ECONOMIC AND MARKET COMMENTARY

3rd Quarter 2021

SMITH SHELLNUT WILSON
AN AFFILIATE OF b1BANK

OUR MISSION

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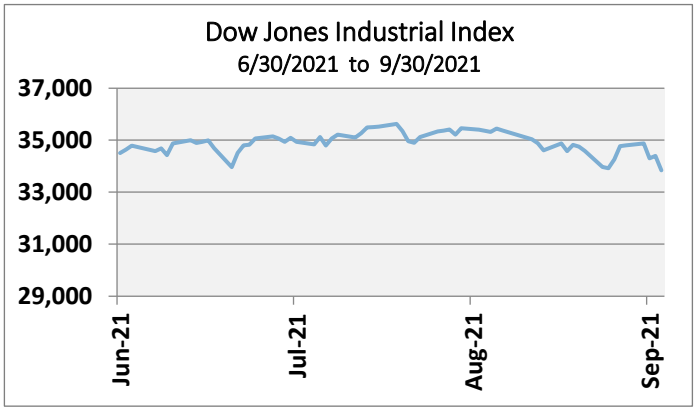
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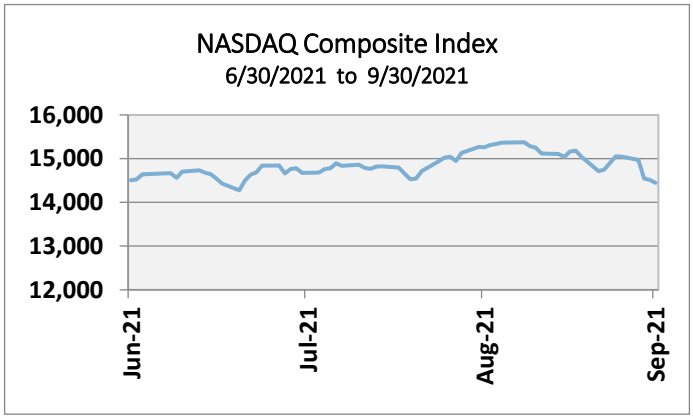
I. THIRD-QUARTER 2021 EQUITY MARKET RECAP

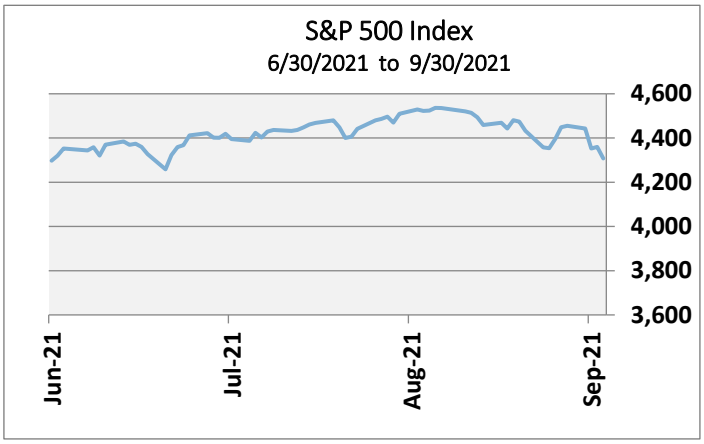
U.S. mid-cap growth stocks and inflation-protected bonds were among the winners for U.S. investors in a turbulent third quarter that saw broad based equity indexes hit record highs only to tumble by 4.50-6.00% at the end of September, in the biggest monthly sell-off since March 2020, as rising Treasury yields, the COVID-19 Delta variant scare, the debt negotiations in Washington weighed on investor sentiment.

Investors are now gauging to what degree the concerns that erupted at quarter's end will impact U.S. stock market performance for the rest of the year. These include a hawkish tilt from the Federal Reserve, the meltdown of heavily indebted Chinese property developer China Evergrande Group, and a potentially ugly debt ceiling battle among lawmakers.

For the quarter, the Dow Jones Industrial Average posted a 1.46% negative total return, while the S&P 500 Index notched a muted 0.58% positive-total return and the NASDAQ Composite Index dropped a slight 0.22% on a total return basis.







*Registration of an Investment Adviser does not imply any certain level of skill or training.

Perhaps chief among the market's concerns is the timing and extent of the Federal Reserve's recently-announced tapering of its $120 billion monthly bond purchase program, which has supported the economy and helped smooth the functioning of markets since the onset of the pandemic. The Fed has signaled that it may be appropriate "soon" to begin the tapering process, perhaps as early as its next scheduled meeting in November, with most of Fed FOMC officials expecting the Fed to begin raising rates in 2022.

In addition, the global economy is suffering from a series of significant economic shocks at a time when some segments of the market are considered expensive based on hefty expectations of long-term growth.

All of this underlines the importance of diversification and sticking with a sound long-term investment plan--volatility is to be expected; riding the volatility is key.

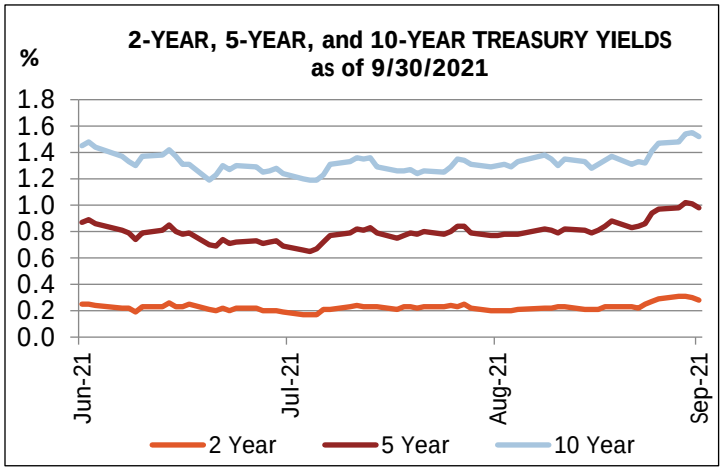
II. THIRD-QUARTER 2021 BOND MARKET RECAP

U.S. Treasury yields made an unusually volatile round trip move during the quarter, ending the quarter only slightly above where they began, after a significant swoon in yield levels in early August. See chart and graph, below.

	6/30/21	Low	High	9/30/21 Changes
Two-Year Treasury	0.25%	0.17%	0.30	0.28%
Five-Year Treasury	0.89%	0.65%	1.02%	0.97%
Ten-Year Treasury	1.47%	1.17%	1.54%	1.49%

Global bond investors are facing their worst year, at this point is more than two decades after a selloff in September triggered by hawkish statements from central banks, including Federal Reserve Chair Jerome Powell.

The Bloomberg Global Aggregate Index, a benchmark for government and corporate debt, has



lost 4.1% so far this year, the biggest slump for any such period since at least 1991. The U.S. domestic counterpart is down 1.6% over this period. Comments from Powell in September that the Fed could start scaling back bond buying, perhaps as early as in November, and a move by the Bank of England closer to raising rates, triggered a surge in bond yields globally last month. Investment concerns are prevalent in global markets that central bankers across the globe are underestimating inflationary risks posed by materials and labor shortages and supply-side bottlenecks.

Higher rates aren't the only concern for bond investors. The debt crisis at developer China Evergrande Group and U.S. debt ceiling brinksmanship, are also weighing on bonds.

At the same time, central bankers, including Jerome Powell, have been much more skillful in their signaling and communication of prospective adjustments to monetary policies, tempering at least one factor in fixed-income market dynamics.

III. HEADWINDS MOUNT FOR WORLD ECONOMY INTO FINAL STRETCH OF 2021

The global economy is entering the final quarter of 2021 with a mounting number of headwinds threatening to slow the recovery from the pandemic recession and prove policy makers' benign views on inflation wrong.

The spreading Delta variant continues to disrupt schools and workplaces. U.S. lawmakers are wrangling over the debt ceiling and spending plans. China is suffering an energy crunch and pursuing a regulatory crackdown, while markets remain on edge as China Evergrande Group struggles to survive.

Fuel and food costs are soaring worldwide, combining with congested ports and strained supply chains to elevate price pressures. Labor shortages continue to plague some employers.

Although the expansion seems intact, such a backdrop is fanning fears of a mix of weaker growth and faster inflation to come, threatening to complicate nascent efforts by central banks to dial back stimulus without rattling markets.

"Expectations of a swift exit from the pandemic were always misplaced," said Frederic Neumann, co-head of Asian economic research at HSBC Holdings Plc in Hong Kong. "Full recovery will be measured in years, not quarters."

Economists at Barclays Bank Plc warned of "gusts of headwinds that could eventually take their toll on activity."

Here's a breakdown of the major risks:

China Crunched

China's energy travails have forced manufacturers to curb production and prompted economists to cut their growth forecasts. Bloomberg Economics expects the power shortages to have the biggest hit to expansion since a nationwide lockdown when the pandemic first erupted.

Regions impacted by the curbs represent about two-thirds of the economy and include the top five provinces in terms of gross domestic product -- Guangdong, Jiangsu, Shandong, Zhejiang and Henan. In a sign of what's to come, factory activity contracted in September for the first time since the pandemic began.

That's compounding a drag from the crisis engulfing Evergrande, the world's most indebted developer, and a broader slowdown in the all-important housing sector. President Xi Jinping's push for tighter regulations of industries including technology is also unnerving investors.

Costlier Food and Energy

China's energy problems also risk triggering a renewed surge in world agriculture and food prices as it means the country is set for a difficult harvest season from corn to soy to peanuts and cotton. Over the past year, Beijing imported a record amount of agricultural products due to a domestic shortage, driving prices and global food costs to multiyear highs.

A United Nations index is up 33% over the past 12 months. At the same time, some gas, coal, carbon and electricity benchmarks are hitting records.

The price of oil passed $80 a barrel for the first time in three years and natural gas is the costliest in seven, helping to push the Bloomberg Commodity Spot Index to its highest level in a year. TotalEnergies SE Chief Executive Officer Patrick Pouyanne said the gas crisis that's affecting Europe is likely to last all winter.

It could get even worse. Bank of America analysts are telling clients there is a chance of oil reaching $100, spurring an economic crisis.

Supply Squeezed

With the northern hemisphere winter approaching, the Delta variant remains another worry.

That helps explain why congestion is building at key crossroads for international commerce, from ports in Shanghai and Los Angeles, to rail yards in Chicago and warehouses in the U.K.

Retailers including Costco Wholesale Corp. in the U.S are ordering everything possible to ensure shelves are stocked, particularly for the late-year boost of holiday shopping.

Manufacturers, meanwhile, are having trouble sourcing key parts such as semiconductors, chemicals and glass.

Dubai's DP World, one of the biggest global port operators, expects bottlenecks that have rattled global trade flows will continue at least for another two years.

Policy Problems

The shine is also coming off U.S. economic policy as a locomotive for the global recovery. While President Joe Biden swerved a disruptive shutdown of the federal government for now through a stopgap funding bill, fractured talks continue on his $4 trillion economic agenda with deep divisions among his Democrats on the way forward.

Compromise on the shutdown came after Treasury Secretary Janet Yellen warned that her department will effectively run out of cash around October 18th unless Congress suspends or increases the federal debt limit. Failure to do so would trigger both a recession and financial crisis, Yellen said.

Globally, fiscal policy support is set to slow into 2022 after governments ran up the biggest debts since the 1970s.

Monetary Policy

Biden and Yellen must also decide whether to hand a second term to Federal Reserve Chairman Jerome Powell, a decision which could also roil markets.

For Powell and his international counterparts, the combination of slowing growth and stubborn inflation is a challenge.

Last month alone saw news of the fastest euro-area inflation in 13 years and a U.S. gauge rose the most on an annual basis since 1991.

For now, Powell and European Central Bank President Christine Lagarde are voicing cautious optimism that inflation will ease. But economists are asking at what point transitory becomes more persistent.

And that makes plans to reduce bond purchases or raise interest rates a risky proposition. Many Latin American central banks and some in eastern Europe have already hiked borrowing costs, Norway just became the first developed nation to do so and the Fed is signaling it will pare its bond-buying program as soon as November.

Deutsche Bank AG strategist Jim Reid reckons the world economy may be facing its most hawkish period for monetary policy in a decade.

"Central banks are playing with fire by tapering to avert inflationary pressures without being fully sure of where we stand in the cycle," said Alicia Garcia Herrero, chief economist for Asia Pacific at Natixis.

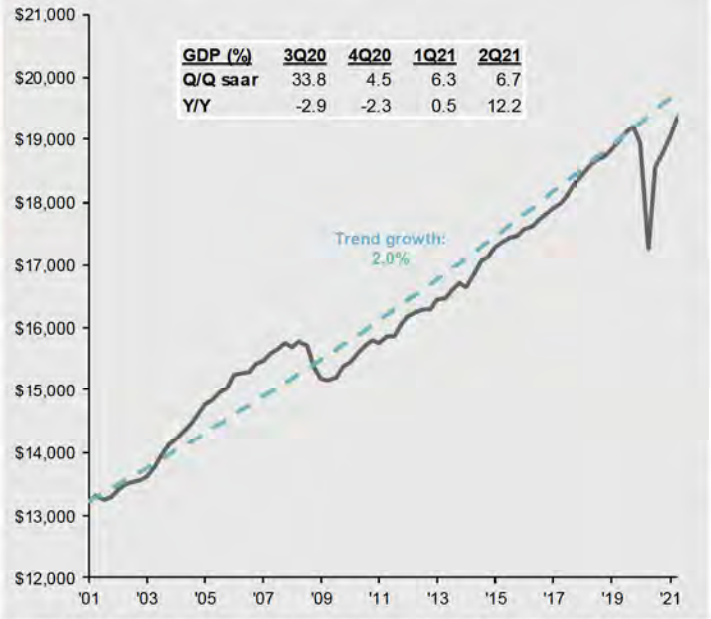
The source of the information in this commentary is SSW, Wall Street Journal, Nasdaq and Bloomberg.

Economic growth and the composition of GDP

Economy

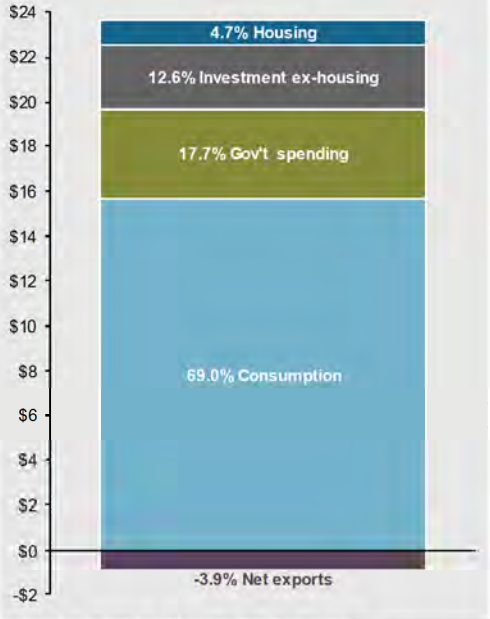
Real GDP

Billions of chained (2012) dollars, seasonally adjusted at annual rates



Components of GDP

2Q21 nominal GDP, USD trillions



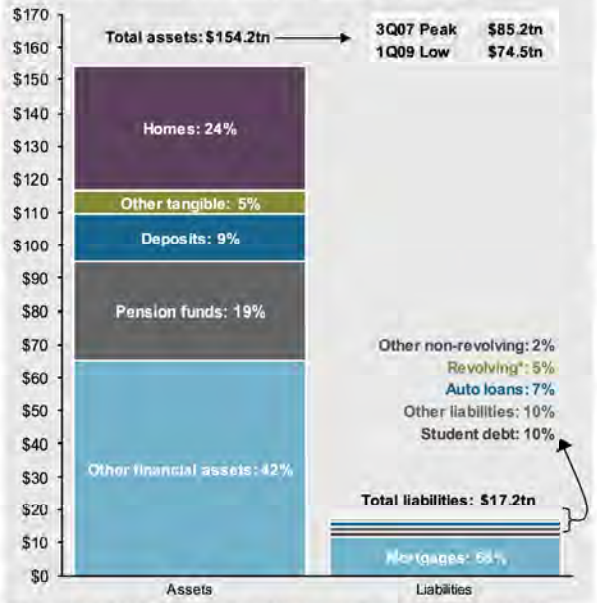
Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19.
Guide to the Markets – U.S. Data are as of September 30, 2021.

Consumer finances

Economy

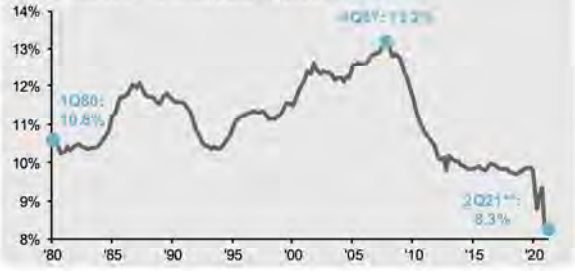
Consumer balance sheet

1Q21, trillions of dollars outstanding, not seasonally adjusted



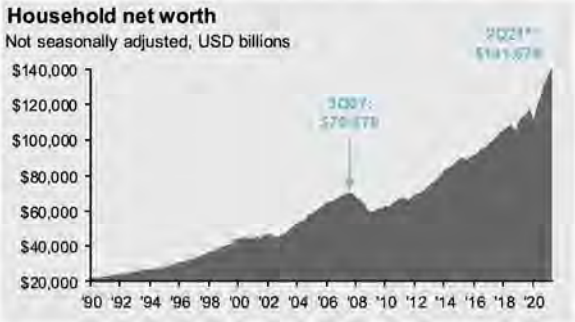
Household debt service ratio

Debt payments as % of disposable personal income, SA



Household net worth

Not seasonally adjusted, USD billions



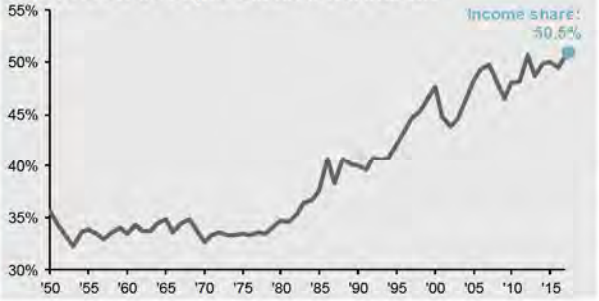
Source: FactSet, FRB, J.P. Morgan Asset Management; (Top and bottom right) BEA.
Data include households and nonprofit organizations. SA – seasonally adjusted. *Revolving includes credit cards. Values may not sum to 100% due to rounding. **2Q21 figures for debt service ratio and household net worth are J.P. Morgan Asset Management estimates.
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Income inequality and financial asset appreciation

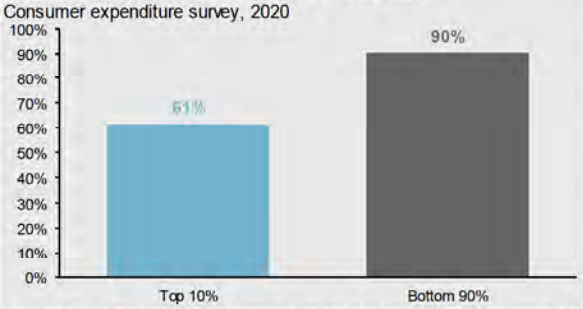
Economy

Top 10% share of pre-tax national income

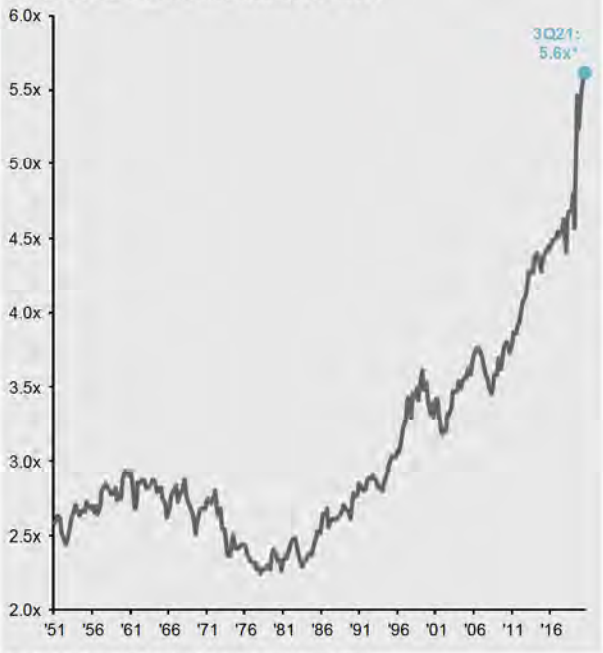


Spending as a share of income after tax

Consumer expenditure survey, 2020



Ratio of U.S. financial assets to GDP



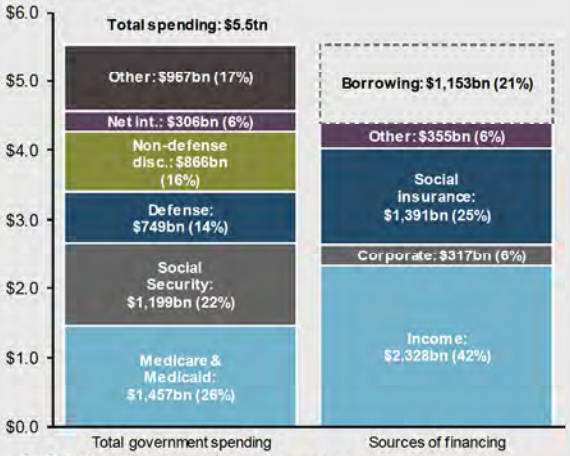
Source: Bureau of Labor Statistics, Piketty, Saez, J.P. Morgan Asset Management; *3Q21 estimates are from J.P. Morgan Asset Management; (Top Left) "Income Inequality in the United States, 1913-1998" by Thomas Piketty and Emmanuel Saez, updated to 2018. Income is defined as market income and excludes government transfers but includes capital gains. In 2018, top decile includes all families with annual income above $135,000; (Bottom Left) Consumer Expenditure Survey 2019; (Right) 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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Federal finances

Economy

The 2022 federal budget

CBO Baseline forecast, USD trillions

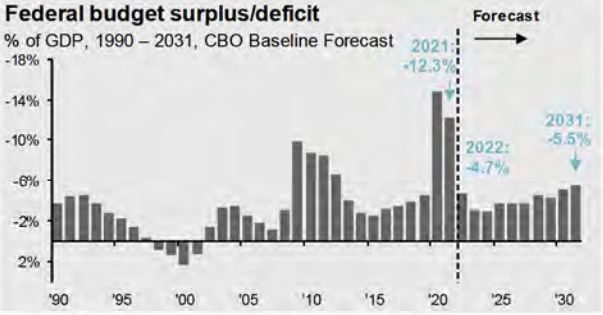


CBO's Baseline economic assumptions

	2022	'23-'24	'25-'26	'27-'31
Real GDP growth	6.1%	1.6%	1.3%	1.6%
10-year Treasury	1.9%	2.1%	2.6%	3.2%
Headline inflation (CPI)	2.7%	2.3%	2.4%	2.4%
Unemployment	4.1%	3.8%	4.2%	4.4%

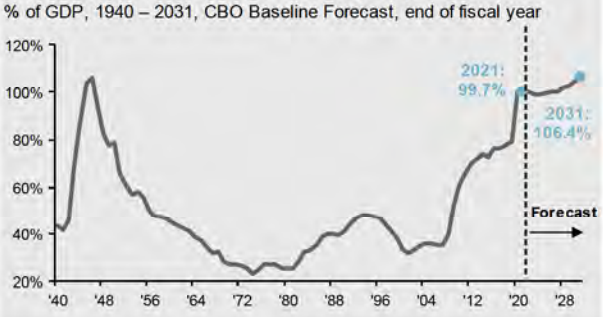
Federal budget surplus/deficit

% of GDP, 1990 – 2031, CBO Baseline Forecast



Federal net debt (accumulated deficits)

% of GDP, 1940 – 2031, CBO Baseline Forecast, end of fiscal year



Source: CBO, J.P. Morgan Asset Management; (Top and bottom right) BEA, Treasury Department.
Estimates are based on the Congressional Budget Office (CBO) July 2021 Update to the Budget and Economic Outlook, except for 2021 estimates of the federal deficit and net debt levels. These estimates and the details on the breakdown of spending, excluding net interest, are J.P. Morgan Asset Management estimates. Other spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Note: Years shown are fiscal years. 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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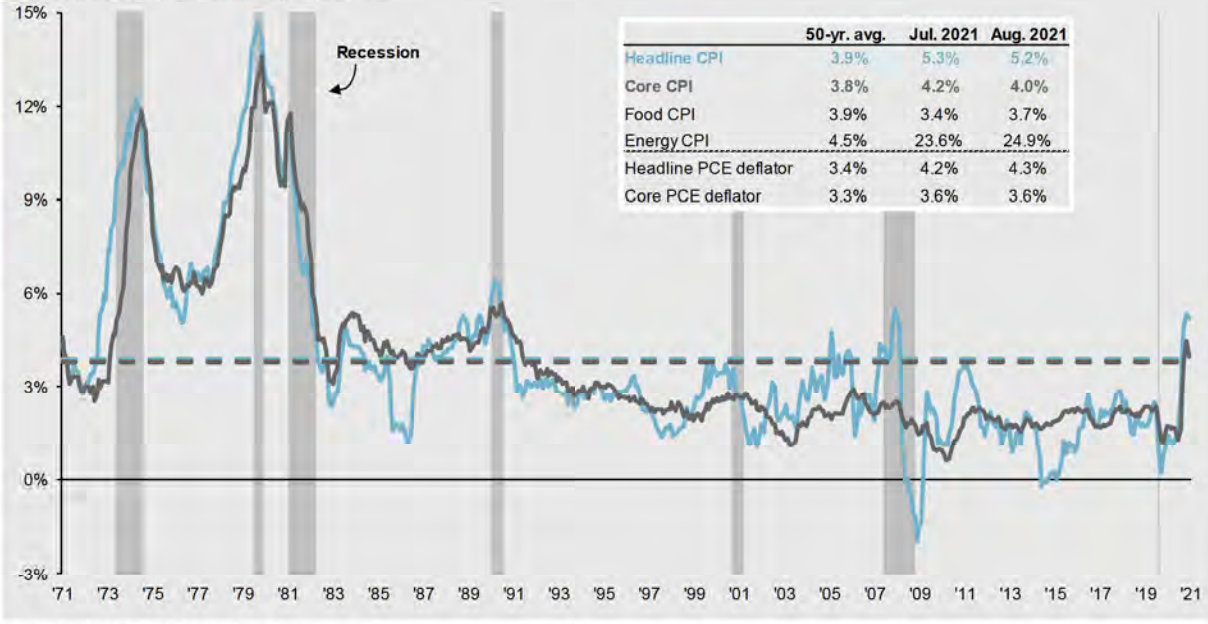
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Inflation

Economy

CPI and core CPI

% change vs. prior year, seasonally adjusted



	50-yr. avg.	Jul. 2021	Aug. 2021
Headline CPI	3.9%	5.3%	5.2%
Core CPI	3.8%	4.2%	4.0%
Food CPI	3.9%	3.4%	3.7%
Energy CPI	4.5%	23.6%	24.9%
Headline PCE deflator	3.4%	4.2%	4.3%
Core PCE deflator	3.3%	3.6%	3.6%

Source: BLS, FactSet, J.P. Morgan Asset Management.
CPI used is CPI-U and values shown are % change vs. one year ago. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chain-weighted basket of consumer expenditures instead of the fixed-weight basket used in CPI calculations.
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Unemployment and wages

Economy

Civilian unemployment rate and annualized y/2y wage growth for private production and non-supervisory workers

Seasonally adjusted, percent



	50-year avg.
Unemployment rate	6.3%
Wage growth	4.0%

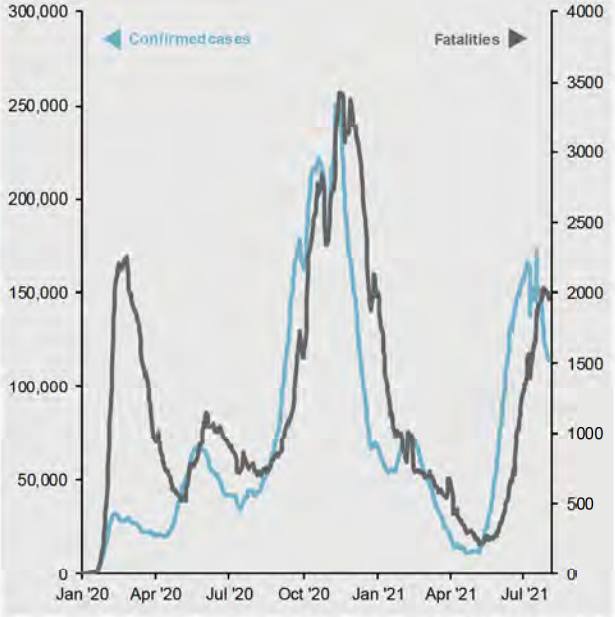
Source: BLS, FactSet, J.P. Morgan Asset Management.
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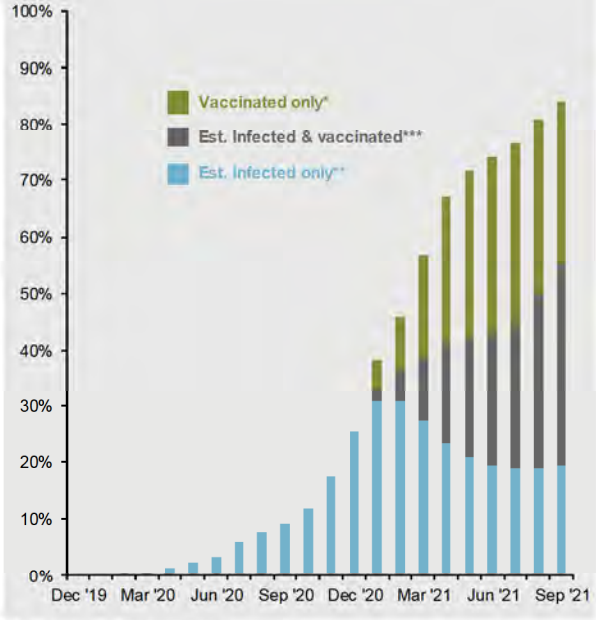
Economy

COVID-19: Cases, fatalities and immunity

Change in confirmed cases and fatalities in the U.S.
7-day moving average



Progress toward immunity
Percentage of population, end of month

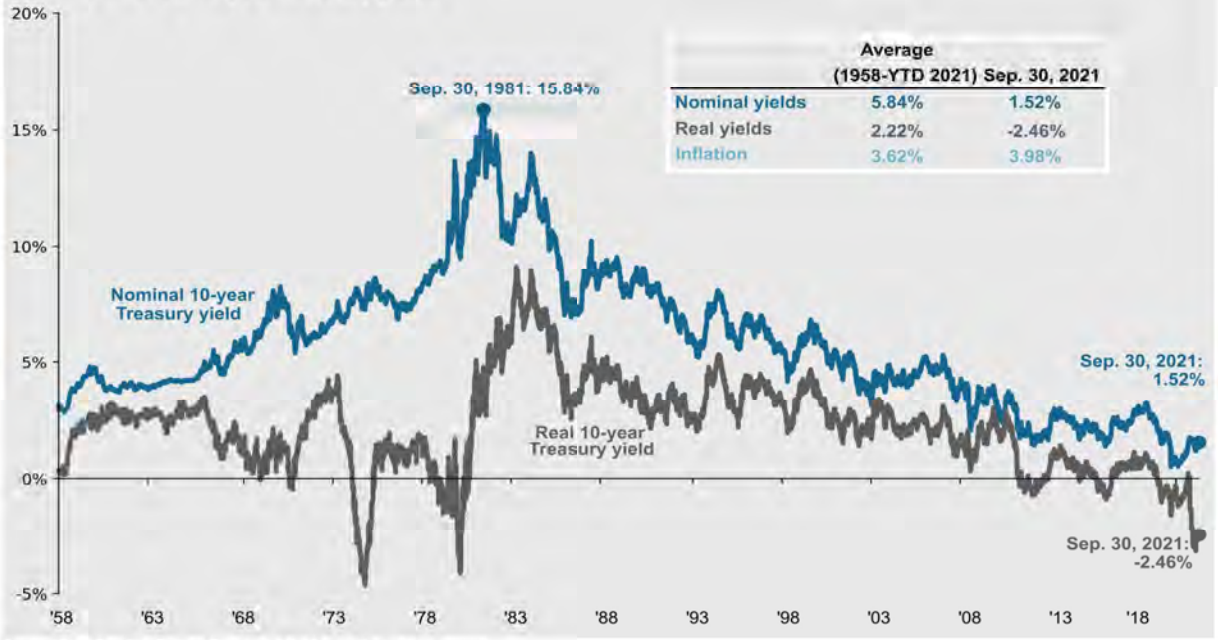


Source: Centers for Disease Control and Prevention, Johns Hopkins CSSE, Our World in Data, J.P. Morgan Asset Management.
*Share of the total population that has received at least one vaccine dose. **Est. Infected represents the number of people who may have been infected by COVID-19 by using the CDC's estimate that 1 in 4.2 COVID-19 infections were reported. ***Est. Infected & vaccinated assumes those infected equally likely to be vaccinated as those not infected.
Guide to the Markets – U.S. Data are as of September 30, 2021.

Fixed income

Interest rates and inflation

Nominal and real 10-year Treasury yields



	Average (1958-YTD 2021)	Sep. 30, 2021
Nominal yields	5.84%	1.52%
Real yields	2.22%	-2.46%
Inflation	3.62%	3.98%

Source: BLS, FactSet, Federal Reserve, J.P. Morgan Asset Management.
Real 10-year Treasury yields are calculated as the daily Treasury yield less year-over-year core CPI inflation for that month except for September and August 2021 where real yields are calculated by subtracting out September 2021 year-over-year core inflation.
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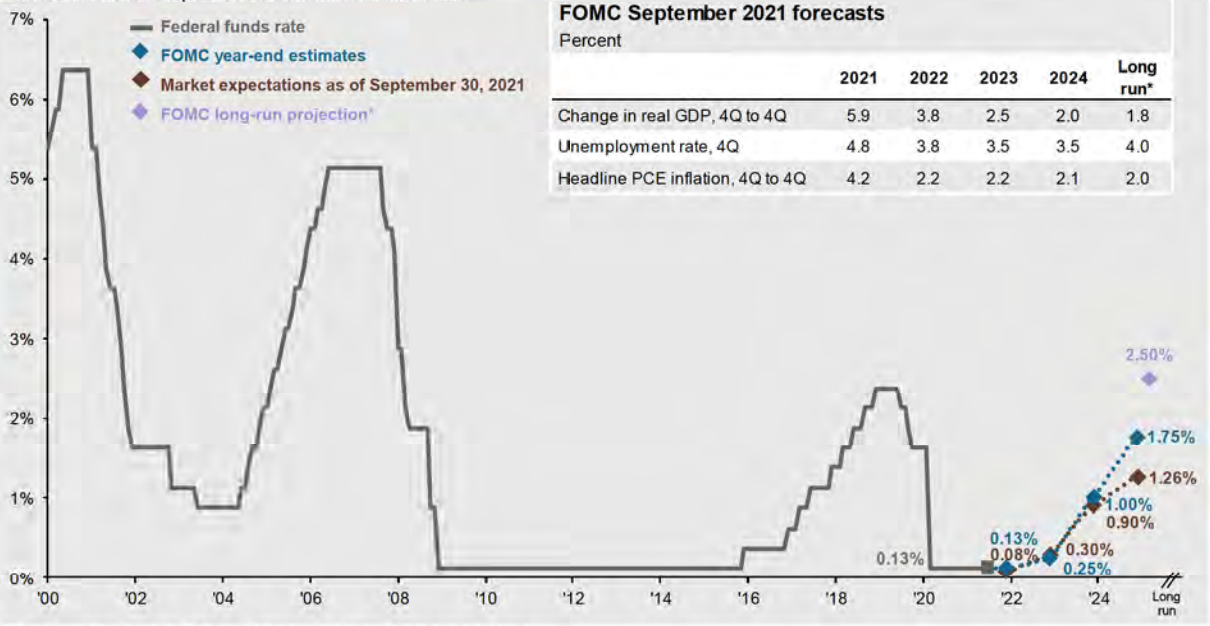
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The Fed and interest rates

Fixed income

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



FOMC September 2021 forecasts

Percent

	2021	2022	2023	2024	Long run*
Change in real GDP, 4Q to 4Q	5.9	3.8	2.5	2.0	1.8
Unemployment rate, 4Q	4.8	3.8	3.5	3.5	4.0
Headline PCE inflation, 4Q to 4Q	4.2	2.2	2.2	2.1	2.0

Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
Market expectations are based off of the USD Overnight Index Forward Swap rates. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. 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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The Federal Reserve balance sheet

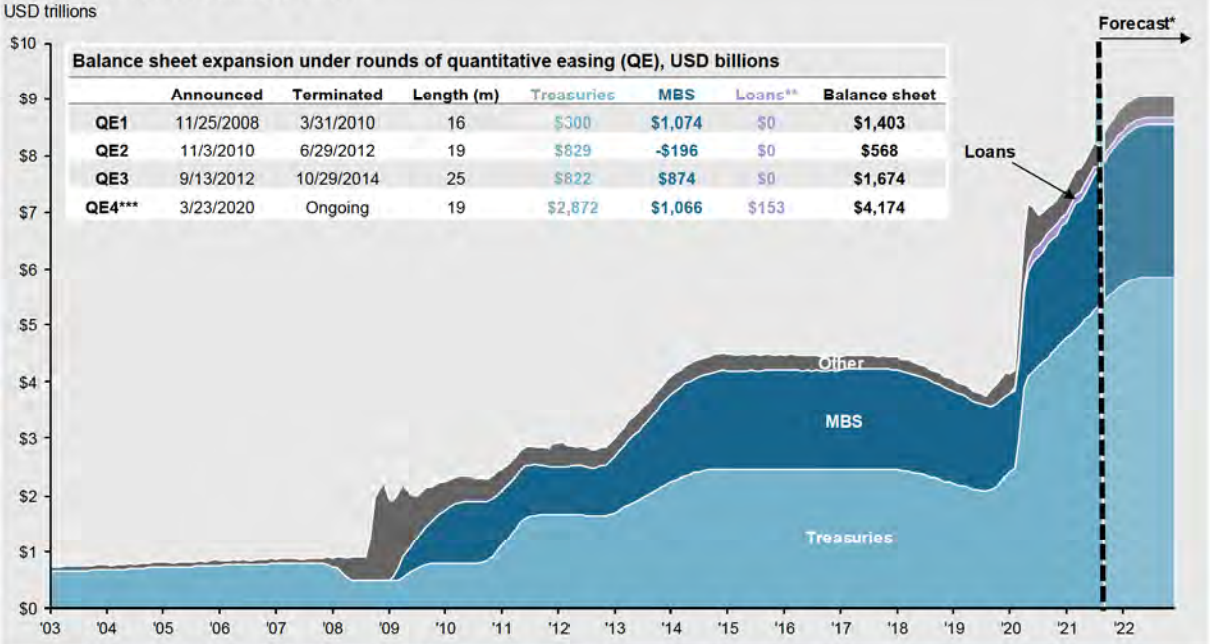
Fixed income

The Federal Reserve balance sheet

USD trillions

Balance sheet expansion under rounds of quantitative easing (QE), USD billions

	Announced	Terminated	Length (m)	Treasuries	MBS	Loans**	Balance sheet
QE1	11/25/2008	3/31/2010	16	$300	$1,074	$0	$1,403
QE2	11/3/2010	6/29/2012	19	$829	-$196	$0	$568
QE3	9/13/2012	10/29/2014	25	$822	$874	$0	$1,674
QE4***	3/23/2020	Ongoing	19	$2,872	$1,066	$153	$4,174



Source: FactSet, Federal Reserve, J.P. Morgan Investment Bank, J.P. Morgan Asset Management.
Currently, the balance sheet contains $5.4tn in Treasuries and $2.5tn in MBS. *The end balance sheet forecast assumes the Federal Reserve maintains its current pace of purchases of Treasuries and MBS through at least November 2021 as suggested in the September 2021 FOMC meeting. **Loans include liquidity and credit extended through corporate credit facilities established in March 2020. Other includes primary, secondary and seasonal loans, repurchase agreements, foreign currency reserves and maiden lane securities. ***QE4 is ongoing and the expansion figures are as of the most recent Wednesday close as reported by the Federal Reserve. 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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Yield curve

Fixed income

Yield curve
U.S. Treasury yield curve

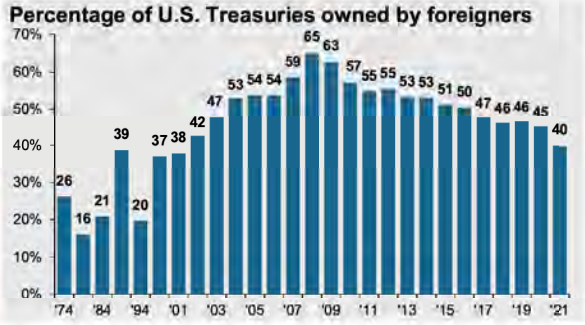


Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. 12/31/2013 is the date the yield curve reached one of its steepest levels in reaction to the Fed announcing it would begin paring down its bond-buying program. 08/04/2020 is the date of a record low on the 10-year, driven by safe haven demand and pessimism around the U.S. pandemic recovery.
Guide to the Markets – U.S. Data are as of September 30, 2021.

Foreign ownership of U.S. Treasuries

Fixed income

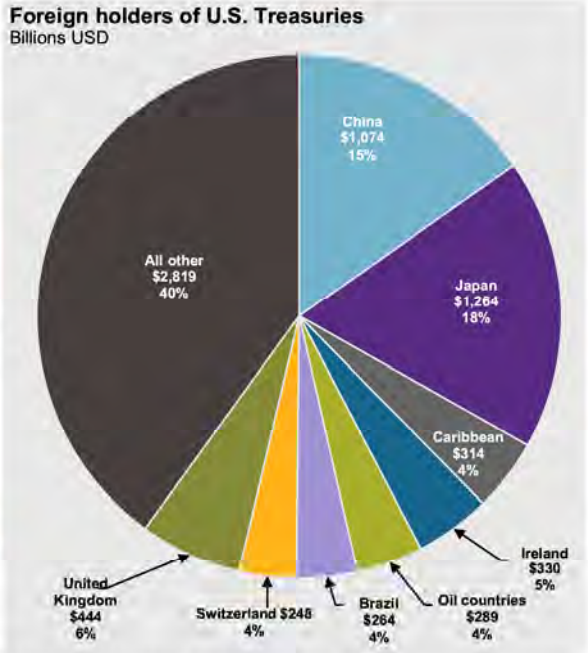
Percentage of U.S. Treasuries owned by foreigners



Private foreign investor net flows to U.S. fixed income
Cumulative foreign private net flows into USTs and Corporates, $ billion



Foreign holders of U.S. Treasuries
Billions USD



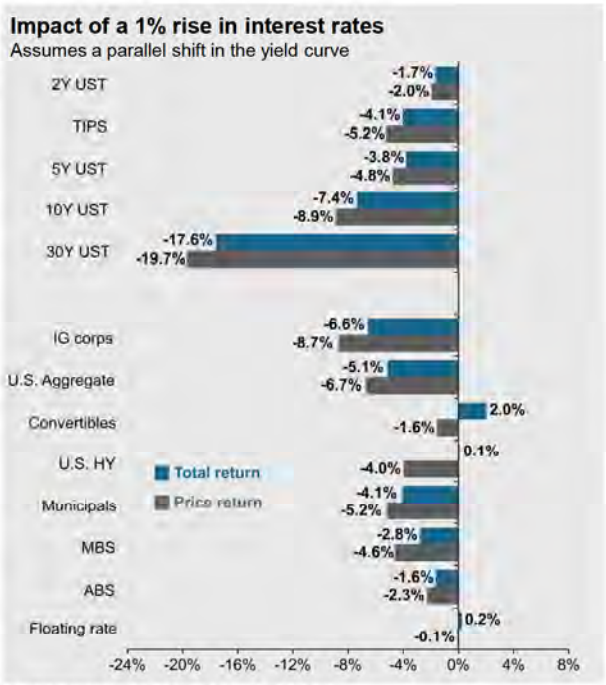
Source: U.S. Treasury Department TIC, FactSet, J.P. Morgan Asset Management. Data reflects most recently available information published by the U.S. Treasury in April 2021 for the period ending June 2020. Percentage of U.S. treasuries owned by foreigners is based on long-term marketable securities less bills outstanding and are as of 6/30 for each year. Caribbean Banking Centers include Bahamas, Bermuda, Cayman Islands, Curacao, Panama and St. Marteen. Oil countries include Ecuador, Venezuela, Indonesia, Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, Algeria, Gabon, Libya and Nigeria. Data on this page are updated quarterly to reflect revisions by the Treasury.
Guide to the Markets – U.S. Data are as of June 30, 2021.

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Fixed income market dynamics

Fixed income

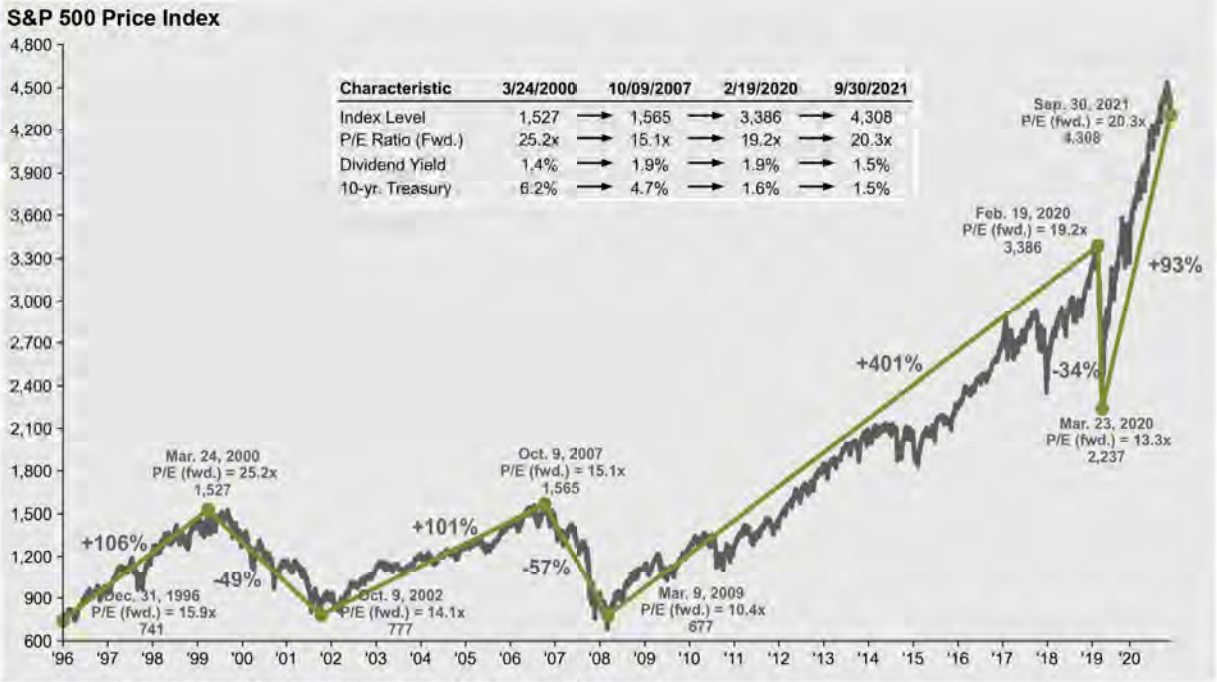
U.S. Treasuries	Yield 9/30/2021	Yield 12/31/2020	Return 2021 YTD	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
2-Year	0.28%	0.13%	-0.03%	2 years	0.67	-0.40
5-Year	0.98%	0.36%	-1.92%	5	0.92	-0.35
TIPS	-0.85%	-1.06%	3.51%	10	0.58	0.19
10-Year	1.52%	0.93%	-4.24%	10	1.00	-0.32
30-Year	2.08%	1.65%	-8.90%	30	0.93	-0.32
Sector						
IG corps	2.13%	1.74%	-1.27%	12.2	0.42	0.39
U.S. Aggregate	1.56%	1.12%	-1.55%	8.6	0.85	0.03
Convertibles	4.44%	4.91%	5.84%	-	-0.29	0.88
U.S. HY	4.04%	4.18%	4.53%	6.6	-0.25	0.73
Municipals	1.12%	1.07%	0.79%	13.0	0.38	0.10
MBS	1.83%	1.25%	-0.67%	5.9	0.81	-0.15
ABS	1.66%	2.87%	1.44%	2.4	0.02	0.14
Floating rate	0.32%	0.54%	0.59%	2.0	-0.22	0.44



Source: Barclays, Bloomberg, FactSet, SIFMA, 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; Corporates: U.S. Corporates; Municipals: Muni Bond; High Yield: Corporate High Yield; TIPS: Treasury Inflation-Protected Securities (TIPS); U.S. Floating rate index; Convertibles: U.S. Convertibles Composite. Convertibles yield is as of September 2021 due to data availability. Yield and return information based on bellwethers for Treasury securities. Sector yields reflect yield-to-worst. Convertibles yield is based on U.S. portion of Bloomberg Barclays Global Convertibles. Correlations are based on 15-years of monthly returns for all sectors. Issuance is based on monthly data provided by SIFMA. Past performance is not indicative of future results.
Guide to the Markets – U.S. Data are as of September 30, 2021.

S&P 500 Index at inflection points

Equities



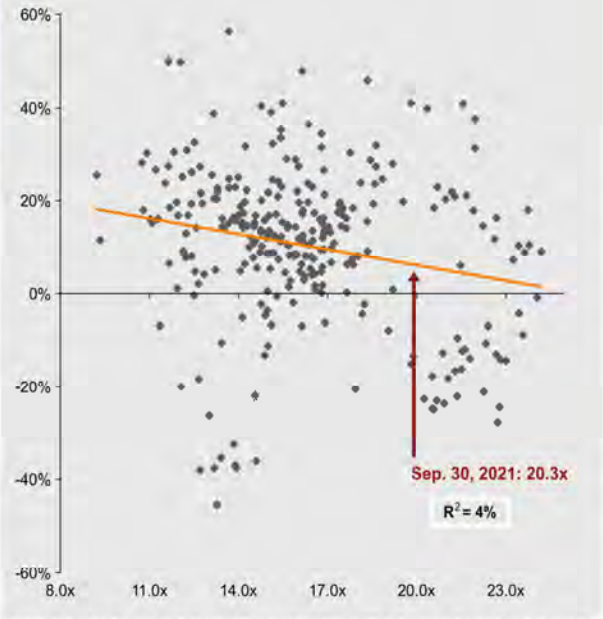
Source: Compustat, FactSet, Federal Reserve, Standard & Poor's, J.P. Morgan Asset Management.
Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price-to-earnings ratio is a bottom-up calculation based on J.P. Morgan Asset Management estimates. 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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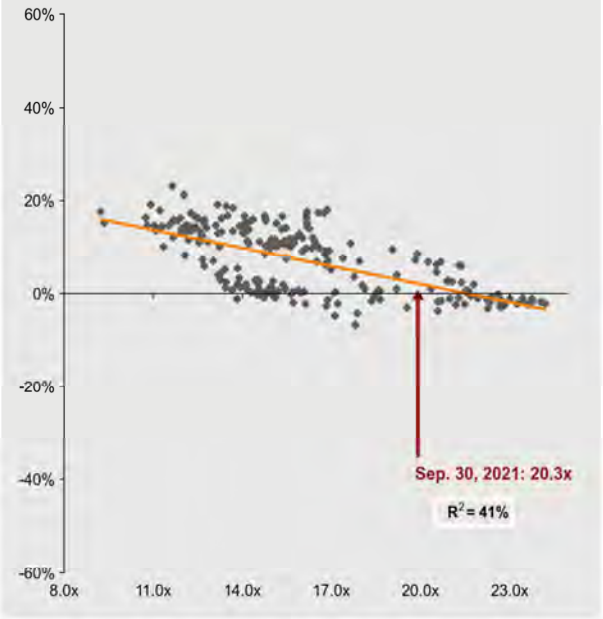
P/E ratios and equity returns

Equities

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

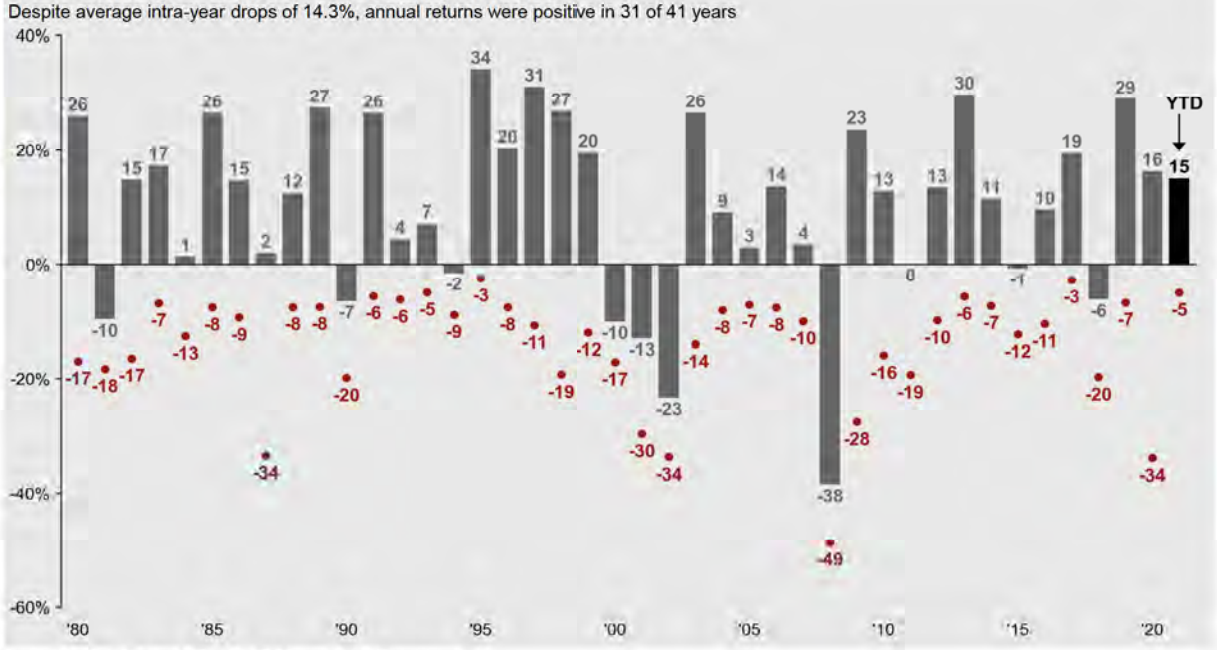


Source: FactSet, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.
Returns are 12-month and 60-month annualized total returns, measured monthly, beginning 8/31/96. R^2 represents the percent of total variation in total returns that can be explained by forward price-to-earnings ratios. Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since July 1996, and J.P. Morgan Asset Management for September 30, 2021.
Guide to the Markets – U.S. Data are as of September 30, 2021.

Annual returns and intra-year declines

Equities

S&P 500 intra-year declines vs. calendar year returns
Despite average intra-year drops of 14.3%, annual returns were positive in 31 of 41 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. 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 1980 to 2020, over which time period the average annual return was 9.0%.
Guide to the Markets – U.S. Data are as of September 30, 2021.

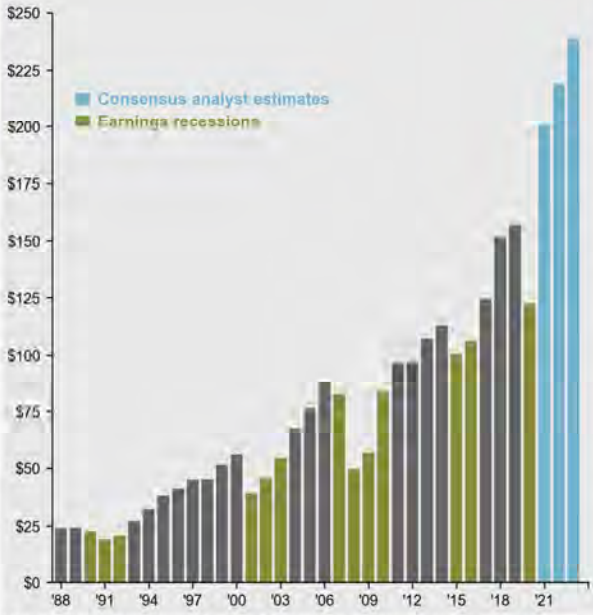
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Corporate profits and sources of total return

Equities

S&P 500 earnings per share

Index annual operating earnings



Percent change in S&P 500, earnings and valuations

Year-to-date, indexed to 100



Source: FactSet, Compustat, Standard & Poor's, J.P. Morgan Asset Management.
Historical EPS levels are based on annual operating earnings per share. Earnings estimates are based on estimates from Standard & Poor's and FactSet Market Aggregates. Past performance is not indicative of future returns.
Guide to the Markets – U.S. Data are as of September 30, 2021.

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



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

% of market capitalization of the S&P 500



Earnings contribution of the top 10 in the S&P 500

Based on last 12 months' earnings



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. The weight of each of these companies is revised monthly. As of 9/30/21, the top 10 companies in the index were AAPL (6.1%), MSFT (5.8%), AMZN (3.9%), FB (2.2%), GOOGL (2.2%), GOOG (2.1%), TSLA (1.7%), BRK.B (1.4%), NVDA (1.4%), JPM (1.3%), and JNJ (1.2%). The remaining stocks represent the rest of the 494 companies in the S&P 500.
Guide to the Markets – U.S. Data are as of September 30, 2021.

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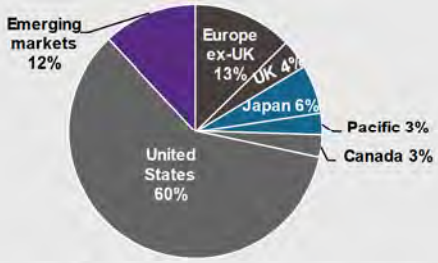
Global equity markets

International

Returns	2021 YTD		2020		15-years	
	Local	USD	Local	USD	Ann.	Beta
Regions						
U.S. (S&P 500)	-	15.9	-	18.4	9.9	0.89
AC World ex-U.S.	10.5	6.3	6.5	11.1	5.4	1.08
EAFE	14.7	8.8	1.3	8.3	5.0	1.04
Europe ex-UK	16.3	10.2	2.1	11.6	5.9	1.18
Emerging markets	1.0	-1.0	19.5	18.7	7.0	1.19
Selected Countries						
United Kingdom	13.8	12.2	-13.2	-10.4	2.9	1.02
France	18.8	12.6	-3.9	4.7	5.5	1.22
Germany	10.9	5.0	3.0	12.3	6.5	1.31
Japan	14.8	6.2	9.2	14.9	3.7	0.73
China	-16.4	-16.6	28.3	29.7	11.9	1.12
India	28.9	26.8	18.6	15.9	8.0	1.28
Brazil	-7.3	-11.6	4.8	-18.9	4.8	1.51
Russia	30.0	31.9	3.4	-11.6	2.7	1.51

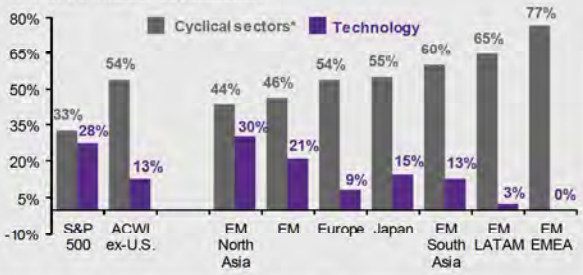
Weights in MSCI All Country World Index

% global market capitalization, float adjusted



Representation of cyclical and technology sectors

% of index market capitalization



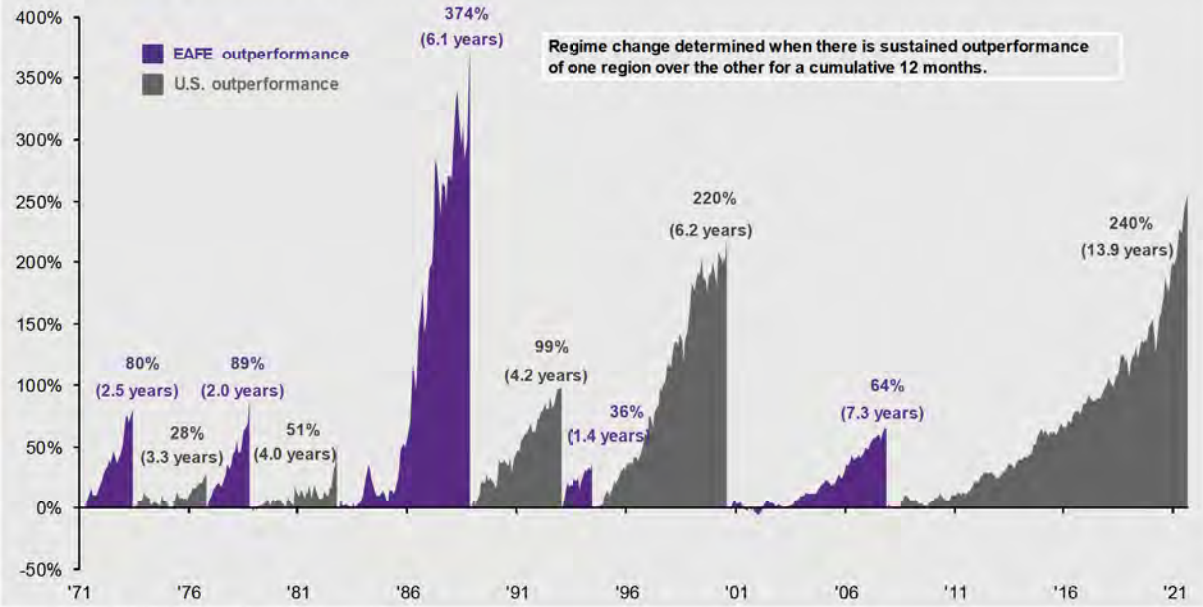
Source: FactSet, Federal Reserve, MSCI, Standard & Poor's, J.P. Morgan Asset Management. All return values are MSCI Gross Index (official) data. 15-year history based on U.S. dollar returns. 15-year return and beta figures are calculated for the time period 12/31/2005 to 12/31/2020. Beta is for monthly returns relative to the MSCI AC World Index. Annualized volatility is calculated as the standard deviation of quarterly returns multiplied by the square root of 4. Chart is for illustrative purposes only. Please see disclosure page for index definitions. Past performance is not a reliable indicator of current and future results.
*Sector breakdown includes the following aggregates: Technology (Information Technology) and cyclicals (Consumer Discretionary, Financials, Industrials, Energy and Materials). The Internet and direct marketing subsector has been removed from the cyclicals calculation. In our judgement, companies in this space do not yet fit into the cyclical category, as they are still in a transitional growth phase and are not being directly impacted by the business cycle. EM North Asia includes China, Taiwan and South Korea. EM South Asia includes India, Indonesia, Malaysia, Pakistan, Philippines, Taiwan and Thailand.
Guide to the Markets – U.S. Data are as of September 30, 2021.

Cycles of U.S. equity outperformance

International

MSCI EAFE and MSCI USA relative performance

U.S. dollar, total return, cumulative outperformance*



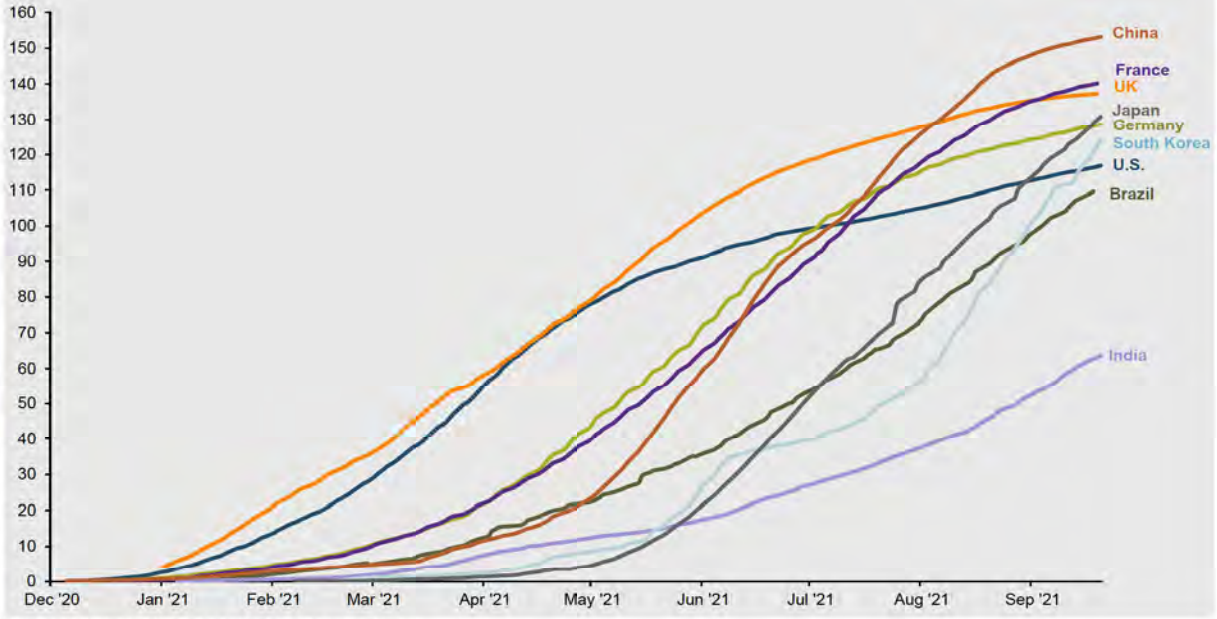
Source: FactSet, MSCI, J.P. Morgan Asset Management.
*Cycles of outperformance include a qualitative component to determine turning points in leadership.
Guide to the Markets – U.S. Data are as of September 30, 2021.

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Global COVID-19 vaccinations

International

COVID-19 vaccine rollout
Total vaccine doses administered per hundred people

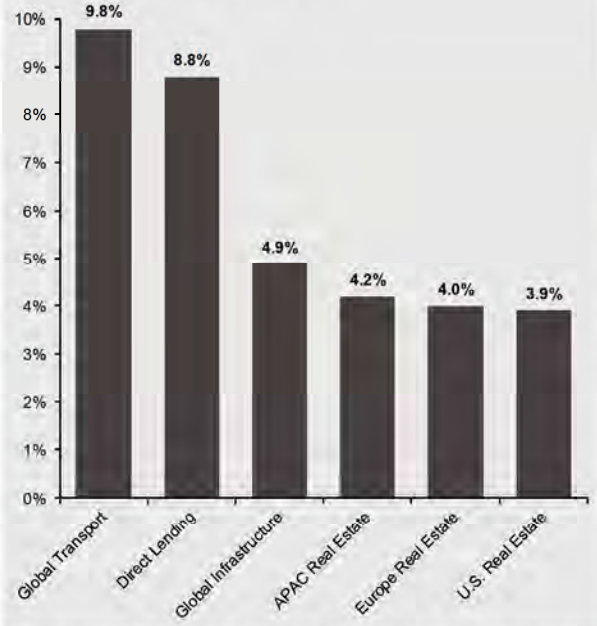


Source: Our World in Data, J.P. Morgan Asset Management.
Total vaccine doses administered per hundred people. Includes both first and second doses in the case of a two-dose vaccine regimen.
Guide to the Markets – U.S. Data are as of September 30, 2021.

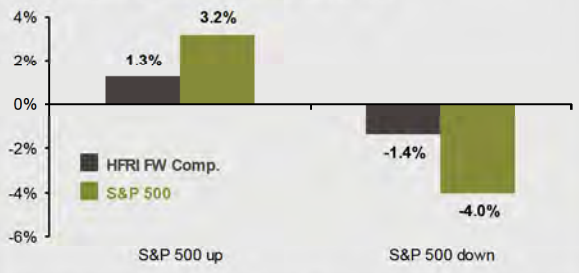
Alternative sources of income and diversification

Alternatives

Alternative asset class yields



Hedge fund returns in different market environments
Average return in up and down months for S&P 500



Hedge fund returns in different market environments
Average return in up and down months for Bloomberg Barclays Agg.



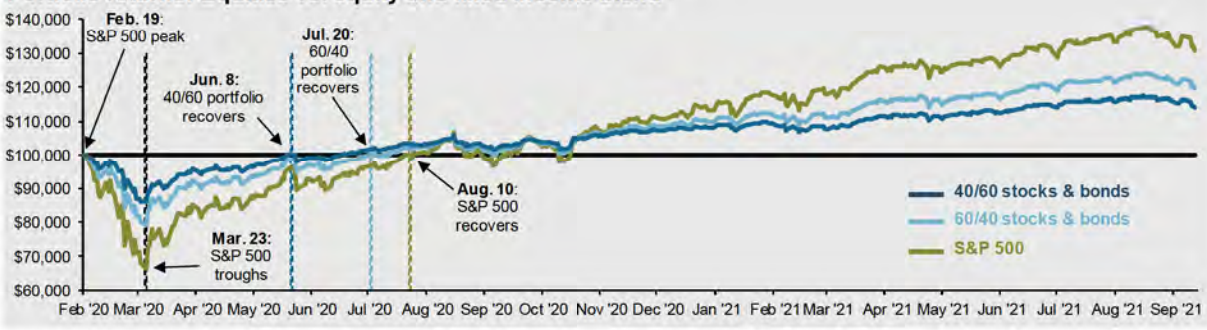
Source: Barclays, BEA, Bloomberg, Clarkson, Cliffwater, Drewry Maritime Consultants, FactSet, HFRI, J.P. Morgan Asset Management. Global Transport and Direct Lending yields are as of 6/30/2021.Global Infrastructure and U.S, Europe and APAC Real Estate yields are as of 3/31/2021. Global Transport: Levered yields for transport assets calculated as the difference between charter rates (rental income), operating expenses, debt amortization and interest expenses, as a percentage of equity value. Yields for each of the sub-vessel types are calculated and respective weightings are applied to arrive at the current levered yields for Global Transportation; Direct Lending: Cliffwater Direct Lending Index; Global Infrastructure: MSCI Global Infrastructure Asset Index-Low Risk; U.S. Real Estate: NCREIF-ODCE Index; Europe core real estate: IPD Global Property Fund Index – Continental Europe. Asia Pacific (APAC) core real estate: IPD Global Propery Fund Index – Asia-Pacific. Positive yield does not imply positive return.
This slide comes from our Guide to Alternatives.
Guide to the Markets – U.S. Data are as of September 30, 2021.

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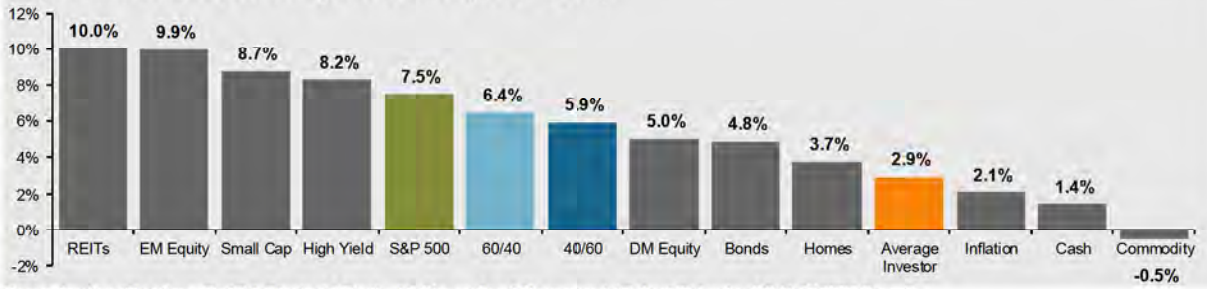
Diversification and the average investor

Investing principles

Portfolio returns: Equities vs. equity and fixed income blend



20-year annualized returns by asset class (2001 – 2020)



Source: Barclays, Bloomberg, FactSet, Standard & Poor's, J.P. Morgan Asset Management; (Bottom) Dalbar Inc, MSCI, NAREIT, Russell. Indices used are as follows: REITs: NAREIT Equity REIT Index, Small Cap: Russell 2000, EM Equity: MSCI EM, DM Equity: MSCI EAFE, Commodity: Bloomberg Commodity Index, High Yield: Bloomberg Barclays Global HY Index, Bonds: Bloomberg Barclays U.S. Aggregate Index, Homes: median sale price of existing single-family homes, Cash: Bloomberg Barclays 1-3m Treasury, Inflation: CPI. 60/40: A balanced portfolio with 60% invested in S&P 500 Index and 40% invested in high-quality U.S. fixed income, represented by the Bloomberg Barclays U.S. Aggregate Index. The portfolio is rebalanced annually. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior.
Guide to the Markets – U.S. Data are as of September 30, 2021.