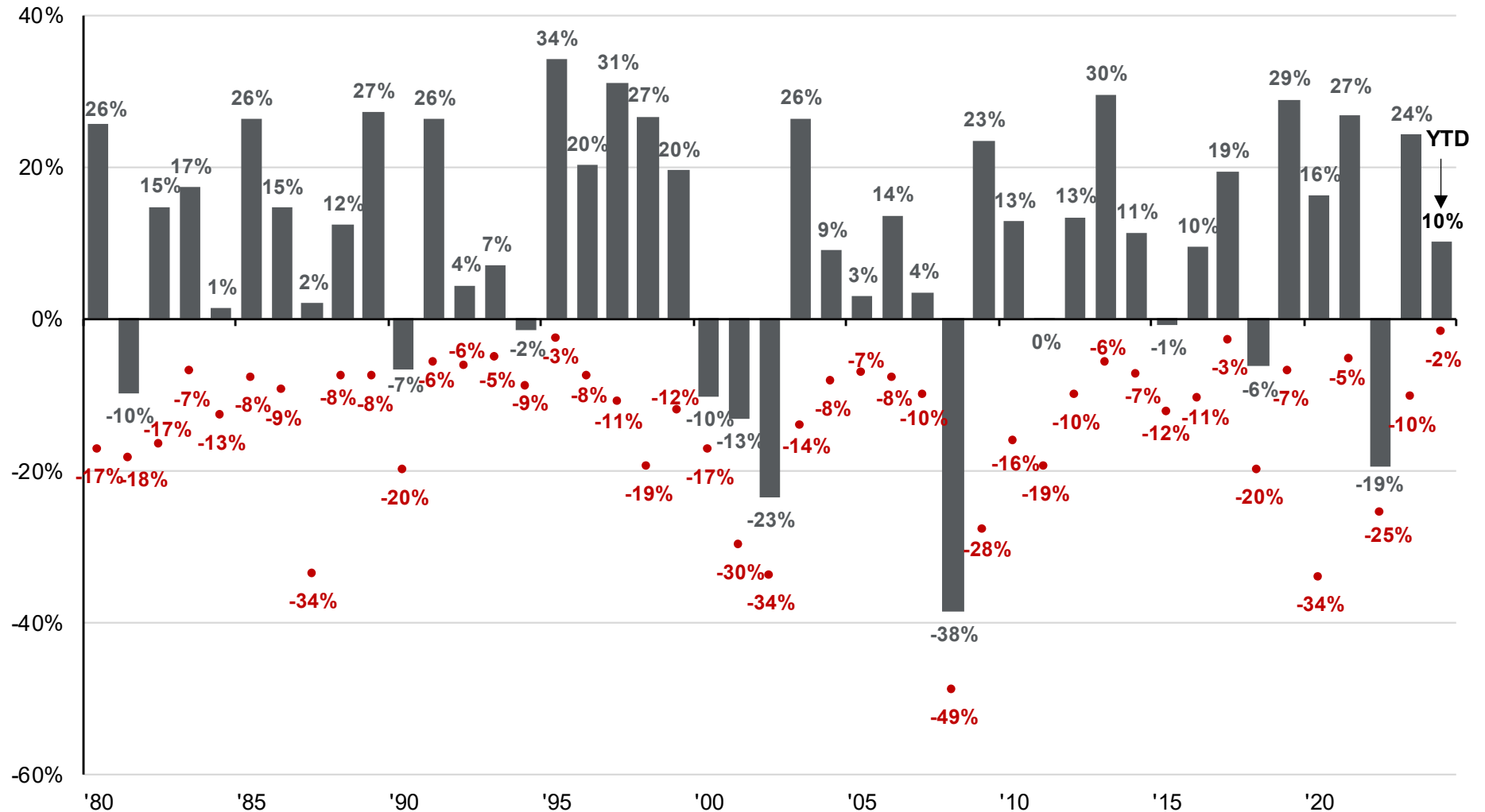
Investing Principles

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Equities

S&P intra-year declines vs. calendar year returns
Despite average intra-year drops of 14.2%, annual returns were positive in 33 of 44 years

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12

Value vs. Growth: Valuations and interest rates

Equities

Value vs. Growth relative valuations
Rel. fwd. P/E ratio of Value vs. Growth, 1997 - present

← Recession

Growth cheap/Value expensive ↑

Long-term avg.*: 0.71

Value cheap/Growth expensive ↓

Mar. 31, 2024: 0.58

	Forward P/E		Div. yield**	
Style	Current	Long-term avg.*	Current	Long-term avg.*
Value	16.1x	14.1x	2.2%	2.6%
Growth	27.8x	20.9x	0.7%	1.3%

Value vs. Growth in different interest rate environments
Annualized total return by 10-year Treasury rate ranges, 1979 - present

■ Growth
■ Value

U.S. 10-year Treasury rate ranges	0-2%	2-3%	3-4%	4-5%	>5%
Growth	15.4%	18.6%	6.3%	9.4%	15.0%
Value	11.2%	10.5%	5.7%	11.2%	16.2%

# of months	59	80	60	71	273

Source: FactSet, FTSE Russell, NBER, J.P. Morgan Asset Management.
Growth is represented by the Russell 1000 Growth Index and Value is represented by the Russell 1000 Value Index. (Left) *Long-term averages are calculated monthly since December 1997. **Dividend yield is calculated as the next 12-month consensus dividend divided by most recent price. (Right) Returns are calculated by annualizing the average monthly performance during each interest rate range.
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S&P 500: Index concentration, valuations and earnings

Equities

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	28.4x	20.3x	140%
Remaining stocks	18.3x	15.7x	117%
S&P 500	21.0x	16.5x	127%

Weight of the top 10 stocks in the S&P 500
% of market capitalization of the S&P 500

Mar. 31, 2024: 33.5%

Earnings contribution of the top 10 in the S&P 500
Based on last 12 months' earnings

Mar. 31, 2024: 25.5%

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 month. As of 3/31/2024, the top 10 companies in the index were MSFT (7.2%), AAPL (5.6%), NVDA (5.1%), AMZN (3.7%), META (2.4%), GOOGL (2.0%), BRK.B (1.7%), GOOG (1.7%), LLY (1.4%), AVGO (1.3%) and JPM (1.3%). The remaining stocks represent the rest of the 492 companies in the S&P 500.
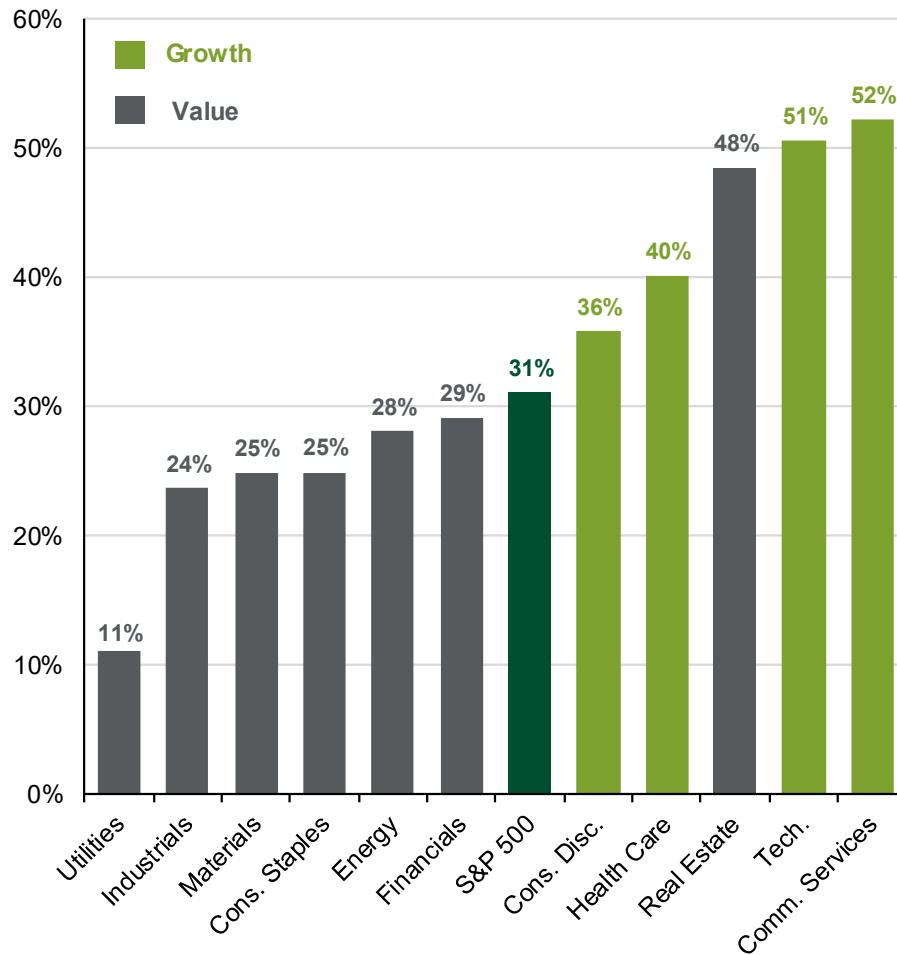*Guide to the Markets – U.S.* Data are as of March 31, 2024.

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Value vs. Growth: Cash, R&D and capex

Corporate cash as a % of current assets by sector
Quarterly

Legend:
- Growth (green)
- Value (gray)

Values by sector:
- Utilities: 11%
- Industrials: 24%
- Materials: 25%
- Cons. Staples: 25%
- Energy: 28%
- Financials: 29%
- S&P 500: 31%
- Cons. Disc.: 36%
- Health Care: 40%
- Real Estate: 48%
- Tech.: 51%
- Comm. Services: 52%

Research & development and capex by sector
Share of total S&P 500 R&D and capex by sector, current vs. average

Legend:
- Growth - Capex
- Growth - R&D
- Value - Capex
- Value - R&D
- Average (last 10 years)

Values by sector:
- Real Estate
- Materials: 2%
- Financials: 3%
- Cons. Staples: 4%
- Industrials: 5%, 2%
- Energy: 7%
- Utilities: 10%
- Health Care: 4%, 9%
- Cons. Disc.: 8%, 6%
- Tech.: 8%, 12%
- Comm. Services: 11%, 9%
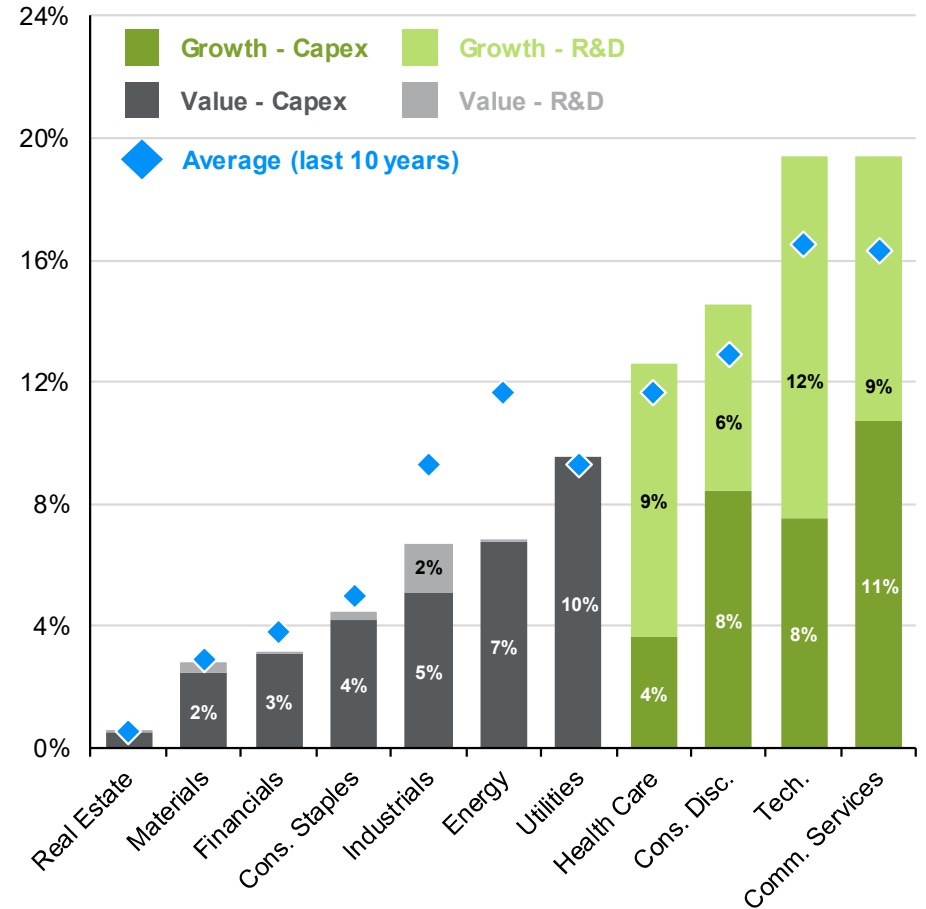
Source: Compustat, FactSet, J.P. Morgan Asset Management. (Left) Corporate cash and current assets data are based on the latest available quarterly data. Current assets are assets that can be converted into cash within a 12-month time frame. Current assets includes items such as cash and cash equivalents, marketable securities, accounts receivable, inventory and other short-term investments. (Right) Research and development (R&D) and capital expenditure (capex) data are year-to-date through 3Q23.
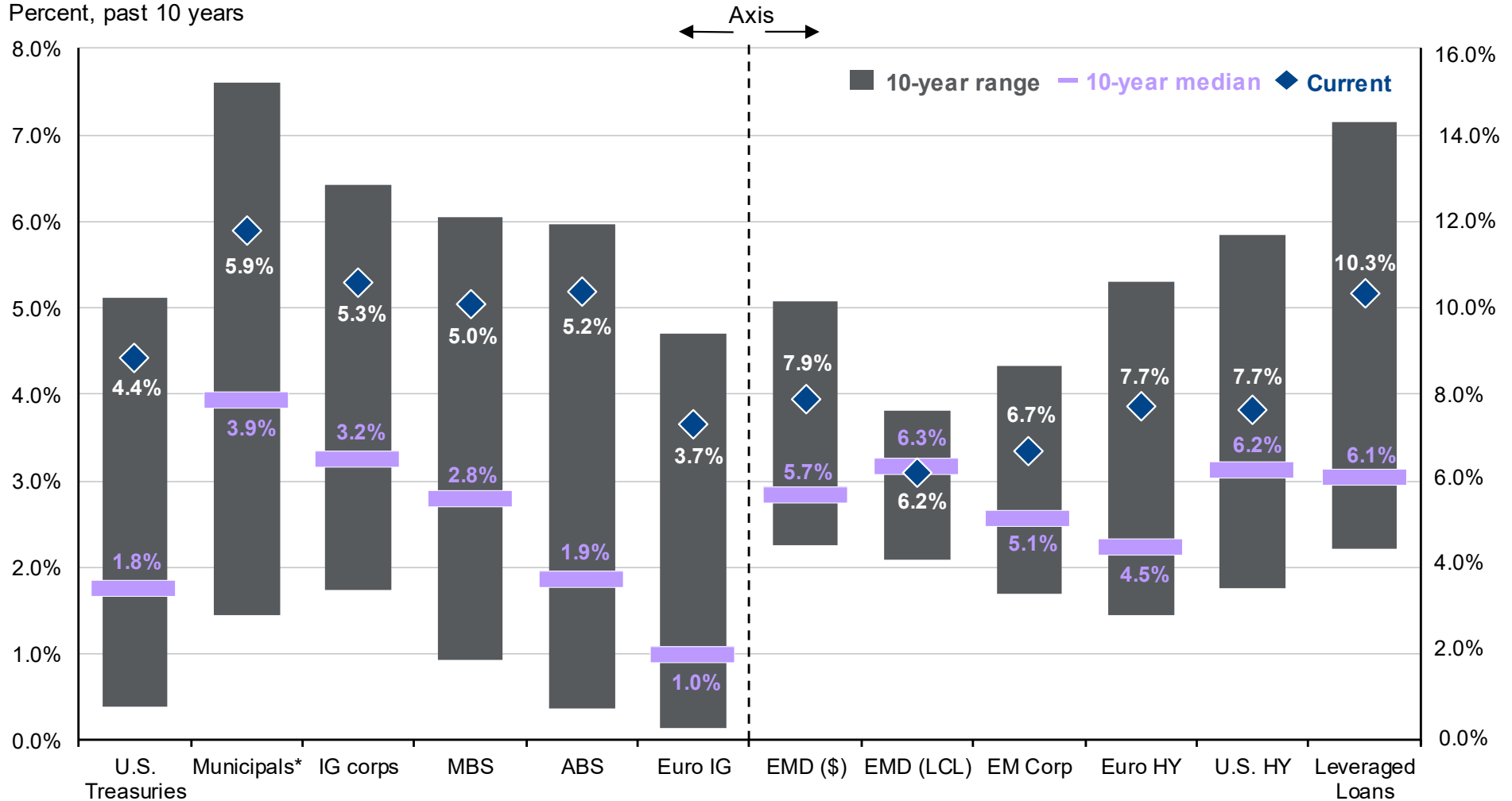*Guide to the Markets – U.S.* Data are as of March 31, 2024.

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Fixed income valuations

Fixed Income

Yield-to-worst across fixed income sectors
Percent, past 10 years

Axis

Legend: ■ 10-year range — 10-year median ◆ Current

Left axis (0.0% to 8.0%):
- U.S. Treasuries: Current 4.4%, median 1.8%
- Municipals*: Current 5.9%, median 3.9%
- IG corps: Current 5.3%, median 3.2%
- MBS: Current 5.0%, median 2.8%
- ABS: Current 5.2%, median 1.9%
- Euro IG: Current 3.7%, median 1.0%

Right axis (0.0% to 16.0%):
- EMD ($): Current 7.9%, median 5.7%
- EMD (LCL): Current 6.2%, median 6.3%
- EM Corp: Current 6.7%, median 5.1%
- Euro HY: Current 7.7%, median 4.5%
- U.S. HY: Current 7.7%, median 6.2%
- Leveraged Loans: Current 10.3%, median 6.1%

Source: Bloomberg, FactSet, J.P. Morgan Credit Research, J.P. Morgan Asset Management.
Indices used are Bloomberg except for emerging market debt and leveraged loans: 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%.
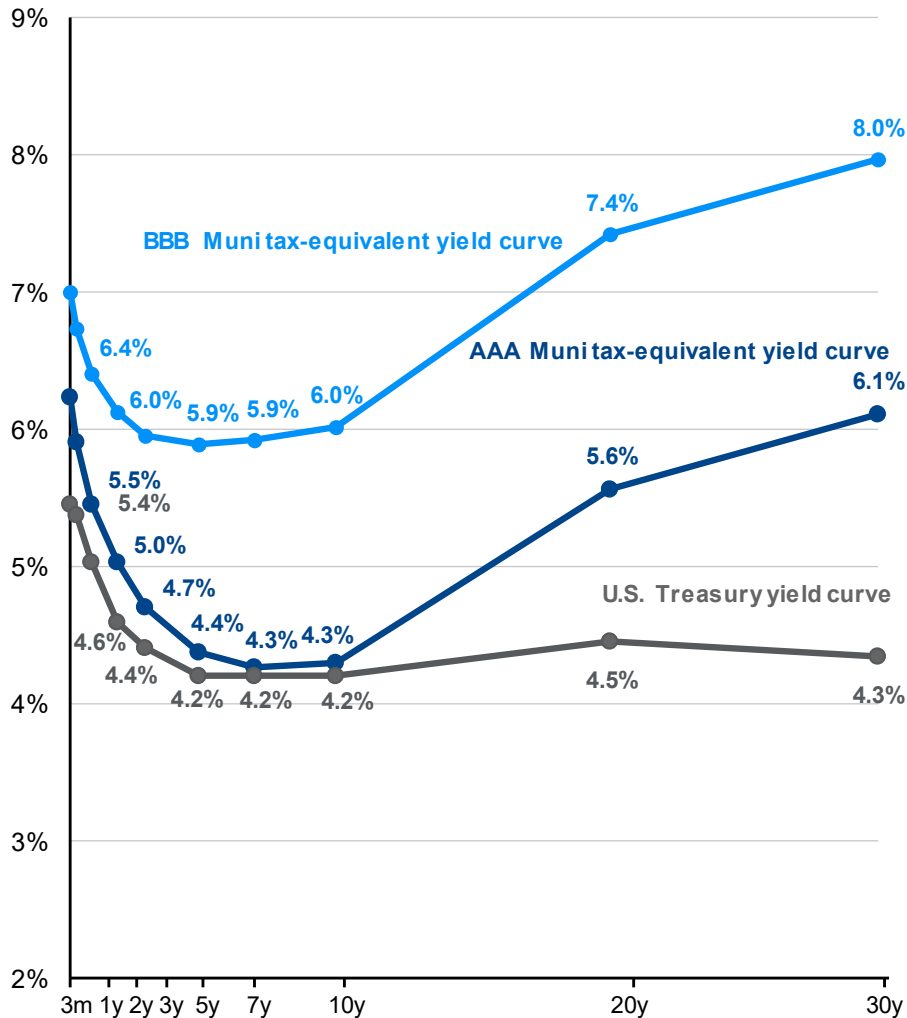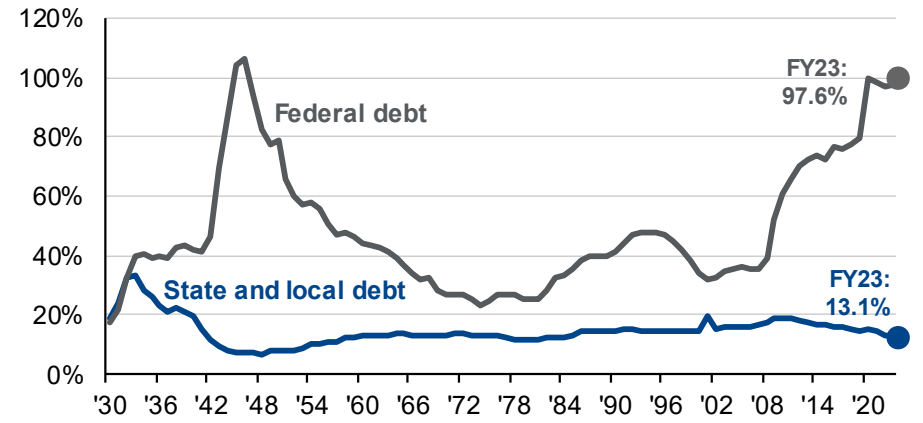*Guide to the Markets – U.S.* Data are as of March 31, 2024.

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Municipal finance

Fixed Income

Muni tax-equivalent and Treasury yield curves

BBB Muni tax-equivalent yield curve

- 6.4%
- 6.0%
- 5.9% 5.9%
- 6.0%
- 7.4%
- 8.0%

AAA Muni tax-equivalent yield curve

- 5.5%
- 5.4%
- 5.0%
- 4.7%
- 4.4%
- 4.3% 4.3%
- 5.6%
- 6.1%

U.S. Treasury yield curve

- 4.6%
- 4.4%
- 4.2% 4.2% 4.2%
- 4.5%
- 4.3%

Axis: 3m 1y 2y 3y 5y 7y 10y 20y 30y

State and local and federal net debt
% of GDP, 1930-2023, end of fiscal year

Federal debt — FY23: 97.6%

State and local debt — FY23: 13.1%

Axis: '30 '36 '42 '48 '54 '60 '66 '72 '78 '84 '90 '96 '02 '08 '14 '20

Muni and corporate default rates
% of issuers defaulting within 10 years, 1970-2022

- Municipals
- Corporates

	Aaa	Aa	A	Baa	Ba	B	Caa-C
Municipals	0.0%	0.0%	0.1%	1.0%	3.3%	16.6%	23.6%
Corporates	0.3%	0.7%	1.9%	3.6%	15.8%	34.7%	47.9%
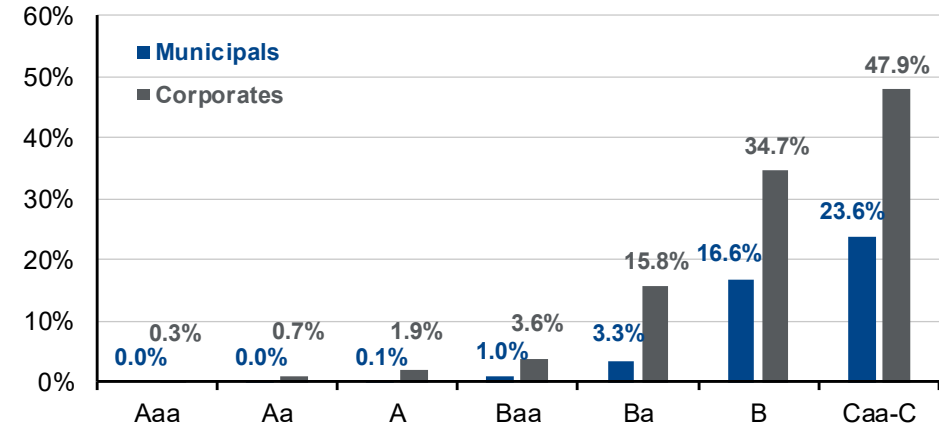
Source: J.P. Morgan Asset Management; (Left) Bloomberg, FactSet, Federal Reserve, S&P Global; (Top right) Census Bureau, Congressional Budget Office (CBO); (Bottom right) Moody's U.S. Public Finance: U.S. municipal bond defaults and recoveries, 1970 to 2022. Municipal tax-equivalent yields are calculated based on municipal bond curves for each credit rating according to S&P Global and assume a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8% for a total tax rate of 40.8%. State and local debt are based on the Census Bureau's Annual Survey of State and Local Government Finances. Municipal and corporate default rates are the average cumulative default rate over a 10-year horizon as calculated by Moody's using data from issuances through 2013.
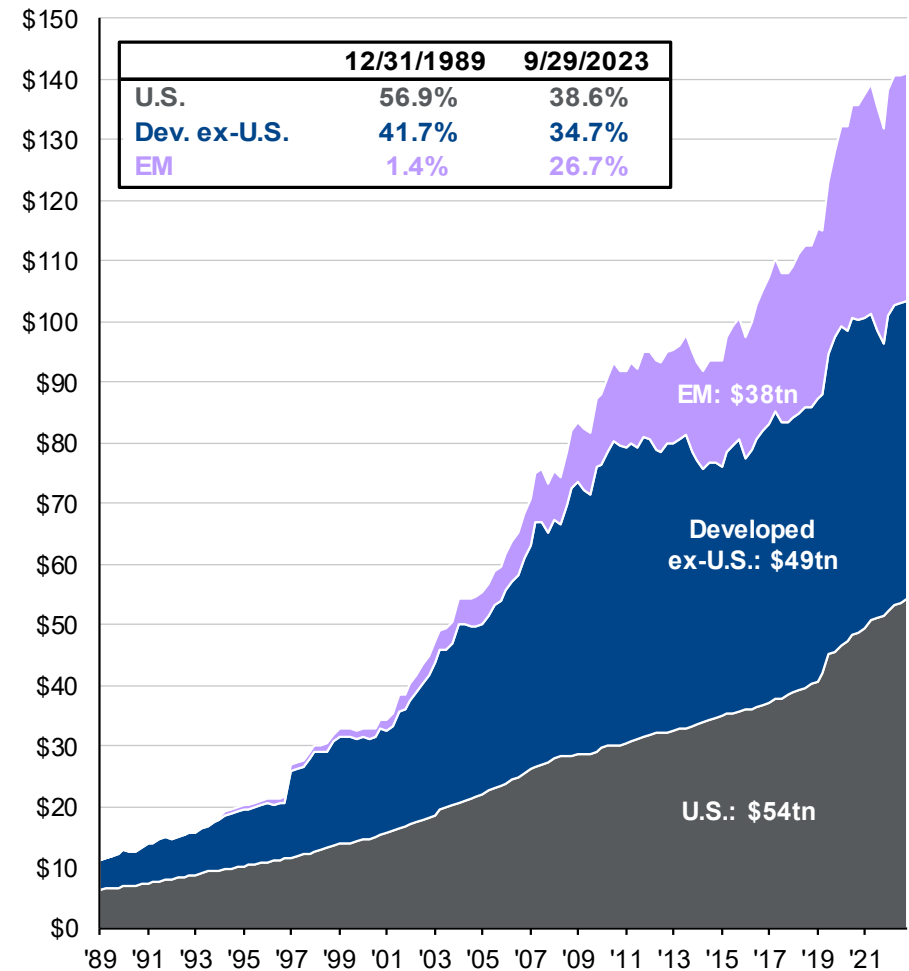*Guide to the Markets – U.S.* Data are as of March 31, 2024.

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Global fixed income

Fixed Income

Aggregates	Yield		2024 Return		Duration	Correlation to U.S. 10yr
	3/31/2024	12/31/2023	Local	USD		
U.S.	4.85%	4.53%	-0.78%	-0.78%	6.2 years	0.92
Gbl. ex-U.S.	3.03%	2.87%	-	-2.88%	7.0	0.63
Japan	0.87%	0.76%	-0.06%	-6.90%	9.2	0.64
Germany	3.01%	2.73%	-0.54%	-2.76%	6.3	0.56
UK	4.39%	4.10%	-1.10%	-2.00%	8.1	0.55
Italy	3.52%	3.40%	0.88%	-1.38%	6.2	0.43
China	2.40%	2.62%	2.03%	0.12%	6.0	0.56
Sector						
Euro Corp.	3.66%	3.56%	0.47%	-1.78%	4.4 years	0.45
Euro HY	7.72%	7.35%	1.81%	-0.46%	3.0	0.05
EMD (USD)	7.88%	7.84%	-	1.11%	6.0	0.01
EMD (LCL)	6.21%	6.19%	0.85%	-0.93%	5.0	-0.06
EM Corp.	6.70%	6.81%	-	1.89%	4.9	-0.02

Global bond market
USD trillions

	12/31/1989	9/29/2023
U.S.	56.9%	38.6%
Dev. ex-U.S.	41.7%	34.7%
EM	1.4%	26.7%

EM: $38tn

Developed ex-U.S.: $49tn

U.S.: $54tn

Source: J.P. Morgan Asset Management; (Left) Bloomberg, FactSet; (Right) BIS.
Fixed income sectors shown above are provided by Bloomberg and are represented by the global aggregate for each country except where noted. EMD sectors are represented by the J.P. Morgan EMBIG Diversified Index (USD), the J.P. Morgan GBI EM Global Diversified Index (LCL) and the J.P. Morgan CEMBI Broad Diversified Index (Corp). European Corporates are represented by the Bloomberg Euro Aggregate Corporate Index and the Bloomberg Pan-European High Yield Index. Sector yields reflect yield-to-worst. Correlations are based on 10-years of monthly returns for all sectors. Past performance is not indicative of future results. Countries included in the emerging market debt calculation are those represented in the J.P. Morgan EMB Index suite for which the BIS has data. Global bond market regional breakdown may not sum to 100% due to rounding.
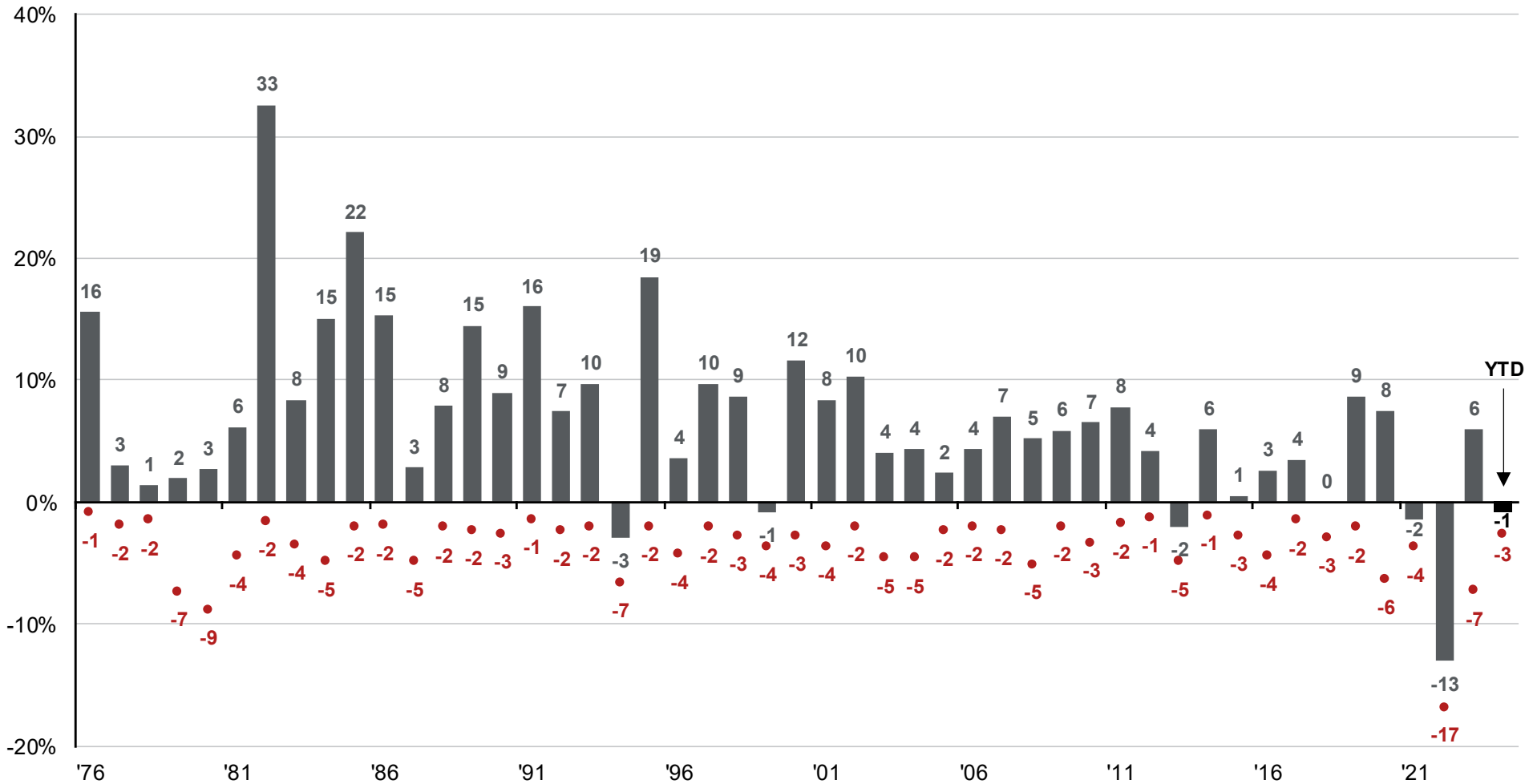*Guide to the Markets – U.S.* Data are as of March 31, 2024.

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Bloomberg U.S. Agg. annual returns and intra-year declines

Fixed Income

Bloomberg U.S. Aggregate intra-year declines vs. calendar year returns

Despite average intra-year drops of 3.5%, annual returns were positive in 43 of 48 years

Source: Bloomberg, FactSet, J.P. Morgan Asset Management.
Returns are based on total return. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1976 to 2023, over which time period the average annual return was 6.6%. Returns from 1976 to 1989 are calculated on a monthly basis; daily data are used afterward.
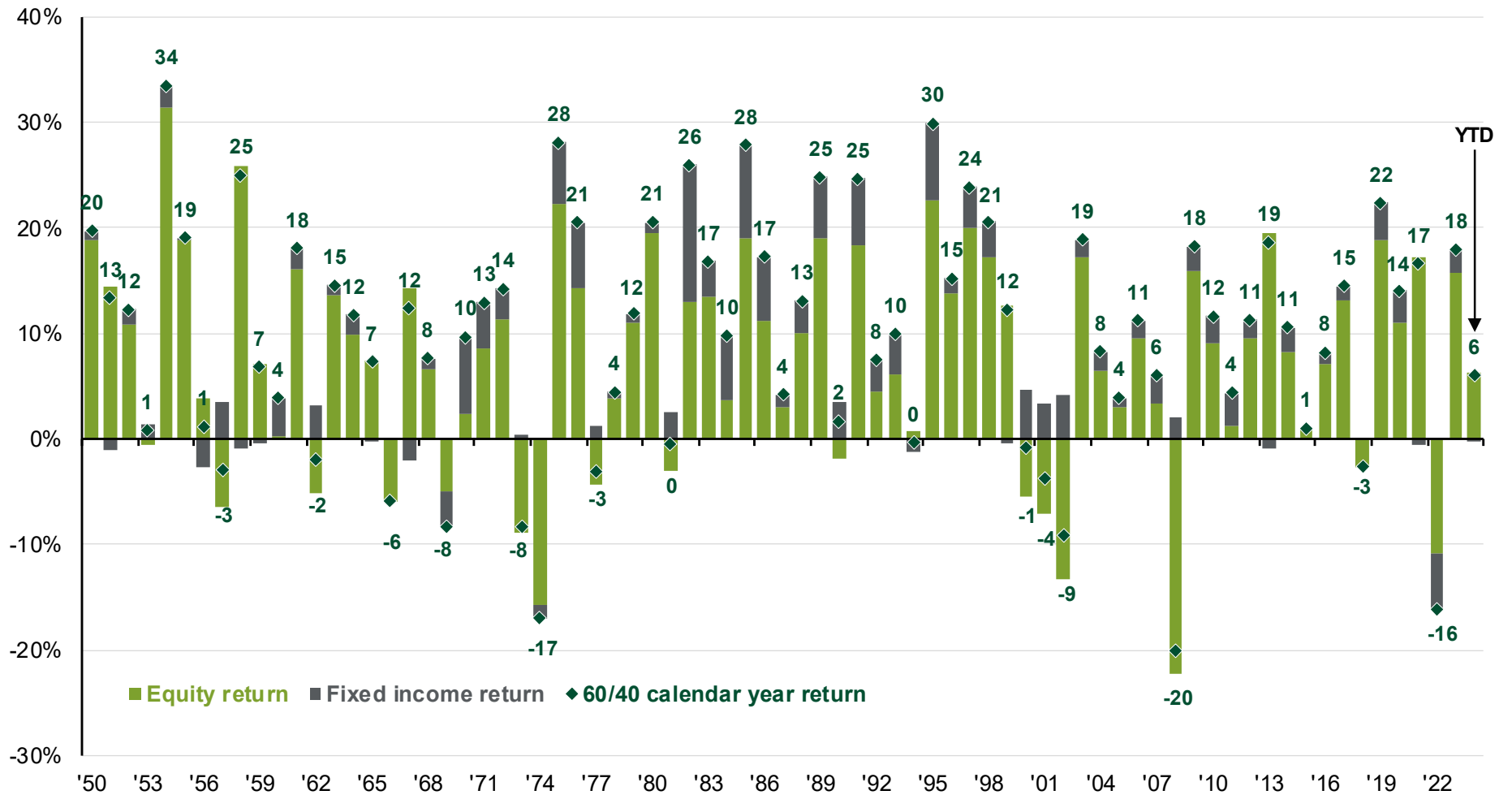*Guide to the Markets – U.S.* Data are as of March 31, 2024.

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60/40 annual returns

60/40 annual return decomposition
Total returns in percent, 1950-present

Equity return ■ Fixed income return ◆ 60/40 calendar year return

Source: Bloomberg, FactSet, Ibbotson/Strategas, Standard & Poor's, J.P. Morgan Asset Management.
The 60/40 portfolio is 60% invested in the S&P 500 Total Return Index and 40% invested in the Bloomberg U.S. Aggregate Total Return Index. U.S. fixed income total returns from 1950 to 1975 are estimated using data from Strategas/Ibbotson. The portfolio is rebalanced annually.
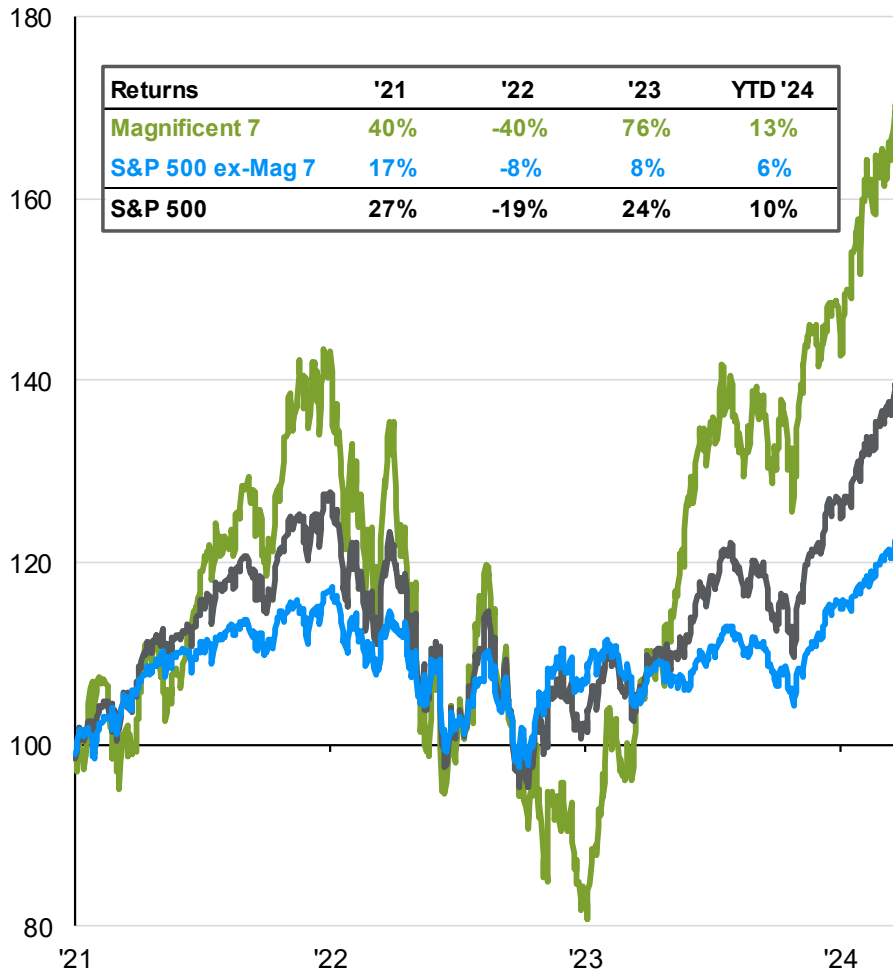*Guide to the Markets – U.S.* Data are as of March 31, 2024.

Investing Principles

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Magnificent 7 performance and earnings dynamics

Performance of "Magnificent 7" stocks in S&P 500*
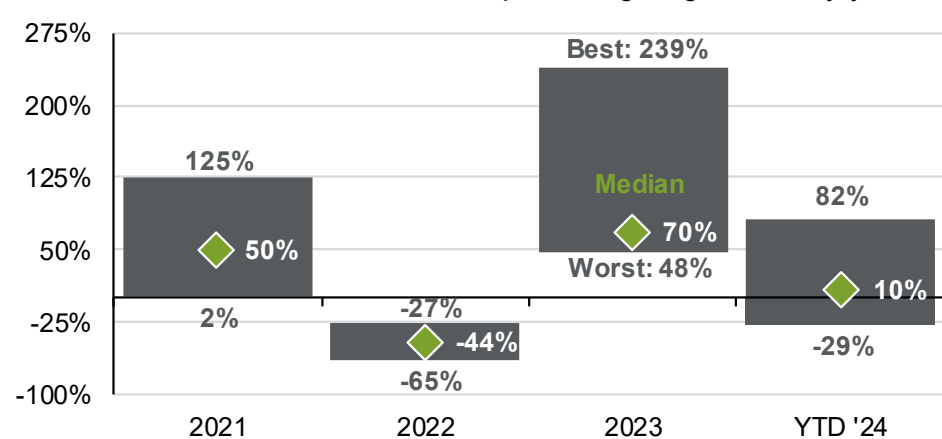Indexed to 100 on 1/1/2021, price return

Returns	'21	'22	'23	YTD '24
Magnificent 7	40%	-40%	76%	13%
S&P 500 ex-Mag 7	17%	-8%	8%	6%
S&P 500	27%	-19%	24%	10%

Earnings growth
Pro-forma EPS, y/y

Legend: Mag 7 / S&P 500 ex-Mag 7

- 2022: -14% / 9%
- 2023: 31% / -4%
- 2024F: 25% / 8%
- 1Q24F: 37% / -3%
- 2Q24F: 24% / 6%
- 3Q24F: 14% / 6%
- 4Q24F: 15% / 18%
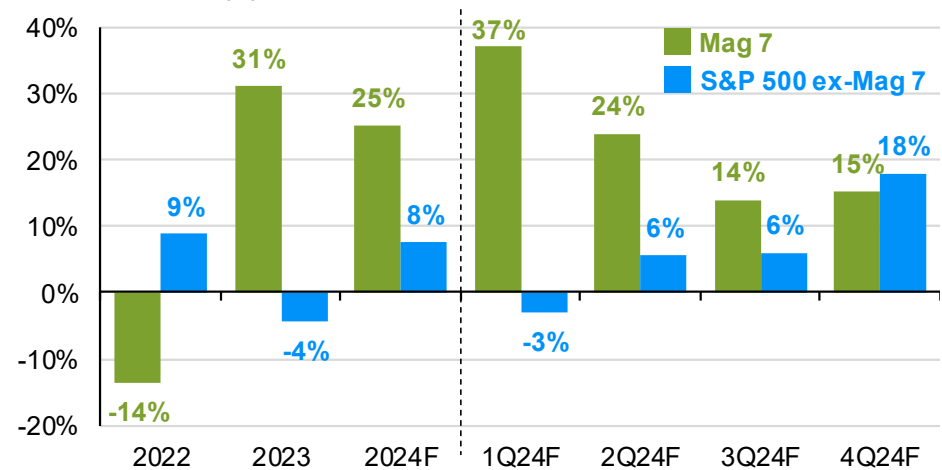
Magnificent 7 performance dispersion
Price returns, best, median and worst performing Mag 7 stock by year

- 2021: Best 125%, Median 50%, Worst 2%
- 2022: Best -27%, Median -44%, Worst -65%
- 2023: Best 239%, Median 70%, Worst 48%
- YTD '24: Best 82%, Median 10%, Worst -29%

Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
*Magnificent 7 includes AAPL, AMZN, GOOG, GOOGL, META, MSFT, NVDA and TSLA. Earnings estimates for 2024 are forecasts based on consensus analyst expectations.
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YTD

NVDA : 85%

META: 43%

TESLA: -31%

AMZN: 17%

GOOGL: 6%

MSFT: 14%

AAPL: -3%

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Strategies For AI – ETF's

YTD

BOTZ: 12%

VPN: 6%

IGPT: 17%

CHAT: 15%

https://www.kiplinger.com/investing/etf s/601112/top-artificial-intelligence-ai- etfs

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CRM: Salesforce: cloud based services gives detailed view of customer base, forecasts sales growth, sales data, etc.

NOW: Service Now: automation for service businesses, improved productivity.

AMD: Advanced Micro Devices: semiconductors, and processors manufacturer

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