

# Q2' 2024 Quarter Client Presentation

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April 12<sup>th</sup>, 2024



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# A Lookback on 1Q24

Benchmark	Inception Date	Quarter To Date	Month To Date
S&P 500 Total Return Index	01/30/1970	10.6%	3.2%
S&P 500 Growth Index Total Return	01/13/2006	12.8%	2.1%
S&P 500 Value Index Total Return	01/05/2004	8.1%	4.5%
S&P 400 TR	03/18/2010	10.0%	5.6%
S&P 600 TOTAL RETURN INDEX	12/29/1995	→ 2.5%	3.2%
MSCI EAFE INDEX	03/30/2001	5.8%	3.3%
Bloomberg Barclays Aggregate Bond Index	04/30/1976	-0.8%	0.9%
Bloomberg Commodity TR Index	01/03/2000	→ 2.2%	3.3%
RUSSELL 2000	12/29/1978	5.2%	3.6%
65% S&P 500/35% BC AGG BOND	03/31/1976	6.5%	2.4%
70% S&P 500 / 30% BC AGG	03/31/1976	7.1%	2.5%
60% S&P 500 TR / 40% BC AGG BOND COMPOSITE INDEX	03/31/1976	5.9%	2.3%
RUSSELL 1000 TOTAL RETURN IDX TOTAL RETURN	07/31/1995	10.3%	3.2%
RUSSELL 1000 VALUE INDEX 1000 VALUE	03/31/1993	8.4%	4.8%
RUSSELL 1000 GROWTH INDEX RUSL 1000 GROW	03/31/1993	11.2%	1.7%

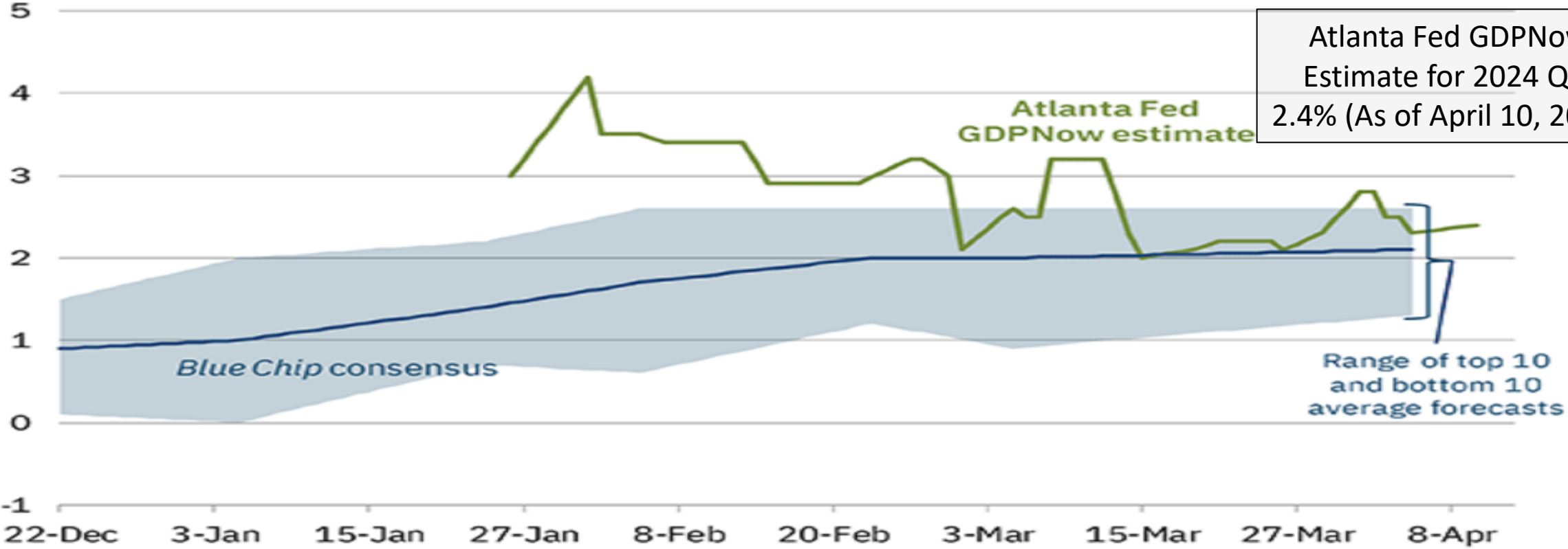
Performance is not correlated to portfolio holding period

<sup>2</sup> Annualized



# Update on the Economy: Growth Remains Solid

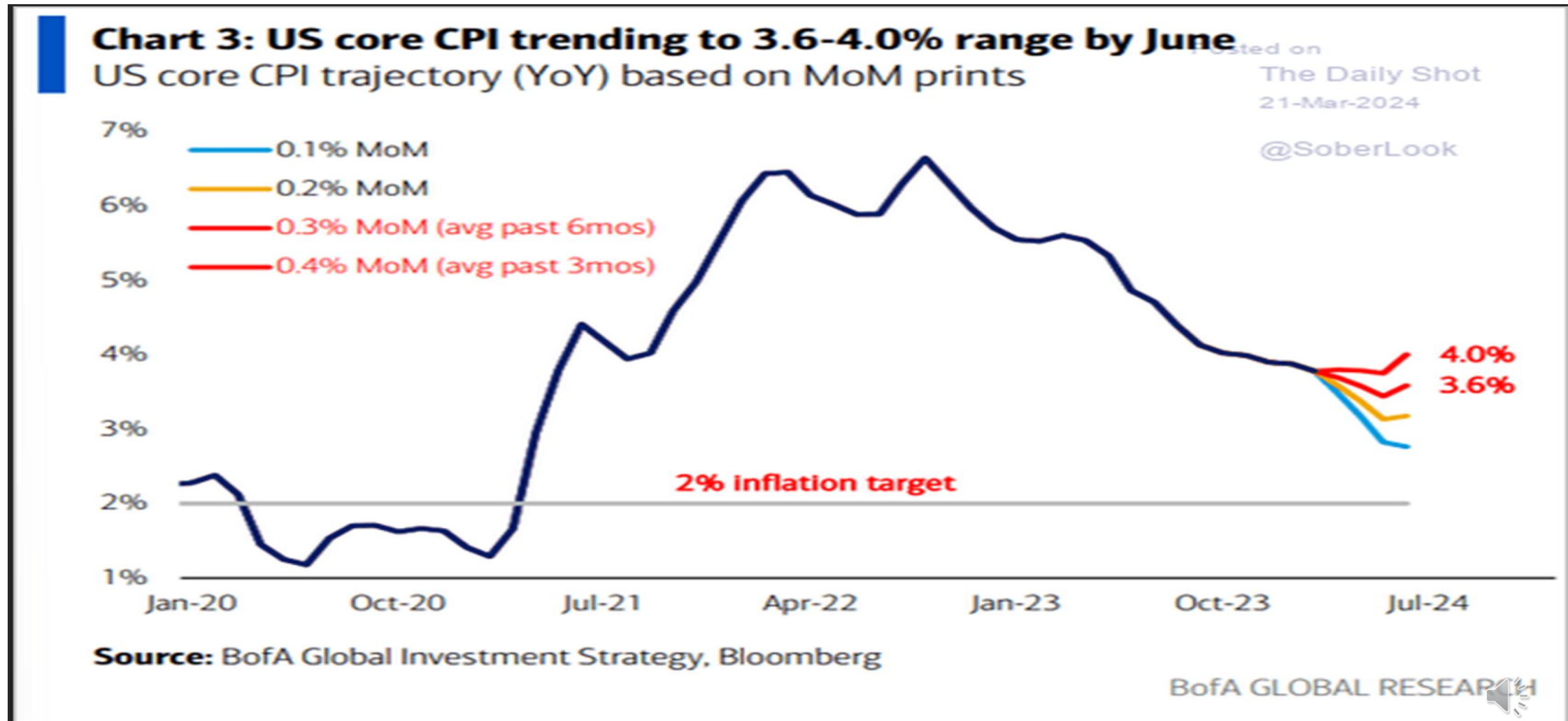
Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q1  
Quarterly percent change (SAAR)



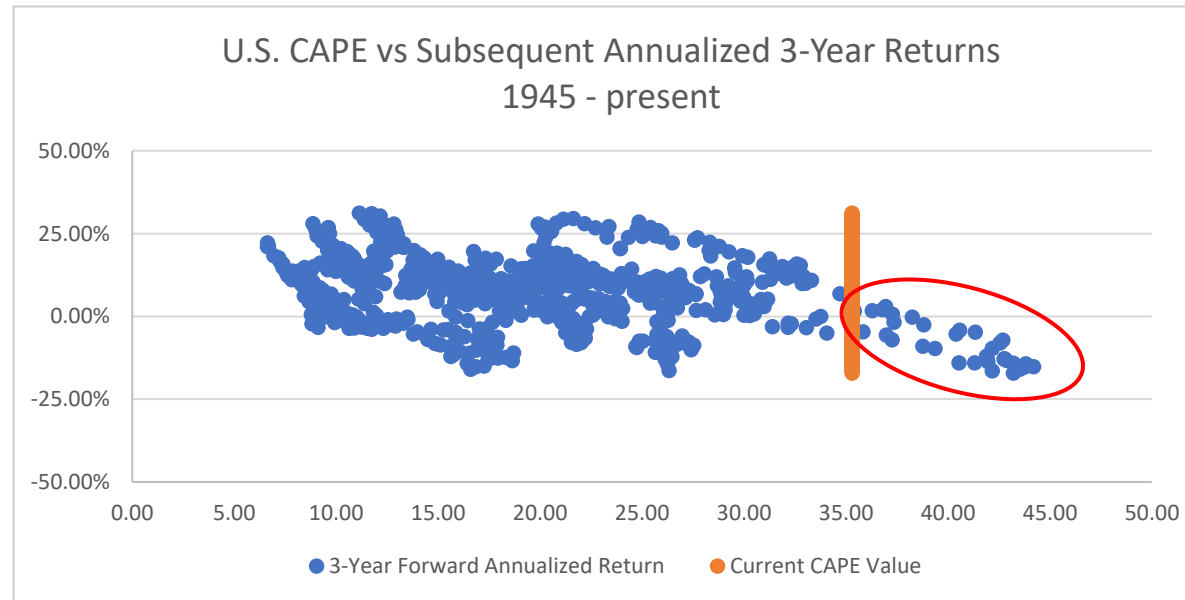
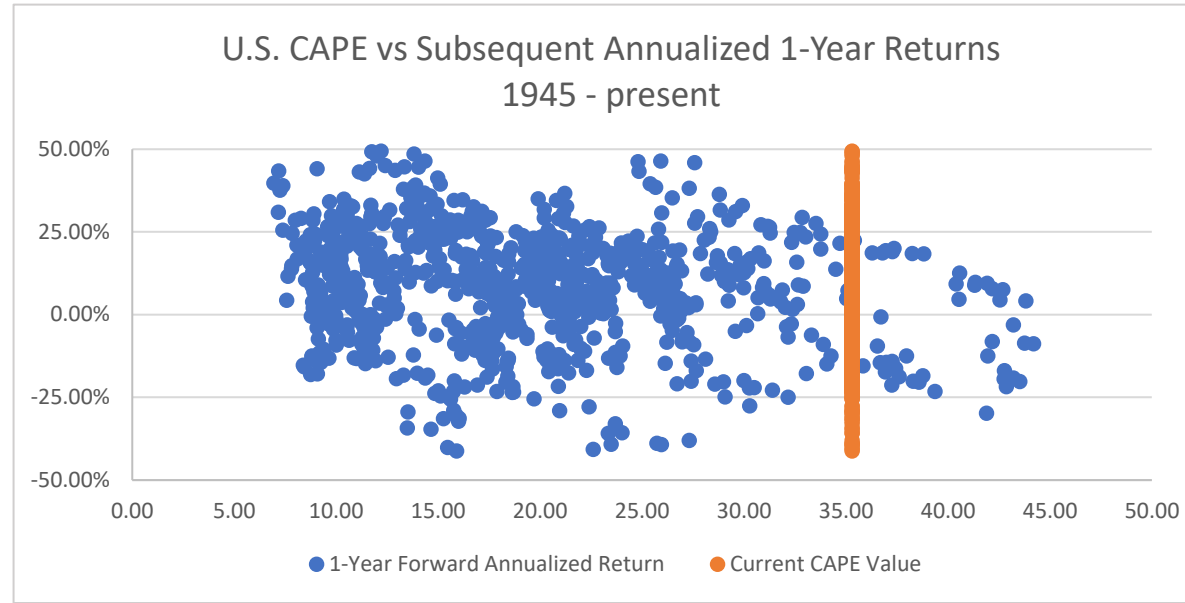
Atlanta Fed GDPNow  
Estimate for 2024 Q1:  
2.4% (As of April 10, 2024)

Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts  
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

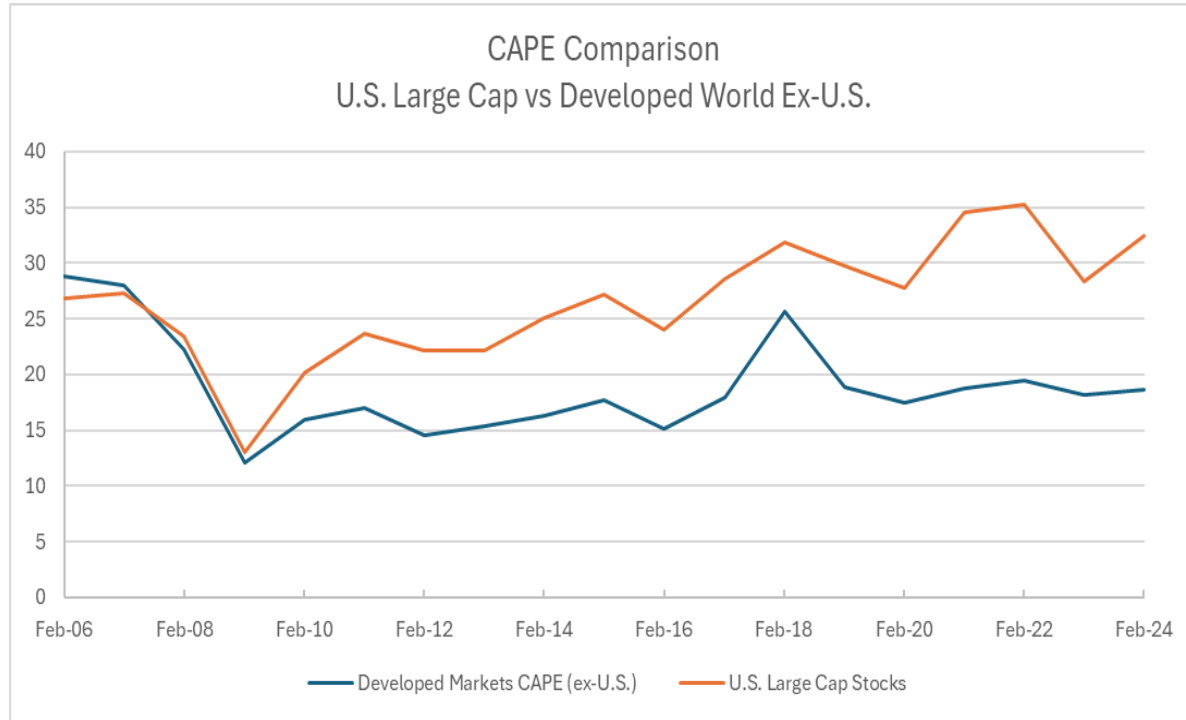
# Inflation Trends: The “Last Mile” is the most challenging



# Elevated Valuations: A Cautioning Signal for Forward US Returns

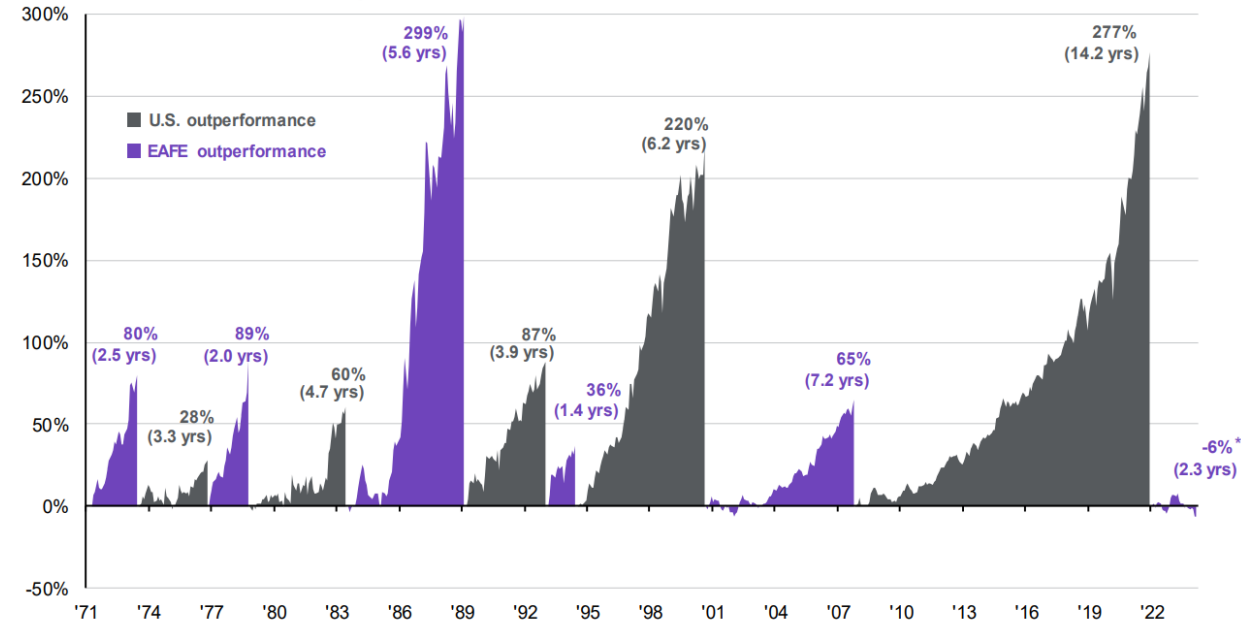


# Opportunities Beyond Domestic Shores



## MSCI EAFE and MSCI USA relative performance

U.S. dollar, total return, cumulative outperformance

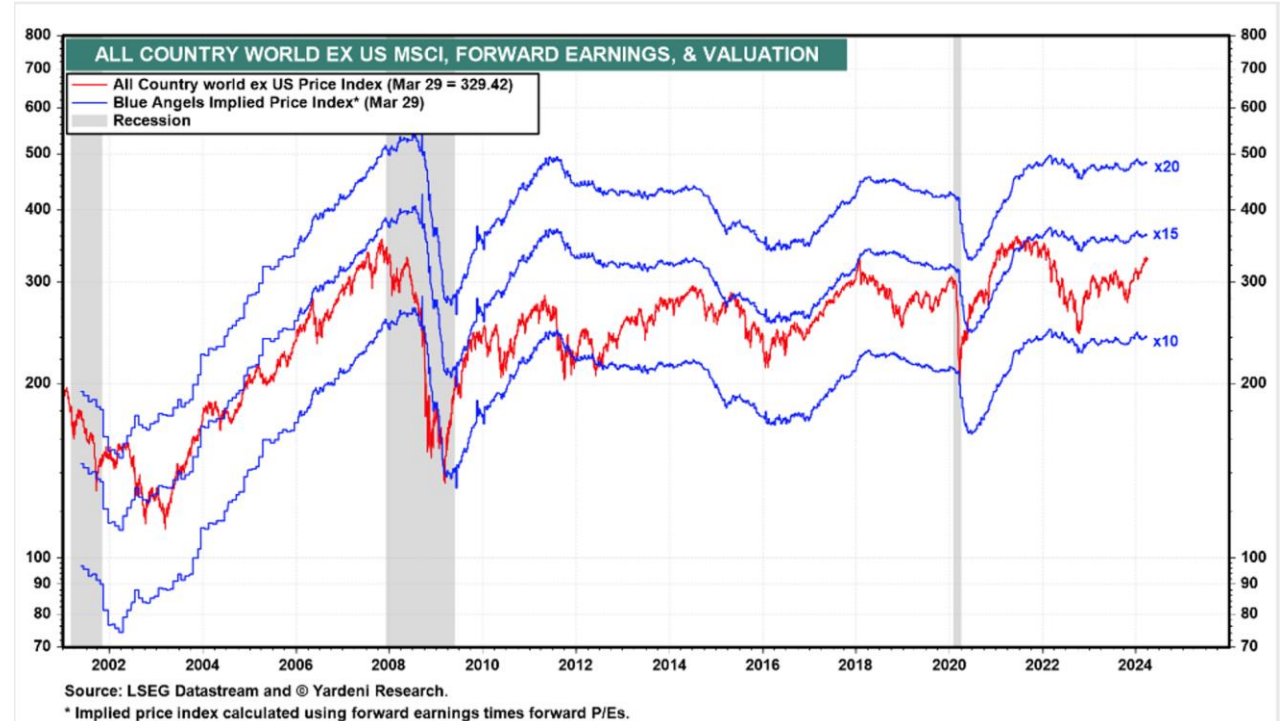
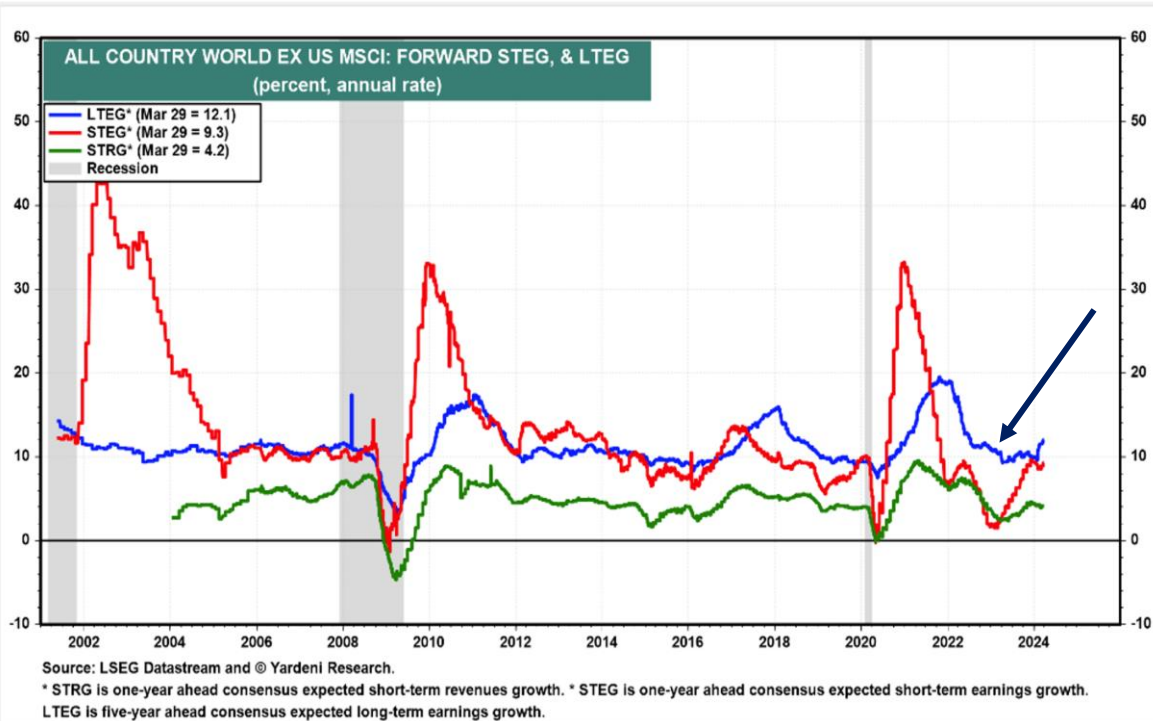


Source: FactSet, MSCI, J.P. Morgan Asset Management.  
Regime change determined when cumulative outperformance peaks and is not reached again in the subsequent 12-month period. \*Peak MSCI EAFE outperformances. MSCI USA occurred in April 2023. If this is sustained for 12 months, the regime will switch in April 2024.  
Guide to the Markets - U.S. Data are as of March 31, 2024.

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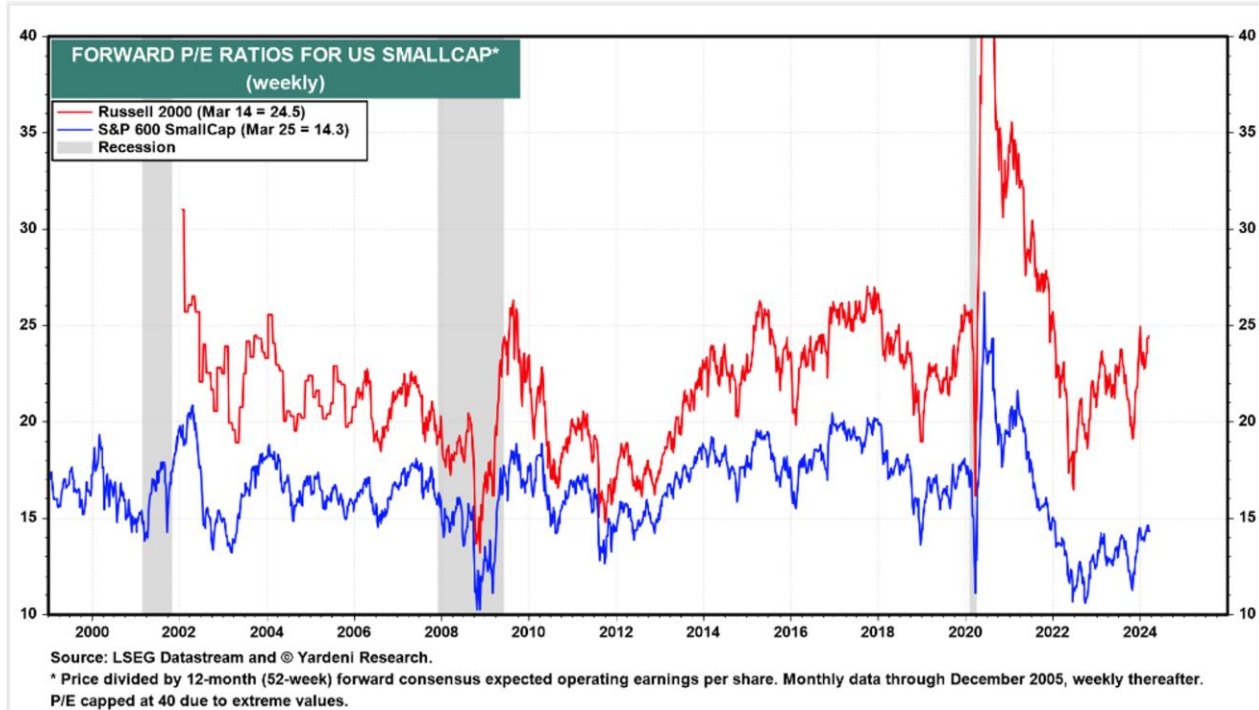
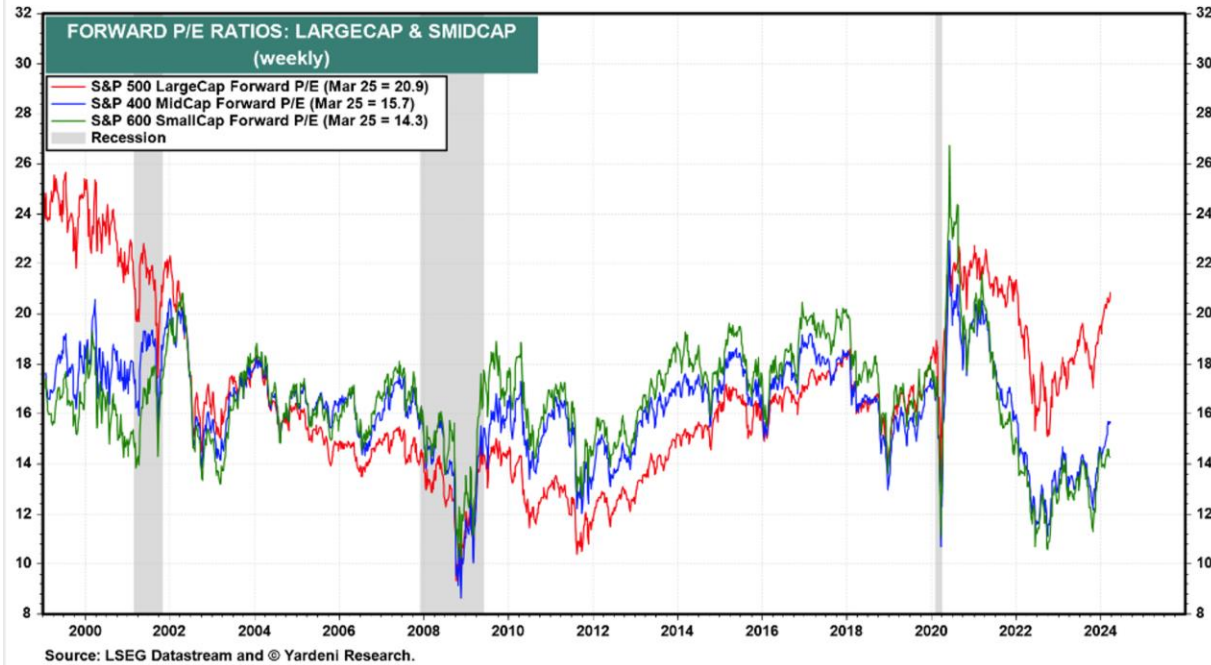


# International Markets Offering Competitive Growth Prospects with Less Demanding Valuations





# The Case Remains for US Small & Mid-Caps





# Fixed Income: Valuations Providing a Much Greater Buffer Relative to Recent History

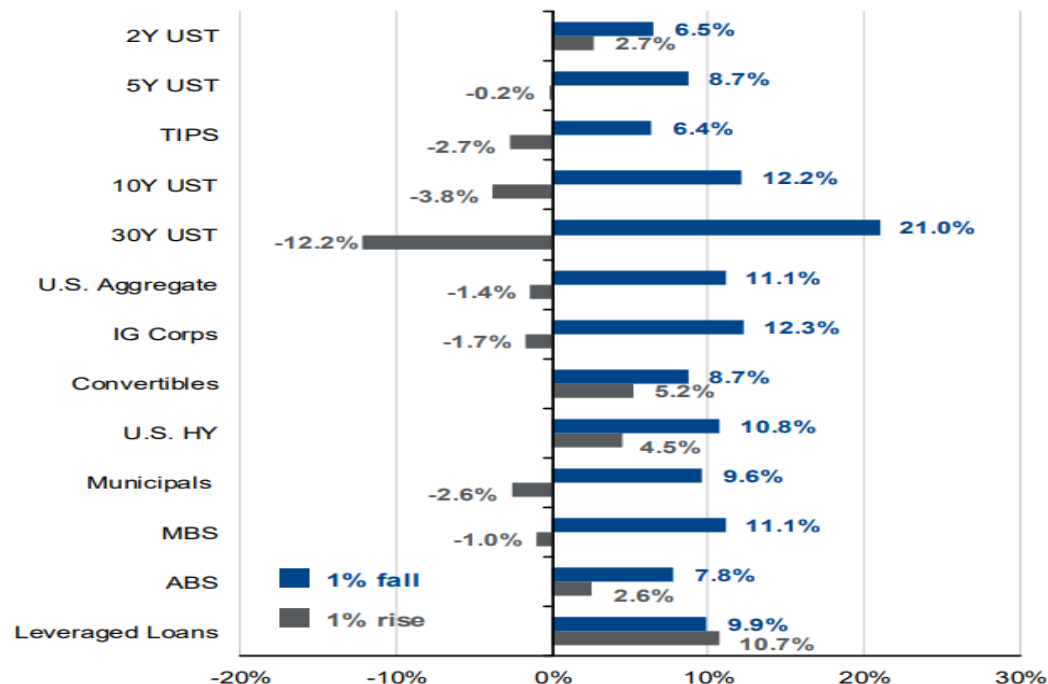
## Fixed income market dynamics

GTM U.S. 31

U.S. Treasuries	Yield		Return			
	3/31/2024	12/31/2023	2024 YTD	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
2-Year	4.59%	4.23%	0.24%	2 years	0.75	-0.02
5-Year	4.21%	3.84%	-0.78%	5	0.94	-0.07
TIPS	1.85%	1.72%	-0.08%	7.3	0.71	0.30
10-Year	4.20%	3.88%	-1.67%	10	1.00	-0.13
30-Year	4.34%	4.03%	-4.06%	30	0.93	-0.16
<b>Sector</b>						
U.S. Aggregate	4.85%	4.53%	-0.78%	8.4	0.87	0.24
IG Corps	5.30%	5.06%	-0.40%	10.8	0.60	0.48
Convertibles	6.64%	7.26%	2.09%	-	-0.10	0.87
U.S. HY	7.66%	7.59%	1.47%	4.9	-0.02	0.76
Municipals	3.49%	3.22%	-0.39%	13.3	0.68	0.27
MBS	5.04%	4.68%	-1.04%	7.5	0.79	0.24
ABS	5.79%	5.65%	1.27%	3.6	0.05	-0.03
Leveraged Loans	10.32%	10.59%	0.63%	4.4	-0.14	-0.05

### 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. Yields shown for TIPS are real yields. Sector yields reflect yield-to-worst. Leveraged loan yields reflect the yield to 3Y takeout. Correlations are based on 15-years of monthly returns for all sectors. ABS returns prior to June 2012 are sourced from Bloomberg. Past performance is not indicative of future results.  
Guide to the Markets – U.S. Data are as of March 31, 2024.

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# Main Takeaways:

- 1.) While returns were broadly positive during the first quarter, for many asset classes we observed a “quarter of two halves” where the positive return dynamic broadened during the latter portion of the quarter.
- 2.) The economy continues to grow. However, inflation has remained stickier than the Federal Reserve or the markets would like to see. This has created pockets of volatility around key data releases and we anticipate this to be the case until we see real signs that inflationary pressures relent and in the absence of economic hiccups.
- 3.) While the forward return profile for US large cap stocks (namely the S&P 500) remains less attractive relative to recent returns observed, we continue to see palatable opportunities elsewhere. These include International stocks (both within developed and emerging markets), small-caps and mid-caps, as well as certain components of the US large cap market where valuations are more favorable.
- 4.) We continue to favor fixed income securities, specifically intermediate-term bonds maturing around 5-years and carrying a high-quality bias. These securities can be well positioned to diversify and protect portfolios in the event of an economic slowdown.





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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 or 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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