

Q1'2026 Quarter Client Presentation

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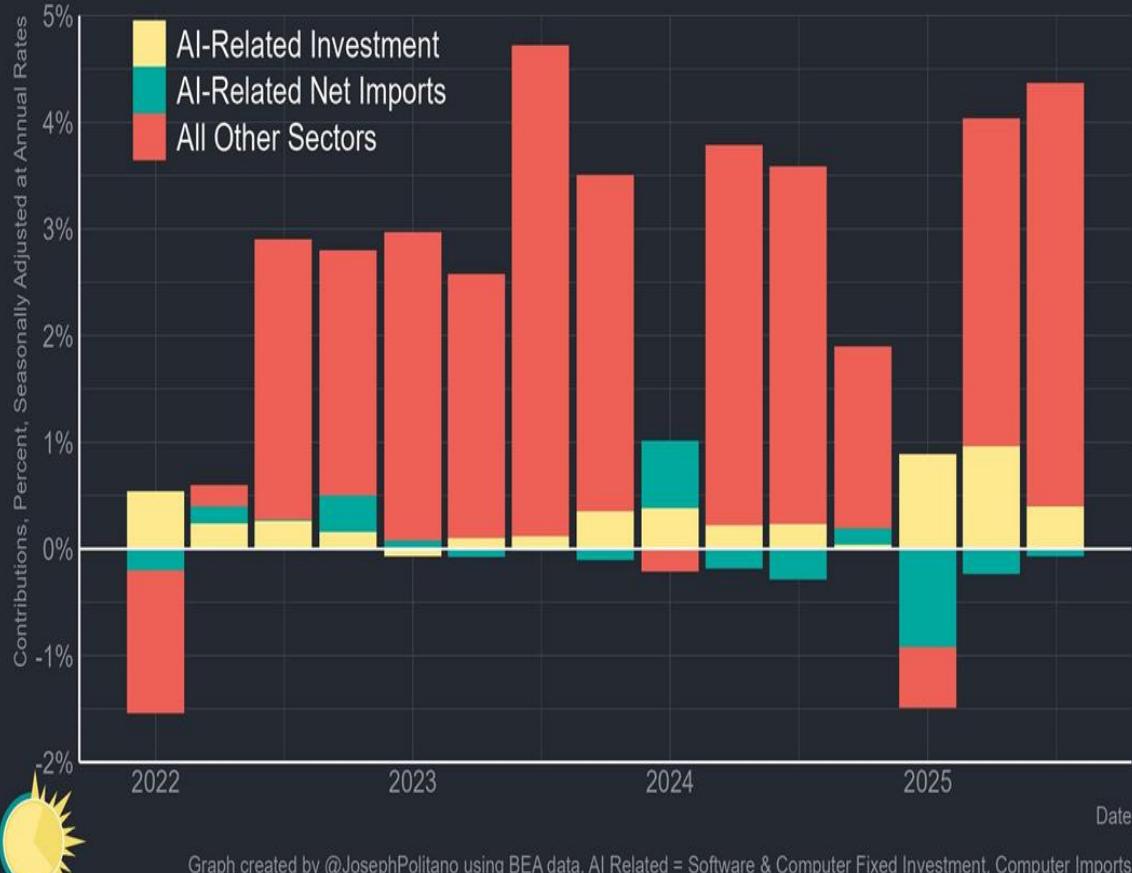


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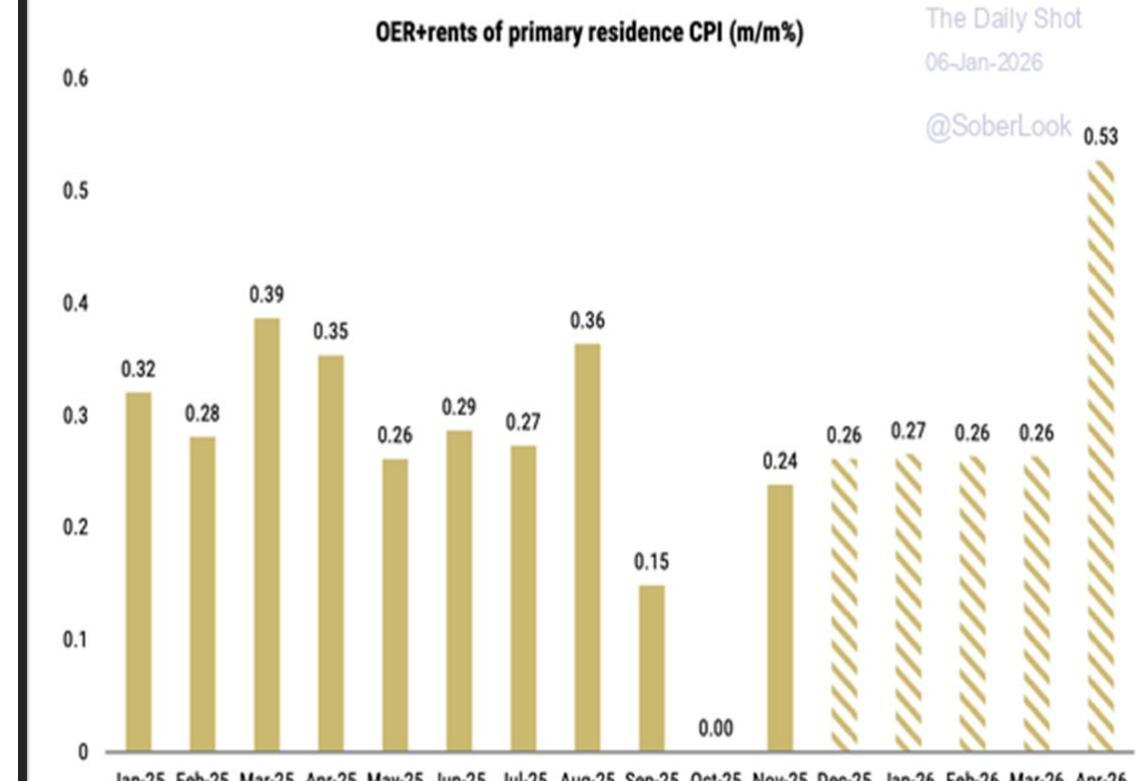
Economic Growth Solid But “Messy”

Contributions to US Real GDP Growth



4. BLS clarified that the missed October data will cause a shelter CPI spike in April 2026. The chart below shows Morgan Stanley's shelter inflation forecasts.

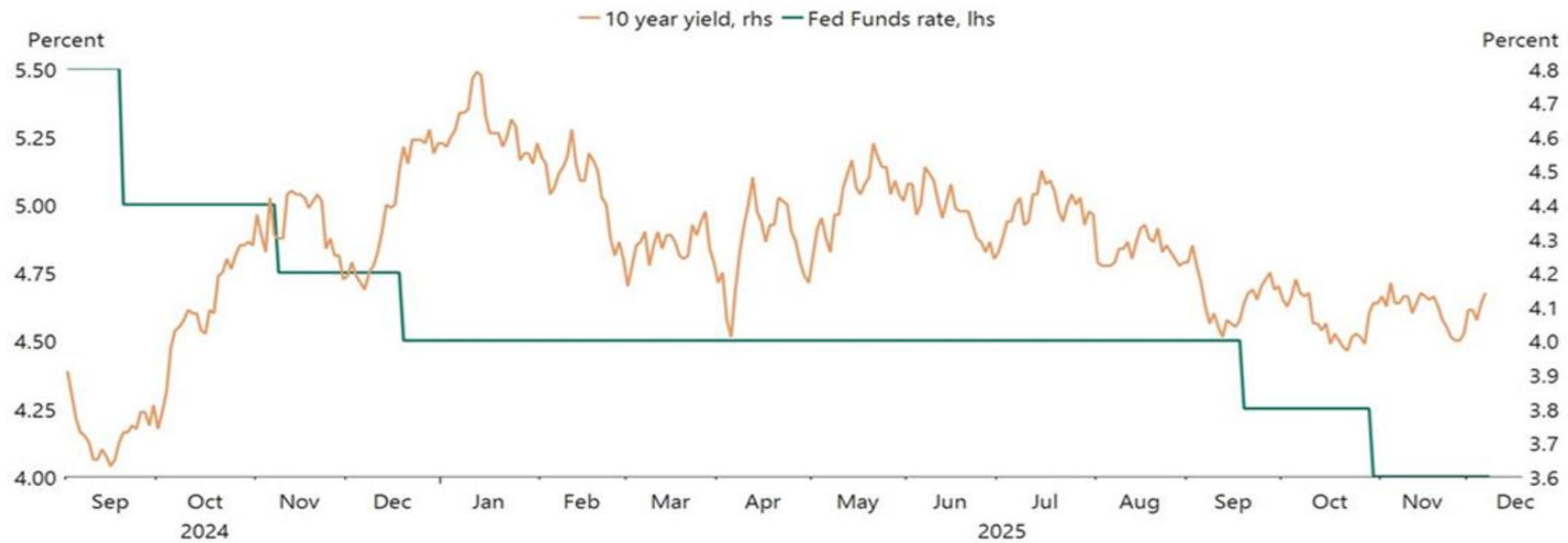
Exhibit 1: A rebound in April shelter CPI



Central Banks Do Not Control Longer-Term Interest Rates Still Need To Be Vigilant Regarding Inflation

APOLLO

Long-term interest rates are higher today than when the Fed began to cut interest rates in September 2024

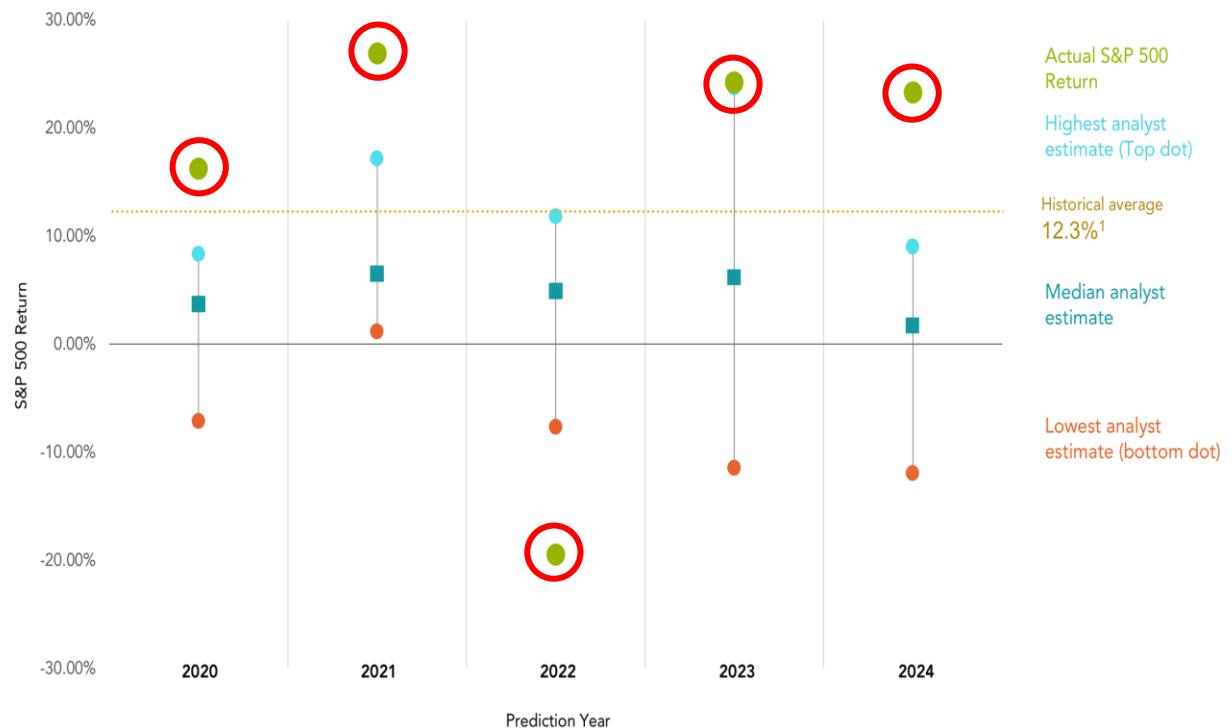


Strategists Continue To Expect Positive Market Returns for 2026 But Such Projections Often Provide Little Value



Forecasts vs. Reality in Recent Years

Equity analyst predictions vs. actual for S&P 500 Index calendar year price returns



1. Based on S&P 500 Index average annual total return from 1927-2024.

Past performance is not a guarantee of future results. In USD. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Source: Bloomberg, using the "Strategists S&P 500 Index Estimates for Year-End...". Analyst predictions for each year are as of December in the year prior. Analyst forecasts and returns are price returns. There were 21 predictions for 2020, 17 for 2021, 19 for 2022, 22 for 2023, and 19 for 2024. Price return represents the change in price of an investment and does not include dividends and other earnings. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.



Why do we hold investment assets?

- Most fundamentally, the purpose of investment assets is to maintain a store of wealth by growing in value at a rate equal to or greater than the “risk-free” rate (i.e. cash).

The “risk-free” rate is the rate of inflation plus a small premium for not enjoying your money today.

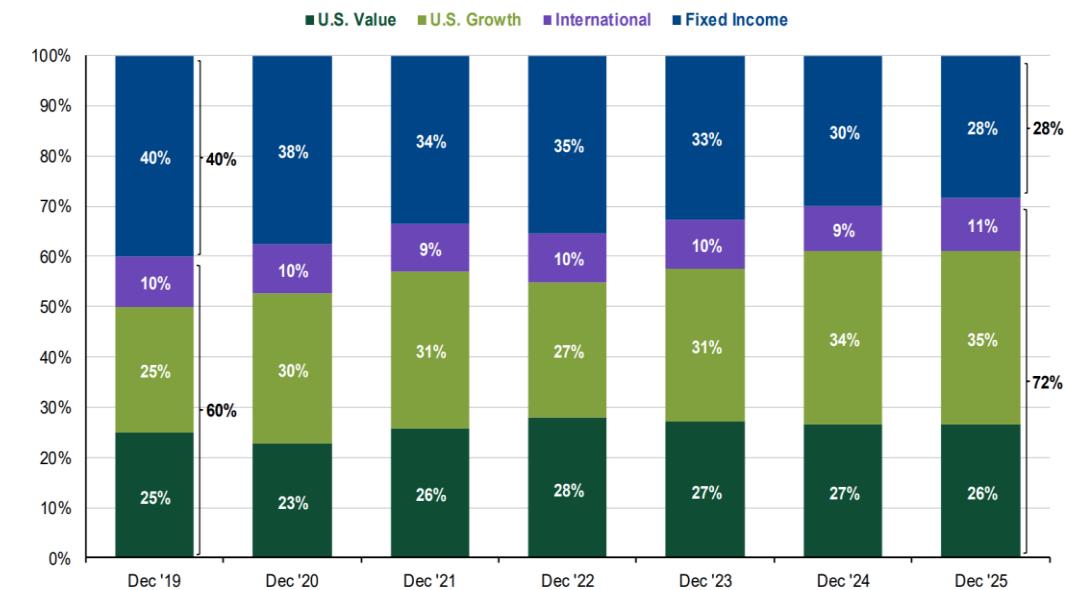
- The only consistent way a *portfolio* can grow more than the risk-free rate is by providing efficient exposure to judiciously chosen *risks*.
- Consolidating investment assets into a unified portfolio gives us the organization to choose and balance these risks properly.

Historical returns for stock/bond portfolios - minimum/maximum



60/40 portfolio composition by asset class

December 31, 2019 - present, no rebalancing



Source: Bloomberg, FactSet, MSCI, Russell, Standard & Poor's, J.P. Morgan Asset Management. Standard asset allocation at the end of 2019 assumes 60% weight to global equities and 40% to U.S. fixed Income. U.S. Value: Equal-weighted Russell 1000 Value and Russell 2000 Value, U.S. Growth: Equal-weighted Russell 1000 Growth and Russell 2000 Growth, International: MSCI ACWI ex-US, Fixed Income: 10% Bloomberg Global HY Index and 30% Bloomberg U.S. Aggregate. Past performance is no guarantee of future results. Guide to the Markets - U.S. Data are as of December 31, 2025.

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ASSET MANAGEMENT

Valuations of AI-Related Stocks Appear Elevated

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

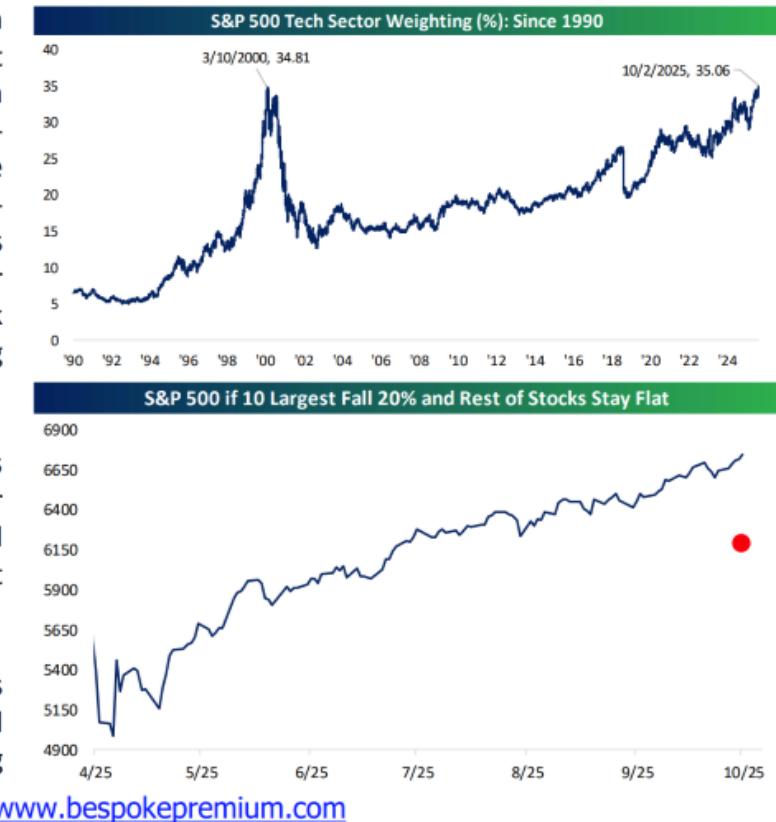
% of market capitalization, % of last 12 months' earnings



There are now nine US companies with market caps above \$1 trillion, and eight of them (except for Berkshire) are Tech or Tech-adjacent names. These “mega-caps” basically drive all of the performance of the cap-weighted large-cap indices that most passive investors plug retirement funds into month after month. Needless to say, a big pullback in the mega-caps would mean a big pullback for “the market.”

Hypothetically, if the ten largest stocks in the S&P all fell 20% while the other 490 stocks stayed flat, the index would fall to where the red dot is on the chart at right (-9%).

As shown above right, the Tech sector’s weight in the S&P 500 has now eclipsed its high from March 2000; just crossing 35%!

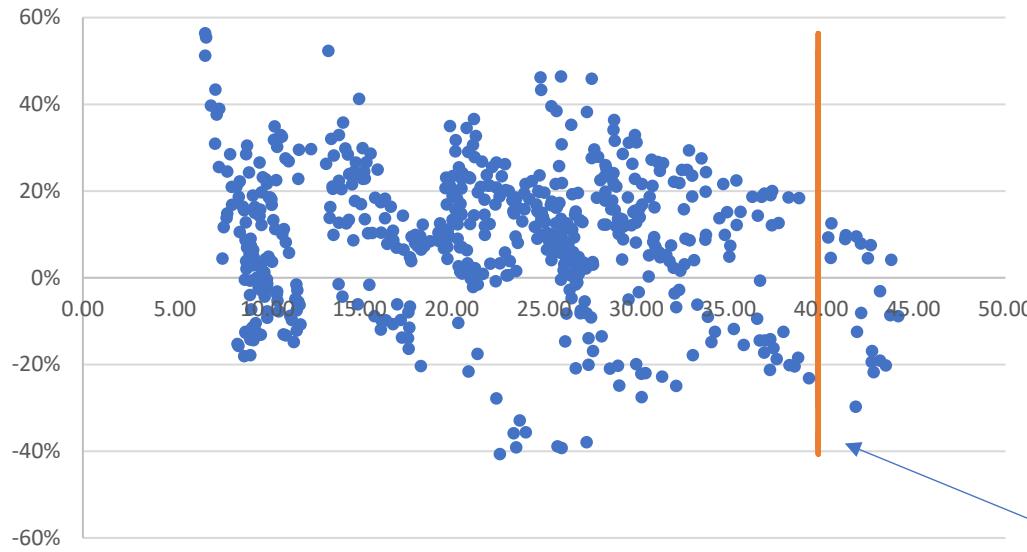


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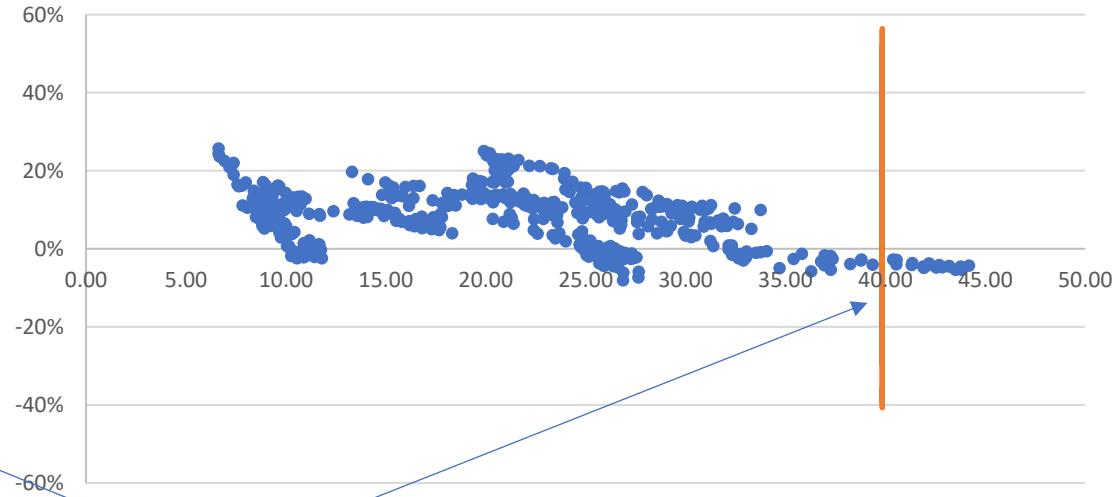
Source: Bespoke

AI-Related Stocks Have Elevated Market Valuation

CAPE vs 1-yr Forward Returns



CAPE vs 5-yr Forward Returns
(Annualized)

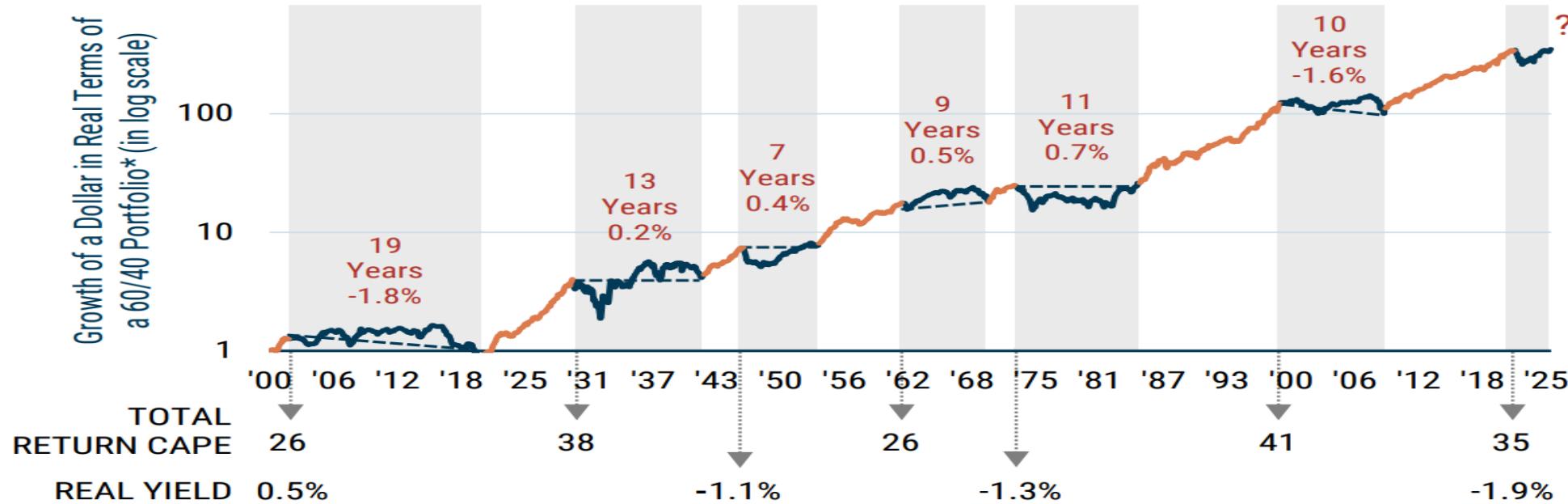


Current CAPE = 39.85

Don't Forget About The Damage From The Loss Of Purchasing Power

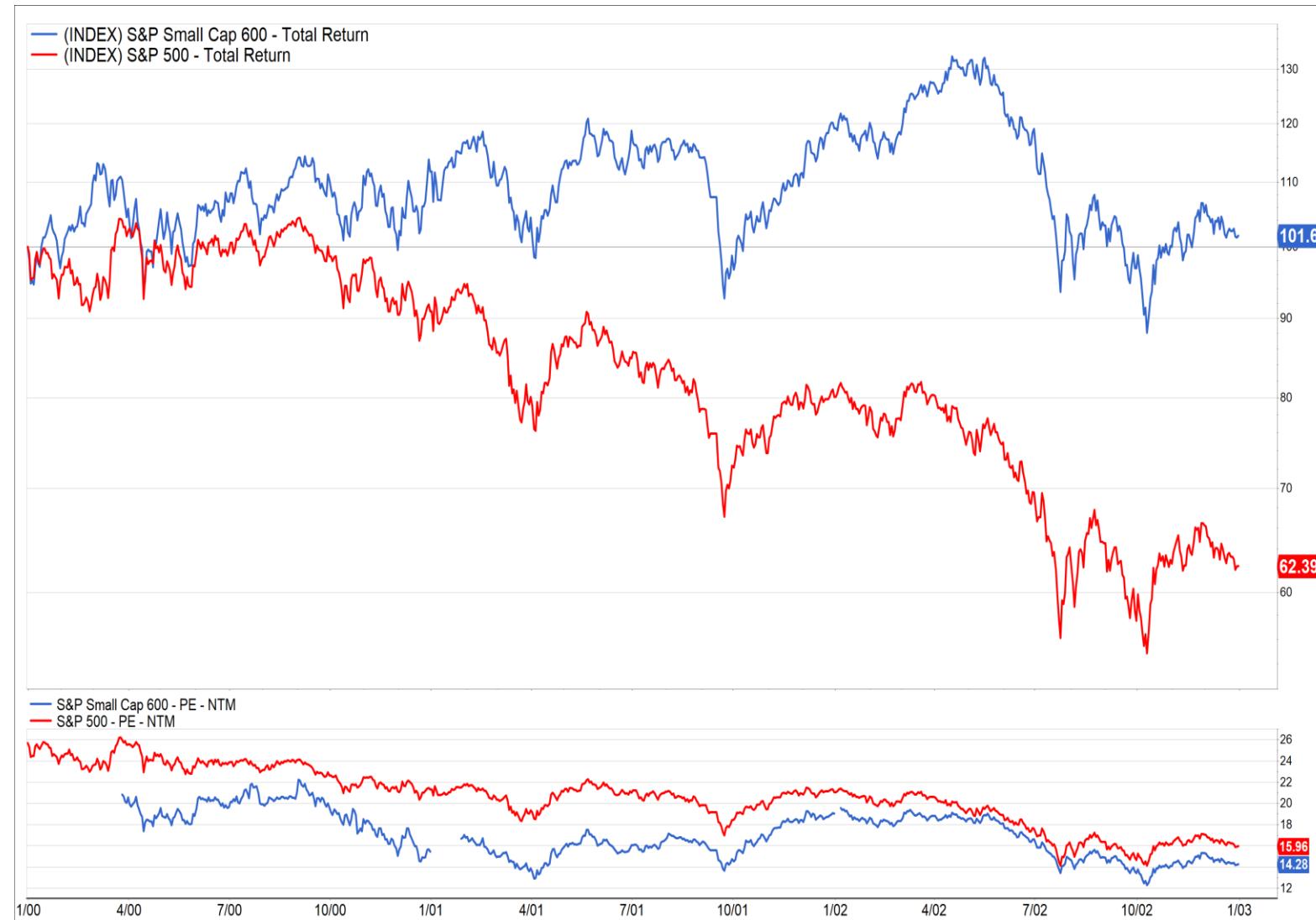
EXHIBIT 1: 60/40 – “LOST DECADES” ARE MORE COMMON THAN YOU THINK

Most started with high valuations on stocks or bonds



As of 6/30/2025 | Sources: Bloomberg, Global Financial Data (early history), Factset (S&P500 returns and CPI), J.P. Morgan (J.P. Morgan GBI United States Traded), Shiller data, Federal Reserve Bank of Philadelphia (U.S. Treasury Yields and Long-term Inflation Expectations). Real yield is the yield on the 10-Year U.S. Treasury minus Philly Fed Long-Term Inflation Expectations (1992-present) or the 12-month trailing CPI (early history). Current CAPE = 40 and Real Yield = 1.0%. 60% U.S. Equities (S&P 500), 40% U.S. Bonds (U.S. Treasuries) rebalanced monthly.

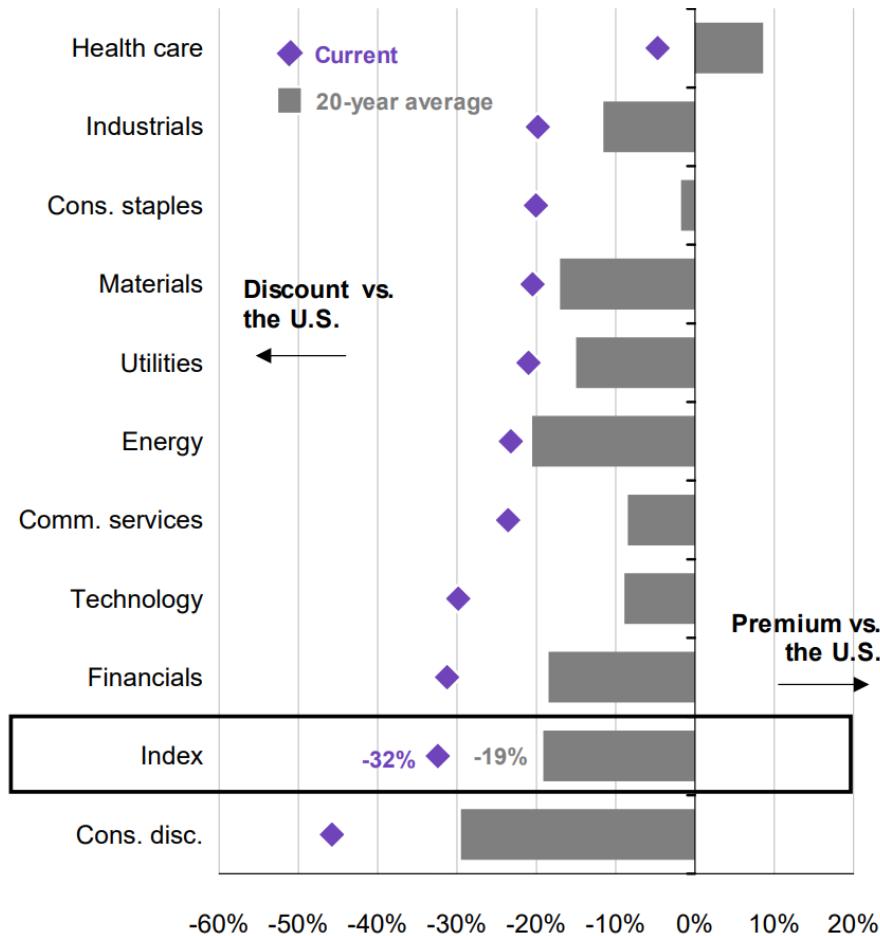
Investment Opportunities Even If Tech Stocks Stumble



We Continue To Recommend Holding International Stocks

Relative valuations by sector

Forward P/E ratio, MSCI ACWI ex-U.S. divided by S&P 500



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.

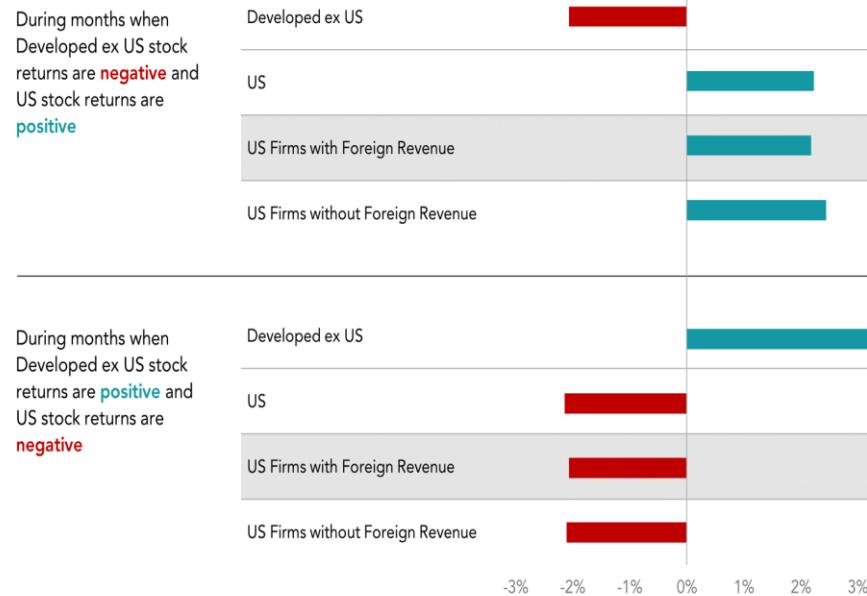
Countries are represented by their respective MSCI country index except for the U.S., which is represented by the S&P 500.
Guide to the Markets – U.S. Data are as of December 31, 2025.



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Global Diversification Should Include International Securities

Average monthly returns when US and developed ex US stock returns have opposite signs
January 1979–December 2022



A globally diversified portfolio should include international securities, not just US firms generating foreign revenue.

Academic research suggests stock prices tend to move based on where they trade more than where the business resides.

Past performance is not a guarantee of future results, including hypothetical performance. Actual returns may be lower.

Source: Dimensional, using CRSP and Compustat data. The eligible universe includes ordinary common US stocks of all capitalizations traded on NYSE, NASDAQ, and NYSE MKT. We identify a company with and without foreign sales exposure using Compustat's annual geographic segment data. Market value-weighted portfolios are formed on eligible stocks with and without foreign sales. Portfolios are rebalanced annually in January based on the annual geographic distribution (negative) and the MSCI World ex USA was negative (positive). S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. A profit nor guarantees against loss in a declining market.

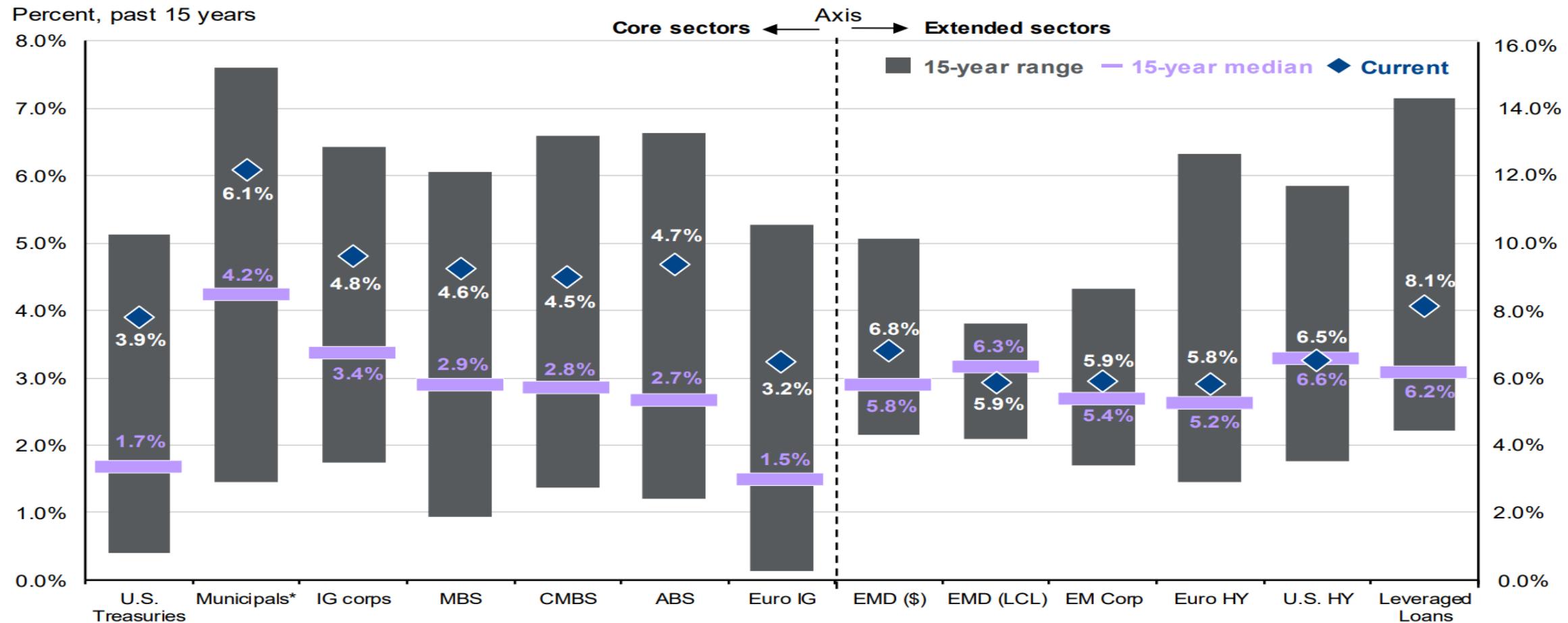
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Dimensional

Bonds Are Attractive For Purpose

Yield to worst across fixed income sectors

Percent, past 15 years



Source: Bloomberg, FactSet, J.P. Morgan Credit Research, J.P. Morgan Asset Management.

Indices used are Bloomberg except for ABS, emerging market debt and leveraged loans: ABS: J.P. Morgan ABS Index; CMBS: Bloomberg Investment Grade CMBS Index; 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. ABS data begins in 2012. *All sectors shown are yield to worst except for Municipal, which is based on the tax-equivalently 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 December 31, 2025.



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DISCLOSURE

Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations. Stock dividends are not guaranteed. Investments primarily concentrated in one sector may be more volatile than those that diversify across many industry sectors and companies. The technology industry can be significantly affected by obsolescence, short product cycles, falling prices and profits, and competition from new market participants. Global/International investing involves risks not typically associated with US investing, including currency fluctuations, political instability, uncertain economic conditions, different accounting standards, and other risks not associated with domestic investments. Investments in emerging markets may be subject to additional volatility. Stocks of small and mid-cap companies may also be subject to greater risk than that of larger companies because they may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions.

The value of fixed income securities will fluctuate with changes in interest rates, prepayment payment rates, exercise of call provisions, changes in the issuer's credit ratings, market conditions, and other variables such that they may be worth more or less than original cost if sold prior to maturity. There is also a risk that the issuer will be unable to make principal and/or interest payments. Although treasuries are considered free from credit risk they are subject to other types of risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate, and deflation risk, which may cause the principal to decline and treasury securities to underperform traditional securities.

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