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

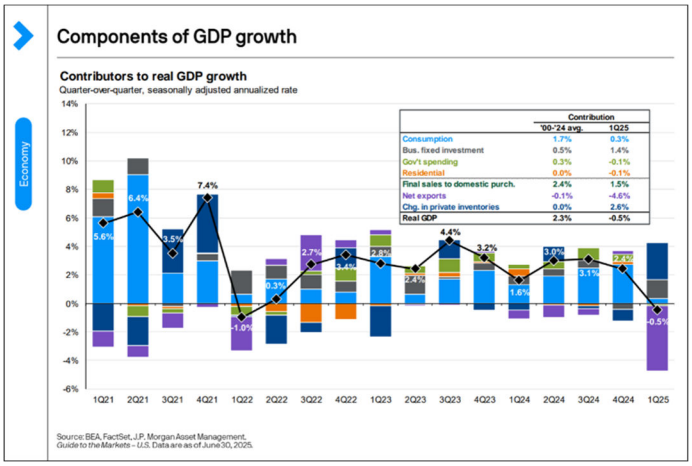
ECONOMIC AND MARKET COMMENTARY

2nd Quarter 2025

I. SECOND-QUARTER 2025 ECONOMIC RECAP

By Frank Smith, III, CFA

In the second quarter of 2025, the economy faced turbulence due to changes in trade policy and fiscal uncertainty. Estimates for U.S. GDP growth are approximately 2.1% quarter over quarter on an annualized basis. This is a rebound from the -0.5% contraction in the first quarter, primarily driven by a surge in imports that companies front-loaded to avoid tariffs.



Labor markets showed signs of cooling but remained relatively robust. By June, the unemployment rate edged up to 4.2%, consistent with the first quarter, while monthly nonfarm payroll gains averaged 139,000, down from 168,000 in 2024. Declining job openings and rising unemployment claims indicated a softening demand, particularly in trade-sensitive sectors. Policy uncertainty, including the effects of immigration and tariffs, further dampened hiring, with forecasts suggesting that unemployment could rise to 4.5% by the third quarter.

Tariff discussions caused volatility in the markets. The announcement of steep tariffs on "Liberation Day" in April triggered a 15% drop in global markets. A subsequent 90-day pause (excluding China) and tariff de-escalations, such as Vietnam's rate decreasing to 20%, eased tensions and lowered the effective tariff rate to approximately 15%. This relief boosted consumption in the second quarter, but concerns around inflation remain.

The "Big, Beautiful Bill," which extended the 2017 Tax Cuts and Jobs Act, is projected to add $3 trillion to the federal deficit over the next decade, according to the Congressional Budget Office. The bill's fiscal implications kept long-term bond yields elevated, raising concerns about the sustainability of federal debt.

The S&P 500 mirrored this volatility, tumbling 10% during April's "tariff tantrum" but recovering to a 6.2% year-to-date gain by the end of June, trailing behind non-U.S. equities like the MSCI EAFE, which saw a 19.9% increase. Strong corporate earnings and relief from tariffs fueled the rebound, though high valuations warranted caution.

The Federal Reserve maintained its interest rates in the range of 4.25% to 4.5%, opting for a wait-and-see approach amid stagflation risks. June projections indicated two potential 25-basis-point cuts in 2025, likely to start in September, as inflation cooled slightly and economic growth slowed.

The bond market exhibited volatility, with 30-year Treasury yields reaching over 5%, the highest level since 2023—driven by concerns over the deficit and fears of inflation induced by tariffs. The yield curve steepened, reflecting investor demand for higher long-term yields.

In summary, the U.S. economy experienced growth in the second quarter of 2025, despite facing challenges from tariff disruptions, fiscal expansion, and a cooling labor market. These challenges are expected to persist as the economy navigates the upcoming quarters. In summary, the U.S. economy grew in the second quarter of 2025, despitechallenges from tariff disruptions, fiscal expansion, and a cooling labor market. These challenges will remain as the economy navigates the coming quarters.

II. SECOND-QUARTER 2025 EQUITY MARKET RECAP

By Dodd Williams, CFA

Stocks entered the quarter on a down slide that had begun in mid-February. On Wednesday, April 2nd, President Trump announced baseline 10% tariffs on all countries and "reciprocal" tariffs on individual countries up to as high as 49% - ½ of the estimated tariff currently charged by the offending country. The equity market dropped significantly on "Liberation" Day with the S&P 500 Index falling almost 600 points or 10.5%. Markets found a bottom the following Tuesday, April 8th and started their recovery. The S&P 500 Index (SPX) rose 20.3% from April 8th through the end of the quarter while the Nasdaq Composite Index rose 28.3% over the same period. Through end of June, the SPX is up 6.20% for the first half of 2025.

Index	Ticker	Description	Quarterly Return
S&P 100	OEX	The largest 100 companies	12.75%
S&P 400	MID	The 101st to 500th largest companies	6.71%
S&P 500	SPX	The largest 500 companies combined	10.94%
S&P 600	SML	Small capitalization companies – smaller than S&P 500	4.90%
Russell 1000	RIY	The largest 1000 companies – comprises 93% of the investable market	11.11%
Russell 2000	RTY	Another index of small capitalization companies (the next 2000 after the Russell 1000) – comprises only 8% of the larger Russell 3000	8.50%
Russell 3000	RAY	The broadest representation of the U.S. stock market representing 98% of the investable market	10.99%

The S&P 500 Equal-Weight Index (SPW) underperformed the cap-weighted S&P 500 Index returning 5.46 versus 10.94% as mid-cap companies returned only about ½ the return of the largest 100 companies.

After the material underperformance in the 1st quarter 2025, the U.S. stock market rebound lead to outperformance in the 2nd quarter relative to international equities. European stocks as measured by the MSCI Euro Index (MSER) returned 4.23% for the quarter, but are still up 11.97% for the first half of 2025. Japan's Nikkei 225 (NKY) returned 13.81% in the 2nd quarter while Chinese stocks as measured by the Shanghai Shenzhen CSI 300 returned 2.38%.

III. SECOND-QUARTER 2025 BOND MARKET RECAP

By Chad McKeithen

The second quarter of 2025 was marked by continued volatility in the bond market, driven by a confluence of evolving economic data, shifting expectations around Federal Reserve policy, the impact of ongoing tariff measures, and persistent geopolitical tensions. While the Federal Open Market Committee (FOMC) maintained its policy rate, market participants increasingly priced in the likelihood of a rate cut as early as the third quarter, aligning with the Fed's recent forward guidance.

Inflation continued to moderate, yet consumer spending remained subdued and business investment showed early signs of deceleration. The labor market, though still relatively resilient, began to exhibit signs of cooling, with a decline in job openings and a stabilization in wage growth. As a result, recession probabilities edged higher, with Bloomberg's 12-month consensus rising to 37.5%.

U.S. Treasury yields reflected the uncertainty. The 10-year Treasury yield fell to a quarterly low of 3.99% in early April before surging 50 basis points over five trading days to reach 4.49%. The upward momentum continued into mid-May, peaking at 4.60%, largely driven by concerns over U.S. fiscal sustainability and deficit spending, culminating in a sovereign credit rating downgrade by Moody's. However, by June, market sentiment stabilized and buying resumed, bringing the 10-year yield down to 4.24% by quarter-end. Short-term rates experienced similar volatility, with the 2-year Treasury yield bouncing between 3.60% and 4.05% throughout the quarter.

Chart 1 – 2nd Quarter Rate & Bond Sector Changes

Rates/Indicators	06/30/25	3/31/25	Q / Q Change
Prime	7.50	7.50	0.00
Effective Fed Funds	4.33	4.33	0.00
3m Tbill	4.31	4.20	0.11
2yr UST	3.72	3.89	-0.17
10yr UST	4.24	4.20	0.04
2-10yr UST Spread	0.52	0.31	0.21
2y AAA Muni/10y UST	69%	68%	1%
10y AAA Muni/10y UST	76%	76%	0%
Bond Sector Yields	**06/30/25**	**3/31/25**	**Qtr Change**
U.S. Aggregate	4.51	4.60	-0.09
IG Corps	4.99	5.15	-0.16
U.S. High Yield	7.06	7.73	-0.67
Municipals	3.96	3.85	0.11
MBS	4.93	4.92	0.01
Asset Backed	4.97	5.08	-0.11

Source: JP Morgan/Bloomberg

Municipal bond yields rose during the second quarter, driven by elevated new issuance and intermittent concerns regarding the long-term viability of their tax-exempt status. High-yield municipal spreads widened in April amid broader concerns about economic growth but subsequently narrowed as economic sentiment improved later in the quarter.

High-quality municipal bonds attracted strong investor interest, supported by attractive yields and a steeper yield curve relative to Treasuries. The 10-year Municipal-to-Treasury ratio remained steady at 76%, slightly above its five-year average of 74%. With short-term rates expected to decline while longer-term rates remain elevated, intermediate- to long-duration municipal bonds are increasingly viewed as an effective hedge against potential rate cuts.

The investment-grade (IG) corporate bond market experienced significant volatility during the second quarter. Spreads widened sharply in April, rising from +94 basis points to a quarterly peak of +118 basis points over comparable U.S. Treasuries, amid heightened macroeconomic uncertainty. However, as investor sentiment improved and risk appetite returned, spreads steadily tightened over the remainder of the quarter. By quarter-end, IG spreads had narrowed to +84 basis points, approaching the five-year low of +74 basis points. This late-quarter tightening mirrored trends in the equity markets and reflected growing investor confidence and a more constructive outlook for credit fundamentals.

Chart 2 – 2025 Bond Sector Total Returns

	2025 Total Return	Avg Maturity
U.S. Aggregate	4.02	8.30
IG Corps	4.17	10.40
U.S. High Yield	4.57	4.70
Municipals	-0.35	13.30
MBS	4.23	7.80
Asset Backed	3.10	2.20

Source: JP Morgan

The source of the information in this commentary is SSW, S&P Capital IQ, GICS and Bloomberg.

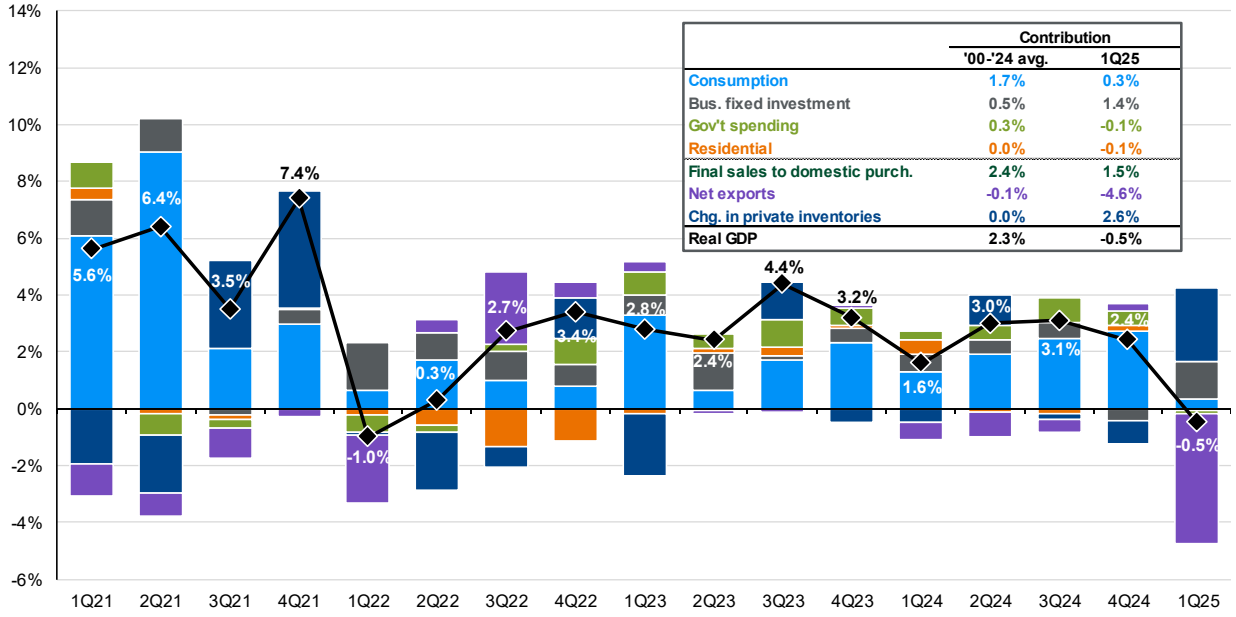
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Components of GDP growth

Contributors to real GDP growth

Quarter-over-quarter, seasonally adjusted annualized rate



	Contribution '00-'24 avg.	Contribution 1Q25
Consumption	1.7%	0.3%
Bus. fixed investment	0.5%	1.4%
Gov't spending	0.3%	-0.1%
Residential	0.0%	-0.1%
Final sales to domestic purch.	2.4%	1.5%
Net exports	-0.1%	-4.6%
Chg. in private inventories	0.0%	2.6%
Real GDP	2.3%	-0.5%

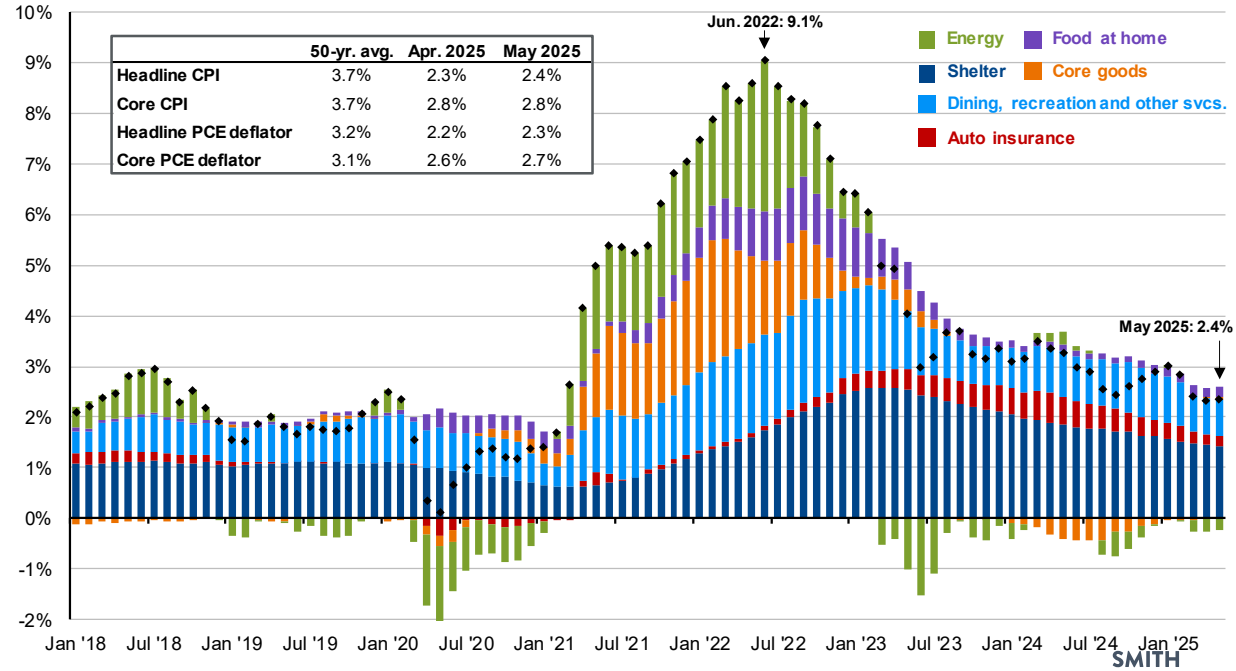
Source: BEA, FactSet, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of June 30, 2025.

Economy

Inflation components

Contributors to headline CPI inflation

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



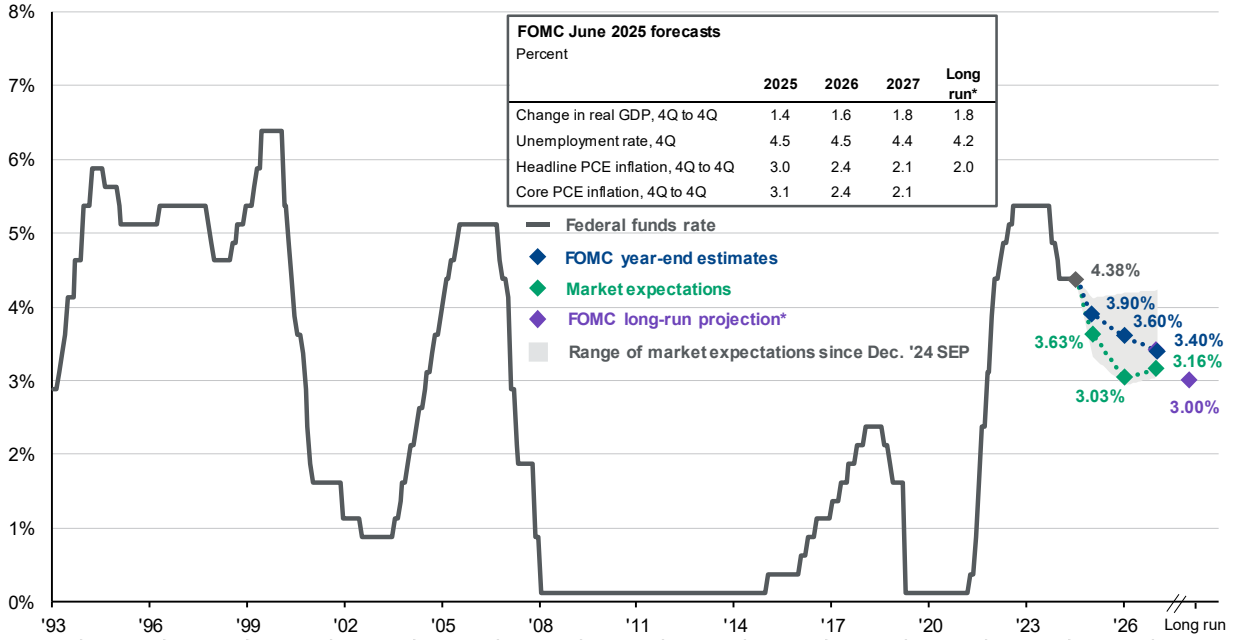
	50-yr. avg.	Apr. 2025	May 2025
Headline CPI	3.7%	2.3%	2.4%
Core CPI	3.7%	2.8%	2.8%
Headline PCE deflator	3.2%	2.2%	2.3%
Core PCE deflator	3.1%	2.6%	2.7%

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. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages.
Guide to the Markets – U.S. Data are as of June 30, 2025.

The Fed and interest rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate

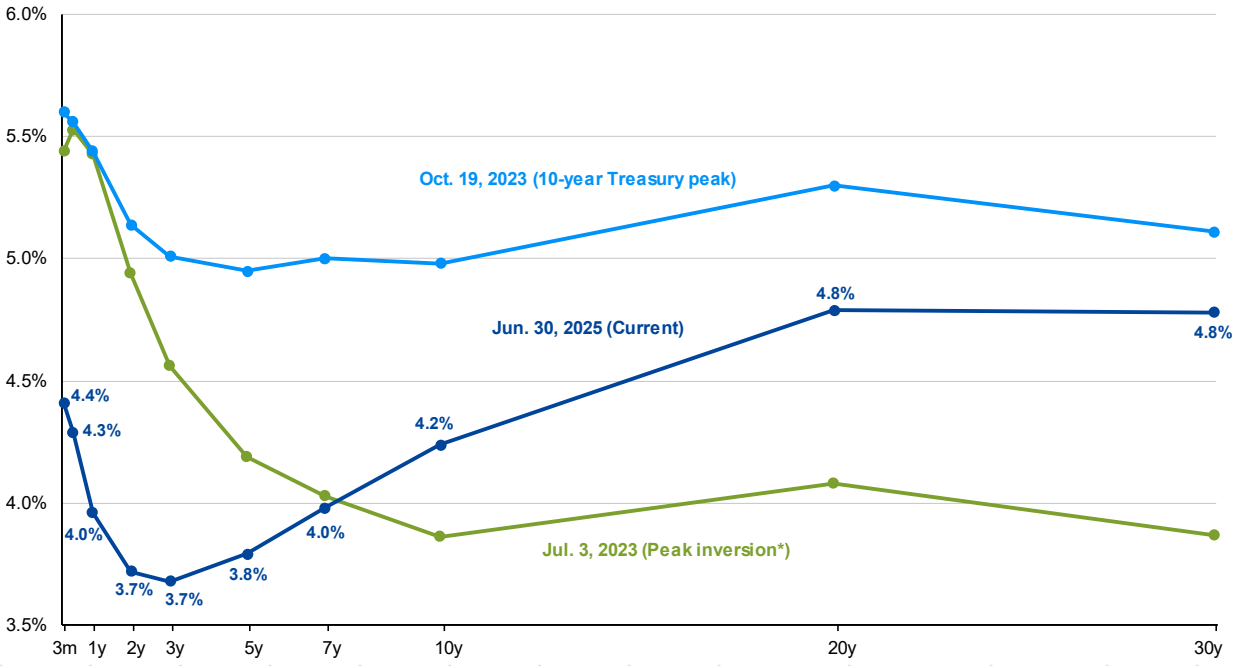


Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts, 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.
Guide to the Markets – U.S. Data are as of June 30, 2025.

Fixed Income

Yield curve

U.S. Treasury yield curve

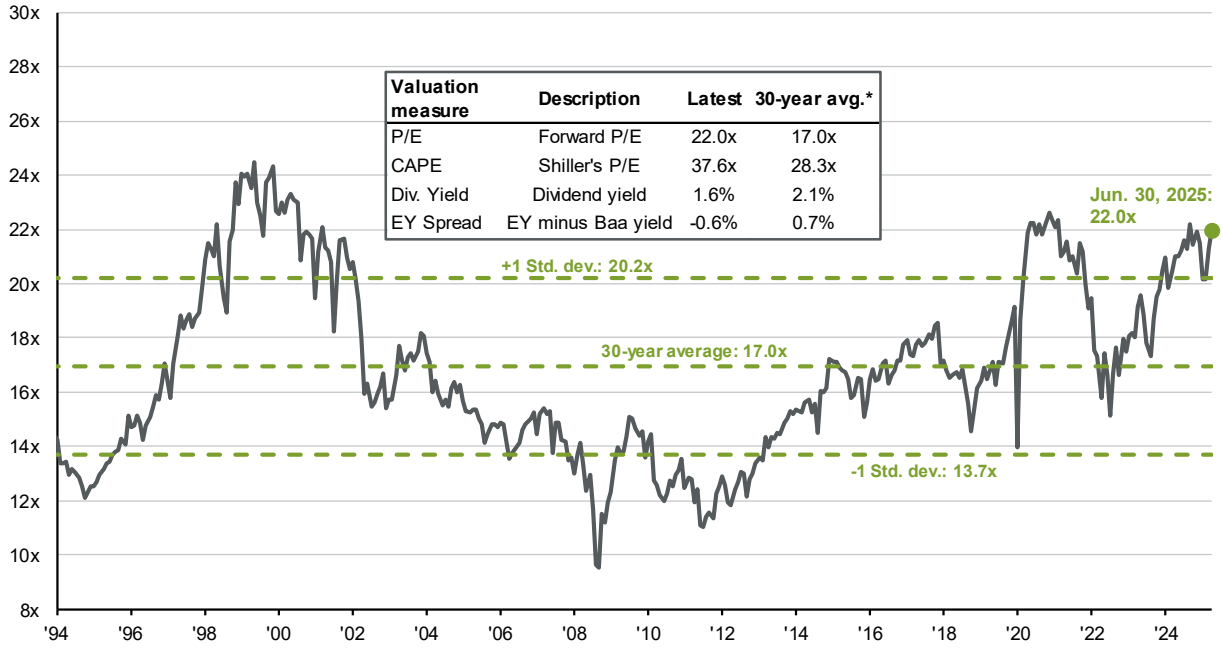


Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Analysis references data back to 2020. *Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury.
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S&P 500 valuation measures

S&P 500 Index: Forward P/E ratio



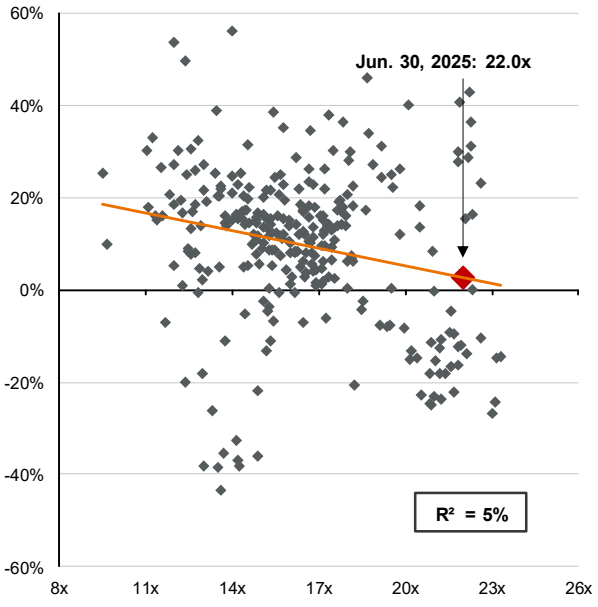
Valuation measure	Description	Latest	30-year avg.*
P/E	Forward P/E	22.0x	17.0x
CAPE	Shiller's P/E	37.6x	28.3x
Div. Yield	Dividend yield	1.6%	2.1%
EY Spread	EY minus Baa yield	-0.6%	0.7%

Source: Bloomberg, FactSet, Moody's, Refinitiv Datastream, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management.
Forward P/E ratio is the most recent S&P 500 index price divided by consensus analyst estimates for earnings in the next 12 months, provided by IBES since March 1994 and FactSet since January 2022. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as consensus estimates of dividends in the next 12 months, provided by FactSet, divided by the most recent S&P 500 index price. EY minus Baa yield is the forward earnings yield (the inverse of the forward P/E ratio) minus the Bloomberg U.S. corporate Baa yield since December 2008 and interpolated using the Moody's Baa seasoned corporate bond yield for values beforehand. *Average for dividend yield is since August 1995 due to data availability.
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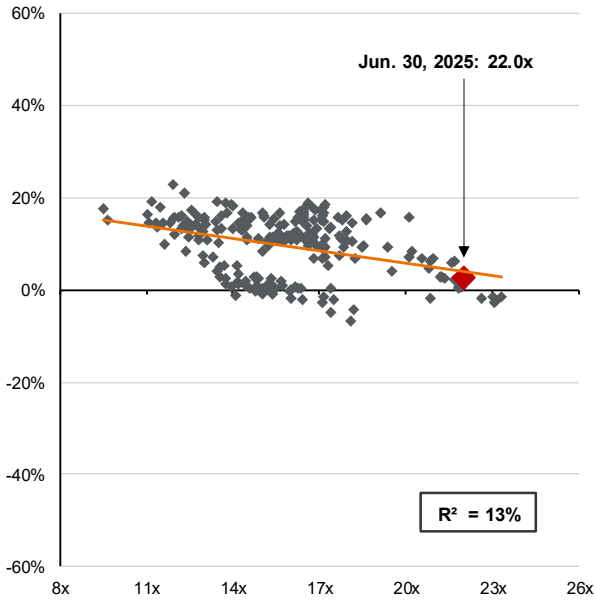
Equities

P/E ratios and equity returns

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



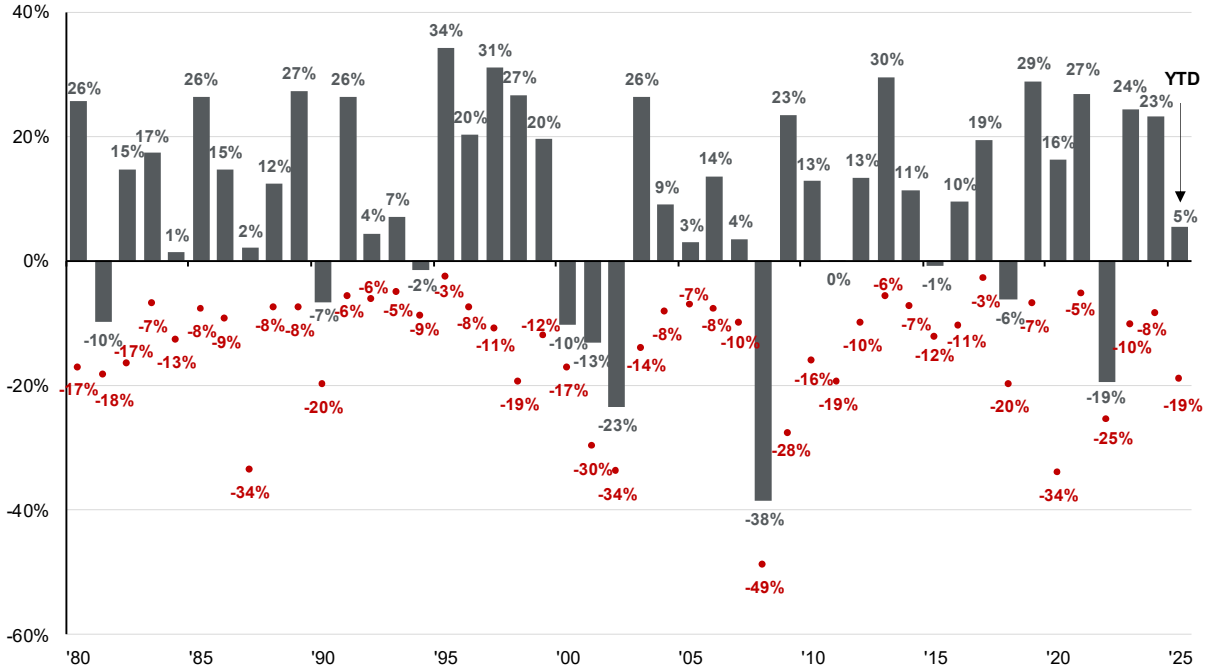
Source: FactSet, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management.
Returns are 12-month and 60-month annualized total returns, measured monthly, beginning 5/31/1999. R^2 represents the percent of total variation in total return that can be explained by forward P/E ratios. The forward P/E ratio is the most recent S&P 500 Index price divided by consensus analyst estimates for earnings in the next 12 months, provided by IBES since May 1999 and FactSet since January 2022.
Guide to the Markets – U.S. Data are as of June 30, 2025.

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Annual returns and intra-year declines

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.1%, annual returns were positive in 34 of 45 years



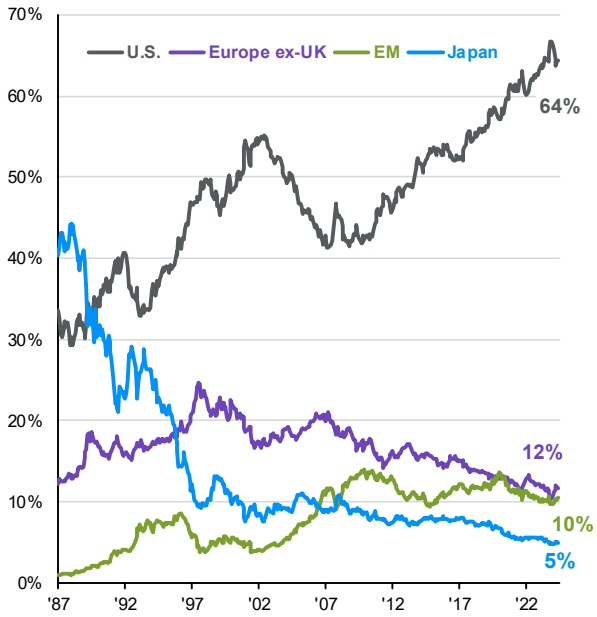
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year.
Returns shown are calendar year returns from 1980 to 2024, over which the average annual return was 10.6%. For illustrative purposes only.
Guide to the Markets – U.S. Data are as of June 30, 2025.

Global equity markets

Returns	YTD 2025		2024		15-years
	Local	USD	Local	USD	Ann.
Regions					
U.S. (S&P 500)	-	6.2%	-	25.0%	14.9%
AC World ex-U.S.	9.2%	18.3%	13.2%	6.1%	7.2%
EAFE	8.3%	19.9%	11.8%	4.3%	8.0%
Eurozone	13.6%	28.7%	10.3%	3.4%	8.6%
Emerging markets	11.1%	15.6%	13.7%	8.1%	4.8%
Selected Countries					
Japan	2.9%	12.0%	21.2%	8.7%	7.3%
UK	9.0%	19.3%	9.5%	7.5%	7.2%
France	7.0%	21.3%	1.8%	-4.6%	8.9%
Canada	9.9%	15.9%	23.0%	12.7%	7.3%
Germany	19.2%	35.2%	18.4%	11.0%	8.9%
China	18.1%	17.5%	19.8%	19.7%	4.1%
Taiwan	-1.6%	10.4%	44.3%	35.1%	13.8%
India	6.7%	6.5%	15.7%	12.4%	7.1%
Brazil	16.3%	29.4%	-11.4%	-29.5%	0.3%

Share of global market capitalization

% weight in MSCI All Country World, USD, monthly

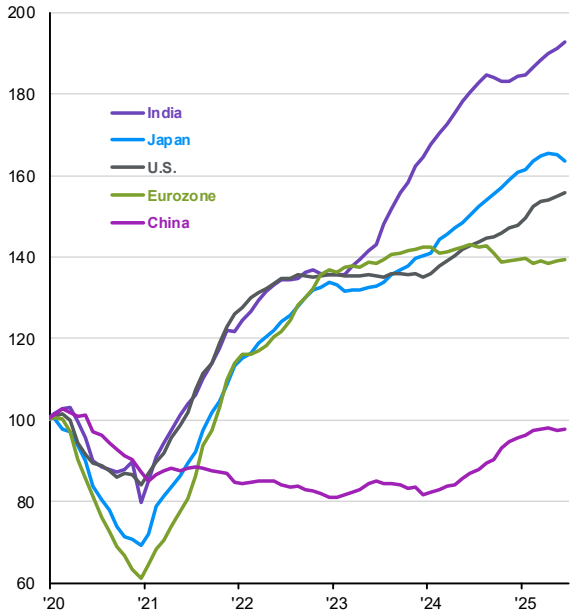


Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. (Left) All return values are MSCI Total Return Index (Gross) data. 15-year history based on USD returns. 15-year annualized return figures are calculated using a rolling 12-month period ending with the previous month-end. Please see disclosure page for index definitions. Past performance is not a reliable indicator of current and future results.
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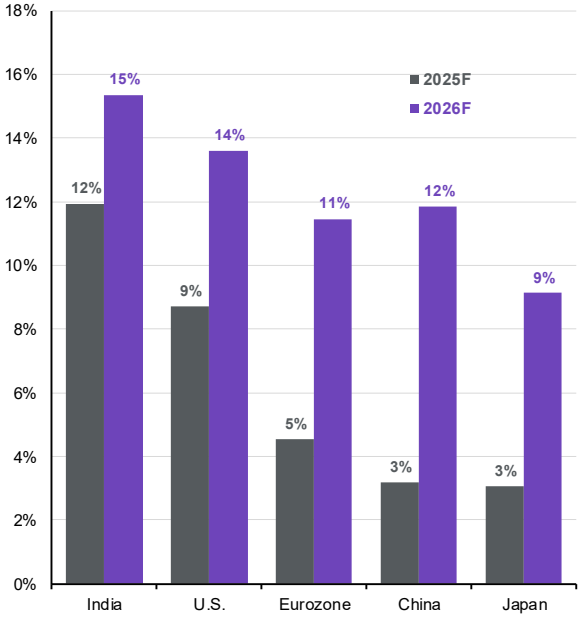
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Global equity earnings

Earnings growth
Jan. 2020 = 100, last 12 months, local currency



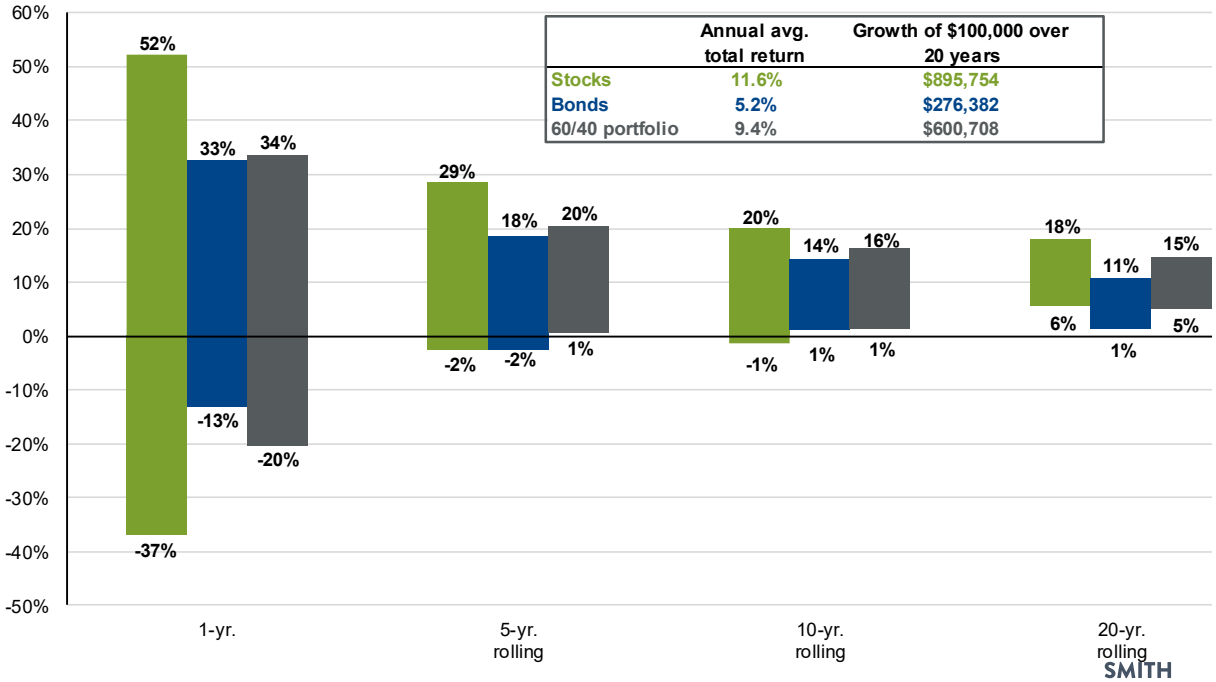
Earnings growth expectations
2025 and 2026 EPS growth estimates, consensus, local currency



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. Past performance is not a reliable indicator of current and future results.
Guide to the Markets – U.S. Data are as of June 30, 2025.

Time, diversification and the volatility of returns

Range of stock, bond and blended total returns
Annual total returns, 1950–2024



	Annual avg. total return	Growth of $100,000 over 20 years
Stocks	11.6%	$895,754
Bonds	5.2%	$276,382
60/40 portfolio	9.4%	$600,708

Source: Bloomberg, FactSet, Federal Reserve, Standard & Poor's, Strategas/Ibbotson, J.P. Morgan Asset Management.
Returns shown are based on calendar year returns from 1950 to 2024. Stocks: S&P 500; Bonds: Strategas/Ibbotson for periods prior to 1976 and the Bloomberg Aggregate thereafter. Growth of $100,000 is based on annual average total returns from 1950 to 2024.
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