

Q1'2025 Quarter Client Presentation

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January 14th, 2025



Graves Light Lenhart

Build. Protect. Thrive.

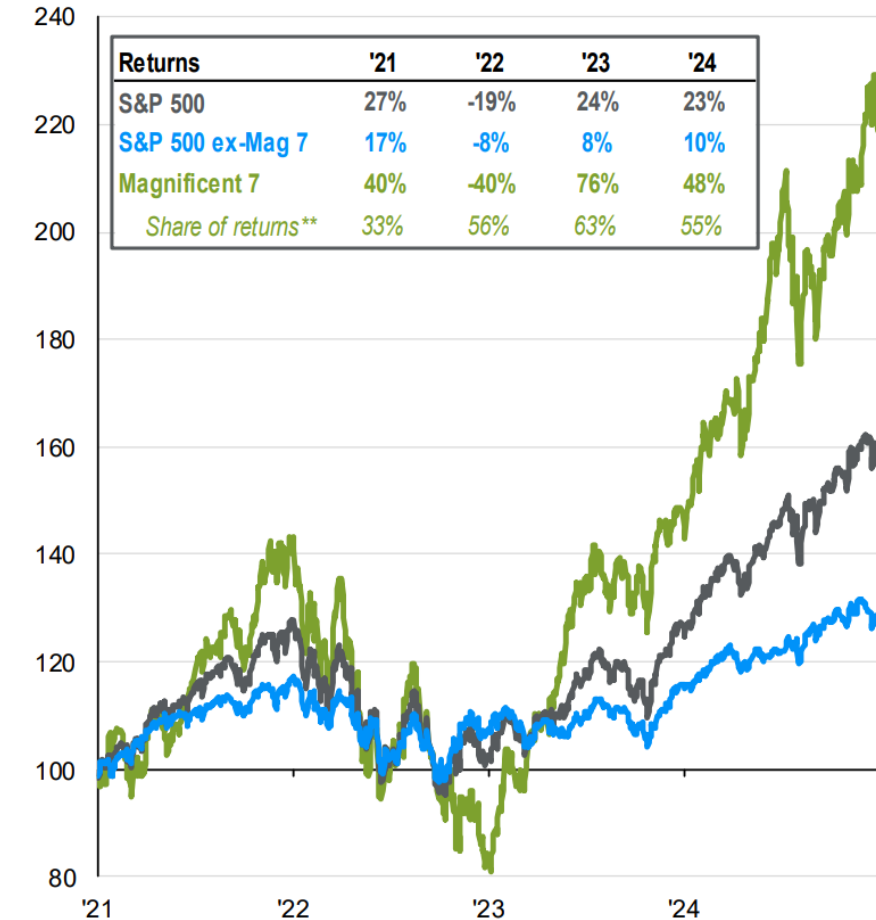
2024 Recap

Benchmark	Inception Date	Year To Date	Month To Date	Quarter To Date
S&P 500 Total Return Index	01/30/1970	25.0%	-2.4%	2.4%
S&P 500 Growth Index Total Return	01/13/2006	36.1%	0.9%	6.2%
S&P 500 Value Index Total Return	01/05/2004	12.3%	-6.8%	-2.7%
S&P 400 TR	03/18/2010	13.9%	-7.1%	0.3%
S&P 600 TOTAL RETURN INDEX	12/29/1995	8.7%	-8.0%	-0.6%
MSCI EAFE INDEX	03/30/2001	4.3%	-2.3%	-8.1%
Bloomberg Barclays Aggregate Bond Index	04/30/1976	1.3%	-1.6%	-3.1%
Bloomberg Commodity TR Index	01/03/2000	5.4%	1.0%	-0.4%
RUSSELL 2000	12/29/1978	11.5%	-8.3%	0.3%
65% S&P 500/35% BC AGG BOND	03/31/1976	16.4%	-2.1%	0.5%
70% S&P 500 / 30% BC AGG	03/31/1976	17.6%	-2.1%	0.8%
60% S&P 500 TR / 40% BC AGG BOND COMPOSITE IN...	03/31/1976	15.1%	-2.1%	0.2%
RUSSELL 1000 TOTAL RETURN IDX TOTAL RETURN	07/31/1995	24.5%	-2.8%	2.7%
RUSSELL 1000 VALUE INDEX 1000 VALUE	03/31/1993	11.9%	-7.0%	-2.5%
RUSSELL 1000 GROWTH INDEX RUSL 1000 GROW	03/31/1993	32.5%	0.8%	6.9%

Returns Were Led By A Small Number of Stocks

Performance of “Magnificent 7” stocks in S&P 500*

Indexed to 100 on 1/1/2021, price return



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 and 2025 are forecasts based on consensus analyst expectations. **Share of returns represent how much each group contributed to the overall return. Numbers are always positive despite negative performance in 2022.

Guide to the Markets – U.S. Data are as of December 31, 2024.

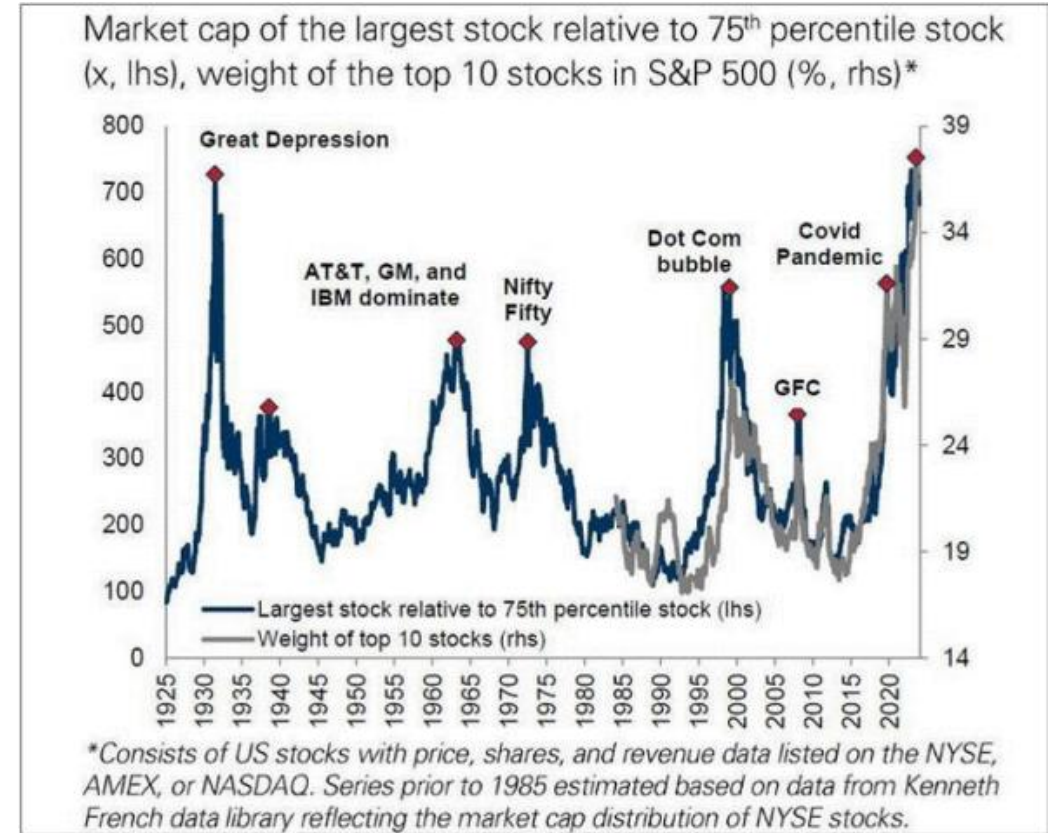
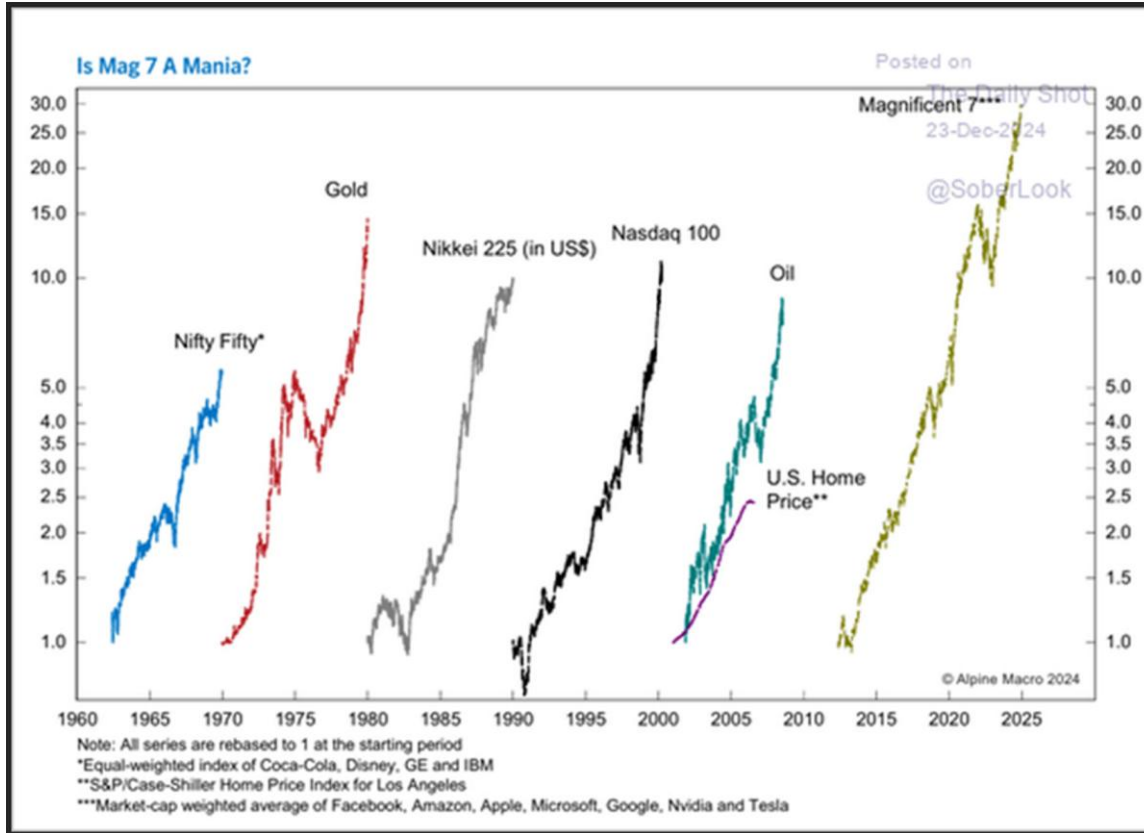
SPDR S&P 500 ETF Trust

Contribution

12/29/2023 - 12/31/2024 Security Name Columns

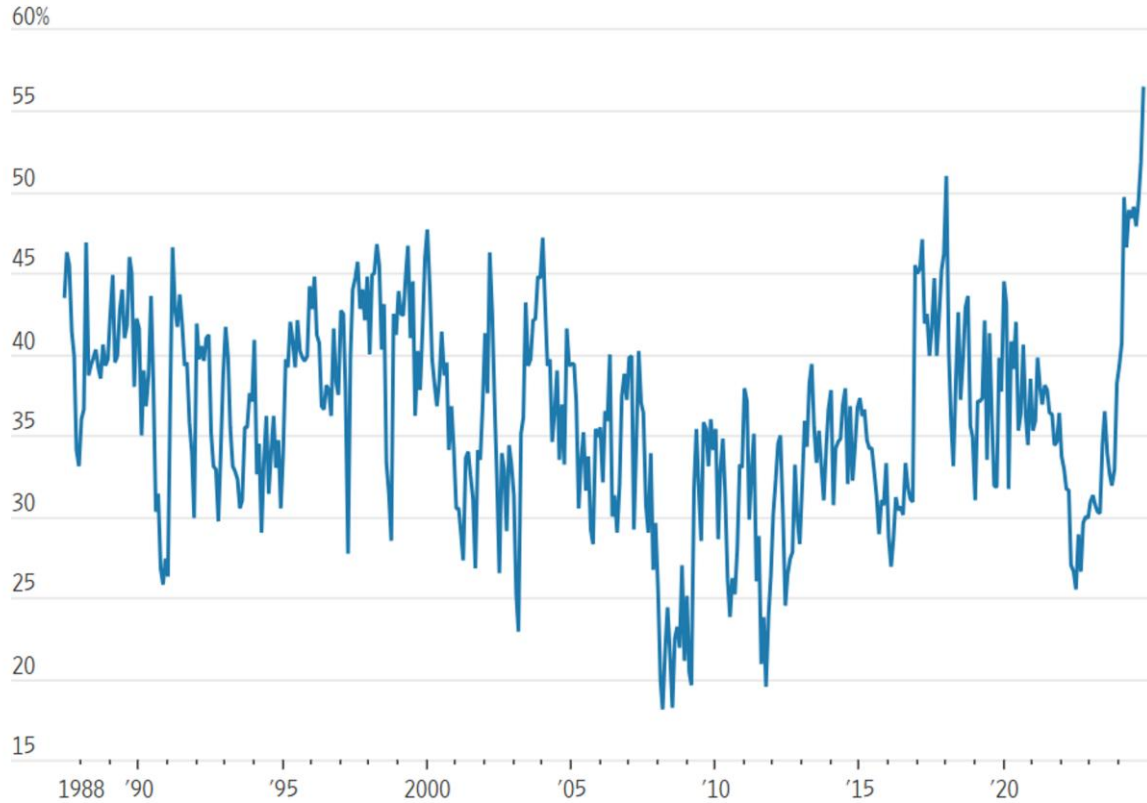
	Average Weight ↓	Beginning Price	Ending Price	Price Change (%)	Total Return	Contribu... To Return
Total	100.00			23.30	25.02	25.02
Microsoft Corporation	6.85	376.04	421.50	12.09	12.92	1.04
Apple Inc.	6.64	192.53	250.42	30.07	30.70	1.84
NVIDIA Corporation	5.71	49.52	134.29	171.17	171.25	5.59
Amazon.com, Inc.	3.70	151.94	219.39	44.39	44.39	1.49
Meta Platforms Inc Class A	2.43	353.96	585.51	65.42	66.05	1.37
Alphabet Inc. Class A	2.11	139.69	189.30	35.51	36.01	0.69
Alphabet Inc. Class C	1.77	140.93	190.44	35.13	35.62	0.58
Berkshire Hathaway Inc. Class B	1.70	356.66	453.28	27.09	27.09	0.47
Broadcom Inc.	1.48	111.63	231.84	107.70	110.43	1.23
Eli Lilly and Company	1.41	582.92	772.00	32.44	33.30	0.51
Tesla, Inc.	1.38	248.48	403.84	62.52	62.52	0.68

The Ascendancy Of A Few Large Stocks Is Causing Concentration Issues For The US Large-Cap market (S&P 500)



When Sentiment is High, Humility is Required. Forecasts Provide Little Value

Share of consumers expecting stock prices to rise over next 12 months



Note: Monthly data
Source: Conference Board via LSEG

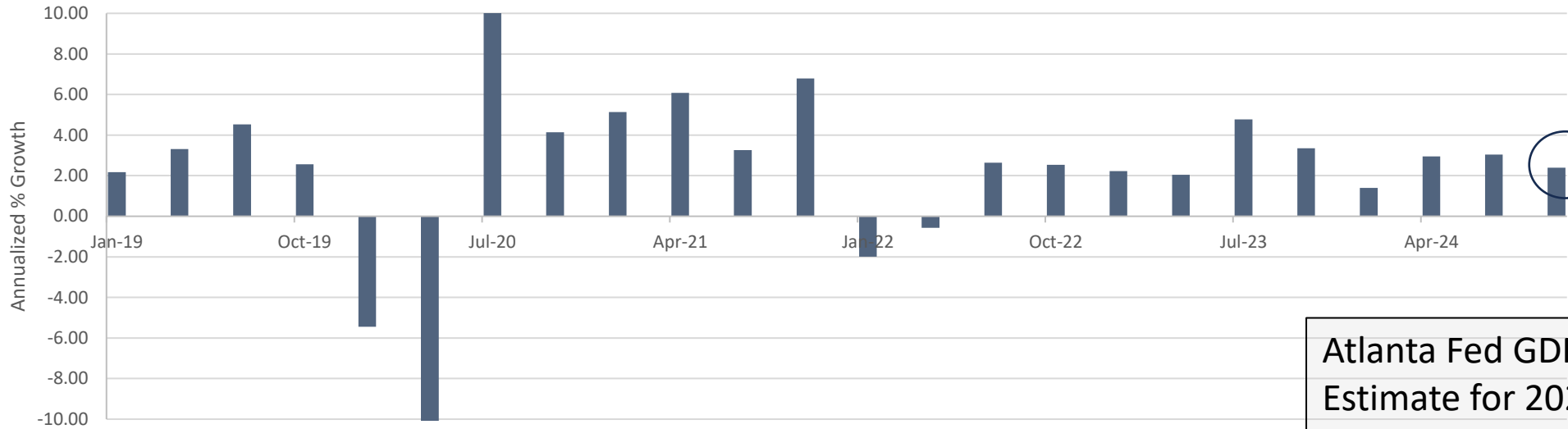
Strategists Often Miss The Mark When Forecasting

Predicted and actual returns for the S&P 500 Index



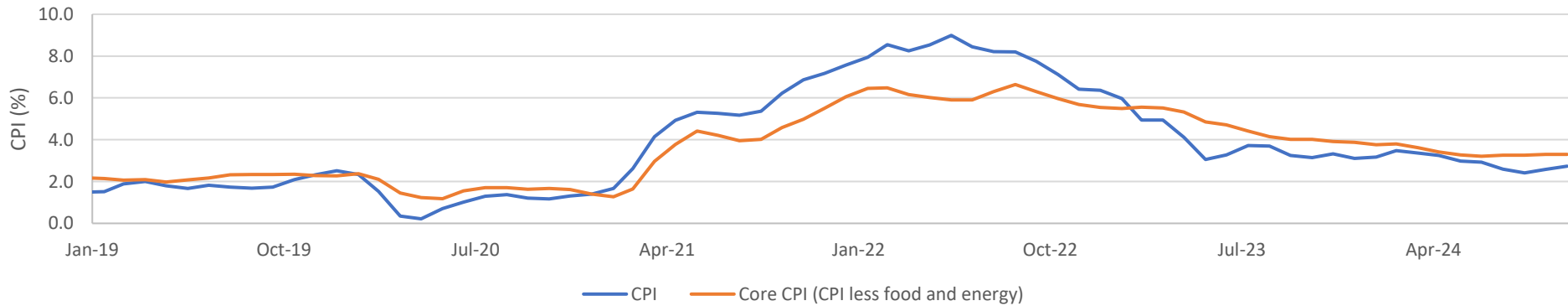
Real GDP Solid, Inflation Stubborn

U.S. Real GDP Growth



Atlanta Fed GDPNow
Estimate for 2024 Q4: 2.7%
(As of Jan 9, 2025)

U.S. Inflation



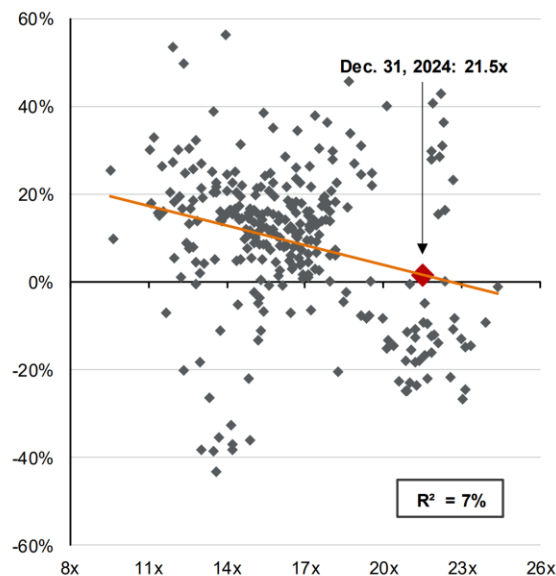
Elevated Valuations For US Large-Cap Stocks Keep Us Cautious And Could Subdue Forward Returns

P/E ratios and equity returns

GTM U.S. 6

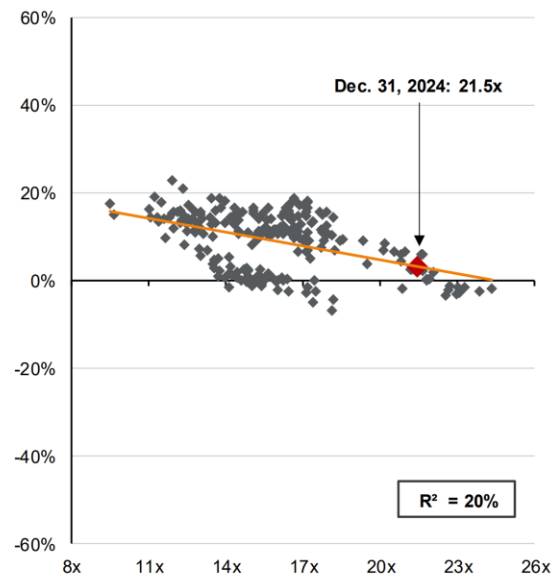
Forward P/E and subsequent 1-yr. returns

S&P 500 Total Return Index



Forward P/E and subsequent 5-yr. annualized returns

S&P 500 Total Return Index



Source: FactSet, Refinitiv Datastream, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management. Returns are 12-month and 60-month annualized total returns, measured monthly, beginning 12/31/1999. R^2 represents the percent of total variation in total returns that can be explained by forward price-to-earnings ratios. Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since May 1999 and by FactSet since January 2022. *Guide to the Markets* – U.S. Data are as of December 31, 2024.

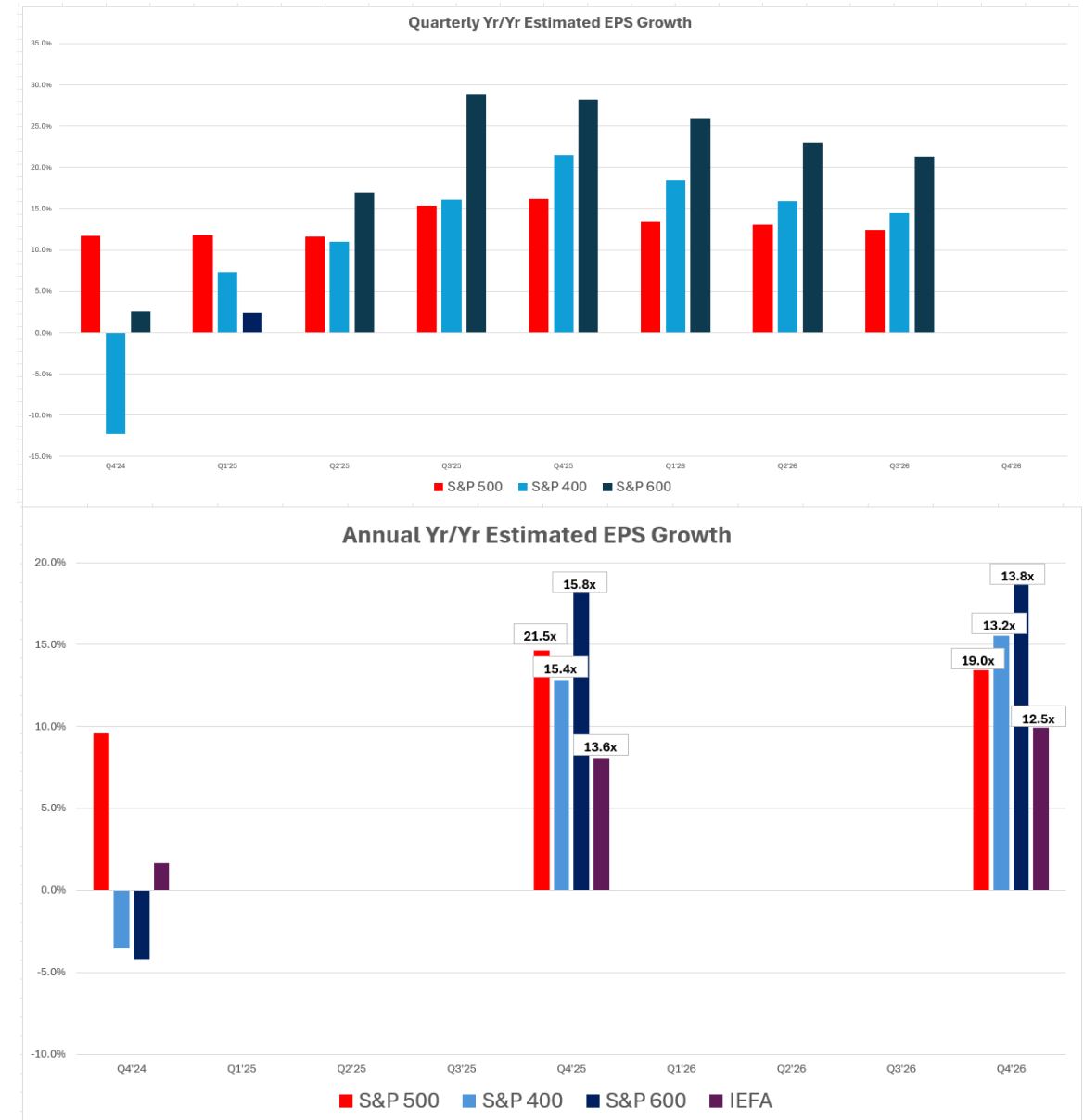
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Valuation measure	Description	Latest	30-year avg.*	Std. dev. over/under-valued
P/E	Forward P/E	21.47x	16.86x	1.41
CAPE	Shiller's P/E	37.04x	28.02x	1.48
Div. Yield	Dividend yield	1.33%	1.98%	1.82
P/B	Price to book	4.47x	3.19x	1.52
P/CF	Price to cash flow	16.48x	11.34x	2.17
EY Spread	EY minus Baa yield	-0.85%	0.69%	0.71

Source: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management. Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since March 1994 and by FactSet since January 2022. Average P/E and standard deviations are calculated using 30 years of history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-months consensus dividend divided by most recent price. Price-to-book ratio is the price divided by book value per share. Price-to-cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Bloomberg US corporate Baa yield since December 2008 and interpolated using the Moody's Baa seasoned corporate bond yield for values beforehand. Std. dev. over-/under-valued is calculated using the average and standard deviation over 30 years for each measure. *Averages and standard deviations for dividend yield and P/CF are since November 1995 due to data availability. *Guide to the Markets* – U.S. Data are as of December 31, 2024.

Fundamentals Are Important – Better Growth And Better Valuation

- 1) Historically, the combination of cheaper valuation and higher earnings-per-share (EPS) growth has led to superior equity performance.
- 2) The S&P's rich valuation could offset the expected EPS growth as investors dial back the multiple of earnings they are willing to pay.
- 3) The S&P 500's expected EPS estimate is driven by the Magnificent 7, with expectations for increasing profitability from current historically high levels.

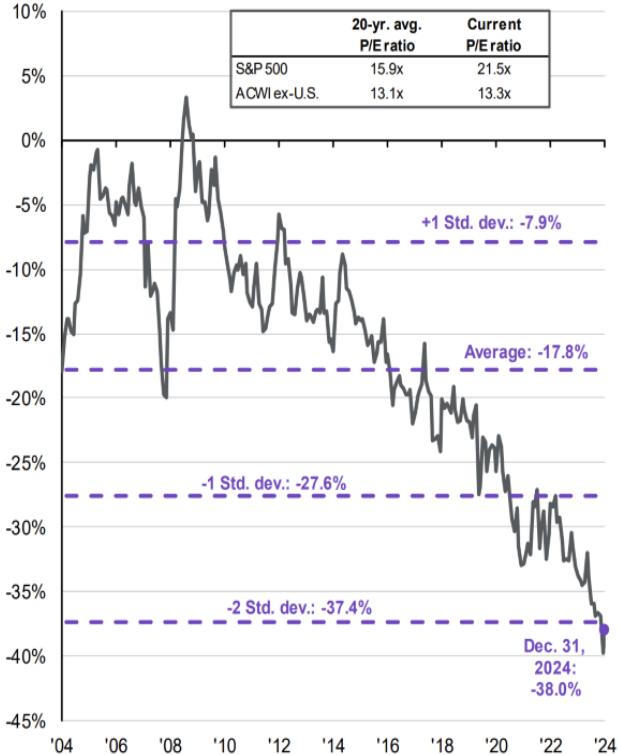


Source: Factset

International Equity Relative Valuations Remain Much More Favorable AND Can Provide Diversification

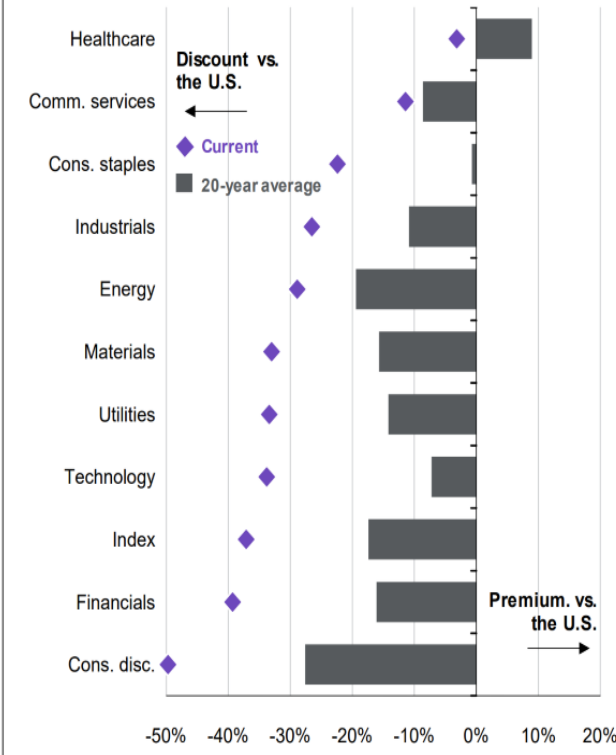
#1—Much Cheaper

International: Price-to-earnings discount vs. U.S.
MSCI All Country World ex-U.S. vs. S&P 500, next 12 months



#2—Persistent Across Sectors

International: Price-to-earnings discount vs. the U.S. by sector
MSCI All Country World ex-U.S. minus S&P 500, next 12 months

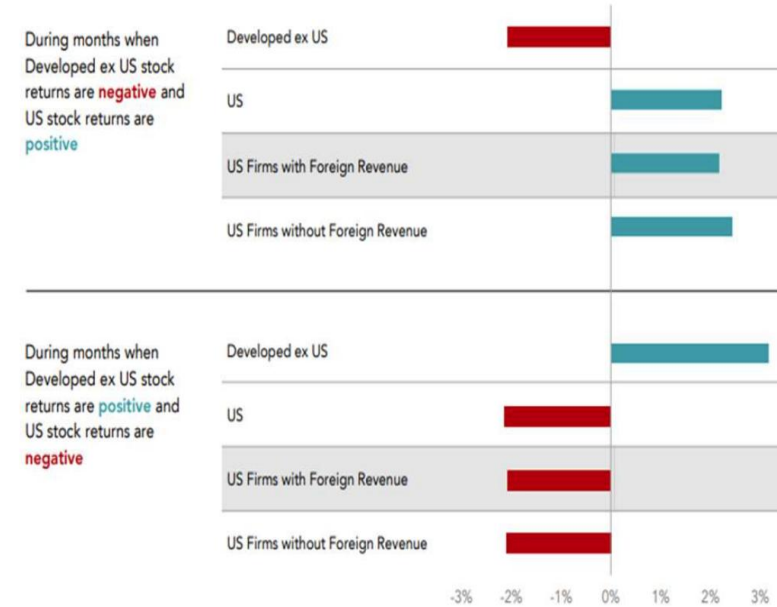


#3—Can Zig When US Based Stocks Zag



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 traded 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 segment data. Sample includes 75 (42) months where the S&P 500 was positive (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. MSCI data © MSCI 2024, all rights reserved. Diversification neither assures a profit nor guarantees against loss in a declining market.

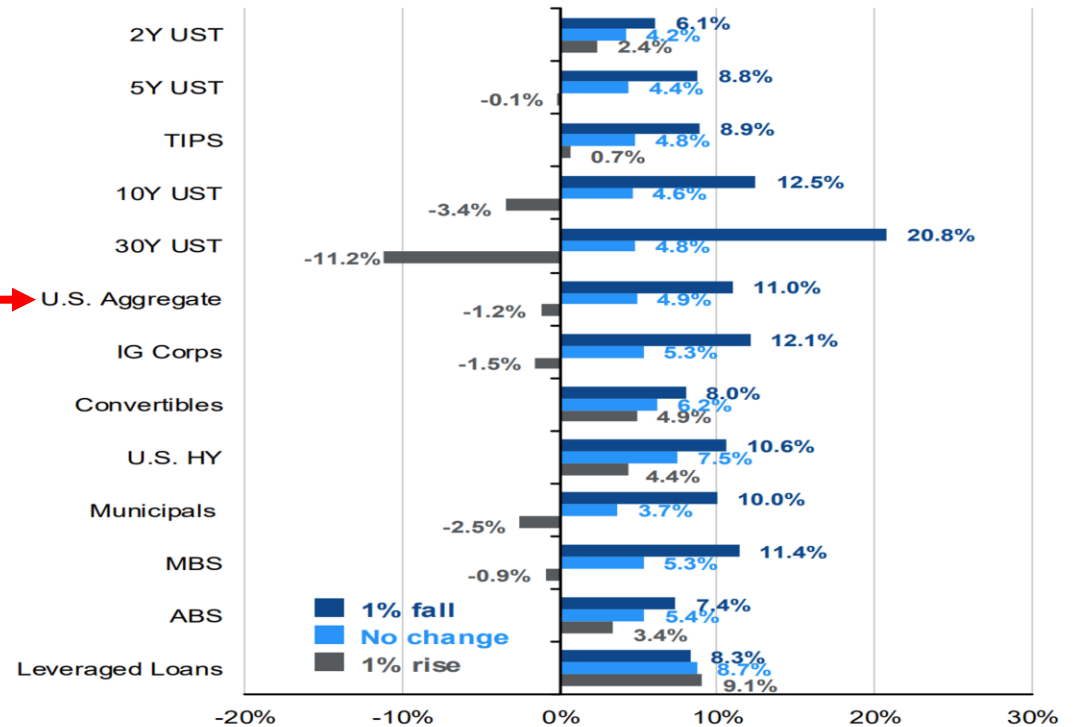
Fixed Income: Higher Rate levels Provide Greater Buffer

Fixed income market dynamics

U.S. Treasuries	Yield		Return	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
	12/31/2024	12/31/2023	2024			
2-Year	4.25%	4.23%	3.79%	2 years	0.75	0.00
5-Year	4.38%	3.84%	1.19%	5	0.94	-0.02
TIPS	2.13%	1.72%	1.84%	7.1	0.73	0.33
10-Year	4.58%	3.88%	-1.73%	10	1.00	-0.07
30-Year	4.78%	4.03%	-8.09%	30	0.93	-0.11
Sector						
U.S. Aggregate	4.91%	4.53%	1.25%	8.4	0.90	0.25
IG Corps	5.33%	5.06%	2.13%	10.5	0.69	0.47
Convertibles	6.22%	7.26%	10.95%	-	-0.04	0.86
U.S. HY	7.49%	7.59%	8.19%	4.7	0.09	0.79
Municipals	3.74%	3.22%	1.05%	13.6	0.74	0.26
MBS	5.27%	4.68%	1.20%	7.8	0.81	0.26
ABS	5.38%	5.65%	6.81%	2.3	0.42	0.22
Leveraged Loans	8.68%	10.59%	9.33%	4.7	-0.22	0.62

Fixed income returns in different interest rate scenarios

Total return, assumes a parallel shift in the yield curve



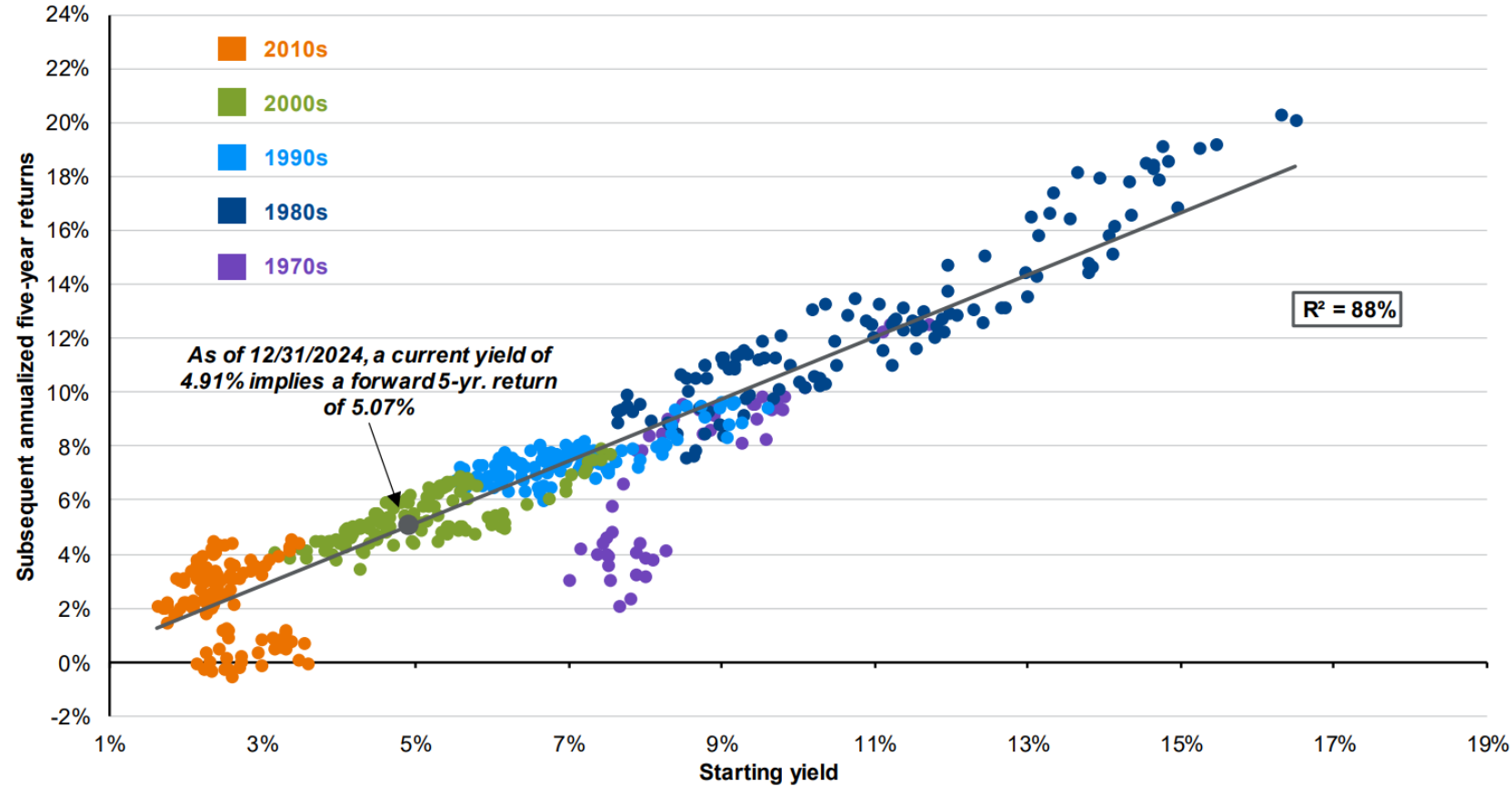
Source: Bloomberg, FactSet, Federal Reserve Bank of Cleveland, Standard & Poor's, U.S. Treasury, J.P. Morgan Asset Management. Sectors shown above are provided by Bloomberg unless otherwise noted and are represented by - U.S. Aggregate; MBS: U.S. Aggregate Securitized - MBS; ABS: J.P. Morgan ABS Index; 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. TIPS returns consider the impact that inflation could have on returns by assuming the Cleveland Fed's 1-year inflation expectation forecasts are realized. 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 as of December 31, 2024.

Fixed Income: Entry Yields Are Attractive

Yield-to-worst and subsequent 5-year annualized returns

Bloomberg U.S. Aggregate Total Return Index



Source: Bloomberg, FactSet, J.P. Morgan Asset Management. Returns are 60-month annualized total returns, measured monthly, beginning 1/31/1976. R² represents the percent of total variation in total returns that can be explained by yields at the start of each period. *Guide to the Markets – U.S.* Data are as of December 31, 2024.

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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 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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